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BRIAN LAMBERT
VALARIE LONG

LARRY ENGELSTEIN
Assistant to the President

Local 32BJ Headquarters
25 West 18th Street
New York, NY 10011
212.388.3000

Capital Area District
866.925.3225
Washington 202.387.3211
Baltimore 410.244.5970,

Connecticut District
800.228.5253
Hartford 860.560.8674
Stamford 203.602.6615

District 1201
215.923.5488

Florida District
305.672.7071

Hudson Valley District
914.637.7000

Mid-Atlantic District
215.226.3600

National Conference of Firemen and Oilers
202.962.0981

New Jersey District
973.824.3225

Western Pennsylvania
412.471.0690

www.seiu32bj.org

December 12, 2011

Daniel Duffy
FOI Administrator
Port Authority of New York and New Jersey
225 Park Avenue South, 17th Floor
New York, NY 10003
Via Fax: 212-435-7555

Re: Freedom of Information Request

Dear Mr. Duffy:

Pursuant to the New York State Freedom of Information Law, Article 6 of the Public Officer Law, and the Port Authority of New York and New Jersey policy on Freedom of Information found on the Port Authority website (http://www.panynj.gov/AboutthePortAuthority/ContactInformation/foi_policy.html), I am requesting copies of Lease No. ANA 170 between the Port Authority of New York and New Jersey and People's Express Airlines, Inc., dated January 11, 1985 for tenancy of Terminal C of Newark Liberty International Airport.

Please contact me at SEIU 32BJ, 25 West 18th Street, New York, NY 10011 if you have any questions regarding this request. My office phone number is (212)-388-3602, fax (212)-539-2858 and email is mgribben@seiu32bj.org.

I ask that you please contact me if service and duplication charges for this request exceed $200.00 overall. Thank you for your attention to this matter.

Sincerely,
Maggie Gribben
Research Department

THE PORT AUTHORITY OF NY & NJ

Daniel D. Duffy
FOI Administrator

February 2, 2012

Ms. Maggie Gribben
SEIU 32BJ
25 West 18th Street
New York, NY 10011

Re: Freedom of Information Reference No. 12858

Dear Ms. Gribben:

This is a response to your December 12, 2011 request, which has been processed under the Port Authority's Freedom of Information Policy for a copy of Lease No. ANA-170 between the Port Authority and People's Express Airlines, Inc. dated January 11, 1985 at Newark Liberty International Airport.

Material responsive to your request and available under the Policy, which consists of 799 pages, will be forwarded to your attention upon receipt of a photocopying fee of $199.75 (25¢ per page). Payment should be made in cash, certified check, company check or money order payable to "The Port Authority of New York & New Jersey" and should be sent to my attention at 225 Park Avenue South, 17th Floor, New York, NY 10003.

Certain material responsive to your request is exempt from disclosure pursuant to exemptions (1) and (6) of the Policy.

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

Sincerely,

Daniel D. Duffy
FOI Administrator

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

INTERNATIONAL AIRPORT
LEASE NO. ANA-170
PEOPLE EXPRESS AIRLINES, INC.

HR1

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TERM C. 185

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

AVIATION DEPT.
FILECOPY

Newark International Airport
Lease No. ANA-170

AGREEMENT OF LEASE

THIS AGREEMENT OF LEASE, made effective as of the 11th day of January, 1985, 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 PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Lessee"), a corporation of the State of Delaware having an office and place of business at the North Passenger Terminal, Newark International Airport, Newark, New Jersey, whose representative is Harold J. Pareti, its President and Chief Operating Officer,

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"), the following:

(i) The mechanical and utility room areas located on the Mezzanine Inter-Terminal Transportation level of Passenger Terminal Building C, which areas are shown in diagonal hatching on Exhibit A attached hereto and hereby made a part hereof:

(ii) The areas located on the Departure and Concourse/Concession Levels of Passenger Terminal Building C as shown in diagonal hatching and stipple on Exhibit A-1 attached hereto and hereby made a part hereof;

(iii) The areas located on the Arrival Level of Passenger Terminal Building C as shown in diagonal hatching and stipple on Exhibit A-2 attached hereto and hereby made a part hereof;

(iv) The areas located on the Operations Level of Passenger Terminal Building C as shown in diagonal hatching, cross-hatching, stipple and brokenline hatching on Exhibit A-3 attached hereto and hereby made a part hereof;

(v) The crawl space areas in Passenger Terminal Building C as shown in diagonal hatching on Exhibit A-4 attached hereto and hereby made a part hereof;

(vi) The enclosed passageways connecting Passenger Terminal Building C with Flight Stations C-1 and C-2 as shown in diagonal hatching on Exhibit B attached hereto and hereby made a part hereof;

(vii) Flight Station C-1 as shown in diagonal hatching and stipple on Exhibit C attached hereto and hereby made a part hereof;

(viii) Flight Station C-2 as shown in diagonal hatching and stipple on Exhibit C-1 attached hereto and hereby made a part hereof;

(ix) The aircraft gate position areas, aircraft maneuvering areas and ramp and apron areas as shown in stipple hatching and diagonal hatching on Exhibit D attached hereto and hereby made a part hereof (the foregoing areas being hereinafter collectively and severally referred to as and designated "Area D");

together with the structures, fixtures, improvements and other property of the Port Authority located or to be located therein, thereon or thereunder, all of the foregoing being sometimes hereinafter referred to as "the site", 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 by the Lessee, all of the foregoing (except as hereinafter specifically provided) being hereinafter collectively referred to as "the premises". The premises under the Lease constitute non-residential real property.

(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) It is recognized that the site will be in an unfinished state at the time possession thereof is turned over and delivered to the Lessee and, as more fully set forth in and without limiting the provisions of Section 36 hereof, the Lessee agrees to accept the site in the condition existing at the time possession thereof is delivered to the Lessee. The Lessee agrees to finish off and complete, at its sole cost and expense, the site and to install and construct therein and thereon facilities and installations in accordance with plans and specifications to be prepared by the Lessee and approved, in advance, by the Port Authority and in complete compliance with the provisions of an approved Port Authority Construction Application or Applications. The Lessee shall, prior to its submission to the Port Authority of the plans and specifications herein provided for, submit to the Port Authority for its consent, the Lessee's comprehensive plan for the development of the site including but not limited to renderings, layouts, locations, models, estimated commencement and completion dates, and preliminary functional plans. The said construction which the Lessee shall perform shall include:

(i) All construction, installation and improvements necessary or required to finish off, complete and decorate the site, so as to establish the same as a completed passenger terminal facility, including but not limited to the finishing off of interior walls, ceilings and floors and passageways and Concourses C-1 and C-2 in replacement of Flight stations C-1 and C-2 and including the installation of lavatories, stairwells, stairways, escalators, moving sidewalks; elevators (including freight elevators), and baggage handling systems;

(ii) The construction and installation of all appropriate pipes, mains, cables, wires and conduits and other facilities required in connection with or relating to the mechanical, utility, electrical, sanitary sewer, storm sewer, water, telephone, fire alarm, fire protection, gas and other systems including all necessary relocations, and all work necessary or required to tie the foregoing to the utility access stubs now existing at or within the Terminal C Building perimeter 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;

(iii) The construction and installation of additions and modifications to the Fuel System, including but not limited to Distribution Facilities and Terminal Distribution Units (as such terms are defined in Section 54 hereof) and underground pipelines, fuel mains, and stubs necessary or required to tie into the Fuel System at the Airport to accomodate and serve the premises and all aircraft gate positions located or to be located at the premises;

(iv) All work necessary or required for the finishing off or completing of general utility and mechanical equipment rooms and spaces and crawl space within Passenger Terminal Building C at such locations as approved by the Port Authority;

(v) All work necessary or required to finish off and complete the concession areas as defined in Section 66 hereof to be made available for the consumer services as more fully set forth in said Section 66 including the construction and installation of utility lines which are to serve the said concession areas;

(vi) All the work necessary or required to tie into Port Authority supply lines for high temperature hot water for heating and domestic use purposes only and chilled water for air-conditioning purposes only, in accordance with the requirements and specifications as set forth in Section 49 hereof;

(vii) Construction and installation of all necessary or required blast fences;

(viii) The grading and paving of ground ramps and pedestrian circulation areas;

(ix) The grading and paving of aircraft gate postions and aircraft ramp and apron areas, all taxilanes and all associated and related areas and facilities, all of the foregoing to be and form a part of Area D under this lease;

(x) Appropriate landscaping;

(xi) The demolition of certain existing improvements, it being understood and agreed that any demolition that involves the Interim Lease Premises, as hereinafter defined, shall be a part of the cost of the construction work, as hereinafter defined;

All of the foregoing work shall be constructed by the Lessee on the site and off the site where required, and where constructed on the site shall be and become a part of the premises under the Lease, except for the items covered in subparagraph (iii) above which will not be part of the premises under the Lease, and is sometimes collectively referred to herein as the "Terminal C Passenger Facility", and the design and construction of the foregoing, which on or off the site, is sometimes herein collectively referred to as "the construction work".

The Lessee shall submit to the Port Authority for its prior approval any amendment, revision or modification to the approved comprehensive plan.

(b) (1) The Lessee agrees at its sole cost and expense to design and construct 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 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 at the Airport unless approved by the Port Authority in its consent to the Lessee's comprehensive plan pursuant to paragraph (a) hereof, 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 unless approved by the Port Authority in its consent to the Lessee's comprehensive plan pursuant to paragraph (a) hereof, 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 provisions of the Basic Lease, including without limiting the generality thereof, those 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 businesses 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 the 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 Making Buildings and Facilities Accessible to and Usable by Physically Handicapped People, ANSI A117.1-80.

(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 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 intentional acts done by the Port Authority, its Commissioners, officers, agents and employees with respect to the construction 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 construction work, the name or names of said architect or architects shall be submitted to the Port Authority for its approval. It is hereby understood and agreed that the Lessee has engaged The Grad Partnership, and Diversified Design Management as its architects for the construction work and that such architect has been approved by the Port Authority. The Port Authority shall have the right to disapprove any substitute or other 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. With respect to said submittal by the Lessee and approval by the Port Authority of the Lessee's plans and specifications, it is agreed that the Port Authority shall make all reasonable efforts to accomplish its review of said plans and specifications as expeditiously as possible and that the Lessee will make all reasonable efforts to ensure that its submittals of said plans and specifications are made as expeditiously as possible. 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 re-do, 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 under this Agreement. The Lessee shall expend not less than $100,000,000.00 with respect to the Terminal C Passenger Facility. The Lessee shall complete the construction work no later than December 31, 1986, provided that the Executive Director of the Port Authority may in his sole discretion authorize an extension to March 31, 1987 if the Executive Director determines that the construction work has progressed with reasonable diligence.

(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, and the contract shall so provide.

(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.

(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 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 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.

( ) The Lessee in its own name as insured and including the Port Authority as an additional insured shall procure and maintain comprehensive general liability insurance, including automotive (covering owned, hired and non-owned vehicles), and including but not limited to premises-operations, products-completed operations, explosion, collapse and underground property damages, personal injury and independent contractors, with a contractural 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 insured. Said insurance shall be in not less than the following amounts:

(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	$ 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

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 18 hereof.

The Lessee shall also procure and maintain in effect, or cause to be procured and maintained in effect Worker's 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 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 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 reasonably 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 site 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, 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.

The policies or certificates representing insurance covered by this paragraph (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.

The insurance covered by this paragraph (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.

(15) The Lessee shall at the ti 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 of the Terminal C Passenger Facility, 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 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) (i) Without limiting any of the terms and conditions of this 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 E, attached hereto and hereby made a part of this Agreement. The provisions of said Schedule E of this Agreement shall be applicable to the Lessee's contractor or contractors and subcontractors at any tier of construction as well as to the Lessee 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.

(ii) In addition to and without limiting any terms and provisions of this Agreement, the Lessee shall provide in its contracts and all subcontracts covering the construction work, or any portion thereof, that:

(a) 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;

(b) 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;

(c) 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;

(d) The contractor will include the provisions of subparagraphs (a) through (c) 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;

(e) "Contractor" as used herein shall include each contractor and subcontractor at any tier of contruction.

(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 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 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 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, after providing notice to the Lessee and 48 hours to cure the breach or non-conforming work except in a situation involving an emergency or safety, 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 the field engineer covered by paragraph (e) hereof has no 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 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 the construction work prior to the approval by the Port Authority of the Lessee's complete plans and specifications thereof. It is understood that no such prior approval shall release or relieve the Lessee from its obligation to submit complete plans and specifications for the construction work and to obtain the Port Authority's approval of the same as set forth in paragraph (b) hereof. It is further understood that in the event the Lessee elects not to continue to seek further approval letters pursuant to this paragraph (b), the obligations of the Lessee to restore the area and to make modifications and changes as set forth in subparagraph (1) above shall be suspended until the Lessee's submission of its complete plans and specifications in accordance with paragraph (b) hereof.

(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 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.

(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 it affects 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 reasonably 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 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 it affects.

(g) Title to all the construction work which is located within the territorial limits of the City of Newark shall vest in the City of Newark as the same or any part thereof is erected, constructed or installed, and shall be or become a part of the premises if located within the site, except for the items covered under paragraph (a)(iii) of this Section 2. Title to all the construction work, if any, which is located within the territorial limits of the City of Elizabeth shall vest in 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 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, 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 "the Completion Date" for the purposes 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 be communications and utility lines and conduits presently 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.

(j) The Lessee acknowledges that it intends to continue to use and occupy all or portions of the Interim Lease Premises (as hereinafter defined) during the period of time it is performing the construction work hereunder. The Lessee further acknowledges that this would involve among other things inconvenience, noise, dust, interference and disturbance to the Lessee in its use and occupancy of the Interim Lease Premises as well as to its passengers, 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 the Interim Lease (as hereinafter defined) on account of its 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 be grounds for any abatement of rents, fees or charges payable by the Lessee under the Interim 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 or under the Interim Lease. The Interim Lease is a separate agreement of lease dated as of June 1, 1984 entered into between the Port Authority and the Lessee bearing Port Authority Lease No. ANA-157. The Interim Lease Premises are the premises covered by the Interim Lease.

Section 3. Non-Exclusive Areas

The Lessee shall have the right, commencing on the Completion Date and continuing during the term of the letting, to use in common with other Airline Lessees of Passenger Terminal Buildings A, B and C, the following areas hereinafter sometimes collectively called "Non-exclusive areas":

(i) The area shown in stipple on Exhibit D constitutes and represents the restricted service road serving Passenger Terminal Buildings A, B and C and is hereinafter referred to as and designated "Area D-2" and shall be used by the Lessee in common with all other Airline Lessees of space in the Central Terminal Area Complex; and

(ii) Ramp vehicle service station areas are noted on Exhibit D and such areas are hereinafter referred to as and designated "Area D-3" and are to be used by the Lessee in common with all other Airline Lessees of space in the Central Terminal Area Complex.

Section 4. Term

(a) The term of the letting hereunder shall commence on the date the Lessee's contractor enters any portion of the site for the purpose of performing the construc-- tion work, or March 1, 1985, whichever date first occurs.

(b) Unless sooner terminated, the term of the letting hereunder shall expire 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 December 31, 2011, whichever date first occurs, or March 31, 2012 if the Executive Director has extended the date for completion as set forth in Section 2(c)(2) hereof.

(c) If the Port Authority shall not give possession of the site 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 site is not given for possession to commence on or before three hundred sixty-five (365) days after the effective date of the Agreement, then 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.

Section 5. Rentals

(a) Section 5 Definitions:

The following terms as used in this Agreement shall have the respective meanings given below:

(1) "Rental Commencement Date" shall mean the Completion Date, as defined in Section 2 hereof or January 1, 1987, whichever date occurs first, or April 1, 1987 if the Executive Director has extended the date for completion as set forth in Section 2(c)(2) hereof.

(2) "CPI" or "Consumer Price 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 ascertain the CPI for the month of January of each calendar year during the term of this Agreement after the same has been published, and the Port Authority shall also determine the annual percentage change for each such twelve month period after the same has been published (hereinafter called "the annual percentage change"). The Port Authority shall also similarly determine:

(i) the average annual percentage increase, (i.e., the annual percentage increase in the CPI for each year over the prior year, with the sum of said annual percentage increases divided by 8) if any, for the portion of the term commencing January 1, 1986 through December 31, 1993 (hereinafter called "the 1986-1993 CPI Average Increase");

(ii) the average annual percentage increase (i.e., the annual percentage increase in the CPI for each year over the prior year, with the sum of said annual percentage increases divided by 10), if any, for the portion of the term commencing January 1, 1992 through December 31, 2001 (hereinafter called "the 1992-2001 CPI Average Increase");

(iii) the percentage change in the CPI for the portion of the term commencing January 1, 1994 through December 31, 1998 (hereinafter called "the 1994-1998 CPI Percentage Change"); and

(iv) the percentage change in the CPI for the portion of the term commencing January 1, 1999 through December 31, 2004 (hereinafter called "the 1999-2004 CPI Percentage Change").

The Port Authority shall give the Lessee written notice of its determination of the various items determined by it under this paragraph (a), as more fully set forth in paragraph (d) of this Section 5.

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.

(b) Base Annual Rental

The Lessee agrees to pay to the Port Authority the following Base Annual Rental for the premises:

(1) For the portion of the term of the Lease commencing on the Rental Commencement Date to December 31, 1998 a Base Annual Rental for the premises at the annual rate of Four Million Four Hundred Forty Thousand Eight Hundred Fifty-two Dollars and No Cents ($4,440,852.00) subject to adjustment as provided in paragraph (c) hereof. The aforesaid Base Annual Rental of Four Million Four Hundred Forty Thousand Eight Hundred Fifty-two Dollars and No Cents ($4,440,852.00) is made up two factors, one a constant factor in the amount of Three Million One Hundred Ninety-three Thousand Nine Hundred Forty-four Dollars and No Cents ($3,193,944.00) subject to adjustment as provided in paragraph (c) hereof and the other a variable factor in the amount of One Million Two Hundred Forty-six Thousand Nine Hundred Eight Dollars and No Cents ($1,246,908.00). The variable factor aforesaid represents the Airport Services portion of the Base Annual Rental and such variable factor of the Base Annual Rental is hereinafter referred to as the "Airport Services Factor" and is subject to adjustment as provided in paragraph (c) hereof;

(2) For the portion of the term of the Lease commencing on January 1, 1999 to the expiration date of the term of the letting hereunder, a Base Annual Rental for the premises at an annual rate consisting of two factors, one a constant factor in the amount of Three Million Five Hundred Forty-nine Thousand Two Hundred Twenty-eight Dollars and No Cents ($3,549,228.00) subject to adjustment as provided in paragraph (c) hereof, 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 (c) 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 Base Annual Rental provided for in this subparagraph (2) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

(c) Base Annual Rental Adjustments

(1) Adjustment of Airport Services Factor of the Base Annual Rental

The Airport Services Factor set forth in subparagraphs (1) and (2) of paragraph (b) above is the final Airport Services Factor which would be in effect for the calendar year 1983 if the term of the letting hereunder commenced on the date of the execution of this Agreement (assumed to be prior to June 30, 1985) and if the Lessee commenced payment of the Base Annual Rental on such date, even though it will not. For the calendar year 1984 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. Except as otherwise provided in subparagraph (2) of this paragraph (c) for the portion of the term specified in subparagraph (b)(1) the constant factor of $3,193,944 shall remain unchanged and for the portion of the term specified in subparagraph (b)(2) above the constant factor of $3,549,228 shall remain unchanged.

(2) CPI Adjustment of the constant factor of the Base Annual Rental.

The constant factor of the Base Annual Rental, set forth in subparagraphs (1) and (2) of paragraph (b) above shall be subject to the following adjustments:

(i) If the 1986-1993 CPI Average Increase exceeds six percent (6%), the constant factor of the Base Annual Rental, set forth in paragraph (b)(1) hereof payable by the Lessee for the portion of the term commencing January 1, 1994 and expiring on December 31, 1998 shall be increased and said constant factor shall be in the amount of Three Million Five Hundred Forty-nine Thousand Two Hundred Twenty-eight Dollars and No Cents ($3,549,228.00).

(ii) For the portion of the term commencing January 1, 1999 and expiring on December 31, 2004, the constant factor of the Base Annual Rental, as set forth in paragraph (b)(2) above, shall be adjusted so that said constant factor for the said portion of the term shall be in an amount equal to the greater of (aa) the amount of Three Million Five Hundred Forty-nine Thousand Two Hundred Twenty-eight Dollars and No Cents ($3,549,228.00), or (bb) the sum obtained by adding to the constant factor of the Base Annual Rental payable by the Lessee for the portion of the term from January 1, 1994 to December 31, 1998, pursuant to paragraphs (b)(1) and (c)(2) above, the product obtained by multiplying the said constant factor by fifty percent (50%) of the 1994-1998 CPI Percentage Change; (said greater amount being hereinafter called "the Adjustment 1 Constant Factor").

(iii) For the portion of the term commencing January 1, 2005 to the expiration date of the term of the letting hereunder, the constant factor of the Base Annual Rental, as set forth in paragraph (b)(2) above, shall be adjusted again so that said constant factor for the said portion of the term shall be in an amount equal to the greater of (aa) the Adjustment 1 Constant Factor, or (bb) the sum obtained by adding to the Adjustment 1 Constant Factor the product obtained by multiplying the Adjustment 1 Constant Factor by fifty percent (50%) of the 1999-2004 CPI Percentage Change; (said greater amount being hereinafter called "the Adjustment 2 Constant Factor").

(d)(1) The Base Annual Rental for each portion of the term as set forth in paragraph (b) 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 Base Annual Rental for each portion of the term as set forth in paragraph (b) are herein each referred to as "the Base Annual Rental commencement date" with respect to the applicable portion of the term hereunder.

(2) With respect to the CPI adjustments called for under this Section 5, the Port Authority shall send to the Lessee within the time periods set forth below the following notices (which are hereinafter referred to individually and collectively as "the CPI Adjustment Notice").

(i) Within forty-five (45) days after January 1, 1994, with respect to the adjustment called for under paragraph (c)(2)(i), a Notice setting forth the annual percentage increase, if any, in the CPI for each of the years 1986 through 1993, and the 1986-1993 CPI Average Increase, if any; and, if the said 1986-1993 CPI Average Increase exceeds 6%, a statement to such effect and a statement that the amount of the constant factor of the Base Annual Rental for the portion of the term commencing January 1, 1994 through December 31, 1998 is increased to the amount set forth in said paragraph (c)(2)(i);

(ii) Within forty-five (45) days after January 1, 1999 with respect to the adjustment called for in paragraph (c)(2)(ii), a statement setting forth: the 1994-1998 CPI Percentage Change; and the amount of the Adjustment 1 Constant Factor;

(iii) Within forty-five (45) days after January 1, 2002, with respect to the adjustment of the Adjusted Rate called for under subparagraphs (4) and (5) of paragraph (h) below, a statement setting forth: the annual percentage increase, if any, in the CPI for each of the years 1992-2001; the 1992-2001 CPI Average Increase, if any; and if said 1992-2001 CPI Average Increase exceeds eight percent (8%), a statement that the amount of the Adjusted Rate is increased in accordance with and as set forth in subparagraphs (4)(ii) and (5)(ii) of paragraph (h) below:

(iv) Within forty-five (45) days after January 1, 2005, with respect to the adjustment called for under paragraph (c)(2)(iii) above, a statement setting forth: the 1999-2004 CPI Percentage Change; and the amount of the Adjustment 2 Constant Factor.

Within ten (10) days after the Port Authority's sending of the CPI Adjustment Notice (i) the Lessee shall pay to the Port Authority any deficiency in the Base Annual Rental resulting from the aforesaid CPI Adjustment in the constant factor of the Base

Annual Rental as set forth in paragraph (b) hereof, and (ii) thereafter, commencing with the month immediately succeeding the month in which said CPI Adjustment Notice was sent and continuing monthly thereafter the Lessee shall pay the Base Annual Rental at the annual rate consisting of the CPI adjusted constant factor, as aforesaid, and the Airport Services Factor in accordance with and as set forth in paragraphs (b) and (c) above.

(e) 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 Base Annual Rental for such calendar years or portions thereof or the Port Authority's obligation to pay a refund in said Base Annual 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 4 hereof. The Lessee further understands that the Airport Services Factor in effect for the calendar year in which the applicable Base Annual Rental commencement date falls as determined in accordance with paragraph (c)(1) hereof shall be the Airport Services Factor paid by the Lessee at the applicable Base Annual Rental commencement date.

If any installment of Base Annual Rental payable hereunder shall be for less than a full calendar month, then the Base Annual 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.

(f) Abatement of Base Annual Rental

(1) In the event the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of Base Annual Rental, the constant factor of the Base Annual Rental for each square foot of the premises the use 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 Base Annual 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) With respect to interior building space of the Terminal C Passenger Facility:

(aa) for the portion of the term set forth in paragraph (b)(1) above, at the daily rate obtained by dividing the amount of $2,684,736 by the number of square feet of total interior building space of the Terminal C Passenger Facility at the Completion Date and then dividing the quotient thereof by 365;

(bb) for the portion of the term set forth in paragraph (b)(2) above, at the daily rate obtained by dividing the amount of $2,983,032 by the number of square feet of total interior building space of the Terminal C Passenger Facility at the Completion Date and then dividing the quotient thereof by 365.

(ii) With respect to Area D of the Terminal C Passenger Facility:

(aa) for the portion of the term set forth in paragraph (b)(1) above, at the daily rate obtained by dividing the amount of $509,208 by the total number of square feet of Area D at the Completion Date and then dividing the quotient thereof by 365;

(bb) for the portion of the term set forth in paragraph (b)(2) above, at the daily rate obtained by dividing the amount of $566,196 by the total number of square feet of Area D at the Completion Date and then dividing the quotient thereof by 365.

The aforesaid daily abatement rates shall be appropriately adjusted to reflect any and all CPI adjustments of the constant factor of the Base Annual Rental pursuant to paragraph (c) above.

For the purpose of this Agreement, the measurement of interior building space in the premises shall be computed (i) from the inside surface of outer walls of the structure of which the premises are a part; (ii) from the center of partitions separating the premises from areas occupied or used by others.

(2) In addition, the Airport Services Factor of the Base Annual Rentals 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 $0.001309 subject to adjustment as provided herein. No abatement of the Airport Services Factor shall be for other than land area. With respect to land under the building structure of the Terminal C Passenger Facility (including Concourses C-1 and C-2), the Airport Services Factor of the Base Annual Rental shall be reduced at the aforesaid daily rate for each square foot of land the use of which is denied the Lessee only in the event and to the extent the Lessee is denied the use of all levels of the building structure of the Terminal C Passenger Facility (including Concourses C-1 and C-2) above said land.

The aforesaid abatement rate of $0.001309 per diem (hereinafter called "the variable rate") is based upon the variable factor in the amount of One Million Two Hundred Forty-six Thousand Nine Hundred Eight Dollars and No Cents ($1,246,908.00) 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 1983 if the term of the letting hereunder commenced on the date of the execution of this Agreement (assumed to be prior to June 30, 1985) and if the Lessee commenced payment of the Base Annual Rental on such date, even though it will not. After the close of the calendar year in which the Base Annual Rental commencement date (as set forth in subparagraph (d)(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.

(3) 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 Base Annual Rentals, such credit to be made within thirty (30) days following the adjustment of the variable rate.

(g) 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 4 hereof.

(h) Facility Rentals

(1) (i) Subject to subparagraph (2) below, commencing on the Rental Commencement Date (as defined in subparagraph (1) of paragraph (a) of this Section) if said Date is the first day of the month or on the first day of the month following the Rental Commencement Date if said date is other than the first day of the month (hereinafter called "the Facility Rental Commencement Date") and continuing through December 31, 1998, the Lessee shall pay to the Port Authority a rental (hereinafter called "the Facility Rental") which Facility Rental shall be an amount payable on the first day of each and every calendar month for a number of consecutive months (such number of consecutive months to be the number of whole calendar months between the date the first payment of the Facility Rental is due and the expiration date of the term of the letting hereof) so that such payment would after such number of consecutive equal monthly payments (combining amortization, and a factor on the declining unamortized balance at the annual rate of ten percent (10%), amortize an investment equal to the sum of the Construction Advance Amount, as hereinafter defined in Section 6 hereof, plus the Total Interim Accrued Amount, as defined in Section 7 hereof.

(ii) It is expressly understood and agreed, however, that for the first twelve months in which the Facility Rental set forth in this subparagraph (1) shall be payable (that is, from the Facility Rental Commencement Date to the last day of the month preceding the month in which the first anniversary of the Facility Rental Commencement Date occurs) (hereinafter called "the Deferred Period") the Lessee shall pay on the first day of each month during the Deferred Period that portion of the monthly installment of the Facility Rental which represents amortization of the sum of the Construction Advance Amount plus the Total Interim Accrued Amount; and the payment of the portion of each said monthly installment of the Facility Rental which represents the factor to be applied on the declining unamortized balance shall be deferred and the Lessee shall pay the same as part of the Additional Facility Rental hereinafter in paragraph (i) hereof set forth.

(2) It is recognized that on the Facility Rental Commencement Date the Construction Advance Amount and the Total Interim Accrued Amount may not be finally determined. Therefore, until the Construction Advance Amount and the Total Interim Accrued Amount have been finally determined the Lessee shall pay an Interim Facility Rental which shall be the Facility Rental calculated on an interim basis using the actual total amounts of all Construction Advances (as hereinafter defined) as of the first day of each month in which the Facility Rental under subparagraph (i) above is due, plus the total amount of all Interim Accrued Amounts as of the first day of each month in which said Facility Rental is due. When the Construction Advance Amount and the Total Interim Accrued Amount have been finally determined and after the Construction Advance Amount has been set forth in the Lessee's Final certificate as called for in paragraph (b) of Section 6 hereof, the Lessee, on the first day of the month following the delivery of such certificate, shall commence the payments of the Facility Rental pursuant to and in the amount required by the provisions of subparagraph (1)(i) above. The Lessee, upon its delivery of the said Final certificate, shall also determine, subject to Port Authority final audit, the amount of the Facility Rental that would have been payable

under said subparagraph (1) had the Construction Advance Amount and the Total Interim Accrued Amount been finally determined as of the Facility Rental Commencement Date as compared to what was payable under this subparagraph (2), and if any monies are due to the Port Authority they shall be promptly paid to it by the Lessee. It is understood and agreed that if said final determination of the Construction Advance Amount and the Total Interim Accrued Amount is made during the Deferred Period, the Deferred Amount will be appropriately adjusted to reflect said final determination; if said final determination is made after the expiration of the Deferred Period, the lump sum payment called for in the preceding sentence shall reflect the said final determination. As used herein, the words "final determination" with respect to the Construction Advance Amount and the Total Interim Accrued Amount shall mean the final statement of the same on the Final Date of the Lessee's Final Certificate delivered pursuant to Section 6(b) hereof. It is expressly understood and agreed that all of the foregoing shall be subject to Port Authority audit and inspection as provided in paragraphs (b) and (c) of Section 6, and paragraph (k) of Section 6, and that nothing herein shall affect or waive the said rights of the Port Authority of audit and inspection.

(3) Commencing on January 1, 1999, and continuing through December 31, 2001, the Facility Rental payable by the Lessee hereunder shall be and the Lessee shall pay a Facility Rental which shall be an amount payable on the first day of each and every calendar month for a number of consecutive months (such number of consecutive months to be the number of whole calendar months between January 1, 1999 and the expiration date of the term of the letting hereof) so that such payment would after such number of consecutive

equal monthly payments (combining amortization, and a factor on the declining unamortized balance at the annual rate of thirteen and one-half percent (13 1/2%), amortize an investment equal to the sum of the Construction Advance Amount plus the Total Interim Accrued Amount, less any portion thereof representing investment previously amortized by payments of Facility Rental paid in accordance with subparagraphs (1) and (2) above.

(4) (i) Commencing on January 1, 2002 and continuing through December 31, 2007, the Facility Rental payable by the Lessee hereunder shall be and the Lessee shall pay a Facility Rental which shall be an amount payable on the first day of each and every calendar month for a number of consecutive months (such number of consecutive months to be the number of whole calendar months between January 1, 2002 and the expiration date of the term of the letting hereof) so that such payment would after such number of consecutive equal monthly payments (combining amortization, and a factor on the declining unamortized balance at the Adjusted Rate set forth in the following sub-subparagraph (ii) of this subparagraph (4) amortize an investment equal to the sum of the Construction Advance Amount plus the Total Interim Accrued Amount less any portion thereof representing investment previously amortized by payments of Facility Rental paid in accordance with subparagraphs (1), (2) and (3) above.

(ii) For purposes of this subparagraph (4), "Adjusted Rate" shall mean an annual percentage rate of seventeen and three-fourths percent (17 3/4%), provided, however, that if the 1992-2001 CPI Average Increase, as hereinbefore defined, exceeds eight percent (8%), "Adjusted Rate" shall mean an annual percentage rate of twenty-eight and one-half percent (28 1/2%).

(5) (i) Commencing on January 1, 2008 and continuing through the expiration of the term of the letting hereunder the Facility Rental payable by the Lessee hereunder shall be and the Lessee shall pay a Facility Rental which shall be an amount payable on the first day of each and every calendar month for a number of consecutive months (such number of consecutive months to be the number of whole calendar months between January 1, 2008 and the expiration date of the term of the letting hereof) so that such payment would after such number of consecutive equal monthly payments (combining amortization, and a factor on the declining unamortized balance at the Adjusted Rate set forth in the following sub-subparagraph (ii) of this subparagraph (5), amortize an investment equal to the sum of the Construction Advance Amount plus the Total Interim Accrued Amount, less any portion thereof representing investment previously amortized by payments of Facility Rental paid in accordance with subparagraph (1), (2), (3) and (4) above.

(ii) For purposes of this subparagraph (5) "Adjusted Rate" shall mean an annual percentage rate of

twenty-three percent (23%), provided, however, that if the 1992-2001 CPI Average Increase, as hereinbefore defined, exceeds eight percent (8%), "Adjusted Rate" shall mean an annual percentage rate of twenty-eight and one-half percent (28 1/2%).

(i) Additional Facility Rental

(1) Commencing on the first anniversary of the Facility Rental Commencement Date and continuing through December 31, 1998, the Lessee shall pay to the Port Authority a rental (hereinafter called "the Additional Facility Rental") which Additional Facility Rental shall be an amount payable on the first day of each and every calendar month for a number of consecutive months (such number of consecutive months to be the number of consecutive months between the date the first payment of the Additional Facility Rental is due and December 31, 1998) so that such payment after such number of consecutive equal monthly payments (combining amortization, and a factor on the declining unamortized balance at the annual rate of eleven and one-half percent (11 1/2%) amortize an investment equal to the sum of the Deferred Amount, as defined in subparagraph (2) below, plus the Total Interim Deferred Amount, as defined in Section 7 hereof.

(2) "Deferred Amount" for purposes of this Section 5 shall mean the total amount of the factors at the annual rate of ten percent (10%) calculated in accordance with subparagraphs (1) and (2) of paragraph (h) of this Section on the sum of the Construction Advance Amount plus the Total Interim Accrued Amount in computing the Facility Rental during the Deferred Period, payment of which shall have been deferred by the Lessee in accordance with subparagraph (1)(ii) of said paragraph (h), and including the amount of the factors at the said annual percentage rate on the sum of the Construction Advances and Interim Accrued Amounts used in computing the Interim Facility Rental during the Deferred Period, or any portion thereof, payment of which shall have been deferred by the Lessee in accordance with said subparagraph (1)(ii) of paragraph (h), and including any and all amounts of the factors deferred at the said annual percentage rate arising out of the final determination of the Facility Rental if said final determination is made during the Deferred Period pursuant to paragraph (h)2 of this Section 5.

(j) Abatement of Facility Rental

In the event the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of the Facility Rental and the Additional Facility Rental, the abatement of the Facility Rental and the Additional Facility Rental shall be made on an equitable basis giving effect to the amount and character of the portions of the premises the use of which is denied to the Lessee as compared with the entire premises (it being understood that there shall be no abatement of Facility Rental or Additional Facility Rental under the Lease for any portion of the premises or for any portion of the term except as specifically provided in this Agreement).

(k)(1) "Declining unamortized balance" with respect to the Facility Rental shall mean that amount, from time to time, which shall be equal to the unamortized balance of the Construction Advance Amount as defined in Section 6 hereof plus the unamortized balance of the Total Interim Accrued Amount as defined in Section 7 hereof.

(2) "Declining unamortized balance" with respect to the Additional Facility Rental shall mean that amount, from time to time, which shall be equal to the unamortized balance of the Deferred Amount as defined in paragraph (i)(2) above, plus the unamortized balance of the Total Interim Deferred Amount as defined in Section 7 hereof.

Section 6. Port Authority Advances

(a) Section 6 Definitions:

The following terms as used in this Agreement shall have the respective meanings given below:

(1) Each payment made by the Port Authority to the Lessee pursuant to paragraph (b) of this Section 6 is referred to herein as a "Construction Advance". The date of each payment of a Construction Advance is herein referred to as a "Construction Advance Date".

(2) The term "Construction Advance Amount" shall mean the total of all Construction Advances paid by the Port Authority to the Lessee pursuant to paragraph (b) hereof plus the Cost of the Initial Port Authority Taxiway work pursuant to Section 79 hereof.

(3) The term "Final Date" as used herein shall mean the date on which the final certificate of the Lessee pursuant to paragraph (b) hereof is delivered to the Port Authority which date shall be no later than the earlier of (i) a date two years after the Completion Date or (ii) December 31, 1987.

(4) (a) The term the "cost of the construction work" 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 construction work (including insurance premiums actually paid by the Lessee for the insurance required by Section 2 (c)(11) hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and

(ii) amounts actually paid and costs incurred by the Lessee in connection with the construction work for engineering, architectural, professional and consulting services and supervision of construction (including those made or incurred by the Lessee with respect to its employees), provided, however, payments under this item (ii) shall not exceed fifteen percent (15%) of the amounts paid under item (i) above.

The cost of the Initial Port Authority Taxiway work as set forth in Section 79 hereof shall be added to the cost of the construction work as herein above defined and shall be deemed for the purposes of the limitation set forth in paragraph (i) of this Section 6 to be a part thereof. After the Completion Date and after the computation by the Port Authority of the cost of the Initial Port Authority Taxiway Work, the Port Authority shall submit a statement to the Lessee setting forth the amount of said cost.

(b) The Port Authority shall pay or reimburse the Lessee for its cost of the construction work, as follows: On the twentieth day of the calendar month following the month in which the commencement date of the construction work occurs and on the twentieth day of each calendar month thereafter up to and including the calendar month in which the last certificate described hereunder is delivered to the Port Authority by the Lessee, the Lessee shall deliver to the Port Authority a certificate which 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 the Lessee will apply the Construction Advance only to the cost of the construction work and for no other purpose whatsoever. The certificate shall certify the sum of (i) the amounts of actual payments made by the Lessee and the amounts actually due and payable from the Lessee to its independent contractors for work actually performed and labor and materials actually furnished for the construction work (including insurance premiums actually paid by the Lessee for insurance required by Section 2(c)(11) hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and (ii) the amounts of actual payments made by the Lessee and the amounts due and payable from the Lessee in connection with the construction work for engineering, architectural, professional, consulting services and

supervision of construction, (including those made or incurred by the Lessee with respect to its employees), (it being understood that payments under this item (ii) shall not exceed fifteen percent (15%) of the amount paid under item (i) above and shall only apply to payments not included in a prior certificate; provided, however, that the said 15% limitation shall not apply to payments made by the Lessee or amounts due and payable from the Lessee as provided in this item (ii) to limit the reimbursement to the Lessee in the early stages of construction). Any payment by the Port Authority which may exceed the limitation set forth in (ii) above shall be promptly refunded to the Port Authority upon demand. Each such certificate for the construction work shall also set forth all due and payable amounts included by the Lessee in previous certificates against which a Construction Advance has been made by the Port Authority to the Lessee and which have been paid by the Lessee since the submission of each such previous certificate and shall have attached thereto or included thereon such verification as shall be required by the Port Authority that such amounts have been paid. Notwithstanding the foregoing, no Construction Advance shall be made by the Port Authority to the Lessee until all due and payable amounts included on all previously submitted certificates have been paid by the Lessee and the payment thereof verified to the satisfaction of the Port Authority (unless such amounts are being withheld by the Lessee pursuant to subparagraph (3) of paragraph (c) of Section 2 hereof, and the amount of such

withheld amount shall have been deducted from the amount of a Construction Advance. Each such certificate shall also (a) set forth, in reasonable detail, the amounts paid or due and payable to specified independent contractors and the amounts paid or due and payable 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 (whether such invoices are paid or unpaid) and for such invoices which have been paid, 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 cost of the construction work; 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 or are due and payable 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 construction work covered by said certificate has been performed strictly in accordance with the terms of the Lease.

Within thirty (30) days after the delivery of duly submitted certificate by the Lessee, the Port Authority shall pay to the Lessee the amounts paid by the Lessee and the amounts becoming due and payable from the Lessee during the period covered by such certificate, as certified in such certificate (but only to the extent that such amounts or any portion thereof have not theretofore been included in a Construction Advance), provided, however, in the event the Lease is not in full force and effect, or if the Lessee shall be under a notice of termination of the Lease, or in default under any term or provision thereof, or the work constitutes facilities of such a nature as not to be usable by any Scheduled Aircraft Operator for the purposes permitted hereunder, the Port Authority shall have the right, in its discretion, to withhold the payment of the Construction Advance to the Lessee, provided, further, no payment or withholding of a Construction Advance shall be or be deemed to have waived any rights of the Port Authority with respect to the termination of the Lease, or to a default by the Lessee under any term or provision thereof, or to the withholding or payment of future Construction Advances, or with

respect to any determination as to the usability of any item of work as aforesaid. It is hereby understood and agreed that nothing in this Section 6 shall be or be deemed to be for the benefit of any contractor of the Lessee. It is further 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 Lessee's cost as the Port Authority may from time to time require, which information, documentation and certification shall be given on such forms as may be adopted by the Port Authority. The Lessee shall mark as "Final" its final certificate covering the construction work, which certificate, with respect to amounts withheld by the Lessee pursuant to subparagraph (3) of paragraph (c) of Section 2 hereof which have been deducted from a Construction Advance as aforesaid and which have subsequently been paid by the Lessee, shall have attached thereto or included thereon such verification as shall be required by the Port Authority that said withheld and deducted amounts have been paid by the Lessee and to the extent such withheld and deducted amounts have been so paid, such withheld and deducted amounts shall be included in the amount of the final Construction Advance. After submitting the said Final Certificate the Lessee shall submit no further certificate hereunder.

(c) The Lessee acknowledges that the Fuel System, as defined in Section 54 hereof, is made available to the Airline Lessees at the Airport under the terms of their Airline Leases. Consistent with the provisions covering the Fuel System, the Port Authority shall be responsible for the cost of providing and installing all main fuel lines necessary to serve the Lessee in Passenger Terminal Building C and which are or will become part of the Fuel System. The work of providing and installing the necessary stubs, pipes and associated facilities to be located on the premises in connection with aircraft fueling at nineteen (19) aircraft Gate Positions thereat is hereinafter called "the 19 Gate Work" and the cost thereof is herein called "the 19 Gate Cost". The Port Authority shall supply ten (10) hydrant carts for nineteen (19) aircraft Gate Positions at the premises and twelve (12) hydrant carts for all other aircraft Gate Positions at the premises. The aforesaid twenty-two hydrant carts shall be and become part of the Fuel System. Although part of the Fuel System, for purposes of Section 56 (c) the Port Authority's costs of supplying the aforesaid ten (10) hydrant carts for the nineteen Gate Positions shall be deemed part of the 19 Gate Cost and the Port Authority's costs of supplying the twelve (12) hydrant carts for the said other Gate Positions shall be deemed part of the Other Gates Cost. With respect to all of the foregoing, however, it is specifically understood and agreed that the 19 Gate Cost shall not in any event exceed the cost of providing the aforesaid items for nineteen (19) aircraft Gate Positions with the configuration and lineal footage originally planned by the Port Authority for Flight Stations C-1 and C-2 as the same exist and are configured at the effective date of this Agreement and prior to any construction by the Lessee. Notwithstanding the foregoing, it is understood that pursuant to Section 2 of the Lease and as part of the construction work thereunder, the Lessee shall design

and construct the 19 Gate Work, but the same, although part of the construction work, shall not be or be deemed to be a part of the premises but shall be and become a part of the Fuel System. Lessee shall provide and install and, as part of the construction work under Section 2, shall also design and construct all stubs, pipes, and associated facilities to be located on the premises in connection with aircraft fueling at all other Gate Positions of the premises, (the foregoing being herein called "the Other Gates Work") the cost of which is herein called "the Other Gates Cost"; but, although a part of the construction work, the foregoing shall not be or be deemed to be a part of the premises but the same shall be and become a part of the Fuel System. The Port Authority Fuel System Cost shall be the total of the 19 Gate Cost and the Other Gates Cost separately determined, and the Port Authority Fuel System Work shall be the 19 Gate Work and the Other Gates Work. Although the Port Authority Fuel System Cost shall be determined in the same manner as the cost of the construction work, said Cost shall not be or become a part of the cost of the construction work.

As used herein the term "the Port Authority Fuel System 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 Port Authority Fuel System Work (including insurance premiums actually paid by the Lessee for the insurance required by Section 2(c)(11) hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and

(ii) amounts actually paid and costs incurred by the Lessee in connection with the construction work for engineering, architectural, professional and consulting services and supervision of construction for the Port Authority Fuel System Work, provided, however, payments under this item (ii) shall not exceed fifteen percent (15%) of the amounts paid under item (i) above.

The Port Authority shall pay or reimburse the Lessee for the Port Authority Fuel System Cost as follows: In delivering the certificates required to be delivered by the Lessee under paragraph (b) of this Section 6, the Lessee shall therein separately certify the sum of (i) the amounts of actual payments made by the Lessee and the amounts actually due and payable from the Lessee to its independent contractors for work actually performed and labor and materials actually furnished for the Port Authority Fuel System Work (including insurance premiums actually paid by the Lessee for the insurance required by Section 2(c)(11)

hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and (ii) the amounts of actual payments made by the Lessee and the amounts due and payable from the Lessee in connection with the Port Authority Fuel System Work for engineering, architectural, professional, consulting services and supervision of construction (it being understood that payments under this item (ii) shall not exceed fifteen percent (15%) of the amount paid under item (i) above and shall only apply to payments not included in a prior certificate; provided, however, that the said 15% limitation shall not apply to payments made by the Lessee or amounts due and payable from the Lessee as provided in this item (ii) to limit the reimbursement to the Lessee in the early stages 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 Port Authority Fuel System Work and the construction work. Any payment by the Port Authority which may exceed the limitation set forth in (ii) above shall be promptly refunded to the Port Authority upon demand. Each such certificate shall also set forth all due and payable amounts included by the Lessee in previous certificates against which a reimbursement of the Port Authority Fuel System Cost has been made by the Port Authority to the Lessee and which have been paid by the Lessee since the submission of each such previous certificate and shall have attached thereto or included thereon such verification as shall be required by the Port Authority that such amounts have been paid. Notwithstanding the foregoing, no reimbursement of the Port Authority Fuel System Cost shall be made by the Port Authority to the Lessee until all due and payable amounts included on all previously submitted certificates have been paid by the Lessee and the payment thereof verified to the satisfaction of the Port Authority (unless such amounts are being withheld by the Lessee pursuant to subparagraph (3) of paragraph (c) of Section 2 hereof, and the amount of such withheld amount shall have been deducted from the amount of a reimbursement payment of the Port Authority Fuel System Cost). Each such certificate shall also (a) set forth, in reasonable detail, with respect to the Port Authority Fuel System Work, the amounts paid or due and payable to specified independent contractors and the amounts paid or due and payable 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 (whether such invoices are paid or unpaid) and for such invoices which have been paid, 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 Port Authority Fuel System 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 or are due and payable 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 construction work covered by said certificate has been performed strictly in accordance with the terms of the Lease.

Within thirty (30) days after the delivery of a duly submitted certificate by the Lessee, and at the same time the Port Authority makes a Construction Advance based on the Lessee's certificate for the construction work under paragraph (b) above the Port Authority shall pay to the Lessee the amounts paid by the Lessee and the amounts becoming due and payable from the Lessee during the period covered by such certificate, as certified in such certificate (but only to the extent that such amounts or any portion thereof have not theretofore been included in a prior certificate). 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 Port Authority Fuel System Cost as the Port Authority from time to time may require.

The Lessee shall set forth in its Final certificate called for under paragraph (b) of this Section 6, its final statement of the Port Authority Fuel System Cost, including its final allocation and breakdown of costs as between the cost of the construction work and the Port Authority Fuel System Cost, and as to the Port Authority Fuel System Cost its final allocation and breakdown as between the 19 Gate Cost and the Other Gate Cost. After submitting said Final Certificate, the Lessee shall submit no further certificate hereunder with respect to the Port Authority Fuel System Cost.

The entire obligation of the Port Authority under this paragraph (c) to reimburse the Lessee for the Port Authority Fuel System Cost shall be limited in amount to a total of Thirteen Million Dollars ($13,000,000.00) to be paid to the Lessee pursuant to certificates of the Lessee submitted in accordance with this paragraph (c) no later than the Final Date, as defined in paragraph (b) above. Notwithstanding the fact that, as provided herein, the Port Authority's reimbursement payments to the Lessee for the Port Authority Fuel System Cost will be made at the same time that the Port Authority makes Construction Advances to the Lessee for the construction work, neither said payments nor the Port Authority Fuel System Cost shall be or become a part of the cost of the construction work or part of the Construction Advance Amount.

(d) The Lessee acknowledges that the Central Heating and Refrigeration Plant ("the Plant") was built to accommodate service to Passenger Terminal C but at a level materially and substantially less than the chilled water and hot water requirement to be provided to the premises pursuant to Section 49 hereof. To accommodate these higher required levels, a number of installations and modifications may be required to be made to the Plant as follows: One new centrifugal chiller, associated equipment, and additional electrical service including associated switchgears and other additional structures and facilities. It is understood and agreed that the costs of these installations and modifications to the Plant are to be included in Schedule B.

(e) The parties recognize that one or more of the contracts to be entered into by the Lessee for the performance of the construction work may cover the construction of portions of the construction work, the costs of which pursuant to the terms of this Lease are not to be and become a part of the cost of the construction work. The foregoing breakdown of costs shall apply as well to the costs of the type set forth in Section 6(a)(4)(ii). In submitting the statements and certificates required of the Lessee hereunder, the Lessee shall in such event specifically and separately state the amounts covered by said contracts for portions of the construction work the costs of which are not to be a part of the cost of the construction work. Moreover the Lessee shall specifically set forth therein the Port Authority Fuel System Cost as defined in paragraph (c) hereof. In the event the Port Authority questions the appropriateness or correctness of the amounts set forth by the Lessee, the Port Authority shall advise the Lessee to such effect and the Port Authority and the Lessee shall meet with each other in an attempt to agree upon and resolve their differences with respect thereto.

If the Lessee has included in any portion of the cost of the construction work or in the cost of the Port Authority Fuel System Cost any item as having been incurred but which in the opinion of the Port Authority was not so incurred, or which in the opinion of the Port Authority if so incurred is not an item properly chargeable to such element of cost under generally accepted accounting practice, or does not represent an appropriate division of the costs of a particular contract which cover costs which are part of the cost of the construction work and costs which are not, or are otherwise required to be ascertained by category, and the parties have been unable to resolve their differences within 90 days after the Port Authority gave its notice objecting to the same, then such disputes shall be decided by arbitration according to the existing rules of the American Arbitration Association or any successor association. Costs of such arbitration shall be borne equally by the Port Authority and the Lessee.

(f) In any such arbitration as to whether any item included by the Lessee in its computation of cost has been incurred,

the question to be submitted to the arbitrators for decision shall be as follows:

> "Was all or any part of such cost incurred by the Lessee; and if part but not all of such cost was incurred, what was the amount which was so incurred?"

(g) In any such arbitration as to whether any item included by the Lessee in its computation of cost is properly chargeable thereunder under generally accepted accounting practice, the question to be submitted to the arbitrators for decision shall be as follows:

> "Can it reasonably be held that all or any part of such cost is properly chargeable under generally accepted accounting practice; and if part but not all of such cost can reasonably be held to be so chargeable, then what amount can reasonably be held to be so chargeable?"

(h) In any such arbitration as to whether any item included by the Lessee in its computation of cost is properly chargeable thereunder under the principles of the Lease as part of the cost of the construction work, or as part of the the Port Authority Fuel System Cost, or any other category, whichever is appropriate, including whether or not there has been an proper allocation and breakdown of costs where a contract or contracts covers different categories of work, the question to be submitted to the arbitrators for decision shall be as follows:

> "Can it reasonably be held that the part of the cost of the construction work or of the cost of the Port Authority Fuel System Cost or of any other applicable category has been properly determined under the principles of the Lease including whether there has been a sound allocation and breakdown of costs under a contract or contracts covering different categories of work under generally accepted accounting practice, or if not, then what amount should be properly determined?"

(i) The entire obligation of the Port Authority under paragraph (b) of this Section 6 for the cost of the construction work shall be limited in amount to a total of One Hundred Fifty Million Dollars ($150,000,000.00), and to amounts to be paid to the Lessee pursuant to certificates of the Lessee submitted in accordance with paragraph (b) of this Section 6 no later than the Final Date and further limited to the construction of facilities of such a nature as to be usable by any Scheduled Aircraft Operator for the purposes permitted hereunder.

If the cost of the construction work exceeds $150,000,000 and the Lessee would like the Port Authority to reimburse it by the amount of such excess, the Lessee shall submit a request to the Executive Director of the Port Authority asking that the amount of the cost of the construction work in excess of $150,000,000 be reimbursed to it provided said request shall be submitted no later than the Final Date. The Executive Director of the Port Authority may in his sole discretion authorize reimbursement of the additional cost of the construction work in an amount up to but not exceeding Twenty-five Million Dollars ($25,000,000) so that the amount reimbursed the Lessee by the Port Authority would in any event not exceed One Hundred Seventy-five Million Dollars ($175,000,000).

(j) The Lessee shall promptly submit to the Port Authority further information, including but not limited to its estimate of the amounts and times of the various payments it will be making in connection with the cost of the construction work as the Port Authority may from time to time and at any time request.

(k) 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 paragraph (b) hereof, the books and records and other data of the Lessee relating to the cost of the construction work, 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.

Section 7. Interim Accrued Amounts and Interim Deferred Amounts

(a) Commencing as of the first day of the month following the month in which the first Construction Advance Date occurs and on the first day of each and every month thereafter up to the date of the first payment by the Lessee of the Facility Rental, as herein provided, the Lessee, in addition to all of its other obligations under this Agreement, shall incur an obligation equal to an amount (herein called "the Interim Accrued Amount") equal to one-twelfth (1/12th) of ten percent (10%) of the Construction Advance Amount as of the beginning of each said month. The totals of all the said monthly Interim Accrued Amounts are herein collectively called "the Total Interim Accrued Amount".

(b) Commencing as of the first day of the first month of the Deferred Period, as defined in paragraph (h)(1)(ii) of Section 5 hereof, and on the first day of each and every month thereafter up to the date of the first payment by the Lessee of the Additional Facility Rental, the Lessee, in addition to all of its other obligations under this Agreement, shall incur an obligation equal to an amount (herein called "the Interim Deferred Amount") equal to one-twelfth (1/12th) of ten percent (10%) of the Deferred Amount as of the beginning of each month during the Deferred Period. The totals of all the said monthly Interim Deferred Amounts are herein collectively called "the Total Interim Deferred Amount".

Section 8. Use of Premises and Non-Exclusive Areas

I. The Premises

The Lessee in connection with its business of transportation by aircraft may use the premises for the following purposes and for activities reasonably required for such purposes and for such purposes and activities only:

(a) (i) For the reservation of space and the sale of tickets for transportation on aircraft operated by the Lessee, and for the accommodation and convenience of in-bound and out-bound passengers of the Lessee.

(ii) For the reservation of space and the sale of tickets for transportation by other airline carriers, but only as an incident to or in connection with transportation performed or to be performed by the Lessee or as an incident to or in connection with the cancellation of such transportaiton or for the accommodation or convenience of in-bound and out-bound passengers of the Lessee at the Airport. The occasional reservation of space and the sale of tickets for transportion by other carriers shall not be deemed to be prohibited by this provision.

(iii) For the handling of baggage for passengers of the Lessee including baggage and parcels such passengers decide to send as air cargo.

(iv) For the clearance and checking of and the rendering of services to passengers of the Lessee including information services to passengers and the general public.

(v) For the handling of unclaimed baggage and lost and found articles.

(vi) For the conduct of operations, traffic, communications reservations and administrative office functions connected with the air transportation activities performed by the Lessee.

(vii) For the storage of repair parts, supplies and other personal property of the Lessee.

(viii) For use as crew quarters to be used by personnel of the Lessee during layovers between flights and for the establishment of lounges for the Lessee's employees.

(ix) For the loading of passengers, passengers' baggage mail and air cargo, for the loading and unloading of commissary supplies; and for the unloading of passengers, passenger's baggage, mail and air cargo not subject to government inspection at the Airport.

(x) For the training of the Lessee's personnel and for personnel of other aircraft operators, provided that unless consented to by the Port Authority the Lessee shall not engage in the training of persons employed by others or to be employed by others if the training of such persons is in competition with the activities of any permittee, consumer service operators, concessionaries or licensees of the Port Authority.

(xi) For the establishment of a reception room or lounge for the accommodation of special guests and patrons of the Lessee.

(xii) For the parking and storage of aircraft and ramp equipment operated by the Lessee; and

(xiii) For the performance of emergency transit or turn-around maintenance of aircraft of the Lessee subject to all the provisions of Section 11 hereof.

(b) It is understood and agreed that in order to reach and use the several stairways, escalators and elevators located in Passenger Terminal Building C and portions of Passenger Terminal Building C occupied or which may be occupied by others, it will be necessary or convenient for the various employees, patrons, business visitors and guests of the Lessee and other occupants of space in Passenger Terminal Building C and at the Airport and the public generally to pass over the Lessee's premises and the same are hereby made expressly subject to such right of use in favor of such users.

(c) Notwithstanding any other term or provision of this Agreement and notwithstanding the fact that the concession areas, as defined in Section 66 hereof, are part of the premises under the Lease, the Lessee's rights with respect to all such areas shall be subject and subordinate to the rights granted or to be granted by the Port Authority, with respect to portions of said areas, to its consumer service operators pursuant to agreements (including leases, licenses and permits) which the Port Authority may make with such operators in accordance with Section 66 of this Agreement.

(d) The Lessee may also store automotive fuel and lubricants only to such extent and in such quantities and at such location or locations on the premises as may be designated and approved by the Port Authority in writing.

(e) The Lessee may also use the premises for such other purposes for which the premises are expressly authorized to be used under any other provision of this Lease.

(f) Nothing hereinbefore in this Section or in any other section, subsection, subdivision or paragraph of this Agreement shall be deemed or construed to permit the loading on the premises of aircraft used principally for cargo and such activity is hereby expressly prohibited.

(g) It is understood and agreed that in order to use Flight Station B-3 located at Passenger Terminal B, it will be necessary from time to time for the various Aircraft Operators in Flight Station B-3 to pass over portions of Area D, and the same are hereby made expressly subject to such right of access of such users. Similarly, it is understood and agreed that in order to use portions of Area D, it will be necessary for the Lessee to pass over the aircraft maneuvering areas associated with Flight Station B-3 and the said areas shall be subject to such right of access of the Lessee. In the exercise of the use and rights of access hereunder, the Lessee and the Airline Lessees in Flight Station B-3 shall operate with due regard to the rights and needs of all users of such areas.

II. The Non-exclusive Areas

(a) Area D-2 constitutes the restricted service road serving Passenger Terminal Buildings A, B, and C. Area D-2 is to be used by the Lessee in common with the Airline Lessees of Passenger Terminal Buildings A, B and C and other occupants of space at the Airport, and its and their employees, authorized contractors and suppliers of materials, the Port Authority and others authorized by the Port Authority to do so.

(b) Area D-3 represents the ramp vehicle service stations as noted on Exhibit D and are to be used by the Lessee in common with the Airline Lessees of space in Passenger Terminal Buildings A, B and C for the fueling and routine servicing of ramp service vehicles and equipment and for no other purpose whatsoever.

(c) The Non-exclusive areas may also be used for the purposes specified in the Lease and in common with all other Aircraft Operators authorized to use the same, by any Aircraft Operator who has entered or shall enter into an agreement with the Lessee covering use of its premises or any part thereof for the purposes set forth in the Lease, whether such use is by sublease, handling or other agreement (any of the foregoing hereinafter for the purposes of this Section 8 called an "Accommodation Agreement"), which Accommodation Agreement has secured or shall secure the prior written consent of the Port Authority thereto under a Consent Agreement to be prepared by and in form and substance satisfactory to the Port Authority and to be executed by the Lessee, the Aircraft Operator involved (hereinafter for the purposes of this Section 8 called the "Accommodated Airline") and the Port Authority and which shall provide, among other things, that all acts and omissions of the Accommodated Airline on or with respect to the Non-exclusive areas shall be deemed to be the acts and omissions of the Lessee under the Lease.

(d) It is hereby recognized that the Lessee has certain obligations under the Lease with respect to the Non-exclusive areas, including but not limited to the obligation to indemnify the Port Authority, which are joint and several obligations of the Lessee and other Airline Lessees under the Lease, all as set forth in the Lease. Without limiting the generality or the continuance in effect of the foregoing, in the event the Lessee enters into an Accommodation Agreement within the meaning of this Section 8 and an event occurs on or with respect to the Non-exclusive areas involving in any way the Accommodated Airline, then notwithstanding the fact that the Lessee and other Airline Lessees shall be jointly

and severally liable with respect to the occurrence pursuant to the terms of the Lease, it is hereby agreed that as among the Lessee and other Airline Lessees so liable under the terms of the Lease, the Lessee shall indemnify and hold harmless the other Airline Lessees so that, as among the group of Airline Lessees, the ultimate obligation, responsibility and liability shall be on the Lessee.

Section 9. 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 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 10. 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 23 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 hereby agrees that it shall, at its own cost and expense procure and obtain 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) Since the Port Authority has agreed in the Basic Lease to 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, the Lessee shall comply with all such enactments, ordinances, resolutions and regulations which would be applicable to its operations at the premises if the Port Authority were a private corporation 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 which are applicable only because of the Port Authority's agreement in the Basic Lease. 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.

(f) For the purposes of this Section the term "premises" shall include the Non-exclusive areas.

Section 11. Rules and Regulations

(a) For the purposes of this Section the term "premises" shall include the Non-exclusive areas.

(b) The Lessee covenants and agrees to observe and obey (and to require its officers, employees, guests, invitees, and those doing business with it to observe and obey) with respect to the premises the existing Rules and Regulations of the Port Authority in effect as of the execution of this Agreement and such reasonable future Rules and Regulations (including amendments and supplements to existing Rules and Regulations and rules, regulations and procedures promulgated pursuant to paragraph (c) hereof which may affect the premises),

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, noise, sanitation or good order. The obligation of the Lessee to require such observance and obedience on the part of its guests, invitees, and those doing business with it 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.

(c) The use by the Lessee and its officers, employees, passengers, guests, invitees and those doing business with it, of the Public Aircraft Facilities and any and all other portions of the Airport which it may be entitled to use under this Lease (other than space leased to the Lessee for its exclusive use) shall be subject to the Rules and Regulations of the Port Authority in effect as of the execution of this Agreement, and such reasonable future rules and regulations (including amendments and supplements to existing Rules and Regulations) as the Port Authority may from time to time promulgate in the public interest and in the interest of health, safety, sanitation, good order and the economic and efficient operation of the Airport, including but not limited to, the number and type of aircraft which at any particular time may use the Public Aircraft Facilities and the time or times when such aircraft may use the Public Aircraft Facilities. Without limiting the foregoing, the Port Authority may take into account in adopting such Rules and Regulations the adequacy, capacity and suitability of (i) aircraft using the Airport, (ii) passenger handling facilities at the Airport, (iii) the Public Aircraft Facilities at the Airport, (iv) the roadways and (v) the parking facilities. In the event the Port Authority promulgates rules and regulations pursuant to this paragraph (c), the Port Authority may devise and implement reasonable procedures governing the affected use of the Public Aircraft Facilities, including but not limited to, allocations among Aircraft Operators at the Airport.

(d) 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 12. 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 transportation 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 or serving the premises or the Non-exclusive areas, except air terminal highways the use of which is hereby granted to the Lessee, and shall take all precautions reasonably necessary to promote the safety of all persons. 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 jointly and severally with the other Airline Lessees occupying space in the Central Terminal Area Complex shall be responsible for and shall provide for security satisfactory to the Port Authority and adequate to provide for the safety of operations to and from the restricted service road designated as Area D-2 and the area designated Area D-3.

(f) 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 liquids which are not susceptible to ordinary sanitary sewerage disposal or solids) arising out of its occupancy or use of the premises or out of its operations at the Airport. 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 tightfitting 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.

(g) 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.

(h) 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 (h) shall not diminish, limit, modify or affect all other obligations of the Lessee with respect to noise under this Agreement.

(i) 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.

(j) 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.

(k) 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. 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.

(l) The obligations assumed by the Lessee under paragraph (k) hereof 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.

(m) 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.

(n) As used in this Section, the term "premises" shall be deemed to include the Non-exclusive areas.

Section 13. Prohibited Acts

(a) The Lessee shall commit no nuisance, waste or injury at the Airport, 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 at the Airport.

(b) The Lessee shall not create nor permit to be caused or created at the Airport any obnoxious odors or smokes, or noxious gases or vapors. The creation of exhaust fumes by the operation of the Lessee's 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, if any, or any other part of utility, electrical mechanical or other systems installed or located from time to time at the Airport.

(d) The Lessee shall not do or permit to be done any act or thing at the Airport (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 may constitute an extrahazardous condition, so as to increase the risks normally attendant upon the operations permitted by this Agreement. 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 at the Airport and the Lessee shall, subject to and in accordance with the provisions of Section 23 hereof, make any and all structural and nonstructural improvements, alterations or repairs to 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 otherwise be 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 requirments 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) (1) The Lessee shall prevent access by persons or vehicles (unless duly authorized by the Port Authority) to the Public Ramp and Apron Space, 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 equipped with a radio receiver tuned to control tower frequency and adequately manned 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.

(2) The Lessee shall control access by its passengers and patrons from and to Areas D, and D-2 and shall maintain control of its passengers and patrons while they are upon Areas D, and D-2 by proper measures to insure that the highest standards of safety are maintained. The Lessee shall not operate any vehicle nor permit persons doing business with it to operate any vehicle in Areas D, D-2 or D-3 unless the vehicle is equipped with a radio receiver tuned to Control Tower frequencies and is adequately manned or unless duly authorized by the Port Authority.

(h) 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.

(i) 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.

(j) The Lessee shall not install, operate or maintain in the premises any public address system without the prior approval of the Port Authority.

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

(l) The Lessee shall not fuel or defuel any equipment in the enclosed portions of the premises without prior approval of the General Manager of the Airport.

(m) The Lessee shall not start or operate any engine or any item of automotive equipment in any enclosed

space at 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.

(n) The Lessee shall not operate or cause to be operated aircraft engines in any portions of the premises other than Area D and then only for the purpose of taxiing or maneuvering aircraft to and from the premises or in connection with authorized aircraft maintenance on the premises.. The Lessee shall not perform any aircraft or ramp equipment maintenance on the premises other than what is commonly known as turn-around maintenance.

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

(p) The Lessee shall furnish adequate security and guard service at locations approved by the Port Authority or such comparable means as approved by the Port Authority for the prevention of access to Area D.

(q) For the purposes of this Section the term "premises" shall be deemed to include the Non-exclusive areas.

Section 14. Relationship Among Airline Lessees

(a) It is hereby understood and agreed that all of the obligations of the Lessee under this Agreement, except those set forth in Section 8 hereof, with respect to the Non-exclusive areas may be fulfilled by the Lessee directly or jointly with other Airline Lessees of Passenger Terminal Building C or of the Central Terminal Area Complex, as the case may be, if any, or through a contractor, provided, however, regardless of the method used, the Lessee shall be responsible for the use and occupancy and the acts and omissions of the persons actually providing the operations and services in fulfillment of said obligations as if the same were those of the Lessee. It is hereby further agreed that all the said obligations of the Lessee under this Agreement with respect to the Non-exclusive areas shall be the joint and several obligations of the Lessee and said other Airline Lessees.

(b) Without limiting the generality or the continuance in effect of the foregoing, in the event that an event occurs on or with respect to the Non-exclusive areas involving only the Lessee or only one of said other Airline Lessees, then with respect to the occurrence, it is hereby agreed that as among the Lessee and said other Airline Lessees, the Lessee or the Airline Lessee who is solely so involved shall indemnify and hold harmless said other Airline Lessees so that, as among the Lessee and said other Airline Lessees, the ultimate obligation, responsibility and liability shall be on the Lessee or the Airline Lessee solely involved in the occurrence.

Section 15. Care, Maintenance, Rebuilding and Repair by the Lessee

(a) The Lessee shall repair, replace, rebuild and paint all or any part of the Airport which may be damaged or destroyed by the acts or omissions of the Lessee or by those of its officers or employees or of other persons on or at the premises with the Lessee's consent or the Non-exclusive areas with the Lessee's consent.

(b) The Lessee shall, throughout the term of this Lease, assume the entire responsibility for, shall perform and shall relieve the Port Authority from all responsibility for all repair, replacement, rebuilding and maintenance whatsoever in the premises, whether such repair, replacement, 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 from the premises 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, except for reasonable wear and tear which does not adversely affect the efficient or the proper utilization thereof; 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); 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 10 and 11

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 in this Section 15 (b) 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 on the premises at all times in good condition, including but not limited to periodic re-planting, 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 and shall make all necessary tie-in connections with the Port Authority's high temperature hot water and chilled water supply lines to the location or locations shown on Port Authority Contract Drawings, labelled Contract 110021, Drawings M1 and M2 which because of their size are not physically attached hereto but the same are and shall be deemed as part hereof as if physically attached hereto and herein referred to as "the Port Authority Contract Drawings." The public utility company serving the Airport shall be responsible for and shall make the necessary arrangements with the Port Authority for bringing in utility service lines for electricity and gas to the location or locations shown on the Port Authority Contract Drawings. The Lessee shall be responsible for and shall make the necessary tie-in connections with the public utility company's utility service lines and pay the public utility company or companies for the service. The Port Authority shall be responsible for and make the necessary arrangement for bringing in utility service lines for water and sewerage disposal to the location or locations shown on the Port Authority Contract Drawings and shall be responsible for the maintenance and repair of such utility service lines to the location or locations aforesaid. The Lessee shall be responsible for and shall make all necessary tie-in connections to such water and sewerage lines and pay all charges for such services; and, further, the Lessee shall:

(7) 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 or exclusively serving the premises;

(8) 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.

(9) 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.

(c) As to all of the Non-exclusive areas, the Lessee jointly and severally with such other Airline Lessees as may have the right to use such Non-exclusive areas, shall have the obligation to fully maintain (including removal of snow and ice), repair, replace, lamp, relamp, paint, repaint and rebuild all such Non-exclusive areas whether such repair, maintenance, replacement, lamping or relamping, painting or repainting, or rebuilding shall be interior or exterior, ordinary or extraordinary structural or non-structural or otherwise and shall have the same joint and several obligations with respect thereto as it has sole obligations with respect to the premises as provided in the preceeding subparagraphs (1) through (9) of paragraph (b) of this Section 15.

(d) The Lessee shall have a joint and several obligation with all other Airline Lessees of the Central Terminal Area Complex to provide at its and their several and joint expense, personnel necessary to adequately police all of the Non-exclusive areas. If and in the event the Lessee fails to discharge its obligations aforesaid for supplying the necessary personnel for the policing of the Non-exclusive areas then, in such event, the Port Authority may at its option provide all such personnel necessary to adequately police the said Non-exclusive areas. The Lessee together with the other Airline Lessees, jointly and severally, as aforesaid, shall be liable to the Port Authority for all the Port Authority's costs and charges made or incurred by the Port Authority for the supplying of such personnel. The Lessee shall have the sole obligation to provide at its own expense personnel necessary to adequately police all of the premises.

(e) If the performance of any of the foregoing repair, maintenance, replacement, repainting or rebuilding obligations of the Lessee requires work to be performed near an active taxiway or where safety of operations is involved, the Lessee agrees that it will at its own expense, post guards at such locations to insure the safety of the work performed thereat.

(f) In the event the Lessee fails to commence so to maintain, clean, repair, replace, lamp, relamp, rebuild, paint, repaint or to restore as required by this Agreement within a period of twenty (20) days after notice from the Port Authority so to do, if the said notice specifies that the required work to be accomplished by the Lessee includes maintenance 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 in the event the Lessee fails diligently to continue to completion the maintenance, repair, replacement, lamping and relamping, rebuilding, painting, repainting or restoration of all of the premises required to be repaired, replaced, rebuilt, painted, repainted or restored 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, lamp or relamp, rebuild, paint, repaint or restore all or any part of the premises included in the said notice, and the cost thereof shall be payable by the Lessee upon demand.

(g) If in the event the Lessee and the other Airline Lessees of the Central Terminal Area Complex, fail to commence or discharge either its or their sole or joint and several obligations so to maintain, clean, repair, replace, relamp, paint, repaint, rebuild or restore as required under this Agreement within a period of twenty (20) days after notice from the Port Authority so to do or fail diligently to continue to completion the maintenance, repair, replacement, lamping, relamping, painting, repainting, rebuilding or restoring of the Non-exclusive areas required to be maintained, repaired, replaced, lamped, relamped, repainted or rebuilt by the Lessee and the other Airline Lessees as hereinbefore provided, the Port Authority may at its option and in addition to any other remedies which may be available to it, maintain, repair, replace, rebuild, paint, repaint, lamp, relamp or restore all or any part of the said Non-exclusive areas included in the said notice, and the Lessee and all such other Airline Lessees shall be liable jointly and severally upon demand to pay to the Port Authority the costs of all said work.

(h) The obligation of the Lessee as hereinbefore set forth in this Section 15 (in the event that damage or destruction caused by the acts and omissions of the Lessee or by those of its employees, guests, customers or invitees or of the employees, guests, customers or invitees of any lessee of the Central Terminal Area Complex is covered by any contract of insurance under which the Port Authority is insured) 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 right thereunder then this release shall be void and of no effect.

Section 16. Damage to or Destruction of the Premises

(a) In the event that as a result of a casualty insured against in favor of the Port Authority and covered by the standard form of insurance policy and extended coverage endorsement carried by it on any structure, building or portion of building which is a part of the premises or a part of the Non-exclusive areas (or as to which casualty the Port Authority has provided self insurance to the extent of such standard coverage), the same are damaged (without the fault of the Lessee, its employees, customers, guests, invitees or persons doing business with it) so as to render the same untenantable in whole or in substantial part, then:

(i) if, in the opinion of the Port Authority the necessary repairs or rebuilding can be completed within ninety (90) days after the occurrence of the damage, the Port Authority shall repair or rebuild with due diligence and the rentals hereunder shall be abated as herein provided for the period from the occurrence of the damage to the completion of the repairs or rebuilding, whether or not the work of repair or rebuilding is actually completed within the said ninety (90) days; or

(ii) if, in the opinion of the Port Authority, such repairs or rebuilding cannot be completed within ninety (90) days after the occurrence of the damage, or if the building requires rebuilding, then the Port Authority shall have options:

(1) to proceed with due diligence to repair or to rebuild as necessary; or

(2) to terminate the letting or the right to use the Non-exclusive areas or both, as to the damaged portion of the premises or the Non-exclusive areas, as the case may be, allowing an abatement of rentals therefor and if such option is exercised by the Port Authority and affects a substantial part of the premises, the Lessee shall have the right within thirty (30) days thereafter on fifteen (15) days' written notice to terminate this Lease as to the balance of the premises; or

(3) to cancel this Agreement and terminate the letting as to the entire premises;

and the rentals payable under this Agreement shall be abated as herein provided in paragraphs (f) and (j) of Section 5 for the period from the occurrence of the damage to the completion of repairs and rebuilding or for the period from the occurrence of the damage to the effective date of termination by the Port Authority for the portion of the premises involved.

(b) The words "substantial part" as used in this Section 16 shall mean at least twenty-five (25) percent of the total usable floor space in the premises.

(c) The Lessee shall be the insurer of the Port Authority against the risk of loss or theft or damage to any Port Authority fixtures, equipment and personal property which are a part of or are located in or on the premises and shall promptly replace or repair the same within five (5) days of such loss, theft or damage.

Section 17. Property Insurance

(a) Subject to the availability of such insurance, the Port Authority in its name and for its benefit only shall insure and during the term of this Lease keep the enclosed portions of the premises and Non-exclusive areas insured to the extent of not less than eighty percent (80%) of the insurable value thereof, if such enclosed portions of the premises and Non-exclusive areas are not protected from the peril of fire by a sprinkler system, and shall keep insured to the extent of not less than ninety percent (90%) of the insurable value of such enclosed portions of the premises and Non-exclusive areas as are protected from the peril of fire by a sprinkler system, 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.

(b) The Port Authority hereby reserves the right, exercisable at any time during the term of this Agreement and without any notice to the Lessee to self-insure the premises and the Non-exclusive areas either in whole or in part under its self-insurance plan to the same extent and against the same risks as hereinbefore in this Section 17 enumerated.

(c) 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 similar statute shall extend or apply to this Agreement.

Section 18. Indemnity and Liability Insurance

(a) (1) The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and representatives, from and against (and shall reimburse the Port Authority for the Port Authority's costs or 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, or out of the use or occupancy of the premises and the Non-exclusive areas by the Lessee, or by others with its consent, or out of any other acts or omissions of the Lessee, its officers and employees, guests, invitees and business visitors on the premises or the Non-exclusive areas or out of the acts or omissions of others on the premises and the Non-exclusive areas with the consent of the Lessee or elsewhere at the Airport, including claims and demands of the City of Newark, from which the Port Authority derives its rights in the Airport, for indemnification, arising by operation of law or through agreement of the Port Authority with the said City.

(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 provision of any statutes respecting suits against the Port Authority.

(b) In addition to the obligations set forth in paragraph (a) of this Section and all other insurance required under this Agreement, the Lessee during the term of this Agreement in its own name as insured and including the Port Authority as an additional insured shall secure, maintain and pay the premium or premiums on a policy or

policies of comprehensive general liability insurance, including automotive (covering owned, hired and non-owned vehicles), and covering personal injury, bodily injury, including death, and property damage liability, broadened to include or equivalent separate policies covering aircraft liability and 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.

	Minimum Limits
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 occurrence:	$10,000,000
Property Damage Liability: For all damages arising out of injury to or destruction of property in any one occurrence:	$10,000,000

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 to commercially reasonable amounts, 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 provision of Section 2(c)(11) hereof a certified copy of the policies or a certificate or certificates or binders, evidencing the existence thereof, or binders, shall be delivered by the Lessee to the Port Authority at least thirty (30) days prior to the commencement date of the letting. As to the insurance required by the provisions of this Section 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 within ten (10) days after the execution of this Agreement. Each policy, certificate or binder delivered as aforesaid shall bear the endorsement of or be accompanied by evidence of payment of the premium thereon. 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 thirty (30) 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 ten (10) 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 19. 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 the same condition as existing prior to the installation of such signs and advertising. 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. The term "premises" for the purpose of this Section shall include the Non-exclusive areas.

Section 20. Obstruction Lights

The Lessee shall furnish such obstruction lights as the Port Authority shall direct, of the type and design approved by the Port Authority, and shall install said lights in the locations on the premises designated by the Port Authority and shall maintain them in first-class operating condition at all times. The Lessee shall furnish and install the bulbs and furnish the electricity necessary for the operation of said lights, and shall operate the same in accordance with the directions of the Port Authority. The Port Authority hereby directs that all said obstruction lights shall, until further notice be operated 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 periods as may be directed or requested by the Control Tower at the Airport.

Section 21. 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 5 hereof.

Section 22. 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, for emergency repairs to utility systems, 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, contractors, and furnishers of utilities and other services, shall have the right, at its own cost and expense, for its own benefit, for the benefit of the Lessee, or for the benefit of others at the Airport, other than the Lessee, to construct and maintain existing and future utility, and other systems and to enter upon the premises at all reasonable times to make such repairs, replacements or alterations thereto 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 such systems or parts thereof for access to other parts of the Airport otherwise not conveniently accessible; provided, however, that in the exercise of such rights of access, maintenance, repair, replacement, alteration or new construction the Port Authority shall not unreasonably interfere with the use and occupancy of the premises by the Lessee pursuant to the provisions of this Agreement. As used in this paragraph (b) and the preceding paragraph (a), "premises" shall be deemed to include Non-exclusive areas.

(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 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.

(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 be liable as a result of the reservation of rights under this Section 22 or the exercise of any right under this Section 22 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 intentional acts of the Port Authority, its officers, 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 susbtantially 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 23. Other Construction by the Lessee

(a) 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 the Non-exclusive areas or alter, modify, or make additions, improvements or 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, 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.

(b) Without limiting the generality of the foregoing paragraph the Lessee acknowledges and agrees that any Notes and associated reference lines set forth on the Exhibits to the Lease utilized to describe all or portions of the premises or the Non-Exclusive Areas 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 said Exhibits and that any which were placed on said Exhibits are solely and exclusively for the benefit of the Port Authority.

(c) Notwithstanding the obligation of maintenance imposed upon the Lessee by the provisions of Section 15 hereof, the Lessee shall not make any repairs or replacements (except emergency repairs or replacements) unless and until it has first obtained an approved Port Authority Alteration Application for such repairs or replacements which shall then be performed in full accordance with the terms of said Alterations Application.

Section 24. 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 or 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 or the Non-exclusive areas because of any act or omission of the Lessee and shall not be removed, discharged or bonded within thirty (30) days after the Lessee has received notice thereof; or

(6) Except as provided in paragraph (a) of Section 77 hereof, the letting hereunder or any part thereof or the interest or estate or any part thereof 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, to 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 within thirty (30) days after the filing thereof; or

(8) 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, unless the resulting merged corporation, possessor corporation or constituent corporation has a financial standing as of the date of the merger or consolidation 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) and is or is to be a Scheduled Aircraft operator; 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 and shall continue in its failure to pay rentals or fees or to make any other payment required hereunder for a period of ten (10) days after receipt of notice by it from the Port Authority to make such payments; 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 thirty (30) 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 thirty (30) 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 twenty (20) 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 numerated 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.

(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 25. Right of Re-Entry

The Port Authority shall, as an additional remedy upon the giving of a notice of termination as provided in Section 24 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 26. 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 27. 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 24 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 25 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 Base Annual Rental obligation, the amount of the total of the constant factor of all annual Base Annual Rentals, less the amount attributable to the constant factor in the installments of said annual Base Annual 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; and

(2) On account of the Airport Services Factor of the Lessee's Base Annual 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, and

(3) On account of the Lessee's obligations to pay the Facility Rental and the Additional Facility Rental set forth in Section 5 hereof, an amount equal to the total sum of all installments of the Facility Rental, the Interim Facility Rental, and the Additional Facility Rental less the amount thereof payable prior to the effective date of termination. It is understood and agreed that if the said termination, cancellation, re-entry, regaining or resumption of possession occurs prior to the final determination (as defined in Section 5 (h)(2)) of the Facility Rental and the Additional Facility Rental, all of the foregoing

amounts shall be computed using the Interim Facility Rental.

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

Section 28. Reletting by the Port Authority

The Port Authority upon termination or cancellation pursuant to Section 24 hereof, or upon any re-entry, regaining or resumption of possession pursuant to Section 25 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 24, or upon its re-entry, regaining or resumption of possession pursuant to the said Section 25, have the right to repair or to make structural or other changes in the premises including changes which alter the character of 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 under Section 27 hereof 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 29. 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 30. 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, reasonable wear arising from the use of the premises to the extent permitted elsewhere in this Agreement excepted.

Section 31. The Stipulated Additional Amount

(a) In addition to and without limiting the provisions of Section 27 hereof, it is hereby expressly agreed that in the event that (i) there has been an assignment of the Lease to a Trust as provided in and pursuant to Sections 81 or 91 hereof; and (ii) the Lease shall thereafter have been terminated in accordance with a notice of termination as provided in Section 24 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 25 hereof, the Lessee as a separate and independent obligation, and in addition to the amounts called for in Section 27 hereof, shall pay to the Port Authority a fixed, lump sum amount equivalent to the applicable sum of monthly installments of each of the Facility Rental, and the Additional Facility Rental, if any, as computed under the Lease, set forth in the following Schedule (the said lump sum payment being herein called "the Stipulated Additional Amount").

Schedule

In the event any of the above-specified events occurs during the portion of the term;	The Stipulated Additional Amount shall equal the sum of
(1) From the Facility Rental Commencement Date through December 31, 1998	Sixty (60) monthly installments of the aforesaid Facility Rentals and Additional Facility Rentals

(2) From January 1, 1999 through June 30, 2008	Thirty-six (36) monthly installments of the aforesaid Facility Rentals
(3) From July 1, 2008 through the expiration date of the term of the letting hereunder	No installments

It is understood and agreed that in computing the Stipulated Additional Amount as provided above the Facility Rental and the Additional Facility Rental in effect at the date of the termination of the Lease shall be used.

The Stipulated Additional Amount shall be due and payable in full by the Lessee immediately upon the occurrence of any of the aforementioned events and without the requirement of any notice from the Port Authority; it being specifically understood and agreed that, notwithstanding any provisions of the Lease, or otherwise, the Lessee's obligation to pay the Stipulated Additional Amount shall survive the aforementioned termination or cancellation, or re-entry, regaining or resumption of possession, and that the same shall not be subject to abatement, suspension, set-off or defense for any reason whatsoever. It is further specifically understood and agreed that the Lessee's obligation to pay the Stipulated Additional Amount shall not be affected, modified, diminished or reduced by the requirement for the Lessee's payments of the amount set forth in Section 27 hereof, nor by the Lessee's payment (or non-payment) of any such amounts, and further that nothing herein contained shall limit or prejudice the rights of the Port Authority to recover the amounts set forth in said Section 27.

(b) It is the express intent of the parties that the Stipulated Additional Amount shall constitute liquidated damages to compensate the Port Authority because of the unique, greater and increased risks the Port Authority is undertaking in granting this Lease to the Lessee, and that the Stipulated Additonal Amount is not intended as a penalty. It is expressly understood and agreed that provision is made herein for the payment of the Stipulated Additional Amount as liquidated damages in recognition of the fact that the Lessee's facilities constructed hereunder are designed both to accommodate its unique concept and the levels of business generated by the Lessee in large part based on its business concepts. In light of the fore-

going and the recognition by the parties that should any of the events specified in subparagraphs (1), (2) or (3) of paragraph (a) of Section 24 of the Lease occur, that the amounts collectible under Section 27 of the Lease would not in any way represent the true risk the Port Authority is undertaking, and also because of the facts set forth above with respect to the nature of the facility and the risk that the fair market value thereof at that time may in fact be substantially less than the rentals reserved under the Lease, the parties have recognized and agreed that the Stipulated Additional Amount shall represent a reasonable amount as liquidated damages.

(c) It is hereby recognized that, as described in Section 5 hereof, the Facility Rental and the Additional Facility Rental may not be finally determined on the date of the occurrence of the aforementioned termination or cancellation, or re-entry, regaining or resumption of possession, in which case, and without limiting the provisions of paragraph (a) above, the Stipulated Additional Amount shall be computed using the Interim Facility Rental calculated pursuant to the provisions of Section 5 hereof.

Section 32. 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 33. Effect of Basic Lease

This Agreement and the letting hereunder 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. The rights of the Port Authority in the premises are those granted to it by the Basic Lease, and no greater rights are granted or intended to be granted to the Lessee than the Port Authority has power thereunder to grant.

Section 34. Removal of Property

All personal property (including trade fixtures and passenger loading bridges) removable without material damage 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, provided the Lessee shall install suitable replacements therefor if such personal property is necessary to operate the Terminal C Passenger Facility in a first-class manner, may at the Lessee's option be removed by the Lessee from the premises at any time during the term of this Lease. Furthermore, except for any personal property which may be purchased by the Port Authority pursuant to Section 74 hereof, all such property of the Lessee 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 35. 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 and execution of this Agreement.

Section 36. 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 Newark and State of New Jersey; (iii) permits, licenses, regulations and restrictions, if any, of the United States, the City of Newark or State of New Jersey, or other governmental authority.

(c) It is recognized that the Port Authority heretofore as of March 1, 1973 entered into separate Memorandum of Understanding Agreements with respect to Passenger Terminal Building C with American Airlines, Inc., Northwest Airlines, Inc. and Pan American World Airways, Inc. (said Agreements, as supplemented and amended, being hereinafter called the "MOA Agreements" and said airlines being hereinafter called the "MOA Airlines"), which MOA Agreements, among other things, granted certain rights and interests in Passenger Terminal C to said MOA Airlines. It is hereby further recognized and the Port Authority hereby expressly represents to the Lessee that pursuant to separate supplemental agreements to the MOA Agreements (identified as Supplement No. 6 to MOA Agreement No. AN-544 with American Airlines, Inc., Supplement No. 6 to MOA Agreement No. AN-545 with Northwest Airlines, Inc., and Supplement No. 3 to MOA Agreement No. AN-546 with Pan American World Airways, Inc.) between the Port Authority and the MOA Airlines the MOA Agreements were terminated effective as of 12:01 A.M. on June 1, 1984 with respect to Terminal C and all rights, interests and claims of any kind or nature of the MOA Airlines in connection with or related to Passenger Terminal Building C were terminated and extinguished and of no further force or effect.

(d) 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 Non-exclusive areas or the suitability thereof for the operations permitted on the premises and the Non-exclusive areas 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 or the Non-exclusive areas 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. 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.

(e) It is hereby expressly acknowledged and understood that nothing contained in any of the Exhibits which are utilized in the Lease to describe all or portions of the premises or the Non-Exclusive Areas and no reference or statement to any facility, location, road, sidewalk or other area shall create any obligations on the Port Authority of any kind whatsoever nor shall they be or be deemed to constitute an implication that any such facility, location, road, sidewalk or area is now or will ever be available or if available will continue throughout the term hereunder to be so available; and it is hereby further expressly understood and agreed that all obligations, if any, of the Port Authority as to any of the foregoing shall be only if and as set forth specifically in the terms and provisions of the Lease.

Section 37. 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 the North Passenger Terminal, Newark International Airport, Newark, New Jersey 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. The Port Authority shall for informational purposes send a copy of all such notices and requests to the Lessee's General Counsel, Robert E. Cohn c/o Shaw, Pittman, Potts & Trowbridge, 1800 M Street, N.W. Washington, D.C. 20036. Failure on the part of the Port Authority to send the informational copy shall not however be or be deemed to be a breach of this Agreement, or impair the validity of the notice or request actually given.

Section 38. 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, and the exercise of any privilege under this Agreement, (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, color, creed, national origin, or sex 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 non-compliance 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 39. Affirmative Action

In addition to and without limiting the provisions of Section 2(c)(18), Section 73 and Schedule E hereof, the Lessee assures that it will undertake 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 40. Place of Payments

All payments required of the Lessee by this Agreement shall be made to the Port Authority, P.O. Box 17309, Newark, New Jersey 07194, or to such other office or location as may be substituted therefor by notice to the Lessee.

Section 41. 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 and Schedules 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 42. 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 43. Sightseeing Flights

(a) The Lessee shall not be entitled to use the Public Aircraft Facilities to maintain any sightseeing flights (by which is meant flights on which passengers are carried and which originate and terminate at the Airport with no intermediate landings other than emergency landings)

for which a charge is made unless it has first obtained a special permit from the Port Authority authorizing it to do so, and then only upon the terms and conditions, including fees and charges to be paid to the Port Authority by the Lessee, as the Port Authority may prescribe in such permit.

(b) The Port Authority shall be under no obligation to issue to the Lessee any such permit, but if the Port Authority issues a permit to any other Scheduled Aircraft Operator authorizing such other Scheduled Aircraft Operator to operate revenue producing sightseeing flights at the Airport, then the Port Authority shall, upon the request of the Lessee, issue a similar permit for such purpose to the Lessee, upon similar terms and conditions.

Section 44. Incineration Services

The Port Authority either directly or through an independent contractor of its choice, may provide, maintain and operate at the Airport physical facilities for the incineration of materials required to be destroyed by governmental authority. The Lessee shall pay to the Port Authority from time to time, upon demand by the Port Authority, a reasonable charge for providing and maintaining such facilities and providing the services in connection therewith.

Section 45. Ramp Service

(a) The Lessee shall have the right to perform in Area D only, as said Area is defined in Section 1 hereof, ramp services either directly or may have the same performed by an independent contractor of its choice approved by the Port Authority who is or who agrees to become a Port Authority permittee and accept a permit from the Port Authority. The Lessee may also enter into arrangements with other Airline Lessees in the Central Terminal Area Complex for performance of its ramp service through an independent contractor, acting for the Lessee and such other Airline Lessees collectively, subject to Port Authority approval, provided, that such contractor is or is willing to become a Port Authority permittee and accept a permit from the Port Authority.

(b) Wherever in this Agreement a contractor or operator is required to obtain a permit from the Port Authority, it is understood that the Port Authority may impose upon such contractor or operator a requirement to pay the fees for the issuance of and the privilege to operate under such permit.

Section 46. Janitorial and Cleaning Services

Subject to Section 85 hereof, the Lessee shall have the right to perform janitorial and cleaning services of the premises either directly or may have the same performed by an independent contractor of its choice, approved by the Port Authority who is or is willing to become a Port Authority permittee and accept a permit from the Port Authority. The Lessee may also enter into arrangements for the performance of janitorial and cleaning services of the premises and the Non-exclusive areas with other Airline Lessees of the Central Terminal Area Complex through the use of an independent contractor, acting for the Lessee and other Airline Lessees collectively, subject to Port Authority approval, provided, that such independent contractor is or is willing to become a Port Authority permittee and accept a permit from the Port Authority.

Section 47. Utility Services

(a) Except as may otherwise be expressly provided elsewhere in this Lease, the Port Authority shall have no obligation to furnish or supply to, for or on behalf of the Lessee any services whatsoever. The Lessee shall have the obligation to arrange with the appropriate utility or service companies, or municipalities, or other supplier, supplying utilities and services in the area for the supply of services including electric power, water, sewerage, telephone conduits and telephone connections to and with the premises and the Non-exclusive areas. The Lessee shall also have the obligation to tie into the Port Authority supply lines for high temperature hot water and chilled water and the lines supplying water for drinking and sanitary purposes at the locations and in accordance with the provisions specified in Section 49 of the Lease. The Lessee shall be responsible for the maintenance and good repair of all such service lines furnished to it by such utility companies and for all water supply lines constructed and installed by the Lessee from and beyond the location of the Lessee's tie-in to the Port Authority's supply lines in accordance with Section 49 as aforesaid.

(b) The Lessee in connection with the utility services to be provided to it may, in common with other Airline Lessees in Passenger Terminal Building C, if any, arrange to jointly share and apportion the cost of utilities and services supplied to the Lessee and such other Airline Lessees in Passenger Terminal Building C, if any.

(c) If and in the event the Port Authority shall provide extermination services for the enclosed portions of

the premises or for any of the enclosed Non-exclusive areas, the Lessee agrees to utilize the same and to pay to the Port Authority on demand its pro rata share of the reasonable cost of such services.

(d) No failure, delay or interruption in any service or services whether such service or services shall be supplied by the Port Authority or by others shall relieve or be construed to relieve the Lessee of any of its obligations hereunder or shall be or be construed to be an eviction of the Lessee or, except when resulting from the negligence of the Port Authority or from its wilful failure to furnish or supply such services (except where the Lessee is in default in payment of fees and rentals), shall constitute grounds for any diminution or abatement of the rentals or fees payable under this Agreement, or grounds for any claim by the Lessee for damages, consequential or otherwise.

Section 48. Porter Service

(a) The Lessee shall have the right to make available to its patrons porter service at and in the vicinity of Passenger Terminal Building C for the handling of such patrons' aircraft baggage. The Lessee may secure and provide such porter service through an independent contractor of its choice, subject to Port Authority approval, provided, such contractor is or is willing to become a Port Authority permittee and accept a permit from the Port Authority.

(b) The Lessee shall also have the right to enter into joint arrangements or agreements with the other Airline Lessees of space in the Central Terminal Area Complex for the furnishing of porter services as aforesaid through an independent contractor, approved by the Port Authority, acting collectively for and on behalf of the Lessee and such other Airline Lessees, provided, such contractor is or is willing to become a Port Authority permittee and accept a permit from the Port Authority.

Section 49. Central Heating and Refrigeration

(a) The Port Authority has constructed and is operating a Central Heating and Refrigeration Plant (hereinafter called "the Central Plant") for the manufacture and

production of high-temperature hot water and chilled water. The Port Authority shall make available to the Lessee high-temperature hot water, for heating purposes and domestic use only, and chilled water, for air-conditioning purposes only, through supply lines running from the Central Plant to valved piping stubs located or to be located in Passenger Terminal Building C. The Port Authority may supply and install meters in Passenger Terminal Building C, for recording the consumption of BTU's of heat drawn from the high-temperature hot water system and for recording the absorption of BTU's of heat by the chilled water system.

It shall be the obligation of the Lessee subject to and in accordance with Port Authority outline specifications to tie into the Port Authority supply lines at the location of the valved piping stubs where such supply lines are capped and from such location to construct and install its own piping system to designated locations within the premises. The Lessee shall also construct and install a common piping system and to tie into such system for the supply of high-temperature hot water and chilled water for the furnishing of heat and air-conditioning to and for the Terminal C Passenger Facility. The Lessee, in addition, shall provide and install at its own expense, in accordance with Port Authority outline specification hereinafter referred to, such heat exchangers and other equipment, in such quantity and of such capacity and quality so as to adequately heat and air-condition all of the Terminal C Passenger Facility.

In order to insure harmony and compatibility with plant design and uniformity of installations, the Port Authority will provide the Lessee with outline specifications. The said specifications shall delineate specific requirements relating to extension of the valved stubs, tieing in thereto and the installation of the piping system to be installed by the Lessee as aforesaid for the carriage of high temperature hot water and chilled water.

The Lessee agrees to conform to such outline specifications and to complete all heating and air-conditioning installation required thereby, in full accordance therewith and in accordance with plans and specifications prepared by the Lessee and approved in advance by the Port Authority and in full compliance with the provisions of an approved Port Authority Construction Application.

(c) The Lessee hereby agrees to take from the Port Authority all of its requirements of such high temperature hot water for heating and domestic use and chilled water for air-conditioning the premises and the Non-exclusive areas and further agrees that in satisfying its heating, domestic hot water and air-conditioning needs both as to the premises and the Non-exclusive areas, it shall install and make use only of such equipment, apparatus and systems as are functional and operable by high-temperature hot water only for heating purposes and domestic use and by chilled water only for air-conditioning purposes, it being understood, however, that no part of the high-temperature hot water or any heat resulting therefrom and no part of the chilled water or any air-conditioning resulting therefrom, supplied by the Port Authority hereunder, shall be used for any purpose other than heating or air-conditioning the premises and the non-exclusive areas or the generation of domestic hot water and precisely and without limiting the foregoing none of the same shall be used for the heating or air-conditioning of aircraft.

(d) The Lessee shall pay to the Port Authority the Port Authority charges for such high-temperature hot water and chilled water determined as provided in Schedule B, attached hereto and hereby made part hereof and in the manner and at the times provided therein. It is hereby recognized that the provisions of Schedule B covering the determination of said charges for high temperature hot water and chilled water 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 charges for said high temperature hot water and chilled water 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 charges for said high temperature hot water and chilled water in accordance with the said provisions for said portion of the term. If the parties do not reach such agreement, the Lessee shall pay charges for said high temperature hot water and chilled water in accordance with the Port Authority's Schedule of Charges for said portion of the term commencing January 1, 1999.

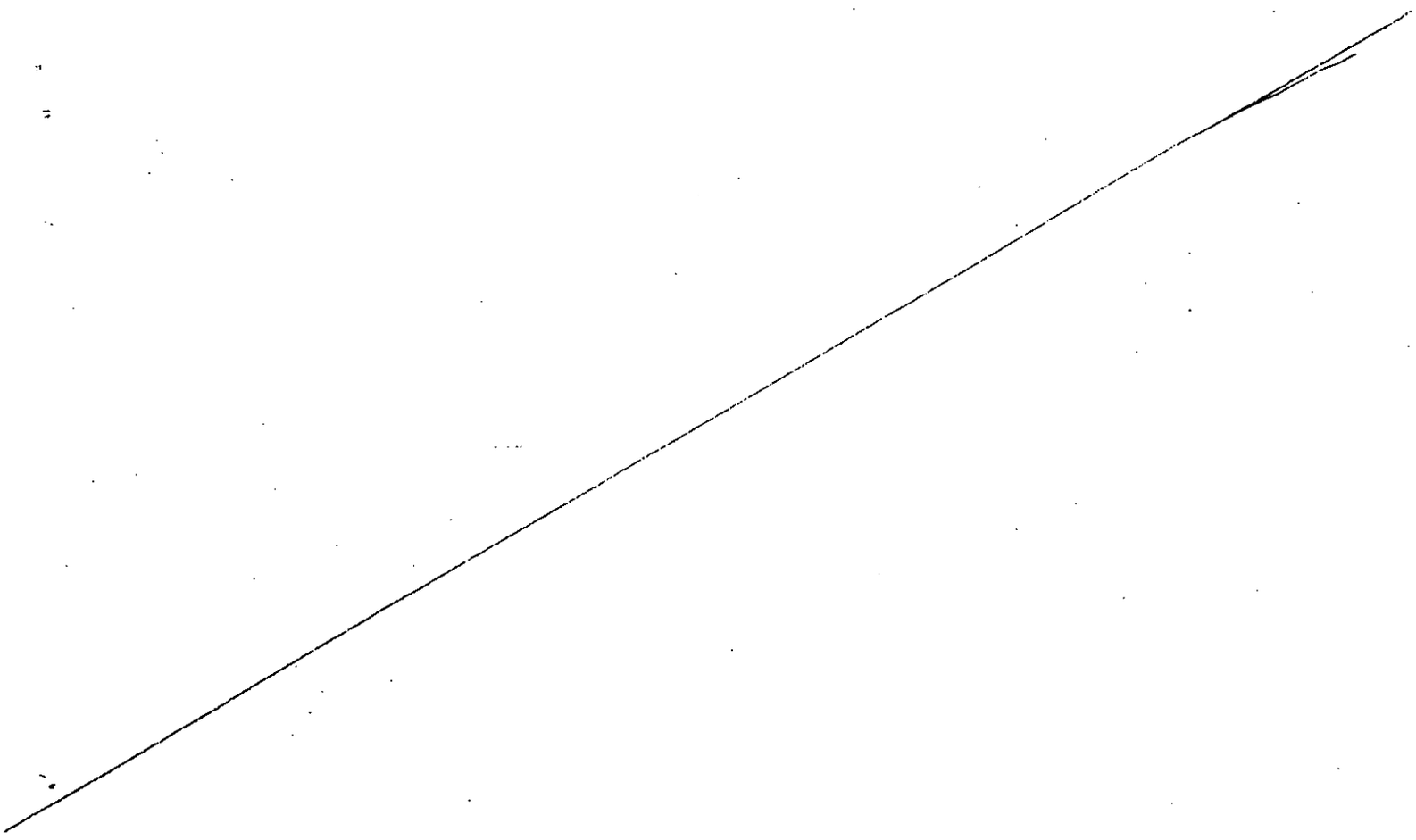
(e) For the purposes hereof the term "high-temperature hot water" shall mean water having an average temperature of approximately 380 degrees Fahrenheit and the term "chilled water" shall mean water having an average temperature of approximately 45 degrees Fahrenheit.

(f) At any time commencing on the Completion Date, the Port Authority may not discontinue its operation of the Central Plant except upon thirty (30) days' notice to the Lessee and unless high-temperature hot water and chilled water

shall be available to the Lessee from another supplier and upon any such discontinuance the Lessee shall be at liberty to contract or otherwise arrange for the supply of such high-temperature hot water and chilled water after the expiration of said thirty days from any other person, firm or corporation.

Section 50. Common Use of the Airport

The Port Authority hereby grants to the Lessee the right to use commencing on the Completion Date at any time during the term of the letting hereunder, at any time hereunder, 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 51. 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 Administration a revised Master Plan (layout) of the Airport as shown on Port Authority Drawing No. NIA-7900 (Exhibit E, attached hereto and hereby made a part hereof) dated May 10, 1973 which shows the layout of the Airport. Upon approval of the revised Master Plan (layout) by the Administrator of the Federal Aviation Administration, the Port Authority will agree with such Administrator to conform to such revised Master Plan (layout) in making any further improvements or changes at the Airport which, if made contrary to such revised Master Plan (layout) may adversely affect the aeronautical safety, utility or efficiency of the Airport.

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. Exhibit E 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 (r) of Section 72 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 including without limitation thereto, use by Airline Lessees (including the Lessee) of the Central Terminal Area Complex and by Aircraft Operators, other than said Airline Lessees for the following purposes regardless of whether or not they are actually used or usable in whole or in part by the Lessee (except that such facilities shall not be deemed to include any area or areas as to which the Lessee is granted rights pursuant to Section 1 or 3 of this Agreement):

(a) Public Ramp and Apron Space - by which is meant space for the purpose of loading and unloading passengers, baggage, mail and supplies to or from aircraft, for the purpose of servicing aircraft with fuel and lubricants, for the purpose of performing the operations commonly known as "ramp service" and for the purpose of performing inspection, minor maintenance and other services upon or in connection with aircraft incidental to performing "ramp service" and for the purpose of parking of mobile equipment actively used in connection with such operations;

(b) Runways - by which is meant the runways (including aerial approaches and buffer zones and additionally anything required for the effective and safe operation of aircraft as required by the Federal Aviation Administration) at the Airport for the purposes of landing and taking off of aircraft;

(c) Aircraft Parking and Storage Space - by which is meant those public areas of the Airport which are designated by the Port Authority from time to time for use by an Aircraft Operator for the parking or storage of an aircraft.

(d) Taxiways - by which is meant taxiways at the Airport for the purpose of the ground movement of aircraft to, from and between the runways, the Public Ramp and Apron Space, the Aircraft Parking and Storage Space, aircraft maneuvering areas, and other portions of the Airport, not including, however, any taxiways or portions thereof that are within the Lessee's premises.

(e) Facilities incidental to the runways, the Public Ramp and Apron Space, the 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 11 hereof, of particular portions of the Public Ramp and Apron Space 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 Space 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 transportaion 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 the other Airline Lessees pay and subject to the ability of the Port Authority to finance such construction and maintenance, the Port Authority during the term of the letting under 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 52. 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 11 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 53. Payment of Flight Fees

(a)(1) 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 North Terminal Lease (as defined in Section 92 hereof) includes among other things, provisions for the Lessee's payments of flight fees in accordance with the provisions thereof and Schedule C attached thereto. Upon the Schedule C Date, as defined in this Section 53, the Lessee's payments in respect of its flight fees shall be pursuant to the provisions of this Section and Schedule C attached hereto, and that any required adjustments of the flight fees and payments resulting from such adjustments as called for under Section 54 and Schedule C of the North Terminal Lease shall survive any amendment or surrender of the North Terminal Lease as called for under Section 92 hereof and be covered by the Lease.

(2) 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.

(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.

"Maximum Weight for Landing" when used with reference to Aircraft shall mean the Maximum Weight at which such Aircraft is authorized to land at 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 avilable for landing 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 Landing of other Aircraft of the same type and model at the time of landing.

(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 whether or not the Lessee uses any or all of the Public Aircraft Facilities in addition to the runways.

Section 54. 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 (attached hereto and made a part hereof), the term "Fuel System" shall mean and include the Bulk Storage Area (the location of which is shown on Exhibit (D), 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 suction 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 and Passenger Terminal B, 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).

As part of the Fuel System, the Port Authority has installed hydrant outlets and supply 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 hereof, 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 Terminal C Passenger Facility, 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 Lessees (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 54 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 57 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 54 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 substitute 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) with 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.

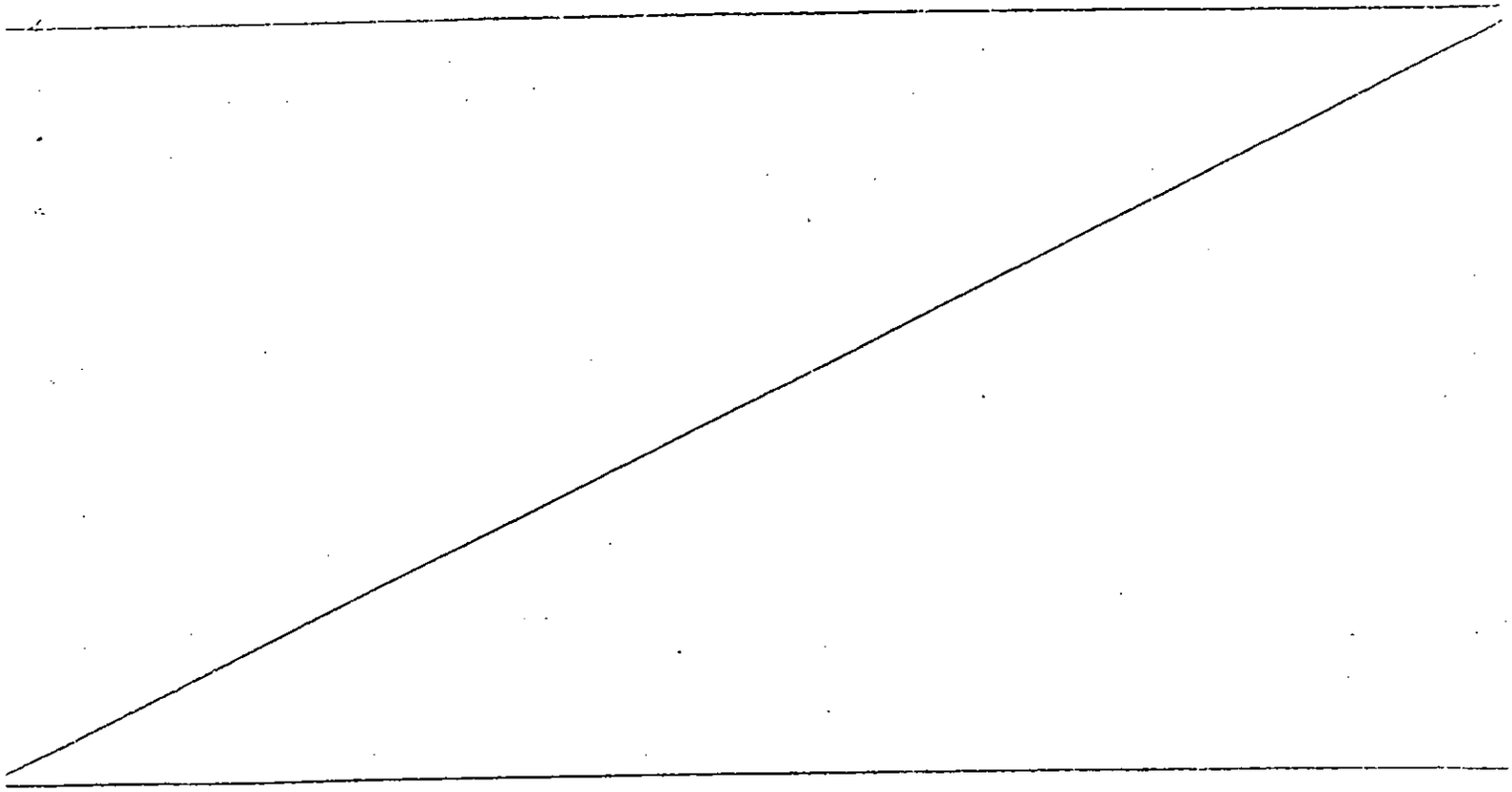
If and for so long as the tanks and incidental physical facilities of the Fuel System provided by the Port Authority are inadequate for the said five-days' supply of aviation fuel with commingling as hereinbefore provided or if and for so long as by reason of any accident to such tanks or incidental 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 herein provided. 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 directly 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 55. 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 reopener 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 57 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 56. Fuel Gallonage Fees

(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 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. It is recognized that the North Terminal Lease, as defined in Section 92 hereof, includes, among other things, provisions for the Lessee's payments of fuel gallonage fees in accordance with the provisions thereof and Schedule D attached thereto. Upon the Completion Date, the Lessee's payments in respect of its fuel gallonage fees shall be pursuant to the provisions of this Section and Schedule D attached hereto, and any required adjustments of the fuel gallonage fees and any payments resulting from such adjustments as called for under Section 61 and Schedule D of the North Terminal Lease shall survive any amendment or surrender of the North Terminal Lease as provided in Section 92 hereof and be covered under this Lease.

It is recognized that the fuel gallonage fee provisions contained in Schedule D 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 fuel gallonage 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, and upon the establishment of the same the Lessee shall pay fuel gallonage fees in accordance with said 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 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 the 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 56, 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 55 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 payments 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.

(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 Three Cents ($.03) 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.

(c) (i) The parties acknowledge that the fuel gallonage fees payable by the Lessee under paragraph (a) hereof and Schedule D shall include the 19 Gate Cost and the Other Gates Cost. From and after the Completion Date, the Port Authority at the time it makes the computation of the finalized gallonage fee (the existing formula) pursuant to Schedule D for each calendar year shall issue to the Lessee a statement showing the total amount of the gallonage fees payable to the Port Authority and the total gallonage for said calendar year of all Aircraft Operators. In addition the Port Authority shall make a determination of an alternative gallonage fee for each calendar year which will be determined by utilizing the principles of Schedule D, but no part of the Other Gates Cost shall be included and the total gallonage of all Aircraft Operators and the gallonage of the Lessee for said calendar year shall be reduced by an amount determined by multiplying the actual gallonage of the Lessee for said calendar year by fifty-five percent (55%). In the event that in any calendar year the total amount payable to the Port Authority by all Aircraft Operators including the Lessee under the existing formula is more than the amount that would have been payable to the Port Authority if the alternative formula were in effect for all Aircraft Operators including the Lessee, the Lessee shall immediately upon receipt of a statement from the Port Authority pay the full amount of the difference to the Port Authority.

(ii) The Lessee shall pay to the Port Authority the Other Gates Cost or the Extra Taxiway Cost as defined and set forth in Section 79 hereof, or both, in the event there has been a successful challenge by any Airline Lessee or if the Port Authority in its sole discretion settles

any such claim, said challenge or claim contesting the election of the Port Authority to include the Other Gates Cost as part of the cost of the Fuel System or the Extra Taxiway Cost as part of the cost of the Public Aircraft Facilities, or both, or in the event that the Lease is terminated by the Port Authority or the Lessee other than termination pursuant to Sections 67 or 82 hereof.

(iii) ~~Upon the execution of this Agreement by the Lessee and delivery thereof to the Port Authority the~~ No later than February 11, 1985 the Lessee shall deliver to the Port Authority as security for its obligations under subparagraph (ii) hereof in an amount as hereinafter provided either a clean irrevocable letter of credit or a performance bond. The amount of the security obligation shall initially be the amount of Nine Million Five Hundred Thousand Dollars and No Cents ($9,500,000.00) but it shall be increased or decreased based upon the determination after the Completion Date of the Port Authority Fuel System Cost and the Extra Taxiway Cost.

If the Lessee chooses to deliver a letter of credit the form and terms of such letter of credit, as well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. Such letter of credit shall provide that it shall continue throughout the term of the letting under this Agreement and for a period of not less than six (6) months thereafter; such continuance may be by provision for automatic renewal or by substitution of a subsequent satisfactory letter. Upon notice of cancellation of a letter of credit the Lessee agrees that unless, by a date twenty (20) days prior to the effective date of cancellation, the letter of credit is replaced by security in accordance with paragraph (a) hereof or another letter of credit satisfactory to the Port Authority, the Port Authority may draw down the full amount thereof without statement of default and thereafter the Port Authority will hold the same as security. Failure to provide such a letter of credit at any time during the term of the letting, valid and available to the Port Authority, including any failure of any banking institution issuing any such letter of credit previously accepted by the Port Authority, to make one or more payments as may be provided in such letter of credit shall be deemed to be a breach of this Agreement on the part of the Lessee. If the Port Authority shall make any drawing under a letter of credit held by the Port Authority hereunder, the Lessee on demand of the Port Authority and within two (2) days thereafter, shall bring the letter of credit back up to its full amount.

It is expressly understood and agreed that the signing and delivery of this Agreement by the Port Authority shall be a conditional delivery and in the event the Lessee fails to deliver to the Port Authority either a clean irrevocable letter of credit or performance bond as required hereunder by February 11, 1985 This Agreement shall be deemed terminated and null and void and of no further force and

the Lessee elects to deliver a performance bond the bond so furnished shall be in the form attached hereto, hereby made a part hereof and marked "Exhibit U", and shall be made either by a surety company or companies qualified to carry on a surety business in the State of New York or the State of New Jersey, and satisfactory to the Port Authority or by an individual or individuals satisfactory to the Port Authority. In addition, the performance bond to be delivered by the Lessee ~~upon the execution of this Agreement~~ shall be for a term commencing on the execution thereof and expiring five (5) years from the Completion Date and shall provide for an automatic extension for additional periods of five (5) years, unless the surety gives one hundred eighty (180) days' prior written notice from the then existing expiration date to the Port Authority of its election not to extend. In the event the said performance bond is not extended the Lessee shall deliver to the Port Authority within ninety (90) days prior to the existing expiration date either a new performance bond which shall comply with the preceding provisions of this paragraph (iii) and shall be for a term of five (5) years from the expiration of the preceding performance bond, with the automatic extension and notice provisions aforesaid, or, in the alternative, a letter of credit in the amount set forth above and in accordance with the terms of this paragraph (iii). In addition to and without limiting the foregoing, the Lessee shall upon twenty-one days' written notice from the Port Authority, given at any time during the term hereunder, deliver to the Port Authority a letter of credit in the amount set forth above and in accordance with the terms of this paragraph (iii) which letter of credit, after the Port Authority has approved and accepted the same, shall replace the then existing performance bond delivered by the Lessee.

Section 57. Airline Lessees

(a) The term "Airline Lessee" or "Airline Lessees" as used in this Agreement shall mean and include the Lessee and any other Aircraft Operator or Operators or other person having an agreement with the Port Authority with respect to matters which are substantially the same as those contained in this Lease, including the leasing of one or more gate positions in the Central Terminal Area Complex.

(b) 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.

(c) For purposes of the foregoing Sections 54, 55 and 56 only, the said terms "Airline Lessee", "Airline Lessees" and "majority of Airline Lessees" shall also 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 54 hereof.

Section 58. Ground Transportation

(a) The Lessee may arrange for the transportation to and from the Airport of passengers, employees, baggage and freight or other cargo of the Lessee (and such passengers, employees, baggage, freight and cargo only) either directly or by contract with a surface carrier or carriers (hereinafter called "Passenger Surface Carrier or Carriers") of its choice, subject, however, to the prior and continuing approval of the Port Authority and provided, that such Passenger Surface Carrier or Carriers agree to become permittees of the Port Authority and provided, further, that ten percent (10%) of the gross receipts received from the ground transportation of passengers, employees and baggage by the Passenger Surface Carrier providing such service or by the Lessee (excluding only local, state and federal transportation taxes charged or collected from the passengers or assessed against or collected from the Passenger Surface Carrier) shall be paid to the Port Authority. If the Passenger Surface Carrier designated by the Lessee shall at any time fail to pay to the Port Authority ten percent (10%) of its gross income as aforesaid when billed therefor by the Port Authority, the Port Authority shall have the right to deny such carrier entrance upon the Airport for the purpose of transporting passengers, employees and baggage as aforesaid to and from the Airport. No permit or fee shall be required of the Lessee or its contractor for the picking up from or delivery to of freight from or to the Lessee. No fee shall be paid by the Lessee to the Port Authority in connection with the ground transportation of officers and employees of the Lessee if the Lessee operates the services itself and if the Lessee makes no charge to its employees and officers therefor. No fee shall be paid to the Port Authority by the Lessee or its contractor for the privilege of transporting freight or other cargo of the Lessee on the surface as aforesaid. If such contractor of the Lessee enters into a lease or other agreement with the Port Authority for space and/or privileges at the Airport, the rent or other compensation payable to the Port Authority shall not be measured by the amount of freight or other cargo of the Lessee transported on the surface by such contractor.

(b) The right of the Lessee to arrange for the transportation to and from the Airport of its passengers, employees, baggage and freight or other cargo as hereinabove provided shall not be construed as being applicable to any establishment or operation by the Lessee of facilities outside the Airport for the handling of its passengers, employees, baggage and freight or other cargo of the Lessee, arriving at or departing from the Airport, and this Section 58 shall not be construed to either deny or grant to the Lessee the right to establish any such off-airport terminal or facility.

(c) As used in this Section 58, reference to passengers, baggage, freight or other cargo of the Lessee shall be construed to mean persons, baggage, freight or cargo transported or to be transported on aircraft of the Lessee.

(d) The Lessee shall prohibit the Passenger Surface Carrier or Carriers of its choice or any other contractor used by it from soliciting business on the public areas of the Airport

and the use, at any time, either on the premises or elsewhere on the Airport of hand or standard megaphones, loud speakers or any electric, electronic or other amplifying devices is hereby expressly prohibited.

Section 59. Prohibition in Regard to Sale of Merchandise and Other Activities

(a) Unless otherwise expressly permitted so to do, the Lessee shall not install, maintain or operate, or permit the installation, maintenance or operation on the premises or Non-exclusive areas 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.

(b) The Lessee shall not directly or indirectly engage in the sale of commodities, goods, wares, merchandise, chattels or in the showing or displaying of spectaculars or the sale of advertising space or media or other property or in the rendition of services, or carry on any business or enterprise either on the premises or elsewhere at the Airport other than activities expressly permitted hereunder and carried on in connection with the operation of its civil transportation system by persons engaged in the business of transportation by aircraft.

Section 60. In-Flight Meals

(a) If the Lessee desires to prepare, for its exclusive use, meals (hereinafter called "in-flight meals") for consumption by passengers and crew on board aircraft operated by the Lessee and to deliver such meals to such aircraft it shall have the right to do so, individually or through a contractor of its own choice (which contractor shall not be another person engaged in the business of transportation by aircraft). If the Lessee does so directly, it shall do so only on space located outside the Central Terminal Area Complex. The foregoing, however, shall create no obligation on the part of the Port Authority to provide such space and shall in no way be deemed a committment by the Port Authority that any such space shall be available. If the Lessee chooses to use an independent contractor, such contractor shall be a regular In-Flight Meal Operator by which is meant an operator authorized by the Port Authority to provide in-flight meals to

Aircraft Operators at the Airport unless, in the opinion of the Lessee, all regular In-Flight Meal Operators are unsatisfactory to the Lessee, in which case the Lessee may employ any other contractor (other than another person engaged in the business of transportation by aircraft), satisfactory to the Port Authority, who will accept a permit from the Port Authority on the same terms and conditions including the same rates, fees or charges as imposed upon and required of the Port Authority's In-Flight Meal Operators.

(b) The Lessee shall have the further right, either directly or through an independent contractor of its choice, satisfactory to the Port Authority, or by arrangements, jointly with one or more other users at the Airport, to employ a contractor, satisfactory to the Port Authority, to prepare outside the Airport and to deliver at the Airport to aircraft operated by the Lessee, in-flight meals for consumption by passengers and crew on board such aircraft, provided, however, that if the Lessee employs a contractor either alone, or, by arrangement, jointly with one or more other users at the Airport for the preparation, outside the Airport, of in-flight meals, then the Lessee shall cause such contractor to pay to the Port Authority the rate or rates which would be payable to the Port Authority by a regular Port Authority permittee for the off-Airport preparation or delivery, or both, of such in-flight meals to aircraft for consumption by passengers and crews on board such aircraft.

Section 61. Termination by the Lessee

(a) If any one or more of the following events shall occur:

(1) If the Lessee shall be prevented from operating its air transportation system to and from the Airport by reason of its inability to use a substantial part or all of the runways and taxiways, as herein defined:

(i) for a period of longer than thirty (30) consecutive days, resulting from any condition of the Airport not due to the fault of the Lessee; or

(ii) for a period of longer than ninety (90) consecutive days, resulting from a permanent injunction issued by any court of competent jurisdiction; or

(iii) for a period of longer than ninety (90) consecutive days, resulting from any order, rule or regulation of a governmental agency having jurisdiction over the operations of the Lessee with which the Lessee is unable to comply at reasonable cost or expense; or

(2) The Port Authority shall fail to perform any of its obligations under this Lease within twenty (20) days after receipt of notice of default thereunder from the Lessee (except where fulfillment of its obligation requires activity over a period of time and the Port Authority shall commence to perform whatever may be required for fulfillment within twenty (20) days after the 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 of the condition, the Lessee may by twenty (20) days' notice terminate the letting, such termination to be effective upon the date set forth in such notice and to have the same effect as if the term of the letting had on that date expired. No waiver by the Lessee of any default on the part of the Port Authority in performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the Port Authority shall be or be construed to be a waiver by the Lessee of any other or subsequent default in performance of any of the said terms, covenants and conditions.

(b) The payment of rentals by the Lessee for the period or periods, after the Lessee shall have a right to terminate under this Section but before any default of the Port Authority has been cured, shall not be or be construed to be a waiver by the Lessee of any such right of termination.

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

Section 62. Abatement

If the Port Authority shall, for safety or other reasons, prohibit the use of the Public Landing Area at the Airport or any substantial part thereof for scheduled air transport operations for a period covering more than sixty (60) consecutive days and if, as a direct result thereof the Lessee shall be prevented from conducting those operations at the premises as set forth in Section 8 hereof, then and in such event, the Lessee shall be entitled to an abatement of rentals during such period of prohibition and prevention. The Lessee hereby releases and discharges the Port Authority of and from all claims and rights which the Lessee may have arising out of or consequent upon such closing and the subsequent interrupted use of such Public Landing Area or part thereof during the period of prohibition.

Section 63. Reception Room and Lounge

Subject to the provisions of this Agreement including without limitation thereto Section 10 hereof, the Lessee may provide at its expense in such area or areas in the premises, as may be designated by the Lessee but subject to the approval of the Port Authority, rooms or space for the special handling of or the furnishing of special services to its passengers, guests, or invitees and may sell or furnish therein alcoholic and non-alcoholic beverages to its passengers, guests and invitees but only in accordance with the provisions of this Section. If the Lessee wishes to use other than its own personnel to provide service in the said rooms or space, the Lessee shall use only the Port Authority's authorized Coffee Shop Operator (as hereinafter defined) to provide such service and all food, alcoholic and non-alcoholic beverages and other items to be sold or furnished. If the Lessee uses its own personnel to provide such services, the Lessee shall obtain from the Port Authority's authorized Coffee Shop Operator any food, alcoholic or non-alcoholic beverages and any similar items to be sold or furnished to the Lessee's passengers, guests or invitees. All monies paid or payable to the Coffee Shop Operator for such sales or services shall be included in the gross receipts of the Coffee Shop Operator. The Lessee shall pay to the Port Authority monthly a fee upon all gross receipts received by the Lessee during the preceding month from the sales made to its passengers, guests, or invitees in the said rooms or space, which fee shall

be equal to 100% of the fee which the Coffee Shop Operator would have been obligated to pay to the Port Authority if the Coffee Shop Operator for its own account had sold the food and beverages and other items directly to the Lessee's passengers, guests and invitees but the Lessee shall be allowed a credit against this fee equal to the amount of any fees payable by the Coffee Shop Operator to the Port Authority upon sales by the Coffee Shop Operator of food, alcoholic and non-alcoholic beverages and other items during that month to the Lessee for resale by the Lessee in such rooms or space, and upon revenue for services rendered by the Coffee Shop Operator to the Lessee in connection with such resale by the Lessee for its own account.

Section 64. Force Majeure

(a) Neither the Port Authority nor the Lessee shall be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, shortages of material, acts of God, acts of the public enemy, acts of superior governmental authority (including but not limited to the Federal Aviation Administration, the U.S. Department of Transportation, and the U.S. Environmental Protection Agency; it being expressly understood, however, that the listing herein of the foregoing agencies shall not affect or limit in any way the right of the Port Authority to challenge or contest the act of any of them as an act of a superior governmental authority) weather conditions, tides, riots, rebellion, sabotage or any other circumstances for which it is not responsible and which are not within its control; provided, however, that this provision shall not apply to failures by the Lessee to pay the rentals specified in Section 5, other charges specified in Sections 49, 53, and 56, and shall not apply to any other charges or money payments; and, provided, further, that this provision shall not prevent either party from exercising its right of termination under Sections 24 and 61 and under any other section of this Agreement, and shall not prevent the Lessee from exercising its right to an abatement of rental under Section 5 hereof.

(b) No abatement, diminution or reduction of the rentals or other fees or charges payable by the Lessee, shall be claimed 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 other than the Port Authority whatsoever, or by priorities, rationing or curtailment of labor or materials, or by war or any matter or thing resulting therefrom or by any other cause or causes beyond the control of the Port Authority, nor shall this Agreement be affected by any such causes, except as otherwise herein specifically provided.

Section 65. General Aviation

(a) General aviation aircraft furnishing services to the Lessee and such general aviation aircraft only (except helicopter service as provided in paragraph (b) hereof) shall be permitted privileges of access to and egress from Area D and are also accorded the privileges, subject to the permission of the Lessee, to utilize at the Lessee's direction the Lessee's Gate Positions forming a part of Area D, it being understood, however, that such general aviation aircraft shall meet and comply with all Rules and Regulations of the Port Authority and all rules and regulations of the Lessee including communication procedures, taxiing, aircraft parking, passenger and baggage handling and gate utilization. The Lessee hereby assumes all responsibility for such general aviation aircraft operations on its behalf including the collection of fees (as stated in the Port Authority's Schedule of Charges) from the operators of such aircraft and paying the same to the Port Authority. The Lessee shall also assume liability for payment of any uncollected fees of such general aviation aircraft while the same are on the premises. The Lessee shall further indemnify and hold the Port Authority harmless from any and all claims of third persons or others for injury or death, or property damage, including claims of the City of Newark, resulting from operations of such general aviation aircraft while using Area D, including the Gate Positions forming a part thereof.

(b) Helicopters furnishing services to the Lessee including transportation of Lessee's passengers and patrons to and from the Airport shall be permitted access to and egress from Area D and shall also be accorded the privilege to taxi to and from the Gate Positions forming a part thereof. The Lessee shall have no obligation to collect fees from such helicopter operators.

(c) The Port Authority hereby reserves the right to cancel the general aviation aircraft privileges herein granted for the discharging of or picking up of passengers by such aircraft on behalf of the Lessee at any time, without cause, on five (5) days' notice to the Lessee.

Section 66. Consumer Services

(a) The Lessee acknowledges that various portions of the premises are to be utilized for consumer services and said portions which receive the concurrence of the Lessee and the Port Authority as hereinafter provided are herein referred to as "the concession areas". Without limiting the provisions of Section 73 hereof, the Lessee shall develop a comprehensive plan for consumer services, including but not limited to the locations of the concession areas, the amount of services to be provided of the types hereinafter set forth in paragraphs (b), (c), (d), (e) and (f) hereof, and the types and amounts of any consumer services proposed under paragraph (g), and the Lessee agrees that it will at all times throughout the term of the Lease keep said comprehensive plan updated and that said updated plan shall be submitted to and be subject to the continuing approval of the Port Authority. The Port Authority shall furnish to the Lessee guidelines to be utilized by the Lessee with respect to all matters affecting consumer services in the concession areas including the Lessee's comprehensive plan.

After approval by the Port Authority of the Lessee's comprehensive plan, the Lessee shall enter into negotiations or go out for bid as the circumstances dictate with respect to the selection of proposed operators and agreements with the same. At all times during the negotiation and award procedure the Lessee shall consult with the Port Authority as to all aspects of the proposed arrangements including but not limited to the proposed operators and the financial terms thereof. As hereinafter provided the Lessee will be entering into a direct contract with each operator but said operator must also enter into an appropriate agreement with the Port Authority. The Lessee shall not finalize negotiations with any operator and shall not execute any agreement with any proposed operator until it has received notification from the Port Authority that said arrangement is acceptable to the Port Authority and until said operator has indicated that it is prepared to enter into the appropriate contractual agreement with the Port Authority. The foregoing procedure will be followed throughout the term of the Lease. It is expressly understood and agreed that the provisions of this Section shall not limit or be deemed to limit the provisions of Section 73 hereof and the Lessee's on-going affirmative action commitment with respect to consumer services awards and agreements provided for herein.

(b) (i) Cocktail Lounge, Buffet Cafeteria and Coffee Shop. The Lessee may select and thereafter enter into an agreement with a qualified Coffee Shop Operator (hereinafter called "the Coffee Shop Operator") authorizing such Coffee Shop Operator to operate an integrated facility consisting of one or more coffee shop, snack bar, cocktail lounge, buffet cafeteria establishments in the concession areas and an employee cafeteria and commissary in the concession areas for the sale of food, alcoholic and non-alcoholic beverages and similar items for consumption in the premises, provided, however that prior to any such selection and prior to the entering by the Lessee into any

such agreement with the Coffee Shop Operator, said Coffee Shop Operator obtains a permit from the Port Authority authorizing such Coffee Shop Operator to conduct the aforesaid operation in a portion of the premises hereunder. Prior to the issuance of any such permit, the proposed Coffee Shop Operator may be required to submit to the Port Authority evidence satisfactory to the Port Authority of its qualifications, the scope of its proposed operations and the standards of service it will provide. Any such permit will provide that the Coffee Shop Operator will conduct its operations at the premises in a first-class manner in accordance with the best practices in the industry and shall comply with maximum Port Authority standards with respect to service, health, sanitary and safety measures. The permit will not be revoked without cause by the Port Authority without the prior consent of the Lessee. In the event of any inconsistencies between the terms of the permit and the terms of the agreement between the Lessee and the Coffee Shop Operator, the terms of the permit shall control and be prevailing. Without limiting the foregoing, it is agreed that prior to the issuance of the permit the Port Authority shall make a copy of the same available to the Lessee and that upon the execution of the permit by the proposed Coffee Shop Operator the same shall be subscribed to by the Lessee.

(ii) The Lessee agrees and the agreement between the Lessee and the Coffee Shop Operator shall provide that the Lessee will furnish to the Coffee Shop Operator sufficient and suitable space including adequate storage space, as may be required by the Coffee Shop Operator for conducting and carrying on its aforesaid operation. The Lessee agrees that it, as part of the construction work under Section 2 hereof, shall perform all work necessary or required to finish off the space, including the finishing of the floors and ceilings from the structural slab and the walls from the rough partitions, and the Lessee shall proceed diligently to construct and install those portions of pipes, wires and conduits in the manner and to the locations as shall be shown in detail on the Lessee's plans and specifications to be submitted to and approved by the Port Authority for

for the supply of such utilities and services including without limitation thereto those portions of the electrical, water, sewerage, heating and air-conditioning equipment but excluding gas, required by the Coffee Shop Operator in its performance including, but not limited to, waste lines for use in connection with the aforesaid operation. The Lessee shall also install freight elevators required by the Port Authority in the premises. All such installation and construction work shall be subject to the prior written approval of the Port Authority and shall be subject to all of the terms and conditions set forth in Section 2 hereof. In addition to other rights of termination or revocation that may be contained in the said agreement between the Coffee Shop Operator and the Lessee, the said agreement may contain appropriate provisions permitting cancellation of the agreement by the Lessee on short notice in the event the operations provided by the Coffee Shop Operator are unsatisfactory to the Lessee.

(iii) The agreement between the Lessee and the Coffee Shop Operator shall not call for any fixed rental or fee but shall provide that the Coffee Shop Operator shall pay a percentage fee based upon the gross receipts of the Coffee Shop Operator from the sale of food, alcoholic and non-alcoholic beverages and similar items at the premises, which fee shall be subject to the prior written approval of the Port Authority and shall be incorporated into the permit to be issued by the Port Authority. There shall be no other payments by the Coffee Shop Operator to the Lessee except other than as provided herein. It is hereby understood and agreed that 80% of the percentage fee payable by the Coffee Shop Operator shall be paid by the Coffee Shop Operator to the Lessee and 20% of the percentage fee payable by the Coffee Shop Operator shall be paid by the Coffee Shop Operator to the Port Authority. Both the agreement between the Lessee and the Coffee Shop Operator and the permit to be issued by the Port Authority shall have provisions covering the fee in accordance with this Section and, without limiting the generality of any other provision of this Section, the permit shall control as to the manner, conditions and terms of payment.

(iv) The said agreement between the Lessee and the Coffee Shop Operator shall require the Coffee Shop Operator to pay directly to the Lessee the cost of the Operator's consumption of cold water, as such consumption of cold water is measured by meters installed in Passenger Terminal Building C for such purposes.

(v) The Lessee will bill the Coffee Shop Operator for the consumption of cold water at the same rate as that paid by the Lessee to the City of Newark for the water supplied to the Lessee in Passenger Terminal Building C.

(vi) The Coffee Shop Operator shall be required to make separate arrangements with the Public Service Electric and Gas Company of New Jersey for the installation of meters for the recording and direct payment of electricity and gas consumed in the concession areas. The Coffee Shop Operator shall receive heat, free of charge, in all its Terminal space but will be billed directly by the Port Authority for air conditioning services and for consumption of high temperature hot water used for the generation of domestic hot water and steam in the concession areas. Meters required for determining the British Thermal Units (B.T.U.) of consumption of chilled water used for air-conditioning and high temperature hot water used for the generation of domestic hot water and steam in the concession areas shall be installed by the Lessee. The maintenance of such meters and the recording of B.T.U. consumption indicated by such meters shall be the responsibility of the Port Authority. The Port Authority shall credit to the Lessee the monies received from the Coffee Shop Operator in payment of such charges, after each annual adjustment is made of the charges billed to the Lessee for air conditioning service as provided for in Schedule B of this Lease.

(vii) The agreement between the Coffee Shop Operator and the Lessee shall provide that the Coffee Shop Operator will furnish at its expense all necessary trade fixtures, equipment, furniture and personal property required in connection with the effective and satisfactory operation of the facilities located in the concession areas. The decor and color scheme of the facilities to be operated by the Coffee Shop Operator and the location of fixtures therein shall be subject to the prior and continuing approval of the Port Authority.

(viii) Nothing contained in this Section 66 or in this Lease shall impose or be deemed to impose upon the Port Authority or the Coffee Shop Operator any obligation to provide in-flight meals to passengers of the Lessee on delayed flights.

(c) Vending Machines, Public Telephones, Coin-Operated Lockers and Advertising Displays

(i) If requested by the Lessee the Port Authority, by itself or through contractors, lessees or permittees, shall install and maintain in the concession areas vending machines, public telephones, and may if permissible install coin-operated toilets in the aforesaid areas and, if requested by the Lessee, advertising displays, at such location, of such type, design and detail and to such extent as may from time to time be requested by the Lessee. The Lessee, as part of the construction work under Section 2 hereof, shall perform all necessary or required construction and installation with respect to the foregoing, including all pipes, and all wires and conduits for the supply of electricity all as shown on drawings and specification to be submitted and approved by the Port Authority for such machines and displays and shall supply such electricity without charge to the Port Authority or its contractors, lessees and permittees.

(ii) The Port Authority shall require its contractors, lessees or permittees to pay a percentage fee based upon the gross receipts received from such vending machines, public telephones, coin-operated toilets and if applicable, advertising displays.

(iii) The Port Authority shall pay to the Lessee a fee equivalent to eighty percent (80%) of the percentage fee collected by the Port Authority from its contractors, lessees or permittees as aforesaid, and in the event coin-operated lockers are installed pursuant to subparagraph (d)(vii) hereof. All fees payable under this paragraph shall be paid in the manner and at the time provided in paragraph (h) hereof.

(d) Insurance Covering Air Transportation

(i) The Port Authority may enter into agreements upon such terms and conditions and with such insurance vendors as authorizing such vendors to sell or arrange for the sale, in the concession areas, of policies of insurance covering air transportation of such types and coverages as may be requested by the Lessee and authorizing such vendors to provide currency exchange services at the premises.

(ii) The agreement between the insurance vendors and the Port Authority shall provide that such vendors shall pay to the Port Authority a basic fee for the space occupied by such vendor or vendors in the concession areas in connection with the sale of such policies of insurance and currency exchange services. The basic fee will be based upon the cost to the Lessee of providing such space to the insurance vendor. In determining the cost to the Lessee there shall be considered the cost of providing, operating and maintaining public areas within the Terminal C Passenger Facility as well as the cost of operating and maintaining the space. The amount of the basic fee to be paid by the insurance vendor shall be agreed upon between the Port Authority and the Lessee, when the costs aforementioned are determined or can be reasonably estimated.

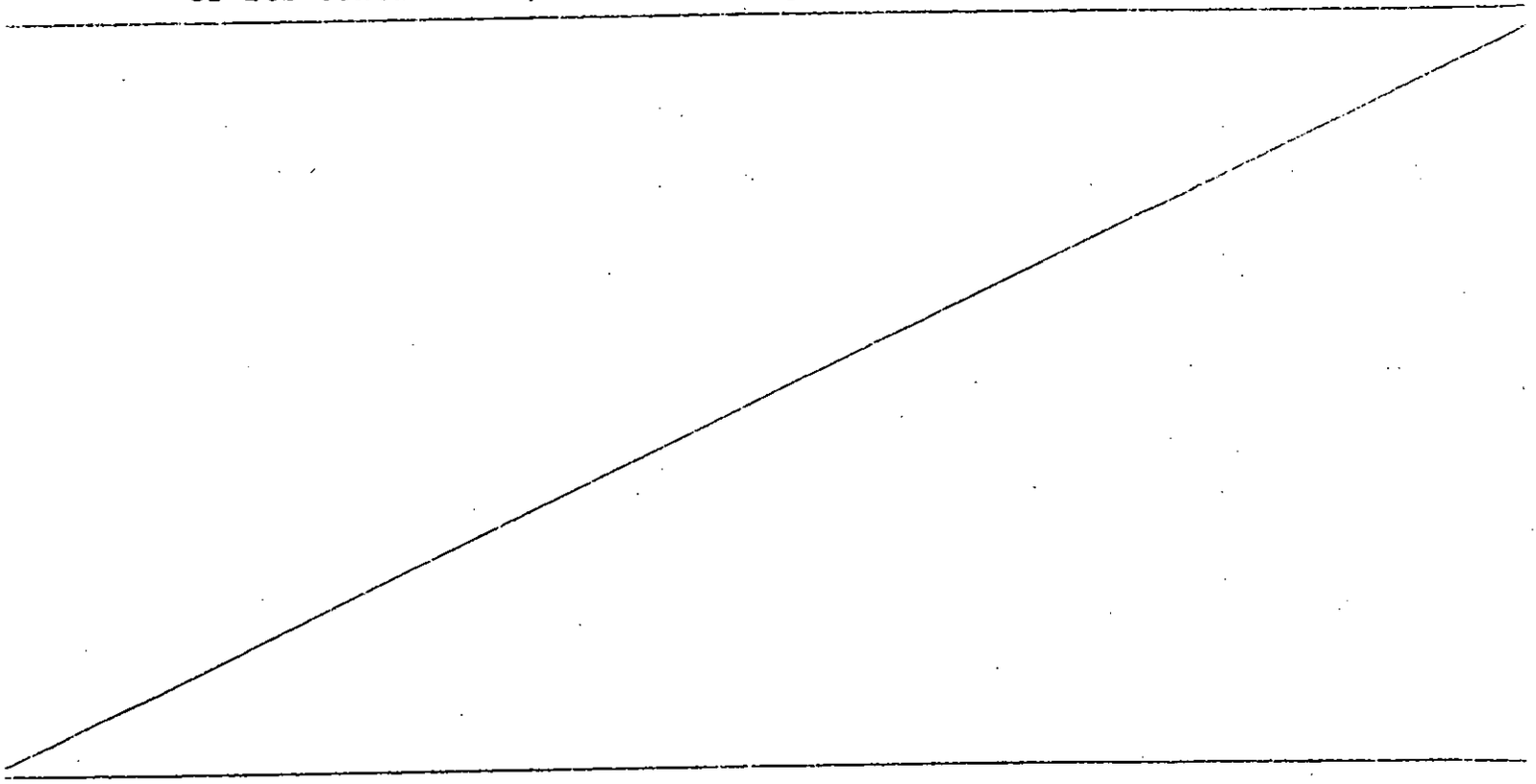
Notwithstanding any determination as to the amount that would be called for to satisfy the criteria of the cost to the Lessee as set forth above in establishing the basic fee, it is hereby expressly understood and agreed that the amount to be charged to the insurance vendor as the portion of the basic fee representing the cost of providing the space shall in no event exceed a rate in excess of $30 per square foot per annum.

(iii) The agreement with each separate insurance vendor shall further provide that the particular vendor will pay to the Port Authority a percentage fee of its gross receipts derived from the sale of such insurance, less the amount of any basic fee paid by the respective insurance vendor to the Port Authority. The Port Authority shall pay to the Lessee the amount of the basic fee. If the percentage fees actually paid by the insurance vendor or vendors to the Port Authority exceed the amount of the basic fee, the Port Authority shall retain from such percentage fees an amount equal to the basic fee, the excess of the percentage fees, if any, shall be divided as follows: one-half to the Port Authority and one-half to the Lessee.

(iv) The agreement with each insurance vendor will also provide that, if the Lessee so requests, the vendor shall provide general information service to the public.

(v) No insurance vendor shall be required to provide a counter for the sale of insurance, if in its opinion, there will be insufficient patronage to support such a counter. No insurance vendor shall be required to continue to provide at any designated locations, vending machines for the sale of insurance when the gross premiums from any such machines at any such location is less than $200.00 per month, provided, however, if twenty-four (24) hours counter coverage is not provided, there shall be at least three insurance vending machines located in the premises. The provisions of the insurance policies and the minimum coverage offered thereby shall be acceptable to the Lessee.

(vi) The location of the insurance counters and the insurance vending machines shall be determined by the Lessee subject to the approval of the Port Authority. Each insurance vendor shall have the obligation to furnish and install, at its own expense, all necessary trade fixtures, machines, counters and equipment re-quired in connection with the operations hereunder. The Lessee as part of the construction work under Section 2 hereof shall perform all necessary or required finishing off and decoration work and shall provide the necessary wires and conduits for the supply of electricity for use in connection with each insurance vendor's operations and shall supply the same including the supply of electricity without charge to the Port Authority or its contractors, lessees and permittees.



(vii) The Lessee may install coin-operated lockers at locations approved by the General Manager of the Airport and if the Port Authority deems the same permissible after consultation with the Lessee, and in such event, the Port Authority shall require its contractors, lessees or permittees to pay a percentage fee based upon the gross receipts derived from such coin-operated lockers.

(e) Newsstands and other Merchandise

(i) The Lessee may select and thereafter enter into an agreement or agreements with a qualified newsstand operator or operators authorizing such operators to operate newsstands in the premises for the sale at retail of such of the following items as may be approved by the Port Authority: newspapers, magazines, cigarettes, cigars and other tobacco supplies, candy, chewing gum, playing cards and paperbound books and such other items as approved by the Port Authority from time to time, provided, however, that prior to any selection and prior to the entering by the Lessee into any such agreement with any such newsstand operator, each such newsstand operator obtains a permit from the Port Authority authorizing said newsstand operator to operate the newsstand service in a portion of the premises hereunder. Prior to the issuance of any such permit, the proposed newsstand operator may be required to submit to the Port Authority evidence satisfactory to the Port Authority of its qualifications, the scope of its proposed operations and the standards of service it will provide. Any such permit will provide that the newsstand operator will conduct its operations at the premises in a first-class manner in accordance with the best practices in the industry and shall comply with maximum Port Authority standards with respect to service, health, sanitary and safety measures. The permit will not be revoked without cause by the Port Authority without the prior consent of the Lessee. In the event of any inconsistencies between the terms of the permit and the terms of the agreement between the Lessee and the newsstand operator, the terms of the permit shall control and be prevailing. Without limiting the foregoing, it is agreed that prior to the issuance of the permit the Port Authority shall made a copy of the same available to the Lessee and that upon the execution of the permit by the proposed newsstand operator the same shall be subscribed to by the Lessee. The Port Authority shall require such operator or operators to sell at retail from its or their locations, such other items or furnish such other services as may be satisfactory to the Port Authority and as are requested by the Lessee.

(ii) The agreement between the newsstand operator or operators and the Lessee shall provide that the newsstand operator will pay to the Lessee a basic rental for the space operated by such operator in connection with the operations of any newsstand. The basic rental will be based upon the cost to the Lessee of providing such space to the newsstand operator. In determining the cost to the Lessee there shall be considered the cost of providing, operating and maintaining public areas within the Terminal C Passenger Facility as well as the costs of maintaining and operating the space. The amount of the basic rental to be paid by the newsstand operator shall be agreed upon between the Port Authority and the Lessee when the costs aforementioned are determined or can be reasonably estimated.

Notwithstanding any determination as to the amount that would be called for to satisfy the criteria of the cost to the Lessee as set forth above in establishing the basic rental, it is hereby expressly understood and agreed that the amount to be charged to the newsstand operator as the portion of the basic rental representing the cost of providing the space shall in no event exceed a rate in excess of $30 per square foot per annum.

(iii) The agreement with the newsstand operator or operators shall further provide that the operator will pay to the Port Authority a percentage fee of the gross receipts derived by the newsstand operator from all sales made by the newsstand operator less the amount of the basic rental paid by the newsstand operator to the Lessee, the amount of said percentage fee payable to the Port Authority up to the amount of the basic rental being herein called "the basic rental equivalent".

(iv) The agreement with the newsstand operator shall provide furthermore that the newsstand operator shall pay directly to the Port Authority and to the Lessee the excess, if any, of the percentage fee remaining after the newsstand operator has paid to the Port Authority the basic rental equivalent, said excess to be divided equally between the Lessee and the Port Authority. Both the agreement between the Lessee and the newsstand operator and the permit to be issued by the Port Authority shall have provisions covering the percentage fee in accordance with this Section and without limiting the generality of any other provision of this Section, the permit shall control as to the manner, conditions and terms of payment. 50/50

(v) The agreement with the newsstand operator or operators will further provide that the newsstand operator will be permitted to sell at retail only such merchandise as is normally sold at newsstands in operation at Port Authority Airports together with such other merchandise as may be requested by the Lessee, if authorized by the Port Authority.

The contract shall further provide that no merchandise objectionable to the Lessee or the Port Authority shall be sold.

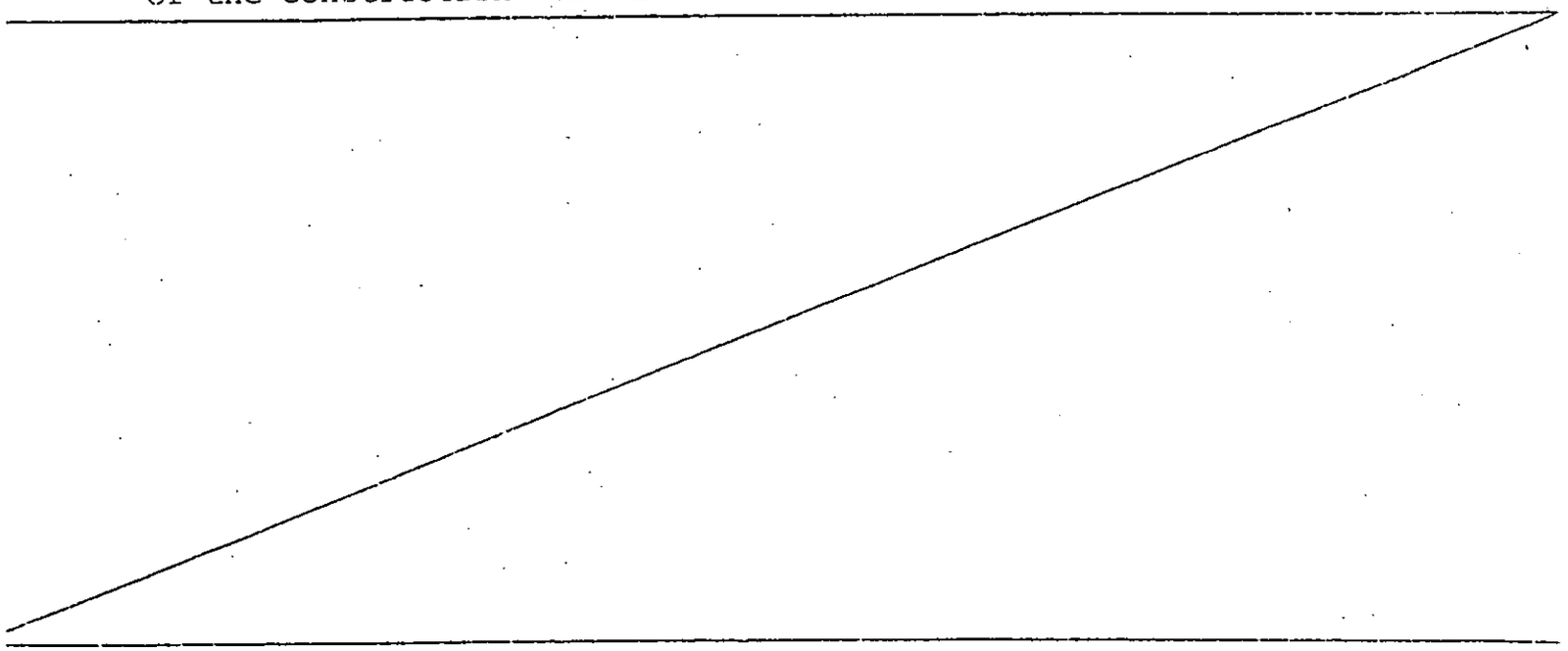
(vi) The location of newsstands for the use of the newsstand operators shall be determined by the Lessee subject to the approval of the Port Authority. The said agreement between the newsstand operator and the Lessee shall provide that the newsstand operator will furnish and install at its expense all necessary trade fixtures, stands, counters and equipment required in connection with its operation. The Lessee as part of the construction work under Section 2 hereof shall perform all construction work necessary to accommodate such installations including the necessary wires and conduits for the supply of electricity and shall supply the same including the supply of electricity for use in connection with the operation of the newsstand or newsstands at no cost to the newsstand operator or to the Port Authority. In addition to other rights of termination or revocation that may be contained in said agreement between the newsstand operator and the Lessee, the said agreement may contain appropriate provisions permitting cancellation of the agreement by the Lessee on short notice in the event the newsstnad service provided by the newsstand operator is unsatisfactory to the Lessee.

(f) Duty-Free Shop

(i) The Lessee may select and thereafter enter into an agreement with a qualified person, firm or corporation (which person, firm or corporation is hereinafter referred to as "the Duty-Free Shop Operator") authorizing such Duty-Free Shop Operator to operate a shop in the premises for the sale at retail of in-bond liquors, in-bond cigarettes, cigars and other in-bond tobacco products, and other in-bond items, provided, however, that prior to any such selection and prior to the entering by the Lessee into any such agreement with the Duty-Free Shop Operator, said Duty-Free Shop Operator obtains a permit from the Port Authority authorizing such Duty-Free Shop Operator to operate the Duty-Free Shop in a portion of the premises hereunder. Prior to the issuance of any such permit, the proposed Duty-Free Shop Operator may be required to submit to the Port Authority evidence satisfactory to the Port Authority of its qualifications, the scope of its proposed operations and the standards of service it will provide. Any such permit will provide that the Duty-Free Shop Operator will conduct its operations at the premises in a first-class manner in accordance with the best practices in the industry and shall comply with maximum Port Authority standards with respect to service, health, sanitary and safety measures. The permit will not be revoked without cause by the Port Authority without the prior consent of the Lessee. In the event of any inconsistencies between the terms of the permit and the terms of

the agreement between the Lessee and the Duty-Free Shop Operator, the terms of the permit shall control and be prevailing. Without limiting the foregoing, it is agreed that prior to the issuance of the permit the Port Authority shall make a copy of the same available to the Lessee and that upon the execution of the permit by the proposed Duty-Free Shop Operator the same shall be subscribed to by the Lessee.

(ii) The Lessee agrees and the agreement between the Lessee and the Duty-Free Shop Operator shall provide that the Lessee will furnish to the Duty-Free Shop Operator sufficient and suitable space as may be required by the Duty-Free Shop Operator for conducting and carrying on its aforesaid operation. The Lessee agrees that it, as part of the construction work under Section 2 hereof, shall perform all work necessary or required to finish off the space, including the finishing of the floors and ceilings from the structural slab and the walls from the rough partitions, the decor and color scheme to be subject to the approval of the Port Authority. In addition, as part of the construction work under Section 2 hereof, the Lessee



shall construct in the portion of the premises designated by the Port Authority a storage area for the storage of the aforesaid in-bond items to be sold by the Duty-Free Shop Operator (said storage area being herein called "the Duty-Free Distribution Center"). The Lessee shall proceed diligently to construct and install those portion of pipes, wires and conduits in the manner and to the locations as shall be shown in detail on the Lessee's plans and specifications to be submitted to and approved by the Port Authority for the supply of such utilities and services including without limitation thereto those portions of the electrical, heating and air-conditioning equipment required by the Duty-Free Shop Operator in its operations in the Duty-Free Shop and the Duty-Free Distribution Center. The Lessee shall supply said utilities and services to the Duty-Free Shop Operator without charge to the Duty-Free Shop Operator or the Port Authority.

(iii) The agreement between the Lessee and the Duty-Free Shop Operator shall not call for any fixed rental or fee but shall provide that the Duty-Free Shop Operator shall pay a percentage fee based upon the gross receipts of the Duty-Free Shop Operator from the sale of in-bond liquors, in-bond cigarettes, cigars and other in-bond tobacco products and other in-bond items, which fee shall be subject to the prior written approval of the Port Authority and shall be incorporated into the permit to be issued by the Port Authority. There shall be no other payments by the Duty-Free Shop Operator to the Lessee except other than as provided herein. It is hereby understood and agreed that 50% of the percentage fee payable by the Duty-Free Shop Operator shall be paid by the Duty-Free Shop Operator to the Lessee and 50% of the percentage fee payable by the Duty-Free Shop Operator shall be paid by the Duty-Free Shop Operator to the Port Authority. Both the agreement between the Lessee and the Duty-Free Shop Operator and the permit to be issued by the Port Authority shall have provisions covering the fee in accordance with this Section and, without limiting the generality of any other provision of this Section, the permit shall control as to the manner, conditions and terms of payment.

(iv) The agreement between the Duty-Free Shop Operator and the Lessee will provide that the Duty-Free Shop Operator will furnish at its expense all necessary trade fixtures, equipment furniture and personal property required in connection with the efficient and satisfactory operation of the Duty-free Shop and the Duty-free Distribution Center. The decor and color scheme of the facilities to be operated by the Duty-Free Shop Operator and the location of fixtures therein shall be subject to the prior and continuing approval of the Port Authority. In addition to other rights of termination or revocation that may be contained in said agreement between the Duty-Free Shop Operator and the Lessee, said agreement may contain appropriate provisions per-

mitting cancellation of the agreement by the Lessee on short notice in the event the Duty-Free Shop provided by the Duty-Free Shop Operator is unsatisfactory to the Lessee.

(g) Other Consumer Services

(i) The Lessee may make agreements from time to time, upon such terms and conditions and with such consumer service operators, other than those set forth above, comparable in type to the consumer services at present operated at any Airline Passenger Terminal at Newark International Airport, John F. Kennedy International Airport or LaGuardia Airport and as may be satisfactory to the Port Authority for the operation in the premises of stores for the retail sale of merchandise and/or providing such service as the Port Authority may in its discretion determine, provided, however, each such consumer service operator must obtain a permit from the Port Authority authorizing such operator to operate the consumer service at the Airport in or on the premises leased to the Lessee. Prior to the issuance of any such permit such operator may be required to submit to the Port Authority evidence satisfactory to the Port Authority of its qualifications, the scope of its proposed operations and the standards of service it will provide. Any such permit will provide that such operator will conduct its operations thereunder in a first-class manner in accordance with the best practices in the industry and shall comply with the maximum Port Authority standards with respect to service, health, sanitary and safety measures. The permit will not be revoked without cause, without the prior consent of the Lessee.

The Lessee shall have the obligation to provide finished space including the finishing off of floors, walls, ceilings and the installation of utilities all as shall be shown on the drawings and specifications to be submitted to and approved by the Port Authority, and the supplying of utilities at no cost to the operator. The construction and installation obligations imposed herein on the Lessee shall be limited to

the preparation of the areas for the initial consumer service operator of each respective area. The consumer service operators will install their own trade fixtures and equipments.

The fee arrangements with the consumer service operators shall be either a basic fee plus a percentage fee or a percentage fee only or a fixed amount only. Except as otherwise provided in subparagraph (ii) of this paragraph (g) of this Section 66, the Lessee ~~will~~ share the basic fees, if any, and/or the percentage fees, if any, provided in any such agreement between the Lessee and the consumer service operator in the same manner as is provided with respect ~~to~~ the basic rental and percentage fee described in paragraph (e) of this Section. If and for ~~so long as any~~ such agreement provides for the payment of a percentage fee only, eighty percent (80%) of the percentage fee payable by the consumer service operator shall be paid by the operator to the Lessee and twenty percent (20%) of the percentage fee payable by the operator shall be paid to the Port Authority. If and for so long as any such consumer service agreement provides for the payment of a fixed amount only, said fixed amount will be based upon the cost to the Lessee of providing such space to the additional consumer service operator. In determining the cost to the Lessee there shall be considered the cost of providing, maintaining and operating public areas within the Terminal C Passenger Facility as well as the costs of maintaining and operating the space. The amount of the fixed amount to be paid by the additional consumer service operator shall be agreed upon between the Port Authority and the Lessee, when the costs aforementioned are determined or can be reasonably estimated. Notwithstanding any determination as to the amount that would be called for to satisfy the criteria of the cost to the Lessee as set forth above in establishing the fixed amount, it is hereby expressly understood and agreed that the amount to be charged to the additional consumer service operator as the portion of the fixed amount representing the cost of providing the space shall in no event exceed a rate in excess of $30 per square foot per annum.

The agreement between the Lessee and the consumer service operator shall provide that the operators shall pay to the Lessee an amount up to the cost to the

Lessee of providing said space. Any excess in the fixed amount remaining after said payment to the Lessee shall be paid to the Port Authority, provided, however, that if such excess is equal to or more than twice the said cost to the Lessee of providing the space, such excess shall be shared equally by the Lessee and the Port Authority, in accordance with the provisions of paragraph (h) hereof. Both the agreement between the Lessee and the consumer service operator and the permit to be issued by the Port Authority shall have provisions covering the fee payable by the operator in accordance with this Section (g) and without limiting the generality of any other provision of this Section, the permit shall control as to the manner, conditions and terms of payment.

(ii) The Lessee will make available at reasonable rental rates such counter space as may be required by the Port Authority at such location or locations in the premises as the Port Authority may designate for use by limousine, bus, car rental and other ground transportation operators at the Airport, all of the foregoing being hereinafter called "the ground transportation operators". The Port Authority may, from time to time and upon terms and conditions satisfactory to it, make agreements with such ground transportation operators as it deems satisfactory for the use and operation of counters by the ground transportation operators. The Lessee shall be entitled only to the basic rental (and to no other rental, fee or charge) fixed by the Port Authority and the Lessee for such space, provided, however, that such basic rental represents the fair and reasonable rental for the space provided, taking into account the cost of providing the space and maintaining the same.

(iii) The Lessee hereby acknowledges it has been advised that the Port Authority is contemplating establishing a Consolidated Counter, as hereinafter defined, in Passenger Terminal Building C and, in the event the Port Authority notifies the Lessee that it desires to so establish a Consolidated Counter, the parties hereto agree that the following provisions shall be applicable thereto:

(1) In lieu of the provisions of subparagraph (ii) hereof obligating the Lessee to make available counter space with respect to ground transportation operators at the Airport (as said term is defined in subparagraph (ii) but not including car rental operators as to which the provisions of subparagraph (ii) shall be and continue in full force and effect), the Lessee shall provide to the Port Authority or its contractors, without charge, such counter space within the premises as may reasonably be required, upon which the Port Authority shall construct and install, in accordance with plans and specifications approved by the Port Authority and the Lessee, a consolidated ground transportation reservation and information counter (hereinafter called "the Consolidated Counter") to be staffed and operated by the Port Authority or its contractors.

(2) The Lessee agrees to provide access to and from the public ways outside the premises to the Port Authority, its employees and its contractors and the ground transportation patrons and other users of the Consolidated Counter; to permit use of such portions of the public pedestrian circulation areas of the premises as may reasonably be required for the operation of the Consolidated Counter and the accommodation of the users thereof; and to permit the installation of such signs and such telephone and other communication lines, cables and conduits on and across the premises as may be required for the operation of the Consolidated Counter. The Lessee acknowledges and agrees that the Consolidated Counter shall at all times be a part of the premises under the Lease and subject to all the terms and provisions thereof including, but not limited to indemnity, the payment

of rentals, repair and maintenance. The Lessee shall, at its sole cost and expense, provide basic janitorial services and trash removal and supply all utilities necessary for the operation of the Consolidated Counter including, but not limited to heat, light, ventilation, air conditioning and electricity on a 24-hour, 7-day a week basis. The Lessee shall not be required to provide telephone service to the Consolidated Counter hereunder.

(3) The Port Authority shall have the right at any time, without cause, on 180 days' notice to the Lessee to terminate and cease the operation of the Consolidated Counter and from and after the effective date stated in said notice the operation of the Consolidated Counter shall terminate and cease and the provisions of subparagraph (ii) and the Lessee's obligations as set forth therein with respect to ground transportation operators, to the extent modified as aforesaid, shall be deemed reinstated and in full force and effect; except that the Port Authority may reinstate the Consolidated Counter from time to time in accordance with the provisions of this subparagraph (iii). In the event of such termination, the Port Authority shall remove the Consolidated Counter and restore the space to substantially the same condition as prior to the construction of the Consolidated Counter.

(h) Obligations in Connection with Consumer Services Agreements

(i) The Port Authority shall administer all its contracts and agreements with such tenants, licensees or permittees operating or performing consumer services at the premises as are covered in this Section 66. All such contracts and agreements shall contain provisions, among others, providing that such tenant, licensee or permittee shall:

(1) take all reasonable measures in every proper manner to maintain, develop and increase the business conducted by it at the premises;

(2) not divert, cause or allow to be diverted any business from the premises;

(3) maintain in accordance with accepted accounting practice, records and books of account recording all transactions at, through or in

anywise connected with the premises, which records and books of account shall be kept at all times within the Port of New York District and permit, in ordinary business hours during such time, the examination and audit by the officers, employees and representatives of the Port Authority of such records and books of account;

(4) permit in ordinary business hours the inspection by the officers, employees and representatives of the Port Authority of any equipment used by the tenant, lessee, licensee or permittee, including but not limited to cash registers and recording tapes;

(5) furnish on or before the 20th day of each month following the commencement date of the operation, a sworn statement of gross receipts arising out of the operations of the tenant, lessee, licensee or permittee for the preceding month;

(6) install and use such cash registers, sales slips, invoicing machines and other equipment or devices for recording orders taken or services rendered as may be appropriate to the business and necessary or desirable to keep accurate records of gross receipts;

(7) furnish good, prompt and efficient service, adequate to meet all demands therefor at the premises; furnish such service on a fair, equal and non-discriminatory basis to all users thereof; and charge fair, reasonable and non-discriminatory prices for all items and/or services which it is permitted to sell and/or render; and

(8) comply with and execute the provisions of any and all present and future governmental laws, rules, regulations, requirements, orders and directions which may pertain and apply to its operations for the use and occupancy of the space by it.

(ii) The Port Authority does not guarantee payments of rentals and fees required to be paid by any persons, firms or corporations operating or performing consumer services pursuant to the provisions of this Section 66 and shall have no obligation to the Lessee to make any payments to the Lessee until the fees or rentals are actually collected by the Port Authority. The Port Authority will advise the Lessee of all accounts remaining delinquent for more than sixty (60) days and will consult with the Lessee as to the appropriate steps to be taken to effect collection. It is specifically understood and agreed that the payments to be made by the Port Authority to the Lessee under this Section 66 shall only apply to revenues derived from consumer services within the premises.

(iii) The Port Authority does not guarantee that it will obtain any of the consumer services herein specified and nothing contained herein shall impose or be deemed to impose or create any liability on the Port Authority to the Lessee in the event the Port Authority does not, for any reason, obtain any of the consumer services mentioned herein.

(iv) The parties acknowledge that they will be exercising their rights and obligations as hereinbefore set forth in this Section 66 in close consultation with each other so as to reflect the reasonable views and the reasonable objectives of the Lessee, as to the extent the same are consistent with the foregoing provisions. However it is recognized that there may be a consumer service which may be desired by the Lessee and is not or has not been available at any Airline Passenger Terminals at Newark International Airport, John F. Kennedy International Airport or LaGuardia Airport. Accordingly, for any such consumer service which has not been or is not then so available and which is desired by the Lessee, and therefore not covered by paragraph (g) hereof, and without affecting the continuing in effect of the foregoing provisions, the Port Authority is prepared to reflect the agreement with respect to the same in an appropriate Supplement to the Lease provided that after consultation and negotiation with the Lessee the proposed consumer services and all arrangements with respect thereto have been agreed to by the Port Authority and the Lessee, including but not limited to, the amounts payable by the consumer service operators and the sharing of those amounts between the Port Authority and the Lessee, it being understood that the Lessee would receive 90% of said amounts, and that the Port Authority would receive 10% of said amounts, and in such event said Supplement in the form prepared by the Port Authority and acceptable to the Lessee shall be executed by the Lessee and the Port Authority.

Section 67. Condemnation

(a) Section 67 Definitions

As used in this Section 67, 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 67 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 72(z) 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 72(z) hereof), if any of the Lessee in so much of the premsies 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 72(z) 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 72(z) 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 72(z) 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 72(z) 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 5 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 72(z) 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 72(z) 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 72(z) 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.

(f) It is further expressly understood and agreed that the parties recognize that the Lessee may not in fact have an unamortized capital investment, as defined in said Section 72(z), in the premises, and that neither this Section 67 nor anything contained herein shall or shall be deemed to create any inference or implication that the Lessee will have any unamortized capital investment (as defined in Section 72(z) hereof) in the premises.

(g) It is understood that the foregoing shall not prevent the Lessee from making a claim against the condemning party for an award for moving expenses and any other expenses if then permitted by law, provided no such claim shall be made for any leasehold interest of the Lessee or for the taking of any interest as hereinabove set forth, and provided further that no such claim will reduce the award to the Port Authority or have any effect on the Port Authority's rights as hereinabove set forth or be in breach of the Basic Lease, but this provision shall not be deemed any recognition by the Port Authority of the validity of any such claim that the Lessee may make.

Section 68. Requesting Airlines at the Airport

(a) If a Scheduled Aircraft Operator other than an Airline Lessee of Passenger Terminal Building A or Passenger Terminal Building B (hereinafter called a "Requesting Airline") advises the Lessee that it would like to be accommodated by the Lessee at the premises and that it has been unable to make arrangements for its accommodation at the North Passenger Terminal at the Airport (if the said North Passenger Terminal is then open for public use) and, further, that it has been unable to make arrangements with any Airline Lessee at Passenger Terminal Building A or Passenger Terminal Building B under which it would be accommodated at the Airport, which inability has been confirmed by the Port Authority pursuant to the provisions herein contained, the Lessee in furtherance of the public interest of having the premises fully and most effectively utilized shall use its best efforts to accommodate the request of said Requesting Airline. If the Lessee fails to reach agreement with said Requesting Airline for its accommodation, the Lessee shall advise the Port Authority to such effect. Thereafter, the Port Authority shall make a determination as to whether the Lessee should accommodate the Requesting Airline as requested and if so, whether there are any limitations on the nature, extent, cost, duration and extension of such accommodation. Determinations of the Port Authority shall not be arbitrary or capricious. Such determinations of the Port Authority would take into consideration the then existing utilization of the premises or a bona fide plan of the Lessee for the utilization of the premises to be implemented within an eighteen (18) month period from the then existing utilization, and the necessity for the flights, schedules, flight times, operations, operating practices and aircraft equipment of the Requesting Airline to be compatible with those of the Lessee, as well as the need for labor harmony. The Lessee agrees to comply with such determinations of the Port Authority.

It is specifically understood and agreed that the Port Authority, prior to its implementation of the provisions of this Section, shall use the North Passenger Terminal, if the same is then open for public use, and Passenger Terminal Buildings A and B to satisfy the needs of Scheduled Aircraft Operators (as well as those of charter, scheduled commuter, general aviation and itinerant aircraft operators), subject, however, to the Port Authority's rights and obligations under its lease agreements with Aircraft Operators then operating at the North Passenger Terminal, or Passenger Terminal Buildings A or B.

(b) Any arrangement between the Lessee and the Requesting Airline made in accordance with any of the foregoing provisions shall be submitted by the Lessee to the Port Authority for its consent, which will be in the form of a

Consent Agreement prepared by the Port Authority and to be executed by the Lessee, the Requesting Airline and the Port Authority.

(c) The foregoing shall not be deemed to abrogate, change or affect any restrictions, limitations or prohibitions on assignment, subletting or use of the premises by others under this Lease and shall not in any manner affect, waive or change any of the provisions thereof.

Section 69. Additional Rights of Termination by the Port Authority

(a) It is hereby recognized that as of January 1, 1985 the "revenue seats daily average" of the Lessee, as said term is defined in paragraph (e) hereof, but for the purposes of this Section 69 utilizing only the schedules in effect as of July 15, 1984 would be 25,350. Inasmuch as this Agreement covers the letting and use of new and larger facilities than those used at present by the Lessee at the Airport it is hereby agreed that the aforesaid revenue seats daily average will be 45,400 and the same is hereinafter called the "Lessee's Commencement Basic Schedules".

(b) Commencing with calendar year 1989 and for each and every calendar year thereafter, the Port Authority may ascertain the revenue seats daily average of the Lessee for the preceding calendar year in accordance with the provisions of paragraph (a) hereof, which revenue seats daily average shall be the Lessee's Basic Schedules for the preceding calendar year and shall be referred to as such.

(c) (i) As of January 1, 1989 and as of January 1 of each succeeding calendar year in the event that because of reasons within the Lessee's control the Lessee's Basic Schedules for the immediately preceding calendar year are less than sixty percent (60%) of the Lessee's Commencement Basic Schedules or (ii) as of January 1, 1990 and as of January 1 of each succeeding calendar year in the event that because of reasons beyond the control of the Lessee the Lessee's Basic Schedules for the immediately preceding two calendar years are less than sixty percent (60%) of the Lessee's Commencement Basic Schedules, then in either of such events and without limiting each and every other right of termination the Port Authority has under this Agreement or otherwise, the Port Authority shall have the right, upon six (6) months' prior written notice to the Lessee, to terminate the letting under the Lease as to any portion or portions of the premises which the Port Authority determines to be under-utilized by the Lessee. Such termination shall be effective on the date set forth in said notice of termination. Upon such termination the term of the letting as to the terminated

portion or portions of the premises shall cease and expire on the effective date of termination as stated in said notice as if said date were the date originally stated in this Agreement for the expiration of the term of the letting as to said portion or portions of the premises. This Agreement and the letting as to all other portions of the premises shall continue in full force and effect. In the event of the termination of any portion or portions of the premises, as aforesaid, the annual amount of the Base Annual Rental, the Facility Rental, and the Additional Facility Rental payable by the Lessee to the Port Authority shall from and after the effective date of termination be abated in accordance with Section 5 hereof.

The Port Authority shall give thirty (30) days' prior notice of its intention to give the termination notice set forth above and it is expressly agreed that the Port Authority shall not exercise the aforesaid right of termination with respect to any portion or portions of the premises if and for which the Lessee has submitted to the Port Authority definite plans for the utilization of said portion or portions of the premises by the Lessee provided the Lessee in fact commences such use of said portion or portions of the premises within ninety (90) days after the submission of the said plans.

(d) The failure of the Port Authority to exercise its right of termination under this Section during any year in which it may have such a right, shall not affect, waive or limit its right to exercise said right of termination in any subsequent year.

(e) In the event the Port Authority decides to ascertain the revenue seats daily average of the Lessee, it shall do so as follows: based upon the Official Airline Guide (herein called "the Guide"), the Port Authority shall ascertain the total number of revenue seats that can be accommodated on the aircraft equipment scheduled to be used by the Lessee on its published aircraft arrivals as set forth in the Guide during two specified calendar weeks (Sunday through Saturday), the first of which weeks is the one during which falls the fifteen (15th) day of January of the prior calendar year and the second is the one during which falls the fifteenth (15th) day of July of the said prior calendar year, and shall total the said number of revenue seats which are hereinafter called "the total revenue seats" of the Lessee. In determining the total revenue seats of the Lessee, the total revenue seats as defined above of those Handled Airlines (as defined in Section 72 hereof), if any, of the Lessee who are Handled Airlines as of the date of such determination shall be included.

In making said determination, the Port Authority shall use the most recent configuration as supplied by the Lessee with respect to the number of revenue seats that can be accommodated on the particular aircraft equipment scheduled to be used by the Lessee. The total revenue seats of the Lessee shall then be divided by fourteen, the resulting quotient being herein called "the revenue seats daily average" of the Lessee.

Section 70. General Rights and Privileges

In all cases where provision is made in this Lease for the use and enjoyment by the Lessee of any space or facilities at the Airport, such use and enjoyment is intended to be in connection with the operation of its civil transportation system by aircraft for the carriage of persons, property, cargo and mail on scheduled or non-scheduled flights, whether as a common carrier, a contract or private carrier, or otherwise, subject always to and in accordance with the purposes, terms, conditions, restrictions and limitations provided with respect to such spaces and facilities in this Lease.

Section 71. Books and Records

(a) The Lessee shall keep in an office or offices in the Port of New York District, appropriate books and records showing (i) the date and hour of each take-off or departure from the Airport of each aircraft operated by it and the date and hour of the landing by such aircraft next preceding each take-off or departure, (ii) all matters which it is required to certify to the Port Authority pursuant to this Lease and (iii) any other matter concerning the Lessee's operations at the Airport with respect to which the Port Authority may reasonably need information to fulfill its obligations or exercise its rights under this Lease whether or not of the type enumerated above in this Section 71 and whether or not an express obligation to keep books and records with regard thereto is expressly set forth elsewhere in this Lease. The Lessee shall not be obligated to preserve any such records for more than five (5) years unless they are material to litigation initiated within that time, in which event they shall be preserved until the final determination of the controversy. The Port Authority shall have the right to inspect such books and records during regular business hours.

(b) If and when service segment data now supplied by the Lessee to the Civil Aeronautics Board pursuant to Economic Regulation 586 or schedule T-9 traffic data are no longer available to the Port Authority from a government source, the Lessee will provide the following data to the Port Authority, on request, for each of its non-stop city-pair markets involving the Port District: total scheduled flights operated, seats available, revenue passengers carried and similar data for charter flights. The Lessee shall see that such data shall be provided to the Port Authority, on request, by its Handled Airlines, if any. The Lessee and its Handled Airlines, if any, shall furnish said data for each month of operations within thirty (30) days of the end of the prior month.

Section 72. Definitions

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

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

(b) "Air Terminal Highway" shall mean those portions of the Airport designated and made available temporarily or permanently by the Port Authority to the public for general or limited highway use, as the same may from time to time be modified by the Port Authority, in which event an exhibit shall be furnished to the Lessee setting forth such modifications.

(c) "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 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.

(d) "Airline Lessee at the Central Terminal Area" and "Master Lessee" shall mean a Scheduled Aircraft Operator who has entered into a lease with the Port Authority (herein called a "Master Lease") covering space in the Central Terminal Area Complex which includes Gates, as well as the use of the Public Aircraft Facilities at the Airport.

(e) "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 subdivision (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.

(f) "Airport Services" for the purpose of this 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, electrical distribution, illuminating gas distribution, storm and sanitary sewer, water distribution, and other systems designed to provide utilitarian services to Airport areas, restricted use service highways, non-revenue producing space in structures, facilites, areas, or subdivisions thereof necessary to the operation of the Airport, including without limitation thereto, Port Authority administrative, maintenance, policing and operations space.

(g) "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.

(h) "Central Terminal Area Complex" shall be deemed to include the Passenger Terminal Buildings including the Flight Stations with connecting passageways, the maneuvering areas, the gate positions, the restricted service road and air terminal highway roads, all as shown and designated on Exhibit E attached hereto and hereby made a part hereof.

(i) "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.

(j) "Consumer Service Operation", "Operator", "Concessionaire", "Port Authority Permittee" or "Licensee" shall mean a person having a lease, permit, contract or other fee arrangement with the Port Authority entitling him to carry on a business at Newark International Airport other than the business of transportation by aircraft, or to furnish materials to or to perform services for other persons at Newark International Airport other than transportation by aircraft at Newark International Airport.

(k) "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 Newark International Airport.

(l) "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 General Manager by this 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.

(m) "Governmental Authority", "Governmental Board" and "Governmental Agency" shall mean federal, state, municipal and other governmental authority, board and agencies of any state, or the United States except that it shall not be construed to include The Port Authority of New York and New Jersey, the lessor under this Lease.

(n) "Gross Receipts" shall mean and include such monies paid or payable to persons, firms and corporations with which the Port Authority shall enter into agreements pursuant to Section 66 of this Agreement, for sales made and for services rendered, as shall be defined as gross receipts in the Port Authority's agreements with any such persons, firms or corporations.

(o) "Handled Airlines" shall mean the Requesting Airlines, as defined in Section 68 hereof, or any other Schedule Aircraft Operator who is not a Master Lessee but who is operating at the Airport pursuant to accommodations provided by a Master Lessee, whether by sublease, handling agreement, or a combination of both, which agreement has been consented to by the Port Authority and in which consent the Port Authority has designated said Operator a Handled Airline.

(p) "Lease" shall mean this agreement of lease.

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

(r) "Noise Costs" as used herein, shall be deemed to include but not 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, takings 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.

(s) "Person" shall mean not only a natural person, corporation or other regular entity, but shall also include two or more natural persons, corporations or other regular entities, acting jointly as a firm, partnership, unincorporated association, joint venturers or others.

(t) "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.

Port Authority investment as used for the computation of fixed charges shall be reduced by the amount of any contributions or grants heretofore or hereafter received by the Port Authority from the Federal Government, the City of Newark or the State of New Jersey under contributions or grants applicable to the Port Authority investment completed subsequent to December 31, 1964.

(u) "Premises" shall mean and include the land, the buildings, structures and other improvements located or to be located or to be constructed therein or thereon, 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 catchbasins. As used herein "premises" and "Terminal C Passenger Facility" shall be synonymous.

(v) "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 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.

(w) "Schedule of Charges" shall mean the Port Authority Schedule of Charges for Air Terminals, as the same has been and may hereafter from time to time and at any time be supplemented, amended or revised.

(x) "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 Space, the Aircraft Parking and Storage Space, aircraft maneuvering areas 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.)

(y) "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 Route 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.

(z) "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 Terminal C Passenger 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 Terminal C Passenger Facility to the end of the average useful life (as determined under generally accepted 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 Agreement, the Lessee's Cost shall be determined by computing: (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 Terminal C Passenger Facility (including insurance premiums paid by the Lessee for the insurance required by Section 2(c)(ii) hereof to the extent the same was not procured and maintained by the Lessee's contractors); 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 (including those made or incurred by the Lessee with respect to its employees), provided, however, that such payments and expenses pursuant to this item (ii) shall not exceed fifteen percent (15%) 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 Cost for the purposes of this Lease; all of the foregoing items being herein called "the Lessee's Cost".

For purposes of this Agreement, the Lessee's investment in the premises shall mean such amount, if any, by which the Lessee's Cost exceeds the Construction Advance Amount (as defined in Section 6 hereof).

(aa) The symbol "%" and the words "per centum" and "per cent" whenever used herein or in the schedules attached shall be deemed to be used synonymously and interchangeably.

Section 73. The Lessee's Ongoing Affirmative Action Equal Opportunity Committment

(a) The Lessee 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 and women 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 apprenticeship and on-the-job training.

(b) In addition to and without limiting the foregoing, and without limiting the provisions of Sections 2(c)(18), 38, 39 and Schedule E hereof, it is hereby agreed that the Lessee, in connection with its continuing operation, maintenance and repair of the premises, or any portion thereof, and in connection with every award or agreement for concessions or consumer services at the Airport, shall throughout the term of the letting hereunder commit itself to and use good faith efforts to implement an extensive program of Affirmative Action, including specific affirmative action steps to be taken by the Lessee, to ensure maximum opportunities for employment and contracting by minorities and women. In meeting the said commitment the Lessee agrees to submit its said extensive Affirmative Action program, including the specific affirmative action steps to be taken by the Lessee to meet its aforesaid commitment, within six (6) months after the commencement of the term of the letting hereof to the Port Authority for its review and approval. The Lessee shall incorporate in its said program such revisions and changes which the Port Authority initially or from time to time may reasonably require. The Lessee throughout the term of the letting hereunder shall document its efforts in implementing the said program, shall keep the Port Authority fully advised of the Lessee's progress in implementing the said program and shall supply to the Port Authority such information, data and documentation with respect thereto as the Port Authority may from time to time and at any time request, including but not limited to annual reports.

(c) "Minority" as used herein shall be as defined in paragraph II(c) of Part I of Schedule E.

(d) 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 provisions the Port Authority may take any appropriate action to enforce compliance; or in the event such non-compliance 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.

(e) In the implementation of this Section, the Port Authority may consider compliance by the Lessee with the provisions of any federal, state or local law concerning affirmative action equal employment opportunity which are at least equal to the requirements of this Section, as effectuating the provisions of this Section. If the Port Authority determines that by virtue of such compliance with the provisions of any such federal, state or local law that the provisions hereof duplicate or conflict with such law the Port Authority may waive the applicability of the provisions of this Section to the extent that such duplication or conflict exists.

(f) 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.

(g) Nothing in this Section 73 shall grant or be deemed to grant to the Lessee the right to make any agreement or award for concessions or consumer services at the Airport.

Section 74. Purchase of Property

The Port Authority shall have the option from time to time exercisable by notice to the Lessee effective on the expiration or earlier termination of the letting of the premises hereunder, or any part thereof, to purchase all, or such part as the Port Authority elects, of the Lessee's passenger loading bridges, flight information display system or systems, ticket counters, the closed-circuit television system or systems and carpeting as and to the extent any of the foregoing are personal property, which may at the time of the giving of such notice have been installed or placed on or in the premises by the Lessee pursuant to this Agreement. In the event the Port Authority exercises its option to make a purchase, the Port Authority shall pay to the Lessee a sum equal to the fair market value of the personal property (including trade fixtures) purchased. The Lessee hereby agrees that on the effective date of the purchase and sale none of the aforesaid items shall be subject to any lien, security interest or other encumbrance, and upon request of the Port Authority the Lessee will execute a bill of sale or such other document of conveyance as the Port Authority may request to transfer title to the aforesaid items to the Port Authority and the Port Authority shall pay the purchase price. Further, the Lessee shall from time to time execute such other documentation as the Port Authority may require and prepare evidencing the option of the Port Authority, as herein provided, to purchase the aforesaid personal property, including without limitation, security agreements and filings pursuant to the Uniform Commercial Code.

Section 75. Additional Terminal Building C Construction

The potential needs of the Lessee in connection with any and all additional Terminal construction which may take place in or adjacent to Terminal Building C will be taken into consideration by the Port Authority, in deciding what additional Terminal construction it may perform, or it may authorize other parties to perform, without there being any obligation on the Port Authority to undertake or authorize others to undertake any such construction. The Port Authority will advise the Lessee from time to time regarding the plans of the Port Authority for any such future additional Terminal construction.

Section 76. 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 Base Annual Rental, Facility Rental, Interim Facility Rental, Additional Facility Rental, or other rental or any payment of utility or other 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 (hereinbelow 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. 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 24, 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 such late charge payable under this Agreement shall be payable instead at such legal maximum.

Section 77. Assignment and Sublease

(a) The Lessee covenants and agrees that it will not sell, convey, transfer, mortgage, pledge or assign this Agreement or any part thereof, or any rights created thereby or the letting thereunder or any part thereof without the prior written consent of the Port Authority, provided, however, that this Agreement may be assigned in its entirety without such consent to any successor in interest of the Lessee which is or is to be a Scheduled Aircraft Operator, and with or into which the Lessee may merge or consolidate, or which may succeed to the assets of the Lessee or the major portion of its assets related to its air transportation system, 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), but in any such event, such assignment shall not take effect before the assignee is actually engaged in the business of scheduled transportation by Aircraft, and provided, further, that such succeeding entity or purchaser executes and delivers to the Port Authority an instrument in a form satisfactory to the Port Authority assuming the obligations of the Lessee as if it were the original tenant hereunder.

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

(c) If without prior written consent of the Port Authority, the Lessee assigns, sells, conveys, transfers, mortgages, pledges or sublets 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 under this Agreement or letting or who occupies the premises, and the Port Authority shall apply the net amount collected to the rentals 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 lessee, nor a release of the Lessee by the Port Authority from the further performance by the Lessee of the covenants contained herein.

(d) Neither the limited right of assignment provided in paragraph (a) hereof nor the exercise of said right by the Lessee shall be construed or deemed to release relieve or discharge any succeeding assignee, successor or

transferee of the Lessee or any other person claiming any right, title or interest in this Agreement from the requirement of obtaining the prior written consent of the Port Authority in the event it wishes to sell, convey, transfer, mortgage, pledge, sublet or assign this Agreement or any part thereof, or any rights created thereby or the letting hereunder or any part thereof; and such assignee, successor or transferee or other person claiming any right, title or interest in this Agreement shall not sell, convey, transfer, mortgage, pledge, sublet or assign this Agreement or any part thereof, or any rights created or the letting thereunder or any part thereof without such prior written consent of the Port Authority.

(e) The Lessee shall not use or permit any person to use the premises or any portion thereof for any purpose other than the purposes stated in Section 8 hereof. 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, passengers, contractors and representatives.

Section 78. Roadways

(a) The Port Authority has heretofore constructed roadways to provide direct access to and from the arrival and departure levels of Terminal Building C and there exist highways and access roads outside the Airport such that passengers and other persons may reach Terminal Building C without passage through areas directly associated with Terminal Buildings A and B. It is understood and agreed by the Lessee that nothing in the foregoing sentence shall be deemed to limit in any manner the provisions of Section 19 hereof.

(b) The Port Authority, upon the request of the Lessee, will review, from time to time, modifying the configuration of roadway access to the lower parking lot level of Terminal Building C subject to operational and cost considerations.

Section 79. Termination of a Specified Portion of the Premises

(a) 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 notice to the Lessee of its decision, to terminate this Agreement and the letting hereunder with respect to the portion of the premises shown in diagonal hatching on Exhibit D, (the said portion, being hereinafter in this Section called "the Terminated Portion"). It being 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: (i) increasing the separation between the center line of Taxiways "I" and "O" from two hundred fifty-one (251) feet to any distance up to and including three hundred (300) feet because of the need to accommodate the operational characteristics of new aircraft or new versions of existing aircraft not now operating at the Airport, (ii) the requirements of the Federal Aviation Administration or any other governmental agency or governmental body having jurisdiction, or (iii) changes with respect to the Public Aircraft Facilities made in accordance with Section 51 of the Lease.

(b) Effective as of the date and time (hereinafter in this Section called the "Effective Date") stated in the notice from the Port Authority to the Lessee set forth 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 this Agreement and all the rights, rights of renewal, licenses, privileges and options of the Lessee granted by this Agreement 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 this Agreement would have matured upon the date originally fixed in this Agreement for the expiration of the term thereof, or upon the termination of this Agreement 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 this Agreement 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 this Agreement 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 this Agreement 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, except personal property purchased by the Port Authority pursuant to Section 74 hereof, for which the Lessee is responsible. With respect to any such property not so removed, (not including purchased property as aforesaid) 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 this Agreement shall continue to apply to the premises remaining after the termination of the Terminated Portion.

(e) From and after the Effective Date as defined in paragraph (b) hereof, the Lessee shall be entitled solely to an abatement of the Airport Services Factor of the Base Annual Rental in accordance with and pursuant to paragraph (f) of Section 5 hereof, it being expressly understood and agreed that there shall be no abatement with respect to the constant factor of the Base Annual Rental nor with respect to the Facility Rental or the Additional Facility Rental.

(f) If the Port Authority shall, at any time whether or not during the term of this Agreement, make any expenditure connected with either (i) "the Initial Port Authority Taxiway Work" which for the purposes of this Lease Agreement shall mean all work in connection with the change in separation between Taxiway "I" and Taxiway "0" at the Airport from 300 feet to 251 feet and all work in connection with the increase in apron access necessitated by the configuration of the new Concourses C-1 and C-2 as part of the construction work hereunder, and the Lessee hereby acknowledges that the Port has done or will be doing the same, or (ii) the subsequent relocation of a portion of Taxiway "I" to the Terminated Portion, the Lessee shall pay, in the manner described below, to the Port Authority either or both, as the case may be, the "Cost of the Initial Port Authority Taxiway Work" and the "Cost of the Port Authority Taxiway Relocation Work" determined as provided below. Notwithstanding any other provision of this Agreement the obligation of the Lessee to pay to the Port Authority the Cost of the Initial Port Authority Taxiway Work and the Cost of the Port Authority Taxiway Relocation Work shall survive the expiration or termination of this Agreement.

(g) The terms "Cost of the Initial Port Authority Taxiway Work", "the Extra Taxiway Cost" and "Cost of the Port Authority Taxiway Relocation Work" (collectively the "Work") in this paragraph shall, in each case, mean the sum of the following:

(i) Payments by the Port Authority to independent contractors engaged or retained by the Port Authority for the construction of any part of the Work or for services rendered incidental to or in connection with the Work, including any payments made to any contractors in satisfaction of any claims or judgments arising out of or in connection with any part of the Work performed by them;

(ii) Payments by the Port Authority to independent consultants, architects and engineers engaged or retained by the Port Authority to perform services incidental to or in connection with the Work, including any payments made to any of the foregoing in satisfaction of any claims or judgments arising out of or in connection with any portion of the construction or services performed by them;

(iii) The cost of all materials, supplies, equipment and utilities (including but not limited to electricity, water and phone) used in connection with or incidental to the Work;

(iv) The amounts of any claims or judgments paid by the Port Authority to third persons arising out of or in connection with the Work including but not limited to those for personal injury, death or damage to property;

(v) The cost of any performance bond or bonds in connection with the Work;

(vi) The cost of any insurance in connection with the Work;

(vii) Payments by the Port Authority to any other third persons (excluding Port Authority employees) for work performed or services rendered in connection with or incidental to the Work;

(viii) Thirty percent (30%) of the sum of the foregoing items.

(h) The Port Authority will include the Cost of the Initial Port Authority Taxiway Work in the term "Construction Advance Amount" as defined in Section 6(a)(2) hereof, it being understood and agreed that the Cost of the Initial Taxiway Work to be so included in the Construction Advance Amount shall be limited to One Million Dollars ($1,000,000). The "Extra Taxiway Cost" shall mean the excess amount, if any, of the Cost of the Initial Taxiway Work above $1,000,000.

(i) The Lessee shall promptly pay to the Port Authority the Cost of the Port Authority Taxiway Relocation Work upon the presentation to the Lessee of one or more bills therefor.

Section 80. Signage

(a) The Port Authority shall, consistent with sound traffic control procedures and aesthetic standards, recognize the predominant use of Terminal Building C by the Lessee.

(b) The Port Authority agrees that it will work with the Lessee regarding development and installation of signs on the Airport roadways consistent with the Port Authority's overall standards of signage for the Airport.

Section 81. Assignment to a Trust

In the event that the Port Authority is of the opinion that it is advisable due to changes (occurring after the execution of this Agreement) in the laws of the United States of America regarding bankruptcy and insolvency, which changes lessen or limit the rights or remedies of a landlord should a tenant under a lease of non-residential real property become a debtor pursuant to the aforesaid laws, (such changes being hereinafter called "Changes in Landlord Rights"), the Port Authority and the Lessee agree that this Agreement, as the same may have been theretofore amended or supplemented and as then amended by a Supplement to be prepared

by the Port Authority and executed by the Lessee and the Trust (described below) and delivered to the Port Authority for its execution, shall be assigned to a Trust, created as provided herein. The Trust shall be created by a Trust Indenture to be prepared by the Port Authority and executed by the Port Authority and the Lessee. The Trust would be under the voting control of the trustee designated by the Lessee, unless and until stipulated events of the type set forth as Trigger Events in Exhibit X occurred, in which event voting control would shift to the trustee designated by the Port Authority. Their occurrence would be as certified by the independent trustee jointly designated by the Port Authority and the Lessee. The Port Authority agrees that it will simultaneously with the assignment of this Agreement, as the same may have been theretofore amended or supplemented, to the Trust, consent to the Trust entering into a sublease with the Trust as landlord and People Express Airlines, Inc. as sublessee, provided however that such sublease shall be a month-to-month periodical tenancy and the Trust Indenture shall provide for the same. If four consecutive calendar quarters shall elapse after voting control of the Trust shifted to the trustee designated by the Port Authority and (i) the Trustee designated by the Port Authority shall not have, by notice, advised the Lessee that it may no longer occupy the premises as a month-to-month periodical tenant pursuant to the aforesaid sublease and the Lessee in fact is so occupying and (ii) none of the aforesaid stipulated events shall have occurred or continued to occur or shall have again occurred, the Port Authority will, at the request of People Express Airlines, Inc., prepare a Supplemental Agreement to be executed by the Trust and People Express Airlines, Inc., and delivered to the Port Authority for its execution reassigning this Agreement to the Lessee. If the Trust becomes the assignee of this agreement as provided above, and there are further changes in Landlord Rights such that the rights and remedies of a landlord, as aforesaid, are restored, the Port Authority shall prepare and tender to People Express Airlines, Inc., and the Trust a Supplemental Agreement to be executed and delivered by each of them and returned to the Port Authority for its execution, re-assigning this Agreement, as the same may have been theretofore amended or supplemented, to the Lessee.

Section 82. Additional Right of Termination by the Lessee

(a) In the event that

(1) the Lessee shall not be in default under any term or provision of this Agreement including, but not limited to, the payment of rental and all other fees and charges; and

(2) the Lessee shall be in physical possession of the premises;

the Lessee shall have the right, from and after December 31, 1998, in one and only one instance, on two years prior written notice to the Port Authority (both of the foregoing events set forth in subparagraphs (1) and (2) to be continuing and satisfied both on the date of receipt of and the effective date of such notice) to terminate this entire Agreement and the letting hereunder or to terminate the letting of a portion of the premises (all the premises or the said portion, as the case may be, being hereinafter in this Section called the "Terminated Portion") at 12:01 o'clock A.M. on the effective date which shall be Seven Hundred Thirty (730) days after the date of delivery of the notice (said date and time being hereinafter collectively called the "Effective Date"). It is recognized and agreed that the termination of a portion of the premises will require revisions to the Agreement with respect to, among other things, use of the premises, ingress and egress, the Central Heating and Refrigeration Plant and adjustment of the Schedule B charges, Consumer Services, and rentals, fees and other charges. It is hereby agreed that the Lessee's right of termination as to a portion of the premises, as herein provided, shall be subject to the condition that the portion of the premises to be terminated shall be determined by mutual agreement of the parties who shall negotiate in good faith so that there is

a substantial ability in the Port Authority, its lessees or others to use the remaining portion of the premises as an integrated passenger terminal facility, and it is further understood that the terminated portion shall not be less than two contiguous aircraft Gate Positions in close proximity to the Terminal C International Facility with a proportionate amount of associated space in Passenger Terminal Building C and in the Concourses Station Space and including aircraft maneuvering areas and ramp and apron areas necessary for the operations of an airline. It is hereby further agreed that in the event the parties reach agreement on the terminated portion and the foregoing matters, the same shall be incorporated in a supplement to this Agreement prepared by and in a form satisfactory to the Port Authority and which shall be effective from and after the Effective Date. In the event the parties fail to reach agreement as to the terminated portion or to execute said supplement to the Lease, the Lessee's right of termination as to a portion of the premises shall be deemed void and of no further force and effect.

(b) In the event the Lessee terminates the Lease pursuant to this Section prior to December 31, 1999, or prior to March 31, 2000 in the event the Executive Director extends the time for the completion of the construction work pursuant to Section 2(c)(2) hereof, the Lessee shall, within thirty (30) days prior to the Effective Date, pay to the Port Authority the sum of Nine Million Three Hundred Thousand Dollars and No Cents ($9,300,000.00).

(c)(1) Effective from and after the Effective Date 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 this Agreement yet to come and has given, granted and surrendered and by

these presents does give, grant and surrender to the Port Authority, all the rights, rights of renewal, licenses, privileges and options of the Lessee granted by this Agreement* all to the intent and purpose that the said term under this Agreement and the said rights of renewal, licenses, privileges and options may be wholly terminated on the Effective Date, with the same force and effect as if the said term were in and by the provisions of this Agreement originally fixed to expire on the Effective Date;

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

(2) In the event the Terminated Portion constitutes all the premises under this Agreement, this Agreement shall, upon such event, be terminated and of no further force or effect.

(3) In the event the Terminated Portion constitutes less than all the premises under this Agreement, each and every provision of this Agreement shall continue to apply to the premises remaining after the termination of the letting of the Terminated Portion except that from and after the Effective Date hereof, the Lessee shall be entitled to an abatement of rentals as provided herein and all other terms, provisions and conditions of this Agreement shall be and remain in full force and effect.

(4) 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 Terminated Portion, or the Lessee's leasehold estate 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 Terminated Portion and of the rights, licenses and privileges granted by this Agreement with respect thereto, and that the same are and will remain until the Effective Date free and clear of all liens and encumbrances of whatever nature; and (iii) the Lessee has full right and power to effectuate the termination hereunder.

(5) All promises, covenants, agreements and obligations of the Lessee* under this Agreement or otherwise, which under the provisions thereof would have matured upon the date originally fixed in this Agreement for the expiration of the term thereof, or upon the termination of this Agreement prior to the said date, or within a stated period

after expiration or termination, shall notwithstanding such provisions, mature upon the Effective Date.

(6) 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 this Agreement*. 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 this Agreement* 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 this Agreement for or during such period or periods or maturing pursuant to subparagraph (5) above.

(7) In consideraton of these premises and the above described release from the Port Authority, the Lessee hereby agrees to terminate its occupancy of the Terminated Portion and to deliver actual, physical possession of the premises to the Port Authority, on the Effective Date, in the condition required by this Agreement upon surrender. The Lessee further agrees that it shall remove from the premises, prior to the Effective Date, all equipment, inventories, removable fixtures and other personal property of the Lessee for which the Lessee is responsible except for any personal property purchased by the Port Authority pursuant to Section 74 hereof. With respect to any such property not so removed, (not including purchased personal property as aforesaid), 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 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.

* Where an asterisk appears the words "with respect to the Terminated Portion" shall be deemed inserted if in fact less than all the premises hereunder are being terminated.

Section 83. Notice by Port Authority of Rental Rates; Right of Lessee to Remain in Tenancy

(a) In the event the Lessee shall give the Port Authority notice of its exercise of its right to terminate this entire Agreement and the letting hereunder as provided in Section 82 hereof, the Lessee may nonetheless elect to rescind said termination subject to and provided the Lessee complies strictly with all the following terms and conditions.

(b) On or before One Hundred Twenty (120) days after the date of receipt of the Lessee's notice of termination the Port Authority shall advise the Lessee, by notice, of the amounts of Base Annual Rental and annual Facility Rental the Port Authority would require from another airline or airlines if the Port Authority were to enter into a lease or leases with any such airline or airlines covering the entire premises under this Agreement for the then remaining term of this Agreement absent its termination pursuant to Section 82.

(c) The Port Authority may, one or more times, in its sole discretion, at any time subsequent to the date of the sending of the notice described in paragraph (b) above, or subsequent to the sending of a notice described in this paragraph (c), but, in any event, prior to the time set forth in paragraph (d), by which the Lessee must rescind its termination of this Agreement, if the lessee is ever to do so, by notice, revise the aforesaid amounts of Base Annual Rental and annual Facility Rental.

(d) During the period after the receipt of the notice or notices described in paragraphs (b) and (c) hereof the Lessee may, by notice to the Port Authority, rescind its notice of termination and continue for the remainder of its originally stated term but at the Base Annual Rental and annual Facility Rental provided for in the most recent of the notice or notices from the Port Authority described in paragraphs (b) and (c) hereof, provided, however, that the Lessee shall have no right to rescind its notice of termination unless the Port Authority shall have received the Lessee's notice provided for in this paragraph within the period ending Four Hundred Fifty-five (455) days after receipt of the notice described in paragraph (a) of this Section, and the Lessee shall then have executed and delivered to the Port Authority for its execution a Supplemental Agreement to this Agreement in form prepared by the Port Authority reflecting the foregoing.

(e) The Port Authority hereby agrees that during the period commencing on the effective date of the termination of this entire Agreement pursuant to Notice of Termination given by the Lessee pursuant to Section 82 hereof and ending Three Hundred Sixty-five (365) days thereafter it will not lease the premises or any portion thereof to any airline or airlines at less than the amounts of Base Annual Rental and annual Facility Rental contained in the most recent notice from the Port Authority described in paragraphs (b) and (c) above, such rentals to be prorated if less than all the premises be let, except that the Port Authority may in any case, let all or portions of the premises without the foregoing qualifications if such leases are terminable on thirty (30) days' notice, without cause by the Port Authority or said airline or airlines.

Section 84. Ownership of Stock

(a) (i) In the event that the Lessee forms or establishes, or shall own, or there shall be any issuance, transfer, purchase or exchange of the corporate stock of the Lessee having any voting rights or transfer or execution of any rights or privileges thereunder which arise or result in the Lessee owning, in the case of a publicly owned corporation in excess of 35% and in case of a privately owned corporation in excess of 51% of any other corporation (other than a corporation which has a net worth, as said term is defined in paragraph (2) of Section II of Exhibit X, of less than $10,000,000 or other than a corporation which is organized by the Lessee where its principal activity is as set forth in Exhibit F) any of the foregoing being hereinafter called "a paragraph (i) event", the Lessee shall give the Port Authority prompt written notice thereof, or

(ii) in the event any individual (other than individuals who are at all times during the term of the Lease employees or officers of the Lessee), partnership or other entity (other than a corporation established by the Lessee of which the Lessee shall be a wholly owned subsidiary) shall have direct or indirect beneficial ownership (as hereinafter described) of a portion of any class of the outstanding corporate stock having any voting rights of the Lessee in excess of thirty-five percent (35%) thereof, hereinafter called "a paragraph (ii) event", the Lessee shall give the Port Authority prompt written notice thereof. As of January 1st of the calendar year in which any paragraph (i) or paragraph (ii) event shall occur, the Lessee's Basic Schedules as defined in paragraph (b) of Section 69 for the preceding calendar year shall be ascertained and are hereinafter called the Lessee's Measuring Schedules. The Lessee hereby agrees that, if, from and after the occurrence of a paragraph (ii) event the Lessee fails to maintain schedules equal to at least 80% of the Lessee's Measuring Schedules for any twelve consecutive month period during ten consecutive calendar years following the occurrence of such paragraph (ii) event, such failure shall be deemed to be an event of default under Section 24 of the Lease. The Lessee hereby agrees

that, if, from and after the occurrences of a paragraph (i) event the Lessee fails to maintain schedules equal to at least 80% of the Lessee's Measuring Schedules for any twenty-four consecutive month period during the ten consecutive calendar years following the occurren of said paragraph (i) event, such failure shall be deemed an event of default under Section 24 of the Lease. Upon the occurrence of either event the Port Authority shall have the right to terminate the Agreement and the letting hereunder pursuant to said Section 24.

(b) The foregoing right of termination shall be in addition to all other rights of termination the Port Authority has under the Lease and the failure of the Port Authority to exercise its right of termination under this Section at any time in which it may have such right shall not affect, waive or limit its right to exercise said right of termination at any subsequent time.

(c) (i) The Lessee represents, knowing that the Port Authority is relying on the accuracy of such representation, that it is a corporation organized and existing under the laws of the State of Delaware with 50,000,000 shares of common stock and 10,000,000 shares of preferred stock constituting all of its authorized shares of corporate stock having any voting rights, and 21,137,880 shares of common stock and 3,450,000 Series A cummulative convertible shares of preferred stock constituting all of its outstanding shares of corporate stock having any voting rights (it being understood that said preferred stock have no voting rights unless converted to common stock) and that no individuals (excluding employees and officers of the Lessee), corporations, partnerships or other entities have a direct or indirect beneficial ownership of a portion of such outstanding corporate stock in excess of thirty-five percent (35%) of either class.

(ii) the phrase "direct or indirect beneficial ownership" shall include without limiting the generality thereof discretionary control over the sale of such corporate stock or control over the voting of said shares;

(iii) the Lessee represents knowing that the Port Authority is relying on the accuracy of such representation that no individual, partnership or other entity described in paragraph (a) (ii) hereof has direct or indirect beneficial ownership in excess of thirty-five percent (35%) of the outstanding shares of corporate stock of either class.

(d) The Lessee shall promptly advise the Port Authority of any change in the representations made in paragraph (c) hereof.

(e) "A publicly owned corporation" shall be one that has any class of securities subject to the registration requirements of the Securities Exchange Act of 1934, or any successor or substitute therefor. "A privately owned corporation" shall be a corporation which is not a publicly owned corporation.

Section 85. Assumption of Maintenance and Repair of the Premises by the Port Authority

Subdivision I. Section 85 Definitions

The following terms shall have the meanings stated in this Subdivision I for the purposes of this Section:

(a) "Assumable Maintenance and Repair" shall mean the obligation of the Lessee to clean, maintain, perform janitorial services and perform structural and non-structural improvements, repairs, replacement, repainting and rebuilding as such obligations are set forth in:

(i) paragraphs (a) and (b) of Section 15 hereof: and

(ii) Section 10(a) hereof insofar as laws, ordinances and governmental rules, regulations, orders, requirements and directions require structural and non-structural improvements, alterations or repairs of the premises; and

(iii) Section 46 hereof;

provided, however, that Assumable Maintenance and Repair shall not include any work of repair or rebuilding required to be performed by the Port Authority pursuant to Section 16 hereof.

(b) The "Cost of Assumable Maintenance and Repair" shall, for each calendar year, consist of the sum of the Operation and Maintenance Cost and the Annual Capital Cost which shall both be determined as follows:

(i) The Port Authority will determine the total of all costs incurred or accrued during each calendar year in connection with the Assumable Maintenance and Repair in accordance with normal Port Authority accounting practice and as follows:

The Port Authority will apportion Assumable Maintenance and Repair performed between "Operation and Maintenance" and "Capital Work". The cost of Operation and Maintenance is hereinafter called the "Operation and Maintenance Cost" and the cost of the Capital Work is hereinafter called the "Capital Cost".

(ii) Operation and Maintenance Cost for each calendar year shall consist of the following expenditures for, in connection with, or related to Opertion and Maintenance:

(1) On-the-job payroll costs of employees and supervisory personnel (including Airport supervisors, foremen and clerks) (including, but not limited to, contributions to any retirement system or the cost of or participation in any pension plans or the like, social security, old age, survivor's, disability and unemployment insurance and other insurance costs, sick leave pay, holiday, vacation, authorized absence and severance pay, other employee fringe benefits and any other payments made or costs incurred whether pursuant to law or by Port Authority policy to or with respect to said employees and personnel;

(2) The cost (including rental charges) of materials, equipment, supplies and utilities (including but not limited to, electricity, water and phone);

(3) Payment to contractors and any other third persons, firms or corporations for work performed or services rendered;

(4) The cost of any performance bond or bonds;

(5) The cost of any insurance;

(6) Any other direct costs as charged under the Port Authority's normal accounting practice;

(7) Twenty-five (25%) of the sum of all of the foregoing items (1) through (6).

(iii) A. Capital Cost for each calendar year shall consist of the following expenditures, for in connection with or related to Capital Work;

(1) On-the-job payroll costs of employees and supervisory personnel (including Airport supervisors, foremen and clerks) including but not limited to, contributions to any retirement system or the cost of or participation in any pension plans or the like, social security, old age, survivor's, disability and unemployment insurance and other insurance costs, sick leave pay, holiday, vacation, authorized absence and severance pay, other employee fringe benefits and any other payments made or costs incurred whether pursuant to law or by Port Authority policy to or with respect to said employees and personnel;

(2) The cost (including rental charges) of materials, supplies, equipment and utilities (including but not limited to electricity, water and phone);

(3) Payment to contractors and any other third persons, firms or corporations for work performed or services rendered;

(4) The cost of any performance bond or bonds;

(5) The cost of any insurance;

(6) Payments to independent consultants, architects and engineers engaged or retained by the Port Authority;

(7) Any other direct costs as charged under the Port Authority's normal accounting practice;

(8) Financial Expense on the foregoing computed in accordance with Port Authority accounting practice;

(9) Ten percent (10%) of the sum of all the foregoing items (1) through (8);

B. "Annual Capital Cost" shall mean the total of all annual amounts based upon the amortization of the Capital Cost for each calendar year over the shorter of the weighted average period of the useful life of the Capital Work for each calendar year, or the remaining term of this Agreement as determined by the Port Authority. Each annual amount shall be determined on the basis of an equal annual payment method. The rate used in determining the Annual Capital Cost for all of the annual amounts shall be for each successive calendar year an annual percentage rate equal to the sum of (i) the average of all the weekly indices of the Bond Buyer Revenue Bond Index as reported in the publication "The Bond Buyer" for the 52-week period in the immediately preceding calendar year and (ii) three (3) percentage points.

In the event that The Bond Buyer or its weekly Bond Buyer Revenue Bond Index shall be discontinued prior to the commencement date of the term of the letting or at any time during the term hereunder a comparable substitute for such Index shall be mutually agreed upon in writing by the Lessee and the Port Authority within thirty (30) days after discontinuance. In the event that the Port Authority and the Lessee shall fail to agree upon such a substitute within the time hereinabove specified then upon notice of either party such dispute shall be disposed of by arbitration in accordance with the then existing rules of the American Arbitration Association or any successor association. One half of the cost of said arbitration shall be borne by the Port Authority and the other half of said cost shall be borne by the Lessee.

Subdivision II. Commencement of Performance of Assumable Maintenance and Repair.

(a) The "Lessee Effective Date" shall be the date, upon twelve (12) months' written notice from the Lessee, on which the Lessee shall have advised

the Port Authority it wishes the Port Authority to commence performance of the Assumable Maintenance and Repair.

(b) The "Port Authority Effective Date" shall be determined as follows:

(i) The Port Authority may at any time during the term of this Agreement advise the Lessee, by notice, of one or more deficiencies in the performance by the Lessee of the Assumable Maintenance and Repair, or in any portion, or portions, thereof. Such notice shall specify the aforesaid deficiencies in reasonable detail. In such notice the Port Authority shall also advise the Lessee of what reasonable period of time shall be afforded the Lessee to cure such deficiencies and the Port Authority shall advise the Lessee therein when and where its representatives may meet with representatives of the Port Authority to discuss the foregoing. The Port Authority will consider the response, if any, of representatives of the Lessee, as given at the aforesaid meeting or during such period for a further response from the Lessee, as the Port Authority may, in its sole discretion, afford the Lessee. The Port Authority may, after the occurrence of the above, advise the Lessee, by notice, that it has elected not, at that time, to assume the performance of the Assumable Maintenance and Repair. The Port Authority, in its sole discretion, may condition such an election on such terms as it chooses to include in the notice, including the taking of certain remedial or other actions by the Lessee to the continuing satisfaction of the Port Authority. The fact that the Port Authority may previously have given a notice under this subparagraph but has subsequently elected on one or more occasions not to assume the performance of the Assumable Maintenance and Repair shall not be deemed to limit the right of the Port Authority to at any time give another notice of one or more deficiencies pursuant to this subparagraph or notice pursuant to subparagraph (ii) below.

(ii) The Port Authority may at any time during the term of this Agreement, but only after the issuance of a notice described above and giving the opportunity to cure as provided above, advise the Lessee, by notice, that commencing on a date to be specified in such notice, which shall be not less than ninety (90) days after the giving thereof, the Port Authority will perform the Assumable Maintenance and Repair. Such date shall be the Port Authority Effective Date.

(c) The Assumable Maintenance and Repair Effective Date shall be the first to occur of the Lessee Effective Date and the Port Authority Effective Date.

Subdivision III. Performance of the Assumable Maintenance and Repair.

(a) The Port Authority shall perform the Assumable Maintenance and Repair from and after the Assumable Maintenance and Repair Effective Date with the Cost of Assumable Maintenance and Repair to be paid by the Lessee as provided in Subdivision IV below.

(b) The Lessee and the Port Authority each acknowledge and agree that the rights and obligations of the Port Authority and the Lessee hereunder are limited to the performance of all of the Assumable Maintenance and Repair by the Port Authority and not of particular portions thereof.

(c) The Lessee shall give its full cooperation to the Port Authority so as to better enable the Port Authority and its contractors to perform the Assumable Maintenance and Repair, and the Port Authority and its employees, agents and contractors shall have the right from and after the Assumable Maintenance and Repair Effective Date to enter the premises at all reasonable times to perform the Assumable Maintenance and Repair.

Subdivision IV. Payment for Assumable Maintenance and Repair.

The Cost of Assumable Maintenance and Repair shall be payable by the Lessee from and after the Assumable Maintenance and Repair Effective Date as follows:

(a) The Port Authority shall establish monthly interim billing rates. Such billing rates shall be based upon determinations by the Port Authority of its estimate of the Cost of Assumable Maintenance and Repair for the calendar year or for the portion of the calendar year in which the Assumable Maintenance and Repair Effective Date, if less than a calendar year, shall occur or for the portion of the calendar year during which the term of this Agreement shall expire, if less than a calendar year. Such determinations shall be based upon the prior calendar year's experience, if any, and upon other such reasonable basis as the Port Authority shall select. The Port Authority may prospectively revise its billing rates during any calendar year. The Lessee shall pay current billings as they are received.

(b) As soon as practicable after the expiration of each calendar year, the Port Authority shall determine the actual Cost of Assumable Maintenance and Repair for the preceding calendar year and shall determine the amounts payable by the Lessee. In the event the Assumable Maintenance and Repair Date does not fall on the first day of a calendar year or in the event

the term of this Agreement expires on a day other than the last day of a calendar year the Annual Capital Cost for said calendar year shall be prorated based on the number of days during said calendar year during which the Port Authority provides Assumable Maintenance and Repair. Corrected billings based upon such determination shall thereupon be rendered by the Port Authority to the Lessee and if any monies are due to the Port Authority they shall be promptly paid by the Lessee and if any monies are due to the Lessee they shall be credited to it.

Subdivision V. Limitation on Port Authority Obligations and No Waiver of Rights of Port Authority.

(a) The right and obligation of the Port Authority to perform the Assumable Maintenance and Repair shall not release, waive or affect the obligations of the Lessee with respect thereto set forth in any provision of this Agreement, nor limit, waive or effect any rights of termination with respect thereto, including but not limited to, the right of the Port Authority to terminate this Agreement, whether before or after the occurrence of the Assumable Maintenance and Repair Effective Date pursuant to Section 24 of this Agreement.

(b) The Port Authority shall not in any event be obligated to the Lessee to furnish Assumable Maintenance and Repair at any time while the Lessee shall be in default under this Agreement.

(c) No failure, delay or interruption in performing the Assumable Maintenance and Repair by the Port Authority shall be or be construed to be an eviction of the Lessee on grounds for the diminution or abatement of rentals, fees, or other charges, or (unless resulting from the negligence or wilful failure of the Port Authority) shall be grounds for termination of this Agreement by the Lessee pursuant to Section 61 hereof or for any claims by the Lessee for damages, consequential or otherwise.

(d) The Port Authority shall be under no obligation whatsoever to perform Assumable Maintenance and Repair if and to the extent that during any period such performance shall be prohibited, limited or rationed by any federal, state or municipal law, rule, regulation, requirement, order or direction, and if the Port Authority deems it in the public interest to comply therewith, even though such law, rule, regulation, requirement, order or direction may not be mandatory on the Port Authority as a public agency. Furthermore, the obligation of the Port Authority to perform Assumable Maintenance and Repair in any event shall be deemed limited and modified during any period in which repair or rebuilding of Passenger Terminal Building C is required pursuant to Section 16 hereof.

Section 86. Interconnecting Terminal System

(a) Exhibit A (as the same may be revised) shows the location of a depot within Passenger Terminal Building C which is intended to serve the operation of an Interconnecting Terminal System providing a means of transportation of persons to, from and between the several Terminal Buildings and other areas located in the Central Terminal Area Complex at the Airport.

(b) The Port Authority hereby reserves the right to use the said depot as it deems necessary to provide for the operation of the Interconnecting Terminal System and also to provide the Operator of the Surface Transportation System with a necessary and reasonable means of ingress and egress to and from said depot.

Section 87. 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, fees, and other charges 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 88. Financial Triggers

(a) If any one of the Triggering Events listed in Exhibit X, annexed hereto and hereby made a part hereof, shall occur, then:

(i) with respect to the Triggering Events listed in paragraphs (1) and (3) of Subdivision II of Exhibit X, ninety (90) days following the occurrence of any such Triggering Event; or

(ii) with respect to the Triggering Event listed in paragraph (4) of Subdivision II of Exhibit X, seven (7) days following the occurrence of any such Triggering Event;

the term of this Agreement and the letting hereunder shall be deemed terminated, and the Lessee shall thereafter be a hold-over tenant, on a month-to-month periodical basis, of the Port Authority. Termination hereunder shall be and operate as a conditional limitation. In the event any court of competent jurisdiction shall not give full and complete effect to this termination provision and its operation as a conditional limitation, the Lessee and the Port Authority agree, as a condition of this Agreement, and not merely as a covenant, that this Agreement and the stated term of the letting hereunder shall nonetheless, from and after the effective date of termination provided above, be deemed to have expired.

(b) Although it is hereby specifically acknowledged and agreed that the aforesaid month-to-month periodical tenancy is terminable by either party in accordance with law and that the following provision shall have no effect whatsoever on the right of either party to so terminate, it is further understood that if 4 consecutive calendar quarters or 3 consecutive calendar quarters (which will include the summer quarter) have elapsed during which time the Lessee is in occupancy of the premises, none of the triggering events listed in Exhibit X have occured or continue to occur, the Lessee is not in default in the rental or any other provision of its month-to-month tenancy and neither the Port Authority nor the Lessee has terminated the periodical tenancy by notice to the other, then at the request of the Lessee the Port Authority shall prepare a Supplementary Agreement and tender it to the Lessee to be promptly executed and delivered by it to the Port Authority for its execution, which would provide for the re-establishment of a tenancy between the Port Authority and the Lessee on a fixed term basis in accordance with all of the terms and provisions of this Lease, and upon said execution the Lease, as the same may theretofore have been supplemented and amended, shall have the fixed term stated in Section 4 hereof.

Section 89. Lessee's Irrevocable Waivers with Respect to Depreciation and Investment Tax Credit

(a) Attached hereto as Exhibit Y is a form of election pursuant to Section 103(N) of the Internal Revenue Code of 1954, as amended. The Lessee acknowledges that two counterparts of said form of election have been delivered to it by the Port Authority. Upon the execution of the Lease by the Lessee and its delivery to the Port Authority, the Lessee shall execute the said two counterparts and deliver one fully executed counterpart to the Port Authority with its delivery of the Lease, and the Lessee shall keep the second executed counterpart with its records for the entire term of the Lease.

(b) The Lessee hereby irrevocably elects not to claim for purposes of Federal, State or local taxation of income any depreciation deductions or investment tax credits, for which it may be eligible with respect to the premises. The Lessee further agrees that this irrevocable election shall be binding upon its successors in interest, if any, under the Lease, and as a condition of any permitted sale or assignment of Lessee's interest under the Lease any successor in interest shall furnish an irrevocable election in the form of the immediately preceding sentence to the Port Authority. The foregoing shall not grant or be deemed to grant to the Lessee the right to sell or assign, in any manner, its interests under the Lease.

(c) In the event the Lessee records any document in lieu of recording the Lease, said document shall incorporate the substance of paragraph (b) of this Section.

Section 90. Replacement of Baggage System

With respect to the baggage handling systems mentioned in paragraph (a)(i) of Section 2 hereof, it is hereby agreed as follows:

(a) At any time following the fifteenth anniversary of the commencement of the term of the letting hereunder, and prior to the twentieth anniversary of the commencement date of the letting hereunder, in the event the Port Authority gives the Lessee notice that the Port Authority has determined that the said baggage handling systems have become obsolete and are no longer suitable for the operation of the Terminal C Passenger Facility in a first-class manner, or do not represent state-of-the-art and are no longer suitable for the operation of the Terminal C Passenger Facility in a first-class manner, the Lessee shall either (i) expeditiously replace the said baggage systems with new, state-of-the-art baggage handling systems which have been approved in advance by the Port Authority or (ii) elect not to replace the said baggage systems and in the event the Lessee elects not to so replace the baggage handling systems, the Lessee shall deliver to the Port Authority as security for its obligation in paragraph (b) hereunder either a clean, irrevocable letter of credit or a performance bond in an amount then sufficient to cover the costs of acquiring and installing said new baggage systems and such amount shall be increased or decreased from time to time based upon the determination by the Port Authority of the amount then sufficient to cover the costs of acquiring and installing the said new baggage systems.

If the Lessee chooses to deliver a letter of credit the form and terms of such letter of credit, as well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. Such letter of credit shall provide that it shall continue throughout the term of the letting under this Agreement and for a period of not less than six (6) months thereafter; such continuance may be by provision for automatic renewal or by substitution of a subsequent satisfactory letter. Upon notice of cancellation of a letter of credit the Lessee agrees that unless, by a date twenty (20) days prior to the effective date of cancellation, the letter of credit is replaced by security in accordance with this paragraph (a) or another letter of credit satisfactory to the Port Authority, the Port Authority may draw down the full amount thereof without statement of default and thereafter the Port Authority will hold the same as security. Failure to provide such a letter of credit at any time during the term of the letting, valid and available to the Port Authority, including any failure of any banking institution issuing any such letter of credit previously accepted by the Port Authority, to make one or more payments as may be provided in such letter of credit shall be deemed to be a breach of this Agreement on the part of the Lessee.

If the Lessee elects to deliver a performance bond the bond so furnished shall be in the form attached hereto, hereby made a part hereof and marked "Exhibit U", shall be effective throughout the letting and shall be made either by a surety company or companies qualified to carry on a surety business in the State of New York or the State of New Jersey, and satisfactory to the Port Authority or by an individual or individuals satisfactory to the Port Authority.

(b) In the event the Lessee elects not to replace the baggage systems as aforesaid, the Lessee shall pay to the Port Authority an amount then sufficient to cover the costs of acquiring and installing the aforesaid baggage system in the event and upon the termination of the Lease pursuant to either Section 24, Section 82, or Section 88 (if the Lessee has been notified by the Port Authority that it may no longer occupy the premises as a hold-over tenant on a month-to-month periodical basis or the Lessee is not actually occupying the premises) thereof.

(c) In the event the Lessee elects not to replace the baggage handling system and elects to post the security aforementioned, then the security shall be delivered to the Port Authority within 15 days of the Port Authority's deliverance of its notice set forth in (a) above.

(d) It is expressly agreed that the provisions hereof are a separate and independent covenant and shall survive the termination of the Lease.

Section 91. Waiver by the Port Authority of Termination Pursuant to Section 88 Hereof

If the Lessee has, by notice, advised the Port Authority that it reasonably believes that any of the Triggering Events which are listed in Exhibit X hereof and constitute events which would result in termination pursuant to Section 88 hereof either are anticipated to occur within forty-five (45) days of said notice, or have already occurred, the Lessee may, at any time prior to the termination of the letting, by notice, request that the Port Authority take one of the following two actions:

(a) Waive the occurrence of one or more of the Triggering Events, and the effect thereof hereunder, for a period of time to be determined by the Port Authority and to be contained in a letter agreement to be prepared by the Port Authority and executed by the Port Authority, which shall then be effective upon its execution by the Lessee; or

(b) Require that this Agreement, effective on a date specified by the Port Authority, in a notice to be given to the Lessee within twenty (20) days after receipt by the Port Authority of the Lessee's notice, as aforesaid; and as then amended by a Supplemental Agreement to be prepared by the Port Authority, and executed by the Lessee and a Trust (described below), and delivered to the Port Authority for its execution, shall be assigned to a Trust, created as provided herein. The Trust shall be created by a Trust Indenture to be prepared by the Port Authority and executed by the Port Authority and the Lessee. The Trust would be under the control of the trustee designated by the Port Authority. The Port Authority agrees that it will simultaneously with the assignment of this Agreement to the Trust, consent to the Trust entering into a sublease with the Trust, as landlord, and People Express Airlines, Inc., as sublessee, provided, however, that such sublease shall be a month-to-month periodical tenancy, and the Trust Indenture shall provide for the same. If four consecutive calendar quarters shall elapse after the assignment of this Agreement to the Trust, as provided in this Section, and (i) People Express Airlines, Inc., shall not have received notice that it may no longer occupy the premises as a month-to-month periodical tenant pursuant to the aforesaid sublease, and People Express Airlines, Inc., is, in fact, so occupying, and (ii) none of the Triggering Events listed in Exhibit X shall have occurred or continued to occur or shall have again occurred, the Port Authority will, at the request of People Express Airlines, Inc., tender to it and the Trust a Supplemental Agreement, to be prepared by the Port Authority, and executed by People Express Airlines, Inc., and the Trust, and delivered to the Port Authority, for its execution, amending this Agreement and reassigning it to People Express Airlines, Inc.

The Port Authority shall have no obligation to take either of the above two actions.

Section 92. North Terminal Lease Premises

It is recognized that the Lessee has been conducting operations at the North Passenger Terminal at the Airport under an agreement of lease entered into between the Port Authority and the Lessee dated effective as of January 1, 1983 and bearing Port Authority number ANA-093 (herein called the "North Terminal Lease"). It is hereby agreed that effective within ninety (90) days of the Completion Date the Lessee shall conduct all of its airline operations from the Terminal C Passenger Facility and not from the North Terminal and, accordingly, it is hereby agreed that prior to and upon the Completion Date (i) the North Terminal Lease shall be appropriately amended by the execution of a Supplement thereto prepared by the Port Authority and executed by the Lessee and the Port Authority which (a) shall provide that the North Terminal Lease shall continue in effect only as to the exclusive office space let thereunder and (b) which may provide for such additional uses as may be mutually agreed to by the parties; or (ii) the North Terminal Lease shall be surrendered by the Lessee to the Port Authority and a new document prepared to cover (a) the letting of exclusive office space in the North Terminal to the Lessee, and (b) such additional uses as may be mutually agreed to by the parties. It is expressly understood that the foregoing shall not limit or be deemed to limit the provisions of Sections 53 and 56 hereof with respect to any required adjustments and payments of the flight fees and fuel gallonage fees resulting from the amending or surrender of the North Terminal Lease.

Section 93. Entire Agreement

This Agreement consists of the following: Sections 1 through 93, inclusive, and Exhibits A, A-1, A-2, A-3, A-4, B, C, C-1, D, E, F, U, X, Y and Z and Schedules A, B, C, D and E. This Agreement 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 as of the day and year first above written.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By _____

(Title) DIRECTOR OF AVIATION

(Seal)

ATTEST:

Secretary

PEOPLE EXPRESS AIRLINES, INC.

By _____

(Title) President

(Corporate Seal)

APPROVED:
FORM | TERMS

SCHEDULE A

The Lessee shall pay the Base Annual Rental at the rate and at the time stated in paragraph (b) of Section 5 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 Base Annual Rental commencement date, until the said rate is further adjusted, all as hereinafter provided. After the close of calendar year 1984 and after the close of each calendar year thereafter, the Port Authority will adjust the Airport Services Factor of the Base Annual Rental specified in paragraph (b) of Section 5 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 (b) of Section 5 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 1984 adjustment, it is hereby agreed said denominator shall be $15,640,006; 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 1984 adjustment, it is hereby agreed said denominator shall be 4.092%.

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 Base Annual Rental commencement date occurs, the Base Annual 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 Inve ment" 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.

(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

Initialled:

For the Lessee

SCHEDULE B

I. Throughout the term of the letting under the Agreement to which this Schedule is attached (which Agreement is sometimes hereinafter called "the Lease"), the Lessee shall pay to the Port Authority the charges hereinafter described for and in connection with high temperature water and chilled water made available to the premises and the Non-exclusive areas for heating, domestic use and air conditioning. Each charge shall be payable on the 10th day of each calendar month following the Rental Commencement Date as defined in Section 5 hereof (which date is sometimes hereinafter called the "starting date"). It is hereby acknowledged that, except as set forth in item 3 hereof, the Port Authority would have established the following tentative charges for calendar year 1973 had the Lessee occupied the premises during said calendar year. On or before the Rental Commencement Date under the Lease, said tentative charges shall be adjusted to tentative charges for calendar year 1987 and the Lessee shall pay said tentative charges until the same are further adjusted. After the close of 1987 and after the close of each calendar year thereafter, the Port Authority will further adjust the tentative charges for the applicable calendar year, upwards or downwards, to finalized charges for each such calendar year.

1. Capital Charge:

(a) A tentative monthly Heating Capital Charge of $3,361.00 for and in connection with high temperature water.

(b) A tentative monthly Air Conditioning Capital Charge of $13,443.00 for and in connection with chilled water.

2. Demand Charge:

(a) A tentative monthly Heating Demand Charge of $2,858.00 for and in connection with high temperature water.

(b) A tentative monthly Air Conditioning Demand Charge of $4,286 for and in connection with chilled water.

3. Energy Charge:

(a) A tentative monthly Heating Energy Charge of $34,193.00* for and in connection with high temperature water.

(b) A tentative monthly Air Conditioning Energy Charge of $68,182.00* for and in connection with chilled water.

* Represent tentative Energy Charges for calendar year 1987.

4. Airport Services Charge:

A tentative monthly Airport Services Charges of $192.75 for and in connection with Airport Services.

II. After the close of the "Initial Period" (which shall mean the period from the starting date through December 31 of the calendar year in which the starting date shall fall) and after the close of each calendar year thereafter, the Port Authority will adjust the foregoing Capital, Demand, and Airport Services Charges for the Initial Period, or other calendar year, as the case may be, upwards or downwards, in accordance with the following calculations which utilize one or more of the following factors:

CS = The total of all cumulative payments to contractors and suppliers up to the close of the Initial Period or other calendar year for the Port Authority's construction of the Central Heating and Refrigeration Plant.

PHDL = Percentage share which the Heating Design Load (as hereinafter described) for Passenger Terminal Building C bears to the total Heating Design Load (as hereinafter described) for all Passenger Terminal Buildings connected to the Central Plant.

PADL = Percentage share which the Air Conditioning Design Load (as hereinafter described) for Passenger Terminal Building C bears to the total Air Conditioning Design Load (as hereinafter described) for all Passenger Terminal Buildings connected to the Central Plant.

OM = The Port Authority cost of direct labor, materials, payments to contractors and suppliers, and other costs charged directly to the Central Heating and Refrigeration Plant for operation, maintenance, repairs, and replacements during the period for which adjustment is being made.

AS = The total of the major elements of costs actually incurred or accrued during the period for which adjustment is being made in connection with Airport Services, as such major elements are described in Paragraph I, subparagraphs (a) through (d) in Schedule A attached to this Lease.

PL = Percentage of total developed land area at the Airport occupied by the Central Plant (not including land and areas occupied by distribution lines and associated facilities and equipment located elsewhere at the Airport) during the period for which adjustment is being made.

1. Adjustment of Heating Capital Charge:

$$\$3{,}361.00 \times \frac{.20(CS)}{\$1{,}375{,}000.00} \times \frac{PHDL}{.333333} = \text{Adjusted Heating Capital Charge*}$$

2. Adjustment of Air Conditioning Capital Charge:

$$\$13{,}443.00 \times \frac{.80(CS)}{\$5{,}500{,}000.00} \times \frac{PADL}{.333333} = \text{Adjusted Air Conditioning Capital Charges*}$$

3. Adjustment of Heating Demand Charge:

$$\$2{,}858.00 \times \frac{.40(OM)***}{\$130{,}000.00} \times \frac{PHDL}{.333333} = \text{Adjusted Heating Demand Charge **}$$

4. Adjustment of Air Conditioning Demand Charge:

$$\$4{,}286.00 \times \frac{.60(OM)***}{\$195{,}000.00} \times \frac{PADL}{.333333} = \text{Adjusted Air Conditioning Demand Charge***}$$

5. Adjustment of Airport Services Charge:

$$\$192.75 \times \frac{AS***}{\$4{,}625{,}000.00} \times \frac{PL}{.00037} = \text{Adjusted Airport Service Charge}$$

* This Charge shall be multiplied by 2/5 should Passenger Terminal Building C be the only terminal building connected to the Central Plant or by 4/5 if two terminal buildings are connected respectively to the Central Plant.

** This Charge shall be multiplied by 4/5 should Passenger Terminal Building C be the only terminal building connected to the Central Plant.

*** If the Initial Period shall be less than a full calendar year this fraction shall be multiplied by a fraction, the denominator of which shall be the number of days in the Initial Period and the numerator of which shall be 365.

III. After the close of the Initial Period and after the close of each calendar year thereafter, the Port Authority will adjust the foregoing Heating Energy Charge and Air Conditioning Energy Charge for the Initial Period or other calendar year, as the case may be, upwards or downwards, in accordance with the following:

> The Port Authority shall determine the total of the actual direct cost to the Port Authority of utility purchases, including but not limited to fuel, water, and electricity during the Initial Period, or other calendar year, as the case may be. The total of such costs, plus 30% thereof, shall first be allocated between "heating" and "air conditioning" in the same proportion that the total B.T.U.'s drawn during the particular period from the high temperature water lines bears to three (3) times the total B.T.U.'s absorbed during the particular period by the chilled water lines for all Passenger Terminal Buildings connected to the Central Plant. The amounts so allocated to heating and air conditioning shall each be further allocated among all Passenger Terminal Buildings connected to the Central Plant in the same proportion that the B.T.U.'s metered during the particular period for each Passenger Terminal Building bear to the total B.T.U.'s metered during the particular period for all Passenger Terminal Buildings connected to the Central Plant. The Lessee will pay a monthly Heating Energy Charge equal to * % of the total amounts determined for heating Passenger Terminal Building C expressed in monthly terms, and a monthly Air Conditioning Energy Charge equal to * % of the total amounts determined for air conditioning Passenger Terminal Building C expressed in monthly terms. Each Passenger Terminal Building referred to herein shall be deemed to include all Flight Stations connected thereto and the connecting passageways, (including Concourses C-1 and C-2 constructed by the Lessee in replacement of Flight Stations C-1 and C-2).

IV. As used herein, the term "Heating Design Load for Passenger Terminal Building C" shall mean the heating design load applicable to Passenger Terminal Building C as determined by the Port Authority in accordance with the methods recommended by the American Society of Heating, Refrigerating, and Air Conditioning

* It is understood that this percentage cannot be determined until the construction work is completed. The percentage to be applied will be based on the relationship that the number of square feet of total interior building space of the premises (including Concourses C-1 and C-2) at the Completion Date bears to the total number of square feet of total interior building space of Passenger Terminal Building C.

Engineers as at the time adjustment is being made. The "Heating Design Load" shall include the loads required for heating domestic hot water and for steam generation. The term "Air Conditioning Design Load for Passenger Terminal Building C" shall mean the air conditioning design load applicable to Passenger Terminal Building C as determined by the Port Authority in accordance with the methods recommended by the American Society of Heating, Refrigerating, and Air Conditioning Engineers as at the time adjustment is being made. The terms "Heating Design Load for all Passenger Terminal Buildings connected to the Central Plant" and "Air Conditioning Design Load for all Passenger Terminal Buildings connected to the Central Plant" shall mean the summation of the respective heating design loads and air conditioning design loads applicable to each Passenger Terminal Building connected to the Central Plant as determined by the Port Authority at the time adjustment is being made.

V. The charges determined in accordance with the foregoing Paragraphs II and III shall constitute the final charges for the Initial Period or other calendar year for which adjustment is being made. They shall also constitute the tentative charges for the calendar year in which they are calculated. Such final charges shall be the amount due and payable by the Lessee to the Port Authority for the Initial Period or other calendar year and for the months which have elapsed since the end of the Initial Period or other calendar year. The Lessee shall continue to make payments based on the new tentative charges until the same are further adjusted.

Any deficiency in the charges due to the Port Authority from the Lessee for the Initial Period or for any calendar year thereafter resulting from the adjustment from a tentative to adjusted charges 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 adjustment from tentative to adjusted charges shall be credited against future charges, such credit to be made within thirty (30) days following such adjustment.

"Central Plant" as used herein shall mean the Central Plant itself, all buildings, structures, fixtures and equipment contained therein and all land and areas occupied thereby or associated therewith, and distribution lines and associated facilities and equipment located elsewhere on the Airport.

A Passenger Terminal Building shall be deemed connected to the Central Plant commencing with the starting date as described in the foregoing Paragraph I of this Schedule B.

For the purposes hereof the term Passenger Terminal Building(s) shall be deemed to include the Flight Stations connected to the Passenger Terminal Building(s) and the enclosed passageways connecting such Flight Stations with the Passenger Terminal Building(s) (including Concourses C-1 and C-2 constructed by the Lessee in replacement of Flight Stations C-1 and C-2).

For the Port Authority

Initialled:

For the Lessee

SCHEDULE C

I. (a) Commencing on the Schedule C Date as defined in Section 53 of Port Authority Agreement No. ANA-170 (hereinafter called "the Agreement") with People Express Airlines, Inc. (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 take-off made by any aircraft operated by the Lessee. For calendar year 1984 a tentative flight fee has been established for each and every take-off at the rate of $2.1860 per thousand pounds of Maximum Weight for Take-Off. 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, $0.98295 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 $4,010,000.00; the resulting product shall then be multiplied by a fraction, the numerator of which shall be 17,734,000,000 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 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 $0.3370 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 $4,625,000.00; the resulting product shall be multiplied by a fraction the numerator of which shall be 17,734,000,000 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 66.47%.

(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 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 Take-Off to the nearest ten-thousandth of a cent.

For the Port Authority

Initialled:

For the Lessee

SCHEDULE D

I. (a) Commencing on the Schedule C Date as defined in Section 53 of Port Authority Agreement No. ANA-170 (hereinafter called "the Agreement") with People Express Airlines, Inc. (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 56 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, $0.05451 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, $0.00242 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 $0.01350 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) 105% 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 $0.01304 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 $3,300,000.00. It will then multiply the resulting product by a fraction the numerator of which shall be 320,000,000 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 $0.00046 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 $4,625,000,00; it will then multiply the resulting product by a fraction the numerator of which shall be 320,000,000 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 1.63%.

(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

Initialled:

For the Lessee

SCHEDULE E

PART I

Affirmative Action Guidelines - Equal Employment Opportuntiy

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 2(c)(18) of Port Authority Agreement No. ANA-170 (herein called "the Lease") with People Express Airlines, Inc. (herein called "the Lessee"). 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 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 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 indentifiable 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 comletion 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 construciton 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 construciton 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 buisness.

(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 construciton contractors and suppliers,

including circulation of solicitations to minority and female contractor associatons 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. 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 degreee 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 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 hereof and in accordance with Section 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 ten percent (10%) 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 one percent (1%) 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

Initialled:

For the Lessee

FORM XLD—Ack., N.J. 51380

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

On this 11th day of January, 1985, before me, the subscriber, a notary public of New York, personally appeared Robert J. Aaronson 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.

Richard A. Aronow
(notarial seal and stamp)

RICHARD A. ARONOW
Notary Public, State of New York
No. 31-4688286
Qualified in New York County
Commission Expires March 30, 1985

STATE OF New York }
COUNTY OF New York } ss.

On this 11th day of January, 1985, before me, the subscriber, a Notary Public of the State of New York, personally appeared Harold J. Pareti the President of People Express Airlines, Inc. 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.

RICHARD A. ARONOW
Notary Public, State of New York
No. 31-4688286
Qualified in New York County
Commission Expires March 30, 1985

Richard A. Aronow
(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)

EXHIBIT F

The Lessee has advised the Port Authority that it expects that it may be organizing subsidiaries whose principal purpose will be activities related primarily to the Lessee's airline operations. These activities of such subsidiaries may include:

1. Financing the Lessee's airline operations.

2. Performing maintenance services for the Lessee's airline operations.

3. Performing security services for the Lessee's airline operations.

4. Performing reservations/computers/telemarketing/services for the Lessee's airline operations.

5. Ground and aircraft handling services for the Lessee's airline operations.

6. Aircraft fueling for the Lessee's airline operations.

7. Training activities for the Lessee's airline operations.

8. Airline catering for the Lessee's airline operations.

9. Handling real or personal property including aircraft and ground equipment for the Lessee's airline operations.

Subsidiaries formed primarily for the basic purpose of the foregoing operations and whose activities continue to be mainly devoted to the Lessee's airline operations during the term of the Lease shall not be considered subsidiaries within the meaning of paragraph (a) of Section 84 of the Lease. The foregoing shall not be deemed to constitute Port Authority consent to the Lessee by itself or by subsidiaries performing any such service for itself or for others at the Airport.

For the Lessee

Initialled:

For the Port Authority

EXHIBIT U

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS that we, the undersigned,

(a corporation organized under the laws of the State of), as Principal; and

as Surety, are hereby held and firmly bound unto The Port Authority of New York and New Jersey in the sum of

for the payment of which, well and truly to be made, we hereby jointly and severally bind ourselves, our heirs, representatives, executors, administrators, successors and assigns.

Executed this day of 19 .

The condition of the above obligation is such that whereas the above-named Principal is about to enter into an agreement of lease in writing with The Port Authority of New York and New Jersey covering certain premises at Newark International Airport a copy of which agreement of lease is hereto annexed and hereby made a part of this bond as though herein set forth in full,

Now, if the said Principal shall well, faithfully and punctually do and perform the things agreed by it to be done and performed according to the terms and true intent and meaning of Paragraph (c)(ii) of Section 56 of the said agreement of lease, then this obligation shall be void, otherwise the same shall remain in full force and effect.

The Surety, for value received, hereby stipulates and agrees that the obligations of the said Surety and its bond shall be in no way impaired or affected by any extension of time, modification, omission, addition or change in or to the said agreement of lease, or by any waiver of any provisions thereof, or by any assignment, subletting or other transfer thereof or of any part thereof; and the said Surety does hereby waive notice of any and all of such extensions, modifications, omissions, additions, changes, waivers, assignments, subcontracts and transfers, and hereby expressly stipulates and agrees that any and all things done or omitted to be done by and in relation to assignees, sublessees and other transferees shall have the same effect as to the said Surety as though done or omitted to be done by or in relation to the said Principal.

Failure to annex the said agreement of lease shall not affect the validity of this Bond or the obligations of the parties hereunder.

The term of this Bond shall commence on the execution hereof and shall expire five years from the Completion Date,* as defined in Section 2 (h) of the said agreement of lease, and shall be automatically extended for additional periods of five (5) years from the then existing expiration date

unless the Surety has notified the Port Authority of New York and New Jersey not less than one hundred eighty (180) days before said expiration date that the Surety elects not to extend the Bond for any such additional period, such notice to be sent by registered or certified mail to the Port Authority of New York and New Jersey, One World Trade Center, New York, N.Y. 10048, ATT: Treasurer.

IN WITNESS WHEREOF, the Principal and the Surety have hereunto executed these presents (caused their corporate seals to be hereto affixed and these presents to be signed by their proper officers), the day and year first set forth above.

ATTEST:

_____

_____ By _____

Title _____
(Corporate Seal)

WITNESS:

_____ _____

ATTEST:

_____

_____ By _____

Title _____
(Corporate Seal)

WITNESS:

_____ _____

ADD ACKNOWLEDGMENTS AND JUSTIFICATION

_____
For the Port Authority

Initialled:

_____
For the Lessee

*In the event the Bond to be delivered to the Port Authority of New York and New Jersey replaces a preceding bond delivered by the Principal to the Port Authority of New York and New Jersey, the term of the Bond shall commence on the expiration date of the preceding bond.

TERM C 1284 B

Exhibit X.

TRIGGERING EVENTS.

The following are the Triggering Events applicable to the provisions of Section 88 of the Agreement between People Express Airlines, Inc., (the "Lessee"), and Port Authority, (Lease ANA - 170, the "Agreement"), to which this Exhibit is attached.

I. Exhibit X Definitions: The following terms shall be defined, as provided in this paragraph, for the purposes of this Exhibit:

(1) "Cash Flow" shall mean, as to the Lessee for any period, net income (or net loss), after deducting taxes of the Lessee for such period minus dividends, plus depreciation and amortization expense for such period, plus the amount of increase (or minus the amount of decrease) of deferred tax liability for such period.

(2) "Debt" of the Lessee shall mean, at any date, (i) all obligations of the Lessee for borrowed money or evidenced by bonds, debentures, notes or other similar instruments and (ii) all capital lease obligations of the Lessee.

(3) "Lead Bank" shall mean the bank, or other financial institution, which deals with the Lessee on behalf of itself and other participating lenders, if any, which lender(s) has or have together furnished the Lessee with the preponderant amount of its non-publicly held debt financing. The Lessee acknowledges that at present, the Lead Bank is the Bank of America, pursuant to the terms of a loan agreement dated February 28, 1984.

All accounting terms used in this Exhibit and not otherwise defined herein shall have the meanings usually given such terms, in accordance with generally accepted accounting principles.

II. Triggering Events:

(1) For purposes of this subparagraph (1), a Triggering Event shall occur when:

(i) One of the events listed in sub-paragraph (2) below, (hereinafter called "Cross-Linked Events"), shall occur; and

(ii) A period of sixty (60) days shall have elapsed from the date of the occurrence of the Cross-Linked Event; and

(iii) The Lessee shall not have notified the Port Authority that such Cross-Linked Event has been modified or waived by the Lead Bank, such notice from the Lessee to include a copy of a fully executed modification or waiver of all or a portion of the Lessee's loan agreement with the Lead Bank.

If a Cross-Linked Event shall be modified or waived from time to time, then the Cross-Linked Event, as so modified or waived, shall be substituted for that listed below with the same force and effect as if it had originally been contained in this paragraph.

(2) The Cross-Linked Events (which appear in substantially the same form in the Lessee's loan agreement with the Lead Bank) are:

(i) The Lessee shall have at any time a Net Worth in an amount less than the sum of One Hundred Seventy-Seven Million Dollars and No Cents, ($177,000,000.00), plus fifty percent (50%) of all net-after-tax-profits earned in any fiscal quarter after June 30, 1984, (without adjustment for net losses incurred in any fiscal quarter), plus eighty percent (80%) of the net proceeds of any equity securities issued after June 30, 1984.

(ii) The Lessee shall have at any time cash and cash equivalents (including investments with a maturity of one (1) year or less, and unused portions of committed lines of credit which may be drawn upon immediately) which are not pledged as collateral to any person or entity, in an amount less than twelve percent (12%) of Lessee's total operating expenses in the fiscal quarter most recently ended.

(iii) The Lessee shall have at any time a ratio of Debt-to-Net-Worth at greater than 2.5 to 1.0, or to have had a ratio of Debt-to-Net-Worth greater than 2.0 to 1.0 for more than four (4) consecutive fiscal quarters.

(iv) At the end of any fiscal quarter, the Lessee shall have a ratio of Cash Flow for the preceding four (4) fiscal quarters to the portion of Debt, classi-

fied as current on its balance sheet as of the end of such fiscal quarter, of less than 1.2 to 1.0.

(v) The Lessee shall not have delivered to the Port Authority in form and detail satisfactory to the Lead Bank and in such number of copies as the Port Authority may request: (a) as soon as available, but not later than forty-five (45) days after the close of each fiscal quarter, Lessee's profit-and-loss statement which shall reflect Lessee's operations for each month in such fiscal quarter, to be accompanied by a schedule setting forth for each month in such fiscal quarter Lessee's load factor, available seat miles (ASM), revenue passenger miles (RPM), cost per ASM and yield per RPM, each certified by a responsible officer of the Lessee, as fairly presenting Lessee's results of operation; (b) as soon as filed with the United States Securities and Exchange Commission, a copy of each Form 10-Q Quarterly Report so filed; (c) within ninety (90) days after fiscal year-end, a copy of each Form 10-K Annual Report filed or to be filed with the United States Securities and Exchange Commission; and, (d) as soon as available, but no later than ninety (90) days after the close of each of its fiscal years, a complete copy of Lessee's audit report, which shall include Lessee's balance sheet as of the close of such year, and Lessee's statement of operations and of changes in financial position for such year, certified by an independent public accountant, selected by the Lessee and satisfactory to the Lead Bank. Such certificate shall not be qualified and shall not be limited because of restricted or limited examination of such accountants of any material portion of the Lessee's records, and shall include or be accompanied by a statement from such accountant that during the examination there was observed no event of default pursuant to this paragraph or circumstances which, upon a lapse of time or notice or both, would become an event of default, pursuant to the Lead Bank's Loan Agreement with the Lessee or a statement of such event of default or circumstance if any is found.

(3) A Triggering Event shall occur when the Lessee shall have at any time a ratio of Debt-to-Net Worth at more than 3.0 to 1.0 or a Net Worth in an amount less than One Hundred Fifty Million Dollars and No Cents ($150,000,000.00). For the purpose of the foregoing sentence, the term "Net Worth" shall mean all assets shown on the balance sheet, excluding any intangible assets, less current liabilities, long term debt and

all other non-current liabilities.

(4) A Triggering Event shall occur when the Lessee shall fail to make payment as provided for in two or more of the categories listed below. Furthermore, a Triggering Event shall not have occurred unless the Port Authority shall have notified the Lessee (such notice to be marked to the attention of the Lessee's Chief Financial Officer) that such Triggering Event shall be effective on a date thirty (30) days following the date of such notice unless all payments due from the Lessee pursuant to such categories listed below and specified in such notice have been received by the Port Authority:

(i) Payment of monthly installments of Base Annual Rental and Facility Rental, (including, without limitation, Interim Facility Rental) and Additional Facility Rental shall be made to the Port Authority on the first day of each calendar month;

(ii) Payment of all sums, including, without limitation, flight fees due pursuant to Section 53, and fuel gallonage fees under Section 56 of this Agreement, on or before the twentieth day of the following calendar month;

(iii) All sums due under this Agreement, and outstanding for more than thirty (30) days, appearing on a Statement of Account rendered by the Port Authority to the Lessee, marked to the attention of its Chief Financial Officer.

No provision of this paragraph (4) shall be deemed to affect or limit the right of the Port Authority to terminate this Agreement pursuant to Section 24(a)(9) hereof for failure to make such payments when due under this Agreement.

III. Modification Requested by Lessee. The Lessee may deliver a notice to the Port Authority requesting that one or more of the Triggering Events contained in this Exhibit X be modified. The Lessee shall include as part of such notice the text of the proposed modification. If the Executive Director of the Port Authority, with the approval of the Chairman of the Committee on Finance of the Board of Commissioners of the Port Authority, shall countersign such modification, or an amended version of the modification acceptable to the Lessee, such notice, duly signed by both the Lessee and the Executive Director

TERM C 1284 B

of the Port Authority, shall be a valid and binding modification of the Triggering Events.

For the Port Authority.

Initialled

For the Lessee.

EXHIBIT Y

ELECTION PURSUANT TO SECTION 103(N) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED

1. PEOPLE EXPRESS AIRLINES, INC., (hereinafter "the Lessee") pursuant to an Agreement of Lease bearing Port Authority Lease No. ANA-170 (hereinafter "the Lease") made effective as of _____ between the Lessee and The Port Authority of New York and New Jersey (hereinafter "the Port Authority") has leased the site and the structures, improvements, additions, buildings and facilities located or to be located thereon at Newark International Airport, are as described in Section 1 of the Lease (hereafter "the Leased Premises") to be used basically as an Airline Passenger Terminal for a term commencing no later than March 1, 1985 and expiring no later than March 31, 2012.

2. The Port Authority's principal office is at One World Trade Center, New York, New York 10048 and its tax payer identification number is 13-6400654W.

3. The Lessee's principal office is at North Passenger Terminal, Newark International Airport, New Jersey and its tax payer identification number is

4. Capital expenditures in connection with the Leased Premises have been, or are expected to be made, in whole or in part by the Port Authority from various obligations issued by it from time to time after December 31, 1983.

5. The Lessee hereby irrevocably elects not to claim for purposes of Federal, State or local taxation of income any depreciation deductions or investment tax credits, for which it may be eligible with respect to the Leased Premises. The Lessee further agrees that this irrevocable election shall be binding upon its successors in interest, if any, under the Lease, and as a condition of any permitted sale or assignment of Lessee's interest under the Lease any successor in interest shall furnish an irrevocable election in the form of the immediately preceding sentence to the Port Authority. The foregoing shall not grant or be deemed to grant to the Lessee the right to sell or assign, in any manner, its interests under the Lease.

6. It is understood the foregoing election shall not apply t the personal property of the Lessee identified in Section 34 of the Leas

Dated:

PEOPLE EXPRESS AIRLINES, INC.

By _____

Title _____

_____
For the Lessee

Initialled:

_____
For the Port Authority

FORM XLD—Ack., N.J. 51380

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

On this_____day of_____, 19____, before me, the subscriber, a notary public of New York, personally appeared _____the _____ 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.

_____
(notarial seal and stamp)

STATE OF }
COUNTY OF } ss.

On this_____day of _____, 19____, 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 that 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)

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.

_____
For the Lessee

_____
(notarial seal and stamp)

Initialled:

_____
For the Port Authority

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 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 accu-rate 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:

		Specification
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.

For the Port Authority

Initialled:

For the Lessee

AVIATION DEPT.
FILE COPY

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-170
Supplement No. 1
Newark International Airport

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, made as of February 6, 1985, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Lessee");

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee as of January 11, 1985 entered into an agreement of lease (which agreement of lease 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 by and between the Port Authority and the Lessee to amend the Lease, effective as of February 6, 1985, as follows:

1. Subdivision (iii) of Paragraph (c) of Section 56 of the Lease shall be amended by deleting the date "February 11, 1985" wherever said date appears in said subdivision and substituting the date "February 19, 1985" in lieu thereof.

2. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be and remain in full force and effect.

3. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution 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.

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

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By _____

(Title) Morris Sloane-Deputy Director of Aviation

(Seal)

ATTEST:

Asst Secretary

PEOPLE EXPRESS AIRLINES, INC.

By _____

(Title) President

(Corporate Seal)

APPROVED:

FORM	TERMS

FORM XLD—Ack., N.J. 51380

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

On this 7th day of FEBRUARY, 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. 43-4656184
Qualified in Richmond County
Commission Expires March 30, 1985

STATE OF New Jersey }
COUNTY OF Essex } ss.

On this 6th day of February, 1985 before me, the subscriber, a Notary Public of New Jersey, personally appeared Donald Burr the President of People Express Airlines, Inc. 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.

Maureen O. McCaffrey
(notarial seal and stamp)

MAUREEN O. McCAFFREY
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Nov. 10, 1986

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 SUPPLEMENTAL 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

AVIATION DEPT.
FILECOPY

Newark International Airport
Lease No. ANA-170
Supplement No. 2

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT made as of February 18, 1985 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee as of January 11, 1985 entered into an agreement of lease (which agreement of lease as 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 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 February 18, 1985, as follows:

1. Section 56 of the Lease is hereby amended by deleting subparagraph (iii) of paragraph (c) thereof and by substituting in lieu thereof a new subparagraph (iii) as follows:

"(iii) No later than May 15, 1985 (said May 15, 1985 being hereafter called 'the security date') the Lessee shall deliver to the Port Authority as security for its obligations under subparagraph (ii)hereof in an amount as hereinafter provided either cash, a clean irrevocable letter of credit, a performance bond, or any combination of the foregoing. The amount of the security obligation shall initially be the amount of Nine Million Five Hundred Thousand Dollars and No Cents ($9,500,000.00) but it shall be increased or decreased based upon the determination after the Completion Date of the Port Authority Fuel System Cost and the Extra Taxiway Cost. The Lessee shall at all times during the term of this Agreement keep deposited with the Port Authority the amount of the security called for in the preceding sentence. The Lessee may once a year after each

anniversary of the security date during the term of this Agreement elect to vary the combination of cash, letter of credit or performance bond constituting the security required hereunder, by delivering to the Port Authority additional cash, a new clean, irrevocable letter of credit, or a new performance bond, or any combination of the foregoing, provided, however, that such election by the Lessee is made at the time and in strict compliance with the requirements set forth herein in this paragraph (iii). The Lessee may from time to time request that the Port Authority consider changing the frequency of the Lessee's election to vary the combination of cash, letter of credit or performance bond constituting the security hereunder as aforesaid.

If the Lessee chooses to deliver a letter of credit to the Port Authority, the form and terms of each such letter of credit, as well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. Such letter of credit shall provide that it shall be for a term expiring not less than twelve months following the security date or any anniversary thereof. The Lessee shall by a date ninety (90) days prior to the expiration date of any existing letter of credit advise the Port Authority by written notice that the Lessee has made arrangements for delivering to the Port Authority cash, a clean, irrevocable letter of credit, a performance bond, or any combination of the foregoing in satisfaction of its security obligations in the full amount called for under this paragraph (iii) for the next succeeding twelve-month period. The Lessee shall deliver to the Port Authority, by a date thirty (30) days prior to the expiration date of the letter of credit, said cash, letter of credit, performance bond, or any combination of the foregoing. In the event the Lessee shall fail to deliver said cash, letter of credit or performance bond, or any combination of the foregoing, by a date thirty (30) days prior to the expiration date of the letter of credit the Port Authority may at any time during said thirty (30) days draw down the full amount of the then existing letter of credit without statement of default, and the letter of credit shall so provide. Thereafter the Port Authority will hold the same as security as to all or a portion of the amount required hereunder, as the case may be. Failure to provide such a letter of credit, in the event the Lessee chooses to deliver a letter of credit at any time ~~during the term of the letting~~, valid and available to the Port Authority, including any failure of any banking institution issuing any such letter of credit previously accepted by the Port authority, to make one or more payments as may be provided in such letter of credit shall be deemed to be a breach of this Agreement on the part of the Lessee.

If the Lessee elects to deliver a performance bond, the bond so furnished shall be in the form attached hereto, hereby made a part hereof and marked 'Exhibit U',and shall be

made either by a surety company or companies qualified to carry on a surety business in the State of New York or the State of New Jersey, and satisfactory to the Port Authority or by an individual or individuals satisfactory to the Port Authority. In addition, each such performance bond to be delivered by the Lessee shall be for a term which shall expire not less than twelve (12) months following the security date or any anniversary thereof. The Lessee shall by a date ninety (90) days prior to the expiration date of any existing performance bond advise the Port Authority by written notice that the Lessee has made arrangements for delivering to the Port Authority cash, a clean irrevocable letter of credit, performance bond, or any combination of the foregoing in satisfaction of its security obligations in the full amount called for under this paragraph (iii) for the next succeeding twelve-month period. The Lessee shall deliver to the Port Authority by a date thirty (30) days prior to the expiration date of the performance bond, said cash, letter of credit, performance bond or any combination of the foregoing. In the event the Lessee shall fail to deliver to the Port Authority, by a date thirty (30) days prior to the expiration date of the performance bond, said cash, letter of credit, performance bond or any combination of the foregoing, the Port Authority may draw down the full amount of the then existing performance bond and hold the same as security as to all or a portion of the amount required hereunder, as the case may be.

In the event the Port Authority at any time and from time to time exercises its rights to apply the security required hereunder in satisfaction of the Lessee's obligations hereunder, including the rights of the Port Authority to draw down the full amount of a then existing letter of credit or performance bond, or both, as aforesaid, and the security delivered by the Lessee hereunder exceeds the amount of the Lessee's obligations hereunder, the security delivered hereunder shall be applied as follows: The Port Authority shall first apply the cash security previously delivered by the Lessee, if any, toward the Lessee's obligations hereunder, and shall then apply any then existing letter of credit or performance bond, or both, on the basis of the proportion the amount of said letter of credit bears to the difference between the full amount of security required hereunder less the amount of cash security applied as aforesaid, and the proportion the amount of the performance bond bears to the difference between the full amount of the security required hereunder less the amount of the cash security applied as aforementioned, it being understood that in the event the security obligation is then secured in full solely by a letter of credit or by a performance bond, the full amount of such letter of credit or performance bond may be drawn down by the Port Authority.

The Lessee agrees that it will not assign or encumber the security delivered hereunder. The Lessee may collect or receive any interest or income earned on interest paid on cash security delivered hereunder in interest-bearing bank accounts, less any part thereof or amount which the Port Authority is or may hereafter be entitled or authorized by law to retain or to charge in connection therewith, whether as or in lieu of an administrative expense, or custodial charge, or otherwise; provided however, that the Port Authority shall not be obligated by this provision to place or to keep cash security delivered hereunder in interest bearing bank accounts. It is the Port Authority's expectation that any cash security delivered by the Lessee hereunder is to be placed in interest bearing bank accounts, but it is expressly understood and agreed that the Port Authority shall have no liability whatsoever in the event said cash security is not placed in interest bearing bank accounts."

2. It is hereby expressly understood and agreed that in the event the Lessee fails to deliver to the Port Authority by May 15,1985 security in the amount of Nine Million Five Hundred Thousand Dollars and No Cents ($9,500,000) in accordance with and as required under paragraph (c)(iii) of Section 56 of the Lease, as herein amended, then effective from and after May 16, 1985:

(a) Paragraph (c) of Section 6 of the Lease shall be deemed deleted therefrom and the following new paragraph (c) shall be substituted in lieu thereof:

"(c) The Lessee acknowledges that the Fuel System, as defined in Section 54 hereof,is made available to the Airline Lessees at the Airport under the terms of their Airline Leases. Consistent with the provisions covering the Fuel System, the Port Authority shall be responsible for the cost of providing and installing all main fuel lines necessary to serve the Lessee in Passenger Terminal Building C and which are or will become part of the Fuel System. The Port Authority shall be responsible for the cost of providing and installing the necessary stubs, pipes and associated facilities to be located on the premises in connection with aircraft fueling at nineteen (19) aircraft Gate Positions thereat, and the Port Authority shall supply ten (10) hydrant carts for nineteen (19) aircraft Gate Positions at the premises. With respect to all of the foregoing, however,it is specifically understood and agreed that the Port Authority's responsibility for the cost of providing and installing the aforesaid main fuel lines and the aforesaid stubs, pipes, ten (10) hydrant carts and associated facilities shall not in any event exceed the cost of providing the aforesaid items for nineteen (19) aircraft Gate Positions with the configuration and lineal footage originally planned by the Port Authority for Flight Stations

C-1 and C-2 as the same exist and are configured at the effective date of this Agreement and prior to any construction by the Lessee. The work set forth in the preceding three sentences is herein called 'the Port Authority Fuel System Work' and the cost of the same is herein called the 'Port Authority Fuel System Cost'. Notwithstanding the foregoing, it is understood that pursuant to Section 2 of the Lease and as part of the construction work thereunder,the Lessee shall design and construct the Port Authority Fuel System Work, but the same, although part of the construction work, shall not be or be deemed to be a part of the premises but shall be and become a part of the Fuel System. The Lessee shall also be responsible for the cost of providing and installing and, as part of the construction work under Section 2, shall also design and construct all stubs, pipes, and associated facilities to be located on the premises in connection with aircraft fueling at all other Gate Positions of the premises,and the Lessee shall also supply and be responsible for the costs of supplying twelve (12) hydrant carts for said other Gate Positions. The cost of all of the foregoing shall be a part of the cost of the construction work, but although a part of the construction work, the foregoing shall not be or be deemed to be a part of the premises but the same shall be and become a part of the Fuel System. Although the Port Authority Fuel System Cost shall be determined in the same manner as the cost of the construction work, said Cost shall not be or become a part of the cost of the construction work.

As used herein the term 'the Port Authority Fuel System 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 Port Authority Fuel System Work (including insurance premiums actually paid by the Lessee for the insurance required by Section 2(c)(11) hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and

(ii) amounts actually paid and costs incurred by the Lessee in connection with the construction work for engineering, architectural, professional and consulting services and supervision of construction for the Port Authority Fuel System Work, provided, however, payments under this item (ii) shall not exceed fifteen percent (15%) of the amounts paid under item (i) above.

The Port Authority shall pay or reimburse the Lessee for the Port Authority Fuel System Cost as follows: In

delivering the certificates required to be delivered by the Lessee under paragraph (b) of this Section 6, the Lessee shall therein separately certify the sum of (i) the amounts of actual payments made by the Lessee and the amounts actually due and payable from the Lessee to its independent contractors for work actually performed and labor and materials actually furnished for the Port Authority Fuel System Work (including insurance premiums actually paid by the Lessee for the insurance required by Section 2(c)(11) hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and (ii) the amounts of actual payments made by the Lessee and the amounts due and payable from the Lessee in connection with the Port Authority Fuel System Work for engineering, architectural, professional, consulting services and supervision of construction (it being understood that payments under this item (ii) shall not exceed fifteen percent (15%) of the amount paid under item (i) above and shall only apply to payments not included in a prior certificate; provided, however, that the said 15% limitation shall not apply to payments made by the Lessee or amounts due and payable from the Lessee as provided in this (ii) to limit the reimbursement to the Lessee in the early stages 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 Port Authority Fuel System Work and the construction work. Any payment by the Port Authority which may exceed the limitation set forth in (ii) above shall be promptly refunded to the Port Authority upon demand. Each such certificate shall also set forth all due and payable amounts included by the Lessee in previous certificates against which a reimbursement of the Port Authority Fuel System Cost has been made by the Port Authority to the Lessee and which have been paid by the Lessee since the submission of each such previous certificate and shall have attached thereto or included thereon such verification as shall be required by the Port Authority that such amounts have been paid. Notwithstanding the foregoing, no reimbursement of the Port Authority Fuel System Cost shall be made by the Port Authority to the Lessee until all due and payable amounts included on all previously submitted certificates have been paid by the Lessee and the payment thereof verified to the satisfaction of the Port Authority (unless such amounts are being withheld by the Lessee pursuant to subparagraph (3) of paragraph (c) of Section 2 hereof, and the amount of such withheld amount shall have been deducted from the amount of a reimbursement payment of the Port Authority Fuel System Cost). Each such certificate shall also (a) set forth, in reasonable detail, with respect to the Port Authority Fuel System Work, the amounts paid or due and payable to specified independent contractors and the amounts paid or due and payable 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 (whether such invoices are paid or unpaid) and for such invoices which have been paid, 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 Port Authority Fuel System 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 or are due and payable 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 construction work covered by said certificate has been performed strictly in accordance with the terms of the Lease.

Within thirty (30) days after the delivery of a duly submitted certificate by the Lessee,and at the same time the Port Authority makes a Construction Advance based on the Lessee's certificate for the construction work under paragraph (b) above the Port Authority shall pay to the Lessee the amounts paid by the Lessee and the amounts becoming due and payable from the Lessee during the period covered by such certificate, as certified in such certificate (but only to the extent that such amounts or any portion thereof have not theretofore been included in a prior certificate). 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 Port Authority Fuel System Cost as the Port Authority from time to time may require.

The Lessee shall set forth in its Final certificate called for under paragraph (b) of this Section 6, its final statement of the Port Authority Fuel System Cost, including its final allocation and breakdown of costs as between the cost of the construction work and the Port Authority Fuel System Cost. After submitting said Final Certificate, the Lessee shall submit no further certificate hereunder with respect to the Port Authority Fuel System Cost.

The entire obligation of the Port Authority under this paragraph (c) to reimburse the Lessee for the Port Authority Fuel System Cost shall be limited in amount to a

total of Seven Million Dollars ($7,000,000.00) to be paid to the Lessee pursuant to certificates of the Lessee submitted in accordance with this paragraph (c) no later than the Final Date, as defined in paragraph (b) above. Notwithstanding the fact that, as provided herein, the Port Authority's reimbursement payments to the Lessee for the Port Authority Fuel System Cost will be made at the same time that the Port Authority makes Construction Advances to the Lessee for the construction work, neither said payments nor the Port Authority Fuel System Cost shall be or become a part of the cost of the construction work or part of the Construction Advance Amount."

(b) Paragraph (c) of Section 56 of the Lease shall be deemed deleted therefrom and shall be of no further force and effect.

(c) (i) Paragraph (g) of Section 79 of the Lease shall be deemed amended to read as follows:

"(g) The terms 'Cost of the Initial Port Authority Taxiway Work' and 'Cost of the Port Authority Taxiway Relocation Work' (collectively the 'Work') in this paragraph shall, in each case mean the sum of the following:".

(ii) Paragraph (h) of Section 79 of the Lease shall be deemed amended to read as follows:

"(h) The Port Authority will include the Cost of the Initial Port Authority Taxiway Work in the term 'Construction Advance Amount' as defined in Section 6(a)(2) hereof."

3. 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.

4. 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.

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

6. 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

(Title) Asst Director

(Seal)

ATTEST:

Asst Secretary

PEOPLE EXPRESS AIRLINES, INC.

By

(Title) Managing Officer ~~President~~

(Corporate Seal)

APPROVED FORM | TERMS

FORM XLD—Ack., N.J. 51300

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

On this 19 day of February, 1985, before me, the subscriber, a notary public of New York, personally appeared Gerard FitzGerald the Assistant 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.

Jacqueline White
(notarial seal and stamp)
JACQUELINE WHITE
NOTARY PUBLIC, State of New York
No. 4727759
Qualified in Nassau County
Commission Expires March 30, 1985

STATE OF New Jersey }
COUNTY OF Essex } ss.

On this 15th day of FEBRUARY, 1985, before me, the subscriber, a _____, personally appeared ROBERT J. McADOO the MANAGING OFFICER President of People Express Airlines, Inc. 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.

Helene K Lamy
(notarial seal and stamp)
Expires 11/11/86

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)

EXHIBIT U

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS that we, the undersigned,
(a corporation organized under the laws of the State), as Principal;
and
as Surety, are hereby held and firmly bound unto The Port Authority of New York and New Jersey in the sum of
for the payment of which, well and truly to be made, we hereby jointly and severally bind ourselves, our heirs, representatives, executors, administrators, successors and assigns.

Executed this day of 19 .

The condition of the above obligation is such that whereas the above-named Principal has entered into an agreement of lease in writing with The Port Authority of New York and New Jersey (hereafter called "the Port Authority") dated as of January 11, 1985 and covering certain premises, rights and privileges at and in respect to Newark International Airport, a copy of which agreement of lease, as the same has been heretofore amended or supplemented, is hereto annexed and hereby made a part of this Bond as though herein set forth in full, and as as the same may be hereafter amended or supplemented is hereinafter referred to as "the Lease",

Now, if the said Principal shall well, faithfully and punctually do and perform the things agreed by it to be done and performed according to the terms and true intent and meaning of Paragraphs (c)(ii) and (c)(iii) of Section 56 of the Lease, then this obligation shall be void, otherwise the same shall remain in full force and effect.

The Surety, for value received, hereby stipulates and agrees that the obligations of the said Surety and its Bond shall be in no way impaired or affected by any extension of time, modification, omission, addition, supplement, amendment or change in or to the Lease, or by any waiver of any provisions thereof, or by any assignment, subletting or other transfer thereof or of any part thereof; and the said Surety does hereby waive notice of any and all of such extensions, modifications, omissions,

additions, supplements, amendments, changes, waivers, assignments, subcontracts and transfers, and hereby expressly stipulates and agrees that any and all things done or omitted to be done by and in relation to assignees, sublessees and other transferees shall have the same effect as to the said Surety as though done or omitted to be done by or in relation to the said Principal.

Failure to annex the said Lease shall not affect the validity of this Bond or the obligations of the parties hereunder.

The term of this Bond shall commence on the execution hereof and shall expire on May 15, 1986.*

The Port Authority shall have the right to draw down and the Surety shall pay the full amount of this Bond at any time within thirty (30) days prior to the aforesaid expiration date, upon notice by the Port Authority to the Surety so to do, as provided in said Section 56 of the Lease. In addition, in the event the Port Authority of New York and New Jersey exercises its rights under the Lease to apply the sum under this Bond in satisfaction of the Principal's obligations under said Section 56 of the Lease, the full amount of this Bond shall be so applied, provided, that if the security delivered by the Lessee pursuant to said Section 56 of the Lease exceeds the amount of the Lessee's obligations thereunder and if there exists at the time of said application cash security or a letter of credit, or both, previously delivered by the Principal to the Port Authority, the Port Authority shall first apply said cash security to said obligations of the Principal and then shall apply this Bond and any then existing letter of credit apportioned on the basis of the proportions that this Bond and the then existing letter of

credit each bears to the difference between the full amount of the security required under said Section 56 of the Lease less the amount of cash security applied.

IN WITNESS WHEREOF, the Principal and the Surety have hereunto executed these presents (caused their corporate seals to be hereto affixed and these presents to be signed by their proper officers), the day and year first set forth above and shall expire one year thereafter.

ATTEST: _____

_____ By _____

Title _____
(Corporate Seal)

WITNESS:

_____ _____

ATTEST: _____

_____ By _____

Title _____
(Corporate Seal)

WITNESS:

_____ _____

ADD ACKNOWLEDGMENTS AND JUSTIFICATION

_____
For the Port Authority

Initialled:

_____
For the Lessee

*In the event the Bond to be delivered to the Port Authority of New York and New Jersey replaces a preceding bond delivered by the Principal to the Port Authority of New York and New Jersey, the term of the Bond shall commence on the expiration date of the preceding bond.

PEX-170S-1186A

THIS SUPPLEMENTAL 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

Newark International Airport
Lease No. ANA-170
Supplement No. 3

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT made as of September 24, 1986 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee as of January 11, 1985 entered into an agreement of lease (which agreement of lease as 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 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 September 24, 1986, as follows:

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

(a) There shall be deemed added to said Paragraph (a) a new subparagraph (xii) immediately following subparagraph (xi) to read as follows:

"(xii) All necessary and appropriate repairs to the portion of the roof of the Terminal C building located above the areas of the Terminal C building which are not a part of the premises hereunder (hereinafter sometimes called 'the additional roof repair work')."

(b) The fifth line of the penultimate paragraph of said Paragraph (a) shall be deemed amended to read as follows:

"in subparagraph (iii) and subparagraph (xii) above which will not be part of the ".

2. Section 6 of the Lease is hereby amended as follows:

(a) Subparagraph (a) of paragraph (a)(4) of Section 6 of the Lease shall be deemed amended by changing the period at the end of item (ii) appearing on page 39 of the Lease to a semicolon and further by inserting immediately thereafter a new item (iii) to read as follows:

"(iii) the cost of the North Terminal Annex Construction Work, it being understood and agreed that for the purposes of this Lease the phrase the 'Cost of the North Terminal Annex Construction Work' 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:

(aa) amounts actually paid or incurred by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the construction of the North Terminal Annex Construction Work, as hereinafter defined, and

(bb) amounts actually paid and costs incurred by the Lessee in connection with the North Terminal Annex Construction Work for engineering, architectural, professional and consulting services and supervision of construction, provided, however, payments under this item (iii) shall not exceed fifteen percent (15%) of the amounts paid under item (aa) above.

For the purposes of this Lease, the phrase the 'North Terminal Annex Construction Work' shall mean the construction work required to be performed by the Lessee under the separate agreement of lease entered into between the Lessee and the Port Authority dated as of May 1, 1986 covering premises at the Airport and bearing Port Authority Lease No. ANA-270 as said construction work and premises are defined in Section 2 of said lease (said agreement of lease

*

as the same may be supplemented and amended being herein sometimes referred to as `the North Terminal Annex Lease').

Without limiting any other term or provision of the Lease, it is hereby specifically understood and agreed that the Cost of the North Terminal Annex Construction Work constitutes a part of the cost of the construction work hereunder and part of the Construction Advance Amount, and that the entire obligation of the Port Authority under this paragraph for the Cost of the North Terminal Annex Construction Work shall be limited in amount to a total of Three Million Eight Hundred Fifty Thousand Dollars and No Cents ($3,850,000.00), and it is expressly acknowledged, without limiting the applicability of any other term or provision of this Lease, that said obligation is subject to the Lessee's having complied with the provisions of Special Endorsement No. 2 of the North Terminal Annex Lease including without limitation the provision set forth in paragraph (c) (3) of said Special Endorsement No. 2, and further subject to paragraphs (i) and (m) of this Section 6."

(b) Paragraph (b) of Section 6 of the Lease shall be deemed amended by inserting at the end thereof the following new subparagraphs:

"For the purposes of this paragraph (b) and the payments to be made hereunder and the certifications to be made by the Lessee, the North Terminal Annex Construction Work shall be deemed to be a part of the construction work, and the provisions of this paragraph (b) shall extend and apply to the North Terminal Annex Construction Work as if the same were part of the construction work hereunder, except that the Lessee shall separately certify in the certificates called for under this paragraph (b) all costs of the Cost of the North Terminal Annex Construction Work.

After the delivery of a duly submitted certificate by the Lessee containing all of the certifications and verifications in accordance with the foregoing provisions of this paragragh (b), the Port Authority shall also have the right to elect from time to time to make any of the payments of Construction Advances, or portions thereof, called for under this paragragh (b) directly to any of the Lessee's independent contractors; it being expressly understood, without limiting any other provision of this Section 6, that each of the Lessee's certificates to be delivered hereunder shall contain a breakdown of costs separately listed for each of the Lessee's independent contractors. In the event the Port Authority elects to make any such direct payment, each such direct payment shall be deemed to have been made to the Lessee, and the Port Authority shall send to the

Lessee at the time of making such direct payment a notice thereof setting forth the name of the contractor to whom payment was made and the amount of the Construction Advance which was directly paid to such contractor."

(c) Paragraph (c) of Section 6 of the Lease shall be deemed amended by adding at the end of the first full paragraph appearing on page 45 of the Lease the following:

"After the delivery of a duly submitted certificate by the Lessee containing all of the certifications and verifications in accordance with the foregoing provisions of this paragragh (c), the Port Authority shall also have the right to elect from time to time to make any of the payments, or portions thereof, called for under this paragragh (c) directly to any of the Lessee's independent contractors; it being expressly understood, without limiting any other provision of this Section 6, that each of the Lessee's certificates to be delivered hereunder shall contain a breakdown of costs separately listed for each of the Lessee's independent contractors. In the event the Port Authority elects to make any such direct payment, each such direct payment shall be deemed to have been made to the Lessee, and the Port Authority shall send to the Lessee at the time of making such direct payment a notice thereof setting forth the name of the contractor to whom payment was made and the amount of the payment directly made to such contractor."

(d) (1) The second sentence of paragraph (e) of Section 6 of the Lease shall be deemed amended to read as follows:

"The foregoing breakdown of costs shall apply as well as to the costs set forth in Section 6 (a)(4)(ii) and Section 6 (a)(4)(iii)(bb)."

(2) The fourth sentence of paragraph (e) of Section 6 shall be deemed amended to read as follows:

"Moreover the Lessee shall specifically set forth the Port Authority Fuel System Cost as defined in paragraph (c) hereof, the Terminal C Roof Repair Work Cost as defined in paragraph (l) hereof, and the Cost of the North Terminal Annex Construction Work as defined in paragraph (a) hereof."

(3) The third line of the second subparagraph of paragraph (e) of said Section 6 shall be deemed amended to read as follows:

"Authority Fuel System Costs or in the Terminal C Roof Repair Work Cost or the Cost of the North Terminal Annex Construction Work any item as having been incurred but".

(e) (1) The fifth line of paragraph (h) of Section 6 shall be deemed amended to read as follows:

"The Port Authority Fuel System Cost, or the Terminal C Roof Repair Work Cost, or the Cost of the North Terminal Annex Construction Work, or any other category whichever".

(2) The second subparagraph of paragraph (h) of Section 6 which is set forth in quotes on page 47 thereof shall be deemed amended to read as follows:

"Can it reasonably be held that the part of the cost of the construction work or of the cost of the Port Authority Fuel System Cost or of the Terminal C Roof Repair Work Cost or of the cost of the North Terminal Annex Construction Work, or of any other applicable category has been properly determined under the principles of the Lease including whether there has been a sound allocation and breakdown of costs under a contract or contracts covering different categories of work under generally accepted accounting practice, or if not, then what amount should be properly determined?".

(f) There shall be deemed added to Section 6 new paragraphs (l) and (m) to read as follows:

"(l) It is hereby recognized that as part of the construction work as defined in Section 2 hereof, the Lessee shall perform repairs to the roof of the Terminal C Building consisting of both repairs to the portions of said roof which cover the premises and the additional roof repair work as defined in Section 2 hereof, all of said work being herein collectively called the `Terminal C Roof Repair Work'. It is further agreed that Terminal C Roof Repair Work Cost shall not be or become part of the cost of the construction work.

As used herein the term `the Terminal C Roof Repair Work 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 Terminal C Roof Repair Work (including insurance premiums actually paid by the Lessee for the insurance required by Section 2(c) (11) hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and

(ii) amounts actually paid and costs incurred by the Lessee in connection with the Terminal C Roof Repair Work for engineering, architectural, professional and consulting services and supervision of construction work for the Terminal C Roof Repair Work, provided, however, payments under this item (ii) shall not exceed fifteen percent (15%) of the amounts paid under item (i) above.

The Port Authority shall pay or reimburse the Lessee for the Terminal C Roof Repair Work Cost as follows: In delivering the certificates required to be delivered by the Lessee under paragraph (b) of this Section 6, the Lessee shall therein separately certify the sum of (i) the amounts of actual payments made by the Lessee and the amounts actually due and payable from the Lessee to its independent contractors for work actually performed and labor and materials actually furnished for the Terminal C Roof Repair Work (including insurance premiums actually paid by the Lessee for the insurance required by Section 2(c) (11) hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and (ii) the amounts of actual payments made by the Lessee and the amounts due and payable from the Lessee in connection with the Terminal C Roof Repair Work for engineering, architectural, professional, consulting services and supervision of construction (it being understood that payments under this item (ii) shall not exceed fifteen percent (15%) of the amount paid under item (i) above and shall only apply to payments not included in a prior certificate; provided, however, that the said 15% limitation shall not apply to payments made by the Lessee or amounts due and payable from the Lessee as provided in this item (ii) to limit the reimbursement to the Lessee in the early stages 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 Terminal C Roof Repair Work and the rest

of the construction work. Any payment by the Port Authority which may exceed the limitation set forth in (ii) above shall be promptly refunded to the Port Authority upon demand. Each such certificate shall also set forth all due and payable amounts included by the Lessee in previous certificates against which a reimbursement of the Terminal C Roof Repair Work Cost has been made by the Port Authority to the Lessee and which have been paid by the Lessee since the submission of each such previous certificate and shall have attached thereto or included thereon such verification as shall be required by the Port Authority that such amounts have been paid. Notwithstanding the foregoing, no reimbursement of the Terminal C Roof Repair Work Cost shall be made by the Port Authority to the Lessee until all due and payable amounts included on all previously submitted certificates have been paid by the Lessee and the payment thereof verified to the satisfaction of the Port Authority (unless such amounts are being withheld by the Lessee pursuant to subparagraph (3) of paragraph (c) of Section 2 hereof, and the amount of such withheld amount shall have been deducted from the amount of reimbursement payment of the Terminal C Roof Repair Work Cost). Each such certificate shall also (a) set forth, in reasonable detail, with respect to the Terminal C Roof Repair Work Cost, the amounts paid or due and payable to specified independent contractors and the amounts paid or due and payable 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 (whether such invoices are paid or unpaid) and for such invoices which have been paid, 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 Terminal C Roof Repair Work 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 or are due and payable 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

construction work covered by said certificate has been performed strictly in accordance with the terms of the Lease.

Within thirty (30) days after the delivery of a duly submitted certificate by the Lessee, and at the same time the Port Authority makes a Construction Advance based on the Lessee's certificate for the construction work under paragraph (b) of this Section 6 the Port Authority shall pay to the Lessee the amounts paid by the Lessee and the amounts becoming due and payable from the Lessee during the period covered by such certificate, as certified in such certificate (but only to the extent that such amounts or any portion thereof have not theretofore been included in a prior certificate). 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 Terminal C Roof Repair Work Cost as the Port Authority from time to time may require.

After the delivery of a duly submitted certificate by the Lessee containing all of the certifications and verifications in accordance with the foregoing provisions of this paragragh (1), the Port Authority shall also have the right to elect from time to time to make any of the payments, or portions thereof, called for under this paragragh (1) directly to any of the Lessee's independent contractors; it being expressly understood, without limiting any other provision of this Section 6, that each of the Lessee's certificates to be delivered hereunder shall contain a breakdown of costs separately listed for each of the Lessee's independent contractors. In the event the Port Authority elects to make any such direct payment, each such direct payment shall be deemed to have been made to the Lessee, and the Port Authority shall send to the Lessee at the time of making such direct payment a notice thereof setting forth the name of the contractor to whom payment was made and the amount of the payment directly made to such contractor.

The Lessee shall set forth in its Final certificate called for under paragraph (b) of this

Section 6, its final statement of the Terminal C Roof Repair Work Cost, including its final allocation and breakdown of costs as between the cost of the construction work and the Terminal C Roof Repair Work Cost. After submitting said Final Certificate, the Lessee shall submit no further certificate hereunder with respect to the Terminal C Roof Repair Work Cost.

The entire obligation of the Port Authority under this paragraph (l) to reimburse the Lessee for the Terminal C Roof Repair Work Cost shall be limited in amount to a total of Two Million Five Hundred Thousand Dollars ($2,500,000.00) to be paid to the Lessee pursuant to certificates of the Lessee submitted in accordance with this paragraph (l) no later than the Final Date, as defined in paragraph (a) above. Notwithstanding the fact that, as provided herein, the Port Authority's reimbursement payments to the Lessee for the Terminal C Roof Repair Work Cost will be made at the same time that the Port Authority makes Construction Advances to the Lessee for the construction work, neither said payments nor the Terminal C Roof Repair Work Cost shall be or become a part of the cost of the construction work or part of the Construction Advance Amount.

(m) The Lessee hereby represents that it has heretofore entered into a contract with Damon C. Douglas Company dated May 14, 1986, as well as other contracts and agreements covering the North Terminal Annex Construction Work under the North Terminal Annex Lease all as listed in Schedule 1 attached hereto and hereby made a part hereof (hereinafter collectively referred to as the `Annex construction contracts'). The Lessee hereby represents to the Port Authority that it has made actual payments to the contractors under the Annex construction contracts for the North Terminal Annex Construction Work as set forth in said Schedule 1 and that said actual payments amount as of November 1, 1986 to the sum of Two Million One Hundred Twenty Thousand Four Hundred Twenty-nine Dollars and Seventy Cents ($2,120,429.70). It is hereby agreed that the Port Authority shall, as part of the Construction Advances under paragraph (b) of this Section 6, pay to the Lessee the said amount of $2,120,429.70 and that the said payment shall be made in the form of a credit effective as of November 1, 1986 on the books of the Port Authority against outstanding obligations of the Lessee to the Port Authority arising out of the Lessee's operations at the Airport, whether covered by

this Lease or any other agreement between the Lessee and the Port Authority, or otherwise. Notwithstanding the foregoing, the Lessee shall submit to the Port Authority no later than November 30, 1986 all of the certificates including the certifications and other documentation called for under said paragraph (b) of this Section 6 with respect to the work for which the aforesaid payment is attributable and the aforesaid payment of $2,120,429.70 shall then be deemed to have been made on said certificates of the Lessee as well as this paragraph (m). Nothing herein, however, shall limit the right of the Port Authority to inspect and audit as set forth in paragraph (k) of this Section 6. It is expressly understood and agreed that, notwithstanding the fact that the said payment shall be made in the form of a credit, as aforesaid, such credit shall, as of November 1, 1986, be deemed a Construction Advance under paragraph (b) hereof and be and form a part of the Construction Advance Amount."

3. There shall be deemed added to Section 5 of the Lease a new paragraph (l) reading as follows:

"(l) Monthly Facility Rental Net Credit

(l) In the event the Port Authority relets the North Terminal Annex Lease Premises or any portion thereof (as hereinafter defined) to any other person, firm or corporation or permits any other person, firm or corporation to enter upon and use the same at any time during the period commencing after the date of the expiration of the North Terminal Annex Lease (as defined in Section 6 hereof) which such reletting or permission shall commence at any time or from time to time thereafter, but prior to April 30, 1991, the Port Authority shall, subject to the terms and conditions stated herein, credit to the account of the Lessee against that portion of the Lessee's monthly payment of the Facility Rental which constitutes the Cost of the North Terminal Annex Construction Work any net amount remaining after deductions from the amount actually received from any lessee, licensee, permittee or other occupier (herein collectively sometimes called the `new user(s)') in connection with the reletting or use of the North Terminal Annex Lease Premises or portion thereof during the period of any such letting or use. The said net crediting shall be made by the Port Authority commencing as of the date of said reletting or use of the North Terminal Annex Lease Premises or any portion thereof, but in no event earlier than the Facility Rental Commencement Date. The following deductions shall be made by the Port Authority in determining the net

credit as aforesaid:

(i) All expenses, costs and disbursements incurred or paid by the Port Authority in connection with the said reletting or use;

(ii) All expenses, costs and disbursements incurred or paid by the Port Authority in connection with the repair, alteration, structural or other changes in the North Terminal Annex Lease Premises including changes which alter the character of the said Premises and the suitability thereof for the purpose of the lessee under the North Terminal Annex Lease;

(iii) All expenses of the Port Authority in providing, operating and maintaining the North Terminal Annex Lease Premises, including, without limitation, janitorial and cleaning services, utilities, insurance, painting, repairs, replacements, repaving, reflooring, refurbishing and rebuilding, and snow and ice removal, and the operation of any public address system, baggage and other systems; and

(iv) All amounts received from the new user(s) which are attributable to ground rental for the North Terminal Annex Lease Premises.

(2) It is expressly understood and agreed that, if there are net amounts as aforesaid, the said net credit to be applied against the Lessee's Facility Rental obligations in accordance with paragraph (1) above shall be made by the Port Authority on its books only to that portion of the Lessee's monthly payment of the Facility Rental which constitutes the Cost of the North Terminal Annex Construction Work, provided, however, that in no event shall the Lessee be entitled to receive a credit or credits which would in total exceed the Cost of the North Terminal Annex Construction Work as said Cost is finally determined by the Port Authority in accordance with and pursuant to Section 6 of this Lease. It is further understood and agreed that if a net credit is to be applied the same shall be applied by the Port Authority on a monthly basis only without any prior or subsequent adjustment and only against the monthly Facility Rental payments to be made by the Lease under this Section 5 for the applicable month and shall commence, if ever, on the Facility Rental Commencement Date and expire on December 31, 1998; it being understood and agreed that in no event shall any net credit be applied after December 31, 1998. Said net credit shall be determined and applied as follows: For any month during which there are no amounts received from new user(s) or the amounts received from the

new user(s) do not exceed the deductions set forth in items (i),(ii), (iii) and (iv) above, the said deductions or the excess of said deductions over the amounts received from the new user(s), as the case may be, will be accumulated by the Port Authority in a deferred account on which interest will accrue at the Port Authority's hurdle rate established as of the date of the expiration of the North Terminal Annex Lease. In any month in which the amounts received from the new user(s) are in excess of the aforesaid deductions, such excess will first be applied to reduce the balance, including interest as aforesaid, in the said deferred account before such excess is applied as a net credit against the Facility Rental as herein provided.

(3) The phrase the `North Terminal Annex Lease Premises' shall mean the premises leased to the Lessee under the North Terminal Annex Lease (as defined in Section 6 thereof).

(4) It is specifically understood and agreed that nothing herein shall or shall be deemed to limit, modify, waive or affect the provisions of the North Terminal Annex Lease including without limitation Sections 16 through 23 of the North Terminal Annex Lease, or affect, alter or diminish the obligations of the lessee thereunder."

4. Subparagraph (iii) of Paragraph (c) of Section 56 of the Lease, as previously amended and as set forth in Supplement No. 2 to the Lease is hereby amended as follows: There shall be deemed inserted between the second and third sentences thereof the following:

"It is hereby acknowledged and agreed by and between the parties hereto that the amount of the Other Gates Cost and the Extra Taxiway Cost has been now estimated at Six Million Five Hundred Thousand Dollars and No Cents ($6,500,000) and that from and after September 24, 1986 the said amount shall constitute the amount of the security that the Lessee is required to keep deposited pursuant to the provisions hereof; provided, however, that nothing herein shall limit or be deemed to limit the provisions of Section 6 of the Lease with respect to the Port Authority's audit of the said Costs and the increase or decrease of the said security amount based upon the final determination after the Completion Date of the Port Authority Fuel System Cost and the Extra Taxiway Cost."

5. The Port Authority and the Lessee hereby expressly acknowledge and agree that a Triggering Event or Triggering Events as defined in Section 88 of the Lease and listed in Exhibit X thereof has or have occurred with the consequences set forth in paragraph (a) of said Section 88 and that the Lessee has submitted to the Port Authority a request for a waiver under Section 91 thereof and that such request was not

granted by the Port Authority.

6. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be and remain in full force and effect.

7. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution 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.

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

ATTEST:

Theresa A. Postle
ASSISTANT Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By M Sloane

(Title) Morris Sloane-Deputy Director of Aviation

(Seal)

ATTEST:

Robert G. Schwed
Secretary

PEOPLE EXPRESS AIRLINES, INC.

By Robert Morris

(Title) ~~President~~ Chief Financial Officer

(Corporate Seal)

APPROVED:
FORM | TERMS

SCHEDULE 1

TO SUPPLEMENT NO. 3 - LEASE ANA-170

North Terminal Annex construction contracts and amounts paid thereunder by the Lessee:

Contractors	Amount Paid by the Lessee as of November 1, 1986
BAE AUTOMATED SYSTEMS	0.00
BALSAMEL LONGO PARTNERSHIP	127,031.94
CONSTRUCTION SURVEYORS	4,558.76
CURCHIN & COMPANY	0.00
DAMON G. DOUGLAS	1,964,141.00
JERSEY TECHNOLOGY	0.00
PROFESSIONAL PLANTSMEN	3,392.00
RAAMOT ASSOCIATES	0.00
SOMERSET WOOD PRODUCTS	21,306.00
Cumulative Total Paid by the Lessee as November 1, 1986:	2,120,429.70

For the Port Authority

Initialled:

For the Lessee

FORM XLD—Ack., N.J. 51380

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

On this 12th day of DECEMBER, 1986, 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. 43-4655184
Qualified in Richmond County
Commission Expires March 30, 1987

STATE OF New York }
COUNTY OF New York } ss.

On this 26th day of November, 1986, before me, the subscriber, a _____, personally appeared Robert J. Norris, passenger officer + chief financial officer the President of People Express Airlines, Inc. 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.

JOSEPHINE A. PALLADINO
Notary Public, State of New York
No. 43-4655184
Qualified in Richmond County
Commission Expires March 30, 1988

Josephine A. Palladino
(notarial seal and stamp)

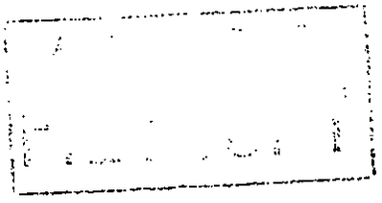
STATE OF }
COUNTY OF } ss.

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)

PEX-170S-12/12/86

THIS SUPPLEMENTAL 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



Newark International Airport
Lease No. ANA-170
Supplement No. 4

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT made as of December 5, 1986 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee as of January 11, 1985 entered into an agreement of lease (which agreement of lease as 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 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 December 5, 1986, as follows:

1. Section 2 of the Lease is hereby amended as follows: The last line of subparagraph (i) of Paragraph (a) thereof is hereby amended to read as follows:

"(including freight elevators), baggage handling systems, and 42 passenger loading bridges;"

2. Section 6 of the Lease, as previously amended, is hereby further amended by adding at the end thereof new paragraphs (n) and (o) to read as follows:

"(n) (1)(a) It is hereby recognized that the Lessee has heretofore entered into a contract with Criton Technologies, a New York General Partnership, by its division Wollard Airport Equipment Company, (hereinafter referred to as 'Wollard') covering the design, fabrication and installation of the 42 passenger loading bridges specified in Section 2(a)(i) hereof (herein called the 'Wollard contract'). The said 42 passenger loading bridges are listed in the Schedule attached hereto, hereby made a part hereof and marked 'Schedule 1'. It is further recognized that the Wollard contract will be amended by the parties thereto, subject to Port Authority prior review and approval but without limiting the provisions of Section 2(c)(5) hereof, to cover the inclusion of the said 42 passenger loading bridges as part of the construction work and the cost of the construction work as herein provided and to cover other items required by this Lease.

(b) The Lessee hereby represents to the Port Authority that it has made actual payments to Wollard for passenger loading bridges under the Wollard contract and that said actual payments amount as of November 1, 1986 to the sum of Three Million Three Hundred Ninety-One Thousand Three Hundred Thirteen Dollars and No Cents ($3,391,313.00). It is hereby agreed that after the delivery of said passenger loading bridges at the premises (or an approved bonded warehouse if so elected by the Port Authority in accordance with and subject to subparagraph (3) below), the Port Authority subject to the provisions of and as part of the Construction Advances under paragraph (b) of this Section 6, shall pay to the Lessee the said amount of $3,391,313.00 and that the said payment shall be made in the form of a credit or credits effective as of November 1, 1986 in the manner set forth below and in Schedule 1 on the books of the Port Authority, against outstanding obligations of the Lessee to the Port Authority arising out of the Lessee's operations at the Airport, whether covered by this Lease or any other agreement between the Lessee and the Port Authority, or otherwise. Notwithstanding the foregoing, the Lessee shall submit to the Port Authority all of the certificates including the certifications and other documentation called for under said paragraph (b) of this Section 6 with respect to the work for which the aforesaid payment is attributable and the aforesaid payment of $3,391,313.00 shall then be deemed to have been made on said certificates of the Lessee as well as this paragraph (n). Nothing herein, however, shall limit the right of the Port Authority to inspect and audit as set forth in paragraph (k) of this Section 6. It is expressly

understood and agreed that, notwithstanding the fact that the said payment shall be made in the form of a credit or credits, as aforesaid, such credit or credits shall be deemed a Construction Advance or Construction Advances under paragraph (b) of this Section 6 and be and form a part of the Construction Advance Amount.

(c) Schedule 1 attached hereto also shows the manner in which the Port Authority intends to allocate the Construction Advances in respect of the 42 passengers loading bridges as between Construction Advances which are to be paid to the Lessee in the form of the aforesaid credit of $3,391,313.00, and Construction Advances which are to be made to the Lessee in respect of the said 42 passenger loading bridges (or directly to Wollard if the Port Authority so elects in accordance with paragraph (b) of this Section 6) but not as against the aforesaid credit. It is expressly understood and agreed that notwithstanding anything to the contrary in said Schedule 1, neither said Schedule 1 nor anything therein shall be deemed to limit, modify or waive the provisions of this Section 6.

(2) Without limiting the provisions of subparagraph (b) above, the Lessee hereby represents and warrants to the Port Authority, with respect to the 42 passenger loading bridges under the Wollard contract, that as of December 5, 1986, all design, fabrication and any other work to be performed prior to installation of the same at the premises have been satisfactorily completed as to thirty-three (33) of the 42 passenger loading bridges and that the same are ready for delivery to and installation at the premises. It is understood and agreed that with respect to the remaining nine (9) loading bridges yet to be completed that the same shall be delivered to the premises upon completion of all pre-installation work so as to comply with the certification requirements of paragraph (b) of this Section 6 and further, that the Wollard contract shall be appropriately amended to so provide, with such amendment as well as all other amendments covering other changes to the Wollard contract to be subject to the prior review and approval of the Port Authority.

(3) It is also understood and agreed that no Construction Advances to be made under this Section 6 covering the 42 passenger loading bridges, or any portion thereof, including without limitation the payment of each Construction Advance mentioned in subparagraph (1) (b) of this paragraph (n), shall be made by the Port Authority unless and until the loading bridges covered by such Construction Advance or Construction Advances are delivered to the premises and

are in place as called for under paragraph (b) of this Section 6 and the terms and provisions of said paragraph (b) of this Section 6 are met. In addition to and without limiting the foregoing, the Port Authority shall have the right from time to time to elect, solely in its own discretion, to make the payment of a Construction Advance or portion thereof upon the delivery of one or more passenger loading bridges into a bonded warehouse approved by the Port Authority; it being expressly understood and agreed that any such election by the Port Authority shall in each instance be made in writing signed by the General Manager of the Airport and given to the Lessee or to the Lessee's contractor (as defined in paragraph (o) (6) hereof), and that the Wollard contract shall be amended (subject to the prior review and approval of the Port Authority, but without limiting the provisions of Section 2(c)(5) hereof) to provide for such storage if and only if the Port Authority exercises its right of election as aforesaid.

"(o) The 42 passenger loading bridges which form part of the construction work as specified in Section 2 (a) (i) hereof are herein in this paragraph (o) called the 'loading bridges'. It is hereby specifically agreed with respect to the loading bridges as follows:

(1) (a) Without limiting the provisions of Section 2(g) hereof, the Lessee hereby expressly represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority that title to each of the 42 passenger loading bridges shall vest in the Port Authority (i) as the same or any part or component thereof is erected, constructed or installed at the premises; or (ii) as to each loading bridge, upon the payment by the Port Authority to the Lessee of a Construction Advance covering such loading bridge; as to any component or part of a loading bridge, upon payment by the Port Authority of a Construction Advance covering such component or part. The Lessee further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority that title to the loading bridges and each part and component thereof shall vest in the Port Authority as aforesaid and become part of the premises free and clear of any lien, security interest, claim or other encumbrance.

(b) The Lessee hereby further represents and warrants to the Port Authority and

the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority as to each loading bridge or as to each portion of the loading bridges to which title has or will have then passed to the Lessee that at the time of the vesting of title of the loading bridges and any portion thereof in the Port Authority, as herein provided, (i) the Lessee is and shall be the sole and absolute owner thereof; (ii) that the Lessee has and shall have the absolute right and authority to sell, convey, transfer and deliver the loading bridges and each portion thereof to the Port Authority under the terms and conditions herein provided; and (iii) that this representation and warranty is made by the Lessee to induce the Port Authority to pay for the loading bridges as part of the cost of the construction work as provided in this Lease knowing that the Port Authority is relying on the truth of the statements herein contained and is paying fair market value and good and valuable consideration as part of the cost of the construction work for the loading bridges.

(c) The Lessee further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority as to each loading bridge and as to each and every portion of the loading bridges to which title has not or will not have then passed to the Lessee prior to the vesting of title thereto in the Port Authority, that at the time of the vesting of title of the loading bridges and any portion thereof in the Port Authority, as herein provided, (i) the Lessee's contractor is and shall be the sole and absolute owner thereof; (ii) that the Lessee's contractor has and shall have the absolute right and authority to sell, convey, transfer and deliver the loading bridges, and each portion thereof, to the Port Authority under the terms and conditions herein provided; and (iii) that this representation and warranty is made by the Lessee to induce the Port Authority to pay for the loading bridges as part of the cost of the construction work as provided in this Lease knowing that the Port Authority is relying on the truth of the statements herein contained and is paying fair market value and good and valuable consideration as part of the cost of the construction work for the loading bridges.

(d) In addition to and without limiting the representations and warranties set forth in

subparagraphs (a), (b) and (c) above, the Lessee further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority as to the loading bridges and each and every portion thereof, irrespective as to who has title or possession thereof prior to the vesting of title thereto in the Port Authority as herein provided (i) that there shall be no mortgages, judgments, levies, municipal, state or federal taxes or any person who can claim any credit, attachments or executions existing against the loading bridges or any portion thereof, and that the same shall be free and clear of any and all liens, mortgages, debts or other encumbrances whatsoever and without exception, and that the liens of all types heretofore held against the loading bridges or any portion thereof, if any, have been discharged; (ii) that neither the Lessee nor the Lessee's contractor has signed any security agreement or financing statement covering any portion or all of the loading bridges (iii) and that no security interest has been reserved by any party on the loading bridges or any portion therof; and (iv) that this representation and warranty is made by the Lessee and the Lessee's contractor to induce the Port Authority to pay for the loading briges as part of the cost of the construction work as provided in this Lease knowing that the Port Authority is relying on the truth of the statements herein contained and is paying fair market value and good and valuable consideration as part of the cost of the construction work for the loading bridges.

(2) The Lessee does hereby covenant and agree, and the Lessee shall require the Lessee's contractor to covenant and agree, to warrant and defend the transfer of such title of the loading bridges to the Port Authority against all and every person, firm, corporation and governmental entity whatsoever.

(3) The Lessee shall execute upon the request of the Port Authority, and the Lessee shall require the Lessee's contractor to execute, all appropriate bills of sale, affidavits of title or other documents of conveyance or ownership as the Port Authority may request to transfer title to the loading bridges to the Port Authority, but the provisions of this item (3) shall not limit in any way the vesting of title in the loading bridges as provided in this paragraph (o) above or the representations and warranties herein contained.

(4) The Lessee shall deliver to the Port Authority, a from time to time

written opinion or opinions of legal counsel in form satisfactory to the Port Authority and signed by the Lessee's legal counsel wherein and whereby said legal counsel issues to the Port Authority its opinion that, to the best of its knowledge and after its diligent inquiry with the Lessee, that the Lessee has not entered into or signed any security agreement or financing statement covering the loading bridges or any portion thereof, that no security interests have been reserved by any party with respect to the loading bridges or any part thereof, and that the Lessee has no actual knowledge or reason to know of any claim, judgment, mechanic's or other liens, debts or other encumbrances against the loading bridges or any part thereof, and, further , that the Lessee has full power and authority to make the representations and warranties to the Port Authority with respect to the loading bridges as stated in this paragraph (o).

(5) Each certificate submitted by the Lessee pursuant to the provisions of paragraph (b) of this Section 6 requesting payment for costs related to all or any portion of the loading bridges shall contain the warranties and representations as to title, the Lessee's right and authority, the Lessee's contractor's right and authority and the absence of any lien, security interest, or other encumbrance as set forth in subparagraph (1) of this paragraph (o).

(6) As used herein the words 'the Lessee's contractor' shall mean with respect to the loading bridges: Criton Technologies, a New York General Partnership, through its division Wollard Airport Equipment Company under the contract entered into with the Lessee dated April 17, 1985 covering the design, manufacture and installation of the loading bridges as the same is to be amended subject to the prior review and approval of the Port Authority."

3. The first sentence of Section 34 of the Lease is hereby amended to read as follows:

"All personal property (including trade fixtures) removable without material damage 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 (it being expressly understood, however, that the foregoing does not and shall not apply to the baggage handling systems and the 42 passenger loading bridges to be installed by the Lessee as part of the construction work under Section 2 hereof and the same shall not remain the property of the Lessee)."

4. Section 74 of the Lease is hereby amended as follows:

The words and symbol "passenger loading bridges," shall be deemed deleted from the sixth line thereof.

5. Section 90 of the Lease shall be deemed amended to read as follows:

"Section 90. Replacement of Baggage Systems, and Passenger Loading Bridges

With respect to the baggage handling systems and the 42 passenger loading bridges mentioned in paragraph (a)(i) of Section 2 hereof, it is hereby agreed as follows:

(a) At any time following the fifteenth anniversary of the commencement of the term of the letting hereunder, and prior to the twentieth anniversary of the commencement date of the letting hereunder, in the event the Port Authority gives the Lessee notice that the Port Authority has determined that the said baggage handling systems or the said passenger loading bridges, or all or portions of the foregoing, have become obsolete and are no longer suitable for the operation of the Terminal C Passenger Facility in a first-class manner, or do not represent state-of-the-art and are no longer suitable for the operation of the Terminal C Passenger Facility in a first-class manner, the Lessee shall either (i) expeditiously replace the said baggage systems or the said passenger loading bridges, or all or portions of the foregoing, with new, state-of-the-art baggage handling systems, passenger loading bridges, as specified in the Port Authority's notice, which have been approved in advance by the Port Authority or (ii) elect not to replace the said baggage systems, or passenger loading bridges, as the case may be as specified in the Port Authority's notice, and in the event the Lessee elects not to so replace the baggage handling systems or passenger loading bridges as specified in the Port Authority's notice, the Lessee shall deliver to the Port Authority as security for its obligation in paragraph (b) hereunder either a clean, irrevocable letter of credit or a performance bond in an amount then sufficient to cover the costs of acquiring and installing said new baggage systems or loading bridges, and such amount shall be increased or decreased from time to time based upon the determination by the Port Authority of the amount then sufficient to cover the costs of acquiring and installing the said new baggage systems or passenger loading bridges, or all of the foregoing.

If the Lessee chooses to deliver a letter of credit the form and terms of such letter of credit, as

well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. Such letter of credit shall provide that it shall continue throughout the term of the letting under this Agreement and for a period of not less than six (6) months thereafter; such continuance may be by provision for automatic renewal or by substitution of a subsequent satisfactory letter. Upon notice of cancellation of a letter of credit the Lessee agrees that unless, by a date twenty (20) days prior to the effective date of cancellation, the letter of credit is replaced by security in accordance with this paragraph (a) or another letter of credit satisfactory to the Port Authority, the Port Authority may draw down the full amount thereof without statement of default and thereafter the Port Authority will hold the same as security. Failure to provide such a letter of credit at any time during the term of the letting, valid and available to the Port Authority, including any failure of any banking institution issuing any such letter of credit previously accepted by the Port Authority to make one or more payments as may be provided in such letter of credit shall be deemed to be a breach of this Agreement on the part of the Lessee.

If the Lessee elects to deliver a performance bond the bond so furnished shall be in the form attached hereto, hereby made a part hereof and marked `Exhibit U', shall be effective throughout the letting and shall be made either by a surety company or companies qualified to carry on a surety business in the State of New York or the State of New Jersey, and satisfactory to the Port Authority or by an individual or individuals satisfactory to the Port Authority.

(b) In the event the Lessee elects not to replace the baggage systems or passenger loading bridges as aforesaid, the Lessee shall pay to the Port Authority an amount then sufficient to cover the costs of acquiring and installing the aforesaid baggage systems or passenger loading bridges or all or portions of the foregoing, as the case may be, in the event and upon the termination of the Lease pursuant to either Section 24, Section 82, or Section 88 (if the Lessee has been notified by the Port Authority that it may no longer occupy the premises as a hold-over tenant on a month-to-month periodical basis or the Lessee is not actually occupying the premises) thereof.

(c) In the event the Lessee elects not to replace the baggage handling system or passenger loading bridges or all or portions thereof, as the case may be, and elects to post the security aforementioned, then the security shall be delivered to the Port Authority

within fifteen days of the Port Authority's deliverance of its notice set forth in (a) above.

(d) It is expressly agreed that the provisions hereof are a separate and independent covenant and shall survive the termination of the Lease."

6. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be and remain in full force and effect.

7. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution 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.

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

ATTEST:

Theresa A. Roberts
ASSISTANT Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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

ATTEST:

Robert G. Schwed
Secretary

PEOPLE EXPRESS AIRLINES, INC.

By Robert F. Kings
(Title) President and Chief Financial Officer
(Corporate Seal)

LOADING BRIDGE PAYMENT SCHEDULE

NEWARK INTERNATIONAL AIRPORT
TERMINAL C PEOPLE EXPRESS LEASE ANA-170
LOADING BRIDGE PAYMENTS

BRIDGE NUMBER	PAY MOLLARD @DELIVERY	RETAINAGE	PAY MOLLARD @200K EXTRA APPROX.	PAY MOLLARD @ INSTALLATION	CREDIT PEI INSTALLATION	PAY TOWARD PEI CREDIT	CUMULATIVE FLOW TO MOLLARD	CUMULATIVE FLOW TO PEI CREDIT	VALUE OF BRIDGE
F	106,000	10,600	3,922	9,600		1,054	119,522	1,054	131,176
F	106,000	10,600	3,922	9,600		1,054	239,044	2,108	131,176
F	106,000	10,600	3,922	9,600		1,054	358,566	3,162	131,176
F	106,000	10,600	3,922	9,600		1,054	478,088	4,216	131,176
F	106,000	10,600	3,922	9,600		1,054	597,610	5,270	131,176
F	106,000	10,600	3,922	9,600		1,054	717,132	6,324	131,176
F	106,000	10,600	3,922	9,600		1,054	836,654	7,378	131,176
F	106,000	10,600	3,922	9,600		1,054	956,176	8,432	131,176
F	106,000	10,600	3,922	9,600		1,054	1,075,698	9,486	131,176
0F	53,000	5,300	3,922	9,338	215	59,616	1,141,958	69,102	131,176
1F	53,000	5,300	3,922		9,600	68,954	1,198,880	138,056	131,176
2F	53,000	5,300	3,921		9,600	68,954	1,255,801	207,010	131,175
3F	53,000	5,300	3,921		9,600	68,954	1,312,722	275,964	131,175
4F	53,000	5,300	3,921		9,600	68,954	1,369,643	344,918	131,175
5F	53,000	5,300	3,921		9,600	68,954	1,426,564	413,872	131,175
6F	53,000	5,300	3,921		9,600	68,954	1,483,485	482,826	131,175
7F	53,000	5,300	3,921		9,600	68,954	1,540,406	551,780	131,175
8F	53,000	5,300	3,921		9,600	68,954	1,597,327	620,734	131,175
9F	53,000	5,300	3,921		9,600	68,954	1,654,248	689,688	131,175
0F	53,000	5,300	3,921		9,600	68,954	1,711,169	758,642	131,175
1F	53,000	5,300	3,921		9,600	68,954	1,768,090	827,596	131,175
2F	40,000	5,300	3,921		9,600	81,954	1,812,011	909,550	131,175
3F	40,000	5,300	3,921		9,600	81,954	1,855,932	991,504	131,175
4F	40,000	5,300	3,921		9,600	81,954	1,899,853	1,073,458	131,175
5F	30,400	5,300	3,921		9,600	91,554	1,934,174	1,165,012	131,175
6F	30,400	5,300	3,921		9,600	91,554	1,968,495	1,256,566	131,175
7F	30,400	5,300	3,921		9,600	91,554	2,002,816	1,348,120	131,175
8F	30,400	5,300	3,921		9,600	91,554	2,037,137	1,439,674	131,175
9F	30,400	5,300	3,921		9,600	91,554	2,071,458	1,531,228	131,175
0F	30,400	5,300	3,921		9,600	91,554	2,105,779	1,622,782	131,175
1F	30,400	5,300	3,921		9,600	91,554	2,140,100	1,714,336	131,175
2F	30,400	5,300	3,921		9,600	91,554	2,174,421	1,805,890	131,175
3F	30,400	5,300	3,921		9,600	91,554	2,208,742	1,897,444	131,175
I.D.	76,673	11,845	7,844		12,465	165,990	2,293,259	2,063,434	262,352
I.D.	76,673	11,845	7,844		12,465	165,990	2,377,776	2,229,424	262,352
I.D.	76,673	11,845	7,844		12,465	165,990	2,462,293	2,395,414	262,352
I.D.	76,673	11,845	7,844		12,465	165,990	2,546,810	2,561,404	262,352
I.D.	76,673	11,845	7,844		12,465	165,990	2,631,327	2,727,394	262,352
I.D.	76,673	11,845	7,844		12,465	165,990	2,715,844	2,893,384	262,352
I.D.	76,673	11,845	7,844		12,465	165,990	2,800,361	3,059,374	262,352
I.D.	76,673	11,845	7,844		12,465	165,990	2,884,878	3,225,364	262,352
I.D.	76,675	11,845	7,844		12,465	165,949	2,969,397	3,391,313	262,313
TOTALS	2,673,659	329,205	200,000	95,738	333,200	3,391,313			6,689,915

SCHEDULE 1

To Supplement No. 4 to Lease ANA-170 between People Express Airlines, Inc. and the Port Authority of New York and New Jersey

TOTAL CONTRACT AMOUNT =$6,689,915
ORIGINAL BASE CONTRACT = $6,436,964
C.O.1 =$700
C.O.2 =$2,250
C.O.3 =$117,810
C.O.4 =$0
C.O.5 =$152,204
C.O.6 =$79,987

NEW CONTRACT AMT. =$6,689,915
PEI CREDIT =$3,391,313
PAY MOLLARD =$3,298,602
MOLLARD @ DEL. =$2,673,659
RETAINAGE =$329,205
EXTRA WK. =$200,000
INSTALLATION =$95,738

For the Port Authority

Initialled:

For the Lessee

FORM XLD—Ack., N.J. 51380

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

On this 5th day of JANUARY, 1987, 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. 43-4656184
Qualified in Richmond County
Commission Expires March 30, 1987

STATE OF New York }
COUNTY OF New York } ss.

On this 19th day of December, 1986, before me, the subscriber, a _____, personally appeared Robert J. Norris the Chief Financial Officer President of People Express Airlines, Inc. 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.

Nancy E. Nouel
(notarial seal and stamp)
NANCY E. NOUEL
Notary Public, State of New York
No. 31-4732457
Qualified in New York County
Commission Expires ~~March 30, 19__~~ Aug. 31, 1988

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 SUPPLEMENTAL 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

Newark International Airport
Lease No. ANA-170
Supplement No. 5

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT made as of February 9, 1987 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee as of January 11, 1985 entered into an agreement of lease (which agreement of lease as 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 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 February 9, 1987, as follows:

1. Section 2 of the Lease, as previously amended, is hereby further amended as follows: The last line of subparagraph (i) of Paragraph (a) thereof is hereby amended to read as follows:

> "(including freight elevators), baggage handling systems, and 42 passenger loading bridges, and a 400 Hz aircraft ground power system with aircraft heating (hereinafter sometimes called the 'aircraft power/heating system');"

2. Paragraph (n) of Section 6 of the Lease, is hereby amended, by adding at the end thereof new subparagraphs (4), (5) and (6) to read as follows:

"(4) (a) It is hereby recognized that the Lessee has heretofore entered into a contract with Mc-Cormick-Morgan Inc. (hereinafter referred to as 'McCormick-Morgan') covering the design, fabrication and installation of the aircraft power/heating system specified in Section 2(a)(i) hereof (herein called the 'McCormick-Morgan contract'). It is further recognized that the McCormick-Morgan contract will be amended by the parties thereto, subject to Port Authority prior review and approval but without limiting the provisions of Section 2(c)(5) hereof, to cover the inclusion of the said aircraft power/heating system as part of the construction work and the cost of the construction work as herein provided and to cover other items required by this Lease.

(b) Schedule 1 attached hereto shows the total contract price under the McCormick-Morgan Contract for the aircraft power/heating system, and it is also recognized that said Schedule 1 constitutes the "Approved Schedule of Values" under the McCormick-Morgan Contract and referred to therein. Notwithstanding anything to the contrary in said Schedule 1, said Schedule shall not limit modify or waive the provisions of this Section 6.

(5) It is also understood and agreed that no Construction Advances to be made under this Section 6 covering the aircraft power/heating system, or any portion thereof, shall be made by the Port Authority unless and until the same or the portion or portions thereof covered by such Construction Advance or Construction Advances are delivered to the premises and are in place as called for under paragraph (b) of this Section 6 and the terms and provisions of said paragraph (b) of this Section 6 are met. In addition to and without limiting the foregoing, the Port Authority shall have the right from time to time to elect, solely in its own discretion, to make the payment of a Construction Advance or portion thereof upon the delivery of the aircraft power/heating system or portion or portions thereof into a bonded warehouse approved by the Port Authority; it being expressly understood and agreed that any such election by the Port Authority shall in each instance be made in writing signed by the General Manager of the Airport and given to the Lessee or to the Lessee's contractor (as defined in paragraph (o) (12) hereof), and that the McCormick-Morgan contract shall be amended (subject to the prior review and approval of the Port Authority, but without limiting the provisions of Section 2(c)(5) hereof) to provide for such storage if and only if the Port Authority exercises its right of election as aforesaid.

3. Paragraph (o) of Section 6 of the Lease is hereby amended to read as follows:

(a) The first four lines thereof are hereby amended to read as follows:

> "The 42 passenger loading bridges which form part of the construction work as specified in Section 2 (a) (i) hereof are herein in this paragraph (o) called the 'loading bridges'. The aircraft power/heating system which forms part of the construction work as specified in Section 2 (a) (i) hereof is herein in this paragraph (o) called the 'System'. It is hereby specifically agreed with respect to the loading bridges and with respect to the System as follows:".

(b) There shall be deemed added to said Paragraph (o) immediately following subparagraph (6) thereof the following new subparagraphs (7) through (12) to read as follows:

> "(7) (a) Without limiting the provisions of Section 2(g) hereof, the Lessee hereby expressly represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority that title to the System shall vest in the Port Authority (i) as the same is erected, constructed or installed at the premises; or (ii) upon the payment by the Port Authority to the Lessee of a Construction Advance covering the same; and as to each component or part of the System, (i) as such component or part is erected, constructed or installed at the premises, or (ii) upon payment by the Port Authority of a Construction Advance covering such component or part. The Lessee further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority that title to the System and each part and component thereof shall vest in the Port Authority as aforesaid and become part of the premises free and clear of any lien, security interest, claim or other encumbrance.
>
> (b) The Lessee hereby further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority as to each portion of the System to which title has or will have then passed to the Lessee that at the time of the vesting of title of the System and any portion thereof in the Port

Autho :y, as herein provided, (i the Lessee is and shall be the sole and absolut owner thereof; (ii) that the Lessee has and shall have the absolute right and authority to sell, convey, transfer and deliver the System and each portion thereof to the Port Authority under the terms and conditions herein provided; and (iii) that this representation and warranty is made by the Lessee to induce the Port Authority to pay for the System as part of the cost of the construction work as provided in this Lease knowing that the Port Authority is relying on the truth of the statements herein contained and is paying fair market value and good and valuable consideration as part of the cost of the construction work for the System.

(c) The Lessee further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority as to each and every portion of the System to which title has not or will not have then passed to the Lessee prior to the vesting of title thereto in the Port Authority, that at the time of the vesting of title of the System and any portion thereof in the Port Authority, as herein provided, (i) the Lessee's contractor is and shall be the sole and absolute owner thereof; (ii) that the Lessee's contractor has and shall have the absolute right and authority to sell, convey, transfer and deliver the System, and each portion thereof, to the Port Authority under the terms and conditions herein provided; and (iii) that this representation and warranty is made by the Lessee to induce the Port Authority to pay for the System as part of the cost of the construction work as provided in this Lease knowing that the Port Authority is relying on the truth of the statements herein contained and is paying fair market value and good and valuable consideration as part of the cost of the construction work for the System.

(d) In addition to and without limiting the representations and warranties set forth in subparagraphs (a), (b) and (c) above, the Lessee further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority as to the System and each and every portion thereof, irrespective as to who has title or possession thereof prior to the vesting of title thereto in the Port Authority as herein

provi d (i) that there shall b' no mortgages, judgments, levies, municipal, st. e or federal taxes or any person who can claim any credit, attachments or executions existing against the System or any portion thereof, and that the same shall be free and clear of any and all liens, mortgages, debts or other encumbrances whatsoever and without exception, and that the liens of all types heretofore held against the System or any portion thereof, if any, have been discharged; (ii) that neither the Lessee nor the Lessee's contractor has signed any security agreement or financing statement covering any portion or all of the System (iii) and that no security interest has been reserved by any party on the System or any portion thereof; and (iv) that this representation and warranty is made by the Lessee and the Lessee's contractor to induce the Port Authority to pay for the System as part of the cost of the construction work as provided in this Lease knowing that the Port Authority is relying on the truth of the statements herein contained and is paying fair market value and good and valuable consideration as part of the cost of the construction work for the System.

(8) The Lessee does hereby covenant and agree, and the Lessee shall require the Lessee's contractor to covenant and agree, to warrant and defend the transfer of such title of the System and every portion thereof to the Port Authority against all and every person, firm, corporation and governmental entity whatsoever.

(9) The Lessee shall execute upon the request of the Port Authority, and the Lessee shall require the Lessee's contractor to execute, all appropriate bills of sale, affidavits of title or other documents of conveyance or ownership as the Port Authority may request to transfer title to the System to the Port Authority, but the provisions of this item (9) shall not limit in any way the vesting of title in the System as provided in this paragraph (o) above or the representations and warranties herein contained.

(10) The Lessee shall deliver to the Port Authority from time to time a written opinion or opinions of legal counsel in form satisfactory to the Port Authority and signed by the Lessee's legal counsel wherein and whereby said legal counsel issues to the Port Authority its opinion that, to the best of its knowledge and, further, as evidenced by the certificate of the Lessee to be attached thereto (a) that the Lessee has not entered into or signed any security agreement or financing statement covering the System or

any porti thereof, (b) that no sec ity interests have been reserved by any party with respect to the System or any portion thereof, (c) and that the Lessee has no actual knowledge or reason to know of any claim, judgment, mechanic's or other liens, debts or other encumbrances against the System or any portion thereof. Each of the said written opinion or opinions of legal counsel shall further state said legal counsel's opinion that the Lessee has full power and authority to make the representations and warranties to the Port Authority with respect to the System and each portion thereof as stated in this paragraph (o).

(11) Each certificate submitted by the Lessee pursuant to the provisions of paragraph (b) of this Section 6 requesting payment for costs related to all or any portion of the System shall contain the warranties and representations as to title, the Lessee's right and authority, the Lessee's contractor's right and authority and the absence of any lien, security interest, or other encumbrance as set forth in subparagraph (7) of this paragraph (o).

(12) As used herein the words 'the Lessee's contractor' shall mean with respect to the System: McCormick-Morgan, Inc. under the contract entered into with the Lessee dated April 10, 1986 covering the design, manufacture and installation of the System as the same is to be amended subject to the prior review and approval of the Port Authority. Further, as used herein in this paragraph (o) the words 'portion of the System' and the words 'component or part of the System' shall be synonymous."

3. The first sentence of Section 34 of the Lease, as previously amended, is hereby further amended to read as follows:

"All personal property (including trade fixtures) removable without material damage 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 (it being expressly understood, however, that the foregoing does not and shall not apply to the baggage handling systems, the 42 passenger loading bridges and the aircraft power/heating system to be installed by the Lessee as part of the construction work under Section 2 hereof and the same shall not be the property of the Lessee)."

5. Section 90 of the Lease, as previously amended, is hereby further amended to read as follows:

"Section 90. <u>Replacement of Baggage Systems, and Passenger Loading Bridges and Aircraft Power/Heating System</u>

With respect to the baggage handling systems and the 42 passenger loading bridges and the aircraft power/heating system mentioned in paragraph (a)(i) of Section 2 hereof, it is hereby agreed as follows:

(a) At any time following the fifteenth anniversary of the commencement of the term of the letting hereunder, and prior to the twentieth anniversary of the commencement date of the letting hereunder, in the event the Port Authority gives the Lessee notice that the Port Authority has determined that the said baggage handling systems or the said passenger loading bridges, or the said aircraft power/heating system or all or portions of the foregoing, have become obsolete and are no longer suitable for the operation of the Terminal C Passenger Facility in a first-class manner, or do not represent state-of-the-art and are no longer suitable for the operation of the Terminal C Passenger Facility in a first-class manner, the Lessee shall either (i) expeditiously replace the said baggage systems or the said passenger loading bridges, or the said aircraft power/heating system or all or portions of the foregoing, with new, state-of-the-art baggage handling systems, passenger loading bridges, or the said aircraft power/heating system as specified in the Port Authority's notice, which have been approved in advance by the Port Authority or (ii) elect not to replace the said baggage systems, or passenger loading bridges, or the said aircraft power/heating system, as the case may be as specified in the Port Authority's notice, and in the event the Lessee elects not to so replace the baggage handling systems or passenger loading bridges or aircraft power/heating system as specified in the Port Authority's notice, the Lessee shall deliver to the Port Authority as security for its obligation in paragraph (b) hereunder either a clean, irrevocable letter of credit or a performance bond in an amount then sufficient to cover the costs of acquiring and installing said new baggage systems or loading bridges, or the said aircraft power/heating system and such amount shall be increased or decreased from time to time based upon the determination by the Port Authority of the amount then sufficient to cover the costs of acquiring and installing the said new baggage systems or passenger loading bridges, or the said aircraft power/heating system or all of the foregoing.

If the Lessee chooses to deliver a letter of credit the form and terms of such letter of credit, as well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. Such letter of credit shall provide that it

shall continue throughout the term of the letting under this Agreement and for a period of not less than six (6) months thereafter; such continuance may be by provision for automatic renewal or by substitution of a subsequent satisfactory letter. Upon notice of cancellation of a letter of credit the Lessee agrees that unless, by a date twenty (20) days prior to the effective date of cancellation, the letter of credit is replaced by security in accordance with this paragraph (a) or another letter of credit satisfactory to the Port Authority, the Port Authority may draw down the full amount thereof without statement of default and thereafter the Port Authority will hold the same as security. Failure to provide such a letter of credit at any time during the term of the letting, valid and available to the Port Authority, including any failure of any banking institution issuing any such letter of credit previously accepted by the Port Authority to make one or more payments as may be provided in such letter of credit shall be deemed to be a breach of this Agreement on the part of the Lessee.

If the Lessee elects to deliver a performance bond the bond so furnished shall be in the form attached hereto, hereby made a part hereof and marked `Exhibit U', shall be effective throughout the letting and shall be made either by a surety company or companies qualified to carry on a surety business in the State of New York or the State of New Jersey, and satisfactory to the Port Authority or by an individual or individuals satisfactory to the Port Authority.

(b) In the event the Lessee elects not to replace the baggage systems or passenger loading bridges or the aircraft power/heating system as aforesaid, the Lessee shall pay to the Port Authority an amount then sufficient to cover the costs of acquiring and installing the aforesaid baggage systems or passenger loading bridges or aircraft power/heating system all or portions of the foregoing, as the case may be, in the event and upon the termination of the Lease pursuant to either Section 24, Section 82, or Section 88 (if the Lessee has been notified by the Port Authority that it may no longer occupy the premises as a hold-over tenant on a month-to-month periodical basis or the Lessee is not actually occupying the premises) thereof.

(c) In the event the Lessee elects not to replace the baggage handling system or passenger loading bridges or aircraft power/heating system or all or portions thereof, as the case may be, and elects to post the security aforementioned, then the security shall be delivered to the Port Authority within fifteen days of the Port Authority's deliverance of its notice set forth in (a) above.

(d) It is expressly agreed that the provisions hereof are a separate and independent covenant and shall survive the termination of the Lease."

7. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be and remain in full force and effect.

8. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution 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.

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

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By _____

(Title) DIRECTOR OF AVIATION

(Seal)

ATTEST:

Secretary

PEOPLE EXPRESS AIRLINES, INC.

By _____

(Title) Managing President

(Corporate Seal)

APPROVED:
AS TO TERMS

SCHEDULE 1: TO SUPPLEMENT NO. 5 - LEASE ANA-170

400 HZ & GRD PWR 16-Mar-87

NIA - TERMINAL C DEVELOPMENT - LEASE ANA-170 PEOPLE EXPRESS AIRLINES
400 HZ GROUND POWER & AIRCRAFT HEATING
SCHEDULE OF VALUES - Mc CORNICK-MORGAN

ITEM	NUMBER	VALUE	PRO-RATED DES. & MISC	TOTAL VALUE	UNIT VALUE	
1. MOTOR GEN. SETS	5	320,000	26,413	346,413	69,283	
2. GATE BOXES	42	197,000	16,261	213,261	5,078	
3. RETRIEVERS	42	203,000	16,756	219,756	5,232	
4. PANTOGRAPHS	9	40,000	3,302	43,302	4,811	
5. AIR HEATERS	42	595,000	49,525	644,525	15,346	(INCLUDES DEDUCT OF $5,000 C.O.#1)
6. DISTR. PANELS	2	90,000	7,429	97,429	48,714	
BRACKETS & WIRING						
7. a) FIXED BRIDGES	33	94,943	7,837	102,780	3,115	
8. b) APRON DRIVE	9	20,357	1,680	22,037	2,449	
SUB-TOTALS		1,560,300	129,202	1,689,502		
9. ON SITE INSTALLATION	L.S.	335,000	0	335,000		
10. MISC. EQUIPMENT	L.S.	109,700	9,054	118,754		
TOTALS		2,025,000	138,256	2,163,256		

Initialled:

For the Port Authority

FORM XLD—Ack., N.J. 51380

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

On this 23rd **day of** MARCH, **19**87, **before me, the subscriber, a notary public of New York, personally appeared** ROBERT J. AARONSON **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.**

Anita E. Westrich
(notarial seal and stamp)

ANITA E. WESTRICH
Notary Public, State of New York
No. 43-4656184
Qualified in Richmond County
Commission Expires March 30, 1987

STATE OF New Jersey
COUNTY OF Monmouth } **ss.**

On this 19th **day of** MARCH, **19**87, **before me, the subscriber, a** NOTARY PUBLIC _____, **personally appeared** JAMES F. BARRALL _____ **the** A MANAGING OFFICER **President of** PEOPLE EXPRESS AIRLINES, INC. _____ **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.**

RAYMOND A. AUGUST
Notary Public of New Jersey
My Commission Expires
December 11, 1990

Raymond A. August
(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)

7/27/87.

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

AVIATION DEPT.
FILECOPY

ASSIGNMENT OF LEASE
WITH ASSUMPTION AND CONSENT

(Lease No. ANA-170)

THIS AGREEMENT, made as of August 15, 1987 by THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority"), a body corporate and politic created by Compact between the States of New York and New Jersey, with the consent of the Congress of the United States of America, having an office for the transaction of business at One World Trade Center, in the Borough of Manhattan, in the City, County and State of New York, and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Assignor"), a corporation organized and existing under the laws of the State of Delaware with an office for the transaction of business at the North Passenger Terminal at Newark International Airport, Newark, New Jersey and CONTINENTAL AIRLINES, INC. (hereinafter called "the Assignee"), a corporation organized and existing under the laws of the State of Delaware with an office for the transaction of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4607 the representative of which is Mr. Sam E. Ashmore,

WITNESSETH, THAT:

WHEREAS, the Assignor desires to assign to the Assignee that certain Agreement of Lease dated as of January 11, 1985, made by and between the Port Authority and the Assignor, and hereinafter, as the same has been heretofore amended and supplemented, called "the Lease" covering certain premises, rights and privileges at and in respect to Newark International Airport; and

WHEREAS, the Assignee has advised the Port Authority and the Assignor that it is desirous of acquiring the Lease and becoming the tenant of the Port Authority thereunder; and

WHEREAS, the Assignee and the Port Authority have agreed, contemporaneously with the execution and delivery of thi Agreement by the Port Authority, to enter into Supplemental Agreement No. 6 to the Lease; and

WHEREAS, the Port Authority is willing to consent to such assignment on certain terms, provisions, covenants and conditions:

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority, the Assignor and the Assignee hereby agree as follows:

1. The Assignor does hereby assign, transfer and set over to the Assignee and its successors, to its and their own proper use, benefit and behoof forever, the Lease, to have and to hold the same unto the Assignee, its successors from the fifteenth day of August, 1987, for and during all the rest, residue, and remainder of the term of the letting under the Lease, subject nevertheless to all the terms, provisions, covenants and conditions therein contained.

2. The Port Authority hereby consents to the foregoing assignment. Notwithstanding anything herein to the contrary, the granting of such consent by the Port Authority shall not be, or be deemed to operate as, a waiver of the requirement for consent (or consents) to each and every subsequent assignment by the Assignee or by any subsequent assignee, nor shall the Assignor be relieved of liability under the terms, provisions, covenants and conditions of the Lease by reason of this consent of the Port Authority or of one or more other consents to one or more other assignments thereof.

3. The Assignor agrees that this assignment of the Lease and this consent of the Port Authority thereto shall not in any way whatsoever affect or impair the liability of the Assignor to perform all the terms, provisions, covenants and conditions, including without limitation thereto the obligation to pay rent, of the Lease on the part of the Lessee or tenant thereunder to be performed, and that the Assignor shall continue fully liable for the performance of all the terms, provisions, covenants and conditions, including without limitation thereto the obligation to pay rent, on the part of the Lessee or tenant thereunder to be performed. The liability of the Assignor as set forth in this paragraph shall remain and continue in full force and effect as to any and every renewal, modification, or extension of the Lease whether in accordance with the terms of the Lease or by a separate or additional document, and notwithstanding any such renewal, modification, or extension, whether or not the Assignor has specifically consented to such renewal, modification or extension. The liability of the Assignor hereunder shall in no way be affected by the failure of the Port Authority to obtain the Assignor's consent to any such renewal, modification or extension notwithstanding that the Port Authority had previously obtained such consent with respect to a prior renewal, modification, or extension.

4. The Assignee does hereby assume the performance of and does hereby agree to perform all the terms, provisions, covenants and conditions, including without limitation thereto the obligation to pay rent, contained in the Lease, to be performed on the part of the lessee or tenant thereunder, as though the Assignee were the original signatory to the Lease. The execution of this instrument by the Port Authority does not constitute a representation by it that the Assignor has performed or fulfilled every obligation required by the Lease; as to such matters the Assignee agrees to rely solely upon the representation of the Assignor.

5. The liability of the Assignor hereunder shall in no way be affected by:

(a) The release or discharge of the Assignee in any creditors' receivership, bankruptcy or other similar proceeding; or

(b) The impairment, limitation or modification of the liability of the Assignee or its estate in bankruptcy, or of any remedy for the enforcement of the Assignee's said liability under the Lease, resulting from the operation of any present or future provision of the Bankruptcy Code or any other statute or from the decision of any court having jurisdiction over the Assignee or its estate; or

(c) The rejection or disaffirmance of the Lease in any creditors' receivership, bankruptcy, or other similar proceeding; or

(d) Any disability or any defense of the Assignee.

6. Neither the Commissioners of the Port Authority nor any of them, nor any officers, agent or employee thereof, shall be charged personally by the Assignor or by the Assignee with any liability or held liable to either of them under any term or provision of this Agreement, or because of its execution or

attempted execution, or because of any breach or attempted or alleged breach thereof.

IN WITNESS WHEREOF, the Port Authority, the Assignor and the Assignee have executed these presents as of the date first hereinabove set forth.

ASSIGNOR:

PEOPLE EXPRESS AIRLINES, INC.

By Richard H. Sluka

(Title) Vice President

(Corporate Seal)

ATTEST:

Secretary

ASSIGNEE:

CONTINENTAL AIRLINES, INC.

By Sam Ashmole

(Title) VICE President

(Corporate Seal)

ATTEST:

Secretary

Richard B. Hirst
VP, Gen. Counsel, & Secy.

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

(Title) Director of Aviation

(Seal)

Secretary

APPROVED:
FORM | TERMS

Form E - Acknowledgment (N.J.); 62472

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On this 14th day of August, 1987, before me, the subscriber, a notary public of New York, personally appeared Robert J. Aaronson 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 The Port Authority of New York and New Jersey, made by virtue of the authority of its Board of Commissioners.

Jaqueline White
(notarial seal and stamp)

JAQUELINE WHITE
NOTARY PUBLIC, State of New York
No. 4737769
Qualified in Suffolk County
Commission Expires March 30, 1989

STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 30th day of July, 1987, before me, the subscriber, a Notary Public, personally appeared Richard H. Shuyler, (the Vice President of People Express Airlines, Inc.) who I am satisfied is the person who has (executed) (signed) the within instrument, and, I having first made known to (him) (her) the contents thereof, (s)he did acknowledge that (s)he signed, sealed (with the corporate seal) and delivered the same as (his) (her) (voluntary act and deed, for the uses and purposes therein expressed) (such officer aforesaid and that the within instrument is the voluntary act and deed of People Express Airlines, Inc. made by virtue of the authority of its board of directors) ~~(individually and as general partner of _____)~~.

HELEN B. WILSON
COMMISSION EXPIRES
NOVEMBER 24, 1990

Helen B. Wilson
(notarial seal and stamp)

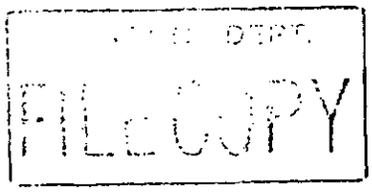
STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 30th day of July, 1987, before me, the subscriber, a Notary Public, personally appeared Sam E. Ashmore, (the Vice President of Continental Airlines, Inc.) who I am satisfied is the person who has (executed) (signed) the within instrument, and, I having first made known to (him) (her) the contents thereof, (s)he did acknowledge that (s)he signed, sealed (with the corporate seal) and delivered the same as (his) (her) (voluntary act and deed, for the uses and purposes therein expressed) (such officer aforesaid and that the within instrument is the voluntary act and deed of Continental Airlines, Inc. made by virtue of the authority of its board of directors) ~~(individually and as general partner of _____)~~.

HELEN B. WILSON
COMMISSION EXPIRES
NOVEMBER 24, 1990

Helen B. Wilson
(notarial seal and stamp)

THIS SUPPLEMENTAL 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



Newark International Airport
Lease No. ANA-170
Supplement No. 6

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT made as of August 15, 1987 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as 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, a Triggering Event or Events as defined in Section 88 of the Lease and listed in Exhibit X thereof has or have occurred and the term of the Lease became a month-to-month periodical tenancy pursuant to said Section 88 of the Lease; and

WHEREAS, the Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; 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, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of August 15, 1987, as follows:

1. It is hereby agreed that the term of the Lease shall be re-established as a fixed term tenancy in accordance with all the terms and provisions of the Lease and that the Lease shall have the fixed term stated in Section 4 of the Lease, as hereby amended.

2. (a) Effective upon the effective date hereof, 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 mechanical and utility room areas located on the operations level of the C-3 portion of Passenger Terminal Building C as shown in stipple hatching on Exhibit A-3 attached hereto and hereby made a part hereof and numbered "NIA86-28" together with the fixtures, improvements and other property, if any, of the Port Authority located therein or thereon, the said areas together with the fixtures, improvements and other property, if any of the Port Authority located therein or thereon, to be and become part 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.

(b) 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, as hereby amended, 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.

(c) From and after the effective date hereof, Exhibit A-3 attached hereto and hereby made hereof and numbered "NIA86-28" shall be deemed substituted for Exhibit A-3 attached to the Lease, and from and after the said effective date all references in the Lease to Exhibit A-3 shall be deemed references to the Exhibit A-3 attached hereto.

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

(a) The first three lines of Item (v) of paragraph (a) thereof shall be deemed amended to read as follows:

> "(v) All work necessary or required to complete the concession areas, as defined in Section 66 hereof, and provide the same as finished or

unfinished space for the consumer service operators in accordance with the provisions of said Section 66 and the Lessee's comprehensive consumer services plan thereunder to be made available for the consumer services as".

(b) (1) The number "$100,000,000" appearing in the penultimate sentence of paragraph (c)(2) thereof on page 9 of the Lease shall be deemed amended to read "$200,000,000."

(2) The date "December 31, 1986" appearing in the last sentence of said paragraph (c)(2) shall be deemed amended to read "December 31, 1987"; and the date "March 31, 1987" appearing in said sentence shall be deemed amended to read "February 29, 1988 or March 31, 1988".

(c) The second and third sentences of subparagraph (11) of paragraph (c) of Section 2 of the Lease and the amounts set forth therein shall be deemed amended to read as follows:

"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, 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 insured. Said insurance shall be in not less than the following amounts:

(i) Bodily Injury Liability

For injury or wrongful death to one person.....$ 25,000,000

For injury or wrongful death to more than one person for any one occurrence.....$ 25,000,000

Aggregate Products Completed Operations..$ 25,000,000

(ii) Property Damage Liability

For all damage arising out of injury to or destruction of property in any one occurrence.....$ 25,000,000

Aggregate Products Completed Operations.....$ 25,000,000

Aggregate Premises Operations.....$ 25,000,000

Aggregate Protective.....$ 25,000,000
Aggregate Contractual....$ 25,000,000".

(d) The word "Worker's" appearing in the last sentence of subparagraph (11) of said paragraph (c) shall be deemed amended to read "Workers'".

(e) The seventh through fourteenth lines of the second subparagraph (14) of paragraph (c) of said Section 2 shall be deemed amended to read as follows:

"thereof and, also, a valid provision obligating the insurance company to furnish the Port Authority and the City of Newark simultaneously with the said insurance company's notice to the Lessee, but in no event less than ten (10) days' advance notice to the Port Authority, 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 simultaneously with the delivery thereof by the Lessee but in no event less than ten (10) days before the expiration of the insurance which such policies are to renew."

(f) The fifth line of subparagraph (1) of paragraph (h) thereof shall be deemed amended to read as follows:

"an authorized officer of the Lessee and by the Lessee's architect or engineer certifying that the".

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

(b) Unless sooner terminated, the term of the letting hereunder shall expire on the day immediately preceding the twenty-fifth (25th) year anniversary date of the Completion Date as defined in Section 2 hereof, or on December 31, 2012, whichever date first occurs, or on February 28, 2013 if the Executive Director has extended the date for completion as set forth in Section 2(c)(2) hereof to February 29, 1988, or on March 31, 2013 if the Executive Director has extended the date for completion as set forth in Section 2(c)(2) hereof to March 31, 1988."

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

(a) Subparagraph (1) of paragraph (a) thereof shall be deemed amended by deleting the designation "(1)" at the beginning thereof and by amending the same to read as follows:

> "'Rental Commencement Date' shall mean (i) the Completion Date, as defined in Section 2 hereof, or January 1, 1988, whichever date occurs first; or, (ii) if the Executive Director has extended the date for completion as set forth in Section 2 (c)(2) hereof to February 29, 1988, 'Rental Commencement Date' shall mean the Completion Date, as defined in said Section 2, or March 1, 1988, whichever date occurs first; or (iii) if the Executive Director has extended the date for completion as set forth in Section 2(c)(2) hereof to March 31, 1988, 'Rental Commencement Date' shall mean the Completion Date, as defined in said Section 2, or April 1, 1988, whichever date first occurs; or (iv) if the Executive Director has extended the date for completion as set forth in Section 2(c)(2) to March 31, 1988 and the Lessee exercises its election in accordance with and as provided in the following sentence, 'Rental Commencement Date' shall mean the Completion Date, as defined in said Section 2, or March 1, 1988, whichever date first occurs. It is expressly agreed that in the event the Executive Director has extended the date for completion to March 31, 1988 the Lessee may by written notice to the Port Authority, given not later than January 31, 1988, elect to commence payment of

the Base Annual Rental hereunder on the Completion Date, as defined in said Section 2, or March 1, 1988, whichever date first occurs."

(b) Subparagraph (2) of paragraph (a) hereof shall be deemed deleted and shall be of no further force or effect.

(c) Paragraph (b) thereof shall be deemed amended to read as follows:

(b) Base Annual Rental

The Lessee agrees to pay to the Port Authority the following Base Annual Rental for the premises:

(1) For the portion of the term of the Lease commencing on the Rental Commencement Date to the last day of the month of the twelfth (12th) month consecutively following the Rental Commencement Date, including the month in which the Rental Commencement Date occurs (and in the event the Rental Commencement Date occurs on a day other than the first day of a calendar month the said portion of the term shall end on the day preceding the actual day on which the twelfth- month anniversary of the Rental Commencement Date occurs), a Base Annual Rental for the premises at the annual rate of Twenty-one Million Three Hundred Forty-seven Thousand Eight Hundred Fifty-five Dollars and No Cents ($21,347,855.00) subject to the adjustments as provided in paragraph (c) hereof. The aforesaid Base Annual Rental of Twenty-one Million Three Hundred Forty-seven Thousand Eight Hundred Fifty-five Dollars and No Cents ($21,347,855.00) is made up of two factors, one a constant factor in the amount of Twenty Million Dollars and No Cents ($20,000,000.00) subject to the adjustments as provided in paragraph (c) hereof, and the other a variable factor in the amount of One Million Three Hundred Forty-seven Thousand Eight Hundred Fifty-five Dollars and No Cents ($1,347,855.00). The variable factor aforesaid represents the Airport Services portion of the Base Annual Rental and such variable factor of the Base Annual Rental is herein-

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

(2) For the portion of the term of the Lease commencing on the first day of the thirteenth (13th) month consecutively following the Rental Commencement Date to the last day of the month of the one hundredth month consecutively following the Rental Commencement Date (and in the event the Rental Commencement Date occurs on a day other than the first day of a calendar month, the said portion of the term shall commence on the day following the actual day on which the twelve-month portion of the term described in subparagraph (1) above expires and shall end on the day preceding the actual day on which the one-hundredth month anniversary of the Rental Commencement Date occurs), a Base Annual Rental for the premises at the annual rate consisting of two factors, one a constant factor in the amount of Thirty Million Sixteen Thousand Dollars and No Cents ($30,016,000.00) subject to the adjustments as provided in paragraph (c) hereof 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 (c) 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 Base Annual Rental provided for in this subparagraph (2) and which shall be subject to further adjustment as provided in paragraph (c) 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 Base Annual Rental provided for in this subparagraph (2) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

(3) For the portion of the term of the Lease commencing on the first day of the month of the one hundredth and first (101st) month consecutively following the Rental Commencement Date to the last day of the month of the two hundredth (200th) month consecutively following the Rental Commencement Date (and in the event the Rental Commencement Date occurs on a day other than the first day of a calendar month, the said portion of the term shall commence on the day following the actual day on which the portion of the term described in subparagraph (2) above expires and shall end on the day preceding the actual day on which the two-hundredth month anniversary of the Rental Commencement Date occurs), a Base Annual Rental for the premises at an annual rate consisting of two factors, one a constant factor in the amount of Thirty-three Million Five Hundred Eighty-five Thousand Three Hundred Forty-eight Dollars and No Cents ($33,585,348.00) subject to adjustment as provided in paragraph (c) hereof, 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 (c) 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 Base Annual Rental provided for in this subparagraph (3) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

(4) For the portion of the term of the Lease commencing on the first day of the month of the two hundredth and first (201st) month consecutively following the Rental Commencement Date to the expiration date of the term of the letting hereunder (and in the event the Rental Commencement Date occurs on a day other than the first day of a calendar month, the said portion of the term shall commence on the day following the actual day on which the portion of the term described in subparagraph (3) above expires and shall end on the expiration date of the term of the

letting hereunder), a Base Annual Rental for the premises at an annual rate consisting of two factors, one a constant factor in the Amount of Thirty-nine Million One Hundred Forty-four Thousand Nine Hundred Twelve Dollars and No Cents ($39,144,912.00) subject to adjustment as provided in paragraph (c) hereof, 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 (c) 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 Base Annual Rental provided for in this subparagraph (4) and which shall be subject to further adjustment as provided in paragraph (c) hereof."

(d) Paragraph (c) of said Section 5 is hereby amended to read as follows:

"(c) Base Annual Rental Adjustments

(1) Adjustment of Airport Services Factor of the Base Annual Rental

The Airport Services Factor set forth in subparagraphs (1), (2), (3) and (4) of paragraph (b) above is the final Airport Services Factor which would be in effect for the calendar year 1985 if the term of the letting hereunder commenced on the date of the execution of this Agreement (assumed to be prior to June 30, 1986) and if the Lessee commenced payment of the Base Annual Rental on such date, even though it will not. For the calendar year 1986 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. Except as otherwise provided in subparagraph (2) of this paragraph (c), for the portion of the term specified in subparagraph (b)(1) the constant factor of $20,000,000 shall remain unchanged; for the portion of the term specified in subparagraph (b)(2) above the constant factor of $30,016,000 shall remain unchanged; for the portion

of the term specified in subparagraph (b) (3) above the constant factor of $33,585,348 shall remain unchanged; and for the portion of the term specified in subparagraph (b)(4) above the constant factor of $39,144,912 shall remain unchanged.

(2) Adjustments of the constant factor of the Base Annual Rental.

(aa) In the event the Executive Director has extended the date for the completion of construction to March 31, 1988 as set forth in Section 2 (c) (2) hereof and the Lessee has not exercised its election by service of the written notice on the Port Authority in accordance with paragraph (a) of this Section 5, then:

(i) The constant factor set forth in paragraph (b) (1) above for the portion of the term set forth therein shall be equal to Twenty Million Seven Hundred Twenty Thousand Dollars and No Cents ($20,720,000.00); and

(ii) The constant factor set forth in paragraph (b) (2) above for the portion of the term set forth therein shall be equal to Thirty Million Seven Hundred Thirty-six Thousand Dollars and No Cents ($30,736,000.00).

(bb) In the event the Construction Advance amount, as defined in paragraph (a)(2) of Section 6 hereof, when finally determined by the Port Authority, is less than Two Hundred Twenty-Five Million Dollars ($225,000,000), the constant factor of the Base Annual Rental set forth in subparagraphs (1), (2), (3) and (4) of paragraph (b) above and in items (i) and (ii) of sub-subparagraph (aa) of this subparagraph (c) (2) shall be adjusted as follows:

(i) The constant factor of the Base Annual Rental set forth in paragraph (b) (1) above for the portion of the term set forth therein shall be equal to the amount obtained by multiplying the sum of Sixteen Million Eight Hundred Six Thousand Dollars ($16,806,000) by a fraction

the numerator of which shall be the Construction Advance Amount (as finally determined by the Port Authority) and the denominator of which shall be $225,000,000, and by adding to the resultant product the sum of Three Million One Hundred Ninety-four Thousand Dollars ($3,194,000).

(ii) The constant factor of the Base Annual Rental set forth in item (i) of sub-subparagraph (aa) of this subparagraph (c) (2) for the portion of the term referred to therein shall be equal to the amount obtained by multiplying the sum of Seventeen Million Five Hundred Twenty-six Thousand Dollars ($17,526,000) by a fraction the numerator of which shall be the Construction Advance Amount (as finally determined by the Port Authority) and the denominator of which shall be $225,000,000, and by adding to the resultant product the sum of Three Million One Hundred Ninety-four Thousand Dollars ($3,194,000).

(iii) The constant factor of the Base Annual Rental set forth in paragraph (b) (2) above for the portion of the term set forth therein shall be equal to the amount obtained by multiplying the sum of Twenty Six Million Eight Hundred Twenty-two Thousand Dollars ($26,822,000) by a fraction the numerator of which shall be the Construction Advance Amount (as finally determined by the Port Authority) and the denominator of which shall be $225,000,000, and by adding to the resultant product the sum of Three Million One Hundred Ninety-four Thousand Dollars ($3,194,000).

(iv) The constant factor of the Base Annual Rental set forth in item (ii) of sub-subparagraph (aa) of this subparagraph (c) (2) above for the portion of the term referred to therein shall be equal to the amount obtained by multiplying the sum of Twenty Seven Million Five Hundred Forty-two Thousand Dollars

($27,542,000) by a fraction the numerator of which shall be the Construction Advance Amount (as finally determined by the Port Authority) and the denominator of which shall be $225,000,000, and by adding to the resultant product the sum of Three Million One Hundred Ninety-four Thousand Dollars ($3,194,000).

(v) The constant factor of the Base Annual Rental set forth in paragraph (b) (3) for the portion of the term set forth therein shall be equal to the amount obtained by multiplying the sum of Twenty Nine Million Nine Hundred Ninety-one Thousand Three Hundred Forty-eight Dollars ($29,991,348) by a fraction the numerator of which shall be the Construction Advance Amount (as finally determined by the Port Authority) and the denominator of which shall be $225,000,000, and by adding to the resultant product the sum of Three Million Five Hundred Ninety-four Thousand Dollars ($3,594,000).

(vi) The constant factor of the Base Annual Rental set forth in paragraph (b) (4) above for the portion of the term set forth therein shall be equal to the amount obtained by multiplying the sum of Thirty Five Million Five Hundred Fifty Thousand Nine Hundred Twelve Dollars ($35,550,912) by a fraction the numerator of which shall be the Construction Advance Amount (as finally determined by the Port Authority) and the denominator of which shall be $225,000,000, and by adding to the resultant product the sum of Three Million Five Hundred Ninety-four Thousand Dollars ($3,594,000)."

(e) Paragraph (d) of said Section 5 is hereby amended as follows:

(1) The designation "(1)"shall be deemed deleted from the first subparagraph thereof.

(2) Subparagraph (2) thereof shall be deemed deleted and shall be of no further force or effect.

(f) Subparagraph (1) of paragraph (f) of said Section 5 is hereby amended to read as follows:

"In the event the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of the Base Annual Rental, the abatement of the constant factor of the Base Annual Rental shall be made on an equitable basis giving effect to the amount and character of the portions of the premises the use of which is denied to the Lessee as compared with the entire premises (it being understood that there shall be no abatement of Base Annual Rental under the Lease for any portion of the premises or for any portion of the term except as specifically provided in this Agreement)."

(3) Subparagraph (2) of paragraph (f) of said Section 5 is hereby amended as follows:

(i) Wherever the amount "$0.001309" appears therein the same shall be deemed deleted therefrom and the amount "$0.001415" shall be deemed inserted therein in lieu thereof.

(ii) The words and amount appearing therein as "One Million Two Hundred Forty-six Thousand Nine Hundred Eight Dollars and No Cents ($1,246,908.00)" shall be deemed deleted therefrom and the words and amount "One Million Three Hundred Forty-seven Thousand Eight Hundred Fifty-five Dollars and No Cents ($1,347,855)" shall be deemed inserted therein in lieu thereof.

(iii) The date "1983" appearing therein shall be deemed deleted therefrom and the date "1985" shall be deemed inserted therein in lieu thereof.

(iv) The date "June 30, 1985" appearing therein shall be deemed deleted and the date "June 30, 1986" shall be deemed inserted therein in lieu thereof.

(i) Paragraphs (h), (i), (j) and (k) of said Section 5 shall be deemed deleted therefrom and shall be of no further force or effect.

(h) There shall be deemed added to Section 5 a new paragraph (h) to read as follows:

"(h) For purposes of the provisions of paragraphs (e) and (g) hereof with respect to any deficiency or refund, any termination of the Lease, other than a termination under Section 24 of the Lease, shall be deemed to have the same effect as the expiration thereof."

6. Section 6 of the Lease is hereby amended as follows:

(1) Subparagraph (3) of paragraph (a) thereof shall be deemed amended to read as follows:

"(3) The term 'Final Date' as used herein shall mean the date on which the final certificate of the Lessee pursuant to paragraph (b) hereof is delivered to the Port Authority which date shall be no later than March 31, 1989."

(2) The second subparagraph of paragraph (b) of Section 6 appearing on page 41 of the Lease is hereby amended by inserting after the comma appearing on the twelfth line thereof the words:

"or, with respect to any and all payments of Construction Advances in excess of $175,000,000, if the work constitutes facilities that can be utilized only by the Lessee or any of the Lessee's Affiliated Companies,".

(3) (i) Subparagraph (i) of said Section 6 is hereby amended by deleting the words and number "One Hundred Fifty Million Dollars ($150,000,000.00)" from the fourth line thereof and by inserting in lieu thereof the words and number "Two Hundred Twenty-five Million Dollars ($225,000,000.00)".

(ii) Said subparagraph (i) of Section 6 shall be deemed further amended by deleting the period at the end of the first sentence thereof and by inserting a comma in lieu thereof and by adding at the end thereof the following:

"and further limited with respect to Construction Advances in excess of $175,000,000 to construction of facilities that are not by their nature utilizable by only the Lessee or the Lessee's Affiliated Companies."

(iii) The first full paragraph appearing at the top of page 48 of the Lease shall be deemed deleted from the Lease and shall be of no further force or effect.

(4) There shall be deemed added at the end of paragraph (o) of Section 6 the following new paragraph (p) reading as follows:

"(p) The Lessee hereby represents and warrants to the Port Authority that all construction contracts covering the construction work or portions thereof, including, but not limited to, the contract entered into between People Express and VRH/CROW, a Joint Venture of VRH Construction Company and William L. Crow Construction Company, dated April 10, 1985, as heretofore amended, supplemented and modified, as well as the McCormick-Morgan contract described in subparagraphs (4) and (12) of paragraph (n) of this Section, and the Wollard contract described in subparagraphs (1) and (6) of subparagraph (n) of this Section and the contract between People Express and BAE Automated Systems, Inc. and the contract between People Express and the Grad Partnership with respect to the construction work have been duly assigned by People Express to the Lessee including all modification agreements and amendments thereto as heretofore consented to by the Port Authority and, further, that no consent of any of the contractors is required for said assignment, or if required that the same has been obtained with respect to each of the said contracts."

7. Section 7 of the Lease shall be deemed deleted therefrom and shall be of no further force or effect.

8. (a) The second and third sentences of paragraph (b) of Section 18 of the Lease and the items designated therein as "Minimum Limits" shall be deemed amended to read as follows:

"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, 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 obligations assumed by the Lessee under Paragraph (a) hereof.

	Minimum Limits
Comprehensive General Liability (including Aircraft 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 to 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 of injury to or destruction of property in any one occurrence:	$ 25,000,000."

(b) The words "Each such copy or" appearing in the sixteenth and twentieth lines of said paragraph (c) of Section 18 shall in each case be deemed amended to read "Each such copy and".

(c) The words "or out of the use or" appearing in the eighth line of paragraph (a) (1) of said Section 18 of the Lease shall be deemed amended to read "arising out of any default of the Lessee in performing or observing any term or provision of this Agreement or out of the use or".

9. Section 27 of the Lease is hereby amended as follows:

(a) Subparagraph (3) of paragraph (b) thereof shall be deemed deleted and shall be of no further force or effect.

(b) Subparagraph (4) of paragraph (b) hereof shall be deemed redesignated as subparagraph "(3)".

10. Section 31 of the Lease shall be deemed deleted therefrom and shall be of no further force or effect.

11. Section 34 of the Lease is hereby amended as follows:

(a) The title thereof shall be deemed amended to read as follows:

"Section 34. Personal Property of the Lessee."

(b) The designation "(a)" shall be deemed inserted immediately preceding the first sentence thereof.

(c) There shall be deemed added thereto a new paragraph "(b)" reading as follows:

"(b) The Lessee hereby represents to the Port Authority that in order to complete the Terminal C Passenger Facility as a fully completed and operational passenger terminal facility and to operate the same in a first-class manner and so that the premises may be used for the purposes set forth in the Lease, it shall be necessary for the Lessee to install various items of personal property, other than and in addition to the items set forth in paragraph (a) (i) of Section 2 hereof and any other personal property included in the construction work under Section 2 hereof. As used herein in this Section 34, the term the 'Lessee's personal property' shall mean and include the aforesaid various items of personal property (other than the Section 2 construction work, as aforesaid) including the installation thereof. The Lessee further represents to the Port Authority that the cost of the Lessee's personal property is estimated by the Lessee to be approximately Thirty Million Dollars ($30,000,000). On the basis of the said representations of the Lessee and as a special inducement to the Port Authority to enter into this Agreement, the Lessee agrees that:

(1) The cost of the Lessee's personal property which the Lessee shall pay or incur shall not be less than Twenty-five Million Dollars ($25,000,000). As used herein

the term the 'cost of the Lessee's personal property' 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 or incurred by the Lessee to independent contractors, suppliers and vendors for work actually performed and labor and materials actually furnished in connection with the Lessee's personal property; and

(ii) amounts actually paid or incurred and costs incurred by the Lessee in connection with the Lessee's personal property for engineering, architectural, professional and consulting services and supervision of construction (however, payments under this item (ii) shall not exceed fifteen percent (15%) of the amounts paid under item (i) above.

(2) The Lessee shall commence the installation of the Lessee's personal property at the premises no later than ninety (90) days prior to the date by which the Lessee is to complete the construction work as set forth in Section 2(c)(2) hereof. The Lessee shall substantially complete the installation of the Lessee's personal property at the premises on or before the Completion Date (as defined in Section 2 (h) hereof). For purposes hereof, substantial completion by the Lessee of the installation of Lessee's personal property shall mean that not less than ninety percent (90%) of the Lessee's personal property has been installed at the premises and is ready for use.

(3) The Lessee shall pay or incur not less than the following aggregate amounts for the Lessee's personal property at each of the following dates:

(i) Four Million Dollars ($4,000,000) on or before September 30, 1987, or on or before November 30, 1987 if the Executive Director has extended the date for completion as set forth in Section 2 (c) (2) hereof to February 29, 1988, or on or before December 31, 1987 if the Executive Director has extended the date for completion as set forth in Section 2 (c) (2) hereof to March 31, 1988;

(ii) Fifteen Million Dollars ($15,000,000) on or before October 31, 1987, or on or before December 31, 1987 if the Executive Director has extended the date for completion as set forth in Section 2 (c)

(2) hereof to February 29, 1988, or on or before January 31, 1988 if the Executive Director has extended the date for completion as set forth in Section 2 (c) (2) hereof to March 31, 1988;

(iii) Twenty-five Million Dollars ($25,000,000) on or before December 31, 1987, or on or before February 29, 1988 if the Executive Director has extended the date for completion as set forth in Section 2 (c) (2) hereof to February 29, 1988, or on or before March 31, 1988 if the Executive Director has extended the date for completion as set forth in Section 2 (c) (2) hereof to March 31, 1988;

(4) The Lessee shall submit to the Port Authority monthly certifications commencing on September 30, 1987 and on the first day of each month thereafter up to and including the month immediately succeeding the month in which the Lessee's final payment for the cost of the Lessee's personal property, as aforesaid, is made, in which certification the Lessee shall set forth the amounts paid or incurred by the Lessee toward the cost of the Lessee's personal property as of the end of the preceding month and a full description of the personal property for which such amounts have been paid or incurred and which shall have attached thereto reproduction copies or duplicate originals of the invoice, if any, of such independent contractor, suppliers, vendors and other persons and copies of the contracts and purchase orders with respect to said Lessee's personal property, and such further information as the Port Authority may from time to time reasonably require. Each such certification shall be signed by a President or Vice-President of the Lessee. It is recognized that Section 71 of the Lease requires the Lessee to maintain books and records with respect to all matters pertaining to the Lessee's personal property, subject to Port Authority audit and inspection.

(5) The Lessee agrees, without limiting any other term or provision of this Agreement, that the installation of the Lessee's personal property shall at all times be performed in such manner so as not to impede, delay or inhibit the construction work and that the Lessee shall require all of its contractors to cooperate with each other so that the operations of each contractor will not unduly interfere with the operations of the other."

(6) In the event the cost of the Lessee's personal property, as actually determined, is less than the $30,000,000 approximate amount estimated by the Lessee

as set forth above, the Lessee agrees that the difference between said approximate amount and the actual amount of the cost of the Lessee's personal property (not to be less than $25,000,000 as set forth in subparagraph (1) above) shall be expended by the Lessee at other locations at the Airport subject to the entering into of appropriate separate written agreements between the Lessee and the Port Authority. The foregoing shall not and shall not be deemed to obligate or require the Port Authority to enter into any such written agreement or agreements with the Lessee."

12. Section 49 of the Lease is hereby amended by adding thereto a new paragraph "(g)" reading as follows:

"(g) It is hereby recognized and agreed that the Port Authority may commence supplying high-temperature hot water for heating and domestic use and chilled water for air conditioning to the premises and the Non-exclusive Areas, in accordance with the provisions of this Section 49, prior to the Rental Commencement Date, and it is further recognized and agreed that such supply of high temperature hot water for heating has been supplied to the premises and the Non-Exclusive Areas commencing on February 28, 1987. Without limiting any other term or provision hereof or of Schedule B, it is hereby agreed that the Port Authority shall as soon as practicable after the Rental Commencement Date and using the provisions of Schedule B determine the charges, either finalized or tentative, subject to adjustment of Schedule B, for all such high temperature hot water or chilled water, or both, supplied to the premises and Non-exclusive Areas prior to the Rental Commencement Date. The Lessee shall pay to the Port Authority the amount or amounts of said charges within thirty (30) days after the submission of a bill or bills from the Port Authority for said charges. It is understood and agreed that for the purposes of making the said determination the 'starting date' as defined in Schedule B shall be deemed to be the date on which the supply of high temperature hot water or chilled water (or both) was supplied to the premises and the Non-exclusive Areas. Any deficiency in the charges due to the Port Authority from the Lessee under this paragraph (g) resulting from the adjustment from tentative to adjusted charges pursuant to Schedule B 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 adjustment from tentative to adjusted charges pursuant to Schedule B

shall be credited against future charges, such credit to be made within thirty (30) days following such adjustment. Nothing herein in this paragraph (g), however, shall obligate or be deemed to obligate the Port Authority to supply high temperature hot water and chilled water or to continue any such supply once the same is started, at any time prior to the Rental Commencement Date, or to make any determination or adjustment under Schedule B at any time other than as stated herein."

13. Section 53 of the Lease is hereby 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 the Schedule C Date, may from time to time 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 pursuant to this paragraph or Schedule C."

14. Section 56 of the Lease is hereby amended as follows:

(a) The words "or 82" shall be deemed deleted from the last line of subparagraph (ii) of paragraph (c) thereof.

(b) Subparagraph (iii) of paragraph (c) thereof shall be deemed deleted and shall be of no further force or effect.

(c) A new paragraph "(d)" shall be added at the end thereof reading as follows:

"(d) Without limiting any of the foregoing provisions of this Section or any of the provisions of Schedule D, the Port Authority, commencing after the Schedule C Date, may from time to time 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."

15. There shall be deemed added to Section 60 of the Lease a new paragraph (c) reading as follows:

"(c) (1) The Lessee has advised that it may use more than one independent contractor to furnish its 'in-flight meals' at the Airport but may not wish to have all of said contractors become permittees of the Port Authority under permits which require, as aforesaid, the permittees to pay fees at the rates imposed on the Port Authority's In-Flight Meal Operators upon gross receipts based on amounts the Lessee pays said contractors. The parties acknowledge that the term 'in-flight meals' as used in the industry and in this Section is a word of art and includes food, beverages, snacks, non-reusable supplies, materials, dry goods and all services rendered in connection therewith.

(2) Should the Lessee elect not to have all its independent contractors be Port Authority permittees as aforesaid, it shall serve a written notice on the Port Authority to such effect, which notice shall state that it elects the method of additional payment as hereinafter set forth and thereupon the Port Authority shall consent thereto provided that, in addition to the amounts payable to the Port Authority under paragraphs (a) and (b) above, the Lessee shall pay and the Lessee hereby agrees to pay to the Port Authority an amount determined by applying the rates referred to in subparagraph (1) above to the amounts payable by the Lessee to said independent contractors for its 'in-flight meals' or any part thereof delivered to the Lessee's aircraft at the Airport (whether such delivery be by said independent contractor, the Lessee or another). The foregoing payments by the Lessee shall be made monthly on the 20th day of the month commencing with the first month immediately following the Rental Commencement Date and continuing each month thereafter up to and including the 20th day of the month following the expiration date of the term of the letting hereunder. The Lessee at any time on at least 30 days' prior written notice to the Port Authority may change from its selection above and the Lessee may at any time advise the Port Authority that

this paragraph (c) no longer applies to it based upon its representation, that it then shall make, that all payments made by it for in-flight meals as said term is defined above shall be made to its contractors who are permittees of the Port Authority as 'In-Flight Meal Operators'.

(3) It is recognized that Section 71 of this Lease requires the Lessee to maintain books and records pertaining to all matters under this Section 60, subject to Port Authority audit and inspection.

(4) It is hereby expressly recognized that the procedures allowed under this paragraph (c) are not included within the contemplation of the provisions of paragraphs (a) and (b) above and that the inclusion of the same within this paragraph (c) shall not constitute or be deemed to constitute any concession or agreement by the Port Authority that said procedures are not in violation of paragraphs (a) and (b) hereof."

16. Section 65 of the Lease is hereby amended as follows:

(a) There shall be deemed inserted after the word "Lessee" in the second line of paragraph (a) thereof the words: "or any of the Lessee's Affiliated Companies".

(b) There shall be deemed inserted after the word "behalf" in the fourteenth line of paragraph (a) thereof the words: "or on behalf of any of the Lessee's Affiliated Companies".

(c) There shall be deemed inserted after the word "Lessee" in the first line of paragraph (b) thereof the words: "or to any of the Lessee's Affiliated Companies".

(d) There shall be deemed inserted after the word "Lessee" in the fourth line of paragraph (c) thereof the words: "and of any of the Lessee's Affiliated Companies".

17. Section 66 of the Lease is hereby amended as follows:

(a) The second sentence of subparagraph (ii) of paragraph (b) of Section 66 shall be deemed deleted and the following shall be deemed inserted in lieu thereof:

> "Without limiting the foregoing, the agreement between the Lessee and the Coffee Shop Operator shall set forth the responsibilities as between the Lessee and the Coffee Shop Operator with respect to all work necessary, required or appropriate for the

finishing off of the space, including the finishing of the floors and ceilings from the structural slab and the walls from the rough partitions, and shall set forth the terms and conditions and the party responsible for the payment thereof."

(b) The third sentence of subparagraph (ii) of said paragraph (b) of Section 66 is hereby further amended by changing the period at the end thereof to a comma and by inserting the following:

"as applicable, even though the same may not be part of the Section 2 construction work."

(c) (1) Paragraph (c) of said Section 66 is hereby amended by adding at the end thereof the following new subparagraph "(iv)" reading as follows:

"(iv) The Lessee may through a contractor or contractors install coin-operated lockers at locations approved by the General Manager of the Airport and if the Port Authority deems the same permissible after consultation with the Lessee, and only if each of the Lessee's contractors accepts a Port Authority permit and agrees to pay a percentage fee based upon the gross receipts derived from such coin-operated lockers."

(2) The reference to "subparagraph (d)(vii)" appearing in the fifth line of subparagraphs (c)(iii) of said Section 66 shall be deemed amended to read "(c)(iv)".

(d) The amount set forth as "$30 per square foot per annum" on the last line of subparagraph (ii) of paragraph (d) of Section 66 shall be deemed to read "$35 per square foot per annum."

(e) Subparagraph (vii) of paragraph (d) of Section 66 shall be deemed deleted therefrom.

(f) The amount set forth as "$30 per square foot per annum" in the last two lines of subparagraph (ii) of paragraph (e) shall be deemed amended to read "$35 per square foot per annum".

(g) The third sentence of subparagraph (vi) of paragraph (e) of Section 66 shall be deemed amended to read as follows:

"Without limiting the foregoing, the agreement between the Lessee and the newsstand operator or operators shall set forth the responsibilities and the terms and conditions for the performance and for the payment of the costs of all work necessary, required or appropriate for the finishing off of the space as between the Lessee and the newsstand operator or operators, and shall provide that the supply of electricity for use in connection with the operation of the newsstand or newsstands shall be at no cost to the newsstand operator or to the Port Authority."

(h) (1) The second and third sentences of subparagraph (ii) of paragraph (f) of said Section 66 shall be deemed deleted therefrom and the following shall be deemed inserted in lieu thereof:

"Without limiting the foregoing, the agreement between the Lessee and the Duty-Free Shop Operator shall set forth the responsibilities and the terms and conditions for the performance and for the payment of the costs of all work necessary, required or appropriate for the finishing off of the space as between the Lessee and the Duty-Free Shop Operator."

(i) The amount set forth as "$30 per square foot per annum" in the last two lines of the third subparagraph of paragraph (g)(i) of said Section 66 of the Lease shall be deemed to read "$35 per square foot per annum".

18. (a) Paragraph (f) of Section 67 of the Lease shall be deemed deleted and shall be of no further force or effect.

(b) Paragraph (g) of said Section 67 of the Lease shall be deemed redesignated as paragraph "(f)" thereof.

19. Section 69 of the Lease is hereby amended as follows:

(a) The date appearing as "July 15, 1984" in the fifth line of paragraph (a) thereof shall be deemed amended to read "April 13, 1987."

(b) The number "25,350" appearing on the fifth line of paragraph (a) thereof shall be deemed amended to read "24,500".

(c) The number "45,400" appearing on the eighth line of said paragraph (a) shall be deemed amended to read "57,200".

(d) The date "1989" appearing in the first line of paragraph (b) of Section 69 shall be deemed amended to read "1991".

(e) The date "January 1, 1989" appearing on the first line of paragraph (c) thereof shall be deemed amended to read "January 1, 1991".

(f) The date "January 1, 1990" appearing on the sixth line of said paragraph (c) thereof shall be deemed changed to read "January 1, 1992".

(g) Said paragraph (c) of Section 69 is hereby further amended by deleting the words "the Facility Rental, and the Additional Facility Rental" from the last sentence of the first subparagraph thereof.

(h) Paragraph (e) of said Section 69 is hereby further amended by deleting the words "(Sunday through Saturday)" appearing in the eighth line thereof and by substituting in lieu thereof the words "(Monday through Sunday)".

(i) There shall be deemed added to said Section 69 a new paragraph (g) reading as follows:

"(g) (1) It is hereby expressly recognized and agreed that the numbers set forth in paragraph (a) hereof and the numbers to be determined, ascertained and utilized under paragraphs (b), (c), (d), (e) and (f) hereof are and shall be based on the airport-wide operations of the Lessee, New York Airlines, Inc., Eastern Air Lines, Inc. and People Express Airlines, Inc. at the Airport; and further, that in exercising its rights of termination under this Lease, the New York Air Master Lease (as herein defined) and the Eastern Master Lease (as herein defined) based on the provisions of this Section and the similar provisions of the New York Air Master Lease and the Eastern Master Lease (as herein defined), the Port Authority shall have the election in its sole discretion to terminate the letting of a portion or portions of the underutilized premises under this Lease, or of the underutilized premises of the New York Air Master Lease or the Eastern Master Lease.

(2) It is recognized that the Port Authority and Eastern Air Lines, Inc. have heretofore entered into an agreement of lease as of December 20, 1968 covering certain premises in Passenger Terminal Building B and certain rights and privileges at and in respect to the Airport and bearing

Port Authority number AN-541 (said lease, as the same has been heretofore supplemented or amended, being herein called 'the Eastern Master Lease').

It is further recognized that the Port Authority and National Airlines, Inc. have heretofore entered into an agreement of lease as of February 26, 1969 covering certain premises in Passenger Terminal Building B and certain rights and privileges at and in respect to the Airport and bearing Port Authority number AN-543, that said National Airlines, Inc., effective January 19, 1980 merged into Pan American World Airways, Inc., and that said Lease was subsequently assigned by Pan American World Airways, Inc. with the consent of the Port Authority to New York Air pursuant to an Assignment of Lease agreement made as of October 1, 1984 (said lease, as the same has been heretofore supplemented or amended, being herein called 'the New York Air Master Lease')."

20. The last line of Section 71(a) of the Lease shall be deemed amended to read as follows:

"inspect and audit such books and records during regular business hours."

21. (a) Paragraph (o) of Section 72 of the Lease is hereby amended by adding at the end thereof the following new sentence:

"For purposes of this Lease, the term 'Handled Airlines' shall also include the Lessee's Affiliated Companies (as defined in Section 84 hereof)."

(b) Paragraph (u) of Section 72 of the Lease is hereby amended by adding at the end thereof the following:

"'Premises' shall also be deemed to include the Section 2 items (as defined in Section 90) although the same are in some respects treated differently hereunder."

22. Section 76 of the Lease is hereby amended by deleting the words "Facility Rental, Interim Facility Rental, Additional Facility Rental," from the fourth and fifth lines thereof.

23. Paragraph (b) of Section 77 of the Lease is hereby amended by inserting the designation "(1)" immediately preceding the first sentence thereof, and, further, by adding a new subparagraph (2) at the end thereof reading as follows:

"(2) The Lessee, however, shall have the right to sublease a portion or portions of the premises to one or more of the Lessee's Affiliated Companies (as defined in Section 84 hereof). Prior to executing any such sublease, the Lessee shall submit the form of such sublease agreement to the Port Authority for its review for consistency with the terms and provisions of this Lease. It is expressly understood and agreed that any such sublease shall be conditioned upon the written approval and consent of the Port Authority which approval and consent shall in each instance be incorporated in an appropriate consent to sublease agreement in a form satisfactory to the Port Authority and executed by the Port Authority, the Lessee and the Lessee's Affiliated Company (as defined in Section 84 hereof); the form of such consent agreement being attached hereto, hereby made a part hereof and marked 'Exhibit CSL'. It is specifically understood and agreed that any such sublease shall be for a term commencing on or after the Completion Date (as defined in Section 2 (h) hereof) and expiring no later than the day before the expiration date of this Agreement, and each such sublease shall provide that the subleased premises shall be used solely for the purposes set forth in Section 8 hereof. Each such sublease shall also provide, in accordance with Sections 88 and 91 hereof, that the term of said sublease shall immediately terminate and the Sublessee shall become a holdover tenant on a week-to-week periodical tenancy in the event of a termination of the term of the Lease and the Lessee becomes a holdover tenant on a month-to-month periodical tenancy pursuant to said Section 88. The Lessee hereby represents that it shall deliver to the Port Authority on or before the execution hereof a written opinion of counsel in form satisfactory to the Port Authority and signed by the Lessee's legal counsel wherein and whereby said legal counsel issues to the Port Authority its opinion that said week-to-week periodical tenancy is in accord with and provided for under the laws of the State of New Jersey.

Without limiting any term or provision of any consent to sublease agreement covering a sublease, as aforesaid, as between the Lessee and the Port Authority the Lessee hereby assumes all responsibility for each such sublessee's aircraft operations including the collection of fees and charges from each such sublessee and paying the same to the Port Authority. The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and representatives, from and against (and shall reimburse the Port Authority

for the Port Authority's costs or 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 Affiliated Company or out of the use or occupancy of the premises and the Non-exclusive Areas by each Lessee Affiliated Company, or by others with its consent, or out of any other acts or omissions of said Lessee Affiliated Company, its officers and employees, guests, invitees and business visitors on the premises or the Non-exclusive Areas or out of the acts or omissions of others on the premises and the Non-exclusive Areas or elsewhere at the Airport with the consent of said Lessee Affiliated Company, including claims and demands of the City of Newark, from which the Port Authority derives its rights in the Airport, for indemnification, arising by operation of law or through agreement of the Port Authority with the said City.

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 provision of any statutes respecting suits against the Port Authority.

It is hereby recognized that the Lessee has certain obligations under the Lease with respect to the Non-exclusive Areas, including but not limited to the obligation to indemnify the Port Authority, which are joint and several obligations of the Lessee and other Airline Lessees under the Lease, all as set forth in the Lease. Without limiting the generality or the continuance in effect of the foregoing, in the event the Lessee enters into a sublease within the meaning of this Section 77 and an event occurs on or with respect to the Non-exclusive Areas involving in any way the sublessee, then notwithstanding the fact that the Lessee and other Airline Lessees shall be jointly and severally liable with respect to the occurrence pursuant to the terms of the Lease, it is hereby agreed that as among the Lessee and other Airline Lessees so liable under the terms of

the Lease, the Lessee shall indemnify and hold harmless the other Airline Lessees so that, as among the group of Airline Lessees, the ultimate obligation, responsibility and liability shall be on the Lessee. Each consent to sublease agreement covering sublease shall contain the foregoing provisions, provided, however, that the Port Authority shall have the additional right to require any sublessee to deposit with the Port Authority security in such amount and form as may be satisfactory to the Port Authority."

24. Paragraph (e) Section 79 of the Lease is hereby amended by deleting therefrom the words "nor with respect to the Facility Rental or the Additional Facility Rental".

25. Section 81 of the Lease shall be deemed deleted and shall be of no further force or effect.

26. (a) Paragraphs (a) and (b) of Section 82 of the Lease are hereby amended to read as follows:

"(a) In the event that

(1) the Lessee shall not be in default under any term or provision of this Agreement including, but not limited to, the payment of rental and other fees and charges; and

(2) the Lessee shall be in physical possession of the premises;

the Lessee shall have the right on two years prior written notice to the Port Authority (both of the foregoing events set forth in subparagraphs (1) and (2) to be continuing and satisfied both on the date of receipt of and the effective date of such notice) to terminate this Agreement and the letting of the premises hereunder effective at 12:01 o'clock a.m. on the day following the last day of the one-hundredth (100th) month consecutively following the Rental Commencement Date (as defined in Section 5 hereof); and further, the Lessee, in the event it does not exercise the foregoing right of termination, shall have the right on two years prior written notice to the Port Authority (both of the foregoing events set forth in subparagraphs (1) and (2) to be continuing and satisfied both on the date of receipt of and the effective date of such notice) to terminate this Agreement and the letting of the premises hereunder effective at 12:01

o'clock a.m. on the day following the last day of the two-hundredth (200th) consecutive month following the Rental Commencement Date (as defined in Section 5 hereof). As used herein the term 'Effective Date' shall mean 12:01 o'clock a.m. on the effective date of the Lessee's termination notice given at either of the foregoing times, as aforesaid.

(b) In the event the Lessee serves a notice of termination pursuant to this Section, the Lessee shall pay to the Port Authority the sum of Ten Million Dollars ($10,000,000) payable as follows:

(1) The sum of Two Million Five Hundred Thousand Dollars ($2,500,000) payable on the first day of the month which constitutes the eighteenth (18th) month immediately preceding the Effective Date;

(2) The sum of Two Million Five Hundred Thousand Dollars ($2,500,000) payable on the first day of the month which constitutes the twelfth (12th) month immediately preceding the Effective Date;

(3) The sum of Two Million Five Hundred Thousand Dollars ($2,500,000) payable on the first day of the month which constitutes the sixth (6th) month immediately preceding the Effective Date; and

(4) The sum of Two Million Five Hundred Thousand Dollars ($2,500,000) payable on the first day of the month immediately preceding the Effective Date.

In the event the Lessee fails to make any one or more of the foregoing payments when due, then, at the election of the Port Authority (i) the Lessee's notice of termination and the termination thereunder shall be deemed null, void, and of no force or effect, and in which case this Lease and the letting of the premises hereunder shall continue in full force and effect as if the said Lessee's notice had not been given; or (ii) the Port Authority may by notice to the Lessee postpone the due date or due dates for the payment or payments as above set forth, and in which case the Lessee shall make the payment or payments on the postponed date as set forth in the Port Authority's notice. In the event the Port Authority elects item (i) above, the Port Authority shall return to the Lessee or credit to the Lessee's account within sixty (60) days all amounts theretofore paid to the Port Authority by the Lessee under this paragraph (b), with a sum equal to the interest earned

thereon, if any, less the Port Authority's costs or administrative expenses; the Port Authority to place the aforesaid amounts paid by the Lessee in an interest bearing account(s) after the date of its receipt thereof from the Lessee and to keep said amounts therein up to and no later than the date set for the payment stated in item (4) of this paragraph (b). It is expressly understood and agreed that any and all interest on the aforesaid amounts paid by the Lessee under this paragraph (b) shall belong to the Port Authority and shall accrue solely to the account of the Port Authority, and, further, that such interest shall not be applied against or credited to the obligation of the Lessee to pay the aforesaid amount of $10,000,000. The obligation of the Lessee to make the payment of Ten Million Dollars ($10,000,000) as called for hereunder shall be a separate and independent covenant and shall survive any termination of the Lease under this Section."

(b) Paragraph (c) of Section 82 of the Lease is hereby amended as follows:

(1) Wherever the term "Terminated Portion" appears therein the same shall be deemed deleted therefrom and the term "premises" shall be deemed inserted in lieu thereof.

(2) Wherever an asterisk appears therein the same shall be deemed deleted therefrom and shall be of no further force or effect.

(3) Subparagraph (2) of said paragraph (c) shall be deemed amended to read as follows:

"(2) This Agreement shall, upon such event, be terminated and of no further force or effect."

(4) Subparagraph (3) of said paragraph (c) shall be deemed deleted therefrom and shall be of no further force or effect.

(5) Subparagraphs "(4)", "(5)", "(6)" and "(7)" of said subparagraph (c) shall be deemed redesignated respectively as subparagraphs "(3), "(4)", "(5)"and "(6)" of said subparagraph (c).

(6) The last sentence of said subparagraph (c) as the same appears therein preceded by an asterisk shall be deemed deleted therefrom and shall be of no further force or effect.

27. Section 83 of the Lease shall be deemed deleted therefrom and shall be of no further force or effect.

28. Section 84 of the Lease shall be deemed amended to read as follows:

"Section 84. The Lessee's Affiliated Companies

(a) The Lessee hereby represents to the Port Authority that it is a wholly-owned subsidiary of Texas Air Corporation, a corporation of the State of Delaware (hereinafter referred to as "Texas Air") by virtue of the fact that Texas Air is the absolute and unconditional owner of all of the issued and outstanding capital stock of the Lessee and, further, that Texas Air is the absolute and unconditional owner of all of the issued and outstanding capital stock of Eastern Air Lines, Inc., a corporation of the State of Delaware (hereinafter called 'Eastern'). The Lessee hereby further represents to the Port Authority that the Lessee is the absolute and unconditional owner of all of the issued and outstanding capital stock of People Express, Inc. and also that the Lessee is the absolute and unconditional owner of all of the issued and outstanding capital stock of New York Airlines, Inc. (hereinafter called 'New York Air') a corporation of the State of Delaware ; and further that People Express, Inc. is the absolute and unconditional owner of all of the issued and outstanding capital stock of People Express Airlines, Inc., Britt Airways, Inc., a corporation of the State of Delaware (hereinafter called 'Britt') and Provincetown-Boston Airline, Inc., a corporation of the State of Massachusetts (hereinafter called 'PBA'). The Lessee further represents that it is the owner of at least fifty per cent (50%) of the issued and outstanding capital stock of Bar Harbor Airways, Inc. (hereafter called 'Bar Harbor') a corporation of the State of Maine. It is hereby agreed that for purposes of this Lease the term 'the Lessee's Affiliated Companies' shall mean New York Air, Eastern, People Express Airlines, Inc., Britt, PBA and Bar Harbor and the term 'Lessee Affiliated Company' shall mean any of said Companies provided, however, that in the event there is any change in the aforesaid corporate relationships as a result of which the Lessee and a Lessee Affiliated Company are no longer wholly-owned subsidiaries (or at least fifty percent owned in the case of Bar Harbor) of Texas Air or of the Lessee as described above, such Company shall no longer be deemed for the purpose of this Lease one of the Lessee's Affiliated Companies.

(b) Without limiting any term or provision of this Agreement, as between the Port Authority and the Lessee, the

Lessee hereby assumes all responsibility for each Lessee Affiliated Company aircraft operations including the collection of fees and charges from each such Lessee Affiliated Company and paying the same to the Port Authority. The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and representatives, from and against (and shall reimburse the Port Authority for the Port Authority's costs or 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 Affiliated Company or out of the use or occupancy of the premises and the Non-exclusive Areas by each Lessee Affiliated Company, or by others with its consent, or out of any other acts or omissions of said Lessee Affiliated Company, its officers and employees, guests, invitees and business visitors on the premises or the Non-exclusive Areas or out of the acts or omissions of others on the premises and the Non-exclusive areas or elsewhere at the Airport with the consent of said Lessee Affiliated Company, including claims and demands of the City of Newark, from which the Port Authority derives its rights in the Airport, for indemnification, arising by operation of law or through agreement of the Port Authority with the said City.

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 provision of any statutes respecting suits against the Port Authority.

It is hereby recognized that the Lessee has certain obligations under the Lease with respect to the Non-exclusive Areas, including but not limited to the obligation to indemnify the Port Authority, which are joint and several obligations of the Lessee and other Airline Lessees under the Lease, all as set forth in the Lease. Without limiting the generality or the continuance in effect of the foregoing, in the event an event occurs on or with respect to the Non-exclusive areas involving in any way a Lessee Affiliated Company, then notwithstanding the fact that the Lessee and other Airline Lessees shall be jointly and severally liable with respect to the occurrence pursuant to the terms of the

Lease, it is hereby agreed that as among the Lessee and other Airline Lessees so liable under the terms of the Lease, the Lessee shall indemnify and hold harmless the other Airline Lessees so that, as among the group of Airline Lessees, the ultimate obligation, responsibility and liability shall be on the Lessee.

(c) The Lessee shall have the right to use the premises and the Non-exclusive Areas for the purposes set forth in Section 8 of this Lease for each of the Lessee's Affiliated Companies subject to and in accordance with the terms and provisions of said Section 8. The Lessee's Affiliated Companies and the officers, employees, passengers, patrons, contractors, suppliers of material, furnishers of services and invitees of the Lessee shall have such right of ingress and egress with respect to the premises and the right of way over highways at the Airport as described in Section 9 hereof, subject, however, to the further provisions of said Section 9."

29. Section 88 of the Lease is hereby amended as follows:

(a) Subparagraphs (i) and (ii) of paragraph (a) thereof shall be deemed amended to read as follows:

"(i) with respect to the Triggering Event listed in paragraph (2) of Subdivision II of Exhibit X-1, ninety (90) days following the occurrence of any such Triggering Event; or

(ii) with respect to the Triggering Event listed in paragraph (1) of Subdivision II of Exhibit X-1, seven days following the occurrence of such Triggering Event; or

(iii) with respect to the Triggering Event listed in paragraph (3) of Subdivision II of Exhibit X-1, ten (10) business days following the occurrence of such Triggering Event."

(b) There shall be deemed added to said Section 88 new paragraphs (c), (d) and (e) reading as follows:

"(c) Without limiting this Section 88 or any term or provision hereof, and without limiting any term or provision of Exhibit X-1, the Lessee agrees that:

(1) It shall meet with representatives of the Port Authority as described below and provide to said repre-

sentatives the information described below during such scheduled meetings and at any other time as requested by the Port Authority; and

(2) It shall submit to the Port Authority a statement at any time during the term of the letting signed by the Chief Financial Officer of the Lessee notifying the Port Authority that a Triggering Event or Triggering Events listed in Exhibit X-1 has or have occurred as of the date of such notice and the date of the occurrence, provided, however, that failure to give any such notice shall not affect the occurrence of any Triggering Event or the consequences thereof hereunder.

(3) The Lessee shall deliver to the Port Authority, (a) as soon as available, but not later than sixty (60) days after the close of each fiscal quarter, the consolidated profit-and-loss statement of the Lessee and its' subsidiary companies' (as defined in Exhibit X-1) which shall reflect Lessee's operations for each fiscal quarter, to be accompanied by a schedule setting forth for each fiscal quarter Lessee's load factor, available seat miles (ASM), revenue passenger miles (RPM), cost per ASM and yield per RPM, each certified by a responsible officer of the Lessee, as fairly presenting the Lessee's results of operation; (b) as soon as filed with the United States Securities and Exchange Commission, a copy of each Form 10-Q Quarterly Report so filed by the Lessee or by the Lessee's parent company; (c) within one hundred twenty (120) days after fiscal year-end, a copy of each Form 10-K Annual Report filed or to be filed with the United States Securities and Exchange Commission by the Lessee or by the Lessee's parent company; (d) as soon as filed with the United States Securities and Exchange Commission, a copy of any Form 8-K so filed by the Lessee or by the Lessee's parent company; and, (e) as soon as available, but not later than one hundred twenty (120) days after the close of each of its fiscal years, a complete copy of Lessee's audit report, which shall include consolidated financial statements of the Lessee and its 'subsidiary companies' (as defined in Exhibit X-1) which shall include the consolidated balance sheet of the Lessee and of said subsidiary companies as of the close of such year, and the consolidated statement of operations and statement of changes in financial position of the Lessee and of said subsidiary companies for such year, certified by an independent certified public accountant, selected by the Lessee and satisfactory to the Port Authority and the Lessee shall also deliver therewith a statement certified by a responsible fiscal officer of the Lessee setting forth the Lessee's 'Cash Balance' and 'Unencumbered Cash Balance' (as defined in Exhibit X-1). Such certificate of the independent certified public accountant shall not include an 'except for' qualified

opinion of such accountant(s) in respect of a limitation of scope dictated by or attributable to the Lessee (and not attributable to or dictated by any of the Lessee's subsidiary companies) insofar as it relates to an examination by said accountant(s) of said financial statements of the Lessee. The Lessee in delivering the said financial statements to the Port Authority shall include a statement wherein the Lessee shall warrant to the Port Authority that said financial statements have been prepared in accordance with generally accepted accounting principles consistently applied and that they fairly present the assets and liabilities of the Lessee and the results of its operations. Contemporaneously with or prior to the delivery of such accountant's certificate, the Lessee shall provide to the Port Authority copies of any statements or certificates required to be or actually provided by said accountant, since the date of said accountant's certificate of the Lessee's most recent annual financial statements, pertaining to the presence or absence of events of default pursuant to any debt financing (as defined in Exhibit X-1) of the Lessee in excess of $25,000,000 or circumstances which, upon a lapse of time or notice or both, would become an event of default, pursuant to any such debt financing of the Lessee in excess of $25,000,000 or a statement of such event of default or circumstance if any is found.

(d) There shall be a semi-annual meeting with representatives of the Port Authority and with a principal financial officer of the Lessee on the last business day of the months of April and October, or on such other days as may, from time to time, be agreed upon by the Lessee and the Port Authority to review the financial performance of the Lessee. The foregoing provisions with respect to the said meetings on the last business day of the months of April and October shall be subject to the Lessee's right to reschedule by sending to the Port Authority a written notice prior to the first day of said months setting forth four (4) alternative business days within said months of April and October. The Port Authority shall notify the Lessee of its selection of the day for the next semi-annual meeting within ten (10) days of its receipt of the said notice of the Lessee, if any. The review shall include the furnishing of the following information regarding the Lessee to the Port Authority by the Lessee and the discussion of same:

(1) Financial data including quarterly operating statements, any changes in bank credit lines and debt obligations, general financial conditions and plans and SEC filings (including without limitation 10K and 10Q filings filed with the United States Securities and Exchange Commission by the Lessee or by the Lessee's parent company) and shareholder reports.

(2) Monthly traffic data including passengers, aircraft departures (system-wide), available seat miles and revenue passenger miles.

(3) Monthly performance indicators including load factors.

(4) Any information or data that the Lessee has furnished or is required to furnish to any creditor of the Lessee.

(e) It is the position of the Lessee that all or portions of the information it has agreed to furnish the Port Authority hereunder is of a confidential nature. The Port Authority agrees that, unless required to do so pursuant to any legal obligations imposed upon the Port Authority requiring public disclosure of information, or pursuant to freedom of information policy adopted or which may be adopted by its Commissioners, it shall not deliberately convey the same to any private person."

30. Section 90 of the Lease is hereby amended to read as follows:

"Section 90. The Lessee's Additional Obligations With Respect to Certain Section 2 Items

With respect to the baggage handling systems and the 42 passenger loading bridges and the aircraft power/heating system mentioned in paragraph (a)(i) of Section 2 hereof (herein in this Section called 'the Section 2 items'):

(a) The Lessee shall at all times during the term of this Agreement keep and maintain the Section 2 items in first-class operating order, condition, maintenance, repair and appearance, except for reasonable wear and tear which does not adversely affect the efficient or the proper utilization thereof. The Lessee shall be in exclusive control and shall be solely responsible for the operation, maintenance and repair, rebuilding and replacement of the Section 2 items, regardless of the cause or conditions necessitating such repair, maintenance, rebuilding or replacement and for all costs of said operation, maintenance and repair, rebuilding, replacement; and all costs of the policy or policies of insurance required under the following provisions. In addition to all other insurance required under this Agreement, the Lessee shall, during the term hereof, obtain and maintain a policy or policies of insurance on the Section 2 items to the extent of 100% of the

replacement value thereof against all risks of physical loss or damage. The said 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 Section 2 items or any part thereof shall be damaged by any casualty against which insurance is carried pursuant to this Section, 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 shall be delivered by the Lessee to the Port Authority at least fifteen (15) days after the execution hereof, 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.

The insurance covered by this Section 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.

(b) Without limiting any other provisions hereof, the Lessee shall operate, repair and maintain, replace and rebuild the Section 2 items in conformance with any and all operating, maintenance, repair and service manuals supplied by the manufacturers or sellers of the Section 2 items (including without limitation the Lessee's

contractors under the McCormick-Morgan contract, the Wollard contract and the VRH/CROW contract and its contract with BAE Automated Systems, Inc.) and the Lessee shall take such actions as are appropriate, necessary or required to protect all rights, including warranties and guarantees, of the Lessee and of the Port Authority with respect to the Section 2 items. It is understood and agreed that the Port Authority makes no representations, warranties or guarantees with respect to the Section 2 items, whether express or implied, and disclaims such representations, warranties or guarantees except those which are for the benefit of the Port Authority, with respect to the Section 2 items, or any portion or portions thereof, and that the Port Authority shall not have any responsibility or liability of any type whatsoever to the Lessee or to any other person for any claim or cause of action arising or alleged to arise out of or in connection with the use, operation, maintenance, repair, rebuilding, replacement servicing, inspection, functioning, malfunctioning or failure of the Section 2 items. The foregoing shall not limit or be deemed to limit any other term or provision of the Agreement."

31. Section 91 of the Lease shall be amended to read as follows:

"If the Lessee has, by notice, advised the Port Authority that it reasonably believes that any of the Triggering Events which are listed in Exhibit X-1 hereof and constitute events which would result in termination pursuant to Section 88 hereof either are anticipated to occur within forty-five (45) days of said notice, or has or have already occurred, or if in fact any Triggering Events has or have occurred, or the Port Authority believes that the same has or have occurred without receipt of any notice from the Lessee, as aforesaid, then

(a) the Lessee may, at any time prior to the termination of the letting, by notice, request that the Port Authority waive the occurrence of one or more of the Triggering Events, and the effect thereof hereunder, for a period of time to be determined by the Port Authority and to be contained in a letter agreement to be prepared by the Port Authority and executed by the Port Authority, which shall be effective upon its execution by the Lessee; or

(b) the Port Authority may, at any time prior to the termination of the letting, in its sole discretion and without a prior request from the Lessee, waive the occurrence of

one or more of the Triggering Events, and the effect thereof hereunder, for a period of time to be determined by the Port Authority and to be set forth in a notice from the Port Authority to the Lessee.

The Port Authority shall have no obligation to take either of the above two actions."

32. Exhibit X attached to the Lease shall be deemed deleted therefrom and of no further force or effect and Exhibit X-1 attached hereto and hereby made a part hereof shall be deemed substituted in lieu thereof and any and all references to Exhibit X in the Lease shall be deemed to be references to said Exhibit X-1.

33. There shall be deemed added to the Lease a new Section 83 to be deemed inserted into the Lease in lieu of the prior Section 83 which was hereby deleted, as aforesaid, to read as follows:

"Section 83. Partial Occupancy

The Lessee has advised the Port Authority that it may wish to use portions of the premises prior to the Completion Date and has requested Port Authority approval of such use prior to the Completion Date. The Port Authority is willing to grant such approval conditioned on the following terms and provisions:

When in the opinion of the Lessee a material portion of the construction work is substantially completed and ready for use and occupancy by the Lessee for the purposes set forth in Section 8 hereof, and if the Lessee may wish to use and occupy the same prior to the Completion Date the Lessee shall so advise the Port Authority by written notice to such effect setting forth a description of such portion of the construction work and also stating that in its opinion such use and occupancy will not interfere with the completion of the construction work and that the Completion Date would be no more than six (6) months from the Partial Occupancy Date, as hereinafter defined. Upon its receipt of such notice and if the Port Authority concurs in the opinion of the Lessee as aforesaid, the Port Authority and the Lessee shall enter into an appropriate agreement which shall contain the terms and conditions, including rentals, covering the use of the portion of the construction work. Such agreement shall also set forth the description of such portion of the construction work (hereinafter called 'the Partial Occupancy Portion') which is then substantially completed and ready for use and occupancy and have attached thereto an exhibit setting forth the Partial Occupancy Portion.

With respect to the Lessee's use and occupancy of the Partial Occupancy Portion, if there be an agreement covering the same, as aforesaid, it is specifically agreed that:

(i) Each and every obligation of the Lessee pursuant to the terms and provisions of this Agreement shall, to the extent the same are applicable, apply and pertain with full force and effect to the use and occupancy by the Lessee of the Partial Occupancy Portion.

(ii) Any such agreement between the Port Authority and the Lessee pursuant to this Paragraph shall not constitute a certification by the Port Authority that the construction work as to the Partial Occupancy Portion was done in accordance with the plans and specifications for the construction work;

(iii) The Lessee shall commence the use and occupancy of the Partial Occupancy Portion subject to the condition that all risks thereafter with respect to the construction and installation thereof and any liability therefor for negligence or other reason shall be borne by the Lessee;

(iv) The Lessee further recognizes that its use and occupancy of the Partial Occupancy Portion shall coincide with its continuance of the construction work as to the remaining portions of the construction work and that this may involve, among other things, inconvenience, noise, dust, interference and disturbance to the Lessee in its use and occupancy of the Partial Occupancy Portion, the risk of which the Lessee hereby assumes. There shall be no reduction or abatement of any rentals, fees or charges payable by the Lessee on account of the continuance of the construction work and neither the continuance of the construction work by the Lessee after the Partial Occupancy Date nor the procedures adopted by the Port Authority shall constitute an eviction or constructive eviction of the Lessee, nor be made the grounds for any abatement of rentals, fees and charges payable by the Lessee nor give rise to or be the basis of any claim or demand by the Lessee for damages, consequential or otherwise."

34. Schedule A attached to Lease is hereby amended as follows:

(a) The year "1984" appearing twice in Paragraph III thereof shall be deemed amended to read "1985".

(b) The amount "$15,640,006" appearing in the ninth of said Paragraph III shall be deemed amended to read "$17,848,331".

(c) The amount "4.092%" appearing in the last line of said Paragraph III shall be deemed amended to read "3.876%".

35. Schedule B attached to the Lease is hereby amended as follows:

(a) The date "1987" appearing in the seventeenth and eighteenth lines of Paragraph I of Schedule B shall be deemed amended to read "1988".

(b) The amount and symbol "$34,193.00*" appearing in subparagraph 3(a) of said Paragraph I shall be deemed amended to read "$10,600*".

(c) The amount and symbol "$68,182.00*" appearing in subparagraph 3(b) of said Paragraph I shall be deemed amended to read "$50,327*".

(d) The date "1987" appearing in the last line on page 1 of Schedule B shall be deemed amended to read "1988".

(e) The words "Passenger Terminal Building C" appearing in the subparagraph designated "PHDL" and the subparagraph designated "PADL" shall be deemed amended to read "Terminal C Passenger Facility".

(f) The penultimate sentence of Paragraph III of said Schedule B shall be deemed amended to read as follows:

"The Lessee shall pay a monthly Heating Energy Charge in an amount determined by allocating the total amounts determined for heating Passenger Terminal C expressed in monthly terms, in the same proportion that the BTU's consumed in heating the Lessee's premises bears to the Total BTU's consumed during a particular period for all of Passenger Terminal C as determined by separate meter and the Lessee shall pay a monthly Air Conditioning Energy Charge in an amount determined by allocating the total amounts determined for air condi-

tioning Passenger Terminal C expressed in monthly terms, in the same proportion that the BTU's consumed in air-conditioning the Lessee's premises bears to the total BTU's consumed during a particular period for all of Passenger Terminal C as determined by separate meter."

(g) The footnote designated with an asterisk on the bottom of page 4 of Exhibit D shall be deemed deleted therefrom.

36. Exhibit F of the Lease shall be deemed deleted therefrom and shall be of no further force or effect.

37. Section 37 of the Lease shall be deemed amended as follows:

The words "Robert E. Cohn c/o Shaw, Pittman, Potts & Trowbridge, 1800 M Street, N.W., Washington, D.C. 20036" shall be deemed deleted from the twenty-sixth through the twenty-eighth lines thereof and the words "Mr. Richard B. Hirst, Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067" shall be deemed inserted in lieu thereof.

38. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be and remain in full force and effect.

39. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution 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.

40. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

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

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

(Title) Director of Aviation

(Seal)

ATTEST:

Secretary

Richard B. Hirst
VP, Gen. Counsel, & Secy.

CONTINENTAL AIRLINES, INC.

By

(Title) SAM E. ASHMORE
VICE PRESIDENT - PROPERTIES & FACILITIES

APPROVED:
FORM | TERMS

ANA-170S7

THIS SUPPLEMENTAL 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

AVIATION DEPT.
FILECOPY

Newark International Airport
Lease No. ANA-170
Supplement No. 7

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT dated July 1, 1988 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as 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 Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; 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, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of April 1, 1988, as follows:

1. The last sentence of Paragraph (c) of Section 2 of the Lease is hereby amended to read as follows:

> "The Lessee shall complete the construction work no later than September 30, 1988."

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

"(b) Unless sooner terminated, the term of the letting hereunder shall expire on March 31, 2013."

3. Section 5 of the Lease, as previously amended, is hereby further amended as follows:

(a) Paragraph (a) thereof shall be deemed amended to read as follows:

"'Rental Commencement Date' shall mean April 1, 1988."

(b) Paragraph (b) thereof shall be deemed amended to read as follows:

"(b) Base Annual Rental

The Lessee agrees to pay to the Port Authority the following Base Annual Rental for the premises:

(1) For the portion of the term of the Lease commencing on the Rental Commencement Date to September 30, 1988, a Base Annual Rental for the premises at the annual rate of Four Million Five Hundred Forty-one Thousand Eight Hundred Fifty-nine Dollars and No Cents ($4,541,859.00) subject to adjustment as provided in paragraph (c) hereof. The aforesaid Base Annual Rental of Four Million Five Hundred Forty-one Thousand Eight Hundred Fifty-nine Dollars and No Cents ($4,541,859.00) is made up of two factors, one a constant factor in the amount of Three Million One Hundred Ninety-four thousand Four Dollars and No Cents ($3,194,004.00) and the other a variable factor in the amount of One Million Three Hundred Forty-seven Thousand Eight Hundred Fifty-five Dollars and No Cents ($1,347,855.00). The variable factor aforesaid represents the Airport Services portion of the Base Annual Rental and such variable factor of the Base Annual Rental is hereinafter referred to as the 'Airport Services Factor' and is subject to adjustment as provided in paragraph (c) hereof.

(2) For the portion of the term of the Lease commencing on October 1, 1988 to July 31, 1996, a Base Annual Rental for the premises at the annual rate consisting of two factors, one a constant factor in the amount of Thirty-two Million Five Hundred Ninety-four Thousand Four Dollars and No Cents ($32,594,004.00) subject to the adjustments as provided in paragraph (c) hereof 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 (c) 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 Base Annual Rental provided for in this subparagraph (2) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

(3) For the portion of the term of the Lease commencing on August 1, 1996 to November 30, 2004, a Base Annual Rental for the premises at an annual rate consisting of two factors, one a constant factor in the amount of Thirty-three Million Five Hundred Eighty-five Thousand Three Hundred Forty-eight Dollars and No Cents ($33,585,348.00) subject to adjustment as provided in paragraph (c) hereof, 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 (c) 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 Base Annual Rental provided for in this subparagraph (3) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

(4) For the portion of the term of the Lease commencing on December 1, 2004 to the expiration date of the term of the letting hereunder, a Base Annual Rental for the premises at an annual rate consisting of two factors, one a constant factor in the Amount of Thirty-nine Million One Hundred Forty-four Thousand Nine Hundred Twelve Dollars and No Cents ($39,144,912.00) subject to adjustment as provided in paragraph (c) hereof, 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 (c) 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 Base Annual Rental provided for in this subparagraph (4) and which shall be subject to further adjustment as provided in paragraph (c) hereof."

(c) Paragraph (c) of said Section 5 is hereby amended to read as follows:

"(c) Base Annual Rental Adjustments

(1) Adjustment of Airport Services Factor of the Base Annual Rental

The Airport Services Factor set forth in subparagraphs (1), (2), (3) and (4) of paragraph (b) above is the final Airport Services Factor which would be in effect for the calendar year 1985 if the term of the letting hereunder commenced on the date of the execution of this Agreement (assumed to be prior to June 30, 1986) and if the Lessee commenced payment of the Base Annual Rental on such date, even though it will not. For the calendar year 1986 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. Except as otherwise provided in subparagraph (2) of this paragraph (c), for the portion of the term specified in subparagraph (b)(1) the constant factor of $3,194,004 shall remain unchanged; for the portion of the term specified in

subparagraph (b)(2) above the constant factor of $32,594,004 shall remain unchanged; for the portion of the term specified in subparagraph (b) (3) above the constant factor of $33,585,348 shall remain unchanged; and for the portion of the term specified in subparagraph (b)(4) above the constant factor of $39,144,912 shall remain unchanged.

(2) Adjustments of the constant factor of the Base Annual Rental.

In the event the Construction Advance Amount, as defined in paragraph (a)(2) of Section 6 hereof, when finally determined by the Port Authority, is less than Two Hundred Twenty-five Million Dollars ($225,000,000), the constant factor of the Base Annual Rental set forth in subparagraphs, (2), (3) and (4) of paragraph (b) above shall be adjusted as follows:

(i) The constant factor of the Base Annual Rental set forth in paragraph (b) (2) above for the portion of the term set forth therein shall be equal to the amount obtained by multiplying the sum of Twenty-nine Million Four Hundred Thousand Four Dollars ($29,400,004) by a fraction the numerator of which shall be the sum of the Construction Advance Amount (as finally determined by the Port Authority) plus Two Hundred Four Thousand Five Hundred Ninety-eight Dollars ($204,598), and the denominator of which shall be $225,000,000, and by adding to the resultant product the sum of Three Million One Hundred Ninety-four Thousand Dollars ($3,194,000); provided, however, that if the aforesaid numerator is equal to or greater than $225,000,000 there shall be no adjustment of the constant factor for said portion of the term.

(ii) The constant factor of the Base Annual Rental set forth in paragraph (b) (3) above for that part of the portion of the term set forth therein from August 1, 1996 through December 31, 1998 shall be equal to the amount obtained by multiplying the sum of Thirty Million

Three Hundred Ninety-one Thousand Three Hundred Forty-eight Dollars ($30,391,348) by a fraction the numerator of which shall be the sum of the Construction Advance Amount (as finally determined by the Port Authority) plus Two Hundred Four Thousand Five Hundred Ninety-eight Dollars ($204,598), and the denominator of which shall be $225,000,000, and by adding to the resultant product the sum of Three Million One Hundred Ninety-four Thousand Dollars ($3,194,000); provided, however, that if the aforesaid numerator is equal to or greater than $225,000,000 there shall be no adjustment of the constant factor for said part of the said portion of the term.

(iii) The constant factor of the Base Annual Rental set forth in paragraph (b) (3) for that part of the portion of the term set forth therein from January 1, 1999 through November 30, 2004 shall be equal to the amount obtained by multiplying the sum of Twenty Nine Million Nine Hundred Ninety-one Thousand Three Hundred Forty-eight Dollars ($29,991,348) by a fraction the numerator of which shall be the sum of the Construction Advance Amount (as finally determined by the Port Authority) plus Two Hundred Four Thousand Five Hundred Ninety-eight Dollars ($204,598), and the denominator of which shall be $225,000,000, and by adding to the resultant product the sum of Three Million Five Hundred Ninety-four Thousand Dollars ($3,594,000); provided, however, that if the aforesaid numerator is equal to or greater than $225,000,000 there shall be no adjustment of the constant factor for said part of the said portion of the term.

(iv) The constant factor of the Base Annual Rental set forth in paragraph (b) (4) above for the portion of the term set forth therein shall be equal to the amount obtained by multiplying the sum of

Thirty Five Million Five Hundred Fifty Thousand Nine Hundred Twelve Dollars ($35,550,912) by a fraction the numerator of which shall be the sum of the Construction Advance Amount (as finally determined by the Port Authority) plus Two Hundred Four Thousand Five Hundred Ninety-eight Dollars ($204,598), and the denominator of which shall be $225,000,000, and by adding to the resultant product the sum of Three Million Five Hundred Ninety-four Thousand Dollars ($3,594,000); provided, however, that if the aforesaid numerator is equal to or greater than $225,000,000 there shall be no adjustment of the constant factor for said portion of the term."

4. (a) With respect to the 42 passenger loading bridges, as defined in Section 6 of the Lease, the aircraft ground power/heating system, and the baggage handling systems described in Section 2(a)(i) of the Lease, it is hereby recognized that the Lessee has advised the Port Authority that, based on a change in the operating plan for the premises including greater utilization of wide-bodied aircraft, certain modifications and removal work are required consisting of (i) the removal from the premises of three (3) of the said 42 passenger loading bridges and a portion of a fourth loading bridge and associated systems forming a part thereof; (ii) the installation of a new passenger loading bridge (as hereinafter described) and (iii) modifications to the baggage handling systems including the removal of portions thereof. The said three loading bridges and portion of a fourth loading bridge are identified by number on Schedule 1 attached to Supplement No. 4 to the Lease, and also by serial number as follows: loading bridge No. 11F (serial No. WS-500R-058R); loading bridge No. 12F (serial No. WS-500R-057R); loading bridge No. 17F (serial No. WS-500R-055R) and a portion of loading bridge No. 22F (serial No. WS-500-046R). The foregoing are herein referred to as the "removable loading bridges"; the aforesaid baggage systems modifications are herein referred to as "baggage systems modifications". The new loading bridge to be installed by the Lessee is identified by description as a new jet apron drive loading bridge for a wide-bodied aircraft gate position, designed, fabricated and installed under a contract between the Lessee and Abex Corporation and IC Industries Company by its division Jetway Systems, 1805 West 2550 South Ogden, Utah, at an estimated cost of Three Hundred Fifty Thousand Dollars ($350,000.00), and is identified by number as loading bridge model number A3 58/110-125R and by serial number OG35811 and is

herein referred to as the "Jetway Loading Bridge". It is specifically understood and agreed that the Lessee shall perform all work necessary, required or appropriate in connection with all of the foregoing as part of the construction work under Section 2 of the Lease and subject to the terms and conditions thereof, provided, however, that none of the foregoing shall be or become part of the cost of the construction work or part of the Construction Advance Amount with the sole exception of the cost of the Jetway Loading Bridge which shall be part of the cost of the construction work and the Construction Advance Amount, subject to the terms, provisions, conditions and limitations of the Lease, including without limiting the foregoing, the limitations set forth in paragraph (i) of Section 6 of the Lease.

(b) It is expressly understood and agreed that, from and after the effective date of this Supplement No. 7 to the Lease, all references to the 42 passenger loading bridges in the Lease shall be deemed to mean the 42 passenger loading bridges as reduced in number and modified by the removal of the removable loading bridges and by the addition of the Jetway Loading Bridge. Without limiting the generality of the foregoing, it is further expressly understood and agreed that the terms, provisions, covenants, conditions, representations and warranties set forth in and called for under paragraph (o) of Section 6 of the Lease (as set forth in Supplement No. 4 of the Lease) shall apply with like force and effect to the Jetway Loading Bridge; and it is further hereby understood and agreed that with respect to the Jetway Loading Bridge the words "the Lessee's contractor", as used in Section 6 of the Lease shall mean Abex Corporation and IC Industries Company by its division Jetway Systems, 1805 West 2550 South Ogden, Utah.

(c) Without limiting any other term or provision of the Lease, it is specifically understood and agreed that the Lessee shall reimburse the Port Authority for the construction advances paid to the Lessee for the removable loading bridges and removed portions of the baggage system modifications as aforesaid, as follows: Prior to or upon the Lessee's execution of this Supplement No. 7 of the Lease, the Lessee shall pay to the Port Authority the amount of $635,280 as and for the reimbursement of construction advances for the removable loading bridges and the amount of $1,275,635 as and for the reimbursement of the removed portions of the baggage system modifications. It is hereby recognized that the Lessee has prior to the execution of this Supplement No. 7 to the Lease paid the said amounts to the Port Authority. All of the foregoing shall be subject to Port Authority audit and inspection in accordance with and as set forth in Section 6 of the Lease.

5. The eleventh line of paragraph (b) of Section 18 of the

Lease shall be deemed amended to read as follows:

"and property damage liability, including explosion, collapse and underground property damages, broadened to include or equivalent".

6. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be, and remain in full force and effect.

7. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution 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.

8. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

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

ATTEST:

Karen S. Kilcullen
Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By _____

(Title) ASSISTANT DIRECTOR OF AVIATION

(Seal)

ATTEST:

_____
Secretary

CONTINENTAL AIRLINES, INC.

By Sam E. Ashmore

(Title) President

(Corporate Seal)

SAM E. ASHMORE
VICE PRESIDENT - PROPERTIES & FACILITIES

APPROVED:
FORM | TERMS

FORM XLD—Ack., N.J. 51380

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

On this 13 day of September, 1988, before me, the subscriber, a notary public of New York, personally appeared Richard F Klark the Assistant Director I/O 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.

Jaqueline White
(notarial seal and stamp)
JAQUELINE WHITE
NOTARY PUBLIC, State of New York
No. 4737769
Qualified in Suffolk County
Commission Expires March 30, 1989

STATE OF Texas }
COUNTY OF Harris } ss.

On this 9 day of August, 1988, before me, the subscriber, a NOTARY PUBLIC, personally appeared SAME. ASHMORE the VICE President of CONTINENTAL AIRLINES, INC. 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.

STEFANI MALLORY
Notary Public, State of Texas
My Commission Expires 2/17/91

Stefani Mallory
(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 SUPPLEMENTAL 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

AVIATION DEPT.
FILE COPY

Newark International Airport
Lease No. ANA-170
Supplement No. 8

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT dated June 2, 1989 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as 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 Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; 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, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of June 2, 1989, as follows:

1. (a) 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 following:

(i) The mechanical and utility room areas located on the Mezzanine Inter-Terminal Transportation level of Passenger Terminal Building C, which areas are shown in hatch on Exhibit AX attached hereto and hereby made a part hereof;

(ii) The areas located on the Departure and Concourse/Concession Levels of Passenger Terminal Building C as shown in hatch and in stipple on Exhibit AX-1 attached hereto and hereby made a part hereof;

(iii) The areas located on the Arrival Level of Passenger Terminal Building C as shown in hatch and in stipple on Exhibit AX-2 attached hereto and hereby made a part hereof;

(iv) The areas located on the Operations Level of Passenger Terminal Building C as shown in hatch and in stipple on Exhibit AX-3 attached hereto and hereby a part hereof;

(v) The crawl space areas in Passenger Terminal Building C as shown in hatch on Exhibit AX-4 attached hereto and hereby made a part hereof;

(vi) The two aircraft gate position areas, aircraft maneuvering areas and ramp and apron areas as shown in stipple and in hatch on Exhibit DX attached hereto and hereby made a part hereof (the foregoing aircraft gate position areas being sometimes referred to herein as the "Area D portion of Area C-3" under the Lease during the term of the letting of Area C-3 hereunder);

together with the fixtures, improvements and other property, if any, of the Port Authority located or to be located therein or thereon, the said areas, 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 the premises under the Lease, as hereby amended, and are designated herein as and herein collectively called "Area C-3", let to the Lessee, subject to and in accordance with all the terms, provisions and convenants of the Lease as hereby amended for and during the term as set forth below. The parties acknowledge and agree that the areas added to the premises pursuant to this paragraph constitute non-residential real property.

(b) If the Port Authority shall not give possession of the areas described in subparagraph (a) above on the effective date set forth above 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 2 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 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 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.

(c) 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 a possibility of injury or damage to life or property.

2. The term of the letting of Area C-3 hereunder shall commence on June 2, 1989 and, unless sooner terminated, shall expire on May 31, 1992.

3. (a) Area C-3 Annual Rental - The Lessee agrees to pay to the Port Authority the following annual rental for the Area C-3 portion of the premises (hereinafter referred to as the "Area C-3 Annual Rental"): Commencing on June 2, 1989 to and including May 31, 1992 an Area C-3 Annual Rental for Area C-3 at the annual rate of Two Million One Hundred Seventy-three Thousand Three Hundred Ninety-five Dollars and No Cents ($2,173,395.00) subject to adjustment as provided in subparagraph (c) hereof and in Paragraph 6 hereof. The aforesaid Area C-3 Annual Rental of Two Million One Hundred Seventy-three Thousand Three Hundred Ninety-five Dollars and No Cents ($2,173,395.00) is made up of two factors, one a constant factor in the amount of One Million Three Hundred Seventy-five Six Hundred Thirty-five Dollars and No

Cents ($1,375,635.00) and the other a variable factor in the amount of Seven Hundred Ninety-seven Thousand Seven Hundred Sixty Dollars and No Cents ($797,760.00). The variable factor aforesaid represents the Airport Services portion of the Area C-3 Annual Rental and such variable factor of the Area C-3 Annual Rental is hereinafter referred to as the "Airport Services Factor" and is subject to adjustment as provided in paragraph (b) hereof.

(b) (1) The Airport Services Factor set forth in subparagraph (a) above is the final Airport Services Factor with respect to the Area C-3 Annual Rental in effect for the calendar year 1988. For the calendar year 1989 and for each and every calendar year thereafter the Airport Services Factor of the Area C-3 Annual Rental shall be adjusted in accordance with the provisions of Schedule A of the Lease (as hereby amended). The constant factor of the Area C-3 Annual Rental in the amount of $1,375,635 shall remain unchanged.

(2) With respect to the adjustment of the Airport Services Factor of the Area C-3 Annual Rental, the following amendments to Schedule A shall be deemed in effect for the term of the letting of Area C-3 hereunder:

(i) The following sentence shall be deemed inserted immediately following the first sentence of the first paragraph on page 1 of Schedule A:

> "The Lessee shall pay the Area C-3 Annual Rental at the rate and at the time stated in Paragraph 3 of the Supplement No. 8 of the Lease, as said rate is to be adjusted as herein provided."

(ii) The following shall be deemed inserted before the colon at the end of the said first paragraph on page 1 of Schedule A:

> ",further, after the close of calendar year 1989 and after the close of each calendar year thereafter, the Port Authority will adjust the Airport Services Factor of the Area C-3 Annual Rental specified in Paragraph 3 of Supplement No. 8 of the Lease, upwards or downwards, as follows:"

(iii) The following shall be deemed inserted before the period at the end of Paragraph II on page 1 of Schedule A:

> "(excluding Area C-3), and 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 Area C-3 portion of the Lessee's premises."

(iv) The words "the Lessee's Premises" appearing on the fifteenth line of Paragraph III on page 2 of Schedule A shall be deemed amended to read: "the Lessee's premises (excluding Area C-3)".

(v) The following shall be deemed inserted immediately following the period at the end of Paragraph III of Schedule A.

> "The Port Authority will also multiply the Airport Services Factor of the Area C-3 Annual Rental as stated in Paragraph 3 of Supplement No. 8 of the Lease by the aforesaid fractions (for the calendar year 1989 adjustment, it is hereby agreed that the denominator of the first of said fractions shall be $22,761,776.00; and the numerator of the second of said fractions shall be the actual percentage of total developed land area at the Airport occupied by the Area C-3 portion of the Lessee's premises determined in Paragraph II above and the denominator of which shall be the actual percentage of total developed land area occupied by the Area C-3 portion of the Lessee's premises determined for the year prior to the year for which the adjustment is being made; for the calendar year 1989 adjustment, it is hereby agreed said denominator shall be 1.799%."

(c) The Lessee understands and agrees that the final Airport Services Factor of the Area C-3 Annual Rental for the calendar year preceding the calendar year in which the date of expiration of the Area C-3 letting falls may not be determined for some months after the expiration date of the letting of Area C-3 and the final Airport Services Factor of the Area C-3 Annual Rental for the calendar year in which such date of expiration falls will not be determined for some months after said expiration date and that the Lessee's obligations to pay any deficiency in the Area C-3 Annual Rental set forth above for such calendar years or portions thereof or the Port Authority's obligation to pay a refund in said rentals resulting from the determination of the final Airport Services Factor for such calendar years or portions thereof shall survive said expiration date 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 or the letting of Area C-3 hereunder extended for any period beyond the applicable expiration date of the letting hereunder.

(d) The Area C-3 Annual Rental shall be payable by the Lessee in advance in equal monthly installments commencing on June 2, 1989 and on the first day of each and every calendar month thereafter during the term of the letting of Area C-3. In the event any installment of Area C-3 Annual Rental payable hereunder shall be for less than a full calendar month, the Area C-3 Annual 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 said month.

(e) (1) Effective from and after June 2, 1989, in the event the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of the Area C-3 Annual Rental, the constant factor of the Area C-3 Annual Rental for each square foot of floor space of Area C-3 shall be reduced for each calendar day or major fraction thereof the abatement remains in effect, the use of which is denied the Lessee, by the following amounts: (it being understood that there shall be no abatement of Area C-3 Annual Rental under the Lease for any portion of Area C-3 or for any portion of the term except as specifically provided in this Agreement):

(i) for each square foot of floor space at the daily rate of $0.0197260.

(ii) with respect to the Area D portion of Area C-3 (as described in Paragraph 1 (a)(vi) hereof): Any such abatement shall be made on an equitable basis giving effect to the amount and character of the said Area D portion of Area C-3 the use of which is denied to the Lessee as compared with the entire Area C-3.

For the purpose of this Agreement, the measurement of interior building space in Area C-3 shall be computed (i) from the inside surface of outer walls of the structure of which Area C-3 forms a part; (ii) from the center of partitions separating Area C-3 from areas occupied or used by others.

(2) In addition, the Airport Services Factor of the Area C-3 Annual 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 $0.001742 subject to adjustment as provided herein. No abatement of the Airport Services Factor shall be for other than land area. With respect to land under the building structure of the Terminal C Passenger Building, the Airport Services Factor of the Area C-3 Annual Rental shall be reduced at the aforesaid daily rate for each square foot of land the use of which is denied the Lessee only in the event and to the extent the Lessee is denied the use of all levels of the building structure of Area C-3 above said land.

The aforesaid abatement rate of $0.001742 per diem (hereinafter called "the variable rate") is based upon the variable factor in the amount of Seven Hundred Ninety-seven Thousand Seven Hundred Sixty Dollars and No Cents ($797,760.00) per annum which is the tentative Airport Services Factor for 1989 (also subject to adjustment under Paragraph 6 hereof). After the close of the calendar year 1989 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.

(3) If there has been an abatement of the Area C-3 Annual Rental during a calendar year, any excess in the amount by which the Airport Services Factor of the Area C-3 Annual Rental 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 Area C-3 Annual Rentals, such credit to be made within thirty (30) days following the adjustment of the variable rate.

(f) The Lessee understands that while the final variable rate for the calendar year in which the expiration or termination date of the letting of Area C-3 hereunder or of the Lease falls will not be determined for some months after such expiration or termination 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 or termination 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 or the letting of Area C-3 extended for any period beyond the applicable expiration or termination date of the Lease as provided in Section 4 hereof and in Paragraph 2 hereof.

(g) For purpose of subparagraphs (c) and (f) above with respect to any deficiency or refund, any termination of the Lease, other than a termination under Section 24 thereof, shall be deemed to have the same effect as the expiration thereof.

4. (a) From and after the effective date hereof, Sections 16 and 17 of the Lease shall be deemed amended to read as follows:

"Section 16. Damage to or Destruction of Premises

(a) Removal of Debris. If the premises, or any part thereof, or the Non-Exclusive Areas, 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, or the Non-Exclusive Areas, or any part thereof shall be damaged by fire, the elements, the public enemy or other casualty but not rendered untenantable or unusable for a period of ninety days, the same shall be repaired with due diligence in accordance with the plans and specifications for the same 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 such repairs.

(c) Major Damage to or Destruction of the Premises. If the premises, or any part thereof, or the Non-Exclusive Areas or any part thereof, shall be destroyed or so damaged by fire, the elements, the public enemy or other casualty as to be untenantable 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 or Non-Exclusive Areas will be untenantable or unusable for ninety days then: The Lessee shall proceed with due diligence to make the necessary repairs or replacements to restore such premises or Non-Exclusive Areas in accordance with the plans and specifications for the same as they 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.

(d) 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 17 hereof. Any excess of the proceeds of insurance over the costs of the restoration shall be retained by the Port Authority.

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

"Section 17. Property Insurance

(a) 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 all risks of physical loss or damage including flood and earthquake, if available, and if not available, then against such hazards and risks as may now or in the future be included under the standard form of Fire insurance policy available in the State of New Jersey including 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 locations at the Airport upon written notice to the Lessee to such effect.

The aforesaid insurance coverages and renewals thereof shall insure that 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.

(b) In the event the premises or any part thereof shall be damaged by any casualty against which insurance is carried pursuant to this Section 17, 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.

(c) The policies or certificates representing insurance covered by this Section shall be promptly delivered by the Lessee to the Port Authority, and each policy and 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 thirty (30) days' advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate, each such policy or certificate shall have stated thereon the lease number appearing on the first page thereof. 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.

Regardless, however, of the persons whose interests are insured, the proceeds of all policies covered by this Section 17 shall be applied as provided in Section 16 "insurance" and all other references to insurance in said Section 16 shall be construed to refer to the insurance which is the subject matter of this Section 17, and to refer to such insurance only.

The insurance covered by this Section 17 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, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If any time the Port Authority so requests, a certified copy of each of the said policies shall be delivered to the Port Authority."

(b) Effective from and after the day following the expiration date of the letting of Area C-3 (as set forth in Paragraph 2 hereof) Section 16 and 17 of the Lease, as set forth on pages 68-70 of the Lease, shall be deemed reinstated and in full force and effect in lieu of the provisions of paragraph (a) hereof.

5. (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 and from time to time, without cause, upon thirty (30) days' prior written notice to the Lessee, to terminate the Lease and the letting thereunder with respect to all or a portion or portions of that part of Area C-3 as shown in stipple on the sketch attached hereto, hereby made a part hereof and marked "Exhibit DX". 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 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 51 of the Lease; or (v) in connection with the plans of the Port Authority for the redevelopment of the Airport.

(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. 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) From and after the Effective Date as defined the Lessee shall be entitled to an abatement of the Area C-3 Annual Rental in accordance with and pursuant to the Lease, as hereby amended.

6. (a) Schedule B of the Lease, as heretofore amended, shall be deemed further amended, effective for the period commencing on June 2, 1989 and ending on the expiration date of the letting of Area C-3, as follows:

(1) The amount "$3,361.00" appearing in subparagraph 1(a) of Paragraph I and in subparagraph 1 of Paragraph II thereof shall be deemed amended to read "$4,952.00";

(2) The amount "$13,443.00" appearing in subparagraph 1(b) of Paragraph I and in subparagraph 2 of Paragraph II thereof shall be deemed amended to read "$19,805.00";

(3) The amount "$2,858.00" appearing in subparagraph 2(a) of Paragraph I and in subparagraph 3 of Paragraph II thereof shall be amended to read "$4,211.00";

(4) The amount "$4,286" appearing in subparagraph 2(b) of Paragraph I and in subparagraph 4 of Paragraph II shall be deemed amended to read "$6,317";

(5) The amount and symbol "$10,600*" appearing in subparagraph 3(a) of Paragraph I shall be deemed amended to read "$28,181.00*";

(6) The amount and symbol "$50,327*" appearing in subparagraph 3(b) of Paragraph I shall be deemed amended to read "$63,365.00*";

(7) The date "1988" appearing in the last line of page 1 of Schedule B (as amended by Supplement No. 6 of the Lease) shall be deemed amended to read "1989".

(8) The amount "$192.75" appearing in subparagraph (4) of Paragraph I and in subparagraph (5) of Paragraph II shall be deemed amended to read "$289.25";

(9) The words "Terminal C Passenger Facility" appearing in the subparagraph designated "PHDL" and the subparagraph designated "PADL" (as amended in Supplement No. 6 of the Lease) shall be deemed amended to read "Passenger Terminal Building C".

(10) the penultimate sentence of Paragraph III thereof (as set forth in Supplement No. 6 of the Lease) shall be deemed amended to read as follows:

> "The Lessee shall pay a monthly Heating Energy Charge equal to 100% of the total amounts determined for heating Passenger Terminal Building C expressed in monthly terms, and a monthly Air Conditioning Energy Charge equal to 100% of the total amounts determined for air conditioning Passenger Terminal Building C expressed in monthly terms."

(11) The final sentence of Paragraph III thereof shall be deemed amended by changing the period at the end thereof to a comma and by inserting the following:

"and also including the connector and aircraft gate positions of Area C-3 (as defined in Supplement No. 8 of the Lease)."

(b) Effective from and after the expiration date of the letting of Area C-3, the foregoing amendments to Schedule B of the Lease shall cease to be effective and said Schedule B and the provisions thereof as the same existed prior to the aforesaid amendments shall be deemed reinstated and in full force and effect throughout the remainder of the term of the letting under the Lease with respect to the remaining portions of the premises other than Area C-3; provided, however, that the penultimate sentence of Paragraph III of Schedule B shall be deemed then amended to read as follows:

"the Lessee shall pay a monthly Heating Energy Charge equal to 89.195% of the total amount determined for heating Passenger Terminal Building C expressed in monthly terms, and a monthly Air Conditioning Energy Charge equal to 89.195% of the total amounts determined for air conditioning Passenger Terminal Building C expressed in monthly terms."

7. It is expressly recognized that Exhibit DX which shows the Area D portion of Area C-3 is a preliminary exhibit, and is so marked and, further, that the said Exhibit is based on a preliminary description of the areas shown thereon and does not contain precise metes and bounds description. It is further expressly recognized that the amount of the Airport Services Factor of the Area C-3 Annual Rental as set forth in Paragraph 3 above has been computed on the basis of the said preliminary description of the amount of land in said Area D portion of Area C-3. The Port Authority and the Lessee hereby expressly agree that upon the Port Authority's determination of the actual metes and bounds of the areas shown on the said Exhibit DX, a final versions of Exhibit DX shall be prepared and the amount of the Airport Services Factor of the Area C-3 Annual Rental as set forth in Paragraph 3 shall be appropriately adjusted and that the provisions covering such adjustment, including payment by or crediting to the Lessee of any amount of Area C-3 Annual Rental as a result of such adjustment, shall be set forth in a Supplemental Agreement to the Lease which shall be prepared by the Port Authority and submitted to the Lessee for execution and which shall have attached thereto the final version of said Exhibit DX which shall be deemed to show the letting of the Area D portion of Area C-3 as set forth in Paragraph 1 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 the Lessee's receipt of the same.

8. In addition to and without limiting any term or provision of Section 66 of the Lease or any other term or provision of the Lease, it is hereby understood and agreed that the Lessee shall no later than thirty (30) days after its execution of this Supplemental Agreement submit to the Port Authority for its review and approval, in accordance with said Section 66 and 73 of the Lease, a revised updated comprehensive consumer services covering the consumer services to be provided in Area C-3 of the premises during the term of the letting of Area C-3 as herein provided.

9. (a) With respect to the passenger loading bridges for which Port Authority construction advances were made pursuant to Sections 2 and 6 of the Lease (hereinafter sometimes referred to as the "Section 2 loading bridges"), it is hereby recognized that the Lessee has advised the Port Authority that, based on a change in the operating plan for the premises including greater utilization of wide-bodied aircraft, certain modifications and removal work are required consisting of (i) the removal from the premises of one (1) of the Section 2 passenger loading bridges and the transfer of title thereof to the Lessee; said loading bridge being identified as loading bridge No. 5F in Schedule 1 attached to Supplement No. 4 of the Lease and also identified by serial number WS-500R-049R; and (ii) the installation in the premises of a new passenger loading bridge (as hereinafter described) and the transfer of title thereof to the Port Authority. The new loading bridge to be installed by the Lessee is identified by description as a new jet apron drive loading bridge for a wide-bodied aircraft gate position rehabilitated and installed under a contract between the Lessee and Abex Corporation and IC Industries Company by its division Jetway Systems, 1805 West 2550 South Ogden, Utah, with an estimated value of $135,000.00 exclusive of delivery and installation costs, and is identified by number as Loading Bridge model number A3-58/110-125R and by serial number RH80269 (original serial number OG2834 prior to rehabilitation) and is herein referred to as the "Jetway loading bridge RH80269". It is specifically understood and agreed that the Lessee shall at its sole cost and expense perform all work necessary, required or appropriate in connection with all of the foregoing removal and installation work subject to the terms and conditions of the Lease, provided, however, that none of the foregoing shall be or become part of the cost of the construction work or part of the Construction Advance Amount. It is further expressly understood and agreed that the parties intend that the said Jetway Loading Bridge RH80269 shall be deemed a replacement and substitution for the said loading bridge No. 5F and that such replacement and substitution shall not result in any recomputation, adjustment or

reduction of any construction advance, or the Construction Advance Amount or the Base Annual Rental.

(b) It is expressly understood and agreed that, from and after the effective date of this Supplement No. 8 to the Lease, all references to the 42 passenger loading bridges in the Lease shall be deemed to mean the 42 passenger loading bridges as reduced in number and modified pursuant to the provisions of Paragraph 4 of the Supplement No. 7 to the Lease, and as modified by the provisions of this Paragraph 9 hereof. Without limiting the generality of the foregoing, it is further expressly understood and agreed that the terms, provisions, covenants, conditions, representations and warranties set forth in and called for under paragraph (o) of Section 6 of the Lease (as set forth in Supplement No. 4 of the Lease) shall apply with like force and effect to Jetway Loading Bridge RH80269; and it is further hereby understood and agreed that with respect to Jetway Loading Bridge RH80269 the words "the Lessee's contractors", as used in Section 6 of the Lease shall mean Abex Corporation and IC Industries Company by its division Jetway System, 1805 West 2550 South Ogden, Utah; provided, however, that the provisions of subparagraph (1)(a)(ii) of said paragraph (o) shall not be applicable. The Lessee, further, expressly warrants and represents to the Port Authority that Jetway Loading Bridge RH80269 is of equal or greater value that the said loading bridge No. 5F.

10. The Lessee hereby acknowledges and agrees that the letting of Area C-3 hereunder is expressly subject to the condition that the Lessee shall allow to remain in its present location in Area C-3 the room now designated as the "Meditation Room-Freedom Shrine". Accordingly, the Lessee hereby expressly agrees to allow the said room to remain in its present location in Area C-3 during the term of the letting hereunder of Area C-3; it being expressly understood and agreed, however, that the foregoing shall not result in or constitute any basis or claim for an abatement or reduction of rental, or to constitute any basis or claim for any payment of any type by the Port Authority or to alter or impair any of the responsibilities, duties or obligations of the Lessee under the Lease.

11. Without limiting any term or provision of the Lease, it is specifically understood and agreed that neither the letting of Area C-3 hereunder or any other term or provision of the Lease, as hereby amended, shall grant or shall be deemed to grant any right to the Lessee to use any portion of the premises (including Area C-3) for the purpose of international arrivals which require or utilize federal governmental inspection services, and the Lessee hereby expressly acknowledges and agrees that any such use of the premises (including Area C-3) or any portion thereof is not permitted or allowed under the Lease.

12. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be and remain in full force and effect.

13. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution 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.

14. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

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

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By Gerald P. FitzGerald

(Title) ASSISTANT DIRECTOR OF AVIATION

(Seal)

ATTEST:

Asst Secretary

CONTINENTAL AIRLINES, INC.

By Sam Ashman

(Title) SR VICE President

(Corporate Seal)

APPROVED:
FORM | TERMS

ANA-170S9

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

-VIATION DEPT.
FILECOPY

Newark International Airport
Lease No. ANA-170
Supplement No. 9

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT dated May 1, 1990 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as 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 Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, the Lease, in Supplement No. 8 thereof, provides for the replacement of preliminary Exhibit DX attached thereto with a final Exhibit DX upon the Port Authority's determination of the actual metes and bounds of the areas shown on the said Exhibit DX with an appropriate adjustment of the Area C-3 Annual Rental under the Lease with retroactive effect to the effective date of said Supplement No. 8; and

WHEREAS, the Port Authority has made the said determination of the aforesaid metes and bounds; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease to provide for the substitution of the final version of the aforesaid Exhibit DX and adjustment of the Area C-3 Annual Rental under the Lease with retroactive effect, as aforesaid,

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of June 2, 1989, as follows:

1. The Exhibit (two sheets) attached hereto, marked Exhibit DX, numbered EWR 90-14 and EWR 90-15, and hereby made a part hereof shall be deemed to be Exhibit DX to the Lease in lieu of Exhibit DX which was marked "Preliminary" and attached to Supplement No. 8 of the Lease, and any and all references in the Lease to Exhibit DX shall be and be deemed references to Exhibit DX attached hereto.

2. (a) From and after the effective date hereof, subparagraph (a) of Paragraph 3 of Supplement No. 8 to the Lease shall be deemed amended to read as follows:

> "(a) Area C-3 Annual Rental - The Lessee agrees to pay to the Port Authority the following annual rental for the Area C-3 portion of the premises (hereinafter referred to as the 'Area C-3 Annual Rental'): Commencing on June 2, 1989 to and including May 31, 1992 an Area C-3 Annual Rental for Area C-3 at the annual rate of Two Million Two Hundred Eighty Thousand Two Hundred Ninety-one Dollars and No Cents ($2,280,291.00) subject to adjustment as provided in subparagraph (b) hereof. The aforesaid Area C-3 Annual Rental of Two Million Two Hundred Eighty Thousand Two Hundred Ninety-one Dollars and No Cents ($2,280,291.00) is made up of two factors, one a constant factor in the amount of One Million Three Hundred Seventy-five Thousand Six Hundred Thirty-five Dollars and No Cents ($1,375,635.00) and the other a variable factor in the amount of Nine Hundred Four Thousand Six Hundred Fifty-six Dollars and No Cents ($904,656.00). The variable factor aforesaid represents the Airport Services portion of the Area C-3 Annual Rental and such variable factor of the Area C-3 Annual Rental is hereinafter referred to as the Airport Services Factor and is subject to adjustment as provided in subparagraph (b) hereof."

(b) Paragraph III of Schedule A to the Lease, as amended by Paragraph 3 (b)(v) of Supplement No. 8 to the Lease, is hereby further amended by deleting the figure stated as "1.799%" in the last line thereof (as set forth in said paragraph 3 (b) (v) of Supplement No. 8) and by substituting in lieu thereof the figure "2.322%".

(c) Subparagraph (e)(2) of Paragraph 3 of Supplement No. 8 to the Lease is hereby amended as follows:

> (1) The figure "$0.001742" appearing in two places therein shall be deemed deleted and in lieu thereof the figure "$0.0017415" shall be deemed inserted.

(2) The amount stated therein as "Seven Hundred Ninety-seven Thousand Seven Hundred Sixty Dollars and No Cents ($797,760.00)" shall be deemed deleted therefrom and the amount "Nine Hundred Four Thousand Six Hundred Fifty-six Dollars and No Cents ($904,656.00)" shall be deemed inserted in lieu thereof.

(d) Any and all references in the Lease, as amended by said Supplement No. 8 thereto, to Paragraph 3 of Supplement No. 8 to the Lease shall be and be deemed references to Paragraph 3 of said Supplement No. 8 as the same is hereby amended by the foregoing subparagraphs hereof.

3. Without limiting any other term or provision of the Lease, as hereby amended, the Lessee hereby agrees to and shall pay to the Port Authority no later than ten (10) days following the Lessee's execution and delivery of this Supplemental Agreement No. 9 to the Port Authority all monies due to the Port Authority arising from the adjustment of the Area C-3 Annual Rental provided for herein resulting from the Port Authority's determination of the actual metes and bounds of the areas shown in Exhibit DX, as aforesaid.

4. Except as hereinbefore provided, all the terms covenants and conditions of the Lease shall be and remain in full force and effect.

5. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution 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.

6. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

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

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

(Title) ASSISTANT DIRECTOR OF AVIATION

(Seal)

ATTEST:

Secretary

CONTINENTAL AIRLINES, INC.

By

(Title) SR VICE President

(Corporate Seal)

APPROVED:

FORM	TERMS

ANA-170$1021192A

THIS SUPPLEMENTAL 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

AVIATION DEPT.
FILECOPY

Newark International Airport
Lease No. ANA-170
Supplement No. 10

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT dated as of April 1, 1992 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC. a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, and a Debtor and Debtor in Possession (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as 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 Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, the Lessee is the successor by merger to Continental Airlines, Inc., a Delaware corporation; and

WHEREAS, the Lessee has filed for protection under the federal bankruptcy laws and currently is a Debtor and Debtor in Possession in a Chapter 11 bankruptcy proceeding in the United States Bankruptcy Court for the District of Delaware (said proceeding being hereinafter referred to as the "Chapter 11

Proceeding" and said Bankruptcy Court being hereinafter referred to as the "Bankruptcy Court");

WHEREAS, the Lessee and the Port Authority intend to execute, prior to or simultaneously with the execution of this Supplemental Agreement, a separate agreement whereby the Lessee surrenders to the Port Authority that certain agreement of lease between the Lessee and the Port Authority bearing Port Authority lease number AN-541 (hereinafter referred to as "lease AN-541") and all of the premises thereunder and all of the Lessee's right, title and interest thereto (said surrender agreement being hereinafter referred to as the "lease AN-541 Surrender Agreement");

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of April 1, 1992 (except as otherwise provided herein), as follows:

1. (a) Subject to the terms, provisions, and conditions set forth in paragraph (b) below, effective as of the "lease AN-541 Surrender Date" (as hereinafter defined), paragraph 2 of Supplement No. 8 of the Lease is hereby amended to read as follows:

> "2. The term of the letting of Area C-3 hereunder shall commence on June 2, 1989 and, unless sooner terminated, shall expire on December 31, 1992."

(b) It is hereby understood and agreed that as used herein the term "lease AN-541 Surrender Date" shall mean the date set forth in the lease AN-541 Surrender Agreement as the effective date (which shall be March 31, 1992) thereof, provided that the Lease AN-541 Surrender Agreement is fully executed and delivered by the parties hereto, after an appropriate order of the Bankruptcy Court approving the same, if required, no later than March 31, 1992 and provided the Lessee, in accordance with and pursuant to the lease AN-541 Surrender Agreement, delivers actual, physical possession of the premises under said lease AN-541 to the Port Authority no later than March 31, 1992. Notwithstanding any term or provision to the contrary herein, it is further specifically understood and agreed that the full execution and delivery of the lease AN-541 Surrender Agreement no later than March 31, 1992 with March 31, 1992 as the effective date thereof including said delivery of actual, physical

possession of said premises to the Port Authority no later than March 31, 1992 shall be and constitute a condition precedent to the effectiveness of the extension of the letting of Area C-3 as set forth in subparagraph (a) of this Paragraph and that the term of the letting of Area C-3 under the Lease shall expire on May 31, 1992 as set forth in the Lease in any event if there is no such execution and delivery of the lease AN-541 Surrender Agreement no later than March 31, 1992 including said delivery of actual, physical possession of said premises to the Port Authority no later than March 31, 1992. The foregoing provisions shall not and shall not be deemed to constitute any extension or agreement to extend any time period(s) for the Lessee's assumption of lease AN-541 under the Bankruptcy Code or to constitute any waiver of any right or claim of the Port Authority.

2. Effective as of June 1, 1992 (if the term of the letting of Area C-3 is extended under and pursuant to Paragraph 1 hereof):

(a) Subparagraph (a) of Paragraph 3 of Supplement No. 8 to the Lease, as previously amended, shall be deemed further amended to read as follows:

"(a) Area C-3 Annual Rental - The Lessee agrees to pay to the Port Authority the following annual rental for the Area C-3 portion of the premises (hereinafter referred to as the 'Area C-3 Annual Rental'):

(i) For the portion of the term of the letting of Area C-3 commencing on June 2, 1989 to and including May 31, 1992, an Area C-3 Annual Rental for Area C-3 at the annual rate of Two Million Two Hundred Eighty Thousand Two Hundred Ninety-one Dollars and No Cents ($2,280,291.00) subject to adjustment as provided in subparagraph (b) hereof. The aforesaid Area C-3 Annual Rental of Two Million Two Hundred Eighty Thousand Two Hundred Ninety-one Dollars and No Cents ($2,280,291.00) is made up of two factors, one a constant factor in the amount of One Million Three Hundred Seventy-five Thousand Six Hundred Thirty-five Dollars and No Cents ($1,375,635.00) and the other a variable factor in the amount of Nine Hundred Four Thousand Six Hundred Fifty-six Dollars and No Cents ($904,656.00). The variable factor

aforesaid represents the Airport Services portion of the Area C-3 Annual Rental and such variable factor of the Area C-3 Annual Rental is hereinafter referred to as the Airport Services Factor and is subject to adjustment as provided in subparagraph (b) hereof.

(ii) For the portion of the term of the letting of Area C-3 commencing on June 1, 1992 and continuing to and including the expiration date of the letting of Area C-3 an Area C-3 Annual Rental for Area C-3 at the annual rate of Five Million Five Hundred Fifty-five Thousand Eight Hundred Eighty-four Dollars and No Cents ($5,555,884.00) subject to adjustment as provided in subparagraph (b) hereof. The aforesaid Area C-3 Annual Rental of Five Million Five Hundred Fifty-five Thousand Eight Hundred Eighty-four Dollars and No Cents ($5,555,884.00) is made up of two factors, one a constant factor in the amount of Four Million Six Hundred Fifty-one Thousand Two Hundred Twenty-eight Dollars and No Cents ($4,651,228.00), and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (i) 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 (ii), and which shall be the Airport Services Factor in effect on the date of the commencement of the Area C-3 Annual Rental provided for in this subparagraph (ii) and which shall be subject to further adjustment as provided in subparagraph (b) hereof.

(b) The last sentence of subparagraph (b)(1) of said Paragraph 3 of Supplement No. 8 of the Lease is hereby amended to read as follows:

"For the portion of the term of the letting of Area C-3 commencing on June 2, 1989 and expiring on May 31, 1992, the constant factor of $1,375,635 shall remain unchanged. For the portion of the term of the letting of Area C-3 commencing on June 1, 1992 to and including the expiration date of the said letting, the constant factor of $4,651,228

shall remain unchanged."

(c) Subparagraph (e)(1) of Paragraph 3 of Supplement No. 8 to the Lease is hereby amended as follows:

(1) Items (i) and (ii) thereof are hereby amended to read as follows:

"(i) for the portion of the term of the letting of Area C-3 commencing on June 2, 1989 through May 31, 1992, for each square foot of floor space at the daily rate of $0.0197260; for the portion of the term of the letting of Area C-3 commencing on June 1, 1992, to and including the expiration date of the said letting for each square foot of floor space at the daily rate of $0.0821918;

(ii) with respect to the Area D portion of Area C-3 (as described in Paragraph 1 (a)(vi) hereof): for the portion of the term of the letting of Area C-3 commencing on June 2, 1989 through May 31, 1992, any such abatement shall be made on an equitable basis giving effect to the amount and character of the said Area D portion of Area C-3 the use of which is denied to the Lessee as compared with the entire Area C-3; for the portion of the term of the letting of Area C-3 commencing on June 1, 1992 to and including the expiration date of said letting for each square foot of land of Area D at the daily rate of $0.0015724."

(d) Any and all references in the Lease, as amended by said Supplement No. 8 thereto, to Paragraph 3 of Supplement No. 8 to the Lease shall be and be deemed references to Paragraph 3 of said Supplement No. 8 as the same has been heretofore amended by Supplement No. 9 to the Lease and as the same is hereby further amended by the foregoing subparagraphs hereof.

3. In addition to all other rentals, fees and charges payable by the Lessee under the Lease, the Lessee shall pay to the Port Authority the following:

An additional rental for the premises for the period from the first day of the month immediately following the

lease AN-541 Surrender Date to and including December 31, 1998 in the monthly amount of Fifty-nine Thousand Six Hundred Forty-five Dollars and No Cents ($59,645.00). The Lessee shall pay the said additional rental monthly in advance, on the first day of the month immediately following the lease AN-541 Surrender Date and thereafter on the first day of each and every succeeding month up to and including the first day of December, 1998.

(2) The Lessee hereby agrees that in the event the actual number of arriving passengers of all airlines in the new International Facility operated by the Port Authority in Terminal B-3 at the Airport falls below six hundred thousand (600,000) during any or all of the twelve-month periods commencing on the first day of June of the years 1989, 1990 and 1991, the Lessee shall pay to the Port Authority an amount (hereinafter called "the Passenger Amount") equal to Sixteen Dollars and No Cents ($16.00) per passenger for the difference between the actual number of said arriving passengers and 600,000 passengers. After the Port Authority is able to determine the actual number of said arriving passengers for the twelve-month period ending on May 31, 1990, it shall notify the Lessee if the number of said passengers is below 600,000. Within thirty (30) days of its receipt of said notice, the Lessee shall pay the Port Authority the Passenger Amount. Thereafter, the Port Authority shall make a similar determination for the respective twelve-month periods ending on May 31, 1991 and May 31, 1992 and if the number of such arriving passengers in either such period is below 600,000, the Port Authority shall so notify the Lessee and the Lessee shall pay the appropriate Passenger Amount to the Port Authority within thirty (30) days of its receipt of such notice.

4. (a) Effective as of the "C-3 Long-term Extension Effective Date" (as hereinafter defined), paragraph 2 of Supplement No. 8 of the Lease, as herein previously amended, is hereby further amended to read as follows:

"2. The term of the letting of Area C-3 hereunder shall commence on June 2, 1989 and, unless sooner terminated, shall expire on December 31, 1998."

(b) As used herein the term "C-3 Long-term

Extension Effective Date" shall mean the date of the entry of an order by the Bankruptcy Court confirming the Lessee's Chapter 11 reorganization plan in the Chapter 11 Proceeding including the approving and/or directing of the assumption by the Lessee (or by a trustee on behalf of the Lessee if a trustee has been appointed in the Chapter 11 Proceeding) of the Lease, as amended including this Supplemental Agreement No. 10, pursuant to, under and in accordance with the United States Bankruptcy Reform Act of 1978, as amended, (the 'Bankruptcy Code'), as Debtor and Debtor in Possession in the Chapter 11 Proceeding. Notwithstanding any term or provision to the contrary herein, it is specifically understood and agreed that the entry of the aforesaid order shall be and constitute a condition precedent to the effectiveness of the extension of the letting of Area C-3 as set forth in subparagraph (a) of this Paragraph 3, that the term of the letting of Area C-3 under the Lease shall expire on May 31, 1992 as set forth in the Lease if the short-term extension called for under Paragraph 1 hereof has not taken effect as therein provided, or, if such short-term extension has so taken effect then the term of the letting of Area C-3 under the Lease shall expire in any event on December 31, 1992 if there is no such order of the Bankruptcy Court approving the Lessee's reorganization plan including the Lessee's assumption of the Lease entered prior to said expiration date. The foregoing provisions shall not and shall not be deemed to constitute any extension or agreement to extend any time period(s) for the Lessee's assumption of the Lease under the Bankruptcy Code or to constitute any waiver of any right or claim of the Port Authority.

5. Effective as of the C-3 Long-Term Extension Effective Date: Area C-3 Construction by the Lessee

(a) The Lessee agrees, at its sole cost and expense, to perform all work necessary to design and construct the expansion

of Area C-3 which shall consist of at least the following: All appropriate, necessary and required work for the full-depth paving of all unpaved portions of the aircraft maneuvering areas at Area C-3, and for the design and construction and such other airline terminal facility capital improvements to Area C-3 necessary or appropriate for the said expansion of Area C-3, provided the same are usable by any Scheduled Aircraft Operator for the purposes set forth in Section 8 of the Lease; all in accordance with a Construction Application or Construction Applications and plans and specifications to be submitted by the Lessee for approval by the Port Authority, which design and construction work is hereinafter referred to as the "Area C-3 Expansion Work."

All of the Area C-3 Expansion Work shall be constructed by the Lessee on the premises (specifically, the Area C-3 portion of the premises) and off the premises where necessary and where constructed on the premises shall be and become a part of the premises under the Lease.

(b) Prior to the commencement of the Area C-3 Expansion Work, the Lessee shall submit to the Port Authority for the Port Authority's approval complete plans and specifications (including a conceptual plan) therefor. The Port Authority may refuse to grant approval with respect to the Area C-3 Expansion Work if, in its opinion, any of the proposed Area C-3 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 Lease, 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 conceptual plan, or

(ix) Not comply with the provisions of the Basic Lease, including without limiting the generality thereof, those 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

(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 Lease, 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 the Port Authority's requirements and standards with respect to noise, air pollution, water pollution or other types of pollution.

(xvi) Not comply with the American National Standard

Specifications for Buildings and Facilities Fairway Accessibility and Usability for Physically Handicapped People, ANSI A117.1-1986.

(c) All of the Area C-3 Expansion Work shall be done in accordance with the following terms and conditions:

(i) The Lessee hereby assumes the risk of loss or damage to all of the Area C-3 Expansion 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 Area C-3 Expansion Work. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the Area C-3 Expansion 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 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 Area C-3 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 willful acts done by the Port Authority, its Commissioners, officers, agents and employees with respect to the Area C-3 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.

(ii) Prior to engaging or retaining an architect or architects for the Area C-3 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 substitute or other architect who may be unacceptable to it. All Area C-3 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 Area C-3 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 Area C-3 Expansion Work. All Area C-3 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 Area C-3 Expansion Work not done in accordance with the approved plans and specifications, the provisions of this Paragraph 5 or any further requirements of the Port Authority under the Lease as hereby amended. The Lessee shall expend not less than Five Million Dollars ($5,000,000.00) with respect to the Area C-3 Expansion Work. The Lessee shall complete the Area C-3 Expansion Work no later than the last day of the thirty-sixth month following the C-3 Long-term Extension Effective Date (as defined in Paragraph 4 of Supplemental Agreement No. 10 of the Lease of which this provision forms a part) which date for completion is hereinafter referred to as the "Required Completion Date."

(iii) The Lessee shall submit to the Port Authority for its approval the names of the contractors to whom the Lessee proposes to award the Area C-3 Expansion Work 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.

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

(v) 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.

(vi) 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, claim 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 Area C-3 Expansion Work hereunder shall be for the benefit of the Port Authority as well as the Lessee, and the contract shall so provide.

(vii) The Port Authority shall have the right, through its duly designated representatives, to inspect the Area C-3 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 Area C-3 Expansion Work.

(viii) The Lessee agrees that it shall deliver to the Port Authority two (2) sets of "as built" microfilm drawings of the Area C-3 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.

(ix) 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 Area C-3 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.

(x) Title to any soil, dirt, sand or other matter (hereinafter in this item (x) collectively called "the matter") excavated by the Lessee during the course of the Area C-3 Expansion Work shall vest in the Port Authority and the matter shall be delivered by the Lessee at its expense to any location on 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.

(xi) 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 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 or to create any rights in said third persons against the Port Authority.

(xii) Effective as of the date of delivery to the Port Authority by the Lessee of a copy of Supplement No. 11 to the Lease fully executed on behalf of the Lessee, the Lessee in its own name as insured and including the Port Authority as an additional 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 subparagraphs (c) (i) and (vi) of this Paragraph 5), and Comprehensive Automobile Liability insurance covering owned, non-owned and hired vehicles.

The said Comprehensive General Liability insurance shall have a limit of not less than $25,000,000 combined single limit per occurrence for bodily injury and property damage liability, and said Comprehensive Automobile Liability insurance shall have a limit of not less than

$25,000,000 combined single limit per bodily injury and property damage liability.

The foregoing policies shall be in addition to all policies of insurance otherwise required by the Lease or the Lessee may provide such insurance by requiring each contractor engaged by it for the Area C-3 Expansion 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 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, but such endorsement shall not limit, vary or affect the protections afforded the Port Authority thereunder as an additional insured.

The Lessee shall also procure and maintain in effect, or cause to be procured and maintained in effect, Worker's Compensation Insurance and Employees' Liability Insurance in accordance with and as required by law. 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 18 of the Lease.

The Lessee shall procure and maintain Builder's Risk (All Risk) Completed Value Insurance covering the Area C-3 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 set forth herein and shall name the Port Authority, the City of Newark, the Lessee and its contractors and subcontractors as additional 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 Area C-3 Expansion Work and any excess shall be paid over to the Port Authority

The policies or certificates representing insurance covered by this subparagraph (xii) shall be delivered

by the Lessee to the Port Authority at least thirty (30) days prior to the commencement of the Area C-3 Expansion 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 and the City of Newark 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.

The insurance covered by this subparagraph (xii) 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.

(xiii) 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 5. 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 prior to the execution of this Lease.

(xiv) 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 sales of construction materials as may be reasonably required at any time and from time to time by the Port Authority.

(xv) The Lessee shall at the time of submitting the conceptual plan to the Port Authority as provided in subparagraph (b) of this Paragraph 5 of the Lease 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 Area C-3, as expanded, 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.

(xvi) 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 Area C-3 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 the Lease, the terms of the Lease shall prevail and control.

(xvii) Nothing contained in the Lease (as hereby amended) 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 Area C-3 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 Area C-3 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 Area C-3 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 Area C-3 Expansion Work.

(xviii) 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 Area C-3 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-1, attached hereto and hereby made a part of the Lease. The provisions of said Schedule E-1 of the Lease shall be applicable to the Lessee's contractor or contractors and subcontractors at any tier of construction as well as to the Lessee and the Lessee shall include the provisions of said Schedule E-1 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-1 to effectuate the goals of affirmative action and minority business enterprise and women-owned business enterprise programs.

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 Area C-3 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 Lease 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 the Area C-3 Expansion 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 so

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:

(i) 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 Area C-3 Expansion 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.

(ii) 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.

(iii) The approved work will be performed in accordance with and subject to the terms, indemnities and provisions hereof covering the Area C-3 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 subparagraph (d), been approved by the Port Authority.

(iv) 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 Area C-3 Expansion Work.

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

(vi) In the event that the Lessee shall at any time during the construction of any portion of the

Area C-3 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 Area C-3 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 Area C-3 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 Area C-3 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 Area C-3 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 Area C-3 Expansion Work. The Lessee shall not commence construction of the portion of the Area C-3 Expansion Work that has been halted until such written approval has been received.

(vii) It is hereby expressly understood and agreed that, in the event the Port Authority assigns a field engineer to the Area C-3 Expansion Work, such field engineer has no authority to approve any plans and specifications of the Lessee with respect to the Area C-3 Expansion Work, to approve the construction by the Lessee of any portion of the Area C-3 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 Area C-3 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 Area C-3 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 Area C-3 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 Area C-3 Expansion Work shall not be or be deemed to be an Lease or acknowledgment on the part of the Port Authority that the Lessee has in fact performed such portion of the Area C-3 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 Area C-3 Expansion Work.

(viii) 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 paragraph (d) it shall do so with full knowledge that there may not be continuity by it in the performance of its Area C-3 Expansion Work under the procedures of this paragraph (d).

(ix) No prior approval of any work in connection with the Area C-3 Expansion 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 the Area C-3 Expansion Work prior to the approval by the Port Authority of the Lessee's complete plans and specifications thereof. It is understood hat no such prior approval shall release or relieve the Lessee from its obligation to submit complete plans and specification for the Area C-3 Expansion Work and to obtain the Port Authority's approval of the same as set forth in paragraph (b) hereof. It is further understood that in the event the Lessee elects not to

continue to seek further approval letters pursuant to this paragraph (c), the obligations of the Lessee to restore the area and to make modifications and changes as set forth in subparagraph (d) above shall be suspended until the Lessee's submission of its complete plans and specifications in accordance with paragraph (b) hereof.

(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 Area C-3 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 Four Hundred Forty Dollars and No Cents ($440.00) for each day 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) (i) The Area C-3 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 any portion thereof by the Lessee and from the operations of the Lessee under this Paragraph 5. Accordingly, and in addition to all other obligations imposed on the Lessee under this Lease, and without diminishing, limiting, modifying or affecting any of the same, the Lessee shall be obligated to construct as part of the Area C-3 Expansion 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 premises it affects and all of the foregoing shall be covered under the plans and specifications of the Lessee submitted under subparagraph (b) of this Paragraph 5 and shall be part of the Area C-3 Expansion Work hereunder.

(ii) Notwithstanding the provisions of subparagraph (i) 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 Area C-3 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 (i). 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 Paragraph 5 with respect to the Area C-3 Expansion Work shall apply and pertain with like effect to any work which the Lessee is obligated to perform pursuant to this subparagraph (ii) 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 (e) are a special inducement and consideration to the Port Authority in granting the Lease with respect to Area C-3 to the Lessee.

(g) Title to all the Area C-3 Expansion Work which is located within the territorial limits of the City of Newark shall vest in the City of Newark as the same or any part thereof is erected, constructed or installed, and shall be or become a part of the premises if located within the premises. Title to each part of the Area C-3 Expansion Work, if any, which is located within the territorial limits of the City of Elizabeth shall vest in the Port Authority as the same or any part thereof is erected, constructed or installed, and shall be and become part of the premises if located within the premises.

(h) (i) When the Area C-3 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 by the Lessee's architect or engineer certifying that the Area C-3 Expansion Work 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, the Area C-3 Expansion 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 Area C-3 Expansion Work or any portion thereof for the purposes set forth in the Lease until such certificate is received from the Port Authority.

(ii) The term "the Area C-3 Expansion Work Completion Date" for the purposes of this Lease shall mean the date appear-

on the certificate issued by the Port Authority pursuant to subparagraph (i) of this paragraph (h).

(iii) In addition and without affecting the obligations of the Lessee under the preceding subparagraph, when an integral and material portion of the Area C-3 Expansion Work is substantially completed or is properly usable the Lessee may advise the Port Authority to such effect and may deliver to the Port Authority a certificate signed by an authorized officer of the Lessee and signed by the Lessee's architect or engineer certifying that such portion of the Area C-3 Expansion Work 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, and specifying that such portion of the Area C-3 Expansion Work can be properly used even though the Area C-3 Expansion Work has not been completed and that the Lessee desires such use. The Port Authority may in its sole discretion deliver a certificate to the Lessee with respect to each such portion of the Area C-3 Expansion Work permitting the Lessee to use such portion thereof for the purposes set forth in the Lease. In such event the Lessee may use such portion 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, and subject to the risks as set forth in subparagraph (d) hereof in the event that the Port Authority shall not have then approved the complete plans and specifications for the Area C-3 Expansion Work. Moreover, at any time prior to the issuance of the certificate required in subparagraph (i) above for the Area C-3 Expansion Work, the Lessee shall promptly upon receipt of a written notice from the Port Authority cease its use of such portion of the Area C-3 Expansion Work which it had been using pursuant to permission granted in this subparagraph (iii).

(i) The Lessee understands that there may be communications and utility lines and conduits presently located in 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 in 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 Paragraph 5 and the relocation work shall be and become a part of the Area C-3 Expansion Work.

being understood, however, that the relocation work shall not be or become a part of the premises hereunder.

(j) The Lessee acknowledges that it intends to continue to use and occupy all of the premises during the period of time it is performing the Area C-3 Expansion Work hereunder. The Lessee further acknowledges that this would involve among other things inconvenience, noise, dust, interference and disturbance to the Lessee in its use and occupancy of the premises as well as to its 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 the Lease on account of its performance of the Area C-3 Expansion Work and that the performance of the Area C-3 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 the 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 the Lease.

6. (a) Notwithstanding the provisions of Paragraph 4 of this Supplement No. 10 to the Lease, it is specifically understood and agreed that, in addition to and without limiting any of the rights and remedies of the Port Authority under the Lease, in the event the Lessee shall fail to complete the Area C-3 Expansion Work on or before the Required Completion Date (as said term is defined in subparagraph (c)(ii) of Paragraph 5 hereof), the Port Authority shall have the right (but not the obligation), exercisable at any time after the Required Completion Date, to place the following provisions of paragraph (b) hereof into full force and effect. The exercise of such right by the Port Authority shall be by written notice to the Lessee which shall set forth the effective date thereof (said date being hereinafter in this Paragraph 6 called the "Conversion Date" and said notice being hereinafter referred to as the "Conversion Notice").

(b) (1) Upon the Conversion Date the term of the letting of Area C-3 hereunder shall be deemed converted from a fixed term tenancy to a periodical tenancy from month-to-month, and Paragraph 2 of Supplement No. 8 shall be deemed amended to insert at the end thereof the following:

> "Notwithstanding the foregoing, from and after the Conversion Date set forth in the Conversion Notice, the term of the letting of Area C-3 under the Lease shall be for a period from the Conversion Date

to the last day of the month immediately following the month in which said Conversion Date occurs and month-to-month thereafter as a periodical tenancy, unless sooner terminated, but in no event shall such periodical tenancy continue beyond the last day of the month immediately preceding the first anniversary of the Conversion Date."

(2) Neither the provisions hereof nor the service by the Port Authority of the Conversion Notice, nor the conversion of the fixed term tenancy of Area C-3 to a periodical tenancy from month-to-month as aforesaid, shall diminish, release, impair or relieve the Lessee of any of its obligations or responsibilities under the terms, provisions, covenants and conditions of the Lease, including without limitation, the performance and completion of the Area C-3 Expansion Work and the obligation to pay the rentals for Area C-3 in accordance with the Lease; it being expressly understood and agreed that the Area C-3 Annual Rental set forth in subparagraph (a)(ii) of Paragraph 3 of Supplement No. 8 of the Lease (as herein amended by Paragraph 2 hereof) shall from and after the Conversion Date be deemed amended to be a monthly rental during the periodical tenancy provided for above at the appropriate monthly rate based on the annual rate set forth therein.

(3) It is further expressly understood and agreed that no provision of this Paragraph, nor the exercise by the Port Authority of its rights hereunder, nor any failure by the Port Authority to exercise any right hereunder shall be deemed to affect, limit or impair any other right or remedy of the Port Authority under the Lease, including without limitation the Port Authority's rights of termination under Section 24 of the Lease.

7. The Port Authority and the Lessee hereby specifically acknowledge and agree with respect to Exhibit DX (which shows the Area D portion of Area C-3) (attached to Supplement No. 9 to the Lease):

(a) That, notwithstanding anything to the contrary in said Supplement No. 9, Exhibit DX is subject to further revision to redefine the two portions of the area shown thereon, to wit, the reduction or enlargement of the area shown in stipple thereon and the consequent enlargement or reduction of the area shown in hatch thereon (all generally within the existing confines of, and based on final metes and bounds determination for, the total area shown on Exhibit DX; and that said revision is to be

done, to reflect the Port Authority's site plan encompassing the areas shown on Exhibit DX which site plan has been prepared by the Port Authority in connection with its plans for the redevelopment of the Airport and is designated "Preliminary" and as "Port Authority Site Plan EWR 9672 - Continental Airlines C-3 Connector and Related Ramp Area, dated December 16, 1991". A copy of said site plan has been provided to the Lessee and because of its bulky size is not physically attached hereto.

(b) That said site plan requires the revision of Exhibit DX, that a revised version of Exhibit DX will be prepared by the Port Authority and that the said revised version of Exhibit DX together with appropriate or related provisions if any, with respect to the Area C-3 Annual Rental, shall be included in a new supplemental agreement to the Lease which shall be prepared by the Port Authority and submitted to the Lessee for execution, and which shall be of prospective effect. The Lessee agrees to execute the said new supplemental agreement and return the same to the Port Authority within ten (10) days of the Lessee's receipt of the same.

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. Except as hereinbefore provided, all the terms covenants and conditions of the Lease shall be and remain in full force and effect.

10. 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 condition of this Agreement, or because of its execution 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.

11. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

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

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By Gerald Fitzgerald

(Title) DEPUTY DIRECTOR OF AVIATION

(Seal)

ATTEST:

Asst Secretary

CONTINENTAL AIRLINES, INC.
DEBTOR AND DEBTOR IN POSSESSION

By Sam E. Ashmore

(Title) President

(Corporate Seal)

SAM E. ASHMORE
SR. VICE PRESIDENT
CIVIC & AIRPORT AFFAIRS

APPROVED:
FORM

SCHEDULE E-1

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. 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 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 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 Office of Business and Job Opportunity 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 county 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 county 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 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 Contractors 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 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 nonminority. 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).

(q) Without limiting any other or provision under 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 hereof and in accordance with 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-1. "Meaningful participation" shall mean that at least seventeen percent (17%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of Minority Business Enterprises and Women-owned Business Enterprises, of which at lease twelve percent (12%) of the total dollar value of the construction contracts (including subcontracts) are for the participation of Minority 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 in a timely basis.

(g) Not requiring bonds from and/or providing bonds and insurance for MBEs and WBEs, where appropriate.

For the Port Authority

Initialled:

For the Lessee

FORM XLD - Ack., N.J. 51380

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On this 27 day of March, 1992, before me, the subscriber, a notary public of New York, personally appeared Denise P. Fitz Gerald 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.

Jacqueline White
(notarial seal and stamp)

JACQUELINE WHITE
Notary Public, State of New York
No. 4737769
Qualified in Suffolk County
Commission Expires May 31, 1993

STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 16th day of March, 1992, before me, the subscriber, a Notary Public of Texas, personally appeared Sam E. Ashmore the Senior Vice President of CONTINENTAL AIRLINES, INC. DEBTOR AND DEBTOR IN POSSESSION 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.

Deborah C. Hamblin
(notarial seal and stamp)

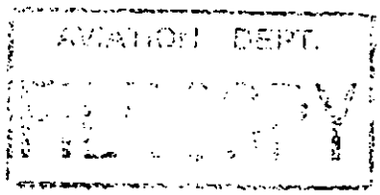
STATE OF)
) ss.
COUNTY OF)

On this _____ day of _____, 1992, 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)

ANA-170S11

THIS SUPPLEMENTAL 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



Newark International Airport
Lease No. ANA-170
Supplement No. 11

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT dated February 1, 1993 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC., DEBTOR AND DEBTOR IN POSSESSION , and a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as 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 Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, the Lessee is the successor by merger to Continental Airlines, Inc., a Delaware Corporation; and

WHEREAS, the Lease, in Supplement No. 10 thereof, provides for the replacement of Exhibit DX attached thereto with a revised Exhibit upon the Port Authority's determination of the metes and bounds and configuration of the areas shown on the said

Exhibit DX and with an appropriate adjustment of the Area C-3 Annual Rental under the Lease; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease to provide for the replacement of the said Exhibit DX and adjustment of the Area C-3 Annual Rental under the Lease and to amend the Lease in certain other respects as hereinafter provided;

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of June 1, 1992 (except as otherwise set forth herein), as follows:

1. (a) The Exhibit (two sheets) attached hereto, marked Exhibit DY, numbered EWR 92-24 and EWR 92-25, and hereby made a part hereof shall be deemed to replace Exhibit DX of the Lease attached to Supplement No. 9 of the Lease and inserted in lieu thereof, and the said Exhibit DY shall be and constitute the revised version of Exhibit DX as referred to in Paragraph 7 of Supplement No. 10 of the Lease.

(b) Item (vi) of subparagraph (a) of Paragraph 1 of Supplement No. 8 of the Lease is hereby amended as follows: The third and fourth lines thereof shall be deemed amended to read:

> "shown in stipple, in diagonal hatch and in cross-hatch on Exhibit DY attached to Supplement No. 11 of the Lease (the foregoing ".

2. (a) Subparagraph (a) (ii) of Paragraph 3 of Supplement No. 8 of the Lease, as previously amended and as set forth in Supplement No. 10 of the Lease, shall be deemed further amended to read as follows:

> "(ii) For the portion of the term of the letting of Area C-3 commencing on June 1, 1992 and continuing to and including the expiration date of the letting of Area C-3 an Area C-3 Annual Rental for Area C-3 at the annual rate of Five Million Five Hundred Eighty-Three Thousand Five Hundred Seventy Dollars and No Cents ($5,583,570.00) subject to adjustment as provided in subparagraph (b) hereof. The aforesaid Area C-3 Annual Rental of Five Million Five Hundred

Eighty-Three Thousand Five Hundred Seventy Dollars and No Cents ($5,583,570.00) is made up of two factors, one a constant factor in the amount of Four Million Six Hundred Thirty-four Thousand Seven Hundred Five Dollars and No Cents ($4,634,705.00), and the other a variable factor in the amount of Nine Hundred Forty-Eight Thousand Eight Hundred Sixty-five Dollars and No Cents ($948,865.00). The variable factor aforesaid represents the Airport Services portion of the Area C-3 Annual Rental and such variable factor of the Area C-3 Annual Rental is herein referred to as the Airport Services Factor and is subject to adjustment as provided in subparagraph (b) hereof."

(b) Subparagraph (b)(1) of said Paragraph 3 of Supplement No. 8 of the Lease is hereby amended to read as follows:

"The Airport Services Factor set forth in subparagraph (a)(i) above is the final Airport Services Factor with respect to the Area C-3 Annual Rental in effect for the calendar year 1988. For the calendar year 1989 and for each and every calendar year thereafter the Airport Services Factor of the Area C-3 Annual Rental shall be adjusted in accordance with the provisions of Schedule A of the Lease (as hereby amended). The Airport Services Factor set forth in subparagraph (a) (ii) above is the final Airport Services Factor with respect to the Area C-3 Annual Rental in effect for the calendar year 1991. For the calendar year 1992 and for each and every calendar year thereafter the Airport Services Factor of the Area C-3 Annual Rental shall be adjusted in accordance with the provisions of Schedule A of the Lease (as hereby amended). For the portion of the term of the letting of Area C-3 commencing on June 2, 1989 and expiring on May 31, 1992, the constant factor of $1,375,635 shall remain unchanged. For the portion of the term of the letting of Area C-3 commencing on June 1, 1992 to and including the expiration date of the said letting, the constant factor of $4,634,705.00 shall remain unchanged."

(c) The last sentence of Paragraph III of Schedule A of the Lease as set forth in Paragraph 3 (b)(v) of Supplement

No. 8 of the Lease and as amended by Paragraph 2(b) of Supplement No. 9 of the Lease is hereby further amended as follows:

(i) The fourth through seventh lines thereof shall be deemed amended to read as follows:

"Lease by the aforesaid fractions (for the calendar year 1992 adjustment, it is hereby agreed that the denominator of the first of said fractions shall be $28,208,278.00; and the numerator of the second of".

(ii) The sixteenth through the eighteenth lines thereof shall be deemed amended to read as follows:

"is being made; for the calendar year 1992 adjustment, it is hereby agreed said denominator shall be 1.965%."

(d) Subparagraph (e)(2) of Paragraph 3 of Supplement No. 8 of the Lease, as heretofore amended, is hereby further amended as follows:

(i) The first sentence of the first paragraph thereof shall be deemed amended to read as follows:

"In addition, the Airport Services Factor of the Area C-3 Annual Rental shall be reduced for each calendar day or major faction 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 $0.001858 subject to adjustment as provided herein."

(ii) The second paragraph thereof shall be deemed amended to read as follows:

"The aforesaid abatement rate of $0.001858 per diem (hereinafter called 'the variable rate') is based upon the variable factor in the amount of Nine Hundred Forty-eight Thousand Eight Hundred Sixty-five Dollars and No Cents ($948,865.00) per annum which is the tentative Airport Services Factor for 1992 (also subject to adjustment under paragraph b (hereof). After the close of the calendar year 1992 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."

(e) Any and all references in the Lease, as amended by said Supplement No. 8 thereto, to Paragraph 3 of Supplement No. 8 to the Lease shall be and be deemed references to Paragraph 3 of said Supplement No. 8 as the same has been heretofore amended by Supplement No. 9 to the Lease and by Supplement No. 10 to the Lease and as the same is hereby further amended by the provisions of this Supplemental Agreement.

3. Paragraph 5 of Supplement No. 8 of the Lease is hereby amended to read as follows:

"5. (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 and from time to time, without cause, upon thirty (30) days' prior written notice to the Lessee, to terminate the Lease and the letting thereunder with respect to all or a portion or portions of that part of Area C-3 as shown in cross-hatch and in diagonal hatch on the sketch attached hereto, hereby made a part hereof and marked 'Exhibit DY'. The said portions of the premises are herein in this Paragraph collectively called 'the Terminated Portion'.

(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. 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) From and after the Effective Date as defined the Lessee shall be entitled to an abatement of the Area C-3 Annual Rental in accordance with and pursuant to the Lease, as amended."

4. Effective as of December 31, 1992.

(a) The term of the letting of Area C-3 under the Lease is hereby extended to January 31, 1993 and month-to-month thereafter as a periodical tenancy unless sooner terminated, but in no event shall such periodical tenancy continue beyond June 30, 1993 subject to the terms and conditions of the Lease, as hereby amended, and at the rentals set forth in the Lease, as hereby amended.

(b) It is expressly recognized by the parties hereto that the extension of the term of the letting of Area C-3 under Paragraph 4 of Supplement No. 10 of the Lease did not become effective and is not in effect since the conditions set forth therein for the establishment of the "C-3 Long Term Extension Effective Date" as therein defined were not satisfied by the Lessee prior to December 31, 1992; and further that the

provisions of Paragraph 5 of the said Supplement No. 10 for the same reasons did not become effective.

5. Effective from and after January 1, 1993:

(a) The Lessee agrees to pay to the Port Authority a rental for Area C-3 (the "Area C-3 Monthly Rental") at the rate of Four Hundred Sixty-five Thousand Two Hundred Ninety-seven Dollars and Fifty Cents ($465,297.50) per month, subject to adjustment of the Airport Services Factor as provided in subparagraph (b) below, payable by the Lessee in advance on January 1, 1993 and on the first day of each and every month thereafter during the periodical tenancy until the expiration or earlier termination of the periodical tenancy hereunder. The aforesaid Area C-3 Monthly Rental of Four Hundred Sixty-five Thousand Two Hundred Ninety-seven Dollars and Fifty Cents ($465,297.50) is made up of two factors, one a constant factor in the amount of Three Hundred Eighty-six Thousand Two Hundred Twenty-five Dollars and Forty-two Cents ($386,225.42) and the other a variable factor in the amount of Seventy-nine Thousand Seventy-Two Dollars and Eight Cents ($79,072.08). The variable factor aforesaid represents the Airport Services Factor of the Area C-3 Monthly Rental and is subject to adjustment in accordance with Schedule A of the Lease, as amended.

(b) (1) The Airport Services Factor of the Area C-3 Monthly Rental is based on the final Airport Services Factor with respect to Area C-3 in effect for calendar year 1991. For the calendar year 1992 and for each and every calendar year thereafter the Airport Services Factor of the Area C-3 Monthly Rental shall be adjusted in accordance with the provisions of Schedule A of the Lease (as amended). For the portion of the letting of Area C-3 as set forth in Paragraph 4 (a) above including the periodical tenancy set forth therein the constant factor of the Area C-3 Monthly Rental in the amount of Three Hundred Eighty-six Thousand Two Hundred Twenty-five Dollars and Forty-two Cents ($386,225.42) shall remain unchanged.

(2) With respect to the adjustments of the Airport Services Factor of the Area C-3 Monthly Rental during the term of the letting of Area C-3 as set forth in Paragraph 4 (a) hereof including the periodical tenancy set forth therein, it is understood and agreed that the amendments to Schedule A of the Lease as set forth in Supplement No. 8 of the Lease and as the same are herein amended by Paragraph 2 (c) hereof shall apply to

the adjustments of the Airport Services Factor of the Area C-3 Monthly Rental specified in subparagraph (a) above.

(3) The abatement rates set forth in Paragraph 3 (e) of Supplement No. 8 of the Lease as amended by Supplement No. 10 of the Lease and as further amended in Paragraph 2 (d) hereof shall apply to the Area C-3 Monthly Rental during the term of the letting of Area C-3 as extended under Paragraph 4 (a) hereof including the periodical tenancy therein set forth.

(c) Without limiting any other term or provision of the Lease (as hereby amended), 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 of the month to month periodical tenancy and the final Airport Services Factor for the calendar year in which such date of expiration falls will not be determined for some months after said expiration date and that the Lessee's obligations to pay any deficiency in the Area C-3 Monthly Rental for such calendar years or portions thereof or the Port Authority's obligation to pay a refund in said Rental resulting from the determination of the final Airport Services Factor for such calendar years or portions thereof shall survive said expiration date 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 letting of Area C-3 extended for any period beyond the applicable expiration date of the letting of Area C-3 hereunder, nor shall the same have any effect upon the periodical tenancy of Area C-3. It is further recognized and agreed for the purposes of the adjustment of the Airport Services Factor under Schedule A that while the Area C-3 Monthly Rental is set forth as a monthly rental the Airport Services Factor thereof is based on an annual Airport Services Factor, subject to adjustment under Schedule A of the Lease, as amended, and that the Airport Services Factor of the Area C-3 Monthly Rental shall accordingly be adjusted on the basis of the adjustment of the said annual Airport Services Factor.

6. (a) Paragraph 4 (b) of Supplement No. 8 of the Lease is hereby amended as follows:

The words "(as set forth in Paragraph 2 hereof" appearing in the second and third lines thereof shall be deemed amended to read: "(as set forth in Paragraph 4 (a) of Supplement No. 11 of the Lease)".

(b) References in Paragraphs 6 (a) and 6 (b) of Supplement No. 8 of the Lease to "the expiration date of the letting of Area C-3" shall be deemed to mean the expiration date of the letting of the periodical tenancy of Area C as set forth in Paragraph 4 (a) of this Supplement No. 11 of the Lease.

7. 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.

8. Except as hereinbefore provided, all the terms covenants and conditions of the Lease shall be and remain in full force and effect.

9. 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 condition of this Agreement, or because of its execution 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.

10. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

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

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By Gerard P. FitzGerald

(Title) DEPUTY DIRECTOR OF AVIATION

(Seal)

ATTEST:

Asst Secretary

CONTINENTAL AIRLINES, INC.
DEBTOR AND DEBTOR IN POSSESSION

By Sam A. Gilmore

(Title) Jr Vice President

(Corporate Seal)

ANA-170S12A

THIS SUPPLEMENTAL 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

AVIATION DEPT.
FILE COPY

Newark International Airport
Lease No. ANA-170
Supplement No. 12

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT dated June 21, 1993 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as 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 Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, the Lessee is the successor by merger to Continental Airlines, Inc., a Delaware Corporation; and

WHEREAS, the Port Authority and the Lessee desire to extend the periodical tenancy of the Area C-3 portion of the premises under the Lease and to amend the Lease in certain other respects as hereinafter provided;

WHEREAS, a certain Stipulation between the parties hereto has been submitted for approval to the United States Bankruptcy Court for the District of Delaware ("the Bankruptcy Court") covering the Lessee's, as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession, assumption of the Lease, pursuant to the applicable provisions of United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation");

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of May 1, 1993, as follows:

1. The term of the letting of Area C-3 under the Lease is hereby extended to July 31, 1993 and month-to-month thereafter as a periodical tenancy unless sooner terminated, subject to the terms and conditions of the Lease, as hereby amended, and at the rentals set forth in the Lease; but in no event shall such periodical tenancy continue beyond December 31, 1993.

2. (a) The Lessee agrees, at its sole cost and expense, to perform all work necessary to design and construct the following:

(i) design and construction of a two-level annex building consisting of approximately 28,000 square feet to be located in the northwest corner of the Area D portion of Area C-3, with said annex building to be connected to the Terminal C building by a fully enclosed pedestrian walkway;

(ii) modifications and replacements to existing ticketing areas in the Terminal C building;

(iii) removal of existing pedestrian passenger loading bridge described in Paragraph 4 hereof and installation, as replacement therefor, of the new apron drive loading bridge described in Paragraph 4 hereof; and

(iv) all appropriate, necessary and required work for paving of unpaved portions of the aircraft maneuvering areas at Area C-3 to accommodate small commuter aircraft movement and parking and to allow for wide-body jet aircraft in the vicinity of the Area C-3 passenger loading bridges;

All of the foregoing shall be in accordance with a Construction Application or Construction Applications and plans and specifications to be submitted by the Lessee for approval by the Port Authority. All of the foregoing design and construction work is hereinafter referred to as the "Area C-3 Work."

All of the Area C-3 Work shall be constructed by the Lessee on the premises (specifically, the Area C-3 portion of the premises) and off the premises where necessary and where constructed on the premises shall be and become a part of the premises under the Lease.

(b) Prior to the commencement of the Area C-3 Work, the Lessee shall submit to the Port Authority for the Port Authority's approval complete plans and specifications (including a conceptual plan) therefor. The Port Authority may refuse to grant approval with respect to the Area C-3 Work if, in its opinion, any of the proposed Area C-3 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 Lease, 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 conceptual plan, or

(ix) Not comply with the provisions of the Basic Lease, including without limiting the generality thereof, those 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

(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 Lease, 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 the Port Authority's requirements and standards with respect to noise, air pollution, water pollution or other types of pollution.

(c) All of the Area C-3 Work shall be done in accordance with the following terms and conditions:

(i) The Lessee hereby assumes the risk of loss or damage to all of the Area C-3 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 Area C-3 Work. In the event of such loss

or damage, the Lessee shall forthwith repair, replace and make good the Area C-3 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 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 Area C-3 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 willful acts done by the Port Authority, its Commissioners, officers, agents and employees with respect to the Area C-3 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.

(ii) Prior to engaging or retaining an architect or architects for the Area C-3 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 substitute or other architect who may be unacceptable to it. All Area C-3 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 Area C-3 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 Area C-3 Work. All Area C-3 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 Area C-3 Work not done in accordance with the approved plans and specifications, the provisions of this Paragraph 2 or any further requirements of the Port Authority under the Lease as hereby amended. The Lessee shall complete the Area C-3 Work no later than September 30, 1993.

(iii) The Lessee shall submit to the Port Authority for its approval the names of the contractors to whom the Lessee proposes to award the Area C-3 Work 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."

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

(v) 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.

(vi) 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, claim 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 Area C-3 Work hereunder shall be for the benefit of the Port Authority as well as the Lessee, and the contract shall so provide.

(vii) The Port Authority shall have the right, through its duly designated representatives, to inspect the Area C-3 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 Area C-3 Work.

(viii) The Lessee agrees that it shall deliver to the Port Authority two (2) sets of "as built" microfilm drawings of the Area C-3 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.

(ix) 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 Area C-3 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.

(x) Title to any soil, dirt, sand or other matter (hereinafter in this item (x) collectively called "the matter") excavated by the Lessee during the course of the Area C-3 Work shall vest in the Port Authority and the matter shall be delivered by the Lessee at its expense to any location on 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.

(xi) 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 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 or to create any rights in said third persons against the Port Authority.

(xii) Effective as of the date of delivery to the Port Authority by the Lessee of a copy of Supplement No. 12 to the Lease fully executed on behalf of the Lessee, the Lessee in its own name as insured and including the Port Authority as an additional 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 subparagraphs (c) (i) and (vi) of this Paragraph 2, and Comprehensive Automobile Liability insurance covering owned, non-owned and hired vehicles.

The said Comprehensive General Liability insurance shall have a limit of not less than $25,000,000 combined single limit per occurrence for bodily injury and property damage liability, and said Comprehensive Automobile

Liability insurance shall have a limit of not less than $25,000,000 combined single limit per bodily injury and property damage liability.

The foregoing policies shall be in addition to all policies of insurance otherwise required by the Lease or the Lessee may provide such insurance by requiring each contractor engaged by it for the Area C-3 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 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, but such endorsement shall not limit, vary or affect the protections afforded the Port Authority thereunder as an additional insured.

The Lessee shall also procure and maintain in effect, or cause to be procured and maintained in effect, Worker's Compensation Insurance and Employers' Liability Insurance in accordance with and as required by law. The insurance required hereunder shall be maintained in effect during the performance of the Area C-3 Work and shall be in compliance with and subject to the provisions of paragraph (c) of Section 18 of the Lease.

The Lessee shall also procure and maintain Builder's Risk (All Risk) Completed Value Insurance covering the Area C-3 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 set forth herein and shall name the Port Authority, the City of Newark, the Lessee and its contractors and subcontractors as additional 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 Area C-3 Work and any excess shall be paid over to the Port Authority.

The policies or certificates representing insurance covered by this subparagraph (xii) shall be delivered by the Lessee to the Port Authority at least thirty (30) days prior to the commencement of the Area C-3 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 and the City of Newark 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.

The insurance covered by this subparagraph (xii) 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.

(xiii) 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 2. 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 prior to the execution of this Lease.

(xiv) 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 reasonably required at any time and from time to time by the Port Authority.

(xv) The Lessee shall at the time of submitting the conceptual plan to the Port Authority as provided in subparagraph (b) of this Paragraph 2 of the Lease 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 Area C-3, 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.

(xvi) 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 Area C-3 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 the Lease, the terms of the Lease shall prevail and control.

(xvii) Nothing contained in the Lease (as hereby amended) 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 Area C-3 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 Area C-3 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 Area C-3 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 Area C-3 Work.

(xviii) 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 Area C-3 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-1, attached hereto and hereby made a part of the Lease. The provisions of said Schedule E-1 of the Lease shall be applicable to the Lessee's contractor or contractors and subcontractors at any tier of construction as well as to the Lessee and the Lessee shall include the provisions of said Schedule E-1 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-1 to effectuate the goals of affirmative action and minority business enterprise and women-owned business enterprise programs.

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 Area C-3 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 lease 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 the Area C-3 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:

(i) 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 Area C-3 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.

(ii) 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.

(iii) The approved work will be performed in accordance with and subject to the terms, indemnities and provisions hereof covering the Area C-3 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 subparagraph (d), been approved by the Port Authority.

(iv) 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 Area C-3 Work.

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

(vi) In the event that the Lessee shall at any time during the construction of any portion of the Area C-3 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 Area C-3 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 Area C-3 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 Area C-3 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 Area C-3 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 Area C-3 Work. The Lessee shall not commence construction of the portion of the Area C-3 Expansion Work that has been halted until such written approval has been received.

(vii) It is hereby expressly understood and agreed that, in the event the Port Authority assigns a field engineer to the Area C-3 Work, such field engineer has no authority to approve any plans and specifications of the Lessee with respect to the Area C-3 Work, to approve the construction by the Lessee of any portion of the Area C-3 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 Area C-3 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 Area C-3 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 Area C-3 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 Area C-3 Work shall not be or be deemed to be an Lease or acknowledgment on the part of the Port Authority that the Lessee has in fact performed such portion of the Area C-3 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 Area C-3 Work.

(viii) 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 paragraph (d) it shall do so with full knowledge that there may not be continuity by it in the performance of its Area C-3 Work under the procedures of this paragraph (d).

(ix) No prior approval of any work in connection with the Area C-3 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 the Area C-3 Work prior to the approval by the Port Authority of the Lessee's complete plans and specifications thereof. It is understood hat no such prior approval shall release or relieve the Lessee from its obligation to submit complete plans and specifications for the

Area C-3 Work and to obtain the Port Authority's approval of the same as set forth in paragraph (b) hereof. It is further understood that in the event the Lessee elects not to continue to seek further approval letters pursuant to this paragraph (c), the obligations of the Lessee to restore the area and to make modifications and changes as set forth above in this subparagraph (d) shall be suspended until the Lessee's submission of its complete plans and specifications in accordance with paragraph (b) hereof.

(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 Area C-3 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 Four Hundred Forty Dollars and No Cents ($440.00) for each day 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) (i) The Area C-3 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 Paragraph 2. Accordingly, and in addition to all other obligations imposed on the Lessee under this Lease, and without diminishing, limiting, modifying or affecting any of the same, the Lessee shall be obligated to construct as part of the Area C-3 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 premises it affects and all of the foregoing shall be covered under the plans and specifications of the Lessee submitted under subparagraph (b) of this Paragraph 2 and shall be part of the Area C-3 Work hereunder.

(ii) Notwithstanding the provisions of subparagraph (i) 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 Area C-3 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 (i). 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 Paragraph 2 with respect to the Area C-3 Work shall apply and pertain with like effect to any work which the Lessee is obligated to perform pursuant to this subparagraph (ii) 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 the extension hereunder of the letting with respect to Area C-3 to the Lessee.

(g) Title to all the Area C-3 Work which is located within the territorial limits of the City of Newark shall vest in the City of Newark as the same or any part thereof is erected, constructed or installed, and shall be or become a part of the premises if located within the premises. Title to each part of the Area C-3 Work, if any, which is located within the territorial limits of the City of Elizabeth shall vest in the Port Authority as the same or any part thereof is erected, constructed or installed, and shall be and become part of the premises if located within the premises.

(h) (i) When the Area C-3 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 by the Lessee's architect or engineer certifying that the Area C-3 Work 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, the Area C-3 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 Area C-3 Work or any portion thereof for the purposes set forth in the Lease until such certificate is received from the Port Authority.

(ii) The term "the Area C-3 Work Completion Date" for the purposes of this Lease shall mean the date appearing on the certificate issued by the Port Authority pursuant to subparagraph (i) of this paragraph (h).

(iii) In addition and without affecting the obligations of the Lessee under the preceding subparagraph, when an integral and material portion of the Area C-3 Work is substantially completed or is properly usable the Lessee may advise the Port Authority to such effect and may deliver to the Port Authority a certificate signed by an authorized officer of the Lessee and signed by the Lessee's architect or engineer certifying that such portion of the Area C-3 Work 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, and specifying that such portion of the Area C-3 Work can be properly used even though the Area C-3 Work has not been completed and that the Lessee desires such use. The Port Authority may in its sole discretion deliver a certificate to the Lessee with respect to each such portion of the Area C-3 Work permitting the Lessee to use such portion thereof for the purposes set forth in the Lease. In such event the Lessee may use such portion 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, and subject to the risks as set forth in subparagraph (d) hereof in the event that the Port Authority shall not have then approved the complete plans and specifications for the Area C-3 Work. Moreover, at any time prior to the issuance of the certificate required in subparagraph (i) above for the Area C-3 Work, the Lessee shall promptly upon receipt of a written notice from the Port Authority cease its use of such portion of the Area C-3 Work which it had been using pursuant to permission granted in this subparagraph (iii).

(i) The Lessee understands that there may be communications and utility lines and conduits presently 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 Paragraph 2 and the relocation work shall be and become a part of the Area C-3 Work; it being understood, however, that the relocation work shall not be or become a part of the premises hereunder.

(j) The Lessee acknowledges that it intends to continue to use and occupy all of the premises during the period of time it is performing the Area C-3 Work hereunder. The Lessee further acknowledges that this would involve among other things inconvenience, noise, dust, interference and disturbance to the Lessee in its use and occupancy of the premises as well as to its 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 the Lease on account of its performance of the Area C-3 Work and that the performance of the Area C-3 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 the 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 the Lease.

3. In addition to and without limiting any of the terms or provisions of the Lease, as hereby amended, the Lessee shall, at its sole cost and expense, if requested by the Port Authority (which request the Port Authority may make at its sole option and discretion), remove all of the Area C-3 Work (or the portions thereof specified by the Port Authority in its request) and shall restore the premises to the condition existing prior to the commencement of the Area C-3 Work.

4. (a) With respect to the passenger loading bridges for which Port Authority construction advances were made pursuant to Sections 2 and 6 of the Lease (hereinafter sometimes referred to as the "Section 2 loading bridges"), it is hereby recognized that the Lessee has advised the Port Authority that, based on a change in the operating plan for the premises including greater utilization of wide-bodied aircraft, certain additional modifications and removal work, as part of the Area C-3 Work

defined in Paragraph 2 hereof, are required consisting of (i) the removal from the premises of one (1) of the Section 2 passenger loading bridges and the transfer of the title thereof to the Lessee; said loading bridge being described as a fixed pedestal loading bridge for narrow body aircraft and being identified as a loading bridge in Schedule 1 attached to Supplement No. 4 of the Lease and also identified by serial number WS500R-32; and (ii) the installation in the premises of a new passenger loading bridge (as hereinafter described) and the transfer of the title thereof to the Port Authority. The new loading bridge to be installed by the Lessee, as part of the Area C-3 Work defined in Paragraph 2 hereof, is identified by description as a new jet apron drive loading bridge for a wide-bodied aircraft gate position newly manufactured and installed under a contract between the Lessee and Pneumo Abex Corporation by its Jetway Systems Division 1805 West 2550 South Ogden, Utah with an estimated value of Two Hundred Thousand Dollars and No Cents ($200,000.00) exclusive of delivery and installation costs, and is identified by number as Loading Bridge model number A3-58/100-125R and by original serial number OG37489 and is herein referred to as the "Jetway loading bridge A3-58/100-125R". It is specifically understood and agreed that the Lessee shall at its sole cost and expense perform, as part of the Area C-3 Work defined in Paragraph 2 hereof, all work necessary, required or appropriate in connection with all of the foregoing removal and installation work subject to the terms and conditions of the Lease, including without limitation Paragraph 2 hereof, provided, however, that none of the foregoing shall be or become part of the cost of the construction work (as defined in Section 6 of the Lease) or part of the Construction Advance Amount (as defined in Section 6 of the Lease). It is further expressly understood and agreed that the parties intend, based on the Lessee's representation and warranty set forth in subparagraph (c) below, that the said Jetway Loading Bridge A3-58/100-125R shall be deemed a replacement and substitution for the above said loading bridge No. WS500R-32 and that such replacement and substitution shall not result in any recomputation, adjustment or reduction of any construction advance, or the Construction Advance Amount or the Base Annual Rental.

(b) It is expressly understood and agreed that, from and after the effective date of this Supplement No. 12 to the Lease, all references to the 42 passenger loading bridges in the Lease shall be deemed to mean the 42 passenger loading bridges as reduced in number and modified pursuant to the provisions of Paragraph 4 of the Supplement No. 7 to the Lease,

Paragraph No. 9 of Supplement No. 8 to the Lease and as modified by the provisions of this Paragraph 4 hereof. Without limiting the generality of the foregoing, it is further expressly understood and agreed that the terms, provisions, covenants, conditions, representations and warranties set forth in and called for under paragraph (o) of Section 6 of the Lease (as set forth in Supplement No. 4 of the Lease) shall apply, and the Lessee hereby makes the same covenants, representations and warranties to the Port Authority, with like force and effect to Jetway Loading Bridge A3-58/100-125R; and it is further hereby understood and agreed that with respect to Jetway Loading Bridge A3-58/100-125R the words "the Lessee's contractor", as used in Section 6 of the Lease shall mean Pneumo Abex Corporation by its Jetway Systems Division 1805 West 2550 South Ogden, Utah provided, however, that the provisions of subparagraph (1)(a)(ii) of said paragraph (o) shall not be applicable.

(c) The Lessee, further, hereby expressly warrants and represents to the Port Authority that Jetway Loading Bridge A3-58/100-125R is of equal or greater fair market value to that of the said loading bridge No. WS500R-32.

5. The Lessee expressly understands and agrees that the Area C-3 Work (as defined in Paragraph 2 above) shall be performed at the Lessee's sole risk, cost and expense and that neither the Supplement nor anything contained herein nor the performance by the Lessee of the Area C-3 Work or any portions thereof, nor any action taken by the Port Authority hereunder shall grant or be deemed to grant to the Lessee any right or claim to an extension of the term of the Lease and the letting thereunder, including without limitation the term of the letting of Area C-3, or to constitute any approval of or commitment by or agreement of the Port Authority to any such extension.

6. (a) Paragraph 4 (b) of Supplement No. 8 of the Lease is hereby amended as follows:

> The words "(as set forth in Paragraph 2 hereof)" appearing in the second and third lines thereof shall be deemed amended to read: "(as set forth in Paragraph 1 of Supplement No. 12 of the Lease)".

(b) References in Paragraphs 6 (a) and 6 (b) of Supplement No. 8 of the Lease to "the expiration date of the letting of Area C-3" shall be deemed to mean the expiration date

of the letting of the periodical tenancy of Area C-3 as set forth in Paragraph 1 of this Supplement No. 12 of the Lease.

7. In addition to and without limiting any term or provision of Section 66 of the Lease or any other term or provision of the Lease, it is hereby understood and agreed that the Lessee shall no later than sixty (60) days after its execution of this Supplemental Agreement submit to the Port Authority for its review and approval in accordance with Sections 66 and 73 of the Lease, a revised updated comprehensive consumer services plan covering the consumer services to be provided in Area C-3 after the completion of the Area C-3 Work (as defined in Paragraph 2 hereof).

8. It is expressly recognized that while the Stipulation (as hereinbefore defined) has been submitted to the United States Bankruptcy Court, the Stipulation may not have been fully approved by the Bankruptcy Court as of the date of the execution of this Supplemental Agreement by the parties hereto, and, accordingly, it is expressly understood and agreed that neither this Supplemental Agreement nor anything contained herein nor the execution hereof by either party hereto shall or shall be deemed to waive, alter or prejudice any of the rights or remedies of either party hereto under the Lease or at law or equity or otherwise, or with respect to or under the Stipulation, if as and when the same may be approved by the Bankruptcy Court.

9. 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.

10. Except as hereinbefore provided, all the terms covenants and conditions of the Lease shall be and remain in full force and effect.

11. 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 condition of this Agreement, or because of its execution 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.

12. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

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

ATTEST:

ASSISTANT Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By _____

(Title) DEPUTY DIRECTOR OF AVIATION

(Seal)

ATTEST:

Secretary

E. A. Hessler
Vice President &
Corporate Secretary

CONTINENTAL AIRLINES, INC.

By _____

(Title) President

(Corporate Seal)

SAM E. ASHMORE
SR. VICE PRESIDENT
CIVIC & AIRPORT AFFAIRS

APPROVED:
FORM | TERMS

SCHEDULE E-1

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. 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 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 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:

Minority, except laborers	30%
Minority, laborers	40%

(2) Female participation:

Female, except laborers	6.9%
Female, laborers	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 Office of Business and Job Opportunity 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 county 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 county 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 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 Contractors 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 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 nonminority. 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).

(q) Without limiting any other or provision under 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 hereof and in accordance with 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-1. "Meaningful participation" shall mean that at least seventeen percent (17%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of Minority Business Enterprises and Women-owned Business Enterprises, of which at lease twelve percent (12%) of the total dollar value of the construction contracts (including subcontracts) are for the participation of Minority 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 in a timely basis.

(g) Not requiring bonds from and/or providing bonds and insurance for MBEs and WBEs, where appropriate.

For the Port Authority

Initialled:

For the Lessee

FORM XLD - Ack., N.J. 51380

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On this 21 day of September, 1993, before me, the subscriber, a notary public of New York, personally appeared Gerald P. Fitz Gerald 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 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)

JACQUELINE WHITE
Notary Public, State of New York
No. 4737769
Qualified in Suffolk County
Commission Expires May 31, 1995

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

On this 21st day of June, 1993, before me, the subscriber, a NOTARY PUBLIC OF TEXAS, personally appeared SAM E. ASHMORE the Senior Vice President of **CONTINENTAL AIRLINES, INC.** 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.

Kathryn K. Guttermann
(notarial seal and stamp)

STATE OF)
) ss.
COUNTY OF)

On this _____ day of _____, 1993, 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)

294R

THIS SUPPLEMENTAL 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

AVIATION DEPT.
FILECOPY

Newark International Airport
Lease No. ANA-170
Supplement No.13

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT dated February 1, 1994 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O.Box 4607, Houston, Texas 77210-4067, (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as 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 Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, the Port Authority and the Lessee desire to extend the letting of the Area C-3 portion of the premises under the Lease and to amend the Lease in certain other respects as hereinafter provided:

WHEREAS, a certain Stipulation between the parties

hereto has been submitted for approval of the United States Bankruptcy Court for the District of Delaware ("the Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession pursuant to the applicable provisions of United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation");

WHEREAS, the Stipulation and the Lessee's assumption of the Lease has been approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993;

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of October 2, 1993 (except as otherwise provided with respect to Paragraphs 1 and 2 below) as follows:

1. Effective as of June 2, 1989, subparagraph (b) of Paragraph 2 of Supplement No. 9 of the Lease shall be deemed corrected and amended to read as follows:

"(b) Paragraph III of Schedule A to the Lease, as amended by Paragraph 3 (b) (v) of Supplement No. 8 to the Lease, is hereby further amended by deleting the figure stated as '1.799%' in the last line thereof (as set forth in said paragraph 3 (b) (v) of Supplement No. 8) and by substituting in lieu thereof the figure '2.033%'."

2. Effective as of June 1, 1992:

(a) Subparagraph (a) (ii) of Paragraph 3 of Supplement No. 8 of the Lease, as previously amended and set forth in Supplement No. 11 of the Lease, shall be deemed corrected and amended to read as follows:

"(ii) For the portion of the term of the letting of Area C-3 commencing on June 1, 1992 and continuing to and including the expiration date of the letting of Area C-3 an Area C-3 Annual Rental for Area C-3 at the annual rate of Five Million Seven Hundred Thirty-seven Thousand Eighty Dollars and No Cents ($5,737,080.00) subject to adjustment as provided in subparagraph (b) hereof. The aforesaid Area C-3 Annual Rental of Five Million Seven Hundred Thirty-Seven Thousand Eighty Dollars and No Cents ($5,737,080.00) is made of up of two factors, one a constant factor in the

amount of Four Million Six Hundred Thirty-four Thousand Seven Hundred Five Dollars and No Cents ($4,634,705.00) and the other a variable factor in the amount of One Million One Hundred Two Thousand Three Hundred Seventy-five Dollars and No Cents ($1,102,375.00). The variable factor aforesaid represents the Airport Services portion of the Area C-3 Annual Rental and such variable factor of the Area C-3 Annual Rental is herein referred to as the Airport Services Factor and is subject to adjustment as provided in subparagraph (b) hereof."

(b) The sixteenth through the eighteenth lines of the last sentence of Paragraph III of Schedule A of the Lease as set forth in Paragraph 2 (c) (ii) of Supplement No. 11 of the Lease shall be deemed corrected and amended to read as follows:

"is being made; for the calendar year 1992 adjustment, it is hereby agreed said denominator shall be 1.999%."

(c) The first sentence of the first paragraph of subparagraph (e) (2) of Paragraph 3 of Supplement No. 8 of the Lease, as previously amended and set forth in Paragraph 2 (d) (i) of Supplement No. 11 of the Lease, shall be deemed corrected and amended to read as follows:

"In addition, the Airport Services Factor of the Area C-3 Annual 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 $0.0021585 subject to adjustment as provided herein."

(d) The second paragraph of said subparagraph (e) (2) of Paragraph 3 of Supplement No. 8 of the Lease as previously amended and as set forth in Paragraph 2 (d) (ii) of Supplement No. 11 of the Lease shall be deemed corrected and amended to read as follows:

"The aforesaid abatement rate of $0.0021585 per diem (hereinafter called 'the variable rate') is based upon the variable factor in the amount of One Million One Hundred Two Thousand Three Hundred Seventy-Five Dollars and No Cents ($1,102,375.00) per annum which is the tentative Airport Services Factor for 1992 (also subject to the adjustment under paragraph b (hereof). After the close of the calendar year 1992 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."

(e) Subparagraph (a) of Paragraph 5 of Supplement No. 11 of the Lease shall be deemed corrected and amended to read as follows:

"(a) The Lessee agrees to pay the Port Authority a rental for Area C-3 (the 'Area C-3 Monthly Rental') at the rate of Four Hundred Seventy-Eight Thousand Ninety Dollars and No Cents ($478,090.00) per month, subject to adjustment of the Airport Services Factor as provided in subparagraph (b) below, payable by the Lessee in advance on January 1, 1993 and on the first day of each and every month thereafter during the periodical tenancy until the expiration or earlier termination of the periodical tenancy hereunder. The aforesaid Area C-3 Monthly Rental of Four Hundred Seventy-Eight Thousand Ninety Dollars and No Cents ($478,090.00) is made up of two factors, one a constant factor in the amount of Three Hundred Eighty-six Thousand Two Hundred Twenty-Five Dollars and Forty-two Cents ($386,225.42) and the other a variable factor in the amount of Ninety-one Thousand and Eight Hundred Sixty-four Dollars and Fifty-eight cents ($91,864.58). The variable factor aforesaid represents the Airport Services Factor of the Area C-3 Monthly Rental and is subject to adjustment in accordance with Schedule A of the Lease, as amended."

3. The term of the letting of Area C-3 under the Lease is hereby extended to December 31, 1998 unless sooner terminated, subject to the terms and conditions of the Lease, as hereby amended, and the Lessee shall pay to the Port Authority as the annual rental for Area C-3, during the said extension of the term of the letting thereof, the Area C-3 Annual Rental in accordance with, and as set forth in, Paragraph 3 of Supplement No. 8 of the Lease, as said Paragraph 3 has been amended by Paragraph 2 of Supplement No. 10 of the Lease and further amended by Paragraph 2 of Supplement No. 11 of the Lease, and as the same is herein further amended by this Supplemental Agreement.

4. (a) Paragraph 4 (b) of Supplement No. 8 of the Lease is hereby amended as follows:

The words "the expiration date of the letting of Area C-3 (as set forth in Paragraph 2 hereof)" appearing in the second and third lines thereof shall be deemed amended to read: "the expiration date of the letting of Area C-3 (as set forth in Paragraph 3 of Supplement No. 13 of the Lease)".

(b) References in Paragraphs 6 (a) and 6 (b) of Supplement No. 8 of the Lease and in subparagraph (a) (ii) of Paragraph 3 of Supplement No. 8 of the Lease, as set forth in Supplement No. 10 of the Lease and as amended by Paragraph 2 of Supplement No. 11 of the Lease and by Paragraph 2 above, to the "expiration date of the letting of Area C-3" shall be deemed to read and mean the expiration date of the letting of Area C-3 as set forth in Paragraph 3 of this Supplement No. 13 of the Lease.

5. Paragraph 5 of Supplement No. 8 of the Lease, as previously amended, is hereby further amended to read as follows:

> "5.(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 and from time to time, without cause, upon thirty (30) days' prior written notice to the Lessee, to terminate the Lease and the letting thereunder with respect to all or a portion or portions of that part of Area C-3 as shown in cross-hatch and in diagonal hatch on the sketch attached hereto, hereby made a part hereof and marked 'Exhibit DY'. 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 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 51 of the Lease; or (v) in connection with the plans of the Port Authority for the redevelopment of the Airport.

(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. 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 prior to the Effective Date or for breach of any 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) From and after the Effective Date as defined the Lessee shall be entitled to an abatement of the Area C-3 Annual Rental in accordance with and pursuant to the Lease, as amended."

6. (a) The Port Authority and the Lessee have heretofore entered into a letter agreement dated March 26, 1992 and bearing Port Authority identification number ANA-635 which letter agreement, as amended by a supplemental letter agreement dated February 2, 1993, (hereinafter referred to as the "Letter Agreement") covered the performance of certain work by the Lessee in the premises hereunder, therein described as the "Lessee Work" and also the performance by the Port Authority in the premises hereunder of certain work therein described as "Port Authority Work". A portion of the said Port Authority Work consisted of certain "office relocation work" as more fully described and set forth in Paragraph 25 (a) of the Letter Agreement. The Port Authority and the Lessee hereby recognize and agree that the

Lessee subsequently to the date of the Letter Agreement agreed to perform the Office Relocation Work as herein-below defined, and the Port Authority and the Lessee hereby agree that the Port Authority shall reimburse to the Lessee the "Cost of the Office Relocation Work" (as hereinafter defined) in accordance with the following subparagraphs of this Paragraph 6.

(b) (1) "Office Relocation Work" shall mean that portion of the work originally set forth as part of the Port Authority Work under, and as described in, Paragraph 25 (a) (ii) of the Letter Agreement, and for which the Lessee submitted Alteration Application No. NC-75, as and to the extent such Application, including its plans and specifications, were approved by the Port Authority, and subject to any and all conditions set forth therein.

(2) The term "Cost of the Office Relocation Work" 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 principles consistently applied:

(i) the amount actually paid or incurred by the Lessee to its independent contractor(s) for work actually performed and labor and materials actually furnished in connection with the Office Relocation Work.

(ii) amounts actually paid by the Lessee in connection with the Office Relocation Work for engineering, architectural, professional and consulting services and supervision of construction and all related expenses for the Office Relocation Work; provided, however, that payments under this item (ii) shall not exceed ten percent (10%) of the amounts paid under item (i) above.

(c) (i) The Lessee, knowing that the Port Authority is relying on the truth and validity of the Lessee's representations and warranties and to induce the Port Authority to make the reimbursement payment to the Lessee as called for under this Paragraph, hereby expressly covenants, represents and warrants to the Port Authority that the Lessee has, prior to the execution of this Agreement, paid the Cost of the Office Relocation Work and has submitted to the Port Authority, subject to Port Authority review and audit, reproduction copies or duplicate originals of invoices of the Lessee's contractor(s) (including all entities mentioned in (i) and (ii) of subparagraph (b) (2) above) covering the Office Relocation Work, which the Lessee has submitted to the Port Authority for reimbursement

under this Paragraph 6, that the Lessee has heretofore paid in full the amount of such invoices, and for each and all such invoices that the Lessee has also submitted to the Port Authority for its review and audit an acknowledgement by the Lessee's contractor(s) (including all entities mentioned in (i) and (ii) of subparagraph (b) (2) above) of the receipt by it or them of the amounts of such invoices, and all certifications by the Lessee that all such invoices are for amounts, payments and expenses for the Cost of the Office Relocation Work, which the Lessee has submitted to the Port Authority for reimbursement under this Paragraph 6; and the Lessee also hereby further covenants, represents and warrants to the Port Authority that the Lessee has performed the Office Relocation Work in accordance with and in full compliance with the terms and provisions of the aforesaid Alteration Application and the plans and specifications forming a part thereof and all obligations thereunder and all requirements of the Port Authority given in connection therewith including without limitation all requirements of applicable laws, ordinances and governmental rules, regulations and orders.

(ii) The Lessee hereby certifies that it has completed the Office Relocation Work and that it has paid the entire and complete Cost of the Office Relocation Work and that there are no outstanding liens, mortgages, conditional bills of sale or claims of any kind whatsoever with respect to the Office Relocation Work in accordance with the aforesaid Alteration Application covering the same, and with all requirements of the Port Authority. The Lessee acknowledges that title to all of the Office Relocation Work has vested in the City of Newark with respect to all or such parts thereof located within the territorial limits of the City of Newark, and in the Port Authority with respect to all or each part thereof located within the territorial limits of the City of Elizabeth; and all such Work shall at the completion thereof be deemed to have become part of the premises under the Lease.

(iii) The Lessee shall 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, agents and officers of the Port Authority) arising or alleged to arise out of or in connection with the Office Relocation Work and the performance thereof 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, excepting only claims and demands which result solely from affirmative, wilful acts done by the Port Authority, its Commissioners, officers, agents and employees subsequent to the commencement of the Office Relocation 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 over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents, representatives employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority.

(iv) Nothing contained herein shall grant or be deemed to grant to any contractor, engineer, architect, supplier, subcontractor or any other person engaged by the Lessee or any of its contractors in the performance of any part of the Office Relocation Work, any right or action or claim against the Port Authority, its Commissioners, officers, agents and employees with respect to work any of them may have done in connection the Office Relocation Work. Nothing contained herein shall create or be deemed to create any relationship between the Port Authority and such contractors, engineers, architects, subcontractors or any other persons engaged by the Lessee or any of its contractors in the performance of any part of the Office Relocation 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 furnished in connection the Office Relocation Work.

(d) (1) Subject to the limitation set forth in paragraph (e) below, the Port Authority, based upon and in reliance on the covenants, certifications, representations, warranties, indemnities and inducement of the Lessee, as set forth above, agrees to reimburse to the Lessee, but not earlier than thirty (30) days after the Port Authority's execution of this Agreement, in a single rental credit applied against the rentals due under this Lease the amounts of the paid invoices of the Lessee heretofore paid by the Lessee and submitted by the Lessee as set forth in subparagraph (c) above as and for the Cost of the Office Relocation Work that the Lessee has submitted to

the Port Authority for reimbursement under this Paragraph 6, but only to the extent that the same meet the criteria specified in subparagraph (b) (2) above.

(2) It is understood and agreed that at the election of the Port Authority the rental credit shall not extend or include any one or more items of the Cost of the Office Relocation Work with respect to which the Port Authority's inspection, review or audit does not substantiate the contents of any such item or items submitted by the Lessee to establish the Cost of the Office Relocation Work as called for under subparagraph (c) above, but the Port Authority shall have no obligation to conduct any such inspection, review or audit at the time set forth for the Port Authority's payment under subparagraph (1) above.

(e) (1) The entire obligation of the Port Authority under this Agreement to reimburse the Lessee for the Cost of the Office Relocation Work shall be limited in amount to a total of Two Hundred Forty Thousand Dollars and No Cents ($240,000.00) to be paid to the Lessee in the form of a single rental credit against the Lessee's rental obligations under the Lease as set forth in subparagraph (d) above, pursuant and subject to all the terms, provisions, covenants and conditions hereof.

(2) Without limiting any right or remedy of the Port Authority under this Agreement, the Lease or otherwise, whether in law or in equity, the Port Authority shall have the right by its agents, employees and representatives to audit and inspect during regular business hours the books and records and other data of the Lessee relating to the Office Relocation Work and the Cost of the Office Relocation Work; it being especially understood and agreed that the Port Authority shall not be bound by any prior audit, review or inspection conducted by it. The Lessee agrees to keep said books, records and other data within the Port of New York District. The Lessee shall not be required to maintain such books, records and other data for more than five (5) years after the date of the rental credit under subparagraph (d) hereof.

7. 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.

8. Except as hereinbefore provided, all the terms covenants and conditions of the Lease shall be and remain in full force and effect.

9. 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 condition of this Agreement, or because of its execution 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.

10. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

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

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By Gerald P. FitzGerald

(Title) DEPUTY DIRECTOR OF AVIATION

(Seal)

CONTINENTAL AIRLINES, INC.

ATTEST:

Secretary

E. A. Hessler
Vice President &
Corporate Secretary

By Sam J. Johnson

(Title) SR Vice President

(Corporate Seal)

APPROVED:

FORM	TERMS

CSL-61273; - Ack. N.J.; Corp. & Corp.

STATE OF NEW JERSEY)
) ss.
COUNTY OF)

On this 3 day of June, 1994, before me, the subscriber, a notary public of New York, personally appeared Vincent Tese and 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 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)

JACQUELINE WHITE
Notary Public, State of New York
No. 4737769
Qualified in Suffolk County
Commission Expires May 31, 1995

STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 11th day of April, 1994, before me, the subscriber, a Notary Public of Texas, personally appeared Sam E. Ashmore the Sr. Vice President of CONTINENTAL AIRLINES, INC., 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.

KATHLEEN M. PHINNEY
Notary Public, State of Texas
My Commission Expires
MAY 6, 1996

Kathleen M. Phinney
(notarial seal and stamp)

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

On this 12TH day of APRIL, 1994, before me, the subscriber, a NOTARY PUBLIC CORPORATE SECRETARY personally appeared E.A. HESSLER the VICE President of CONTINENTAL AIRLINES 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.

Mae Belle Zycha
(notarial seal and stamp)

EWR-SZ

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

AVIATION DEPT.
FILE COPY

Port Authority Lease No. ANA-170
Supplement No. 14
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 CONTINENTAL AIRLINES, INC. (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee are parties to entered into an agreement of lease dated January 11, 1985 (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

independent contractor (sometimes called the "Operator"), which amendment is attached hereto and marked as "Exhibit A", and, further, without limiting any other term or provision of the Lease or of Exhibit Z, that the contents of Exhibit Z, as hereby amended, form a part of the said fuel service agreement between the Port Authority's independent contractor and the Lessee, and, further, that neither Exhibit Z as hereby amended nor anything contained therein shall limit, modify or alter any rights and remedies or obligations of the Port Authority or the Lessee under the Lease or constitute the Port Authority as a party to the said agreement between the Operator and the Lessee. It is further specifically understood and agreed that neither said Exhibit Z, as hereby amended, nor anything contained therein 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 Operator and the Lessee.

2.(a) It is specifically recognized that, pursuant to the terms of the Lease, Exhibit Z may be changed, modified or amended (including the amendment herein provided) upon agreement of the Port Authority and a majority of the "Airline Lessees" as defined in the Lease, and that accordingly, this Supplemental Agreement shall be deemed effective upon (i) the execution hereof by the Lessee and the Port Authority and (ii) upon the execution of a agreement substantially similar to this Agreement by each of the airlines constituting said majority of "Airline Lessees".

(b) It is also hereby specifically recognized and agreed that the said amendment to Exhibit Z of the Lease will be incorporated into the fuel storage permit of each fuel storage permittee at the Airport by an appropriate supplement or endorsement thereto, and that neither the failure or refusal of any such fuel storage permittee to execute said supplement or endorsement shall affect the effectiveness of the amendment to Exhibit Z hereunder.

3. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be and remain in full force and effect.

4. 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 because of its or their execution

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:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By _____

DEPUTY DIRECTOR OF AVIATION
(Title)

(Seal)

ATTEST:

CONTINENTAL AIRLINES, INC.

E. A. Hessler Secretary
Vice President &
Corporate Secretary

By _____

(Title) Sr Vice President

(Corporate Seal)

APPROVED:
FORM TERMS
J.B.

"Exhibit Z - Paragraph 9"

EXHIBIT I

8-Point Test

The "8-Point Test" shall consist of the following:

	Test	Specification
1.	Color, Saybolt, min.	Report
2.	API Gravity at 60° F	37° - 51°
3.	Flash Point, TCC, min.	100° - 150° F
4.	Copper Strip Corrosion, max. (2h at 212° F)	No. 1
5.	Freeze Point, ASTM D2386 max.	Jet A - 40° C Jet A-1 - 47° C
6.	Water Tolerance:	
	Separatin Rating, max.	2
	Interface rating, max.	1(b)
	ML, change	Report
7.	Distillation:	
	10% Evaporated, max. Temp.	400° F
	50% Evaporated, max. Temp.	Report
	90% Evaporated, max. Temp.	Report
	Final Boiling Point, max. Temp.	572° F
	Residue, max. %	1.5%
	Loss, max. %	1.5%
8.	Water Separometer Index, Modified min.	85

J. B.

For the Port Authority

Initialled:

CONTINENTAL AIRLINES
3115 Allen Parkway, Suite 250
Houston, Texas 77019
(713) 620-7350

V. Gregory Hartford
Corporate Vice President

January 25, 1994

Mr. Bruce R. Pashley
Ogden Aviation Service Company
of New Jersey
Marine Air Terminal
Building 7 South
LaGuardia Airport
Flushing, New York 11371

RE: Revised 8-Point Test

Dear Sirs,

This is to confirm the following agreement among the undersigned (the "Airline"), Ogden Aviation Service Company of New Jersey, Inc., ("Ogden") and the other airline members of the EWR Airline Fuel Committee:

1. From and after the effective date of this agreement, the 8-point test set forth in the Exhibit attached hereto shall be the "8-point test" applied by Ogden's independent testing laboratory as required under the fueling standards, specifications and delivery procedures set forth in Article 2 and Exhibit 1 of each of the fuel service agreements between Ogden and each EWR Fuel Storage Permittee.

2. This agreement shall become effective as of the day on which:

   (A) Each of the other airline members of the EWR Airline Fuel Committee shall have delivered to Ogden an executed agreement to the same effect as this agreement and Ogden shall have executed each such agreement and this agreement, and

   (B) The Port Authority of New York and New Jersey shall have provided to Ogden evidence of its approval for the use herein contemplated of the 8-point test set forth in the attached Exhibit which approval may be in the form of a notice from the Port Authority to Ogden indicating that the Port Authority and the required number of Master Airline Leasees as specified in the Newark Master Airline Leases have agreed to the changes in the 8-Point Test.

EXHIBIT A

3. Promptly after the effective date of this agreement, Ogden shall notify each Fuel Storage Permittee and provide to each a copy of the 8-point test set forth in the attached Exhibit, and the 8-point test referred to in each Ogden service agreement shall thereupon be deemed amended to conform to the 8-point test set forth in the attached Exhibit without further amendment to any such documents.

If Ogden agrees to the foregoing, please so indicate in the place provided below and on the enclosed duplicate copy hereof, and return the executed duplicate to the undersigned.

Agreed:
Continental Airlines, Inc.

By: _____

Its: _____

Agreed this 27th day of
January, 1994
Ogden Aviation Service Company
of New Jersey, Inc.

By: _____

Its: VICE PRESIDENT

John W. Baukneckt
Vice President

VGH/srd

Exhibit 1

8-Point Test

The "8-Point test" shall consist of the following:

Test	Specification
1. Color, Saybolt, min.	Report
2. API Gravity at 60°F	37° - 51°
3. Flash Point, TCC, min.	100° - 150°F
4. Copper Strip Corrosion, max. (2h at 212°F)	No. 1
5. Freeze Point, ASTM D2386 max.	Jet A - 40°C Jet A-1 - 47°C
6. Water Tolerance:	
Separation Rating, max.	2
Interface rating, max.	1(b)
ML, change	Report
7. Distillation:	
10% Evaporated, max. Temp.	400°
50% Evaporated, max. Temp.	Report
90% Evaporated, max. Temp.	Report
Final Boiling Point, max. Temp.	572°F
Residue, max. %	1.5
Loss, max. %	1.5
8. Water Separometer Index, Modified min.	85

CSL-61273; - Ack. N.J.; Corp. & Corp.

STATE OF NEW JERSEY)
) ss.
COUNTY OF)

On this 20 day of September 1994, before me, the subscriber, a notary public of New York, personally appeared Kevin P. FitzGerald ~~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
Notary Public, State of New York
No. 4737769
Qualified in Suffolk County
Commission Expires May 31, 1995

Jacqueline White
(notarial seal and stamp)

STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 12th day of April , 1994, before me, the subscriber, a Notary Public of Texas, personally appeared Sam E. Ashmore, the President of **CONTINENTAL AIRLINES, INC.**, 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.

KATHLEEN M. PLUMLEY
Notary Public, State of Texas
My Commission Expires
MAY 6, 1996.

Kathleen M. Plumley
(notarial seal and stamp)

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)

ANA-170-S15.M.1A.1R

AVIATION DEPT.
FILE COPY

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-170
Supplement No. 15
Facility: Newark International Airport

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of March 20, 1995, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority"), and CONTINENTAL AIRLINES, INC. (hereinafter called "the Lessee");

WITNESSETH, That

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as 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 Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was submitted for approval of the United States Bankruptcy Court for the District of Delaware ("the Bankruptcy Court")

covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession pursuant to the applicable provisions of United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993; and

WHEREAS, the parties desire to extend the term of the letting of Area C-3 under the Lease, and to amend the Lease in certain other respects as hereinafter set forth;

NOW, THEREFORE, 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 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) (1) For purposes of this Supplemental Agreement, the term "Monorail Construction Costs" shall mean the total costs in connection with the Monorail Construction Work, as determined under subparagraph (a) (1) of Section II of Schedule M attached to the Lease by Paragraph 2 hereof.

(2) For purposes of the calculations under this Paragraph 1, "PFC Funds" shall mean revenues derived from fees (hereinafter called "Passenger Facility Charges") charged air passengers at the Airport, a portion of which revenues shall be applied to the Monorail Construction Costs in accordance with Port Authority applications therefor as approved

by the Federal Aviation Administration and the provisions of Section II of Schedule M as added to the Lease by Paragraph 2 of this Supplemental Agreement, the amount of which PFC Funds to be so applied being limited in amount to a total of One Hundred Million Dollars and No Cents ($100,000,000.00).

(3) "Monorail Fee Commencement Date" shall mean the date which the Port Authority shall have certified to be the date as of which the Monorail Construction Work has been substantially completed and the Monorail System is operational.

(4) (i) "The Monorail Factor" shall mean the sum of (1) the quotient obtained by dividing (x) the sum of the products derived by multiplying the average of the annual capital investment recovery rates calculated for six-month periods, commencing on January 1, 1991, of the "25-Bond Revenue Index" appearing in each of the issues of "The Bond Buyer" published during the period from January 1, 1991 to June 30, 1991 and each six-month period thereafter up to the last six-month period immediately prior to the Monorail Fee Commencement Date by the respective incremental costs as set forth in items A, B and C of subparagraph (a) (1) of Section II of Schedule M of the Lease paid or incurred during each of the six-month periods by (y) the total of the incremental costs as set forth in items A, B and C of subparagraph (a) (1) of Section II of Schedule M of the Lease paid or incurred during the period from January 1, 1991 up to the Monorail Fee Commencement Date, plus (2) one hundred fifty (150) basis points.

(ii) The "Additional Monorail Factor" shall mean the annual average capital investment recovery rates of the "25-Bond Revenue Index" appearing in the last issue of "The Bond Buyer" published during the calendar year for which the said average will be applied, plus one hundred fifty (150) basis points.

(iii) 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 Monorail Factor or the Additional Monorail Factor, then the Port Authority shall by notice to the Lessee present a comparable substitute for such Index for all subsequent six-month and annual periods, as

aforesaid. The determination of the Port Authority as to such substitute shall be final.

(5) The "Initial Monorail Construction Costs Payment Period" shall mean the period commencing on the Monorail Fee Commencement Date and ending on the day immediately preceding the twenty-fifth (25th) anniversary of the Monorail Fee Commencement Date.

(6) The "Additional Monorail Construction Costs Payment Period" shall mean any period commencing on the date on which the Port Authority shall have certified that the construction of any future capital improvement or replacement for the Monorail System has been substantially completed and is operational and ending on the final day of the useful life of such future capital improvement or replacement in accordance with Port Authority accounting practice.

(7) "Maximum Weight for Take-off" when used with reference to aircraft shall mean the maximum gross weight which such aircraft may lawfully have at the time of leaving the ground at any airport in the United States (under the most favorable conditions which may exist at such airport and without regard to special limiting factors arising out of the particular time, place or circumstances of the particular take-off, such as runway length, air temperature, or the like). The foregoing represents the uniform practice applied to all Aircraft Operators having agreements with the Port Authority with respect to the payment of the Monorail Fee under the provisions in any particular agreement. If such maximum gross weight is not fixed by or pursuant to law, then said phrase shall mean the actual gross weight at take-off.

(8) The term "Passenger Aircraft," as used herein, shall mean all aircraft operated at the Airport except aircraft, configured to carry only cargo and air crew, government aircraft, and general aviation aircraft.

(c) Effective as of the Monorail Commencement Date, the Lessee shall pay to the Port Authority the Monorail Fee established by the Port Authority from time to time in accordance with the provisions of Schedule M, set forth in Paragraph 2 hereof, for each and every take-off of each and every Passenger Aircraft, as defined in subparagraph (b) of this Paragraph 1,

operated by the Lessee. The said Monorail Fee shall be a fee per thousand pounds of total Maximum Weight for Take-off, as defined in said subparagraph (b).

(d) Commencing no later than the 20th day of the month following the month during which the Monorail Fee Commencement Date occurs and no later than the 20th day of each and every month thereafter, including the month following the expiration or earlier termination of the Lease, when the Lessee furnishes 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, it shall also separately state said take-offs by Passenger Aircraft. The Lessee shall pay to the Port Authority at the time it is obligated to furnish to the Port Authority the foregoing statement the Monorail Fee determined in accordance with Schedule M and payable by the Lessee for its Passenger Aircraft operations during the preceding calendar month computed on the basis of said operations. The Monorail Fee payable by the Lessee hereunder shall be in addition to any and all other rents, charges and fees imposed upon and payable by the Lessee under the Lease. The Monorail Fee shall be payable by the Lessee whether or not the Lessee uses the Monorail System or any or all of the Public Aircraft Facilities in addition to the runways.

(e) Without limiting any of the foregoing provisions of this Paragraph or any of the provisions of Schedule M, commencing on the effective date hereof and from time to time thereafter and during each calendar year, but no more frequently than quarterly, the Port Authority may notify the Lessee whether and to what extent the payments due to the Port Authority resulting from the tentative Monorail Fee established pursuant to Schedule M will be likely to exceed or be less than the payments which would result from the estimated finalized Monorail Fee as described in Paragraph II of Schedule M 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 Monorail Fee established by the Port Authority and set forth in said notice until the same is further adjusted in accordance with this subparagraph or Schedule M.

2. There shall be added to the Lease, as "Schedule M," the following:

"SCHEDULE M

I. Commencing upon the date (hereinafter called the 'Monorail Fee Commencement Date') which the Port Authority shall have certified to be the date as of which the construction of the Monorail System at Newark International Airport (hereinafter called the 'Airport') has been substantially completed and is operational and continuing thereafter for the balance of the term of the Lease, the Lessee shall pay to the Port Authority a Monorail Fee for each and every take-off of each and every Passenger Aircraft, as defined in Paragraph 1 of Supplement No. 15 of the Lease, operated by the Lessee. For the period from the Monorail Fee Commencement Date through the 31st day of December of the year in which the said Monorail Fee Commencement Date occurs (which period is hereinafter referred to as 'the Initial Schedule M Period'), the Lessee shall pay for each and every such take-off, a tentative Monorail Fee at the rate of $0.94 per thousand pounds of Maximum Weight for Take-off, as defined in Paragraph 1 of Supplement No. 15 of the Lease. It is understood that the Monorail Fee for the Initial Schedule M Period set forth above is tentative only and is subject to final determination as hereinafter provided.

II. Initial Construction Factor:

(a) (1) On or after the Monorail Fee Commencement Date the Port Authority shall determine the portion of the total construction costs (the 'Monorail Construction Costs') paid or incurred by the Port Authority in connection with the Monorail Construction Work, which shall be the total of the following:

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.

(2) The Port Authority shall deduct from the Monorail Construction Costs determined in subparagraph (1) above the amount of PFC Funds available to be applied to the Monorail System project, the remainder being hereinafter referred to as the 'Initial Net Capital Investment.'

(b) The Port Authority shall determine an amount (the said amount being hereinafter referred to as the 'Initial Construction Factor') equal to even monthly payments derived by multiplying the Initial Net Capital 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 Monorail Factor divided by twelve.

Where t (a power) equals 300.

III. Annual Operating Cost Factor

(a) The Port Authority shall determine the total of the actual cost of direct labor, materials, insurance, payments to contractors and suppliers, utility purchases and other costs for operation, maintenance, repairs and replacements charged on an expensed basis directly to the Monorail System actually incurred or accrued, including any such costs incurred or accrued prior to the Monorail Fee Commencement Date, during the Initial Schedule M Period (hereinafter collectively called the 'Operating Costs'). Whether an item hereunder is expensed or capitalized will be governed by Port Authority accounting practices.

(b) The Port Authority shall determine the total amount of rental or fees actually received by the Port Authority from rental car permittees specifically for and in connection with the portion of the Monorail Construction Costs and Operating Costs said permittees are obligated under their respective permits to pay the Port Authority (hereinafter called the 'Rental Car Credit'). The term 'Bus Service Credit' shall mean the amount of Five Hundred Thousand Dollars and No Cents ($500,000.00) and, together with the Rental Car Credit, shall be hereinafter collectively called 'the Credits'). The Port Authority shall subtract the Credits from the Operating Costs and multiply the remainder by one hundred and fifteen percent (115%), the product thereof being hereinafter called the 'Annual Operating Cost Factor.' The sum of the Initial Construction Factor and the Annual Operating Cost Factor constitutes the

'Total Capital and Operating Costs' as of the last day of the Initial Schedule M Period.

IV. Additional Construction Factor

(a) The Port Authority may in its discretion purchase an item or perform a project involving capital improvements and replacements other than the Monorail Construction Work in connection with the Monorail System and, in the event it does so, the Port Authority shall determine the portion of the Monorail Construction Costs paid or incurred by the Port Authority in connection therewith from and after the Monorail Fee Commencement Date up to and including December 31st of the calendar year during which the Monorail Fee Commencement Date occurs, or such subsequent calendar year during which such capital item or project is purchased or performed in connection with the Monorail System, which shall be the total of the elements of costs set forth in subparagraph (a) (1) of Section II hereof, said portion being hereinafter called the 'Additional Capital Investment.'

(b) The Port Authority shall determine an amount (the said amount being hereinafter referred to as the 'Additional Construction Component' and, together with all other Additional Construction Components determined during the said calendar year, being hereinafter collectively called the 'Additional Construction Factor') equal to even monthly payments, payable over the useful life of the capital item or project for which it was made in accordance with Port Authority accounting practice commencing on the date on which the Port Authority shall have certified that the purchase or construction of such capital item or project has been substantially completed and is operational and ending on the final date of the useful life of such capital item or project, derived by multiplying the Additional Capital Investment made during such calendar year 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 Additional Monorail Factor divided by twelve.

Where t (a power) equals the useful life of such capital item or project in accordance with Port Authority accounting practice expressed in number of months.

V. Annual Monorail Cost

The sum of the Initial Construction Factor, the Annual Operating Cost Factor, and the Additional Construction Factor, as the case may be, for the Initial Schedule M Period or for each subsequent calendar year is hereinafter called the 'Annual Monorail Cost.'

VI. Total Maximum Weight for Take-off

The Port Authority shall determine the Total Maximum Weight for Take-off of all Passenger Aircraft using the Airport during the Initial Schedule M Period and close of each calendar year.

VII. Monorail Fee Determination

After the close of the Initial Schedule M Period and after the close of each calendar year thereafter, the Port Authority shall determine the Monorail Fee for the Initial Schedule M Period, or other calendar year, as the case may be, as follows:

(a) The Port Authority shall determine the final Monorail Fee for the Initial Schedule M Period, or other calendar year for which the determination is being made, by dividing the Annual Monorail Cost by the Total Maximum Weight for Take-off (in thousands of pounds) determined in Section VI above. The result shall constitute the Monorail Fee for the Initial

Schedule M Period or other calendar year for which the determination is being made. It shall also constitute the tentative Monorail Fee for the calendar year following the year for which the determination is being made, and such Monorail Fee shall be expressed in cents per thousand pounds of Total Maximum Weight for Take-off to the nearest ten thousands of a cent. The Monorail Fee shall be multiplied by the Total Maximum Weight for Take-off (in thousands of pounds) of all Passenger Aircraft operated by the Lessee which took off from the Airport during the Initial Schedule M Period or other calendar year for which the determination is being made and during the calendar months which have elapsed since the close of the Initial Schedule M Period or other calendar year. The resultant product shall constitute the Monorail Fee due and payable by the Lessee to the Port Authority for the Initial Schedule M Period, or for the calendar year for which the determination was made, and for the months which have elapsed since the close of the Initial period or such other calendar year. The Lessee shall continue to make payments based on the new tentative Monorail Fee until the succeeding Monorail Fee is determined.

(b) Any deficiency due to the Port Authority from the Lessee for the Initial Schedule M Period or for any calendar year thereafter resulting from the determination of any Monorail Fee as aforesaid 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 a determination of any Monorail Fee shall be credited against future Monorail Fees, such credit to be made within thirty (30) days following the determination of the Monorail Fee. The determination of the Monorail Fee shall be made for the Initial Schedule M Period, and for such calendar year thereafter, by no later than April 30th of the following calendar year."

3. (a)(1) 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 following:

> The portions of the Monorail Station, including the platform (up to but not including the platform doors to the monorail cars), stairway, escalators, and elevators providing

access to the Monorail Station, serving Passenger Terminal Building C, which portions are shown in diagonal hatching and stipple on the drawings attached hereto, hereby made a part hereof and marked "Exhibit M (Sheet 1 of 2)" and "Exhibit M (Sheet 2 of 2)", respectively, together with the 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 the premises under the Lease, as hereby amended, and are designated herein as and herein collectively called "Area M", 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 the term of the letting under the Lease as set forth in Section 4 (b) of the Lease. The parties acknowledge and agree that the areas added to the premises pursuant to this paragraph constitute non-residential real property.

(2) Area M shall be used as a station of the Monorail System for the accommodation of employees, patrons, passengers, business visitors and guests of the Port Authority and the Lessee. Area M may also be used by other persons and the public generally.

(3) There shall be no additional rental payable by the Lessee in connection with the use of Area M nor shall there be any abatement of rental in the event the Lessee shall lose the use of all or a portion of Area M.

(b) If the Port Authority shall not give possession of Area M described in subparagraph (a) above on the effective date hereof by reason or 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 Section 4 (b) of the Lease. Tender shall be made by notice given at least (5) days prior to the effective date of the tender.

(c) 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 subject to the Port Authority's right to perform and complete the Monorail Construction Work as defined in Paragraph 1 of Supplement No. 15 of the Lease. 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.

4. There shall be added at the end of subparagraph (3) of paragraph (b) of Section 15 of the Lease the following sentence:

"As to Area M of the premises, the foregoing obligations shall not apply to the roof and exterior structure of Area M."

5. (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) (1) For purposes of this Supplemental Agreement, the term "Phase 1A Costs" shall mean the total costs in connection with all portions of the Phase 1A Roadway Work, as determined under subparagraph (a) (1) of Section II of Schedule M attached to the Lease by Paragraph 2 hereof as such costs are incurred in the performance of each portion of the Phase 1A Roadway Work.

(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 5, "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 Section II of Schedule M as added to the Lease by Paragraph 2 of this Supplemental Agreement, the amount of which PFC Funds to be so applied being limited in amount to a total of Fifty Million Dollars and No Cents ($50,000,000.00).

(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 5, 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".

(iii) 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

(iv) The Port Authority shall determine the Total Developed Land Square Feet on the Airport, as defined in Section 72 of 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".

(v) The Port Authority shall determine the total developed land area at the Airport occupied by (i) all of the Lessee's premises hereunder (excluding Area C-3 thereof) and (ii) the portion of the Lessee's premises hereunder constituting Area C-3, all as determined in making the calculations under Paragraph II of Schedule A attached to the Lease, as of the last day of the applicable Phase 1A Period; the portions of said total under the foregoing clause (i) being hereinafter referred to as the "Lessee's C-1 and C-2 Terminal Acreage" and the portion of said total under the foregoing clause (ii) being hereinafter referred to as the "Lessee's C-3 Terminal Acreage".

(vi) The Port Authority shall multiply the applicable Lessee's C-1 and C-2 Terminal Acreage by the applicable Phase 1A Charge Per Acre, and the Port Authority shall also multiply the applicable Lessee's C-3 Terminal Acreage by the

applicable Phase 1A Charge Per Acre, the sum of the two resulting products 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 (it being understood that, in the event the Phase 1A Roadway Work is not completed by December 31, 1998, the Lessee shall have no right, nor shall the Port Authority have any obligation to extend or to offer, to extend the term of the letting hereunder beyond March 31, 2013), 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 Roadway 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 (iv) of subparagraph (c) (1) hereof.

(iv) The Port Authority shall determine the final Lessee's C-1 and C-2 Terminal Acreage and the final Lessee's Terminal C-3 Acreage in the manner set forth in item (v) of subparagraph (c) (1) hereof.

(v) The Port Authority shall determine the final Phase 1A Charge in the manner set forth in item (vi) 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.

6. There shall be added immediately after Paragraph VIII of Schedule A attached to the Lease a new Paragraph IX reading as follows:

"IX. The Port Authority and the Lessee hereby agree that the Monorail Construction Costs, as defined in Paragraph 1 of Supplement No. 15 of the Lease, and the Phase 1A Costs, as defined in Paragraph 5 of Supplement No. 15 of the Lease, 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."

7. Schedule B attached to the Lease, as heretofore amended, shall be deemed further amended as follows:

(a) The seventh (7th) line of Paragraph I thereof shall be amended to read as follows:

"Non-exclusive Areas for heating, domestic use and air conditioning, and, from and after January 1, 1995, in connection with the Phase 1A Roadway Work, as defined in Supplement No. 15 of the Lease."

(b) There shall be added immediately after subparagraph 4 of Paragraph I thereof, as subparagraph 5, the following:

"5. Phase 1A CH&RP Charge:

(a) In connection with the Phase 1A Roadway Work, as defined in Supplement No. 15 of the Lease, and in addition to the charges above, the Lessee shall pay a Phase 1A CH&RP Charge determined as follows: after the close of calendar year 1994, the Port Authority shall establish an Initial Phase 1A CH&RP Charge by multiplying the Initial Fee Per Acre, as determined in Paragraph 5 of Supplement No. 15 of the Lease, by the total developed land area at the Airport occupied by the Central Heating and Refrigeration Plant during the calendar year for which the adjustment is being made and the resulting product shall be divided by three (3) which result thereof shall be divided by twelve (12) and the result thereof being herein referred to as the 'Initial Phase 1A CR&RP Charge.'

(b) At the time the Port Authority advises the Lessee of the final Charges hereunder for the calendar year

during which the Initial Period occurs, the Port Authority shall also advise the Lessee of the Initial Phase 1A CH&RP Charge, which shall be the amount due and payable by the Lessee to the Port Authority for each calendar month during the Initial Period and for each and every month in the calendar year during which the Initial Phase 1A CH&RP Charge is calculated. The Lessee shall pay the accumulated total thereof for each month of the Initial Period and for the months that have elapsed since the end of the Initial Period at the time it pays the tentative Charges hereunder for the calendar month following the month during which the Initial Phase 1A CH&RP Charge is calculated. The Lessee shall continue to make payments based on the said Initial Phase 1A CH&RP Charge until the same is further adjusted."

(c) There shall be added immediately after Paragraph IV thereof, as Paragraph IVa, the following:

"IVa. (a) 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 (it being understood that, in the event the Phase 1A Roadway Work is not completed by December 31, 1998, the Lessee shall have no right nor shall the Port Authority have any obligation to extend or to offer to extend the term of the letting hereunder beyond March 31, 2013), the Port Authority will adjust the Initial Phase 1A CH&RP Charge specified above, upwards or downwards, as follows: 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 shall establish a New Phase 1A CH&RP Charge by multiplying the New Fee Per Acre, as determined in Paragraph 5 of Supplement No. 15 of the Lease, by the total developed land area at the Airport occupied by the Central Heating and Refrigeration Plant during the calendar year for which the adjustment is being made and the resulting product shall be divided by three (3) which result thereof shall be divided by twelve (12), and the product thereof being herein referred to as the 'New Phase 1A CH&RP Charge'.

(b) At the time the Port Authority advises the Lessee of the final Charges hereunder for calendar year 1994 or such other calendar for which the adjustment is being made, the Port Authority shall also advise the Lessee of the New Phase 1A CH&RP Charge, which shall be the amount due and payable by the

Lessee to the Port Authority for each calendar month during calendar year 1995 or such other calendar year and for each and every month thereafter during the remainder of the Phase 1A Charge Period. The Lessee shall pay the New Phase 1A CH&RP Charge at the time it pays the tentative Charges for the calendar month following the month during which the New Phase 1A CH&RP Charge is calculated and shall continue to make payments based on the said New Phase 1A CH&RP Charge at the time it pays each Charge hereunder during the remainder of the Phase 1A Charge Period.

(c) Any deficiency in the amounts due to the Port Authority from the Lessee for any calendar year resulting from the adjustment of the Initial or New Phase 1A CH&RP 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 Initial or New Phase 1A CH&RP Charge shall be credited against future Charges hereunder, such credit to be made within thirty (30) days following the adjustment of the Initial or New Phase 1A CH&RP Charge, as the case may be."

8. Schedule C attached to the Lease, as heretofore amended, shall be deemed further amended as follows:

(a) The fifth (5th), sixth (6th) and seventh (7th) lines of Paragraph I thereof shall be amended to read as follows:

> "(hereinafter called the 'Airport') and continuing thereafter throughout the term of the letting under 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. In connection with the Phase 1A Roadway Work as defined in Supplement No. 15 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. . ."

(b) There shall be added immediately after subparagraph B of Paragraph II thereof, as subparagraph BB, the following:

> "BB. <u>Initial Phase 1A Charge Factor</u>:

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 5 of Supplement No. 15 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. <u>New Phase 1A Charge Factor</u>

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 (it being understood that, in the event the Phase 1A Roadway Work is not completed by December 31, 1998, the Lessee shall have no right nor shall the Port Authority have any obligation to extend or to offer to extend the term of the letting hereunder beyond March 31, 2013), 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 5 of Supplement No. 15 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) line 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...."

9. Schedule D attached to the Lease, as heretofore amended shall be deemed further amended as follows:

(a) The sixth (6th), seventh (7th) and eighth (8th) lines of Paragraph I thereof shall be amended to read as follows:

> "and continuing thereafter throughout the term of the letting under the Agreement 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, as an additional component of said gallonage fee and in connection with the Phase 1A Roadway Work, as defined in Supplement No. 15 to the Lease shall pay an Initial Phase 1A Charge Component and a New Phase 1A Charge Component as hereinafter determined. The Lessee either itself, if it is a fuel storage...."

(b) There shall be added immediately after subparagraph B of Paragraph II thereof, as subparagraph BB, the following:

"BB. <u>Initial Phase 1A Charge Component</u>:

In connection with the Phase 1A Roadway Work and in addition to the System Charge Component and the Airport Services Charge Component 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 5 of Supplement No. 15 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 (it being understood that, in the event the Phase 1A Roadway Work is not completed by December 31, 1998, the Lessee shall have no right nor shall the Port Authority have any obligation to extend or to offer to extend the term of the letting hereunder beyond March 31, 2013), 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 IA Roadway Work is completed, the Port Authority shall establish a New Phase IA Charge Component by multiplying the New Fee Per Acre, as determined in Paragraph 5 of Supplement 15 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) line 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 shall be...."

10. There shall be added to the Lease immediately after Section 92 thereof the following "Section 92A ":

"Section 92A. Airline Service Standards

Subject to and without limiting or affecting any other term or provision of this Lease, the Lessee agrees to provide service at the premises for the benefit of the traveling public in a manner consistent with generally accepted airline industry standards for airport terminals and will cooperate with the Port Authority and other airlines serving the traveling public at the Airport in maintaining these standards through organized airport service improvement groups. The foregoing provision shall be binding as well on sublessees and others using the premises."

11. Effective as of December 31, 1998, the term of the letting of the Area C-3 portion of the premises under the Lease is hereby extended for the period ending on March 31, 2013, unless sooner terminated, at the rentals in accordance with Paragraphs 12 and 13 below and upon all the terms, covenants, provisions and conditions of the Lease, as hereby amended.

12. Area C-3 Annual Rentals: For the period commencing on January 1, 1999 to and including December 31, 2003, in addition to all other rentals, fees and charges under the Lease, the Lessee shall pay to the Port Authority rental for Area C-3 during the extension set forth in Paragraph 11 hereof as follows:

For Area C-3 rental at an annual rate consisting of a Facility Factor, as hereinafter defined, in the amount of Seven Million Seven Hundred Nine Thousand Eight Hundred Forty-Five Dollars and No Cents ($7,709,845.00) plus the Airport Services Factor, as the same shall then have been adjusted in accordance with Schedule A attached to the Lease, as herein amended, based upon a 1993 final Airport Services Factor in the amount of One Million Two Hundred Sixty-seven Thousand Four Hundred Twenty-eight Dollars and No Cents ($1,267,428.00), which annual rate is subject to adjustment from time to time as

provided in Paragraph 13 hereof and Schedule A of the Lease, as herein amended, ("Area C-3 Annual Rental"). The Lessee shall pay the rental for Area C-3, as the same shall then have been determined based upon the aforesaid adjustments, monthly in advance on January 1, 1999 and on the first day of each and every succeeding month in equal installments until such time as the aforesaid annual rate has been further adjusted in accordance with Paragraph 13 hereof and Schedule A of the Lease, as herein amended, which adjusted annual rate shall remain in effect until the next adjustment and the monthly installments payable after each such adjustment shall be equal to one-twelfth (1/12th) of said annual rate as so adjusted.

13. (a) For the aforesaid period from January 1, 1999 to and including December 31, 2003, the Area C-3 annual rentals payable under Paragraph 12 hereof is made up of two factors, one, a variable factor herein called the "Facility Factor", presently represents Seven Million Seven Hundred Nine Thousand Eight Hundred Forty-five Dollars and No Cents ($7,709,845.00) of the aforesaid annual rentals and the other, a variable factor herein called the "Airport Services Factor", represents the Airport Services Factor under the Lease, as the same shall have then been adjusted in accordance with Schedule A, as herein amended, based upon a total 1993 final Airport Services Factor in the amount of One Million Two Hundred Sixty-seven Thousand Four Hundred Twenty-Eight Dollars and No Cents ($1,267,428.00), of the total aforesaid annual rentals.

(b) On January 1, 2004 and on each succeeding fifth (5th) anniversary of said date, the Facility Factor of the Area C-3 annual rentals payable by the Lessee under Paragraph 12 hereof shall be increased to the product resulting from multiplying the Facility Factor in effect on December 31, 2003 and on each succeeding fifth (5th) anniversary of said date, as the case may be, by a percentage equal to 121.6653%. Accordingly,

(i) for the period from January 1, 2004 to and including December 31, 2008, the Facility Factor of the Area C-3 annual rentals payable under Paragraph 12 hereof, shall represent Nine Million Three Hundred Eighty Thousand Two Hundred Six Dollars and Five Cents ($9,380,206.05,); and

(ii) for the period from January 1, 2009 to and including March 31, 2013, the Facility Factor of the Area C-3 annual rentals payable under Paragraph 12 hereof shall represent Eleven Million Four Hundred Twelve Thousand Four Hundred Fifty-five Dollars and Eighty-three Cents ($11,412,455.83).

(c) After December 31, 1998 and after the close of each calendar year thereafter, the Port Authority will continue to adjust the Airport Services Factor of the Area C-3 annual rentals payable by the Lessee under Paragraph 12 hereof, such adjustment to be made as provided in Schedule A, as herein amended.

(d) The Lessee shall pay the total Area C-3 annual rentals payable by the Lessee under Paragraph 12 hereof, as the same have been adjusted in accordance with subparagraphs (b) and (c) of this Paragraph 13, monthly in advance on January 1, 2004 and on the first day of each and every succeeding month in equal installments until such time as the said total Area C-3 annual rentals have been further adjusted in accordance with this Paragraph 13 and Schedule A, as herein amended, which adjusted total annual rentals shall remain in effect until the next adjustment and the monthly installments payable after each such adjustment shall be equal to one-twelfth (1/12th) of said total annual rentals as so adjusted.

(e) In the event the term of the letting of Area C-3 shall expire on a day other than the last day of a month, the monthly installment of rentals for Area C-3 for said month shall be the monthly installment prorated on a daily basis using the actual number of days in the said month.

(f) The Lessee understands and agrees that, while the term of Area C-3 of the premises under the Lease as extended hereunder shall expire on March 31, 2013 the final Airport Services Factor for the year 2013 will not be determined for some months after such expiration and that the Lessee's obligation to pay any deficiency in the Area C-3 rental for the year 2014 or the Port Authority's obligation to pay a refund in said rentals resulting from the determination of the final Airport Services Factor for the year 2013 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 specifically acknowledges that neither the survival of the

obligation with respect to any such deficiency or refund nor any other provision of this Supplemental Agreement shall grant or shall be deemed to grant any rights whatsoever to the Lessee to have the term of the letting under the Lease, or any portion of the premises thereunder, extended for any period beyond March 31, 2013 or affect in any way the Port Authority's right to terminate the Lease, or any portion of the premises thereunder, as provided therein.

14. Effective as of January 1, 1999, Schedule A attached to the Lease, as the same has been heretofore amended, shall be deemed further amended as follows:

(a) The second sentence of the first (1st) paragraph thereof (as set forth in Paragraph 3(b) (2)(i) of Supplement No. 8 of the Lease) shall be deemed amended to read as follows:

> "The Lessee shall pay the rentals for Area C-3 at the rates and times stated in Paragraphs 12 and 13 of Supplement No. 15 of the Lease until the said rates are adjusted as hereinafter provided".

(b) The last six lines of said first paragraph of Schedule A as the same are set forth in Paragraph 3 (b) (2) (ii) of Supplement No. 8 of the Lease shall be deemed amended to read as follows:

> "further, after the close of calendar year 1998 and after the close of each calendar year thereafter, the Port Authority will adjust the Airport Services Factor of the Area C-3 Annual Rental presently set forth in subparagraph 13 (a) of Supplement No. 15 of the Lease, upwards or downwards, as follows:"

15. Effective January 1, 1999, subparagraph (e)(1) of Paragraph 3 of Supplement No. 8 of the Lease shall be deemed amended to read as follows:

"(e) (1) Effective from and after January 1, 1999, in the event the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of the Area

C-3 Annual Rental, the Facility Factor of the Area C-3 Annual Rental for each square foot of floor space of Area C-3 shall be reduced for each calendar day or major fraction thereof the abatement remains in effect, the use of which is denied the Lessee, by the following amounts: (it being understood that there shall be no abatement of Area C-3 Annual Rental under the Lease for any portion of Area C-3 or for any portion of the term except as specifically provided in this Agreement):

(i) for each square foot of floor space of Area C-3 at the following daily rate:

(aa) for the portion of the term of the letting of Area C-3 set forth in Paragraph 13(a) of Supplement No. 15 of the Lease (January 1, 1999 to and including December 31, 2003) at the daily rate of .....$0.1095890.

(bb) for the portion of the term of the letting of Area C-3 set forth in Paragraph 13 (b)(i) of Supplement No. 15 of the Lease (January 1, 2004 to and including December 31, 2008) at the daily rate of .....$0.1333318.

(cc) for the portion of the term of the letting of Area C-3 set forth in Paragraph 13 (b)(ii) of Supplement No. 15 of the Lease (January 1, 2009 to March 31, 2013) at the daily rate of ..... $0.1622186.

(ii) with respect to the Area D portion of Area C-3 (as described in Paragraph 1 (a)(vi) of Supplement No. 8 of the Lease): Any such abatement shall be made on an equitable basis giving effect to the amount and character of the said Area D portion of Area C-3 the use of which is denied to the Lessee as compared with the entire Area C-3.

For the purpose of this Agreement, the measurement of interior building space in Area C-3 shall be computed (i) from the inside surface of outer walls of the structure of which Area

C-3 forms a part; (ii) from the center of partitions separating Area C-3 from areas occupied from or used by others."

16. Section 53 of the Lease entitled "Payment of Flight Fees" shall be deemed amended as follows:

(a) The date appearing on the third (3rd) line of paragraph (a)(1) thereof as "December 31, 1998" shall be deemed amended to read "March 31, 2013".

(b) Subparagraph (2) of paragraph (a) thereof shall be deemed amended to read as follows:

> "(2) It is recognized that the flight fee provisions contained in Schedule C are effective through the expiration date of the letting hereunder (March 31, 2013)."

17. Section 56 of the Lease entitled "Fuel Gallonage Fees" shall be deemed amended as follows:

(a) The date appearing as "December 31, 1998" on the second (2nd) line of paragraph (a) thereof shall be deemed amended to read "March 31, 2013".

(b) The second subparagraph of paragraph (a) thereof shall be deemed amended to read as follows:

> "It is recognized that the fuel gallonage fee provisions contained in Schedule D are effective through the expiration of the letting hereunder (March 31, 2013)."

18. It is understood, acknowledged and agreed that the right of the Port Authority to terminate the Lease and the letting thereunder with respect to all or portions of Area C-3 as specified in, provided under, and as stated in Paragraph 5 of Supplement No. 11 of the Lease shall continue to apply with full force and effect in accordance with the terms thereof throughout the term of Area C-3 as such term is extended by Paragraph 11 hereof.

19. 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.

20. 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.

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

22. 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.

ANA-170-S15.M.1A.1R

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

(Title) Director of Aviation

(Seal)

ATTEST:

Secretary

CONTINENTAL AIRLINES, INC.

By

(Title) ~~Sr. Vice~~ President

(Corporate Seal)

APPROVED:

FORM	TERMS

170-S16/96R.2

THIS SUPPLEMENTAL 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

AVIATION DEPT.
FILE COPY

Port Authority Lease No. ANA-170
Supplement No. 16
Port Authority Facility - Newark International Airport

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made as of October 23, 1995, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter referred to as "the Port Authority") and CONTINENTAL AIRLINES, INC. (hereinafter referred to as "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. as of January 11, 1985 entered into an agreement of lease covering certain premises, rights and privileges at and in respect to Newark International (hereinafter called the "Airport") as therein set forth (said agreement of lease as heretofore supplemented and amended is hereinafter called the "Lease");and

WHEREAS, the Lease was thereafter assigned by said People Express Airlines, Inc. to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and said People Express Airlines, Inc. and dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was submitted for approval of the United States Bankruptcy Court for the District of Delaware ("the Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession pursuant to the applicable provisions of the United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993; and

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

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of October 23, 1995, as follows:

1. (a) "By-pass Corridor Construction Work" shall mean the construction work which shall be performed by the Lessee and which shall consist generally of the construction of a pedestrian corridor which will by-pass around the entrance/exit of the monorail station at the premises under the Lease (Area M) and which shall comply with all requirements for security clearance and screening of individuals and their baggage in accessing the secured areas of the premises under the Lease, together with all other necessary, required or appropriate work related thereto; all of said work to be more fully set forth in the plans and specifications which are or shall be a part of the Construction Application as hereinafter defined in subparagraph (b) (2) below.

(b) (1) The Lessee shall perform and complete, at its sole cost and expense, the design and construction of the By-pass Corridor Construction Work.

(2) The Lessee shall execute and submit for the Port Authority's approval a Construction Application in the form prescribed by the Port Authority covering the By-pass Corridor Construction Work. The Lessee shall comply with all the terms and provisions of the approved Construction Application (herein referred to as the "Construction Application"). In the event of any inconsistency between the terms of the Construction Application and the terms of the Lease, as hereby amended, the terms of the Lease, as hereby amended, shall prevail and control. All By-pass Corridor Construction Work to be performed hereunder shall be done in accordance with and subject to the Lease, as hereby amended, the Construction Application and the final plans and specifications as and when the same may have been approved by the Port Authority, and subject to any conditions which may be set forth therein or which may be imposed by the General Manager of the Airport. All

locations where the By-pass Corridor Construction Work is to be performed shall be as specified in the Construction Application. Notwithstanding any approval of the Construction Application and notwithstanding any reference therein to 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 By-pass Corridor Construction Work shall only be on the premises under the Lease.

(c) All By-pass Corridor Construction Work shall be done by the Lessee in accordance with the following further terms and conditions:

(1) The Lessee hereby assumes the risk of loss or damage to all or any part of the By-pass Corridor Construction 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 By-pass Corridor Construction Work. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the By-pass Corridor Construction Work and any and all 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 By-pass Corridor 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 by 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 willful acts done by the Port Authority, its Commissioners, officers, agents, representatives and employees with respect to the By-pass Corridor Construction 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, representatives 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 By-pass Corridor 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 By-pass Corridor 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 By-pass Corridor 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 By-pass Corridor Construction Work. The Lessee shall complete the By-pass Corridor Construction Work no later than December 31, 1996.

(3) Prior to entering a contract for any part of the By-pass Corridor Construction Work, the Lessee shall submit to the Port Authority for its approval the name(s) of the contractor or 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 Port Authority shall have the further right to disapprove any proposed contract. The Lessee shall submit said contracts to the Port Authority and shall include in all such contracts such provisions and conditions as may be required by the Port Authority. Without limiting the foregoing, all of the Lessee's 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 the start of the By-pass Corridor Construction Work.

(4) The Lessee shall furnish or require its architect to furnish a full time resident engineer during the period of its performance of the By-pass Corridor 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.

(5) The Lessee agrees to be solely responsible for any plans and specifications used by it and for any loss or damage resulting from the use thereof, notwithstanding 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 work pursuant to the contracts between the Lessee and its contractors. Any warranties contained in any contract entered into by the Lessee for the performance of the By-pass Corridor Construction 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 By-pass Corridor Construction Work and the plans and specifications thereof, at any and all times during the progress thereof and from time to time, in its discretion, to take samples and perform testing on any part of the By-pass Corridor Construction Work.

(7) The Lessee agrees that it shall deliver to the Port Authority two (2) sets of "as built" microfilm drawings of the By-pass Corridor 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 By-pass Corridor Construction Work, including but not limited to the fencing of the area upon which the By-pass Corridor Construction Work is to be performed or portions thereof 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 Paragraph 9 collectively called "the matter") excavated by Lessee during the course of the By-pass Corridor Construction Work shall vest in the Port Authority and the matter shall be delivered by 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 Lessee to waive title to all or portions of the matter in which event Lessee at its expense shall dispose of the same without further instruction from the Port Authority.

(10) The Lessee shall pay the cost of the By-pass Corridor Construction Work and the Lessee shall pay or cause to be paid all claims lawfully made against it by its contractors, subcontractors, materialmen and workmen, arising out of or in connection with or because of the performance of the By-pass Corridor Construction Work, and shall cause its contractors and subcontractors to pay all such claims lawfully made against them. Nothing herein contained shall be deemed to constitute consent to the creation of any lien or claim against any part of the Airport.

(11) The Lessee in its own name as insured and including the Port Authority as an additional insured shall procure and maintain Comprehensive General Liability insurance, including but not limited to premises-operations, products liability-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 1(c), and Comprehensive Automobile Liability insurance covering owned, non-owned and hired vehicles and including automatic coverage for newly acquired vehicles. The said Comprehensive General Liability insurance policy shall have a limit of not less than $10,000,000 combined single limit per occurrence for bodily injury and property damage liability, and said Comprehensive Automobile Liability policy shall have a limit of not less than $5,000,000 combined single limit per occurrence for bodily injury and property damage liability. The Lessee may provide such insurance by requiring each contractor engaged by it for the By-pass Corridor Construction Work to procure and maintain such insurance including such contractual liability endorsement. Said insurance, whether provided by the Lessee or by a contractor engaged by the Lessee for the By-pass Corridor Construction Work shall not contain any care, custody or control exclusions, and shall not 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 shall also provide or contain an endorsement providing that the protections afforded the Port Authority thereunder with respect to any claim or action against the Port Authority by the Lessee or its contractors shall be the same as the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person as if the Port Authority were the named insured thereunder; but such provision or endorsement shall not limit, vary or affect the protections afforded the Port Authority thereunder as an additional insured.

The Lessee shall also procure and maintain in effect or cause to be procured and maintained in effect Worker's Compensation Insurance and Employer's Liability Insurance, in accordance with and as required by law.

The insurance required hereunder and under subparagraph (14) below shall be maintained in effect during the performance of the By-pass Corridor Construction Work. With respect to the insurance required hereunder and under subparagraph (14) below, 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 any By-pass Corridor Construction Work. 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 cancelled, terminated, changed or modified without giving fifteen (15) days' written advance notice thereof to the Port Authority. Each such copy and each such certificate with respect to the insurance required under this Paragraph 1 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 over the person of the Port Authority, 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.

(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 plans and specifications covering the By-pass Corridor Construction Work submitted by the Lessee pursuant to this Agreement.

(13) The Lessee shall prior to the commencement of construction of the By-pass Corridor Construction Work and at all times during construction of the By-pass Corridor Construction Work 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 By-pass Corridor Construction Work during the performance thereof including material delivered to the ground area(s) in or on which the By-pass Corridor Construction Work is to be performed 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 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 Lessee for the repair, replacement or rebuilding of the By-pass Corridor Construction Work and any excess shall be paid over to the Port Authority. The insurance required hereunder shall be in compliance with and subject to the applicable provisions of sub-paragraph 11 above.

(15) The By-pass Corridor Construction Work which shall be performed strictly in accordance with the Lease, as hereby amended. The Lessee shall remove, re-do, replace or construct at its own cost and expense any and all portions of the By-pass

Corridor Construction Work not done in accordance with the approved Construction Application, or the Lease or any further requirements of the Port Authority. The Lessee agrees that the By-pass Corridor Construction Work, including workmanship and material, shall be of first-class quality.

(16) Nothing contained herein 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 By-pass Corridor Construction Work any right of action or claim against the Port Authority, its Commissioners, officers, agents, representatives and employees with respect to any work any of them may do in connection with the By-pass Corridor 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 By-pass Corridor 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 By-pass Corridor Construction Work.

(17) Nothing contained herein or in the Construction Application shall constitute a determination or indication by the Port Authority that Lessee has complied with the applicable governmental laws, ordinances, enactments, resolutions, rules and regulations, including but not limited to those of the City of Newark which may pertain to the By-pass Corridor Construction Work.

(18) The Lessee shall not commence performance of the By-pass Corridor Construction Work unless and until it has met with the General Manager of the Airport and has given him at least forty-eight (48) hours advance notice of its intention to commence the By-pass Corridor Construction Work.

(19) In its performance of the By-pass Corridor Construction Work, the Lessee shall at all times take all necessary precautions, including without limitation compliance with requirements of the Federal Aviation Administration and of the Port Authority, to ensure the safety of its operations, to protect all persons and property at the Airport and to ensure that the Lessee shall not disrupt or interfere with normal airport operations; and in connection with the foregoing the Lessee shall construct and

install as part of the By-pass Corridor Construction Work such fences, equipment devices, barricades and lighting and other facilities as may be necessary, required or appropriate.

(20) (i) Without limiting any of the terms and conditions hereof, the Lessee understands and agrees that it shall put into effect prior to the commencement of any By-pass Corridor 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 E, attached hereto and hereby made a part hereof. The provisions of said Schedule E shall be applicable to the Lessee's contractor or contractors and subcontractors at any tier of construction as well as to the Lessee 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, 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 E to effectuate the goals of affirmative action and MBE and WBE programs.

As used herein and in Schedule E the term "construction work" or "construction" shall mean the By-pass Corridor Construction Work approved by the Port Authority to be performed by Lessee under the terms hereof; the term "construction contracts" shall mean and refer to the contracts covering or to cover the By-pass Corridor Construction Work and the term "premises" shall mean the portions of the premises under the Lease upon which the said By-pass Corridor Construction Work is to be performed.

(ii) In addition to and without limiting any of the terms and provisions hereof, the Lessee shall provide in its

contracts and all subcontracts covering the By-pass Corridor 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 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.

(21) The Lessee shall give the Port Authority fifteen (15) days' notice prior to the commencement of construction of the By-Pass Corridor Construction Work. The Port Authority will assign to the By-Pass Corridor 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 Four Hundred Forty Dollars and No Cents ($440.00) for each day or part thereof that the engineer or engineers are so assigned. Nothing contained herein shall affect any of the provisions of subparagraph (f) 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.

(d) The By-pass Corridor 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 the Lease. Accordingly, and in addition to all other obligations imposed on the Lessee under the Lease, as hereby amended, and without diminishing, limiting, modifying or affecting any of the same, the Lessee shall be obligated to construct as part of the By-pass Corridor 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 By-pass Corridor Construction Work it affects and all of the foregoing shall be covered under the plans and specifications of Lessee submitted hereunder and shall be part of the By-pass Corridor Construction Work hereunder.

(e) Title to the By-pass Corridor Construction Work which is located within the territorial limits of the City of Newark shall pass to the City of Newark as the same or any part thereof is erected upon or under or affixed to the land or to any existing structures and said By-pass Corridor Construction Work (including without limitation the By-pass Corridor) shall be and become part of the premises under the Lease. Title to such part, if any, of the By-pass Corridor Construction Work which is located within the territorial limits of the City of Elizabeth shall vest in the Port Authority as the same or any part of thereof is erected upon or under or affixed to the land or to any existing structures and said By-pass Corridor Construction Work (including without limitation the By-pass Corridor) shall be and become part of the

premises under the Lease.

(f) (1) When the By-pass Corridor 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 licensed architect or engineer certifying that the By-pass Corridor Construction Work has been constructed strictly in accordance with the Construction Application and the approved plans and specifications and the provisions of the Lease, as hereby amended, and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders. Thereafter, the By-pass Corridor 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 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. It is understood and agreed, however, that the Lessee shall not use or permit the use of the By-pass Corridor Construction Work or any portion thereof unless and until such certificate is received from the Port Authority and the Lessee shall not use or permit the use of the By-pass Corridor Construction Work even if such certificate is received if the Port Authority states in such certificate that the same cannot be used until other work is completed by the Lessee.

(2) The term "Completion Date" for the purposes of this Agreement shall mean the date appearing on the aforesaid certificate issued by the Port Authority pursuant to subparagraph (1) above after the substantial completion of the By-pass Corridor Construction Work.

2. (a) (1) As used herein: the term the "Cost of the By-pass Corridor Construction Work" shall mean the sum of the following actually paid by the Lessee (including all amounts paid directly by the Port Authority to the Lessee's contractors as may be elected by the Port Authority under subparagraph (c) (2) (ii) below) to the extent that the inclusion of the same is permitted by generally accepted accounting principles consistently applied:

(i) amounts actually paid or incurred by the Lessee to its independent contractor(s) for work actually performed and labor and materials actually furnished in connection with the

By-pass Corridor Construction Work; and

(ii) amounts actually paid and costs incurred by the Lessee in connection with the By-pass Corridor Construction Work for engineering, architectural, professional and consulting services and supervision of construction for the By-pass Corridor Construction Work; provided, however, that payments under this item (ii) shall not exceed fifteen percent (15%) of the amounts paid under item (i) above.

(2) Each reimbursement payment made by the Port Authority to the Lessee for the Cost of the By-pass Corridor Construction Work pursuant to subparagraph (c) of this Paragraph 2 and each direct payment paid directly by the Port Authority to the Lessee's contractors for the Cost of the By-pass Corridor Construction Work, as may be elected by the Port Authority pursuant to subparagraph (c)(2)(ii) below, is referred to herein as a "Construction Payment".

(b) It is specifically understood and agreed that notwithstanding anything to the contrary herein, all costs and expenses of the By-pass Corridor Construction Work shall be borne solely by the Lessee without payment or reimbursement by the Port Authority except to the extent provided for herein with respect to, and properly included in a Construction Payment, and subject to the limitation set forth in subparagraph (d) below.

(c) (1) The Port Authority shall make Construction Payments for the Cost of the By-pass Corridor Construction Work, as follows: On the twentieth day of the calendar month following the full execution of this Supplemental Agreement by the Port Authority and the Lessee and on the twentieth day of each calendar month thereafter up to and including the calendar month in which the last certificate described hereunder is delivered to the Port Authority by the Lessee, the Lessee shall deliver to the Port Authority a certificate which shall be signed by a responsible fiscal officer of the Lessee, sworn to before a notary public and which shall set forth a representation by the Lessee that it will apply the Construction Payment only to the Cost of the By-pass Corridor Construction Work and for no other purpose whatsoever. Each such certificate shall certify the sum of (i) the amounts of actual payments made by the Lessee and the amounts due and payable from the Lessee to its contractors (itemized by name and amount) for work actually performed and labor and materials actually furnished for the By-pass Corridor Construction Work; and (ii) the

amounts of actual payments made by the Lessee and the amounts due and payable from the Lessee in connection with the By-pass Corridor Construction Work for engineering, architectural, professional and consulting services and supervision of construction (it being understood that, with respect to the Cost of the By-pass Corridor Construction Work, that payments under this item (ii) shall not exceed fifteen percent (15%) of the amounts paid under item (i) above and shall only apply to payments not included in a prior certificate). Any Construction Payment by the Port Authority which may exceed the limitation set forth in (ii) above shall be promptly refunded to the Port Authority upon demand. Each such certificate for the By-pass Corridor Construction Work shall also set forth all due and payable amounts included by the Lessee in previous certificates against which a Construction Payment has been made by the Port Authority and which have been paid by the Lessee since the submission of each such previous certificate and shall have attached thereto or included thereon such verification as shall be required by the Port Authority that such amounts have been paid. Notwithstanding the foregoing, no Construction Payment shall be made by the Port Authority until all due and payable amounts included on all previously submitted certificates have been paid by the Lessee and the payment thereof verified to the satisfaction of the Port Authority (unless such amounts are being withheld by the Lessee in accordance with the provision of sub-paragraph (c)(3) below, and the amount of such withheld amount shall have been deducted from the amount of a Construction Payment). Each such certificate shall also set forth, in reasonable detail, the amounts paid or due and payable to specified independent contractors and the amounts paid or due and payable to other specified persons and third parties which have not previously been reported in certificates delivered to the Port Authority. Each such certificate shall also (x) have attached thereto reproduction copies or duplicate originals of the invoices of the contractor(s) of the Lessee and for such invoices an acknowledgment by the contractor(s) of the receipt by them of such amounts and payments; (y) certify that the amounts, payments and expenses therein set forth constitute portions of the Cost of the By-pass Corridor Construction Work; and (z) contain the Lessee's certification that the work for which a Construction Payment is requested has been accomplished, and that the amounts requested have been paid or are due and payable. Each such certificate shall also set forth the total cumulative payments made by the Lessee as aforesaid from the commencement of the By-pass Corridor 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 By-pass

Corridor Construction Work covered by said certificate has been performed strictly in accordance with the terms of the Lease, as hereby amended.

(2) (i) Within thirty (30) days after delivery of a duly submitted certificate by the Lessee, the Port Authority shall make a Construction Payment to the Lessee or, as provided in item (ii) below, directly to the Lessee's contractors for the Cost of the By-pass Corridor Construction Work during the period covered by such certificate, as certified in such certificate (but only to the extent that such amounts or any portion thereof have not theretofore been included in a prior certificate). It is understood that at the election of the Port Authority no Construction Payment will be made if the Port Authority's inspection, review 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 Cost of the By-pass Corridor Construction Work as the Port Authority from time to time may require. It is hereby expressly understood and agreed that nothing herein shall be or be deemed to be for the benefit of any contractor of the Lessee.

(ii) After the delivery of each of the duly submitted certificates by the Lessee to the Port Authority containing all of the certifications and verifications in accordance with the foregoing provisions of this subparagraph (c), the Port Authority shall also have the right to elect, in its sole discretion, from time to time to make any or all of the Construction Payments, or portions thereof, called for under this subparagraph (c) directly to any of the Lessee's independent contractors, as applicable; it being expressly understood and agreed, without limiting any other provision of this Paragraph 2, that each of the Lessee's certificates to be delivered hereunder shall contain an appropriate breakdown of costs separately listed for each of the Lessee's independent contractors. In the event the Port Authority elects to make any such direct Construction Payment or Payments to the Lessee's independent contractor(s) each such Construction Payment shall be deemed to have been made to the Lessee and to the extent of such payment by the Port Authority, the Port Authority shall be released of such obligation to the Lessee. The Port Authority shall send the Lessee at the time of making such direct payment a notice thereof setting forth the name of the

contractor to whom such payment was made and the amount of such payment.

(3) The Lessee shall set forth in its final certificate submitted pursuant to this subparagraph (c) its final statement of the Cost of the By-pass Corridor Construction Work and shall mark such statement "Final". The Lessee shall submit said final certificate to the Port Authority no later than (i) March 31, 1997, or (ii) a date which is sixty days following the Completion Date, whichever is earlier; the date of said final certificate being herein called the "Final Date". After submitting said final certificate, Lessee shall submit no further certificate hereunder with respect to the Cost of the By-pass Corridor Construction Work.

(d) The entire obligation of the Port Authority under this Supplemental Agreement to reimburse the Lessee for the Cost of the By-pass Corridor Construction Work (including Construction Payments made to the Lessee and Construction Payments made directly to the Lessee's contractors) shall be limited in amount to a total of One Million Dollars and No Cents ($1,000,000.00) to be paid pursuant to certificates of the Lessee submitted in accordance with subparagraph (c) above no later than the Final Date.

(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 (c) hereof, the books and records and other data of the Lessee relating to the Cost of the By-pass Corridor Construction Work as aforesaid; it being specifically understood that the Port Authority shall not be bound by any prior audit, review 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 subparagraph (c) above.

3. As hereby amended, all the terms, provisions, covenants and conditions of the Lease shall continue in full force and effect.

4. The Lessee represents and warrants that no broker has been concerned 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 all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation or execution of this 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 the Lessee under any term or provision of this Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach thereof.

6. This 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 an 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 in this Agreement.

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

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By: _____

(Title): Gary L. Davis
General Manager
~~Central Business Division~~
Aviation Department

(Seal)

ATTEST:

Asst. Secretary

CONTINENTAL AIRLINES, INC.

By: _____ President

(Title): STAFF VICE PRESIDENT
~~PROPERTIES & FACILITIES~~

(Corporate Seal)

APPROVED:
FORM | TERMS

170-S16/96R.2

SCHEDULE E

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 E and Paragraph 1 (c)(20) of this Agreement. 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 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 the "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 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 their respective companies to assume 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 work force in each trade on all construction work, are as follows:

(1) Minority participation:

Minority, except laborers	30%
Minority, laborers	40%

(2) Female participation:

Female, except laborers	6.9%
Female, laborers	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 Office of Business and Job Opportunity of the Port Authority within ten (10) working days of awarding any construction subcontract in excess of Ten Thousand Dollars and No Cents ($10,000.00) at any tier for construction work. The notification shall list the name, address and telephone number of the sub-contractor; the employer identification number; the 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 Ten Thousand Dollars and No Cents ($10,000.00) 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 (II)(h) of Part I 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 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 (2) 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, was 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(s) with which the Contractor has a

collective bargaining agreement have 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 pursuant to subparagraph (2) of paragraph II (h) of Part I hereof.

(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 said policy in any policy manual and collective bargaining agreement; by publicizing said policy 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 (6) 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 (1) 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 work force.

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

(12) Conduct, at least every six (6) months, an inventory and evaluation at least of all minority and female personnel for promotional opportunities and encourage these employees to seek or prepare for such opportunities through appropriate training, etc.

(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 (6) 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 (II)(h) of Part I 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 (II)(h) of Part I 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 work force 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 (II)(h) of Part I 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 the 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 Lease, the Contractor shall cooperate with all federal, state and 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 III. 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 and Women-owned Business Enterprises in the construction work pursuant to the provisions of this Schedule E. For purposes hereof, Minority Business Enterprise ("MBE") shall mean any business enterprise at least fifty-one percent (51%) of which is owned by, or in the case of a publicly owned business, at least fifty-one percent (51%) 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 at least fifty-one percent (51%) of which is owned by, or in the case of a publicly owned business, at least fifty-one percent (51%) 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 seventeen percent (17%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of MBEs and WBEs, of which at least twelve percent (12%) are for the participation of MBEs and five percent (5%) for WBE's. 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

Initialled:

For the Lessee

FORM XLD-Ack., N.J.51380

STATE OF NEW YORK)
)ss.
COUNTY OF NEW YORK)

On this 3rd day of May, 1996, before me, the subscriber, a notary public of New York, personally appeared Gary L. Davis the Gen Mgr Central Bus Div 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.

(notarial seal and stamp)

ROSEANN HOGAN
Notary Public, State of New York
No. 4735751
Qualified in Nassau County
Term Expires June 30, 199_4

STATE OF TEXAS)
)ss.
COUNTY OF HARRIS)

On this 30TH day of APRIL, 1996, before me, the subscriber, a notary public of HARRIS Co. TEXAS, personally appeared HOLDEN SHANNON the STAFF VICE President of CONTINENTAL AIRLINES, INC. 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.

LORI RICHARDSON NOTARY PUBLIC STATE OF TEXAS EXPIRES JUNE 8, 1999

(notarial seal and stamp)

STATE OF)
)ss.
COUNTY OF)

Be it remembered that on this _____ day of _____, 1996, before me, the subscriber, a _____, personally appeared _____ the _____ 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)

AVIATION DEPT.
FILE COPY

MEMORANDUM OF LEASE

between

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY,

as Landlord,

and

CONTINENTAL AIRLINES, INC.,

as Tenant

Dated as of September 22, 1999

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "Memorandum") is dated as of September 22, 1999, between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, 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 ("Landlord"), and CONTINENTAL AIRLINES, INC., a Delaware corporation ("Tenant").

PRELIMINARY STATEMENT

Landlord and People Express Airlines, Inc. entered into an Agreement of Lease (Landlord's Lease No. ANA-170) dated as of January 11, 1985 (as the same has been supplemented and amended, the "Lease") covering certain premises, rights and privileges at and in respect to Newark International Airport, which premises constitute a portion of the real property described on Schedule 1 attached hereto and made a part hereof, such portion being depicted or described on Schedule 2 attached hereto and made a part hereof and being more particularly described in the Lease (the "Premises").

The Lease subsequently was assigned by People Express Airlines, Inc. to Tenant pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among Landlord, Tenant and People Express Airlines, Inc. and dated August 15, 1987.

Landlord and Tenant desire to record this Memorandum for the purpose of giving record notice to the world of the existence of the Lease with respect to the Premises.

NOW, THEREFORE, in order to give notice to the world of the existence of the Lease with respect to the Premises, the parties have agreed to execute, deliver and record this Memorandum.

1. Term. The Lease is (a) with respect to the C-1 and C-2 portions (as described in the Lease) of the Premises, for a term which has commenced and which is scheduled to expire on March 31, 2013, and (b) with respect to the Area C-3 portion (as described in the Lease) of the Premises, for a term which has commenced and which is scheduled to expire on March 31, 2028, in each case unless sooner terminated as provided in the Lease.

2. Clarification of Premises. Landlord and Tenant expressly recognize and agree that Exhibits A-1 and B-1 attached to Supplement No. 17 to the Lease (describing Added Area 1, Added Area 2, Added Area 3 and Added Area 4, all as defined in the Lease), which Exhibits constitute a portion of Schedule 2 attached hereto, are preliminary exhibits, and are marked "Preliminary", and that said Exhibits are based on a preliminary description of said Added Areas shown thereon and do not contain precise and final metes and bounds descriptions of said Areas. Landlord and Tenant have agreed in the Lease that, upon Landlord's determination of the actual, final metes and bounds of the said Added Area 1, Added Area 2, Added Area 3 and Added Area 4, final versions of said Exhibits A-1 and B-1 shall be prepared by Landlord and shall replace the preliminary versions of the same attached to said Supplement No. 17 and hereto. The said final versions of the said Exhibits A-1 and B-1 shall be attached to a further supplemental agreement to the Lease.

3. Ownership of Improvements. Title to the Expansion Construction Work (as defined in the Lease) which is located within the territorial limits of the City of Newark shall pass to the City of Newark as the same or any part thereof is erected upon or under or affixed to the Premises or to any existing structures and the Expansion Construction Work shall be and become part of the Premises under the Lease if located within the Premises thereunder (except for those items, including but not limited to the Schedule 1 Terminal Fixtures (as defined in the Lease), specifically set forth in the Lease as vesting in Landlord or as being excluded from the Premises), and title to such part, if any, of the Expansion Construction Work which is located within the territorial limits of the City of Elizabeth shall vest in Landlord as the same or any part of thereof is erected upon or under or affixed to the Premises or to any existing structures and said Expansion Construction Work, including but not limited to the Schedule 1 Terminal Fixtures, shall be and become part of the Premises under the Lease if located within the Premises thereunder (except for those items specifically set forth in the Lease as being excluded from the Premises).

4. Lease Provisions. All of the terms, conditions, covenants and provisions of the Lease between Landlord and Tenant are hereby incorporated by reference.

5. Counterparts. This Memorandum may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum of Lease as of the 22nd day of September, 1999 .

"LANDLORD"

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By _____

(Title) DIRECTOR, AVIATION

Seal

"TENANT"

ATTEST:

Secretary

CONTINENTAL AIRLINES, INC.

By _____

(Title) Holden Shannon
Vice President
Corporate Real Estate
& Environmental Affairs

(Corporate Seal)

APPROVED:
FORM | TERMS
9/21/99

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

BE IT REMEMBERED, that on this 21st day of September, 1999, before me, the subscriber, a Notary Public of the State of New York, personally appeared Robert Kelly, the Vice Chairman of THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, the entity described in and which executed the foregoing instrument; who I am satisfied, is the person who signed the within instrument, and I having first made known to him/her the contents thereof, he/she thereupon acknowledged that he/she signed, sealed with the seal, and delivered the said instrument as such officer aforesaid, and that the within instrument is the voluntary act and deed of said entity.

Karen E. Eastman
Notary Public

KAREN E. EASTMAN
Notary Public, State of New York
No. 01EA4766314
Qualified in New York County
Commission Expires Feb. 28, 2001

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

BE IT REMEMBERED, that on this 20th day of September, 1999, before me, the subscriber, a Notary Public of the State of Texas, personally appeared Holden Shannon, the vice president of CONTINENTAL AIRLINES, INC., the corporation described in and which executed the foregoing instrument; who I am satisfied, is the person who signed the within instrument, and I having first made known to him/her the contents thereof, he/she thereupon acknowledged that he/she signed, sealed with the corporate seal, and delivered the said instrument as such officer aforesaid, and that the within instrument is the voluntary act and deed of said corporation.

Katherine K. Hennig
Notary Public

SCHEDULE 1

That real property which is the subject of that certain Agreement between the City of Newark and the Landlord dated October 22, 1947, as the same from time to time has been supplemented or amended, said Agreement being recorded in the Office of the Register of Deeds for the County of Essex, New Jersey on October 30, 1947 in Book E-110 of Deeds at Pages 242, et seq.

SCHEDULE 2

The Premises are described as set forth below and are depicted on the following Exhibits which are attached hereto and made a part hereof:

(1) The mechanical and utility room areas located on the Mezzanine Inter-Terminal Transportation level of Passenger Terminal Building C, which areas are shown in diagonal hatching on Exhibit A and Exhibit AX;

(2) The areas located on the Departure and Concourse/Concession Levels of Passenger Terminal Building C as shown in diagonal hatching and stipple on Exhibit A-1 and Exhibit AX-1;

(3) The areas located on the Arrival Level of Passenger Terminal Building C as shown in diagonal hatching and stipple on Exhibit A-2 and Exhibit AX-2;

(4) The areas located on the Operations Level of Passenger Terminal Building C as shown in diagonal hatching, cross-hatching, stipple and broken line hatching on Exhibit A-3 and Exhibit AX-3;

(5) The crawl space areas in Passenger Terminal Building C as shown in diagonal hatching on Exhibit A-4 and Exhibit AX-4;

(6) The enclosed passageways connecting Passenger Terminal Building C with Flight Stations C-1 and C-2 as shown in diagonal hatching on Exhibit B;

(7) Flight Station C-1 as shown in diagonal hatching and stipple on Exhibit C;

(8) Flight Station C-2 as shown in diagonal hatching and stipple on Exhibit C-1;

(9) The aircraft gate position areas, aircraft maneuvering areas and ramp and apron areas as shown in stipple hatching and diagonal hatching on Exhibit D;

(10) The two aircraft gate position areas, aircraft maneuvering areas and ramp and apron areas as shown in stipple, in diagonal hatch and in cross-hatch on Exhibit DY;

(11) The portions of the Monorail Station, including the platform (up to but not including the platform doors to the monorail cars), stairway, escalators, and elevators providing access to the Monorail Station, serving Passenger Terminal Building C, which portions are shown in diagonal hatching and stipple on Exhibit M; and

(12) The ground areas shown in diagonal hatch, broken diagonal hatch, crosses and cross-hatch on Supplement No. 17 - Exhibit A-1 and Supplement No. 17 - Exhibit B-1;

together with the structures, fixtures, improvements and other property of the Landlord located or to be located therein, thereon or thereunder.

THIS AGREEMENT SHALL NOT BE BINDING UPON THE
PORT AUTHORITY UNTIL DULY EXECUTED BY AN
EXECUTIVE OFFICER THEREOF AND DELIVERED TO
THE LESSEE, THE EDA AND THE TRUSTEE
BY THE PORT AUTHORITY

AGREEMENT NOS. ANA-170 AND ANB-056

FIRST AMENDMENT TO CONSENT TO SUBLEASES AND LEASEHOLD MORTGAGE AGREEMENT

THIS FIRST AMENDMENT TO CONSENT TO SUBLEASES AND LEASEHOLD MORTGAGE AGREEMENT, made and entered into as of June 1, 2003 (the "First Amendment"), by and among The Port Authority of New York and New Jersey (the "Port Authority"), a body corporate and politic created by Compact between the States of New York and New Jersey, with the consent of the Congress of the United States of America, having an office for the transaction of business at 225 Park Avenue South New York, New York 10003, Continental Airlines, Inc. (the "Lessee"), a corporation organized and existing under the laws of the State of Delaware with an office for the transaction of business at 1600 Smith Street, Houston, Texas 77002, the New Jersey Economic Development Authority (the "EDA"), a public body corporate and politic duly organized and existing under the laws of the State of New Jersey, with an office for the transaction of business at 36 West State Street, Trenton, New Jersey 08625 and JPMorgan Chase Bank, as successor to Chase Bank of Texas, National Association (the "Trustee", also referred to in Section 96 as the "Leasehold Mortgagee"), a national banking organization duly organized and existing under the laws of the United States of America, with an office for the transaction of business at 600 Travis, Suite 1150, Houston, Texas 77002.

W I T N E S S E T H:

WHEREAS, as of September 1, 1999, the Port Authority, the Lessee, the EDA and the Trustee entered into a Consent to Subleases and Leasehold Mortgage Agreement (the "Original Agreement") in connection with (i)(a) the lease from the Port Authority to the Lessee of certain premises (the "Terminal C Premises") at Newark International Airport (the "Airport"), as described in a certain agreement of lease identified by Port Authority Lease No. ANA-170, as has been and may hereafter be supplemented, amended and extended ("Lease No. ANA-170") made as of January 11, 1985 and expiring on March 31, 2028 as to Concourse C-3, (b) the sublease of a portion of the Terminal C Premises (the "Concourse C-3 Subleased Premises") from the Lessee to the EDA pursuant to a sublease agreement dated as of September 1, 1999 (the "Concourse C-3 EDA Sublease") and (c) the further sub-sublease of the Concourse C-3 Subleased Premises from the EDA to the Lessee pursuant to the same agreement (the "Concourse C-3 Financing Sublease") and (ii)(a) the lease from the Port Authority to the Lessee of certain premises (the "Terminal A Premises") at the Airport, as described in a certain agreement of lease identified by Port Authority Lease No. ANB-056, as has been and may hereafter be supplemented, amended and extended ("Lease No. ANB-056") made as of August 1, 1999 and expiring on December 31, 2018, (b) the sublease of a portion of the Terminal C

Premises consisting of Concourses C-1 and C-2 and the Terminal A Premises (the "Concourse A-2/C-1/C-2 Subleased Premises" and together with the Concourse C-3 Subleased Premises, the "Subleased Premises") from the Lessee to the EDA pursuant to a sublease agreement dated as of September 1, 1999 (the "Concourse A-2/C-1/C-2 EDA Sublease" and together with the Concourse C-3 EDA Sublease, the "EDA Subleases") and (c) the further sub-sublease of the Concourse A-2/C-1/C-2 Subleased Premises from the EDA to the Lessee pursuant to the same agreement (the "Concourse A-2/C-1/C-2 Financing Sublease" and together with the Concourse C-3 Financing Sublease, the "Financing Subleases"); and

WHEREAS, in connection with the financing of certain improvements to the Terminal C Premises (the "Terminal C Project") and certain improvements to the Terminal A Premises (the "Terminal A Project" and together with the Terminal C Project, the "Projects"), the EDA and the Trustee entered into an Indenture of Trust dated as of September 1, 1999, as amended by the First Supplement to Trust Indenture dated as of February 1, 2002 (collectively, the "Original Indenture") pursuant to which certain rights and interests of the EDA under the Financing Subleases were assigned to the Trustee; and

WHEREAS, in order to complete the Projects, the EDA and the Trustee entered into a Second Supplement to Trust Indenture dated as of June 1, 2003 (the "Second Supplement" and together with the Original Indenture, the "Indenture"); and

WHEREAS, in order to extend the Original Agreement to the Authority's Special Facilities Revenue Bonds (Continental Airlines, Inc. Project), Series 2003 (the "Series 2003 Bonds"), the Port Authority, the Lessee, the EDA and the Trustee desire to enter into this First Amendment;

NOW, THEREFORE, for and in consideration of the covenants and mutual agreements herein contained, the Port Authority, the Lessee, the EDA and the Trustee hereby agree, effective as of the date of the issuance of the Series 2003 Bonds, as follows:

Section 1. Undefined Terms. Capitalized terms not defined herein shall have the meanings ascribed to such terms in the preambles hereof, or if not defined therein, in the Original Agreement.

Section 2. Amendments.

(a) All references in the Original Agreement to the Consent Agreement are hereby amended to include this First Amendment.

(b) All references in the Original Agreement to the Concourse C-3 EDA Sublease are hereby amended to include the First Amendment to Lease Agreement (Concourse C-3) dated as of June 1, 2003 by and between the EDA and the Lessee (the "First Amendment to Concourse C-3 Lease Agreement").

(c) All references in the Original Agreement to the Concourse A-2/C-1/C-2 EDA Sublease are hereby amended to include the First Amendment to Lease Agreement (Concourses A-2/C-1/C-2) dated as of June 1, 2003 by and between the EDA and the Lessee (the "First Amendment to Concourse A-2/C-1/C-2 Lease Agreement" and together with the First Amendment to Concourse C-3 Lease Agreement, the "First Amendments to Lease Agreements").

(d) All references in the Original Agreement to the EDA Subleases and the Financing Subleases are hereby amended to include the First Amendments to Lease Agreements.

(e) All references in the Original Agreement to the Concourse C-3 Financing Sublease are hereby amended to include the First Amendment to Concourse C-3 Lease Agreement.

(f) All references in the Original Agreement to the Concourse A-2/C-1/C-2 Financing Sublease are hereby amended to include the First Amendment to Concourse A-2/C-1/C-2 Lease Agreement.

(g) All references in the Original Agreement to the Concourse C-3 Subleases are hereby amended to include the First Amendment to Concourse C-3 Lease Agreement.

(h) All references in the Original Agreement to the Concourse A-2/C-1/C-2 Subleases are hereby amended to include the First Amendment to Concourses A-2/C-1/C-2 Lease Agreement.

(i) All references in the Original Agreement to the Indenture are hereby amended to include the First Supplement to Trust Indenture dated as of February 1, 1999 and the Second Supplement to Trust Indenture dated as of June 1, 2003.

(j) All references in the Original Agreement to the Subleases are hereby amended to include the First Amendments to Lease Agreements.

(k) All references in the Original Agreement to the Administration Expense Guaranty are hereby amended to include the First Amendment to Administration Expense Guaranty Agreement dated as of June 1, 2003 from the Lessee to the EDA (the "First Amendment to Administration Expense Guaranty").

(l) All references in the Original Agreement to the Bond Payment Guaranty are hereby amended to include the First Amendment to Guaranty Agreement dated as of September 1, 2002 from the Lessee to the Trustee (the "First Amendment to Guaranty").

(m) All references in the Original Agreement to the Guaranties are hereby amended to include the First Amendment to Administration Expense Guaranty and the First Amendment to Guaranty.

(n) The definition of "Bond Purchase Agreement" contained in Section 1(e) of the Original Agreement is hereby amended to read in its entirety as follows:

> "'Bond Purchase Agreement' shall mean the bond purchase agreements by and among the underwriters, the EDA and the Lessee for each series of the Bonds."

(o) The definition of "Bond Resolution" contained in Section 1(f) of the Original Agreement is hereby amended to read in its entirety as follows:

> "'Bond Resolution' shall mean the resolutions adopted by the EDA, as the same may be modified, amended or supplemented, authorizing the issuance and sale of the Bonds."

(p) The definition of "Final Official Statement" contained in Section 1(h) of the Original Agreement is hereby amended to read in its entirety as follows:

> "'Final Official Statement' shall mean the official statements distributed in connection with the sale of each series of the Bonds."

(q) The definition of "Leasehold Mortgage" contained in Section 1(l) of the Original Agreement is hereby amended to read in its entirety as follows:

> "'Leasehold Mortgage' shall mean the Leasehold Mortgage dated as of September 1, 1999, as the same may be amended or supplemented from time to time, from the Lessee to the Trustee, encumbering the Lessee's interest in the Concourse C-3 Subleased Premises and securing the Bond Payment Guaranty."

(r) The definition of "Preliminary Official Statement" contained in Section 1(m) of the Original Agreement is hereby amended to read in its entirety as follows:

"'Preliminary Official Statement' shall mean the preliminary official statements distributed in connection with the sale of each series of the Bonds."

(s) Section 26(a) of the Original Agreement is hereby amended to read in its entirety as follows:

"(a) It is hereby understood and agreed that nothing in this Consent Agreement, including Section 6(a), shall affect the EDA's rights of mandatory redemption pursuant to Section 3.04(c) of the Original Indenture and Section 3.01(c) of the Second Supplement or the right to specific performance pursuant to Section 10.03(b) of any of the Subleases, provided, however, the EDA shall not exercise such right of specific performance if such performance would constitute a breach or default of or would conflict with or violate the Leases or either of them, nor shall the Financial Parties or any of them have the right to specifically enforce any covenant of the Lessee under the Financing Documents if the performance of such covenant would constitute a breach of the Leases or either of them."

Section 3. **Increase of Mortgage Amount.** The Port Authority hereby consents to increase the Mortgage Amount contained in Section 96 by $48,000,000 so that the total Mortgage Amount equals $598,000,000.

Section 4. **Port Authority Fee**. Upon delivery of an executed copy of this First Amendment to the Lessee and the execution thereof by all parties and the issuance of the Series 2003 Bonds, the Lessee shall pay to the Port Authority the sum of Fifty Thousand Dollars and No Cents ($50,000.00).

Section 5. **Miscellaneous.**

(a) The captions and headings in this First Amendment are for convenience only and in no way define, limit or describe the scope of intent of any provision or Section of this First Amendment.

(b) This First Amendment shall be governed by and construed in accordance with the laws of the State of New Jersey.

(c) This First Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Port Authority, the Lessee, the EDA and the Trustee have duly authorized the execution of this First Amendment as of the date first above written.

[SEAL]

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

SECRETARY

By: _____
FRANCIS A. DIMOLA
ASSISTANT DIRECTOR
AVIATION DEPT.

[SEAL]

ATTEST:

CONTINENTAL AIRLINES, INC.

_____

By: _____

[SEAL]

ATTEST:

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

_____

By: _____

ATTEST:

JPMORGAN CHASE BANK

_____

By: _____

APPROVED
TERMS DF
FORM

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the 10th day of June 2003, before me, the undersigned, a Notary Public in and for said state, personally appeared FRANCIS A. DiMola, Assistant Director Aviation Dept of THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, 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
Notary Public

PEGGY M. SPINELLI
Notary Public, State of New York
No. 01SP6057870
Qualified in New York County
Commission Expires April 30, 2007

IN WITNESS WHEREOF, the Port Authority, the Lessee, the EDA and the Trustee have duly authorized the execution of this First Amendment as of the date first above written.

[SEAL]

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____

By:_____

[SEAL]

ATTEST:

CONTINENTAL AIRLINES, INC.

_____
Scott R. Peterson
Assistant Secretary

By:_____

[SEAL]

ATTEST:

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

_____

By:_____

ATTEST:

JPMORGAN CHASE BANK

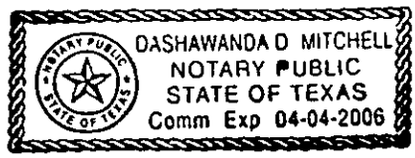
_____

By:_____

STATE OF TEXAS)
)ss.
COUNTY OF HARRIS)

On this 10th day of June, 2003, before me, the subscriber, a notary public of the State of Texas, personally appeared Holden Shannon, Vice President - Corporate Real Estate and Environmental Affairs, of Continental Airlines, Inc., 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 the Board of Directors.

DaShawanda D Mitchell
(Notarial seal and stamp)



IN WITNESS WHEREOF, the Port Authority, the Lessee, the EDA and the Trustee have duly authorized the execution of this First Amendment as of the date first above written.

[SEAL]

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____

By:_____

[SEAL]

ATTEST:

CONTINENTAL AIRLINES, INC.

_____

By:_____

[SEAL]

ATTEST:

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

_____
Lawrence G. Cier
Assistant Secretary

By:_____
Caren S. Franzini
Executive Director

ATTEST:

JPMORGAN CHASE BANK

_____

By:_____

STATE OF NEW JERSEY)
) ss.
COUNTY OF MERCER)

On the ____ day of June, 2003, before me personally came Caren S. Franzini, to me known, who, being by me duly sworn, did depose and say that she is employed at 36 West State Street, Trenton, New Jersey; that she is the Executive Director of New Jersey Economic Development Authority, the corporation described in and which executed the foregoing instrument; that she knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order or a resolution of said corporation; and that she signed her name thereto by like order.

(notarial seal and stamp)

RENEE CHAVEZ-CAVERLY
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES APRIL 26, 2006

IN WITNESS WHEREOF, the Port Authority, the Lessee, the EDA and the Trustee have duly authorized the execution of this First Amendment as of the date first above written.

[SEAL]

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____

By:_____

[SEAL]

ATTEST:

CONTINENTAL AIRLINES, INC.

_____

By:_____

[SEAL]

ATTEST:

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

_____

By:_____

ATTEST:

JPMORGAN CHASE BANK

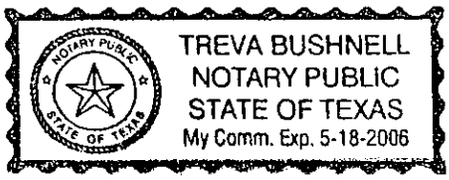
Donna Edmundson
Vice President & Trust Officer

By:_____
Carol Logan
Vice President & Trust Officer

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

On the 9th day of June, 2003, before me personally came Carol Logan to me known, who, being by me duly sworn, did depose and say that she is the Vice President and Trust Officer of JPMorgan Chase Bank, the organization described in and which executed the foregoing instrument; that she knows the seal of the said organization; that the seal affixed to the said instrument is such seal of the organization; that it was so affixed by order of the Board of Directors of the said organization; and that she signed her name thereto by like order.

Treva Bushnell
(notarial seal and stamp)



AVIATION DEPT.
FILE COPY

PORT AUTHORITY LEASE NO. ANA-170

SUPPLEMENT NO. 17 TO LEASE ANA-170

PORT AUTHORITY OF NEW YORK AND NEW JERSEY

AND

CONTINENTAL AIRLINES, INC.
(the "Lessee")

ana170suppl7-ex-

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

Newark International Airport
Supplement No. 17
Port Authority Lease No. **ANA-170**

SEVENTEENTH SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made as of September 1, 1999 (the "Effective Date") (sometimes referred to as "Seventeenth Supplemental Agreement" or as "Supplement No. 17" of the Lease) by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter referred to as "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, (hereinafter referred to as "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. as of January 11, 1985 entered into an agreement of lease covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called the "Airport") as therein set forth (said agreement of lease as heretofore supplemented and amended is hereinafter called the "Lease");and

WHEREAS, the Lease was thereafter assigned by said People Express Airlines, Inc. to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and said People Express Airlines, Inc. and dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was heretofore submitted for approval of the United States Bankruptcy Court for the District of Delaware ("the Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession pursuant to the applicable provisions of the United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993; and

WHEREAS, the Port Authority and the Lessee desire to extend the term of the letting of Area C-3 under the Lease and to amend the Lease in certain other respects as hereinafter set forth;

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of the Effective Date (except as otherwise herein expressly provided), as follows:

1. (a) Premises added to Area C-3: In addition to the premises heretofore let to the Lessee under the Lease as to which the letting shall continue in full force and effect subject to all the terms and conditions of the Lease, as herein amended, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority the following areas at Newark International Airport (i) effective as of 12:01 A.M. on the Effective Date the ground areas shown in diagonal hatch and in broken diagonal hatch on the sketch attached hereto, hereby made a part hereof and marked "Exhibit A-1", together with the fixtures, improvements and other property of the Port Authority located or to be located therein or thereon (collectively, the "Added Area 1)", (ii) effective as of 12:01 A.M. on the Effective Date the ground areas (including the area known as "Adams Ditch") shown in crosses on Exhibit A-1, together with the fixtures, improvements and other property of the Port Authority located or to be located therein or thereon (collectively, the "Added Area 2"and also sometimes referred to as the "Adams Ditch Area"), and (iii) effective as of 12:01 A.M. on the Added Area 3 Effective Date (as defined below) the ground areas shown in cross-hatch on Exhibit A-1, together with the fixtures, improvements and other property of the Port Authority located or to be located therein or thereon (collectively, the "Added Area 3 ") and, the said Added Area 1, Added Area 2 and Added Area 3 to be and become a part of Area C-3 of the premises under the Lease, as herein amended, let to the Lessee (said Added Area 1, Added Area 2 and Added Area 3 sometimes collectively hereinafter referred to as the "Area C-3 Addition") subject to and in accordance with all of the terms, covenants, provisions and conditions of the Lease, as herein amended, for and during all the residue and remainder of the term of the letting of Area C-3 under the Lease, as herein amended, and as said term is extended pursuant to Paragraph 2 hereof.

It is expressly recognized that Exhibit A-1 is a preliminary exhibit and is marked "Preliminary" and is subject to replacement with a final exhibit upon the Port Authority's determination of final metes and bounds of the aforesaid Added Area 1, Added Area 2 and Added Area 3 as more fully described in Paragraph 3A of this Supplement No. 17.

For purposes hereof, the term "Added Area 3 Effective Date" shall mean the later to occur of (i) the date set forth by the Port Authority in a completion certificate delivered by the Port Authority to the Lessee covering the portion of the Expansion Construction Work which constitutes the Area C-3 Concourse (as defined in paragraph (b) (1) (i) of Section 93 of the Lease) pursuant to paragraph (n) (1), (n) (3) or (n) (4) of Section 93 of the Lease, and (ii) November 1, 2001.

Subsequent to the execution of this Supplement No. 17 to the Lease and prior to the Added Area 3 Effective Date the Port Authority and the Lessee shall each use their best efforts to enter into space permit(s) or other appropriate agreement(s) which provide the Lessee with temporary staged access to portions of the area which would become the Added Area 3 for the purpose of performing paving and such other specified construction activities as may be permitted (as provided in said permit(s) or other agreement(s), and consistent with the terms of this Supplement No. 17). The parties each understand that such access will be coordinated and staged so as to permit the continuous use by the Port Authority of Added Area 3 for vehicular parking except for those portions thereof that are, from time to time, temporarily made available to the Lessee as provided herein, and that it is the Lessee's desire to have as much of said area as possible paved and ready for use as aircraft ramp on the Added Area 3 Effective Date.

(b) Premises added to C-1 and C-2 portions of the premises: In addition to the premises heretofore let to the Lessee under the Lease as to which the letting shall continue in full force and effect subject to all the terms and conditions of the Lease, as herein amended, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority at Newark International Airport effective as of 12:01 A.M. on the Effective Date the ground areas shown in diagonal hatch and in crosses on the sketch attached hereto, hereby made a part hereof and marked "Exhibit B-1 ", together with the fixtures, improvements and other property of the Port Authority located or to be located therein or thereon (collectively, the "Added Area 4"), to be and become a part of the "C-1 and C-2 portions" of the premises under the Lease, as herein amended, let to the Lessee (said Added Area 4 being sometimes hereinafter referred to as the "C-1-C-2 Additional Area") subject to and in accordance with all of the terms, covenants, provisions and conditions of the Lease, as herein amended, for and during all the residue and remainder of the term of the letting of the C-1 and C-2 portions of the premises under the Lease, as herein amended; with an expiration date of March 31, 2013 as set forth in Section 4 of the Lease.

It is expressly recognized that Exhibit B-1 is a preliminary exhibit and is marked "Preliminary" and is subject to replacement with a final exhibit upon the Port Authority's determination of final metes and bounds of the aforesaid Added Area 4 as more fully described in Paragraph 3A of this Supplement No. 17.

The term "C-1 and C-2 portions" of the premises shall refer to all portions of the premises let to the Lessee under the Lease excluding the Area C-3 portion of the premises.

(c) The parties acknowledge and agree that the aforesaid areas added to the premises under subparagraphs (a) and (b) of this Paragraph 1 constitute non-residential real property.

(d) (1) The Lessee accepts all of the aforesaid additional areas added to the premises under subparagraphs (a) and (b) of this Paragraph 1 in their "as is" condition and agrees

that the Port Authority shall not have any responsibility for any work or installation to make said aforesaid additional areas usable by the Lessee, to place it in any particular condition or to reimburse the Lessee for any work or installation as may be made by or on behalf of the Lessee, the Lessee having exclusive responsibility therefor. However, the Lessee shall not effect, without the prior written approval of the Port Authority, any modification, addition, removal or other change with respect to said additional areas added to the premises under subparagraphs (a) and (b) of this Paragraph 1. 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 said additional areas added to the premises under subparagraphs (a) and (b) of this Paragraph 1. The Lessee, prior to the execution of this Agreement, has thoroughly examined the said additional areas added to the premises under subparagraphs (a) and (b) of this Paragraph 1 and determined them to be suitable for the Lessee's operations hereunder and the Lessee hereby agrees to take said additional areas added to the premises under subparagraphs (a) and (b) of this Paragraph 1 in the condition they are in as of the applicable effective date and, subject to Section 12(p)(2) of the Lease as herein amended, to assume all responsibility for any and all risks, costs and expenses of any kind whatsoever (including but not limited to the risks, costs and expenses described in subsubparagraph (2) of this subparagraph (d)) caused by, arising out of or in connection with, the condition of the said areas whether any aspect of such condition existed prior to, on or after the applicable effective date of the letting of the said additional areas added to the premises under subparagraphs (a) and (b) of this Paragraph 1, including without limitation all Environmental Requirements (as defined in Section 72 of the Lease as herein amended) and Environmental Damages (as defined Section 72 of the Lease as herein amended), and to indemnify and hold harmless the Port Authority for all such risks, requirements, costs and expenses imposed upon or required of the Port Authority. Without limiting any obligation of the Lessee to commence operations hereunder at the time and in the manner stated elsewhere in the Lease as herein amended, 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 possibility of injury or damage to life or property. All the obligations of the Lessee under the Lease as hereby amended with respect to the aforesaid responsibilities, risks, costs and expenses assumed by the Lessee shall survive the expiration or termination of the Lease.

(2) In addition to and without limiting the foregoing or any Section, term, provision, covenant or condition of the Lease or any of the Lessee's obligations, duties or liabilities thereunder, the Lessee expressly acknowledges that the Lessee shall at its own cost and expense obtain, maintain and fully comply with all governmental permits and approvals, including but not limited to any and all approvals of the City of Newark, required or which may at any time be required for or relating to Added Area 2 (Adams Ditch) or the Lessee's use and occupancy thereof or the Lessee's construction activities relating, affecting or in connection with said Added Area 2 or any relocation or rerouting of the water flow or drainage provided thereby, and that the Lessee shall not commence any operations, filling in or any other construction activities whatsoever on, in or upon or affecting said Adams Ditch Area prior to the Lessee's obtaining all governmental permits and approvals, including but not limited to the prior approval of the City of Newark, including without limitation any approval which may be required by the

City of Newark under the Basic Lease; and without limiting any term or provision of the Lease the Lessee shall promptly submit to the Port Authority true and complete executed copies of all such governmental permits and approvals prior to the Lessee's performance of any such work, and such other and further information as the Port Authority may require or request. Without limiting Sections 10, 33, 93 or any other term, covenant, condition or provision of the Lease, the Lessee hereby expressly assumes all risks, costs and expenses in connection with the letting hereunder of the said Adams Ditch Area to the Lessee including without limitation the risk that the City of Newark may not grant approval to any construction or use or alteration by the Lessee of the said Adams Ditch Area or for any proposed replacement, relocation or rerouting for said Adams Ditch and the risks that the City of Newark or any other governmental authority may not grant to the Lessee any necessary permits or approvals for the construction, filling in or use or alteration by the Lessee of the said Adams Ditch Area. Without limiting the foregoing, the Lessee shall consult with the Port Authority in the application for the required individual freshwater wetland permits and stream encroachment permits.

(e) The additional areas added to the premises under subparagraphs (a) and (b) of this Paragraph 1 shall be subject to the height limitations set forth in paragraph (b) of Section 1 of the Lease, and further subject to the restrictions on construction and to the construction obligations of the Lessee under Section 93 of the Lease, as herein amended.

(f) Subject to the terms and provisions of the Lease and the terms and conditions stated herein, the Port Authority hereby grants to the Lessee the temporary right to access those portions of Non-Exclusive Area D-2 (as defined in Section 3 (i) of the Lease) which are located directly behind (airside) of Passenger Terminal Building C solely for the purposes of performing those certain parts of the Expansion Construction Work (as defined in Section 93 of the Lease) which when completed would extend above the said portions of Area D-2 subject to the approval of, and as approved by, the Port Authority in accordance with Section 93 of the Lease; provided that said temporary right of access shall not continue beyond the period allowed to the Lessee for its performance of the Expansion Construction Work under Section 93 of the Lease; that the Lessee shall not construct, install or place any permanent improvements, equipment or facilities in any portion of said Area D-2; that any temporary construction equipment or devices may be placed by the Lessee on said portions of Area D-2 only in accordance with the prior approval of the Port Authority, and that any and all of the same shall be immediately removed by the Lessee upon the completion by the Lessee of the aforesaid parts of the Expansion Construction Work and in any event not later than the Expansion Construction Work Completion Date as defined in paragraph (n) (2) of Section 93 of the Lease; that in its exercise of said right of access the Lessee shall comply with the terms and provisions of the Lease, including without limitation Sections 3, 8, 14 and 93 thereof, and all Port Authority requirements given in connection with the applicable Construction Application(s) (as defined in Section 93 of the Lease); that, without limiting paragraph (j) of Section 93 of the Lease or any other term or provision of the Lease, the Lessee shall not perform any construction or other activity on said Area D-2 which shall impede, restrict, prevent, or impair the flow of traffic therein or thereon or the use of the said Area C-2 by the other Airline Lessees in the Central Terminal Area Complex or by other persons, as such use is described in Subdivision II of Section

8 of the Lease, or which shall endanger any person or property therein or thereon; that the Lessee expressly hereby assumes all risks in connection with its exercise of said temporary right of access; and that nothing herein nor any Port Authority approval or requirement given in connection with said temporary right of access shall release or relieve the Lessee from its obligations, liabilities and indemnities under the Lease or otherwise.

(g) With respect to the portion of Added Area 1 shown in diagonal hatch on Exhibit A-1 hereof and the portion of Added Area 4 shown in diagonal hatch on Exhibit B-1, it is expressly understood and agreed that the same are let to the Lessee subject to the right of the Port Authority, its officers, employees, agents, representatives and contractors to enter upon the same at any time and from time to time to construct thereon and therein, and to maintain, all appropriate access stairways and other access facilities (which shall not become part of the premises hereunder) sufficient to provide ingress and egress to and from the parking garage structure presently contemplated by the Port Authority to be constructed in the area generally located in the front of, and outside of, said portions of the premises; such right of entry for said purposes shall be deemed included in and exercised pursuant to and in accordance with Section 22 of the Lease. The reservation of the said right of entry and the exercise thereof by the Port Authority, its officers, employees, agents, representatives and contractors 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.

2. (a) Effective as of the Effective Date, the term of the letting of the Area C-3 portion of the premises under the Lease, as said Area C-3 is defined in Paragraph 1 of Supplement No. 8 of the Lease and including the additional areas added or to be added to Area C-3 of the premises pursuant to subparagraph (a) of Paragraph 1 above, is hereby extended for the period ending on March 31, 2028, unless sooner terminated, at the Area C-3 rentals in accordance with Paragraph 3 below and upon all the terms, covenants, provisions and conditions of the Lease, as hereby amended.

(b) It is expressly understood and agreed that the extension of the term of Area C-3 covered by the foregoing subparagraph (a) of this Paragraph 2 does not and shall not include the C-1 and C-2 portions of the premises (as defined above) or any other part of the premises or any other area. It is also recognized that the expiration date of the letting of all portions of the premises hereunder, other than Area C-3, is and shall remain March 31, 2013 as set forth in Section 4 (b) of the Lease as amended by paragraph 2 of Supplement No. 7 of the Lease and that said expiration date is not being extended by this Seventeenth Supplemental Agreement, and, further, that upon the said expiration date of March 31, 2013 the term of the letting under the Lease of all portions of the premises hereunder other than Area C-3 shall expire.

3. Paragraph 12 of Supplement No. 15 of the Lease is hereby amended to read as follows:

"I. It is hereby agreed that, from and after the Effective Date of Supplement No. 17 of the Lease (as said Effective Date is set forth on the first page thereof) and continuing up to and

including the expiration date of the term of the letting of the Area C-3 portion of the premises (March 31, 2028), in addition to the Base Annual Rental under Section 5 of the Lease and in addition to all other rentals, fees and charges under the Lease, the Lessee shall pay to the Port Authority rental for Area C-3 as follows:

Area C-3 rental: For the period commencing on the Effective Date of Supplement No. 17 of the Lease (as said Effective Date is set forth on the first page thereof) to and including December 31, 2003, rental for Area C-3 at an annual rate consisting of (i) a Facility Factor, as hereinafter defined, consisting of the sum of (x) the amount of Seven Million Nine Hundred Ninety-eight Thousand One Hundred Forty-five Dollars and No Cents ($7,998,145.00) plus (y) effective as of the Added Area 3 Effective Date the Added Area 3 Amount as hereinafter defined, plus (ii) the Airport Services Factor, as the same shall then have been adjusted in accordance with Schedule A attached to the Lease, as herein amended, based upon a 1998 final Airport Services Factor in the amount of (x) One Million Eight Hundred Thirty-five Thousand One Hundred Nineteen Dollars and No Cents ($1,835,119.00) plus (y) effective as of the Added Area 3 Effective Date, Six Hundred Twenty Thousand Two Hundred Forty-two Dollars and No Cents ($620,242.00), which annual rate shall be increased from time to time as provided in subdivision II below and Schedule A of the Lease, as herein amended, ("Area C-3 rental"). The Lessee shall pay the Area C-3 rental, as the same shall then have been determined based upon the aforesaid adjustments, monthly in advance on the Effective Date of Supplement No. 17 of the Lease (as said Effective Date is set forth on the first page thereof) and on the first day of each and every succeeding month in equal installments until such time as the aforesaid annual rate has been further increased in accordance with subdivision II below and Schedule A of the Lease, as herein amended, which adjusted annual rate shall remain in effect until the next adjustment and the monthly installments payable after each such adjustment shall be equal to one-twelfth (1/12th) of said annual rate as so adjusted.

"Added Area 3 Amount" shall mean the component of the Facility Factor of the Area C-3 rental which shall be included therein effective as of the Added Area 3 Effective Date at the initial annual rate of Four Hundred Thirty Four Thousand Dollars and No Cents ($434,000.00), subject to the increases pursuant to subdivision II below; provided, however, that in the event said Added Area 3 Effective Date occurs subsequent to December 31, 2003 said Added Area 3 Amount shall commence at the annual rate equal to the aforesaid initial rate increased in accordance with subdivision II below and subject to the further increases called for therein. The said initial rate of the Added Area 3 Amount is also subject to adjustment based on the Port Authority's determination of the final metes and bounds of Added Area 3 as more fully described in Paragraph 3A of Supplement No. 17 of the Lease.

The Area C-3 rental amounts set forth above and in subdivision II below are also subject to the adjustments based on the Port Authority's determination of the final metes and bounds of Added Area 1, Added Area 2 and Added Area 3 as more fully described in Paragraph 3A of Supplement No. 17 of the Lease.

II. (a) For the aforesaid period from the Effective Date of Supplement No. 17 of the Lease (as said Effective Date is set forth on the first page thereof) to and including December 31, 2003, the Area C-3 rental payable under subdivision I of this Paragraph 3 is made up of two factors, one, a variable factor herein called the "Facility Factor", presently represents sum of (x) the amount of Seven Million Nine Hundred Ninety-eight Thousand One Hundred Forty-five Dollars and No Cents ($7,998,145.00) plus (y) the Added Area 3 Amount, as above defined, of the aforesaid annual rentals and the other, a variable factor herein called the "Airport Services Factor", represents the Airport Services Factor under the Lease, as the same shall have then been adjusted in accordance with Schedule A, as herein amended, based upon a total 1998 final Airport Services Factor in the amount of (x) One Million Eight Hundred Thirty-five Thousand One Hundred Nineteen Dollars and No Cents ($1,835,119.00) plus (y) effective as of the Added Area 3 Effective Date, Six Hundred Twenty Thousand Two Hundred Forty-two Dollars and No Cents ($620,242.00), of the total aforesaid annual rentals.

(b) On January 1, 2004 and on each succeeding fifth (5th) anniversary of said date, the Facility Factor (each component) of the Area C-3 rental payable by the Lessee under subdivision I above shall be increased by multiplying the Facility Factor (each component) in effect on December 31, 2003 and on each succeeding fifth (5th) anniversary of said date, as the case may be, by a percentage equal to 21.6653% plus 100%. Accordingly,

(i) for the period from January 1, 2004 to and including December 31, 2008, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3, shall represent the sum of (x) the amount of Nine Million Seven Hundred Thirty Thousand Nine Hundred Sixty-seven Dollars and No Cents ($9,730,967.00), plus (y) the Added Area 3 Amount in effect on December 31, 2003 increased by multiplying the same by a percentage equal to 21.6653% plus 100%; and

(ii) for the period from January 1, 2009 to and including December 31, 2013, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3 shall represent the sum of (x) the amount of Eleven Million Eight Hundred Thirty-nine Thousand Two Hundred Ten Dollars and No Cents ($11,839,210.00), plus (y) the Added Area 3 Amount in effect on December 31, 2008 increased by multiplying the same by a percentage equal to 21.6653% plus 100%; and

(iii) for the period from January 1, 2014 to and including December 31, 2018, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3 shall represent the sum of (x) the amount of Fourteen Million Four Hundred Four Thousand Two Hundred Ten Dollars and No Cents ($14,404,210.00), plus (y) the Added Area 3 Amount in effect on December 31, 2013 increased by multiplying the same by a percentage equal to 21.6653% plus 100%; and

(iv) for the period from January 1, 2019 to and including December 31, 2023, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3 shall represent the sum of (x) the amount of Seventeen Million Five Hundred Twenty-four

Thousand Nine Hundred Twenty-five Dollars and No Cents ($17,524,925.00), plus (y) the Added Area 3 Amount in effect on December 31, 2018 increased by multiplying the same by a percentage equal to 21.6653% plus 100%.

(v) for the period from January 1, 2024 to and including March 31, 2028, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3 shall represent the sum of (x) the amount of Twenty-one Million Three Hundred Twenty-one Thousand Seven Hundred Fifty-two Dollars and No Cents ($21,321,752.00), plus (y) the Added Area 3 Amount in effect on December 31, 2023 increased by multiplying the same by a percentage equal to 21.6653% plus 100%.

(c) After December 31, 1998 and after the close of each calendar year thereafter, the Port Authority will continue to adjust the Airport Services Factor of the Area C-3 rental payable by the Lessee under subdivision I of this Paragraph 3, such adjustment to be made as provided in Schedule A, as herein amended.

(d) The Lessee shall pay the total Area C-3 rentals payable by the Lessee under this Paragraph 3, as the same have been adjusted in accordance with subparagraphs (b) and (c) of this subdivision II of this Paragraph 3, monthly in advance on the Effective Date of Supplement No. 17 of the Lease (as said Effective Date is set forth on the first page thereof) and on the first day of each and every succeeding month in equal installments until such time as the said total Area C-3 rentals have been further adjusted in accordance with this Paragraph 3 and Schedule A, as herein amended, which adjusted total annual rentals shall remain in effect until the next adjustment and the monthly installments payable after each such adjustment shall be equal to one-twelfth (1/12th) of said total annual rentals as so adjusted.

The Area C-3 rental amounts set forth above in subdivision I above and in this subdivision II are also subject to the adjustments based on the Port Authority's determination of the final metes and bounds of Added Area 1, Added Area 2 and Added Area 3 as more fully described in Paragraph 3A of Supplement No. 17 of the Lease.

(e) In the event the term of the letting of Area C-3 shall expire on a day other than the last day of a month, the monthly installment of rentals for Area C-3 for said month shall be the monthly installment prorated on a daily basis using the actual number of days in the said month.

(f) The Lessee understands and agrees that, while the term of the letting of Area C-3 of the premises under the Lease as extended under this Seventeenth Supplemental Agreement shall expire on March 31, 2028, the final Airport Services Factor for the year 2028 will not be determined for some months after such expiration and that the Lessee's obligation to pay any deficiency in the Area C-3 rental for the year 2028 or the Port Authority's obligation to pay a refund in said rentals resulting from the determination of the final Airport Services Factor for the year 2027 or the year 2028 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 specifically acknowledges that neither the survival of the obligation with respect to any such deficiency or

refund nor any other provision of this Supplemental Agreement shall grant or shall be deemed to grant any rights whatsoever to the Lessee to have the term of the letting of Area C-3 under the Lease, or any portion of the premises thereunder, extended for any period beyond March 31, 2028 or affect in any way the Port Authority's right to terminate the Lease, or any portion of the premises thereunder, as provided therein.

(g) If any installment of Area C-3 rental payable hereunder shall be for less than a full calendar month, then the Area C-3 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.

(h) Upon any termination of the letting hereunder (even if stated to have the same effect as expiration), the Lessee shall within twenty (20) days after the effective date of such termination, make a payment of the Area C-3 rental computed as follows: if the letting hereunder is terminated effective on a date other than the last day of a month the rental for the portion of that month in which the letting remains effective shall be the amount of the monthly installment of rental prorated on a daily basis, and if the monthly installment due on the first day of that month has not been paid the Lessee shall pay the prorated part of the amount of that installment; if the monthly installment has been paid, then the excess thereof shall be credited to the Lessee's obligations.

(i) Nothing contained in the foregoing shall affect the survival obligations of the Lessee as set forth in Section 27 hereof.

(j) For purposes of subparagraph (f) above with respect to any deficiency or refund, any termination of the Lease, other than a termination under Section 24 hereof, shall be deemed to have the same effect as the expiration thereof."

3A. It is expressly recognized and agreed that Exhibits A-1 and B-1 attached to this Supplement No. 17 of the Lease are preliminary exhibits, and are marked "Preliminary", and that said Exhibits are based on a preliminary description of the areas (Added Area 1, Added Area 2, Added Area 3 and Added Area 4, as defined in Paragraph 1 of this Supplement No. 17) shown thereon and do not contain precise and final metes and bounds descriptions of said areas. The Port Authority and the Lessee hereby expressly agree that upon the Port Authority's determination of the actual, final metes and bounds of the said Added Area 1, Added Area 2, Added Area 3 and Added Area 4, final versions of said Exhibits A-1 and B-1 shall be prepared by the Port Authority and shall replace the preliminary versions of the same attached hereto. The said final versions of the said Exhibits A-1 and B-1 shall be attached to a further supplemental agreement to the Lease, which supplemental agreement shall also set forth adjustments of the Area C-3 rental amounts under the Lease (stated in Paragraph 3 above) on the basis of said determination of the final metes and bounds of said Added Area 1, Added Area 2 and Added Area 3 and adjustments of the Base Annual Rental under the Lease (stated in Paragraph 7 below) on the basis of said determination of the final metes and bounds of said Added Area 4 and appropriate adjustments to Schedule A of the Lease (as described in paragraph 4 (c) hereof); said

supplemental agreement and said adjustments to have retroactive effect to the Effective Date of this Supplement No. 17, except as to Added Area 3 for which the adjustment shall be effective on the Added Area 3 Effective Date. The said supplemental agreement shall be prepared by the Port Authority and submitted to the Lessee for its execution and the Lessee shall, and hereby agrees to, provided that the information set forth therein is accurate and the supplemental agreement modifies the Lease for the aforesaid changes and adjustments and no other modifications (but may also include such other provisions which also relate to the finalization of the metes and bounds of the aforesaid areas) , execute the said supplemental agreement and deliver the same to the Port Authority not later than ten (10) business days after the Port Authority's sending of the same to the Lessee; provided, however, that, in the event the Lessee shall for any reason fail to so execute and deliver the said supplemental agreement to the Port Authority, said supplemental agreement and the said adjustments of the Area C-3 rental amounts and said adjustments of the Base Annual Rental and of Schedule A shall be deemed effective notwithstanding any such failure of the Lessee to so execute and deliver the same.

4. Schedule A attached to the Lease, as the same has been heretofore amended, shall be deemed further amended as follows:

(a) The second sentence of the first (1st) paragraph thereof (as set forth in Paragraph 14 (a) of Supplement No. 15 of the Lease) shall be deemed amended to read as follows:

> "The Lessee shall pay the rentals for Area C-3 at the rates and times stated in Paragraph 3 of Supplement No. 17 of the Lease until the said rates are adjusted as hereinafter provided".

(b) The last six (6) lines of said first (1st) paragraph of Schedule A as the same are set forth in Paragraph 14 (b) of Supplement No. 15 of the Lease shall be deemed amended to read as follows:

> "further, after the close of calendar year 1998 and after the close of each calendar year thereafter, the Port Authority will adjust the Airport Services Factor of the Area C-3 rental set forth in Paragraph 3 of Supplement No. 17 of the Lease, upwards or downwards, as follows:"

(c) Paragraph III of Schedule A of the Lease as previously amended shall be further amended by adding at the end thereof the following:

> "For the calendar year 1999 adjustment it is hereby agreed that the denominator representing the actual percentage of total developed land occupied by the Lessee's premises excluding Area C-3 shall be 4.304% ; and that the denominator representing the actual percentage of total developed land occupied by the Area C-3 portion of the Lessee's premises shall be 2.498%. The said percentages are subject to the adjustments based on the Port Authority's determination of the final metes and bounds of Added Area 1, Added Area 2, Added Area 3 and Added

Area 4 as more fully described in Paragraph 3A of Supplement No. 17 of the Lease. The aforesaid percentage to be used for the Lessee's premises excluding Area C-3 shall be increased to reflect the addition to the said Lessee's premises of the Added Area 3 (as defined in Paragraph 1 (a) of Supplement No. 17 of the Lease) effective from and after the Added Area 3 Effective Date (as defined in Paragraph 1 (a) of Supplement No. 17 of the Lease)."

5. Subparagraph (e) (1) of Paragraph 3 of Supplement No. 8 of the Lease, as previously amended, shall be deemed further amended to read as follows:

"(e) (1) Effective from and after the Effective Date of Supplement No. 17 of the Lease (as said Effective Date is set forth on the first page thereof), in the event the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of the Area C-3 rentals, the Facility Factor of the Area C-3 rental for each square foot of floor space of the portion of the Passenger Terminal Building which falls within Area C-3 shall be reduced for each calendar day or major fraction thereof the abatement remains in effect, the use of which is denied the Lessee, by the following amounts: (it being understood that there shall be no abatement of Area C-3 rental under the Lease for any portion of Area C-3 or for any portion of the term except as specifically provided in this Agreement):

(i) for each square foot of floor space in said portion of Area C-3 at the following daily rate:

(aa)for the portion of the term of the letting of Area C-3 from the Effective Date of Supplement No. 17 of the Lease (as said Effective Date is set forth on the first page thereof) to and including December 31, 2003 at the daily rate of $0.1095890.

(bb)for the portion of the term of the letting of Area C-3 from January 1, 2004 to and including December 31, 2008 at the daily rate of $0.1333318.

(cc) for the portion of the term of the letting of Area C-3 from January 1, 2009 to December 31, 2013 at the daily rate of $0.1622186.

(dd) for the portion of the term of the letting of Area C-3 from January 1, 2014 to December 31, 2018 at the daily rate of $0.1973637.

(ee) for the portion of the term of the letting of Area C-3 from January 1, 2019 to December 31, 2023 at the daily rate of $0.2401231.

(ff) for the portion of the term of the letting of Area C-3 from January 1, 2024 to March 31, 2028 at the daily rate of $0.2921464.

(ii) with respect to the Area D portion of Area C-3 (as described in Paragraph 1 (a) (vi) of Supplement No. 8 of the Lease): Any such abatement shall be made on an equitable basis giving effect to the amount and character of the said Area D portion of Area C-3 the use of which is denied to the Lessee as compared with the entire Area C-3.

For the purpose of this Agreement, the measurement of interior building space in the aforesaid portion of Area C-3 shall be computed (i) from the inside surface of outer walls of the structure of which Area C-3 forms a part; (ii) from the center of partitions separating Area C-3 from areas occupied from or used by others."

6. The following new Section 93 shall be deemed inserted after Section 92A of the Lease to read as follows:

"Section 93. The Expansion Construction Work 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 Expansion Construction Work, as hereinbelow defined, including but not limited to renderings, layouts, locations, models, estimated commencement and completion dates, and preliminary functional plans ('Comprehensive Plan'). The Lessee shall keep the aforesaid Comprehensive Plan covering all portions of the Expansion Construction Work up to date and shall submit to the Port Authority for its prior approval any amendments, revisions, or modifications thereof, other than field changes (except field changes relating to the relocation of Adams Ditch and any work affecting the peripheral drainage ditch known as Peddie Ditch.)

(b) (1) Without limiting the above, the Lessee agrees that said Comprehensive Plan shall include the design and construction by the Lessee in, on and under the premises and off the premises, where required, of the following:

(i) All construction and installation of, and other appropriate, necessary or required work for, airline terminal facility capital improvements to Passenger Terminal Building C to complete and decorate a completed passenger concourse facility in Area C-3 of the premises (said Area C-3 being defined in Paragraph 1 of Supplement No. 8 of the Lease and including the areas added to Area C-3 pursuant to Paragraph 1 of the Seventeenth Supplemental Agreement to the Lease) appropriate, necessary or required for the expansion of all of the areas thereof and sufficient to handle both domestic and international airline passenger traffic, including but not limited to the installation of lavatories, stairwells, stairways, escalators, elevators (including freight elevators) ('Area C-3 Concourse ') and any alterations of and additions to Passenger Terminal Building C required or appropriate in connection with Area C-3 Concourse, and including without limitation an expansion of the portion of Area D located in Area C-3 so as to add thereto a minimum of twelve (12) new aircraft gate positions for wide bodied aircraft;

(ii) The construction and installation of additions and modifications to the Fuel System (as defined in Section 54 hereof), including but not limited to Distribution Facilities and Terminal Distribution Units (as such terms are defined in Section 54 hereof) and underground pipelines, fuel mains, and stubs necessary or required to tie into the Fuel System at the Airport to accommodate and serve Area C-3 Concourse and all aircraft gate positions located or to be located thereat including without limitation all of the aforesaid new aircraft gate positions to be located in the portion of Area D located in Area C-3, and also including all necessary, required, or appropriate work to make said additions and modifications fully operational as part of the Fuel System;

(iii) The construction and installation of a new baggage handling system, including all related necessary or appropriate work, sufficient to handle the entire Passenger Terminal Building C including Concourse C-1, Concourse C-2 and Area C-3 Concourse;

(iv) The construction and installation in the Area C-3 Concourse of, including all appropriate, necessary or required work for, United States government inspection areas (as described in Section 95 hereof) sufficient to handle therein at least 1,500 international passengers per hour (the 'FIS facilities');

(v) INTENTIONALLY OMITTED

(vi) The construction and installation of all appropriate lines, pipes, mains, cables, manholes, wires, tubes, ducts, assemblies, conduits and other facilities required in connection with or relating to the mechanical, utility, electrical, storm sewer, sanitary sewer, water, telephone, fire alarm, fire protection, gas, heating, ventilation and air conditioning, steam, drainage, refrigerating, communications, and other systems needed for the Expansion Construction Work and necessary or required to tie the foregoing into the utility

access stubs now existing at or within the Passenger Terminal Building C, which include water, electrical power, and 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;

(vii) All necessary or appropriate terminal frontage improvements sufficient to align with the new roadway configuration planned by the Port Authority for the CTA; airside ground roadways; airside ramps; and also sidewalks, vehicular service areas, and pedestrian circulation areas, together with all related and associated areas and facilities;

(viii) All grading and paving of ground areas, including without limitation, all appropriate, necessary and required work for the full-depth paving of all unpaved portions of the aircraft maneuvering areas in the Area C-3 portion of the premises, and for the design and appropriate landscaping together with all related and associated work;

(ix) All work necessary or required to construct additional concession areas (as defined in Section 66 hereof) in the Area C-3 Concourse to be made available for consumer services as more fully set forth in Section 66 hereof including the construction and installation of utility lines which are to serve said concession areas;

(x) All work necessary or required to tie into Port Authority supply lines for high temperature hot water for heating and domestic use purposes only and chilled water for air-conditioning purposes only, and in accordance with the requirements and specifications as set forth in Section 49 hereof, including all work necessary or required to tie into the contemplated expansion of the Port Authority's Central Heating and Refrigeration Plant (the "Central Plant");

(xi) The grading and paving within Area C-3 of twelve (12) aircraft gate positions and aircraft ramp and apron areas, all taxilanes and all associated and related areas and facilities (all of the foregoing to be and form part of the Area D portion of Area C-3 under the Lease);

(xii) Construction and installation of all necessary or required blast fences;

(xiii) All other appropriate or necessary work in connection with or required by or for the foregoing including without limitation all relamping in the premises, all painting, all borings, surveys, route markers, signs, obstruction lights and material inspections and all tie-ins to utility lines and roadway access stubs;

(xiv) Subject to, and only if, and only to the extent, expressly permitted by, all applicable governmental permits and approvals, including but not limited to the prior approval of the City of Newark, all of which the Lessee shall, at its sole cost and expense, obtain, maintain and comply with, without limiting any other Section, term, provision, condition or covenant of this Lease, all work necessary, required or appropriate to reroute the flow of drainage and water of the Adams Ditch Area, including without limitation the filling in of the Adams Ditch Area, all associated relocations, all associated disposal, remediation and treatment services, and the construction of new drainage and facilities and systems on the premises and off the premises and the construction of such other facilities, systems and improvements as may be required by and in accordance with all Environmental Requirements and as may be required by the City of Newark (and/ or any other governmental authority) for its or their initial or continuing approval of all of the said work; provided that the Lessee shall submit to the Port Authority true and complete executed copies of all such governmental permits and approvals (the Lessee agreeing to consult with the Port Authority in the application for the required individual freshwater wetland permits and stream encroachment permits) prior to the Lessee's performance of any such work, and such other and further information as the Port Authority may require or request;

(xv) As to all of the foregoing and any and all other portions of the Expansion Construction Work, subject to Section 12(p)(2) of the Lease, all appropriate, necessary or required demolition, treatment, disposal, and removal work, and including without limitation all removal, clean-up and remediation and off-Airport disposal, and all appropriate, required or necessary related work, in accordance with all Environmental Requirements, of all soil, asbestos, lead and other Hazardous Substances, and including the handling, transporting and off-Airport disposal thereof in accordance with all Environmental Requirements (including, if required, disposal of asbestos in an off-Airport long-term asbestos-only disposal facility).

(2) All of the foregoing work shall be constructed by the Lessee in, on and under the premises and outside of the premises where required, and where constructed in the premises shall be and become a part of the premises under the Lease (except for the items covered in item (ii) of subparagraph (1) above which shall not become part of the premises).

(c) (1) The Lessee agrees at its sole cost and expense to design and to construct all of the foregoing described in paragraph (b) above, such design and construction being herein collectively referred to as the 'Expansion Construction Work'.

(2) Prior to the commencement of the Expansion 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 the Expansion Construction Work if, in its opinion, any of the proposed Expansion 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) would:

(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 planned 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 Lease, or

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

(vii) Not provide adequate and proper roadways and pedestrian 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 provisions of the Basic Lease, including without limiting the generality thereof, those provisions of the Basic Lease providing 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

(x) Be in violation or contravention of any other provisions and terms of this Lease, or

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

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

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

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

(xv) Not comply with the construction limitations set forth in Exhibits A-1 and B-1 attached to Supplement No. 17 of the Lease, if any; or

(xvi) Not comply with the Port Authority's plans and policies with respect to ground transportation and traffic control and frontage control and planned roadway improvements within the Central Terminal Area of the Airport;

(xvii) Be in violation of the requirement for the prior approvals and permits of governmental authorities, including but not limited to the approval of the City of Newark, or would not conform or comply with any of the foregoing, with respect to the use, construction, alteration, rerouting, filling in or other work involving or in connection with Added Area 2 (Adams Ditch) or any proposed replacement or relocation thereof;

(xviii) Be in violation of any requirements of, the Federal Aviation Administration (and/or any other governmental authority(ies) with respect to the C-1 C-2 Addition (as defined in Paragraph 1 (b) of Supplement No. 17 of the Lease.

(3) With respect to the Lessee's submission of its comprehensive plan, plans and specifications and any other submission in connection with the Expansion Construction Work, after the Port Authority has been satisfied that any such submission is complete, including, but not limited to, the submission of all information requested by the Port Authority in connection therewith, the Port Authority shall conduct its review of such submission in a manner which takes into account the fact that the Port Authority has in the Lease imposed upon the Lessee the obligation to complete the Expansion Construction Work within a particular timeframe.

(d) All Expansion Construction Work shall be done in accordance with the following terms and conditions:

(1) As between the Lessee and the Port Authority, the Lessee hereby assumes the risk of loss or damage to all of the Expansion Construction Work prior to the completion thereof and the risk of loss or damage to all property of the Port Authority or

others arising out of or in connection with the performance of the Expansion Construction Work including without limitation, subject to Section 12(p)(2) of the Lease, any and all Environmental Requirements and Environmental Damages. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the Expansion Construction Work and the property of the Port Authority 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 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 Expansion 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 the willful misconduct, or the sole negligence, of the Port Authority, its Commissioners, officers, agents and employees with respect to the Expansion Construction 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 over the person of the Port Authority, 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) (i) Prior to engaging or retaining an architect or architects for the Expansion 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 Expansion 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 Expansion 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 Expansion Construction Work. All Expansion Construction 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 Construction Work not done in accordance with the approved plans and specifications, the provisions of this Section 93 or any further requirements of the Port Authority.

(ii) The Lessee shall expend not less than Four Hundred Million Dollars and No Cents ($400,000,000.00) with respect to the Expansion Construction Work. If the Lessee demonstrates to the satisfaction of the Port Authority that it can perform and has performed the Expansion Construction Work for an amount less than the above amount, doing so shall not be a breach of this Agreement.

(iii) The Lessee shall complete all of the Expansion Construction Work no later than June 30, 2002; provided, however, that with respect to Added Area 3 (as defined in Paragraph 1 of Supplement No. 17 to this Lease) the Lessee shall complete the portion of the Expansion Construction Work to be performed by the Lessee thereon by the later of June 30, 2002 or the last day of the fourth (4th) consecutive month following the Added Area 3 Effective Date.

(3) Prior to entering into a contract for any part of the Expansion 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 Expansion 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) As between the Lessee and the Port Authority, 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 Construction Work pursuant to the contracts between the Lessee and its contractors, except for any of the foregoing which results solely from the willful misconduct, or the sole negligence of, the Port Authority, its Commissioners, officers, agents and employees. Any warranties contained in any construction contract entered into by the Lessee for the performance of the Expansion Construction 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 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 Expansion Construction Work.

(7) The Lessee agrees that it shall deliver to the Port Authority two (2) sets of "as built" drawings of the Expansion Construction Work. One set of drawings shall be printed on Mylar transparencies with the image of the New Jersey seal of the Lessee's Architect or Engineer of Record on each drawing. The associated Architect's or Engineer's signature can also be imaged or signed in pencil on each drawing. The second set of drawings shall consist of blue line paper prints, each with the raised embossed New Jersey seal of the Architect or Engineer of Record appropriately signed in ink. 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 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) 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 Construction Work and not used by the Lessee at the premises in the Expansion Construction Work shall be delivered and deposited by the Lessee in accordance with all Environmental Requirements at its expense to any location on the Airport as may be designated by the Port Authority prior to the time of removal thereof from the Airport. 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 any rights it may have hereunder as to all or portions of the matter in which event the Lessee at its sole expense shall, in accordance with all Environmental Requirements, 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 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 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 or the Lessee.

(11) (i) The Lessee in its own name as insured and including the Port Authority as an additional insured shall procure and maintain Commercial General Liability insurance, including but not limited to premises-operations, products liability-completed operations, explosion, collapse and underground property damages, bodily injury (including death), 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 (d), Comprehensive Automobile Liability insurance covering owned, non-owned and hired vehicles, and automatically covering newly acquired vehicles, and Environmental Liability Insurance. The said Commercial General Liability insurance policy shall have a limit of not less than $100,000,000 combined single limit per occurrence for bodily injury (including death) and property damage liability, said Comprehensive Automobile Liability policy shall have a limit of not less than $25,000,000 combined single limit per accident for bodily injury (including death) and property damage liability, and said Environmental Liability Insurance shall have a limit of not less than $3,000,000.

Without limiting the provisions hereof, in the event the Lessee maintains the foregoing insurance in limits greater than aforesaid, the Port Authority shall be included therein as an additional insured to the full extent of all such insurance in accordance with all the terms and provisions hereof.

The foregoing 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 Expansion 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 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. All of 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 shall also provide or contain an endorsement providing that the protections afforded the Port Authority thereunder with respect to any claim or action against the Port Authority by the Lessee or its contractor(s) shall be the same as the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person as if the Port Authority were the named insured thereunder; but such provision or endorsement shall not limit, vary or affect the protections afforded the Port Authority thereunder as an additional insured.

(ii) 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 in accordance with and as required by law.

(iii) The insurance required hereunder in this subparagraph (11) shall be maintained in effect during the performance of the Expansion Construction Work. As to the said insurance a certified copy of the certificate or certificates or binders, evidencing the existence thereof, shall be delivered by the Lessee to the Port Authority

upon execution of the Seventeenth Supplemental Agreement to this Lease and delivery thereof by the Lessee to the Port Authority. Each policy, certificate or binder delivered as aforesaid shall bear the endorsement of or be accompanied by evidence of payment of the premium thereon. In the event a 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 thirty (30) 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 over the person of the Port Authority, its Commissioners, officers, agents, or employees, 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 or certificate shall be delivered to the Port Authority 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; the Port Authority agreeing to provide written notice to the Lessee, upon the written request of the Lessee, of the reasons it finds such policies or carriers unsatisfactory. If the Port Authority at any time so requests, a certified copy of each of the policies shall be delivered to the Port Authority, provided that the Port Authority shall keep such policies and the contents thereof confidential except to the extent (i) required to respond to a loss, damage, claim or suit or otherwise required by law or Port Authority policy approved by its Board of Commissioners from time to time, or (ii) that the policies or the contents thereof are otherwise available in the public domain.

(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, which review and approval process is generally described in the booklet entitled "Tenant Construction Review Manual", dated March 1997, a copy of which the Lessee hereby acknowledges it has received from the Port Authority. 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 substantial changes in scope or design to the approved, 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 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 Construction Work during the performance thereof including material delivered to the site but not attached to the realty. Such insurance 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 that the proceeds shall be payable to the Lessee. Such proceeds shall be used by the Lessee for the repair, replacement or rebuilding of the Expansion Construction Work and any excess shall be paid over to the Port Authority. The policies or certificates representing insurance covered by this paragraph (14) shall be delivered by the Lessee to the Port Authority at least thirty (30) days prior to the commencement of construction of the Expansion 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 and the City of Newark 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.

The insurance covered by this paragraph (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; the Port Authority agreeing to provide written notice to the Lessee, upon the written request of the Lessee, of the reasons it finds such policies or carriers unsatisfactory. 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, provided that the Port Authority shall keep such policies and the contents thereof confidential except to the extent (i) required to respond to a loss, damage, claim or suit or otherwise required by law or Port Authority policy approved by

its Board of Commissioners from time to time, or (ii) that the policies or the contents thereof are otherwise available in the public domain.

(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 or other areas of the Expansion Construction Work, the expected utility demands of the premises, noise profiles and such other information as the Port Authority may require from time to time and at any time. 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 Tenant Construction or Alteration Application or Applications in the form prescribed by the Port Authority covering the Expansion Construction Work or portions thereof (hereinafter collectively called 'Construction Application' or 'Construction Applications'). 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 the 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 Construction Work any right or 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 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 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 Construction Work.

(18) (i) 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 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 E (attached to the Seventeenth Supplemental Agreement to this Lease) and hereby made a part hereof. As used in Schedule E the term 'construction work' shall be deemed to include the Expansion Construction Work. 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, Minority Business Enterprise (MBE) and Women-owned Business Enterprise (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 (MBE) and Women-owned Business Enterprises (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 E to effectuate the goals of affirmative action and Minority Business Enterprise (MBE) and Women-owned Business Enterprise (WBE) programs.

(ii) In addition to and without limiting any terms and conditions of this Lease, the Lessee shall provide in its contracts and all subcontracts covering the Expansion Construction Work or any portion thereof, that:

(aa) The contractor shall not discriminate against employees and 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.

(19) (i) The Lessee understands that there may be communications and utility lines and conduits located on or under the areas of the Expansion Construction Work 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:

(A) within a reasonable period of time following notice to or from the Port Authority of the existence thereof (with respect to those of which the Lessee notifies the Port Authority or the Port Authority notifies the Lessee), but in no event later than the issuance of the certificate called for in paragraph (n) (1) hereof;

(B) prior to the issuance of the certificate called for in paragraph (n) (1) hereof (with respect to those of which the Lessee does not have knowledge prior to the issuance of the certificate called for in paragraph (n)(1) hereof); or

(C) within a reasonable period of time following the Port Authority becoming aware of the existence thereof (with respect to those of which the Lessee has knowledge prior to the issuance of the certificate called for in paragraph (n)(1) hereof but does not notify the Port Authority;

to relocate and reinstall such communication 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'); provided that nothing in this subparagraph (i) shall limit the provisions of the following subparagraph (ii). The Lessee shall perform the relocation work subject to and in accordance with all the terms and provisions of this Section 93 and the relocation work shall be and become a part of the Expansion Construction Work, it being understood, however, that the relocation work shall not be or become a part of the premises hereunder.

(ii) Prior to the commencement of any of the Expansion Construction Work, the Lessee shall coordinate the Expansion Construction Work with the Location of Subsurface Utilities toll free information service

(1-800-272-1000) and ascertain the location of underground utilities, if any, at the premises or other area of any Expansion Construction Work. The Lessee shall provide the Port Authority with written evidence of such coordination.

(e) [INTENTIONALLY OMITTED]

(f) The Lessee may wish to commence construction of portions of the Expansion Construction Work prior to the approval by the Port Authority of its plans and specifications pursuant to paragraph (c) 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 any portion of the Expansion Construction Work. If the Port Authority has no objection to the Lessee's proceeding with any of the aforementioned 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, as between the Lessee and the Port Authority, at the Lessee's sole risk and if for any reason the plans and specifications for the Expansion 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 paragraph (f), 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 the Lease covering the Expansion 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 (f), been approved by the Port Authority. 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.

(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 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 Expansion Construction Work under the approval granted by the Port Authority pursuant to this paragraph (f) fail, in the opinion of the General Manager of the Airport, to comply with all of the provisions of this Lease with respect to the Expansion Construction Work, the Construction 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 Lease, the Construction 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 Expansion 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 specifying such non-compliance or breach (and without limiting any other rights or remedies of the Port Authority hereunder or otherwise) the Lessee shall promptly cease construction of the portion of the Expansion 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 Expansion 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 Expansion Construction Work. The Lessee shall not commence construction of the portion of the Expansion 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 (g) hereof nor the Resident Engineer of the Port Authority at the Airport has any authority to approve any plans and specifications of the Lessee with respect to the Expansion Construction Work, to approve the construction by the Lessee of any portion of the Expansion 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 Expansion Construction Work. Notwithstanding the foregoing, should the field engineer or the Resident Engineer give any directions or approvals with respect to the Lessee's performance of any portion of the Expansion 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 Expansion 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 has not exercised the Port Authority's right to require the Lessee to cease its construction of all or any part of the Expansion 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 Expansion 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 Expansion 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 (f), 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 (f), it shall do so with full knowledge that there may not be continuity by it in the performance of its Expansion Construction Work under the procedures of this paragraph (f).

(9) No prior approval of any work in connection with the Expansion 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 Expansion Construction Work prior to the approval by the Port Authority of the Lessee's complete plans and specifications thereof. It is understood that no such prior approval shall release or relieve the Lessee from its obligation to submit complete plans and specifications for the Expansion Construction Work and to obtain the Port Authority's approval of the same as set forth in paragraph (c) hereof. It is further understood that in the event the Lessee elects not to continue to seek further approval letter(s) pursuant to this paragraph (f), the obligations of the Lessee to restore the area and to make modifications and changes as set forth in subparagraph (1) above shall be suspended until the Lessee's submission of its complete plans and specifications in accordance with paragraph (c) hereof.

(g) 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 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 Seven Hundred Dollars and No Cents ($700.00) for each day that the engineer or engineers are so assigned during the 1999 calendar year, and for each and every calendar year thereafter, the rate that the Port Authority shall charge Aircraft Operators, or others, for the services of such engineer or engineers during such calendar years 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 (n) 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 (f) hereof is performed.

(h) The Expansion Construction Work shall be constructed in such a manner as to minimize (considering the nature of the Lessee's operations and the Expansion Construction Work) air pollution, water pollution or any other type of pollution and noise emanating from, arising out of or resulting from the operation, use or maintenance 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 Expansion Construction Work hereunder such structures, fences, equipment, devices and other facilities as may be reasonably necessary or appropriate to accomplish the foregoing and each of the foregoing shall be and become a part of Expansion Construction Work it affects 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 Expansion Construction Work hereunder. The obligations assumed by the Lessee under this paragraph (h) are a special inducement and consideration to the Port Authority in granting this Lease to the Lessee.

(i) Title to the Expansion Construction Work which is located within the territorial limits of the City of Newark shall pass to the City of Newark as the same or any part thereof is erected upon or under or affixed to the land or to any existing structures and the Expansion Construction Work shall be and become part of the premises under the Lease if located within the premises hereunder (except for the items covered in subparagraph (b) (1) (ii) of this Section 93 which shall become part of the Fuel System, and except for any personal property of the Lessee as described in Section 34 hereof); and title to such part, if any, of the Expansion Construction Work which is located within the territorial limits of the City of Elizabeth shall vest in the Port Authority as the same or any part of thereof is erected upon or under or affixed to the land or to any existing structures and said Expansion Construction Work shall be and become part of the premises under the Lease if located within the premises hereunder (except for the items covered in subparagraph (b) (1) (ii)of this Section 93 which shall become part of the Fuel System, and except for any personal property of the Lessee as described in Section 34 hereof); provided, however, that title to the Schedule 1 Terminal Fixtures shall pass to the Port Authority as provided in paragraph 53 of Supplement No. 17 to the Lease.

(j) The parties acknowledge that the Lessee will be continuing its operations at the existing premises under the Lease during the period of time it is performing the Expansion 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 and possibly other risks as well. As between the Lessee and the Port Authority, 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 or otherwise on account of its performance of the Expansion Construction Work and that the performance of the Expansion Construction Work shall not constitute an eviction or constructive eviction of the Lessee nor be grounds for any abatement of rentals, fees or charges payable by the Lessee under the Lease or otherwise 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 or otherwise.

(k) (1) The Lessee acknowledges that the Port Authority as well as other users, lessees, tenants, airport patrons and invitees and others will be continuing their airport operations in other portions of the Central Terminal Area of the Airport ('CTA') during the period of time the Lessee is performing the Expansion Construction Work hereunder and that this will involve among other things inconvenience, noise, dust, interference and disturbance to said airport operations and possibly other risks as well. As between the Lessee and the Port Authority, the Lessee hereby expressly assumes all of the foregoing risks. Without limiting the foregoing, the Lessee shall and expressly hereby agrees to perform, and to require each of its contractors and subcontractors to perform, the Expansion Construction Work and each portion thereof in such a manner so as to minimize the impact and any disruption resulting therefrom on said airport operations and on passenger and traffic control and passenger and traffic flow in the CTA. The Lessee shall, without limiting any other term or provision hereof, communicate and cooperate (and require each of its contractors to communicate and cooperate) with the Port Authority and with each of the affected CTA users, lessees, tenants, airport patrons, invitees and others in all aspects of the Expansion Construction Work, and the Lessee shall coordinate and work in harmony with all said persons and Port Authority contractors. The Lessee shall include in each of its contracts and subcontracts covering the Expansion Construction Work or any portion thereof the foregoing requirements for minimization of disruption and for contractor cooperation, harmony and coordination.

(2) Without limiting the foregoing or any other term or provision of this Agreement, with respect to those portions of the Expansion Construction Work which will or may affect or impact the Fuel System, the Lessee hereby expressly recognizes the importance of the Fuel System to the operation of the Airport and to all aircraft operations thereat and the critical need to protect the same and the integrity of the fuel in the Fuel System, and the Lessee shall use the highest degree of safety and care in its design and performance of the portions of the Expansion Construction Work which will or may affect or impact the Fuel System, and the Lessee shall use its best efforts and the highest degree of care and safety, and shall require its contractors to use the highest degree of care and safety and their best efforts, to coordinate and work in harmony with the Port Authority and the Port Authority's independent contractor who operates the Fuel System, as described in Section 55 hereof, and to take all such actions, precautionary measures and procedures, in addition to all Environmental Requirements, so as to protect and safeguard the structure, integrity, contents, safety, and operations of the Fuel System. In

addition to all other requirements, the Lessee shall also include the foregoing requirements in each of its applicable contracts and subcontracts covering the Expansion Construction Work.

(l) [INTENTIONALLY OMITTED]

(m) In addition to any easements and rights as may be elsewhere granted herein, the Port Authority hereby, subject to the terms, conditions, covenants and provisions of this Lease, grants to and agrees to make available to the Lessee, as needed and as identified in the Construction Application approval process by the Lessee and approved by the Port Authority, temporary and permanent (but not beyond the applicable expiration date or earlier termination of this Lease) utility accesses to those parts of the Airport (subject to the right of the Port Authority to substitute such other reasonable accesses as may be necessary because of future construction and development of the Airport (which substitution, together with the actual relocation of the utilities thereto, shall as between the Lessee and the Port Authority be at the Port Authority's sole cost and expense if the Lessee shall have commenced to utilize the accesses which it was permitted by the Port Authority to utilize) and subject to the rights of others with respect thereto) necessary to carry out the Lessee's Expansion Construction Work as identified in the Construction Application approval process and approved by the Port Authority and, as to the permanent utility accesses, those necessary to the Lessee to operate the premises.

(n) (1) When the Expansion 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 certifying that the Expansion Construction Work has been constructed to substantial completion 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, and in addition, a certificate signed by either the Lessee's architect licensed and registered in the State of New Jersey or by the Lessee's engineer licensed and registered in the State of New Jersey that the Expansion Construction Work has been constructed to substantial completion in strictly in accordance with the approved plans and specifications and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders. Thereafter, the Expansion Construction Work will be inspected by the Port Authority and if the same has been constructed to substantial completion as certified by the Lessee and 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, as between the Lessee and the Port Authority, 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 Expansion 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 Expansion 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 'Expansion Construction Work Completion Date' for the purposes of this Lease shall mean the date appearing on the certificate issued by the Port Authority pursuant to subparagraph (1) of this paragraph.

(3) In addition to and without affecting the obligations of the Lessee under the preceding subparagraphs (1) and (2), when an integral and material portion of the Expansion Construction Work is substantially completed and is properly usable the Lessee may advise the Port Authority to such effect and may 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 portion of the Expansion 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, and specifying that such portion of the Expansion Construction Work can be properly used even though the Expansion Construction Work has not been completed and that the Lessee desires such use. The Port Authority may in its sole discretion deliver a certificate to the Lessee with respect to each such portion of the Expansion Construction Work permitting the Lessee to use such portion thereof for the purposes set forth in the Lease. In such event the Lessee may use such portion 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, and subject to the risks as set forth in paragraph (f) hereof in the event that the Port Authority shall not have then approved the complete plans and specifications for the Expansion Construction Work. Moreover, at any time prior to the issuance of the certificate required in subparagraph (1) above for the Expansion Construction Work, the Lessee shall promptly upon receipt of a written notice from the Port Authority setting forth the reasons therefor cease its use of such portion of the Expansion Construction Work which it had been using pursuant to permission granted in this subparagraph (3).

(4) In addition to and without affecting the obligations of the Lessee under the preceding subparagraphs (1), (2) and (3), the Lessee may request that the Port Authority issue a final certificate under subparagraph (1) above with respect to any distinct and separate component of the Expansion Construction Work which has been substantially completed and which can be used independently from any portion of the Expansion Construction Work for which the Port Authority shall not have issued a certificate under this paragraph (n). Such request shall be accompanied by certificates from the Lessee, signed by an authorized officer of the Lessee and also signed by the Lessee's licensed architect or engineer, certifying, with respect to said component, all of the matters as described in the preceding subparagraph (3). In the event that the Port

Authority agrees with the Lessee's determination that such distinct and separate component of the Expansion Construction Work can be used independently from any portion of the Expansion Construction Work for which the Port Authority shall not have theretofore issued a certificate under this subparagraph (n), said component of the Expansion Construction Work will be inspected by the Port Authority and, if the same has been constructed to substantial completion as certified by the Lessee and the Lessee's licensed architect or engineer, the Port Authority shall deliver to the Lessee a final certificate under and subject to the provisions of paragraph (n)(1) hereof with respect to such component of the Expansion Construction Work permitting the use thereof for the purposes set forth in the Lease. In such event the Lessee may use such component 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, and subject to the risks as set forth in paragraph (f) hereof in the event that the Port Authority shall not have then approved the complete plans and specifications for the Expansion Construction Work."

7. Section 5 of the Lease, as previously amended, is hereby further amended as follows:

(a) The phrase "Base Annual Rental for the premises" as used in Section 5 of the Lease and elsewhere in the Lease shall be deemed amended to read "Base Annual Rental for the premises (exclusive of Area C-3 and the Area C-3 rental)".

(b) Subparagraphs (3) and (4) of paragraph (b) of Section 5 of the Lease, as previously amended and as set forth in Supplement No. 7 of the Lease shall be deemed amended to read as follows:

"(3) (i) For the portion of the term of the Lease commencing on August 1, 1996 to the day preceding the Effective Date of Supplement No. 17 of the Lease (as said Effective Date is set forth on the first page thereof), a Base Annual Rental for the premises (exclusive of Area C-3 and the Area C-3 rental) at an annual rate consisting of two factors, one a constant factor in the amount of Thirty-three Million Five Hundred Eighty-Five Thousand Three Hundred Forty-eight Dollars and No Cents ($33,585,348.00) subject to adjustment as provided in paragraph (c) hereof, 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 (c) 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 Base Annual Rental provided for in this subparagraph (3) and

which shall be subject to further adjustment as provided in paragraph (c) hereof.

(ii) For the portion of the term of the Lease commencing on the Effective Date of Supplement No. 17 of the Lease (as said Effective Date is set forth on the first page thereof) to November 30, 2004, a Base Annual Rental for the premises (exclusive of Area C-3 and the Area C-3 rental) at an annual rate consisting of two factors, one a constant factor in the amount of Thirty-three Million Nine Hundred Sixty Thousand Four Hundred Forty-eight Dollars and No Cents ($33,960,448.00) subject to adjustment as provided in paragraph (c) hereof, and the other the Airport Services Factor in the amount of Three Million Sixty-four Thousand Eight Hundred Sixteen Dollars and No Cents ($3,064,816.00), and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (3) (ii) and which shall subject to further adjustment as provided in paragraph (c) hereof.

The Base Annual Rental amounts (constant factor and Airport Services Factor) set forth in this subparagraph (b) (3) (ii) are also subject to the adjustments based on the Port Authority's determination of the final metes and bounds of Added Area 4 as more fully described in Paragraph 3A of Supplement No. 17 of the Lease.

"(4) For the portion of the term of the Lease commencing on December 1, 2004 to March 31, 2013 (the expiration date of the term of the letting of the premises exclusive of Area C-3) a Base Annual Rental for the premises (exclusive of Area C-3 and the Area C-3 rental) at an annual rate consisting of two factors, one a constant factor in the amount of Thirty-nine Million Six Hundred One Thousand Two Hundred Seventy-nine Dollars and No Cents ($39,601,279.00) subject to adjustment as provided in paragraph (c) hereof, and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (3) (ii) above as the same shall have been adjusted in accordance with paragraph (c) 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 Base Annual Rental provided for in this subparagraph (4) and which shall subject to further adjustment as provided in paragraph (c) hereof.

The Base Annual Rental amounts (constant factor and Airport Services Factor) set forth in this subparagraph (b) (4) above are also subject to the adjustments based on the Port Authority's determination of the final metes and bounds of Added Area 4 as more fully described in Paragraph 3A of Supplement No. 17 of the Lease."

(c) (i) The following sentence shall be deemed inserted after the second sentence of subparagraph (1) of paragraph (c) of Section 5 of the Lease:

"For the calendar year 1999 and for each and every calendar year thereafter the Airport Services Factor set forth in subparagraphs (b) (3) (ii) and (b) (4) above shall be adjusted in accordance with said Schedule A."

(ii) The last five (5) lines of subparagraph (1) of paragraph (c) of Section 5 of the Lease, as previously amended and as set forth in Supplement No. 7 of the Lease shall be amended to read as follows:

"of the term specified in subparagraph (b) (3) (i) above the constant factor of $33,585,348 shall remain unchanged; and for the portion of the term specified in subparagraph (b) (3) (ii) above the constant factor of $33,960,448.00, after the adjustment of the same based on the Port Authority's determination of final metes and bounds for the Added Area 4 as more fully described in Paragraph 3A of Supplement No. 17 of the Lease, shall remain unchanged; and for the portion of the term specified in subparagraph (b) (4) above the constant factor of $39,601,279.00 after the adjustment of the same based on the Port Authority's determination of final metes and bounds for the Added Area 4 as more fully described in Paragraph 3A of Supplement No. 17 of the Lease, shall remain unchanged."

(d) Subparagraph (2) (iii) of paragraph (c) of Section 5 shall be deemed amended as follows: The amount set forth therein as "Three Million Five Hundred Ninety-four Thousand Dollars and No Cents ($3,594,000.00)" shall be deemed amended to read "Three Million Nine Hundred Sixty-nine Thousand One Hundred Dollars and No Cents ($3,969,100.00)".

(e) Subparagraph (2) (iv) of paragraph (c) of Section 5 shall be deemed amended as follows: The amount set forth therein as "Three Million Five Hundred Ninety-four Thousand Dollars and No Cents ($3,594,000.00)" shall be deemed amended to read "Four Million Fifty Thousand Three Hundred Sixty-seven Dollars and No Cents ($4,050,367.00)".

8. Paragraph (a) of Subdivision I of Section 8 of the Lease is hereby amended as follows:

(a) Subparagraph (vii) thereof is hereby amended to read as follows:

"(vii) For the storage of repair parts, supplies and other personal property of the Lessee used by the Lessee in connection with its operations permitted hereunder and for the performance of reasonable minor repairs to said personal property of the Lessee."

(b) Subparagraph (ix) thereof is hereby amended by adding at the end thereof the following:

"and the occasional and temporary storage of said air cargo transported or to be transported on aircraft operated by the Lessee, provided said air cargo is properly secured."

(c) New subparagraph (xiv) shall be deemed added at the end of said paragraph (a) reading as follows;

"(xiv) With respect to the FIS facilities (as defined in Section 93 hereof), for federal inspection services by federal agencies (if the United States Government makes the same available to the Lessee) or others permitted by law to perform such functions.

9. Paragraph (g) of subdivision I of Section 8 of the Lease shall be deemed amended to read as follows:

"(g) It is understood and agreed that in order to use Flight Station B-3 located at Passenger Terminal B, it will be necessary from time to time for the various Aircraft Operators in Flight Station B-3 to pass over those portions of Area D which lie between Concourse C-1 and said Flight Station B-3, and the same are hereby made expressly subject to such right of access of such users. Similarly, it is understood and agreed that in order to use portions of Area D, it will be necessary for the Lessee to pass over the aircraft maneuvering areas associated with Flight Station B-3 which lie between Concourse C-1 and said Flight Station B-3 and the said areas shall be subject to such right of access of the Lessee. In the exercise of the use and rights of access hereunder, the Lessee and the Airline Lessees in Flight Station B-3 shall operate with due regard to the rights and needs of all users of such areas."

10. Section 10 of the Lease is hereby amended as follows:

(a) Paragraph (a) thereof is hereby amended to read as follows:

"(a) The Lessee shall promptly comply with, observe and execute all laws and ordinances and governmental rules, regulations and orders now or at any time during the term of this Agreement which as a matter of law are applicable to or which affect (i) the premises, (ii) the operations of the Lessee at the premises hereunder or the Airport, (iii) the occupancy or use of the premises or (iv) subject to Section 12(p)(2) of the Lease, with regard to Environmental Requirements only, property outside the premises as a result of the Lessee's use and occupancy of the premises or a migration of Hazardous Substances from the premises. The Lessee shall, in accordance with and subject to the provisions of Section 23 hereof, make any and all structural and non-structural improvements, alterations or repairs of the premises and, subject to Section 12(p)(2) of the Lease, perform all remediation work and clean up of Hazardous Substances required in order to fully satisfy the compliance obligations set forth herein, including without limitation, the removal, containment, control or other action with respect to asbestos-containing material. The Lessee shall have the right to perform such structural and non-structural improvements, alterations or repairs that are required by any such law, rule, regulation, order or direction; provided, however, that the same shall be performed in compliance with and subject to the terms, provisions, and conditions of this Agreement including without limitation the procedures set forth in Section 23 hereof."

(b) Paragraph (b) thereof shall be deemed amended by adding at the end thereof the following:

"The Port Authority agrees to cooperate, if it may lawfully do so, with the Lessee in the Lessee's procurement of such consents, licenses, certificates, permits or other authorization; such cooperation by the Port Authority shall be limited to furnishing the Lessee and the governmental authority with appropriate information."

(c) Paragraph (d) thereof shall be deemed amended by adding at the end of the first (1st) paragraph after the word "regulation" the following:

", and the Lessee shall have no indemnity obligation with respect to the aforementioned claims, actions, damages, liabilities, fines, penalties, costs and expenses."

11. Section 11 of the Lease is hereby amended by adding at the end thereof the following new paragraph:

"(e) Failure of the Lessee to observe and obey (and to require its officers, employees, guests, invitees, and those doing business with it to observe and obey)

the Port Authority Rules and Regulations shall not be a breach of this Agreement as and to the extent compliance therewith would constitute a violation of any governmental law, rule, regulation, requirement, order or direction."

12. (a) The first two (2) lines of paragraph (d) of Section 12 of the Lease shall be deemed amended to read as follows:

"The Lessee shall have the right and the obligation to exercise reasonable control over the vehicular traffic (including, but not limited to, vehicles operated by Port Authority contractors and permittees) on the roadways or other areas within the".

(b) The twenty-fourth (24th) through thirtieth (30th) lines of paragraph (k) of Section 12 of the Lease shall be deemed amended to read as follows:

" 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. In making a judgement as to whether any particular structures, fences, equipment, devices or other facilities may be so necessary or appropriate, the Port Authority shall take into account the cost, among other factors, of such facility in comparison to the expected benefits to be derived from the construction thereof. 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."

(c) Section 12 of the Lease is hereby further amended by adding at the end thereof the following new paragraphs "(o)" and "(p)":

"(o) Without limiting any other of the Lessee's obligations under the Lease, the Lessee shall provide the General Manager of the Airport at the cost and expense of the Lessee with such information, documentation, records, correspondence, notices, reports, tests, results, and certifications and any other information as the Port Authority may request in connection with any Environmental Requirements or Environmental Damages, and the Lessee shall promptly acknowledge, swear to, sign or otherwise fully execute the same. The Lessee agrees that any of the foregoing may be filed by the Port Authority with the appropriate governmental authority on behalf of the Lessee at the Lessee's cost and expense. Further, the Lessee agrees unless directed otherwise by the Port Authority, to provide the General Manager of the Airport with copies of all information, documentation, records, correspondence, notice, certifications, reports, test results and all other submissions provided by the Lessee to a governmental authority and by a governmental authority to the Lessee within two (2) business days that the same are made available to or received by the Lessee with respect to any Environmental Requirements. Without limiting the foregoing or any other term or provision of this Agreement, the Lessee expressly understand and agrees that the foregoing shall include without limitation the requirement

that, with respect to the Adams Ditch Area the Lessee shall submit to the Port Authority true and complete executed copies of all governmental permits and approvals (the Lessee agreeing to consult with the Port Authority in the application for the required individual freshwater wetlands permits and stream encroachment permits), including but not limited to the approval of the City of Newark, prior to the Lessee's performance of any operations, filling in or any other construction activities or work involving or related to said Adams Ditch Area, and such other and further information as the Port Authority may require or request.

(p) (1) In addition to and without limiting the generality of the obligations of the Lessee set forth above and elsewhere in the Lease, the Lessee shall at its sole cost and expense and in accordance with and subject to the provisions of Section 23 hereof, upon notice from the Port Authority, promptly take all actions to completely remove, clean-up and remediate all Hazardous Substances on the premises or the Airport which result from the Lessee's use and occupancy of the premises or, subject to Section 12(p)(2) of the Lease, from the Lessee's performance of any construction work or which have been disposed of, released, discharged or otherwise placed on, under or about the premises during the term of the letting hereunder, and, subject to Section 12(p)(2) of the Lease, to cleanup and remediate all other Hazardous Substances on, about or under the premises or which have migrated from the premises to any adjoining property, which any federal, state or local governmental agency or political subdivision or any Environmental Requirement or any violation thereof require to be remediated, and to cleanup and remediate all Hazardous Substances necessary to mitigate Environmental Damages. The foregoing obligations of the Lessee shall include without limitation the investigation of the environmental condition of the area to be remediated, the presentation of feasibility studies, reports and remedial plans, and the performance of any cleanup, remediation, containment, operation, maintenance, monitoring or restoration work; the standard for any of the foregoing to be the applicable standard as required under Environmental Requirements and, in the event that any Environmental Requirement sets forth more than one standard, the standard to be applied shall be that which requires the lowest level of a Hazardous Substance unless the Port Authority consents to a different standard being applied. Any actions of the Lessee under the foregoing shall be performed in a good, safe and workmanlike manner and shall minimize any impact on activities off the premises. The Lessee shall promptly provide to the Port Authority all copies of test results and reports generated in connection with such actions. Promptly upon completion of such investigation and remediation, the Lessee shall seal or cap all monitoring wells and test holes, remove all associated equipment and restore the remediated property.

(2) Notwithstanding anything to the contrary in the Lease as herein amended, it is hereby agreed that, during the performance of the Expansion Construction Work under Section 93 hereof and during the remainder of the letting hereunder, the following specific limitations to the Lessee's environmental obligations shall apply:

(i) the Lessee shall not be responsible for contamination of soil and groundwater on, about or under the premises caused by the acts or omissions of the Port Authority;

(ii) the Lessee shall not be responsible for contamination of soil or groundwater to the extent that the same is caused by the flow of groundwater or the leaching of soil from outside the premises if the Lessee proves to the satisfaction of the Port Authority that any such contamination was not caused by the Lessee or by its, employees, agents, contractors, sublessees, subtenants, invitees or by others using or occupying the premises under this Agreement, it being understood that the Lessee shall have the burden of proof to establish that any migration of a Hazardous Substance or said contamination to the premises was not the result of the Lessee's (or any of aforesaid other persons') use and occupancy of the premises or any other areas at the Airport; and

(iii) the Lessee shall not be responsible for remediation and the cost of remediation of Non-Hydrocarbon Contamination (as hereinafter defined) in excess of the Non-Hydrocarbon Obligation Amount (as hereinafter defined) provided that the Lessee proves to the satisfaction of the Port Authority that such Non-Hydrocarbon Contamination was not caused by the Lessee or its employees, agents, contractors, sublessees, subtenants, invitees or others using or occupying the premises under this Agreement, it being understood that the Lessee shall have the burden of proof to establish the same; and provided, further, however, that all costs and expenses of or associated with the removal, cleanup and any remediation of (aa) any and all Hazardous Substances or any contamination (other than Non-Hydrocarbon Contamination) other than any caused by the acts or omissions of the Port Authority; (bb) storage tanks for which the Lessee is responsible, except as expressly provided in paragraph (j) of Section 95 of the Lease; (cc) lead and asbestos during any demolition, alteration or construction on the premises; or (dd) any and all contamination of any type whatsoever or any and all Hazardous Substances in, on or under or from the Adams Ditch area shall not apply against the Non-Hydrocarbon Obligation Amount and the Lessee shall be fully and solely responsible for the same without such limitation. For purposes of this clause (iii), the term "Non-Hydrocarbon Contamination" shall mean contamination of soil or groundwater the remediation of which is performed due to the presence of Hazardous Substances other than, or the methods for remediation of which exceed those which would be required for the remediation of, petroleum hydrocarbons; and the term "Non-Hydrocarbon Obligation Amount" shall mean the amount of Eight Million Dollars and No Cents ($8,000,000.00). The Port Authority shall be responsible for the remediation of Non-Hydrocarbon Contamination in excess of the Non-Hydrocarbon Obligation

Amount, which obligation shall survive the expiration or termination of this Agreement.

Anything to the contrary in the foregoing notwithstanding, it is expressly understood that with respect to the said Adams Ditch area the Lessee shall be fully responsible for all remediation, whether of hydrocarbon contamination, Non-Hydrocarbon Contamination or otherwise, and the cost of all remediation and all Environmental Requirements and Environmental Damages.

(3) Nothing herein shall limit, modify, waive or otherwise alter the rights, claims and remedies which the Port Authority or the Lessee may have against third parties or persons, whether at law, equity or otherwise."

13. Section 13 of the Lease shall be deemed amended as follows:

(a) There shall be deemed added at the end of paragraph (h) thereof the following:

"unless expressly approved by the Port Authority in writing pursuant to Section 23 hereof and a tenant Alteration Application signed and submitted by the Lessee which has been fully approved by the Port Authority."

(b) There shall be deemed added at the end of paragraph (l) thereof the following:

"except in accordance with Port Authority Rules and Regulations."

(c) Paragraph (n) thereof shall be deemed amended by inserting at the end of the sixth (6th) line thereof after the words "ramp equipment" the following:

"(except as otherwise expressly allowed in Section 8 hereof)".

(d) Paragraph (n) thereof shall be deemed further amended by inserting at the end of the seventh (7th) line thereof after the word "than" the following:

"emergency or".

(e) There shall be deemed added at the end of said Section 13 a new paragraph (r) reading as follows:

"(r) The Lessee shall not dispose of, release or discharge nor permit anyone to dispose of, release or discharge any Hazardous Substance on or from the premises or at the Airport. In addition to and without limiting any other term, provision covenant or condition hereof, any Hazardous Substance disposed of, released or discharged by the Lessee (or permitted by the Lessee to be disposed

of, released or discharged) on or from the premises or at the Airport, shall upon notice by the Port Authority to the Lessee and subject to the provisions of this Agreement, be removed, cleaned-up and/or remediated by the Lessee at the Lessee's sole cost and expense. The obligations of the Lessee pursuant to this paragraph shall survive the expiration or termination of this Agreement."

14. Section 15 of the Lease, as previously amended, shall be deemed further amended as follows:

(a) There shall be deemed added at the end of paragraph (a) thereof the following:

"The foregoing shall not be deemed to waive any rights or claims that the Lessee or the Port Authority may have against third parties."

(b) Subparagraph (3) of paragraph (b) thereof shall be amended by replacing the first four (4) lines thereof with the following:

"(3) Take good care of the premises and maintain the same at all times in good condition, except for reasonable wear and tear resulting from the use of the premises to the extent permitted elsewhere in this Agreement or conditions solely due to the aging of the premises, which reasonable wear and tear or aging do not adversely affect in any material manner the efficient utilization thereof and do not adversely affect the proper utilization thereof;"

(c) Subparagraph (5) of paragraph (b) thereof shall be deemed amended by inserting the word "reasonably" before the word "require" on the last line thereof.

(d) There shall be deemed added at the end of subparagraph (7) of paragraph (b) thereof the following:

"the foregoing not to be deemed to prohibit the Lessee from recovering the cost of any such repairs against any third party who has responsibility therefor;"

(e) The last two (2) lines of paragraph (e) thereof shall be deemed amended to read as follows:

"at such locations, or take other appropriate measures as may be directed by the General Manager of the Airport, to insure the safety of the work performed thereat."

(f) The word and number "twenty (20)" appearing on the fourth (4th) line of paragraph (f) thereof shall be deemed changed to "thirty (30)".

15. Section 17 of the Lease, as previously amended and set forth in Supplement No. 8 of the Lease, shall be deemed further amended to read as follows:

(a) The words "nuclear property losses and" shall be deemed deleted from the eighteenth (18th) line of paragraph (a) thereof.

(b) The following shall be deemed added at the end of paragraph (a) thereof:

> ", provided that such insurance for this peril is available within the commercial insurance marketplace at the time of the Port Authority's request."

(c) The fourth (4th) line of the second (2nd) subparagraph of paragraph (c) shall be deemed amended to read as follows:

> "16; and the word 'insurance' and all other references to insurance in".

(d) The second (2nd) sentence of the third (3rd) subparagraph of paragraph (c) shall be deemed amended to read as follows:

> "If at any time any of the said companies issuing the policies shall be or become unsatisfactory to the Port Authority or if at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to form or substance, the Lessee shall promptly obtain a new and satisfactory in replacement, the Port Authority agreeing to provide written notice to the Lessee, upon the written request of the Lessee, of the reasons it finds such policies or companies unsatisfactory and further covenanting and agreeing not to act unreasonably hereunder."

(e) The following new paragraph (d) shall be added at the end thereof:

> "(d) With respect to the insurance required to be carried pursuant to subparagraph (14) of paragraph (d) of Section 93 of the Lease and this Section 17, the Lessee recognizes that the Port Authority is obligated under the Basic Lease, to use the proceeds of such insurance in the manner set forth in Section 16 of the Lease. In the event that there shall be a casualty and (i) it shall become legally impossible to rebuild all or any portion of the Expansion Construction Work, or (ii) the Port Authority or the Lessee shall be enjoined from or restricted under the terms of any contract, law, judgment, ruling, rule, regulation, or order of any Governmental Authority or court of competent jurisdiction from rebuilding all or any portion of the Expansion Construction Work, or (iii) the Port Authority and the Lessee shall determine that all or any portion of the Expansion Construction Work cannot be rebuilt, the Port Authority shall deliver to and only to the Trustee (as defined in

Section 96), to the extent of available insurance proceeds which the Port Authority is entitled to retain as its own, if any, under the Basic Lease, or which the City of Newark consents to the Port Authority retaining or utilizing for such purpose, an amount which, together with any reserves or similar amounts available for such purpose, would be sufficient to redeem at that time the then-outstanding Bonds and Additional Bonds (as such terms are defined in Section 96) issued in connection with the Expansion Construction Work, in proportion to the portion of the Expansion Construction Work that cannot be so rebuilt, were such Bonds and Additional Bonds to be redeemed at that time, which amount shall be applied against such Bonds and Additional Bonds in accordance with their payment terms; provided, however, that the provisions of the Indenture (as defined in Section 96) shall govern as to whether the Bonds and Additional Bonds or any portion thereof are required actually to be redeemed at that time."

16. (a) Paragraph (a) of Section 18 of the Lease, as previously amended by Supplement No. 6 of the Lease, shall be deemed further amended by inserting after the word "Airport" which appears on the fifteenth (15th) line thereof the following:

"(excepting only claims and demands which result solely from the willful misconduct, or the sole negligence, of the Port Authority);".

(b) The sentence preceding the last sentence of paragraph (c) of Section 18 of the Lease shall be deemed amended to read as follows:

"If at any time any of the said companies issuing the policies shall be or become unsatisfactory to the Port Authority or if at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to form or substance, the Lessee shall promptly obtain a new and satisfactory in replacement, the Port Authority agreeing to provide written notice to the Lessee, upon the written request of the Lessee, of the reasons it finds such policies or companies unsatisfactory and further covenanting and agreeing not to act unreasonably hereunder."

17. Paragraph (b) of Section 19 of the Lease shall be deemed amended by inserting after the word "Airport" on the fourth (4th) line thereof the following:

"pertaining to the premises hereunder".

18. Paragraph (a) of Section 22 of the Lease shall be deemed amended by inserting at the end thereof the following:

"The Port Authority shall, except in emergencies, spot inspections or other cases of immediate need of the Port Authority, give prior notice to the Lessee of such entry by the

Port Authority into areas of the premises not open to the general public or to air passengers."

19. Paragraph (b) of Section 22 of the Lease shall be deemed amended by inserting at the end of the next-to-last sentence thereof the following:

"; and provided further, however, that the Lessee shall not be responsible (notwithstanding any other provision of the Lease as herein amended) for remediation of contamination associated with or encountered in connection with any such activities, unless the same was caused by the Lessee"

20. Paragraph (a) of Section 23 of the Lease shall be deemed amended by inserting after the word "Authority" on the tenth (10th) line thereof the following:

", which may consist of, inter alia, the submission by the Lessee to the Port Authority for its approval of a tenant Alteration Application in the form prescribed by the Port Authority".

21. (a) Subparagraph (3) of paragraph (a) of Section 24 of the Lease shall be deemed amended by changing the word and number "thirty (30)" appearing in the ninth (9th) line thereof to "sixty (60)".

(b) Subparagraph (4) of paragraph (a) of Section 24 of the Lease shall be deemed amended by inserting after the word "operations" on the third (3rd) line thereof the following:

"(the term "operations" meaning any activities which are permitted or required under this Agreement)"

(c) Subparagraph (4) of paragraph (a) of Section 24 of the Lease shall be deemed amended by changing the word and number "thirty (30)" appearing in the fifth (5th) line thereof to "sixty (60)".

(d) Subparagraph (4) of paragraph (a) of Section 24 of the Lease shall be deemed amended by inserting after the word "Lessee" on the last line thereof the following:

", unless the same shall be or would become, with the passage of time, an event on the basis of which the Lessee may terminate this Agreement pursuant to Section 61(a)(1) hereof".

(e) Subparagraph (5) of paragraph (a) of Section 24 of the Lease shall be deemed amended by changing the word and number "thirty (30)" appearing in the fourth (4th) line thereof to "sixty (60)".

(f) Subparagraph (7) of paragraph (a) of Section 24 of the Lease shall be deemed amended by changing the word and number "thirty (30)" appearing in the fifth (5th) line thereof to "sixty (60)".

(g) The word and number "twenty (20)" appearing at the end of the second (2nd) line and the beginning of the third (3rd) line of the last subparagraph of paragraph (a) of Section 24 shall be deemed changed to "thirty (30)".

(h) Subparagraph (8) of paragraph (a) of Section 24 of the Lease shall be deemed amended to read as follows:

> "(8) If either (i) the Lessee shall, without the prior written approval of the Port Authority, become a merged (non-surviving) corporation in a merger, a constituent corporation in a consolidation, or a corporation in dissolution, except as otherwise expressly permitted in paragraph (a) of Section 77 hereof, or (ii) the Lessee shall, without the prior written approval of the Port Authority, become a possessor (surviving) corporation in a merger without complying with the provisions of subparagraph (2) of paragraph (a) of Section 77 hereof;".

(i) Paragraphs (c) and (d) of Section 24 of the Lease shall be deemed deleted therefrom and the following new paragraph (c) shall be deemed inserted in lieu thereof:

> "(c) No failure by the Port Authority to insist upon the strict performance of any agreement, term, covenant or condition of the Lease or to exercise any right or remedy consequent upon a breach or default thereof, and no extension, supplement or amendment of the Lease during or after a breach thereof, unless expressly stated to be a waiver, and no acceptance by the Port Authority of rentals, fees, charges or other payments in whole or in part after or during the continuance of any such breach or default, shall constitute a waiver of any such breach or default of such agreement, term, covenant or condition. No agreement, term, covenant or condition of the Lease to be performed or complied with by the Lessee, and no breach or default thereof, shall be waived, altered or modified except by a written instrument executed by the Port Authority. No waiver by the Port Authority of any default or breach on the part of the Lessee in performance of any agreement, term, covenant or condition of this Lease shall affect or alter the Lease, but each and every agreement, term, covenant and condition thereof shall continue in full force and effect with respect to any other then existing or subsequent breach or default thereof."

(j) Paragraph (e) of Section 24 shall be deemed redesignated as paragraph "(d)".

22. Section 27 of the Lease, as previously amended, shall be deemed further amended as follows:

(a) Subparagraph (1) of paragraph (b) thereof is hereby amended by inserting after the word "and' at the end thereof the following

> "on account of the constant factor or the Facility Factor, as the case may be, of the Area C-3 annual rental obligations of the Lessee, the amount of the total of the constant factor or the Facility Factor, as the case may be, of all annual Area C-3 rentals, less the amount attributable to the constant factor or the Facility Factor, as the case may be, in the installments of said Area C-3 rental payable prior to the effective date of the termination except that the credit to be allowed for the amount attributable to the constant factor or the Facility Factor, as the case may be, 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; and".

(b) Subparagraph (2) of paragraph (b) thereof is hereby amended by inserting after the word "and" at the end thereof the following:

> "on account of the Airport Services Factor of the Lessee's Area C-3 annual 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 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, and".

(c) Subparagraph (3) of paragraph (b) of Section 27 of the Lease shall be deemed amended by inserting after the word "expenses" on the fifth (5th) line thereof the following:

> "(including but not limited to the cost to the Port Authority of in-house legal services)".

(d) A new subparagraph (4) of paragraph (b) of said Section 27 shall be deemed inserted immediately following subparagraph (3) thereof (as renumbered in Supplement No. 6 of the Lease) to read as follows:

"(4) On account of the Lessee's obligations to pay the Cost of Assumable Maintenance and Repair set forth in Section 85 hereof, an amount equal to the total sum of the Capital Cost under Section 85 hereof less the amount thereof payable prior to the effective date of termination, except that the credit to be allowed for the amount attributable to 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 or the actual number of days in such month."

(e) Section 27 of the Lease is hereby further amended by adding at the end thereof the following new paragraphs "(c)" "(d)" and "(e)" reading as follows:

"(c) In addition to and without limiting the foregoing or any other right, claim or remedy of the Port Authority, legal or equitable, under this Lease or otherwise, in the event this Lease shall be terminated pursuant to Section 24 hereof and the Lessee shall not have completed the Expansion Construction Work, as defined in Section 93 hereof, or any portion thereof, within the time period(s) specified in paragraph (d) (2) of Section 93 hereof, the Lessee shall and hereby agrees to pay to the Port Authority any and all amounts, costs and expenses, of any type whatsoever, paid or incurred by the Port Authority by reason of the failure of the Lessee so to complete the Expansion Construction Work, or any portion thereof, including without limitation all interest, completion and other costs, damages, direct, indirect and consequential, losses and penalties, and all of the same shall survive the expiration or termination of this Agreement and shall be deemed treated as survived damages hereunder in addition to the foregoing.

(d) Notwithstanding anything to the contrary herein contained, all of the obligations of the Lessee under this Lease with respect to Environmental Damages and Environmental Requirements shall survive the expiration or termination of this Agreement.

(e) Without limiting any of the foregoing, the Port Authority may at any time bring an action to recover all the damages as set forth above not previously recovered in separate actions, or it may bring separate actions to recover the items of damages set forth in subparagraphs (1), (2), (3) and (4) of paragraph (b) above and separate actions periodically to recover from time to time only such portion of the damages set forth in subparagraphs (1) and (2) of paragraph (b) above as would have accrued as Base Annual Rental and Area C-3 rental up to the time of the action if there had been no termination or cancellation. In any such action the

Lessee shall be allowed a credit against its survived damages obligations equal to the amounts which the Port Authority shall have actually received from any tenant, licensee, permittee or other occupier of the premises or a part thereof during the period for which damages are sought, and if recovery is sought for a period subsequent to the date of suit a credit equal to the market rental value of the premises during such period (discounted to reflect the then present value thereof). If at the time of such action the Port Authority has used and occupied or relet the premises, the rental for the premises obtained through such use and occupancy or reletting shall be deemed to be the market rental value of the premises or be deemed to be the basis for computing such market rental value if less than the entire premises were used or occupied or relet. In no event shall any credit allowed to the Lessee against its damages for any period exceed the then present value of the annual rental which would have been payable under this Agreement during such period if a termination or cancellation had not taken place."

23. The last three (3) lines of Section 30 of the Lease shall be deemed amended to read as follows:

"promptly and in as good condition as of the commencement of the letting thereof (such commencement in the case of new construction being as of the completion thereof), except for (1) reasonable wear and tear resulting from the use of the premises to the extent permitted elsewhere in this Agreement or (2) conditions solely due to the aging of the premises, which reasonable wear and tear or aging do not adversely affect in any material manner the efficient utilization of the premises or adversely affect the proper utilization of the premises for the purposes permitted hereunder or the water-tightness or structural integrity of the premises), but not resulting from any delay or failure to maintain and repair hereunder. In addition, all of the premises shall be free and clear of all liens, encumbrances, and security interests created by the Lessee, its sublessees, contractors, subcontractors, or other persons acting through, under or on behalf of the Lessee.

In addition to and without limiting the foregoing, it is recognized the expiration date of the Area C-3 portion of the premises (as set forth in Supplement No. 17 of the Lease) is March 31, 2028 and that the expiration date of the C-1 and C-2 portions of the premises is March 31, 2013, and it is hereby understood and agreed, with respect to any systems serving or common to both Area C-3 and the C-1 and C-2 portions of the premises, that it shall be the obligation of the Lessee, at its sole cost and expense, to perform and complete, prior to said March 31, 2013 expiration date, all alteration and other work necessary or appropriate (subject to Section 23 hereof) to separate each such system so as to enable each such system to

operate independently in Area C-3, and that the Port Authority will require any new tenant or lessee in the C-1 and C-2 portions of the premises to perform such work in its leasehold in the C-1 and C-2 portions of the premises. "

24. Section 33 of the Lease shall be deemed amended by adding at the end thereof the following two (2) new subparagraphs reading as follows:

"The Port Authority agrees that during the term of the letting hereunder the Port Authority will not take any action the taking of which, or omit to take any action the failure of which to take, would amount to or have the effect of canceling, surrendering, terminating, modifying or amending the Basic Lease prior to the date specified in the Basic Lease for its expiration insofar as such cancellation, surrender, termination, modification, or amendment would in any manner deprive the Lessee of any of its rights, licenses or privileges under this Agreement.

Nothing herein shall prevent the Port Authority from entering into an agreement with the City of Newark pursuant to which the Basic Lease is surrendered, cancelled or terminated provided that the City of Newark, at the time of such agreement, assumes the obligations of the Port Authority under this Agreement."

25. Paragraph (d) of Section 36 of the Lease shall be deemed amended by inserting at the end thereof the following:

"Subject to Section 12(p)(2) of the Lease, the Lessee hereby further agrees to relieve the Port Authority from and to assume all responsibility for any and all risks, costs and expenses of any kind whatsoever caused by, arising out of or in connection with, the condition of the premises and all parts thereof whether any aspect of such condition existed prior to, on or after the applicable effective date of the letting of each part of the premises hereunder, including without limitation all Environmental Requirements and Environmental Damages, and to indemnify and hold harmless the Port Authority for all such risks, responsibilities, costs and expenses. 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 over the person of the Port Authority, 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. It is hereby understood and agreed that whenever reference is made in this Lease to the condition of the premises as of the commencement of the term thereof, the same shall be deemed to mean the condition of the premises as of the applicable commencement date of the letting of each part of the premises under this Lease, and as to the improvements made and the alteration work performed during the term of the Lease in the condition existing after the completion of the same. All the obligations of the Lessee under this Section with respect to responsibilities, risks, costs and expenses assumed by the Lessee shall survive the expiration or termination of this Lease."

26. The last three (3) sentences of Section 37 of the Lease, as previously amended, are hereby further amended to read as follows:

"Until further notice, the Port Authority hereby designates its Executive Director, and the Lessee designates its Vice President of Corporate Real Estate (or such other authorized officer as may be designated by the Lessee by written notice to the Port Authority) 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 Continental Airlines, Inc., 1600 Smith Street, Houston, Texas 77002, as their respective offices where notices and requests may be served. The Port Authority shall for informational purposes only send a copy by regular first class mail of all such notices and requests to the Lessee's General Counsel at Continental Airlines, Inc., P.O. Box 4607, HQSEO, Houston, Texas 77210-4607. Failure on the part of the Port Authority to send the informational copy shall not however be or be deemed to be a breach of this Agreement, or impair or affect the validity of the notice or request actually given."

27. Paragraph (c) of Section 38 of the Lease shall be deemed amended by inserting after the word "Authority" on the eighth (8th) line thereof the following:

"(except where fulfillment of the Lessee's compliance obligations hereunder 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)".

28. Section 41 of the Lease is hereby amended by adding at the end thereof the following new paragraph (c) reading as follows:

"(c) If any clause, provision or section of this Agreement shall be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section or sections shall not affect any of the remaining clauses, provisions or sections hereof."

29. Paragraph (d) of Section 49 of the Lease, as previously amended, shall be deemed further amended by changing the "1998" in the seventh (7th) and ninth (9th) lines thereof to "2018" and by changing the "1999" in the last line thereof to "2019".

30. Section 53 of the Lease, as previously amended, shall be deemed further amended as follows:

(a) The date appearing on the third (3rd) line of paragraph (a) (1) thereof (as set forth in Supplement 15 of the Lease) as "March 31, 2013" shall be deemed amended to read "December 31, 2018".

(b) Subparagraph (2) of paragraph (a) of Section 53 of the Lease, as previously amended, shall be deemed further amended to read as follows:

"(2) It is recognized that pursuant to Paragraph 2 of Supplement No. 17 to the Lease the term of the letting of only the Area C-3 portion of the premises is extended to March 31, 2028, and that flight fee provisions contained in Schedule C are effective through December 31, 2018. It is hereby agreed that for the portion of the term of the letting of said Area C-3 hereunder subsequent to December 31, 2018, 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 of said Area C-3 commencing January 1, 2019 through the expiration date of the term of the letting of said Area C-3 hereunder (March 31, 2028), 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 of said Area C-3 commencing January 1, 2019."

31. The last line of the seventh (7th) subparagraph of paragraph (a) of Section 54 of the Lease is hereby amended to read as follows:

"additions, and also including the modifications and additions to the Fuel System which the Lessee shall perform as part of the Expansion Construction Work under Section 93 hereof, shall be and become part of the Fuel System."

32. Section 56 of the Lease, as previously amended, shall be deemed further amended to as follows:

(a) The date appearing on the second (2nd) line of paragraph (a) thereof (as set forth in Supplement 15 of the Lease) as "March 31, 2013" shall be deemed amended to read "December 31, 2018".

(b) The second (2nd) subparagraph of paragraph (a) of Section 56 of the Lease, as previously amended, shall be deemed further amended to read as follows:

> "It is recognized that pursuant to Paragraph 2 of Supplement No. 17 to the Lease the term of the letting of only the Area C-3 portion of the premises is extended to March 31, 2028, and that the fuel gallonage fee provisions contained in Schedule D are effective through December 31, 2018. It is hereby agreed that for the portion of the term of the letting of said Area C-3 hereunder subsequent to December 31, 2018, the Port Authority and the Lessee 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 of said Area C-3 commencing January 1, 2019 through the expiration date of the term of the letting of said Area C-3 hereunder (March 31, 2028), and upon the establishment of the same the Lessee shall pay fuel gallonage fees in accordance with said 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 of said Area C-3 commencing January 1, 2019."

33. Paragraph (a) of Section 59 of the Lease shall be deemed amended to add the following at the end thereof:

> "Notwithstanding the foregoing, the Lessee, utilizing a vendor holding a permit from the Port Authority to perform such services at the Airport (which permit shall, among its other terms, contain the obligation of such vendor to pay to the Port Authority the Port Authority's then-prevailing fee for such activities), may install, maintain or operate, or permit the installation, maintenance or operation, in the non-public areas of the premises of vending-machines or devices designed to dispense or sell food, beverages, tobacco, and tobacco products, solely for its employees and the employees of others doing business with the Lessee."

34. Paragraph (c) of Section 61 of the Lease shall be deemed amended by adding at the end thereof before the final period the following:

> "provided that the Lessee shall not have the right to terminate the Lease as to the Mortgaged Premises (as defined in Section 96 hereof) without the consent of the Leasehold Mortgagee (as defined

in Section 96 hereof) so long as the Leasehold Mortgage or the Reletting Rights (as defined in said Section 96) of the Leasehold Mortgagee remain in effect".

35. The Lease is hereby amended to add the following Section 61A immediately following Section 61 of the Lease as herein amended:

"Section 61A. Effect of Termination by Lessee

(a) If the Lessee terminates the letting pursuant to the provisions of Section 61(a)(1), subject to the proviso at the end of Section 61(c) hereof, then the Port Authority may, at its option, pay to the Lessee the amount of the Lessee's investment in the premises (excluding any investment by the Port Authority and further excluding any personal property) arising out of the performance of the Expansion Construction Work pursuant to and as set forth in Section 93 of the Lease, after deducting therefrom an amount equivalent to an allowance for depreciation and amortization to be computed on a straight-line basis over a period equal to the applicable lease term hereunder, not taking into consideration the effect of any accelerated amortization granted to or taken by the Lessee on its books or otherwise under any applicable law (for purposes of this Section 61A, the "Unamortized Capital Investment"). For purposes of this Section 61A, the Lessee's investment in the premises arising out of the performance of the Expansion Construction Work shall be limited to that portion of the amount of the Bonds (as defined in Section 96(a)(8) of the Lease) allocated to the Expansion Construction Work and the Lessee's out-of-pocket payments to third parties and other direct costs relating to the Expansion Construction Work. Such option shall be evidenced by notice in writing to the Lessee by the Port Authority within sixty (60) days after the Lessee has given notice of termination. The failure of the Port Authority to exercise the said option will impose no obligation upon it to relet the premises.

(b) If the Lessee terminates the letting pursuant to the provisions of Section 61(a)(2), subject to the proviso at the end of Section 61(c), then the Port Authority may, at its option, pay to the Lessee the Unamortized Capital Investment, if any. Such option shall be evidenced by notice in writing to the Lessee by the Port Authority within sixty (60) days after the Lessee has given notice of termination. If the Port Authority fails to exercise such option, then the Port Authority shall use commercially reasonable efforts to relet the premises.

(c) Subject to Section 96 hereof, if the Port Authority relets the premises prior to the date upon which this Agreement would have expired but for such termination, then the net rent paid by the new tenant(s) to the Port Authority (after deducting any costs or expenses incurred by the Port Authority in securing said new tenant(s) and in complying with the terms of this Agreement to such tenant(s), including but not limited to the costs of alteration and decoration of such premises, in the event of termination pursuant to the provisions of Section 61(a)(1), and after deducting any costs or expenses incurred by the

Port Authority for any new improvements to said premises made by the Port Authority prior to the date of such termination, the maintenance of said premises, or services furnished to the new tenant, and after deducting the amounts which would have been payable as rent by the Lessee but for such termination) shall be paid over by the Port Authority to the Lessee until said amounts paid over equal the Unamortized Capital Investment of the Lessee in the premises as of the date of termination. The obligation of the Port Authority to pay over to the Lessee any net rent received from such new tenant(s) shall endure only while such new tenant(s) continues to pay rent and occupy such premises, and only while the Unamortized Capital Investment of the Lessee in such premises is unamortized, and in no event is such obligation to pay over to endure beyond the date upon which this Agreement would have expired but for such termination.

(d) The Lessee shall, with respect to its investment in the premises arising out of the performance of the Expansion Construction Work, maintain at all times during the term of this Agreement and for two (2) years after the termination thereof, in accordance with accepted accounting practice, records and books of account, such records and books to be available for audit and inspection by the Port Authority, its representatives and employees upon request at all reasonable times and to be kept at all times in the Port of New York District; provided, however, that the Lessee may produce all such records and books to the satisfaction of the Port Authority in the Port of New York District, or, on the condition that the Lessee shall pay to the Port Authority all travel costs and expenses as determined by the Port Authority for Port Authority auditors and other representatives in connection with an audit at locations outside the Port of New York District, the Lessee may maintain said records and books and make them available to the Port Authority at the Lessee's principal office, which currently is located at 1600 Smith Street, Houston, Texas 77002."

36. Section 62 of the Lease shall be deemed amended as follows:

(a) The words "at its option" shall be added following the word "Lessee" in the eighth (8th) line thereof.

(b) The word "The" at the beginning of the last sentence thereof shall be replaced by the words "In the event that the Lessee shall exercise such option, the".

37. The second (2nd), third (3rd) and fourth (4th) sentences of Section 63 of the Lease shall be deemed amended to read as follows:

> "The Lessee agrees that any food, alcoholic or non-alcoholic beverages and similar items sold or furnished to the passengers, guests or invitees of the Lessee in any such rooms or space shall, where a charge or other money payment for such item or items is imposed on or collected from such passengers, guests or invitees, be obtained by the Lessee from an Operator who has been authorized by the Port Authority to operate establishments

for the sale of food, alcoholic and non-alcoholic beverages and similar items for consumption in passenger terminal facilities at the Airport; provided that as to any such item which is supplied to said passengers, guests or invitees in such club rooms and at no charge by the Lessee (or any sublessee) or the operator, no fee shall apply to such item. All monies paid or payable to the Operator for such sales shall be included in the gross receipts of the Operator. In the event the Lessee wishes to use its own personnel for serving food, alcoholic or non-alcoholic beverages and similar items it may do so; provided that where a charge or other money payment for such item or items is imposed on or collected from such passengers, guests or invitees the food, alcoholic and non-alcoholic beverages are obtained by the Lessee from an Operator authorized by the Port Authority and provided that monies paid therefor, in that event, shall be included in the gross receipts of the Operator. If the Lessee uses its own personnel for serving food, alcoholic or non-alcoholic beverages and similar items where a charge or other money payment for such item or items is imposed on or collected from its passengers, guests or invitees, the Lessee will pay a fee to the Port Authority as shall be specified by the Port Authority which will not be greater than the fee that would be retained by the Port Authority if the food, alcoholic or non-alcoholic beverages and similar items were served by the Operator."

38. Paragraph (a) of Section 64 of the Lease shall be deemed amended by inserting at the end thereof the following:

"or under Section 62 hereof".

39. Subparagraph (i) of paragraph (g) of Section 66 of the Lease, as previously amended, shall be deemed further amended by deleting the words "at present" in the fourth (4th) line thereof.

40. Section 69 of the Lease shall, as previously amended, be deemed further amended to read as follows:

(a) (1) The title of said Section 69 shall be deemed amended to read "Section 69. Rights of Accommodation by the Port Authority".

(2) Paragraph (a) thereof, as previously amended, shall be deemed further amended as follows:

(i) The number appearing (as set forth in Supplement No. 6 of the Lease) as "57,200" shall be deemed amended to read "36,000, increased to 46,800 effective on the Expansion Construction Work Completion Date, (each of the said numbers during the said respective periods of time being hereinafter called "the Lessee's

Commencement Basic Schedules" and the number 10,800 being hereinafter called "the Lessee's Concourse C-3 Commencement Basic Schedule")".

(ii) The following shall be deemed added at the end thereof:

"The Lessee's FIS Basic Schedule shall be calculated as thirty percent (30%) of the Lessee's Concourse C-3 Commencement Basic Schedule."

(b) Paragraphs (c) and (d) of said Section 69 are hereby amended to read as follows:

"(c) (1) (i) As of January 1, 1999 and as of January 1 of each succeeding calendar year in the event that for reasons within the Lessee's control the Lessee's Basic Schedules for the immediately preceding calendar year for the Airport are less than sixty percent (60%) of the Lessee's Commencement Basic Schedules or (ii) as of January 1, 1999 and as of January 1 of each succeeding calendar year in the event that because of reasons beyond the control of the Lessee the Lessee's Basic Schedules for the immediately preceding two calendar years are less than sixty percent (60%) of the Lessee's Commencement Basic Schedules, or (iii) as of January 1, 1999 in the event that for any reason whatsoever, other than an event of force majeure as covered by Section 64 hereof, the Lessee fails to operate a minimum of three (3) aircraft flight turnaround operations per aircraft gate position at the premises each and every calendar day for the immediately preceding three (3) calendar months (with aircraft no smaller than jet aircraft capable of utilizing the loading bridges thereat with a minimum seating capacity of 43 seats), then in any of such events and without limiting each and every other right of the Port Authority under this Agreement or otherwise, the Port Authority shall have the right, upon six (6) months' prior written notice to the Lessee, to require the Lessee, and the Lessee hereby agrees, to make available Gate Accommodations (as hereinafter defined) at the premises as directed by the Port Authority, to Scheduled Aircraft Operators (as said term is defined in Section 72 hereof) and also including Scheduled Commuter Aircraft Operators (hereinafter in this Section 69 collectively called the 'Scheduled Aircraft Operators'). For purposes of this Section 69, upon the expiration or termination of the term of the letting of the C-1 and C-2 portions of the premises under the Lease, the term "Lessee's Commencement Basic Schedules" shall be replaced by the term "Lessee's Concourse C-3 Commencement Basic Schedule."

(2) The Lessee shall make such Gate Accommodations available from time to time during the entire period commencing on the effective date set forth in the aforesaid notice and ending when the Lessee's Basic Schedules for a calendar year, determined in accordance with the foregoing shall have been sixty percent (60%) or more of the Lessee's Commencement Basic Schedules (hereinafter called 'a period of underutilization'). The term 'Gate Accommodations' as used in this Section 69 shall mean aircraft ramp and gate

position capacity and related passenger terminal facilities including, but not limited to passenger ticketing, passenger check-in, baggage handling systems and flight information systems, passenger lounge and waiting areas and appropriate signage and public identification. Such Gate Accommodations may be accomplished by the Lessee by making available and providing non-exclusive use of gate positions and other related facilities to Scheduled Aircraft Operators pursuant to handling agreements (as described in Section 72 (o) hereof) between the Lessee and any such Scheduled Aircraft Operator (hereinafter called 'the Handled Airline').

(3) As of the first (1st) day of the seventh (7th) calendar month following the issuance of the certificate called for in paragraph (n)(1) of Section 93 of the Lease, in the event that the daily average number of passengers processed through the FIS facilities for the immediately preceding six (6) calendar months is less than sixty percent (60%) of the Lessee's FIS Basic Schedule, then the Port Authority shall have the right, upon six (6) months' prior written notice to the Lessee, to require the Lessee, and the Lessee hereby agrees, to make available FIS Accommodations (as hereinafter defined; Gate Accommodations and FIS Accommodations being sometimes collectively referred to herein as "Accommodations") at the premises as directed by the Port Authority, to Scheduled Aircraft Operators (as said term is defined in Section 72 hereof) and also including Scheduled Commuter Aircraft Operators (hereinafter in this Section 69 collectively called the 'Scheduled Aircraft Operators').

(4) The Lessee shall make such FIS Accommodations available from time to time during the entire period commencing on the effective date set forth in the aforesaid notice and ending when the Lessee's daily average number of passengers processed through the FIS facilities for the immediately preceding six (6) calendar months shall have been sixty percent (60%) or more of the Lessee's FIS Basic Schedules (hereinafter called 'a period of underutilization'). The term 'FIS Accommodations' as used in this Section 69 shall mean aircraft ramp and gate position capacity and related passenger terminal facilities including, but not limited to use of the FIS facilities, passenger ticketing, passenger check-in, baggage handling systems and flight information systems, passenger lounge and waiting areas and appropriate signage and public identification. Such FIS Accommodations may be accomplished by the Lessee by making available and providing non-exclusive use of gate positions and other related facilities to Scheduled Aircraft Operators.

(5) The Lessee shall negotiate in good faith the terms of any such Accommodations with the Handled Airline; provided, however, in no event shall the Lessee be required to provide Accommodations for a rental that is less than the total costs (including a pro rata share of construction, financing and operations and maintenance costs) of providing such Accommodations. Without limiting any other term or provision of this Lease, each such handling agreement shall be subject to the prior and continuing approval of the Port Authority and the execution among the Port Authority, the Lessee, and the Handled Airline of a form of consent agreement prepared by the Port Authority.

Moreover, and without limiting the foregoing, the Lessee will at all times keep the Port Authority informed and advised and will consult with the Port Authority from time to time as to all aspects of its Accommodations of Scheduled Aircraft Operators hereunder.

(6) It is understood furthermore that the Accommodations contemplated hereunder may involve the use of subleases of exclusive areas of the premises in addition to or in lieu of handling agreements. Without limiting any other term or provision of this Lease, any sublease with a Scheduled Aircraft Operator (hereinafter called a 'Section 69 Sublessee Airline') will similarly be subject to the prior and continuing approval of the Port Authority and the execution of a consent agreement prepared by the Port Authority, and executed by the Port Authority, the Lessee and the Section 69 Sublessee Airline. Nothing contained herein shall in any way affect the discretion of the Port Authority in granting or withholding its consent to a handling agreement or a sublease with a Section 69 Sublessee Airline, proposed by the Lessee or directed by the Port Authority whether or not during a period of underutilization, and, without limiting Section 77 or any other term hereof, such consent may contain such terms and conditions including but not limited to such financial or other conditions which may include a fixed charge or a charge based upon a percentage of the Lessee's gross receipts arising therefrom, as the Port Authority may, at that time, elect, and all provisions of the Lease requiring the prior written consent or approval of the Port Authority and requiring the payment by the Lessee of the handling percentage fees and the subletting percentage fees shall in no way be waived, impaired, limited or affected.

(7) Notwithstanding anything to the contrary contained herein the Lessee understands and agrees that the Lessee shall not perform any services and functions pursuant to any handling agreement or sublease with a Handled Airline or a Section 69 Sublessee Airline with respect to which the Port Authority has specifically withheld consent and approval in the consent agreement to such handling agreement or sublease. The Handled Airline and the Section 69 Sublessee Airline may either perform said services and functions themselves or use the services of the authorized service organization, including but not limited to in-flight caterers, aircraft fuelers, and ramp handlers performing such services or functions at the Airport. The Lessee however may make the necessary arrangements with the authorized service organization performing such services and functions at the Airport to have such services and functions performed for the Handled Airline or the Section 69 Sublessee Airline.

(8) Without limiting any Section, term or provision of the Lease, the Lessee shall, with respect to each and every handling agreement, sublease or other agreement covering any Accommodations, maintain in accordance with accepted accounting practice during the term of this Agreement and for one year thereafter and for such period until the Lessee shall receive written permission from the Port Authority to do otherwise, records and books of account recording all transactions,

at through or in anywise connected with said handling agreements, subleases and other agreements and shall use and maintain such systems for recording transactions under or in connection with the handling agreements and subleases all to the end that accurate and complete records of gross receipts be maintained including identification of the gross receipts of the Lessee pertaining to any particular handling agreement, sublease or other agreement, all of the foregoing to be kept at all times in the Port of New York District; provided, however, that the Lessee may produce all such records to the satisfaction of the Port Authority in the Port of New York District, or, on the condition that the Lessee shall pay to the Port Authority all travel costs and expenses as determined by the Port Authority for Port Authority auditors and other representatives in connection with any audit at locations outside the Port of New York District, the Lessee may maintain said records and books and make them available to the Port Authority at the Lessee's principal office, which currently is located at 1600 Smith Street, Houston, Texas 77002.

(9) Without limiting any Section, term, or provision of the Lease, the Lessee shall permit in ordinary business hours during the term of this Agreement and for one year thereafter and during such further period as is mentioned in the preceding subparagraph, the examination, inspection and audit by the officers, employees and representatives of the Port Authority of such books of account and systems mentioned above and also any records and books of account, and systems of any company which is owned or controlled by the Lessee or by any partner of the Lessee, if said company performs services, similar to those performed by the Lessee anywhere in the Port of New York District. The Lessee shall furnish to the Port Authority from time to time (but not more often than once a month) statements of the Lessee setting forth its gross receipts as required hereunder, and such further itemization, details and information pertaining to the handling agreements and subleases as the Port Authority may from time to time request.

(10) The Lessee agrees that all handling agreements and subleases shall be at reasonable and at not discriminatory rates, fees and charges which shall be based upon the recovery by the Lessee of a pro rata share of the Lessee's costs of (i) operation and maintenance of the premises, (ii) the services provided to the Handled Airline or the Section 69 Sublessee Airline and (iii) the Lessee's investment in the premises not otherwise included in the above, provided, however, that it is understood and agreed that the following shall not be a reason for the Lessee to refuse a sublease or handling agreement or to impose any conditions or limitations on operations in connection therewith under this Section 69: (aa) possible or potential labor disharmony with a Handled Airline or sublessee, (bb) compatibility of schedules and operations between the Lessee or another user or occupant of the premises and a Handled Airline or sublessee, or (cc) competitive nature of the routes, schedules or type of air transportation service to be provided by a Handled Airline or sublessee, provided, further, however, that

with respect to item (aa) above if, after notice from the Port Authority to provide Accommodations to a specific Scheduled Aircraft Operator, the Lessee shall, in good faith, believe that the operations of such specific Scheduled Aircraft Operator on the premises would cause significant, immediate and unremediable labor disharmony which would seriously affect the operations of the Lessee on the premises then, upon request by the Lessee to the Port Authority setting forth in specific detail satisfactory to the Port Authority the nature of the anticipated labor disharmony and requesting that the Lessee not be obligated under this Section to provide Accommodations for such specific Scheduled Aircraft Operator, the Port Authority shall, in good faith, consider the Lessee's request and if the Port Authority finds that the labor disharmony described by the Lessee is reasonably likely to result if the Lessee were to provide Accommodations to such Scheduled Aircraft Operator on the premises then the Port Authority shall notify the Lessee that the Port Authority's direction to provide Accommodations to such Scheduled Aircraft Operator is rescinded and, provided further, however, with respect to (bb) above the Lessee will not have to provide or continue to provide FIS Accommodations if doing so would result in a number of passengers being processed through the FIS facilities in excess of the design capacity of said facilities or if such FIS Accommodations would require Lessee to cancel or retime a scheduled international arriving flight. The Lessee's obligation to provide Accommodations to Scheduled Aircraft Operators shall be effective on the date set forth in a notice from the Port Authority to such effect, as aforesaid. Upon such notice the Lessee shall use its best efforts to secure an arrangement with a Scheduled Aircraft Operator as directed by the Port Authority for Accommodations in the terminal and shall in good faith negotiate with any such Scheduled Aircraft Operator as the Port Authority shall direct for Accommodations in the premises, all in accordance herewith.

(11) The Port Authority shall give thirty (30) days' prior notice of its intention to give the notice set forth above and it is expressly agreed that the Port Authority shall not exercise the aforesaid right with respect to any portion or portions of the premises if and for which the Lessee has submitted to the Port Authority definite plans for the utilization of said portion or portions of the premises by the Lessee provided the Lessee in fact commences such use of said portion or portions of the premises within thirty (30) days after the submission of the said plans.

(12) The failure of the Port Authority to exercise its rights under this Section 69 during any year in which it may have such a right, shall not affect, waive or limit its right to exercise said rights in any subsequent year."

(c) The third (3rd) and fourth (4th) lines of paragraph (e) thereof are hereby amended to read as follows:

"do so as follows: based upon the Official Airline Guide or such other appropriate report of airline schedules as the Port Authority may substitute therefor (any such report being herein called "the Guide") the Port Authority shall ascertain the total"

(d) The seventeenth (17th) line of paragraph (e) thereof is hereby amended by adding after the word "Airlines" the words ", or are otherwise accommodated in the premises with the consent of the Port Authority,".

(e) Subparagraph (g) of Section 69 of the Lease (as set forth in Supplement No. 6 of the Lease) shall be deemed deleted from the Lease.

41. The last sentence of paragraph (a) of Section 71 of the Lease, as previously amended, shall be deemed further amended to read as follows:

"The Port Authority shall have the right upon prior notice to inspect and audit such books and records during regular business hours."

42. (a) The first (1st) line of paragraph (n) of Section 72 of the Lease is hereby amended to read as follows:

"(n) 'Gross Receipts', for purposes of Sections 63 and 66 hereof, shall mean and include such".

(b) Section 72 of the Lease, as previously amended, is hereby further amended by adding at the end thereof the following new paragraphs:

"(AA) 'Environmental Damages' shall mean any one or more of the following: (i) the presence on, about or under the premises of any Hazardous Substance and/or (ii) the disposal, release or threatened release of any Hazardous Substance from the premises, and/or (iii) the presence of any Hazardous Substance on, about or under other property at the Airport as a result of the Lessee's use and occupancy of the premises or a migration of a Hazardous Substance from the premises, and/or (iv) any personal injury (including wrongful death) or property damage arising out of or related to any such Hazardous Substance, and/or (v) the violation of any Environmental Requirements pertaining to any such Hazardous Substance, the premises and/or the activities thereon.

(BB) 'Environmental Requirements' and 'Environmental Requirement' shall mean all applicable present and future laws, statutes, enactments, resolutions, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, requirements and similar items, of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, states and political subdivisions thereof (other than the Port Authority) and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment, and in the event that there shall be more

than one compliance standard, the standard for any of the foregoing to be that which requires the lowest level of a Hazardous Substance unless the Port Authority consents to a different standard being applied, the foregoing to include without limitation:

(i) All requirements pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of Hazardous Substances into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of Hazardous Substances; and

(ii) All requirements, pertaining to the protection of the health and safety of employees or the public arising out of or in connection with environmental conditions.

(CC) 'Hazardous Substances' and 'Hazardous Substance' shall mean and include without limitation any pollutant, contaminant, toxic or hazardous waste, dangerous substance, potentially dangerous substance, noxious substance, toxic substance, flammable, explosive, radioactive material, urea formaldehyde, foam insulation, asbestos, polychlorinated biphenyls (PCBs), chemicals known to cause cancer or reproductive toxicity, petroleum and petroleum products and other substances declared to be hazardous or toxic, or the removal of which is required, or the manufacture, preparation, production, generation, use, maintenance, treatment, storage, transfer, handling or ownership of which is restricted, prohibited, regulated or penalized by any Environmental Requirement."

43. (a) The ninth (9th) through thirteenth (13th) lines of paragraph (b) of Section 73 of the Lease shall be deemed amended to read as follows:

"to and use good faith efforts to implement an extensive program of affirmative action, including specific affirmative action steps to be taken by the Lessee, to ensure maximum opportunities for employment and contracting by minorities and women, and by Minority Business Enterprises and Women-owned Business Enterprises. In meeting said commitment the Lessee agrees".

(b) Paragraph (c) of Section 73 of the Lease shall be deemed amended to read as follows:

"(c) (1) 'Minority' as used herein 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).

(2) 'Minority Business Enterprise' (MBE) as used herein 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.

(3) 'Women-owned Business Enterprise' (WBE) as used herein 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.

(4) Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following:

(i) Dividing the work to be subcontracted into smaller portions where feasible.

(ii) Actively and affirmatively soliciting bids for subcontracts from MBEs and WBEs, including circulation of solicitations to minority and female contractor associations. The Lessee shall maintain records detailing the efforts made to provide for meaningful MBE and WBE participation as called for in paragraph (b) above, 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.

(iii) Making plans and specifications for prospective work available to MBEs and WBEs in sufficient time for review.

(iv) 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.

(v) Encouraging the formation of joint ventures, partnerships or other similar arrangements among subcontractors, where appropriate, to insure that the Lessee will meet its obligations hereunder.

(vi) Insuring that provision is made to provide progress payments to MBEs and WBEs on a timely basis.

(vii) Submitting quarterly reports to the Port Authority (Office of Business and Job Opportunity) detailing its compliance with the provisions hereof."

(d) Paragraph (d) of Section 73 of the Lease shall be deemed amended by inserting after the word "Authority" on the seventh (7th) line thereof the following:

"(except where fulfillment of the Lessee's compliance obligations hereunder 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)".

(e) Paragraph (d) of Section 73 of the Lease shall be deemed amended by inserting at the end thereof the following:

"The Lessee shall not be required to take any action, or omit to take any action, under this Section, Section 2 (c) (18), 38 or 39 or Schedule E hereof, to the extent that such action or omission would be in violation of any applicable law."

44. (a) The fourth (4th) and fifth (5th) lines of Section 76 of the Lease, as previously amended, shall be deemed further amended to read as follows:

"payment of Base Annual Rental, Area C-3 rental or other rental, fee".

(b) Section 76 of the Lease, as previously amended, shall be deemed further amended by inserting at the end thereof the following:

"No late charges shall be due under this Section 76 in the event the Lessee timely pays to the Port Authority amounts due to the Port Authority as stated in invoices from the Port Authority which amounts are thereafter adjusted by the Port Authority in accordance with the Lease. The foregoing, however, shall not be construed to prevent late charges on unpaid amounts owing to the Port Authority as a result of the adjustment in the event the Lessee then fails to timely pay the same or on amounts found to be due to the Port Authority as a result of an audit of the Lessee, as provided above."

45. Section 77 of the Lease, as previously amended, shall be deemed further amended to read as follows:

(a) Paragraph (a) thereof is hereby amended to read as follows:

"(a) (1) The Lessee covenants and agrees that it will not sell, convey, transfer, mortgage, pledge or assign this Agreement or any part thereof, or any rights created thereby or the letting thereunder or any part thereof without the prior written consent of the Port Authority; provided, however, that this Agreement may be assigned in its entirety (by operation of law or otherwise) without such consent to any successor in interest of the Lessee which is or is to be a Scheduled Aircraft Operator hereof, and into which the Lessee may merge or with which the Lessee may consolidate, or which may succeed to the assets of the Lessee or the major portion of its assets related to its air transportation system, if immediately following the merger, consolidation or assignment the entity which then is the Lessee has a financial standing at least as good as that of the Lessee immediately preceding the merger, consolidation or assignment (by which is meant that its current assets, its ratio of current assets to current liabilities, its ratio of fixed assets to fixed liabilities and its net worth shall each be at least as favorable as that of the Lessee immediately preceding the merger, consolidation or assignment) (the "Financial Tests"), or, in the event the Financial Tests are not satisfied, if the Lessee prior to the effectuation of such assignment submits to the Port Authority the Consent Security Deposit (as hereinafter defined); but in any of said events, such assignment shall not take effect before the assignee is actually engaged in the business of scheduled transportation by Aircraft; and provided, further that such succeeding entity or purchaser executes and delivers to the Port Authority an instrument in form satisfactory to the Port Authority assuming the obligations of the Lessee as if it were the original tenant hereunder, including without limitation the submission of the Consent Security Deposit.

(2) In the event that the Lessee becomes the possessor (surviving) corporation in a merger without the prior written approval of the Port Authority and the Financial Tests are not satisfied, the Lessee shall submit to the Port Authority within five (5) days following such merger all appropriate information and documentation sufficient to allow the Port Authority to determine whether the Financial Tests are satisfied. Thereafter if the Port Authority determines that the Financial Tests are not satisfied the Port Authority shall by written notice advise the Lessee of the same and the Lessee shall submit the Consent Security Deposit to the Port Authority not later than five (5) business days following said notice from the Port Authority (the 'Consent Security Deposit Delivery Date'). The Consent Security Deposit required under this subparagraph (2) shall be subject to the following subsubparagraphs (i) and (ii) as well as to subparagraph (4) below:

(i) Upon the Consent Security Deposit Delivery Date, the Lessee shall deposit with the Port Authority and shall keep deposited throughout the term of this Agreement,

the Consent Security Deposit (as defined in subparagraph (3) hereof) in cash, or bonds of the United States of America, or of the Port Authority of New York and New Jersey, having a market value of that amount, as security for the full, faithful and prompt performance of and compliance with, on the part of the Lessee, all of the provisions, terms, covenants and conditions of this Agreement on its part to be fulfilled, kept, performed or observed and as security for the payment of all other rentals, fees, charges and obligations owed or which may become due and owing to the Port Authority arising from the Lessee's operations at the Airport, whether covered by a written agreement or otherwise. Bonds qualifying for deposit hereunder shall be in bearer form but if bonds of that issue were offered only in registered form, then the Lessee may deposit such bond or bonds in registered form, provided, however, that the Port Authority shall be under no obligation to accept such deposit of a bond in registered form unless such bond has been reregistered in the name of the Port Authority (the expense of such re-registration to be borne by the Lessee) in a manner satisfactory to the Port Authority. The Lessee may request the Port Authority to accept a registered bond in the Lessee's name and if acceptable to the Port Authority the Lessee shall deposit such bond together with a bond power (and such other instruments or other documents as the Port Authority may require) in form and substance satisfactory to the Port Authority. In the event the Consent Security Deposit is returned to the Lessee, any expenses incurred by the Port Authority in re-registering a bond to the name of the Lessee shall be borne by the Lessee. In addition to any and all other remedies available to it, the Port Authority shall have the right, at its option, at any time and from time to time, with or without notice to use the said Consent Security Deposit or any part thereof in whole or partial satisfaction of any of its claims or demands against the Lessee. There shall be no obligation on the Port Authority to exercise such right and neither the existence of such right nor the holding of the Consent Security Deposit itself shall cure any default or breach of the Agreement on the part of the Lessee. In the event that the Port Authority shall at any time or times so use the Consent Security Deposit, or any part thereof, or if bonds shall have been deposited and the market value thereof shall have declined below the above-mentioned amount, the Lessee shall, on demand of the Port Authority and within two (2) days thereafter, deposit with the Port Authority additional cash or bonds so as to maintain the Consent Security Deposit at all times to the full amount above stated, and such additional deposits shall be subject to all the conditions of paragraph (a) (2) of this Section. After the later to occur of (x) expiration or earlier termination of the Agreement or any extension thereof and (y) the cessation of activity of the Lessee at the Airport and upon condition that the Lessee shall then be in no wise in default under any part of the Agreement, as this Agreement may have been amended or extended, or other obligations to the Port Authority, and upon written request therefor by the Lessee, the Port Authority will return the said Consent Security Deposit to the Lessee less the amount of any and all unpaid claims and demands (including estimated damages) of the Port Authority by reason of any default or breach by the Lessee of this Agreement or any part thereof, or any of them, or any other obligation of the Lessee to the Port Authority and less any other fees, charges and obligations owed to the Port Authority arising from the Lessee's operations at the Airport. The Lessee agrees that it will not assign or encumber the said Consent Security Deposit and any such assignment or

encumbrances shall be void as to the Port Authority. The Lessee may collect or receive annually any interest or income earned on bonds and interest paid on cash deposited in interest bearing bank accounts less any part thereof or amount which the Port Authority is or may hereafter be entitled or authorized by law to retain or to charge in connection therewith, whether as or in lieu of administrative expense or custodial charge, or otherwise, provided, however, that the Port Authority shall not be obligated by this provision to place or to keep cash deposited hereunder in interest bearing bank accounts. Without limiting the foregoing provisions of this Section, with respect to any bonds deposited by the Lessee, the Port Authority shall have the right, in order to satisfy any of its claims or demands against the Lessee, to sell the same in whole or in part, at any time and from time to time, with or without prior notice, at public or private sale, all as determined by the Port Authority together with the right to purchase the same at such sale free of any claims, equities or rights of redemption of the Lessee. The Lessee hereby waives all right to participate therein and all right to prior notice or demand of the amount or amounts of the Port Authority's claims or demands against the Lessee. The proceeds of any such sale shall be applied by the Port Authority first to the costs and expenses of the sale (including but not limited to any advertising or commission expenses) and then to the amounts due the Port Authority from the Lessee. Any balance remaining shall be retained in cash toward bringing the Consent Security Deposit to the sum specified in subparagraph (3) hereof provided that this shall not relieve the Lessee from maintaining the Consent Security Deposit in the full amount stated in subparagraph (3) hereof.

(ii) In lieu of the cash or bonds Consent Security Deposit described in subsubparagraph (i) hereof, the Lessee may, at its option cause to be delivered to the Port Authority on the Consent Security Deposit Delivery Date as security for the full, faithful and prompt performance of and compliance with, on the part of the Lessee, all of the provisions, terms, covenants and conditions of this Agreement on its part to be fulfilled, kept, performed or observed, and as security for the payment of all rentals, fees, charges and obligations owed or which may become due and owing to the Port Authority arising from the Lessee's operations at the Airport, whether covered by a written agreement or otherwise, a clean irrevocable letter of credit issued to and in favor of the Port Authority, by a banking institution having its main office within the Port of New York District and acceptable to the Port Authority, payable in the Port of New York District, in the amount of the Consent Security Deposit. The form and terms of such letter of credit, as well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. Such letter of credit shall provide that it shall continue during the term of this Agreement and for a period of not less than six (6) months thereafter; such continuance may be by provision for automatic renewal or by substitution of a subsequent satisfactory clean irrevocable letter of credit. If requested by the Port Authority, said letter of credit shall be accompanied by a letter expressing the opinion of counsel for the banking institution that the issuance of said clean, irrevocable letter of credit is an appropriate and valid exercise by the banking institution of the corporate power conferred upon it by law. Upon notice of cancellation of a letter of credit the Lessee agrees that unless, by a date twenty (20) days prior to the effective date of cancellation, the letter of credit is replaced

by security in accordance with subsubparagraph (i) above or another letter of credit satisfactory to the Port Authority, the Port Authority may draw down the full amount thereof without statement of default and thereafter the Port Authority will hold the same as Consent Security Deposit under subsubparagraph (i) of this paragraph (a) (2)of this Section. Failure to provide such a letter of credit at any time during the term of this Agreement, valid and available to the Port Authority, including any failure of any banking institution issuing any such letter of credit previously accepted by the Port Authority to make one or more payments as may be provided in such letter of credit shall be deemed to be a breach of this Agreement on the part of the Lessee. Upon acceptance of such letter of credit by the Port Authority, and upon request by the Lessee made thereafter, the Port Authority will return the Consent Security Deposit, if any, theretofore made under and in accordance with the provisions of subsubparagraph (i) of this paragraph (a) (2) of this Section. The Lessee shall have the same rights to receive such Consent Security Deposit during the existence of a valid letter of credit as it would have to receive such sum upon expiration of the letting under this Agreement and fulfillment of the obligations of the Lessee hereunder and thereunder. If the Port Authority shall make any drawing under a letter of credit held by the Port Authority hereunder, the Lessee on demand of the Port Authority and within two (2) days thereafter, shall bring the letter of credit back up to its full amount. No action by the Port Authority pursuant to the terms of any letter of credit, or receipt by the Port Authority of funds from any bank issuing any such letter of credit, shall be or be deemed to be a waiver of any default by the Lessee under the terms of this Agreement and all remedies of this Agreement and of the Port Authority consequent upon such default shall not be affected by the existence of a recourse to any such letter of credit.

(iii) For purposes of the foregoing, the Lessee hereby certifies that its I.R.S. Employee Identification No. is _ _ ; and in the event of a change in said I.R.S. Employee Identification No. resulting from a merger the Lessee shall immediately certify its new I.R.S. Employee Identification No. in writing to the Port Authority.

(3) For purposes of this paragraph (a) the term 'Consent Security Deposit' shall mean an aggregate amount equal to (x) the sum of all of the monetary obligations (including without limitation rent, fees, and charges of any type whatsoever) payable to the Port Authority by the Lessee arising out of or in connection with or due from its activities, operations, leases, permits or other agreements at each and every Port Authority facility, during the twelve (12) month period immediately preceding the anticipated date of the merger, consolidation or assignment, such sum under this clause (x) being limited however to the aggregate of the three (3) highest monthly totals of said monetary obligations for any three (3) months during said twelve (12) month period with said sum to be determined by the Port Authority; plus (y) the sum of all of the monetary obligations (including without limitation rent, fees, and charges of any type whatsoever), if any, payable to the Port Authority by the entity with which the Lessee merges or consolidates or to which the Lease is assigned arising out of or in connection with or due to its

activities, operations, leases, permits or other agreements, if any, at each and every Port Authority facility, during the twelve (12) month period immediately preceding the anticipated date of the merger, consolidation or assignment, such sum under this clause (y) being limited however to the aggregate of the three (3) highest monthly totals of said monetary obligations for any three (3) months during said twelve (12) month period, with said sum to be determined by the Port Authority. In the event the Consent Security Deposit is delivered pursuant to subparagraph (1) above, the terms, provisions and conditions governing the use of said Consent Security Deposit shall be set forth in the assumption instrument referred to therein.

(4) In the event that a Consent Security Deposit is required to be posted under this Lease and at any time thereafter the Lessee does satisfy the Financial Tests and provides to the Port Authority satisfactory evidence thereof, the Port Authority promptly shall refund the Consent Security Deposit to the Lessee, less any amounts that then may remain unpaid under the Lease beyond the due date thereof."

(b) Subparagraph (1) of paragraph (b) thereof, as previously amended in Supplement No. 6 of the Lease, is hereby further amended by inserting before the period at the end thereof the following:

"including the payment to the Port Authority of the then appropriate Port Authority fee(s) at the rates determined by the Port Authority."

(c) The first (1st) sentence of subparagraph (2) of paragraph (b) thereof (as previously amended and set forth in Supplement No. 6 of the Lease) is hereby further amended to read as follows:

"The Lessee hereby represents to the Port Authority that Continental Express, Inc. (a corporation of the State of Delaware, 'Continental Express') is the Lessee Affiliated Company as defined in Section 84 hereof. Notwithstanding any provision of this Lease and in addition thereto, and without the requirement for any permit, consent to sublease or other use agreement from the Port Authority, the Port Authority hereby grants its consent to the use of the premises by Continental Express in accordance with the terms and conditions of the Lease, such use being without payment of the Port Authority fee therefor for so long as Continental Express shall remain the Lessee's wholly owned subsidiary. In the event Continental Express shall cease to be the Lessee's wholly owned subsidiary, the Lessee shall immediately so inform the Port Authority and thereafter a document shall be prepared by the Port Authority and sent to Continental Express for its execution which document shall include, among other things, provisions which may be requested by the Lessee or Continental Express and agreed to by the Port Authority, the right of Continental Express to continue to use the premises on the terms and conditions of the Lease, and the joint and several obligation of the

Lessee and Continental Express to pay to the Port Authority the then appropriate Port Authority fee therefor."

46. Section 84 of the Lease (as set forth in Supplement No. 6 of the Lease) is hereby amended to read as follows:

(a) The words "The Lessee Affiliated Companies" in the heading thereof shall be deemed changed to read "The Lessee Affiliated Company".

(b) Paragraph (a) thereof is hereby amended to read as follows:

"(a) The Lessee hereby represents to the Port Authority that the Lessee is the absolute and unconditional owner of all of the issued and outstanding capital stock of Continental Express, Inc., a corporation of the State of Delaware (herein called 'Continental Express'). It is hereby agreed that for purposes of this Lease the term 'the Lessee Affiliated Company' shall mean solely Continental Express."

47. (a) Subdivision II of Section 85 of the Lease is hereby amended as follows:

(1) Paragraphs (a) and (b) thereof shall be deemed deleted therefrom and the following paragraph shall be deemed inserted in lieu thereof:

"The 'Assumable Maintenance and Repair Effective Date' shall be the date, from time to time, determined as follows:".

(2) The last sentence of subparagraph (ii) shall be deemed amended to read as follows:

"Such date as the same may be established from time to time shall be the 'Assumable Maintenance and Repair Effective Date'."

(3) Paragraph (c) thereof shall be deemed deleted therefrom.

(b) The word "on" appearing at the end of the third (3rd) line of paragraph (c) of Subdivision V of said Section 85 of the Lease shall be deemed amended to read "or".

(c) There shall be deemed inserted after Subdivision V of said Section 85 of the Lease a new subdivision VI reading as follows:

"Subdivision VI. <u>Return of the Assumable Maintenance and Repair to the Lessee</u>

At any time and from time to time after the Port Authority may have exercised its rights under Subdivision II to perform the Assumable Maintenance and Repair the Port Authority shall have the right, upon notice to the Lessee to return the obligation to perform the Assumable Maintenance and Repair to the Lessee commencing on a date to be specified in such notice which date shall be not less than thirty (30) nor more than ninety (90) days from the giving of such notice. Such date shall be 'the Return Date of the Assumable Maintenance and Repair'. From and after the Return Date of the Assumable Maintenance and Repair the Lessee shall perform the Assumable Maintenance pursuant to and in accordance with all the terms and provisions of the Lease including, but not limited to, this Section 85.

From and after the Return Date of the Assumable Maintenance and Repair the Lessee shall continue to pay the Cost of Assumable Maintenance and Repair, it being understood, that nothing herein shall release or be deemed to release the Lessee from the payment to the Port Authority of the Cost of Assumable Maintenance and Repair including that portion thereof consisting of the Annual Capital Cost in accordance with Subdivision IV hereof arising prior to the Return Date of the Assumable Maintenance and Repair; nor shall anything herein require the Port Authority to make any calculation or determination with respect to the Cost of Assumable Maintenance and Repair prior to the time specified therefor in Subdivision IV hereof."

48. The provisions of Section 88 and Section 91 of, and Exhibit X-1 to, the Lease as herein amended shall apply solely with respect to the C-1and C-2 portions of the premises hereunder, and shall not apply in any manner to the Mortgaged Premises (as defined in Section 96 of the Lease).

49. The Section of the Leased entitled "Entire Agreement" shall be deemed renumbered as Section 98 and the reference in the first sentence thereof to Section 93 shall be deemed amended to read "Section 98", and in addition to the Section added as new Section 93 in Paragraph 6 of this Seventeenth Supplemental Agreement, new Sections 94, 95, 96 and 97 are hereby added to the Lease reading as follows:

"Section 94. Federal Inspection

(a) The Lessee has advised the Port Authority that it intends to make available to the United States a portion or portions of the premises for the inspection of the passengers of the Lessee and their baggage by the United States for United States customs, immigration, public health and other governmental purposes, if the United States will accept and use the same. The Port Authority shall have no obligation or responsibility of any kind with respect to the foregoing or the arrangements that must be made by the Lessee with the United States and any agencies thereof having jurisdiction.

(b) From and after the Effective Date of Supplement No. 17 of the Lease, the Lessee shall be entitled to utilize the number of slots at the international arrivals facilities of Terminal B at the Airport held by, assigned to or utilized by the Lessee as of the Effective Date of Supplement No. 17 of the Lease. Further, the Lessee hereby expressly covenants and agrees that, following the issuance of the certificate called for in paragraph (n)(1) of Section 93 of the Lease, any requirement for slots above the number of slots held by, assigned to or utilized by the Lessee for its international air passenger operations at Terminal B at the Airport on the Effective Date of Supplement No. 17 of the Lease shall be handled by the Lessee at the FIS facilities at the premises hereunder at all times and only such operations that exceed the design capacity of the said FIS facilities at the premises may then be handled by additional slots of the Lessee at the international arrivals facilities of Terminal B at the Airport, if otherwise permitted.

Section 95. Storage Tanks

(a) All aboveground storage tanks and underground storage tanks, if any, installed in the premises as of the effective date of Supplement No. 17 to this Lease and its or their appurtenances, pipes, lines, fixtures and other related equipment, together with all aboveground storage tanks and underground storage tanks installed in the premises during the term of the letting subsequent to the said date and its or their appurtenances, pipes, lines, fixtures and other related equipment are hereinafter collectively called the 'Tanks' and singularly called a 'Tank'. The Lessee hereby agrees that title and ownership of the Tanks shall be and remain in the Lessee, notwithstanding anything to the contrary in any construction or alteration application. The Port Authority has made no representations or warranties with respect to the Tanks or their location and shall assume no responsibility for the Tanks. All Tanks installed subsequent to said date shall be installed pursuant to the terms and conditions of the Lease including without limitation Section 23 hereof and nothing in this Section 95 shall or shall be deemed to be permission or authorization to install any Tanks.

(b) Without limiting the generality of any of the provisions of the Lease, the Lessee agrees that it shall be solely responsible for maintaining, testing and repairing the Tanks. The Lessee shall not perform any servicing, repairs or non-routine maintenance to the Tanks without the prior written approval of the Port Authority.

(c) It is hereby agreed that title to and ownership of the Tanks shall remain in the Lessee until the earlier to occur of (1) receipt by the Lessee of notice from the Port Authority that title to the Tanks shall vest in the Port Authority or in the City of Newark or (2) receipt by the Lessee of notice from the Port Authority that the Port Authority waives its right to require the Lessee to remove the Tanks from the premises as set forth in paragraph (i) below. The vesting of title to the Tanks in the Port Authority or in the City of Newark, if at all, in accordance with the foregoing item (1) shall in no event relieve the Lessee from the obligation to remove the Tanks from and restore the premises in accordance with paragraph (i) below.

(d) Without limiting the generality of any other term or provision of the Lease, the Lessee shall at its cost and expense comply with all Environmental Requirements pertaining to the Tanks and any presence, pumping, pouring, venting, emitting, emptying, leakage, deposit, spill, discharge or other release of Hazardous Substances from the Tanks or in connection with their use, operation, maintenance, testing or repair (any such presence, pumping, pouring, venting, emitting, emptying, leakage, deposit, spill, discharge or other release during the period the Lessee shall use or occupy the premises or use the Tanks being hereinafter called a 'Discharge') including without limitation registering and testing the Tanks, submitting all required clean-up plans, bonds and other financial assurances, performing all required clean-up and remediation of a Discharge and filing all reports, making all submissions to, providing all information required by, and complying with all requirements of, all governmental authorities pursuant to the Environmental Requirements.

Nothing in the foregoing shall be construed as a submission by the Port Authority to the application to itself of the Environmental Requirements, provided, however, no immunity or exemption of the Port Authority from the Environmental Requirements shall excuse the compliance therewith by the Lessee or shall be grounds for non-compliance therewith by the Lessee.

(e) Without limiting the terms and provisions of Section 18 of the Lease, the Lessee hereby assumes all risks arising out of or in connection with the Tanks and all Discharges whether or not foreseen or unforeseen and shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents and employees from and against (and shall reimburse the Port Authority for their costs and expenses including without limitation penalties, fines, liabilities, settlements, damages, attorney and consultant fees, investigation and laboratory fees, clean-up and remediation costs, court costs and litigation expenses), all claims and demands, just or unjust, of third persons (such claims and demands being hereinafter in this Section 95 referred to as 'Claims' and singularly referred to as a 'Claim') including but not limited to those for personal injuries (including death), property damages, or environmental impairment, arising or alleged to arise out of or in any way related to, the failure of the Lessee to comply with each and every term and provision of the Lease, or the Tanks, or any Discharge, or any lawsuit brought or threatened, settlement reached or any governmental order relating to the Tanks or a Discharge, or any violation of any Environmental Requirements or demands of any governmental authority based upon or in any way related to the Tanks or a Discharge, and whether such arise out of the acts or omissions of the Lessee or of customers or contractors of the Lessee or of third persons or out of the acts of God or the public enemy or otherwise including claims by the City of Newark against the Port Authority pursuant to the provisions of the Basic Lease (as defined in the Lease) whereby the Port Authority has agreed to indemnify the City against claims. It is understood the foregoing indemnity shall cover all claims, demands, penalties, settlements, damages, fines, costs and expenses of or imposed by any governmental authority under the Environmental Requirements.

If so directed the Lessee shall at its expense defend any suit based upon any such Claim (even if such Claim is groundless, false or fraudulent) and in handling such it shall not without first having express advance permission from the General Counsel of the Port Authority raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, 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.

(f) The Lessee's obligations under this Section 95 shall survive the expiration or earlier termination of the Lease.

(g) In addition to the requirements of Section 10 of the Lease and paragraph (d) hereof, the Port Authority shall have the right upon notice to the Lessee to direct the Lessee, at the Lessee's sole cost and expense, (i) to perform such reasonable testing of the Tanks as the Port Authority shall direct and to perform such testing of the soil, subsoil and ground water of the premises and of such surrounding area as the Port Authority shall direct, and (ii) to clean-up and remediate any Discharge, regardless of whether any Environmental Requirement or governmental authority shall require such testing, clean-up or remediation, which testing, clean-up and remediation shall be performed pursuant to an alteration application prepared by the Lessee and submitted to the Port Authority for the Port Authority's approval.

(h) In the Lessee's use and operation of the Tanks, the Lessee shall not permit any Hazardous Substance from entering the ground including without limitation (subject to Section 23 hereof) installing appropriate spill and overfill devices and placing an impervious material, such as asphalt or concrete, over the ground area above and in the vicinity of the Tanks.

(i) (1) The Lessee shall remove the Tanks from the premises on or before the applicable expiration date of the Lease and dispose of the Tanks off the Airport in accordance with all Environmental Requirements.

(2) Without limiting the foregoing or any other term or provision of this Agreement, any removal of the Tanks shall be performed pursuant to an alteration application prepared by the Lessee and submitted to the Port Authority for the Port Authority's approval and, in connection with such removal, the Lessee shall restore the premises to the same condition existing prior to the installation of the Tanks, shall perform such testing of the Tanks and of the soil, sub-soil and ground water in the vicinity of the Tanks as may be required by the Port Authority and shall clean-up and remediate contamination disclosed by said testing. In the event the Lessee does not remove the Tanks as required by subparagraph (1) above, the Port Authority may enter upon the premises and effect the removal and disposal of the Tanks, restoration of the premises and such remediation and the Lessee hereby agrees to pay all costs and expenses of the Port Authority arising out of such removal, disposal, restoration and remediation.

(j) Notwithstanding the foregoing or any other provision of the Lease to the contrary, (i) the costs of remediation of any Non-Hydrocarbon Contamination (as defined in Section 12(p) hereof) resulting from a Discharge from any Tank which was not installed by the Lessee shall count towards the Non-Hydrocarbon Obligation Amount (as defined in Section 12(p) hereof) except to the extent the substance(s) causing such costs was placed on or introduced to the premises by the Lessee, and the standard for remediation thereof shall be the applicable standard as required under Environmental Requirements and, in the event that any Environmental Requirement sets forth more than one standard, the standard to be applied shall be that which requires the lowest level of a Hazardous Substance unless the Port Authority consents to a different standard being applied; and (ii) the Lessee shall have no obligation or liability with respect to the cost of remediation of any Discharge caused by the acts or omissions of the Port Authority, and the Port Authority shall be responsible therefor; provided, however, that the Port Authority does not hereby waive any claims or rights which it may have against any third parties with respect to such costs of remediation.

Section 96. Reletting Rights-Leasehold Mortgagee

(a) As used in this Section 96 the following terms shall have the following meanings:

(1) "Act" shall mean Chapter 80 of the Pamphlet Laws of 1974 of the State of New Jersey, as amended and supplemented.

(2) "Activity Based Fees and Charges" shall mean and include flight fees, fuel gallonage fees, Monorail Fees, charges under Schedule B of this Agreement, in-flight meal fees pursuant to Section 60 hereof, all fees and charges payable by the Lessee under Sections 63, 76, and any other fees and charges under this Agreement which are based or calculated on the activities of the Lessee at the premises or the Airport.

(3) "Allocated Activity Based Fees and Charges" shall mean Activity Based Fees and Charges allocated to the Mortgaged Premises in accordance with paragraph (n)(2)(iii) of this Section.

(4) "Approved Successor Lessee" shall mean a major domestic or international Scheduled Aircraft Operator, or a consortium of such major domestic or international Scheduled Aircraft Operators each of which would be jointly and severally obligated to the Port Authority with respect to all of the consortium's obligations under this Lease, who shall each meet all of the requirements set forth in paragraphs (t) and (u) of this Section including but not limited to the entering into with the Port Authority of the Lease Assignment/Assumption and Consent Agreement (as defined in paragraph (t) of this Section), and thereby become the assignee/purchaser of this Lease with respect to the Mortgaged Premises resulting from the exercise by the Leasehold Mortgagee of its Reletting Rights whether by foreclosure and sale or by assignment in lieu of foreclosure.

(5) "Additional Bonds" shall mean bonds issued by the NJEDA pursuant to the Indenture subsequent and additional to the issuance of the Bonds, the proceeds of which are to be used for the payment of additional costs of the Expansion Construction Work (and associated personal property) with respect to the Mortgaged Premises under Section 93 hereof paid or incurred by the Lessee prior to the Expansion Construction Work Completion Date as defined in paragraph (n) of Section 93 hereof and for the payment of issuance costs; provided that, for purposes of this Section, the amount of the Additional Bonds shall be limited to a maximum amount of $150,000,000; "Additional Bond" shall mean any one of the Additional Bonds.

(6) "Bankruptcy Code" shall mean the United States Bankruptcy Reform Act of 1978, as amended, including without limitation amendments made by the Bankruptcy Reform Act of 1994, and as the same may be further amended or supplemented, or any federal bankruptcy law or laws replacing the foregoing.

(7) "Bankruptcy Rejection Date" shall have the meaning as defined in paragraph (r)(1)(i)(C) of this Section.

(8) "Bonds" shall mean the bonds issued by the NJEDA pursuant to the Indenture for the payment of the costs of the Expansion Construction Work (and associated personal property) under Section 93 hereof and issuance costs; "Bond" shall mean any one of the Bonds; after the issuance of Additional Bonds, the term "Bonds" shall include the Additional Bonds.

(9) "Bondholder" and "Bondholders" shall mean, respectively, each holder of the Bonds and the holders of all the Bonds.

(10) "Bonds Default" and "Bonds Default Date" shall have the meaning as defined in paragraph (m) of this Section.

(11) "Bond Resolution" shall mean the resolutions adopted by the NJEDA on December 8, 1998 and July 13, 1999 as the same may be modified or amended, authorizing the issuance and sale of the initial series of Bonds.

(12) "Deferred Reletting Fee" shall mean the fee payable by the Trustee or the Approved Successor Lessee to the Port Authority at the times and in the amounts as set forth in and pursuant to paragraph (u) of this Section.

(13) "Deferred Reletting Fee Rental" shall mean the additional rental payable by the Approved Successor Lessee to the Port Authority as set forth in and pursuant to paragraph (u)(4) of this Section; "Deferred Reletting Fee Rental Commencement Date", "Deferred Reletting Fee Rental Period" and "Monthly Factor" shall each have the respective meaning as set forth in paragraph (u)(4) of this Section.

(14) "Financing Documents" shall mean all the agreements and documents which relate to or are a part of the Financing Transaction including but not limited to the NJEDA Sublease Agreement, the Indenture, the Bonds, the Bond Resolution, the Lessee Guaranty, the Leasehold Mortgage, and the other documents as described in paragraph 1 (j) of the Port Authority Consent to NJEDA Subleases (but such term shall not include the Basic Lease, this Agreement, the Port Authority Consent to NJEDA Subleases or the Other Lease).

(15) "Financing Transaction" shall mean the financing transaction undertaken by the NJEDA, the Lessee and the Trustee with respect to the Bonds, the NJEDA Sublease Agreement and the NJEDA Subleases which are a part thereof.

(16) "Foreclosure Period " shall mean an initial period of 270 days subject to the conditions applicable to said initial period as set forth in paragraph (n) of this Section, and extendable to an aggregate total maximum period, including all such extensions, of seven hundred and twenty (720) days, subject to the conditions set forth in paragraph (n) of this Section, and which shall commence on the Reletting Election Notice Service Date after the first to occur of any of the following (i) the Notice of Termination Service Date (defined in paragraph (1)(2) of this Section); (ii) the Bankruptcy Rejection Date (defined in paragraph (r)(1)(i)(C) of this Section); and (iii) the Bonds Default Date (defined in paragraph (m) of this Section); and said Foreclosure Period shall expire, unless sooner terminated, on the earlier to occur of (x) the ninetieth consecutive day following such commencement if the conditions for the extension of the same under paragraph (n)(4) of this Section are not satisfied or, if there are one or more extensions thereof as provided in and subject and pursuant to subparagraphs (4), (5) and (6) of paragraph (n) of this Section, the last day of the final extension, or (y) the Lease Assignment/Assumption Commencement Date; the foregoing to be subject, however to the provisions set forth in paragraphs (r)(1) and (q) of this Section; provided, however, that the Foreclosure Period shall not in any event continue after the transfer of title to the Lessee's interest in the Mortgaged Premises under the Lease pursuant to the issuance of a final judgment of foreclosure by a court of competent jurisdiction or after any termination or expiration of the Leasehold Mortgage as provided in this Section; and provided that the Foreclosure Period shall be subject to earlier termination as provided in paragraph (o) of this Section. Notwithstanding anything herein to the contrary, if, during the pendancy of any Foreclosure Period, the Bonds Default and/or Lease Default giving rise to such Foreclosure Period, or any subsequent Bonds Defaults or Lease Defaults thereafter occurring, are cured, or waived by the Port Authority, as applicable, in accordance with the applicable agreement(s) prior to the Lease Assignment/Assumption Commencement Date and any pleading/proceedings based upon such Bonds Defaults or Lease Defaults are dismissed with prejudice, then such Foreclosure Period shall be deemed not to have occurred (provided that any fees or other amounts paid or owing to the Port Authority as of the date thereof shall be retained by, or continue to be owing to, the Port Authority, as applicable). In addition, as of the date and during the pendency of any Lessee Bankruptcy, notwithstanding anything herein to the contrary, the counting of days and the Leasehold Mortgagee's Foreclosure Period Obligations in connection with any then-pending Foreclosure Period shall be deemed suspended and held in abeyance until the earlier of (i) the conclusion of the Lessee Bankruptcy or (ii) the Bankruptcy Rejection Date.

(17) "Foreclosure Period Extension Fee" shall mean the fee payable to the Port Authority by the Trustee as Leasehold Mortgagee for each applicable extension, and collectively for any and all applicable extensions, of the Foreclosure Period at the times and in the amounts as set forth in and pursuant to paragraph (n) of this Section.

(18) "Indenture" shall mean that certain Indenture of Trust dated as of September 1, 1999 and entered into between NJEDA and the Trustee with respect to the Bonds.

(19) "Lease Assignment/Assumption and Consent Agreement" shall have the meaning as defined in paragraph (t)(2) of this Section.

(20) "Lease Assignment/Assumption Commencement Date" shall have the meaning as defined in paragraph (t)(2) of this Section.

(21) "Lease ANB-056" shall mean that certain agreement of lease dated August 1, 1999 and bearing Port Authority identification number ANB-056 (as the same has been or may be amended or supplemented) whereby the Port Authority leased to Continental Airlines, Inc. certain premises in Concourse A-2 at the Airport (as more specifically described therein) for a term commencing on August 1, 1999 and expiring on December 31, 2018.

(22) "Lease Termination" shall mean a breach of or default under the Lease for which the Port Authority has delivered a Notice of Termination in accordance with paragraph (l) of this Section 96.

(23) "Lessee Bankruptcy" shall mean the filing by the Lessee of a voluntary petition under the Bankruptcy Code or the filing of an involuntary petition against the Lessee under the Bankruptcy Code, and the pendency of proceedings pursuant thereto.

(24) "Lessee Guaranty" shall mean that certain agreement of guaranty dated as of September 1, 1999 entered into between the Lessee and the Trustee pursuant to which the Lessee guarantees the payment of the principal of, redemption premium, if any, and interest on the Bonds.

(25) "Leasehold Mortgage" shall mean a mortgage granted by the Lessee to the Trustee of (i) the Lessee's leasehold interest in the Mortgaged Premises under this Lease and (ii) the Lessee's subleasehold interests with respect to the Mortgaged Premises under the NJEDA Sublease Agreement, for an amount not to exceed the Mortgage Amount and for a term commencing on the date of the issuance of the initial Bonds and not to extend beyond the first to occur of (x) the date of the redemption, cancellation, defeasance, discharge or payment of all of the Bonds in accordance with the Indenture and (y) the expiration date of the of the term of the letting of the Mortgaged Premises as set forth in Paragraph 3 of Supplement No. 17 of this Lease, subject in any event to the termination provisions of paragraph (d) of this Section, and given by the Lessee as security for the Lessee's obligations under the Lessee Guaranty with respect to the

payments by the Lessee of the principal of, redemption premium, if any, and interest on the Bonds. There shall only be one Leasehold Mortgage with respect to the Mortgaged Premises.

(26) "Leasehold Mortgagee" shall mean Chase Bank of Texas, National Association, appointed as the Trustee, and any Successor Trustee as defined in paragraph (f) of this Section, under the Indenture during such times as the Trustee, or such Successor Trustee, shall be the holder of the Leasehold Mortgage in accordance with the terms hereof.

(27) "Leasehold Mortgagee's Foreclosure Period Obligations" shall have the meaning as defined in paragraph (n) of this Section including but not limited to the Leasehold Mortgagee Foreclosure Period Payments.

(28) "Leasehold Mortgagee's Foreclosure Period Payments" shall mean the payments required to be made by the Leasehold Mortgagee to the Port Authority as set forth in paragraph (n) of this Section including the Leasehold Mortgagee's Foreclosure Period Commencement Payments, the Leasehold Mortgagee's Foreclosure Period Current Basis Payments and the Foreclosure Period Extension Fees as defined and set forth in said paragraph (n).

(29) "Mortgage Amount" shall mean (i) the amount of Five Hundred Fifty Million Dollars and No Cents ($550,000,000.00) which constitutes a portion of the proceeds of the initial Bonds issued for the payment of the costs of the Expansion Construction Work under Section 93 hereof to the extent located on the Mortgaged Premises, together with the costs of the baggage system (whether or not located on the Mortgaged Premises) plus (ii) subject to the prior written consent of the Port Authority, the additional amount of all or a portion of the proceeds of the Additional Bonds issued for the payment of costs of the Expansion Construction Work under Section 93 hereof to the extent located on the Mortgaged Premises provided that said additional amount shall not exceed $150,000,000 and provided further that said additional amount is to be used for the payment of costs of the said Expansion Construction Work incurred or paid by the Lessee prior to the Expansion Construction Work Completion Date (as defined in paragraph (n) of Section 93 hereof); provided, however, that the Mortgage Amount shall not include (i) any of the costs associated with the construction work under the Other Lease or any costs associated with the C-1 and C-2 portions of the premises or any other areas at the Airport not specifically included as above provided, (ii) any bonds issued to refund the Bonds, or (iii) the costs of any personal property (other than the Schedule 1 Terminal Fixtures, as defined in paragraph 53 of Supplement No. 17 of the Lease, to the extent located on the Mortgaged Premises and the baggage system portion thereof whether or not located on the Mortgaged Premises).

(30) "Mortgaged Premises" shall mean solely that portion of the premises which constitutes Area C-3, including the areas added or to be added to said Area C-3 pursuant to Paragraph 3 of this Supplement No. 17, leased to the Lessee under this Lease and which Area C-3 shall constitute the subject premises of the Leasehold Mortgage.

(31) "NJEDA" shall mean the New Jersey Economic Development Authority, a public body corporate and politic created and existing under and by virtue of the Constitution and laws of the State of New Jersey.

(32) "NJEDA Sublease Agreement" shall mean that certain agreement dated September 1, 1999 and entered into between the Lessee and the NJEDA whereby (i) the Lessee subleases the Mortgaged Premises to the NJEDA and (ii) the NJEDA sub-sub-subleases the Mortgaged Premises back to the Lessee subject to the Port Authority Consent to NJEDA Sublease Agreement ((i) and (ii) collectively, "NJEDA Subleases").

(33) [INTENTIONALLY OMITTED]

(34) "Other Lease" shall mean Lease ANB-056.

(35) "Port Authority Consent to NJEDA Subleases" shall mean that certain agreement dated September 1, 1999 entered into among the Port Authority, the Trustee, the NJEDA and the Lessee whereby the Port Authority grants its consent to the NJEDA Sublease Agreement and the Leasehold Mortgage and whereby the Trustee expressly states its acknowledgment and agreement to the terms and provisions of this Section 96 with respect to its Reletting Rights as Leasehold Mortgagee and its rights and obligations with respect thereto, including without limitation its rights and obligations to perform the Leasehold Mortgagee's Foreclosure Period Obligations and to pay to the Port Authority the Leasehold Mortgagee's Foreclosure Period Payments, the Foreclosure Period Extension Fees and the Deferred Reletting Fee as set forth in this Section 96.

(36) "Reletting Election Notice" shall mean the written notice required to be given by the Leasehold Mortgagee to the Port Authority pursuant to paragraph (l)(2), (m)(1) or (r)(l)(i)(C) of this Section affirmatively stating the Leasehold Mortgagee's election to (i) exercise its Reletting Rights hereunder and (ii) to exercise its rights under the Leasehold Mortgage to foreclose upon the Leasehold Mortgage or to have the Lease with respect to the Mortgaged Premises assigned to an Approved Successor Lessee in accordance with the provisions of this Section.

(37) "Reletting Election Notice Service Date" shall mean the actual date of the service on the Port Authority by the Leasehold Mortgagee of its Reletting Election Notice provided that such service is duly and timely made in accordance with the terms and provisions of this Lease.

(38) "Reletting Election Period" shall mean the thirty (30) day period during which the Leasehold Mortgagee must decide whether it shall exercise its Reletting Rights hereunder and serve its Reletting Election Notice on the Port Authority prior to the expiration thereof, and which shall commence on the earliest to occur of (i) the Notice of Termination Service Date, (ii) the Bankruptcy Rejection Date, and (iii) the Bonds Default Date and which shall expire on the thirtieth (30th) consecutive day following said commencement.

(39) "Reletting Rights" shall mean the rights of the Trustee as Leasehold Mortgagee with respect to the Mortgaged Premises and the Leasehold Mortgage to obtain an Approved Successor Lessee as provided in this Section.

(40) "Subsequent Notice of Termination" and "Subsequent Notice of Termination Date" shall have the meaning as set forth in paragraph (1) (3) of this Section.

(b) (1) The Lessee hereby represents to the Port Authority that the Lessee intends to finance (i) the costs of the Expansion Construction Work under this Lease (as defined in and required under Section 93 hereof) (together with associated personal property) and (ii) the costs of the construction work under the Other Lease as required under Section 4 thereof (together with associated personal property), with the proceeds of the Bonds issued by the NJEDA pursuant to the Financing Transaction, and that contemporaneously with the execution of Supplement No. 17 to the Lease and the Other Lease the Lessee will be executing the Financing Documents subject to the consent of the Port Authority and the execution by the Port Authority, the Trustee and the NJEDA of the Port Authority Consent to NJEDA Subleases.

(2) It is expressly acknowledged that the intent of the parties hereto is that the Leasehold Mortgage is to be granted by the Lessee to the Trustee pursuant to the provisions hereof solely for the purposes of allowing the Trustee in its capacity as Leasehold Mortgagee to exercise its Reletting Rights solely with respect to the Mortgaged Premises, as the implementation of the security afforded to the bondholders solely with respect to the Mortgaged Premises by virtue of the Leasehold Mortgage, and to obtain an Approved Successor Lessee during the Foreclosure Period if it elects to do so pursuant to this Section.

(c) Notwithstanding the provisions of Section 77 of this Agreement, and without otherwise limiting the generality thereof, the Lessee, as part of the Financing Transaction only and contemporaneously with its execution of Supplement No. 17 to this Lease, shall have the right (exercisable one time only) to make a single mortgage of the Lessee's leasehold interest in the Mortgaged Premises under this Agreement (including the Lessee's subleasehold interests with respect to the Mortgaged Premises under the NJEDA Sublease Agreement) in an amount not in excess of the Mortgage Amount under a Leasehold Mortgage to the Trustee approved by the Port Authority in advance. In determining whether to approve or disapprove a proposed Trustee, the Port Authority shall consider all relevant factors, including but not limited to, the following (but it is agreed that the Port Authority shall analyze all such factors in a reasonable manner):

(i) whether the proposed Trustee and each officer, director or partner thereof and each person, firm or corporation having an outright or beneficial interest in twenty percent (20%) or more of the monies invested in the proposed Trustee, if said Trustee is a corporation, association or partnership, by loans thereto, stock ownership therein or any other form of financial interest, has, as, of the date of the proposed financing, a good reputation for integrity and financial responsibility and has not been convicted of or under current indictment for any crime within five (5) years preceding the date of the Financing Transaction and is not currently involved in civil anti-trust or fraud litigation (other than as a plaintiff);

(ii) whether the Port Authority has had any "unfavorable experience" with the proposed Trustee, or any of its officers, directors, or partners, or any person, firm or

corporation (such officers, directors, partners, person, firm and corporation, being herein in this item (ii) individually and collectively referred to as a "Person") having an outright or beneficial interest in twenty percent (20%) or more of the monies invested in the proposed Trustee if said Trustee is a corporation, association or partnership, by loans thereto, stock ownership therein or any other form of financial interest; "unfavorable experience" as used herein shall mean any one or more of the following: (A) a material default by said proposed Trustee or any such Person of any obligation (monetary or non-monetary) to the Port Authority; (B) any assertion made by said proposed Trustee or any such Person against the Port Authority of any frivolous, false, malicious, or unsupportable claim, demand or allegation or suit or proceeding; (C) any act or omission of said proposed Trustee or any such Person causing or resulting in any loss, damage or injury to the Port Authority or the imposition or threatened imposition of any fine or penalty on the Port Authority or the commencement or threatened commencement of any action, suit or proceeding against the Port Authority; (D) any failure or refusal of said proposed Trustee or any such Person to comply with any law, governmental order, directive, ordinance or requirement, including without limitation, Environmental Requirements, at any Port Authority facility; (E) any failure to comply with, or breach of, the Port Authority's Code of Ethics and Financial Disclosure by said proposed Trustee or any such Person; or (F) any breach by said proposed Trustee or any such Person of any fiduciary obligation, trust, confidence or other duty to the Port Authority or of any confidentiality agreement with the Port Authority;

(iii) whether the proposed Trustee or any officer, director or partner thereof or any person, firm or corporation having an outright or beneficial interest in twenty percent (20%) or more of the monies invested in the proposed Trustee, if said Trustee is a corporation, association or partnership, by loans thereto, stock ownership therein or any other form of financial interest is in conflict of interest, as defined under the laws of the States of New York and New Jersey or Port Authority policy, with any Commissioner of the Port Authority as of the date of the proposed financing;

(iv) whether there are liens of any kind on the Mortgaged Premises; and

(v) whether the Lessee shall be in default for non-payment of rent, fees or charges or other required payments under this Agreement or in default under any of the terms, covenants or provisions of this Agreement on its part to be performed, in either case remaining uncured after the expiration of any applicable notice and cure period(s), and whether this Agreement shall be in full force and effect and the Port Authority shall have served a notice of termination pursuant to Section 24 of this Agreement.

In addition, the Port Authority shall have delivered to the Lessee and the Trustee the fully executed Port Authority Consent to NJEDA Subleases and there shall not have been a previous assignment of this Agreement and the letting hereunder pursuant to Section 77 of this Agreement.

(d) Notwithstanding anything herein or in the Financing Documents, the Leasehold Mortgage or any consent or approval of the Port Authority thereto to the contrary, the Leasehold Mortgage and the Reletting Rights shall become effective only upon the issuance of the initial Bonds in an amount not less than the initial Mortgage Amount, and the Leasehold Mortgage and the Reletting Rights shall automatically terminate and end in any event upon the earliest to occur of (1) the expiration, surrender or termination of the Lease as to the Mortgaged Premises; it being understood that, as set forth in Section 61 hereof (as amended in this Supplement No. 17 to this Lease), the Lessee shall not have the right to terminate the Lease without the consent of the Leasehold Mortgagee so long as the Leasehold Mortgage is outstanding; (2) the expiration, revocation or termination of the Port Authority Consent to NJEDA Subleases as to the Mortgaged Premises pursuant to the terms of such Consent, except (but only so long as the Lease and the Lessee Guaranty remain in full force and effect) in the case of revocation or termination by reason of the Lessee's rejection of the said NJEDA Subleases, or any of them, in a Lessee Bankruptcy; (3) the expiration or earlier termination or surrender of the NJEDA Subleases as to the Mortgaged Premises, except (but only so long as the Lease and the Lessee Guaranty remain in full force and effect) in the case of termination by reason of the Lessee's rejection of the said NJEDA Subleases in a Lessee Bankruptcy; (4) the expiration or earlier termination or surrender of the NJEDA Financing Sublease as to the Mortgaged Premises, except (but only so long as the Lease and the Lessee Guaranty remain in full force and effect) in the case of termination by reason of the Lessee's rejection of the said NJEDA Financing Sublease in a Lessee Bankruptcy; (5) the expiration or earlier termination or surrender of the NJEDA Sublease Agreement as to the Mortgaged Premises except (but only so long as the Lease and the Lessee Guaranty remain in full force and effect) in the case of termination by reason of the Lessee's rejection of the said NJEDA Sublease Agreement in a Lessee Bankruptcy ; (6) the date on which a redemption, cancellation, defeasance, discharge or payment of all the Bonds shall occur or on any other event which shall result in none of the Bonds being Outstanding (within the meaning of the Indenture); (7) the termination, surrender or expiration of the Basic Lease; (8) the expiration of the Reletting Election Period without the timely exercise by the Trustee in its capacity as Leasehold Mortgagee of its election to exercise its Reletting Rights by service of its Reletting Election Notice on the Port Authority in accordance with the terms hereof; (9) the date of any notice given by the Trustee in its capacity as Leasehold Mortgagee stating its election not to exercise its Reletting Rights hereunder; (10) the effective date of the letting of the Mortgaged Premises hereunder, or any portion thereof, to an Approved Successor Lessee, whether resulting from a foreclosure of the Leasehold Mortgage, the exercise by the Leasehold Mortgagee of its Reletting Rights, an assignment in lieu of foreclosure or otherwise; (11) the Lease Assignment/Assumption Commencement Date; and (12) the expiration or earlier termination or cancellation of the Foreclosure Period.

(e) Without limiting Section 77 or any other term or provision of this Agreement or any term or provision of the Port Authority Consent to NJEDA Subleases, not less than five (5) business days prior to the effective date of the proposed Leasehold Mortgage, the Lessee shall submit to the Port Authority for its approval a copy of the form of the proposed Leasehold Mortgage and of the Indenture and the Lessee Guaranty with respect to the Bonds which the Leasehold Mortgage is being given to secure. The Port Authority will promptly advise the Lessee

in writing whether or not the Port Authority will consent to such proposed Leasehold Mortgage. On the date of its execution of the Port Authority Consent to NJEDA Subleases the Lessee shall deliver to the Port Authority a conformed copy of the executed Leasehold Mortgage and of the executed Lessee Guaranty and the executed Indenture.

(f) The Leasehold Mortgagee shall not assign or transfer the Leasehold Mortgage to any entity or person whatsoever other than to a trustee appointed pursuant to and in accordance with and subject to the Indenture to replace the Trustee ("Successor Trustee"); provided that the Successor Trustee shall hold the Leasehold Mortgage as Leasehold Mortgagee subject to all the terms and provisions of this Section as if it were the original Trustee.

(g) Notwithstanding anything contained in the Leasehold Mortgage or any consent or approval of the Port Authority thereto, it is understood and agreed that the rights of the Leasehold Mortgagee shall in all respects be as specified, and shall be subject and subordinate to the terms, covenants, conditions and provisions set forth, in this Agreement and to the terms, covenants and conditions of the Port Authority Consent to NJEDA Subleases. The terms, covenants, conditions and provisions of this Agreement shall govern as between the Port Authority and the Lessee. As between the Port Authority and the Leasehold Mortgagee, in the event of any inconsistency between the terms, covenants, conditions and provisions of this Agreement and the terms, covenants, conditions and provisions of the Leasehold Mortgage or the Indenture or any of the Financing Documents, the terms, covenants, conditions and provisions of this Agreement shall control. Notwithstanding any provisions of the Leasehold Mortgage to the contrary, the Lessee for all purposes shall be deemed to be the Lessee hereunder (subject to the Leasehold Mortgagee's Reletting Rights herein granted) unless and until the Leasehold Mortgagee shall have obtained an Approved Successor Lessee. The Leasehold Mortgage shall make reference to the provisions of this Agreement and shall provide that the Leasehold Mortgage and the Indenture and the rights of the Leasehold Mortgagee thereunder with respect to the Port Authority are and shall be in all respects subject and subordinate to this Agreement.

(h) (1) Any approval or consent by the Port Authority hereunder whether to the Leasehold Mortgage or to any assignment thereof shall apply only to the specific transaction thereby authorized and shall not relieve the Lessee or the Leasehold Mortgagee from the requirement of obtaining the prior approval or consent of the Port Authority to each and every further assignment of the Leasehold Mortgage (except if otherwise expressly permitted hereunder without such approval).

(2) Neither this Section nor the Leasehold Mortgage shall prevent the Lessee hereunder from amending this Agreement without the approval of the Leasehold Mortgagee; provided no amendment shall impair the rights granted to Continental Airlines, Inc. as the named Lessee hereunder to grant the Leasehold Mortgage to the Leasehold Mortgagee or any of the Leasehold Mortgagee's Reletting Rights hereunder or any of the Leasehold Mortgagee's rights and obligations with respect thereto.

(i) (1) Except as expressly authorized in above paragraph (c) of this Section 96 the

Lessee shall not mortgage the Lessee's interest in this Agreement or the letting hereunder in whole or in part, or any portion of the premises other than the portion which would constitute the Mortgaged Premises, or the Lessee's subleasehold interests under the NJEDA Subleases or the NJEDA Sublease Agreement in whole or in part.

(2) Neither the Approved Successor Lessee nor any other entity or person purchasing or succeeding to the leasehold hereunder shall have any right to pledge or mortgage the leasehold hereunder.

(j) If the Leasehold Mortgagee shall have given to the Port Authority a written notice specifying its name and address together with a conformed copy of the Leasehold Mortgage, the Port Authority shall send to the Leasehold Mortgagee a copy of each notice of default given under the Section of this Agreement entitled "Termination by the Port Authority" or otherwise at the same time as and whenever any such notice of default shall have been sent to the Lessee, such copy to be addressed to the Leasehold Mortgagee at the address last furnished by it to the Port Authority, and no notice of default shall be deemed to have been given by the Port Authority unless and until a copy thereof shall have been so given to the Leasehold Mortgagee. The Lessee irrevocably directs that the Port Authority accept, and the Port Authority agrees to accept, the curing of such default with respect to the Mortgaged Premises by the Leasehold Mortgagee as if and with the same force and effect as though cured by the Lessee.

(k) Unless and until such time as it becomes the Lessee hereunder or the "deemed Lessee" as described in paragraph (r) (2) of this Section, the Leasehold Mortgagee, except to the extent provided in paragraphs (j), (n)(2)(C) and (n)(3)(i) of this Section, shall not have any right in or to the occupancy or use of the Mortgaged Premises for the purposes set forth in this Agreement or for any other purpose whatsoever, except to the extent necessary to cure Lessee defaults in accordance with paragraphs (j), (n)(2)(i)(C) and (n)(3)(i) of this Section. The Leasehold Mortgagee shall not enter into or be entitled to enter into possession of the Mortgaged Premises under this Agreement except to the extent afforded to it under this Agreement.

(l) Lease Termination-Service of Notice of Termination:

(1) If the Port Authority shall elect to terminate the letting of the premises under this Agreement pursuant to Section 24 of this Agreement entitled "Termination by the Port Authority" or otherwise, then the Port Authority shall at the same time send a copy of the written notice of such termination ("Notice of Termination") to the Leasehold Mortgagee if it shall have become entitled to notice as provided in paragraph (j) of this Section (the date of the sending of such copy of said notice by the Leasehold Mortgagee being herein called the "Notice of Termination Service Date"). The Notice of Termination shall specify the effective date of such termination (the "Notice of Termination Effective Date"), which date must not be before the 31st day after the Notice of Termination Service Date.

(2) The serving of the Notice of Termination by the Port Authority on the Leasehold Mortgagee in accordance with the foregoing shall trigger the Leasehold Mortgagee's

Reletting Rights solely with respect to the Mortgaged Premises and the commencement of the Reletting Election Period (unless the Leasehold Mortgagee has previously exercised its Reletting Rights and the Reletting Election Period has previously commenced based on a Bonds Default pursuant to paragraph (m) of this Section or a Bankruptcy Rejection Date pursuant to paragraph (r) of this Section). The Leasehold Mortgagee shall have the right to extend the Notice of Termination Effective Date for a period constituting the initial ninety (90) days of the Foreclosure Period (subject to the extensions thereof as provided in paragraph (n) of this Section) provided that the Leasehold Mortgagee shall serve its Reletting Election Notice on the Port Authority on or prior to the end of the Reletting Election Period stating the Leasehold Mortgagee's affirmative election to exercise its Reletting Rights with respect to the Mortgaged Premises, and provided, further, that the Leasehold Mortgagee simultaneously with the giving of its Reletting Election Notice to the Port Authority shall pay to the Port Authority the Leasehold Mortgagee's Foreclosure Period Commencement Payments as defined and set forth in paragraph (n) of this Section.

(3) In the event that prior to the Notice of Termination Service Date there has previously occurred a Bonds Default pursuant to paragraph (m) of this Section or a Bankruptcy Rejection Date pursuant to paragraph (r) of this Section such subsequent occurrence of the Notice of Termination Service Date ("Subsequent Notice of Termination Service Date") shall not commence a new Reletting Election Period or, if applicable, a new Foreclosure Period and the subsequent Notice of Termination shall be deemed stayed during the balance of the previously commenced Foreclosure Period and such Foreclosure Period may continue (as the same may be extended under paragraph (n) of this Section) if and only if the Leasehold Mortgagee shall, in addition to its continued compliance with all of the Leasehold Mortgagee's Foreclosure Period Obligations including its continued payments of the Leasehold Mortgagee's Foreclosure Period Payments, pay to the Port Authority the Foreclosure Period Extension Fees as set forth in paragraph (n) of this Section.

(m) Bonds Default:

(1) In the event the Lessee shall fail to make payment of any and all amounts required when due under the Lessee Guaranty to be paid by the Lessee as and for the payment of the principal, premium and interest on the Bonds and said failure results in a default under the Bonds ("Bonds Default"), the Leasehold Mortgagee's Reletting Election Period shall be deemed to commence upon the date of said Bonds Default ("Bonds Default Date"), but only if such Bonds Default also constitutes an event of default under the Leasehold Mortgage giving the Leasehold Mortgagee the right to foreclose the Leasehold Mortgage and the Leasehold Mortgagee serves its Reletting Election Notice on the Port Authority prior to the expiration of said Reletting Election Period; provided, further, however, that in the event either a Notice of Termination Service Date or a Bankruptcy Rejection Date occurs prior to a Bonds Default, such Bonds Default shall not trigger a new Reletting Election Period or Foreclosure Period.

(2) After the written request of the Leasehold Mortgagee to the Port Authority which may be made from time to time (but not more frequently than once per calendar month)

during the term of the letting to the Lessee of the Mortgaged Premises up to the occurrence of the earlier of (i) a Notice of Termination Service Date and (ii) a Bankruptcy Rejection Date or Bonds Default Date, the Port Authority shall promptly provide to the Leasehold Mortgagee a statement of amounts invoiced by the Port Authority to the Lessee during the sixty (60) day period preceding the date of each request and setting forth the unpaid amounts, if any, owing or estimated to be owing to the Port Authority by the Lessee under the Lease at the date of the request; provided that the Port Authority in supplying any such statement or statements to the Leasehold Mortgagee shall do so without any warranty or representation to the Leasehold Mortgagee and the Port Authority shall not be liable to the Leasehold Mortgagee, the Lessee, Bondholders or any other party or person with respect to any information contained or not contained therein or the accuracy of the same provided it has submitted such information in good faith (each such statement of amounts invoiced, an "Information Statement"). In the event the Indenture and the other Financing Documents expressly authorize the Leasehold Mortgagee to declare a default under the Leasehold Mortgage on the basis of (x) the failure of the Lessee to duly pay to the Port Authority rentals, fees, charges and other amounts due and owing under the Lease (y) the receipt by the Leasehold Mortgagee of one or more Information Statements showing that the said total unpaid amount exceeds Seven Million One Hundred Thousand Dollars and No Cents ($7,100,000.00), and (z) the continued failure of the Lessee to pay the said unpaid amount to the Port Authority within twenty (20) days after the Lessee has received from the Leasehold Mortgagee a written warning notice of Leasehold Mortgagee's intention to declare a default under the Leasehold Mortgage based on said failure of the Lessee, the declaration of such default under the Leasehold Mortgage by the Leasehold Mortgagee shall, for purposes hereof, constitute a Bonds Default which shall trigger the Leasehold Mortgagee's Reletting Rights and its Reletting Election Period as defined in and subject to the foregoing subparagraph (1) of this paragraph (m). Neither the provisions of this paragraph (m) nor any Information Statement shall be deemed to impair, restrict, limit, alter or affect any claim, right or remedy of the Port Authority under the Lease or otherwise, including without limitation the right to serve a Notice of Termination under the Lease, or to limit the amounts forming the basis for any termination of the Lease by the Port Authority or for which the Lessee may be liable under Section 27 of the Lease entitled "Survival of the Obligations of the Lessee", nor shall the same impose or create any liability on the Port Authority to, or be the basis of any claim against the Port Authority by, the Lessee, the Leasehold Mortgagee, the Bondholders or any of them, or any other party or person with respect to the Information Statement provided the Port Authority has provided the same in good faith, nor shall any such Information Statement be binding on the Port Authority or constitute or be deemed to constitute any waiver or estoppel of any claim, right or remedy of the Port Authority.

(n) Leasehold Mortgagee's Foreclosure Period Obligations/Foreclosure Period Extensions. The Trustee as Leasehold Mortgagee shall have the following obligations upon the commencement of and during the Foreclosure Period including all extensions thereof (collectively," Leasehold Mortgagee's Foreclosure Period Obligations"):

(1) Leasehold Mortgagee's Foreclosure Period Commencement Payments/ delivery of Reletting Election Notice:

Any commencement of the Foreclosure Period whether triggered by the delivery of a Reletting Election Notice following a Notice of Termination Service Date or a Bankruptcy Rejection Date or a Bonds Default shall be further conditioned on the payment of the following by the Leasehold Mortgagee, and the Leasehold Mortgagee shall pay, to the Port Authority simultaneously with the Leasehold Mortgagee's service of the Reletting Election Notice the following amounts ("Leasehold Mortgagee's Foreclosure Period Commencement Payments") (provided that the Port Authority shall be obligated to give the Leasehold Mortgagee at least ten (10) days' prior written notice of the amounts due under this subparagraph (n)(1) and all other subparagraphs under this Paragraph (n) except as otherwise expressly provided herein):

(i) All amounts due and owing to the Port Authority which have accrued for any and all periods up to the Reletting Election Notice Service Date for Area C-3 rentals (Facility Factor and Airport Services Factor) and Phase 1A Charges and other similar charges for further roadway development under this Agreement and any and all other amounts due and owing to the Port Authority by the Lessee for services provided under this Agreement by the Port Authority, including without limitation utility, extermination and incineration services and maintenance and repair services, if any, under Section 85 hereof or as additional rent and charges under Section 21 hereof; to the extent such amounts have not been paid to the Port Authority by the Lessee prior to the commencement of the Foreclosure Period.

(ii) All Allocated Activity Based Fees and Charges due and owing to the Port Authority under this Agreement and which have accrued for a period not in excess of sixty (60) days up to the Reletting Election Notice Service Date; provided that the Allocated Activity Based Fees and Charges Triggering Date (as defined in subparagraph (2)(ii) of this paragraph (n)) shall have occurred, to the extent all such Allocated Activity Based Fees and Charges have not been paid to the Port Authority by the Lessee prior to the commencement of the Foreclosure Period.

(2) Leasehold Mortgagee's Foreclosure Period Current Basis Payments/from and after the first (1st) day of the Foreclosure Period:

(i) After the initial commencement of the Foreclosure Period and at all times during the continuation of the Foreclosure Period including any and all extensions thereof (and in addition to the Foreclosure Period Commencement Payments set forth in subparagraph (1) of this paragraph (n) and in addition to the Foreclosure Period Extension Fees set forth in subparagraphs (4), (5) and (6) of this paragraph (n)) the Leasehold Mortgagee shall pay to the Port Authority the following amounts on a current basis, as and when due under this Agreement ("Leasehold Mortgagee's Foreclosure Period Current Basis Payments"), to the extent such amounts are not paid by Lessee:

(A)All Area C-3 rentals (Facility Factor and Airport Services Factor) and Phase 1A Charges and other similar charges for further roadway development under this Agreement on a current basis as the same become due and

payable to the Port Authority under this Agreement commencing as of the first day of the Foreclosure Period with respect to the Mortgaged Premises and any and all other amounts due and payable to the Port Authority under this Agreement with respect to the Mortgaged Premises for services provided by the Port Authority, including without limitation utility, extermination and incineration services and maintenance and repair services, if any under Section 85 hereof or as additional rent and charges under Section 21 hereof;

(B)All Allocated Activity Based Fees and Charges on a current basis as the same become due and payable to the Port Authority under this Agreement commencing as of the first day of the Foreclosure Period but only if the Allocated Activity Based Fees and Charges Triggering Date as defined in subparagraph (2) (ii) of this paragraph (n) occurred upon or after the commencement of the Foreclosure Period and any and all Allocated Activity Based Fees and Charges which accrued and remained unpaid during the sixty (60) day period prior to the Allocated Activity Based Fees and Charges Triggering Date, and the conditions specified in subparagraph (2)(ii) of this paragraph (n) continue to be satisfied;

(C)Any and all costs of fulfilling the Lessee's obligations under the Lease as provided in Section 21 hereof during the Foreclosure Period with respect to security, utilities, insurance and maintenance of the Mortgaged Premises; and the amounts of said costs shall be due and payable to the Port Authority by the Leasehold Mortgagee within thirty (30) days after the Port Authority sends to the Leasehold Mortgagee a notice or invoice therefor, which notices or invoices the Port Authority may send to the Leasehold Mortgagee from time to time.

(ii) The Leasehold Mortgagee's obligation to pay Allocated Activity Based Fees and Charges shall commence upon the "Allocated Activity Based Fees and Charges Triggering Date" which shall be deemed to be the later to occur of both (aa) the Reletting Election Notice Service Date and (bb) either (x) the date the Port Authority commences a suit, action or proceeding, summary or otherwise, to evict or dispossess the Lessee from or to retake possession of the "C-1 and C-2 portions of the premises" (as defined in Paragraph 3 of this Supplement No. 17 to the Lease) or (y) the date on which the Port Authority takes such other action or actions in accordance with applicable law which have the effect of preventing the use by the Lessee of the C-1 and C-2 portions of the premises. The obligation of the Leasehold Mortgagee to pay Allocated Activity Based Fees and Charges shall continue throughout the Foreclosure Period and any all extensions thereof as long as the Port Authority continues to diligently pursue the suit, action or proceeding mentioned in the foregoing clause (x) or has otherwise prevented Lessee's use of the C-1 and C-2 portions of the Premises.

(iii) It is recognized that all or portions of amounts comprising the Activity Based Fees and Charges may include or may be calculated on activities of the

Lessee outside of the Mortgaged Premises, and accordingly it is agreed that the following allocation provisions shall apply to determine Allocated Activity Based Fees and Charges. (i) where such amounts are capable of being determined with respect to the Mortgaged Premises solely without the need of allocation or apportionment, 100% of such amounts shall be paid by the Leasehold Mortgagee; and (ii) where such amounts require allocation or apportionment the same shall be allocated or apportioned as follows: such fees and charges shall be divided by the total number of aircraft gates then leased by the Port Authority to the Lessee at the Airport and the resulting quotient shall be multiplied by the total number of aircraft gates constructed or to be constructed pursuant to Section 93 hereof in the Mortgaged Premises (which for purposes of this calculation shall not be less than the number 12, minus any gates that are permanently removed from service).

(3) other Leasehold Mortgagee's Foreclosure Period Obligations/ from and after the first (1st) day of the Foreclosure Period:

(i) At all times during the Foreclosure Period the Leasehold Mortgagee shall use all reasonable efforts to preserve the value of the Mortgaged Premises hereunder until it has possession of the Mortgaged Premises under the Lease, and thereafter shall fulfill all obligations under the Lease with respect to the preservation of the Mortgaged Premises;

(ii) Immediately upon the commencement of the Foreclosure Period the Leasehold Mortgagee shall use commercially reasonable efforts to obtain an Approved Successor Lessee for the Mortgaged Premises for the balance of the term hereunder or such lesser term as it proposes to lease, subject to the consent of the Port Authority in accordance with and subject to paragraphs (t) and (u) of this Section; provided further, that if, within the Foreclosure Period, the Leasehold Mortgagee identifies a Proposed Successor Lessee for the Mortgaged Premises it shall give prompt written notice thereof to the Port Authority including all information described in paragraph (t) of this Section; it being understood and agreed that any such Approved Successor Lessee shall be obligated to pay to the Port Authority all the rentals, fees and charges for the Mortgaged Premises under the Lease including without limitation the Area C-3 rentals which shall include all airport services factors at the rates provided under this Agreement at the effective date of the reletting; flight fees (Schedule C) as set forth in Section 53 hereof; Schedule B charges as set forth in Schedule B attached to this Agreement; fuel gallonage fees (Schedule D) as set forth in Section 56 hereof; the Monorail Fees as set forth in Supplement No. 15 of the Lease and Schedule M thereof; the Phase 1A Charges as set forth in Supplement No. 15 of the Lease; and any other fees and charges then in effect under the Lease relating to the use of the Mortgaged Premises; all of which shall be applicable to and paid by the Approved Successor Lessee during the reletting of the Mortgaged Premises to the Approved Successor Lessee, and shall be in addition to the Deferred Reletting Fee or the Deferred Reletting Fee Rental, as the case may be, required to be paid to the Port Authority as described in paragraph (u) of this Section

(4) Initial Foreclosure Period / 91st to 180th days:

Upon any commencement of the Foreclosure Period whether triggered by a Lease default (Notice of Termination or Bankruptcy Rejection) or a Bonds Default the Leasehold Mortgagee shall (to the extent permitted by law) promptly and diligently and in good faith commence and continue and seek to complete proceedings to foreclose upon the Leasehold Mortgage and, in the event the Lessee fails to vacate the Mortgaged Premises, including eviction of the Lessee therefrom; provided that in the event the Leasehold Mortgagee continues diligently to continue and complete the foreclosure proceedings including eviction of the Lessee and, through no fault of its own, is unable to complete said foreclosure proceedings including eviction of the Lessee at the end of the ninetieth (90th) day from the initial commencement of the Foreclosure Period, then, provided that not less than five (5) days prior to the expiration of said initial 90th-day period the Leasehold Mortgagee shall give written notice to the Port Authority, which notice shall contain the Leasehold Mortgagee's certification of the foregoing to the Port Authority including the status of the aforesaid foreclosure proceedings, the initial Foreclosure Period shall be deemed extended for an additional 90 days which shall expire on the earlier of (aa) the Lease Assignment/Assumption Commencement Date or (bb) the date which constitutes the one hundred and eightieth (180th) day from the initial commencement of the Foreclosure Period subject to the extension under subparagraph (5) of this paragraph (n); subject, however, to the further condition that during the said 91st to 180th days of the Foreclosure Period the Leasehold Mortgagee shall perform all the Leasehold Mortgagee's Foreclosure Period Obligations including without limitation paying to the Port Authority all of the Leasehold Mortgagee's Foreclosure Period Current Basis Payments.

(5) Initial Foreclosure Period / 181st to 270th days/ Foreclosure Period Extension Fee:

In the event the Leasehold Mortgagee, during the initial 90 days of the Foreclosure Period, as aforesaid, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose upon the Leasehold Mortgage including eviction of the Lessee, and the Leasehold Mortgagee, through no fault of its own, is unable to complete said foreclosure proceedings including eviction of the Lessee at the end of the 180th day from the commencement of the Foreclosure Period, then, provided that not less than five (5) days prior to the expiration of said 180th day period the Leasehold Mortgagee shall give written notice to the Port Authority, which notice shall contain the Leasehold Mortgagee's certification of the foregoing to the Port Authority including the status of the aforesaid foreclosure proceedings and subject to the further conditions set forth below, the Foreclosure Period shall be deemed extended for an additional 90 days which shall expire on the earlier of (aa) the Lease Assignment/Assumption Commencement Date or (bb) the date which constitutes the 270th day from the initial commencement of the Foreclosure Period.

The foregoing, however, shall be subject to the following further conditions:

(i) that during the said 181st to 270th days of the Foreclosure Period the Leasehold Mortgagee shall perform all the Leasehold Mortgagee's Foreclosure Period Obligations including without limitation paying to the Port Authority all of the Leasehold Mortgagee's Foreclosure Period Current Basis Payments; and

(ii) that the Leasehold Mortgagee shall pay to the Port Authority for the said 181st to 270th day period a Foreclosure Period Extension Fee in the amount of Two Million Four Hundred Seventy-two Thousand Dollars and No Cents ($2,472,000.00); which amount is based on a preliminary determination by the Lessee of the percentage (82.4%) that its estimated Mortgage Amount (estimated at Five Hundred Forty-seven Million Four Hundred Thirty-six Thousand Four Hundred Twenty-four Dollars and No Cents ($547,436,424.00))bears to its estimated total bond financings amounts of Six Hundred Sixty-four Million Four Hundred Fifty-nine Thousand Three Hundred Ninety Dollars and No Cents ($664,459,390.00) which estimated total consists of the said estimated Mortgage Amount plus estimated bond financing amounts of the Lessee's proposed development projects at the Airport under lease ANA-040 (hangar 55) and lease ANB-028 (cargo building). The said amount of the Foreclosure Period Extension Fee shall be subject to adjustment as follows: after all of said actual bond financing amounts are final based on the final pricing of the Bonds and the final pricing of the bonds for the said other development projects under leases ANA-040 and ANB-028, the said amount of the Foreclosure Period Extension Fee shall be equal to the product resulting from multiplying (x) the sum of Three Million Dollars and No Cents ($3,000,000.00) times (y) a fraction the numerator of which shall be the Mortgage Amount set forth in paragraph (a) (29) of this Section 96 and denominator of which shall be the sum of the said Mortgage Amount plus the mortgage amounts defined and set forth in the said leases ANA-040 and ANB-028. The said Foreclosure Period Extension Fee, shall be payable to the Port Authority in three equal 30-day installments; the first such installment shall be due and payable by the Leasehold Mortgagee at the same time the Leasehold Mortgagee delivers its aforesaid 5-day certification notice to the Port Authority; and the next two installments shall be due and payable by the Leasehold Mortgagee on the 210th day and on the 240th day of the Foreclosure Period; provided, however, that subject to the provisions of subparagraph (2) of paragraph (t) of this Section, after the occurrence of the Lease Assignment/Assumption Commencement Date (as defined in subparagraph (2) of paragraph (t) of this Section) no installment(s) for any subsequent 30-day period of this extension shall be payable.

The foregoing Foreclosure Period Extension Fee payments shall apply as stated above where the Foreclosure Period initially commenced on any basis other that the sole occurrence of a Bonds Default; however, the same shall be subject the provisions of subparagraph (7) of this paragraph (n) in the event the Foreclosure Period initially commenced solely on the basis of a Bonds Default and thereafter a "Subsequent Non-Bonds Default" as defined in subparagraph (7) of this paragraph (n) occurred during the Foreclosure Period.

(6) Foreclosure Period Additional Extensions -- to maximum aggregate total of 720 days/ Foreclosure Period Extension Fees:

Pre-conditions to additional extensions. It is expressly understood and agreed that unless each of the following conditions are satisfied prior to the expiration of the 270th day of the Foreclosure Period (as extended under the foregoing subparagraph (5)) there shall be no further extension of the Foreclosure Period beyond the 270th day: (aa) the Leasehold Mortgagee has previously identified and proposed to the Port Authority a Proposed Successor Lessee pursuant to and in accordance with the terms and provisions of paragraph (t) of this Section and in full compliance with all of the requirements and conditions of said paragraph (t), (bb) such Proposed Successor Lessee meets all of the requirements for becoming an Approved Successor Lessee, as determined by, and to the satisfaction of, the Port Authority, (cc) such Proposed Successor Lessee, the Leasehold Mortgagee, the Lessee (if required pursuant to paragraph (t) hereof) and the Port Authority have executed the Lease Assignment/ Assumption and Consent Agreement subject to, and under which the Proposed Successor Lessee will become the Approved Successor Lessee commencing only upon, the successful completion by the Leasehold Mortgagee of the foreclosure and eviction proceedings prior to the expiration of the Foreclosure Period (if and as extended not to exceed an aggregate maximum total of 720 days). The foregoing pre-conditions shall be in addition to the conditions set forth below which the Leasehold Mortgagee must satisfy with respect to each of the following additional extensions of the Foreclosure Period.

(A) Foreclosure Period extension 271st to 360th days/ Foreclosure Period Extension Fee:

In the event the Leasehold Mortgagee, during the initial 90 days of the Foreclosure Period, as aforesaid, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose the Leasehold Mortgage and to evict the Lessee from the Mortgaged Premises and the Leasehold Mortgagee, through no fault of its own, is unable to complete said foreclosure proceedings including eviction of the Lessee from the Mortgaged Premises at the end of the 270th day from the commencement of the Foreclosure Period and the pendency of the foreclosure proceedings in the State of New Jersey is the sole impediment to such completion, then, provided that not less than five (5) days prior to the expiration of said 270th-day period the Leasehold Mortgagee shall give written notice to the Port Authority, which notice shall contain the Leasehold Mortgagee's certification of the foregoing to the Port Authority including the status of the aforesaid foreclosure proceedings, the Foreclosure Period shall be deemed extended for an additional 90 days which shall expire on the earlier of (aa) the Lease Assignment/Assumption Commencement Date or (bb) the date which constitutes 360th day from the commencement of the Foreclosure Period; subject, however, to the following further conditions:

(i) that during the said 271st to 360th day extension of the Foreclosure Period the Leasehold Mortgagee shall perform all of the Leasehold Mortgagee's Foreclosure Period Obligations including without limitation paying to the Port Authority all of the Leasehold Mortgagee's Foreclosure Period Current Basis Payments; and

(ii) that the Leasehold Mortgagee shall pay to the Port Authority for the said 271st to 360th day extension a Foreclosure Period Extension Fee in the amount of Two Million Four Hundred Seventy-two Thousand Dollars and No Cents ($2,472,000.00); which amount is based on a preliminary determination by the Lessee of the percentage (82.4%) that its estimated Mortgage Amount (estimated at Five Hundred Forty-seven Million Four Hundred Thirty-six Thousand Four Hundred Twenty-four Dollars and No Cents ($547,436,424.00))bears to its estimated total bond financings amounts of Six Hundred Sixty-four Million Four Hundred Fifty-nine Thousand Three Hundred Ninety Dollars and No Cents ($664,459,390.00) which estimated total consists of the said estimated Mortgage Amount plus estimated bond financing amounts of the Lessee's proposed development projects at the Airport under lease ANA-040 (hangar 55) and lease ANB-028 (cargo building). The said amount of the Foreclosure Period Extension Fee shall be subject to adjustment as follows: after all of said actual bond financing amounts are final based on the final pricing of the Bonds and the final pricing of the bonds for the said other development projects under leases ANA-040 and ANB-028, the said amount of the Foreclosure Period Extension Fee shall be equal to the product resulting from multiplying (x) the sum of Three Million Dollars and No Cents ($3,000,000.00) times (y) a fraction the numerator of which shall be the Mortgage Amount set forth in paragraph (a) (29) of this Section 96 and denominator of which shall be the sum of the said Mortgage Amount plus the mortgage amounts defined and set forth in the said leases ANA-040 and ANB-028. The said Foreclosure Period Extension Fee shall be payable to the Port Authority in three equal 30-day installments; the first such installment shall be due and payable by the Leasehold Mortgagee at the same time the Leasehold Mortgagee delivers its aforesaid 5-day certification notice to the Port Authority; and the next two installments shall be due and payable by the Leasehold Mortgagee on the 301st day and on the 331st day of the Foreclosure Period; provided, however, that, subject to the provisions of subparagraph (2) of paragraph (t) of this Section, after the occurrence of the Lease Assignment/Assumption Commencement Date (as defined in subparagraph (2) of paragraph (t) of this Section) no installment(s) for any subsequent 30-day period of this extension shall be payable.

The foregoing Foreclosure Period Extension Fee payments shall apply as stated above where the Foreclosure Period initially commenced on any basis other that the sole occurrence of a Bonds Default; and the same shall be subject to the provisions of subparagraph (7) of this paragraph (n) in the event the Foreclosure Period initially commenced solely on the basis of a Bonds Default and thereafter a "Subsequent Non-Bonds Default" as defined in subparagraph (7) of this paragraph (n) occurred during the Foreclosure Period.

(B) Foreclosure Period additional extension 361st to 540th days / Foreclosure Period Extension Fee:

In the event the Leasehold Mortgagee, during the initial 90 days of the Foreclosure Period, as aforesaid, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose the Leasehold Mortgage including eviction of the Lessee from the Mortgaged Premises and the Leasehold Mortgagee, through no fault of its own, is unable to

complete said foreclosure proceedings including eviction of the Lessee from the Mortgaged Premises at the end of the 360th day from the commencement of the Foreclosure Period and the pendency of the foreclosure proceedings in the State of New Jersey is the sole impediment to such completion, then, provided that not less than five (5) days prior to the expiration of said 360th day period the Leasehold Mortgagee shall give written notice to the Port Authority, which notice shall contain the Leasehold Mortgagee's certification of the foregoing to the Port Authority including the status of the aforesaid foreclosure proceedings and subject to the further conditions set forth below, the Foreclosure Period shall be deemed extended for an additional period which shall expire on the earlier of (aa) the Lease Assignment/Assumption Commencement Date or (bb) the date which constitutes the 540th day from the initial commencement of the Foreclosure Period; subject, however, to the following further conditions:

(i) that during the said 361st to 540th day extension of the Foreclosure Period the Leasehold Mortgagee shall perform all of the Leasehold Mortgagee's Foreclosure Period Obligations including without limitation paying to the Port Authority all of the Leasehold Mortgagee's Foreclosure Period Current Basis Payments; and

(ii) that the Leasehold Mortgagee shall pay to the Port Authority for the said 361st to 540th day extension a Foreclosure Period Extension Fee in the amount of Nine Million Eight Hundred Eighty-eight Thousand Dollars and No Cents ($9,888,000.00); which amount is based on a preliminary determination by the Lessee of the percentage (82.4%) that its estimated Mortgage Amount (estimated at Five Hundred Forty-seven Million Four Hundred Thirty-six Thousand Four Hundred Twenty-four Dollars and No Cents ($547,436,424.00))bears to its estimated total bond financings amounts of Six Hundred Sixty-four Million Four Hundred Fifty-nine Thousand Three Hundred Ninety Dollars and No Cents ($664,459,390.00) which estimated total consists of the said estimated Mortgage Amount plus estimated bond financing amounts of the Lessee's proposed development projects at the Airport under lease ANA-040 (hangar 55) and lease ANB-028 (cargo building). The said amount of the Foreclosure Period Extension Fee shall be subject to adjustment as follows: after all of said actual bond financing amounts are final based on the final pricing of the Bonds and the final pricing of the bonds for the said other development projects under leases ANA-040 and ANB-028, the said amount of the Foreclosure Period Extension Fee shall be equal to the product resulting from multiplying (x) the sum of Twelve Million Dollars and No Cents ($12,000,000.00) times (y) a fraction the numerator of which shall be the Mortgage Amount set forth in paragraph (a) (29) of this Section 96 and denominator of which shall be the sum of the said Mortgage Amount plus the mortgage amounts defined and set forth in the said leases ANA-040 and ANB-028. The said Foreclosure Period Extension Fee shall be payable to the Port Authority in six equal 30-day installments; the first such installment shall be due and payable by the Leasehold Mortgagee at the same time the Leasehold Mortgagee delivers its aforesaid 5-day certification notice to the Port Authority; and the next five installments shall be due and payable by the Leasehold Mortgagee on the 391st day, on the 421st day, on the 451st day, on the 481st day, and on the 511th day of the Foreclosure Period; provided, however, that, subject to the provisions of subparagraph (2)

of paragraph (t) of this Section, after the occurrence of the Lease Assignment/Assumption Commencement Date (as defined in subparagraph (2) of paragraph (t) of this Section) no installment(s) for any subsequent 30-day period of this extension shall be payable.

The foregoing Foreclosure Period Extension Fee payments shall apply as stated above where the Foreclosure Period initially commenced on any basis other that the sole occurrence of a Bonds Default; and the same shall be subject to the provisions of subparagraph (7) of this paragraph (n) in the event the Foreclosure Period initially commenced solely on the basis of a Bonds Default and thereafter a "Subsequent Non-Bonds Default" as defined in subparagraph (7) of this paragraph (n) occurred during the Foreclosure Period.

(C) Foreclosure Period final extension 541st to 720th days / Foreclosure Period Extension Fee:

In the event the Leasehold Mortgagee, during the initial 90 days of the Foreclosure Period, as aforesaid, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose the Leasehold Mortgage including eviction of the Lessee from the Mortgaged Premises and the Leasehold Mortgagee, through no fault of its own, is unable to complete said foreclosure proceedings including eviction of the Lessee from the Mortgaged Premises at the end of the 540th day from the commencement of the Foreclosure Period and the pendency of the foreclosure proceedings in the State of New Jersey is the sole impediment to such completion, then, provided that not less than five (5) days prior to the expiration of said 540th day period the Leasehold Mortgagee shall give written notice to the Port Authority, which notice shall contain the Leasehold Mortgagee's certification of the foregoing to the Port Authority including the status of the aforesaid foreclosure proceedings, the Foreclosure Period shall be deemed extended for a final additional period which shall expire on the earlier of (aa) the Lease Assignment/Assumption Commencement Date or (bb) the date which constitutes the 720th day from the initial commencement of the Foreclosure Period; subject, however, to the following further conditions:

(i) that during the said 541st to 720th day extension of the Foreclosure Period the Leasehold Mortgagee shall perform all of the Leasehold Mortgagee's Foreclosure Period Obligations including without limitation paying to the Port Authority all of the Leasehold Mortgagee's Foreclosure Period Current Basis Payments; and

(ii) that the Leasehold Mortgagee shall pay to the Port Authority for the said 541st to 720th day extension a Foreclosure Period Extension Fee in the amount of Fourteen Million Eight Hundred Thirty-two Thousand Dollars and No Cents ($14,832,000.00); which amount is based on a preliminary determination by the Lessee of the percentage (82.4%) that its estimated Mortgage Amount (estimated at Five Hundred Forty-seven Million Four Hundred Thirty-six Thousand Four Hundred Twenty-four Dollars and No Cents ($547,436,424.00))bears to its estimated total bond financings amounts of Six Hundred Sixty-four Million Four Hundred Fifty-nine Thousand Three

Hundred Ninety Dollars and No Cents ($664,459,390.00) which estimated total consists of the said estimated Mortgage Amount plus estimated bond financing amounts of the Lessee's proposed development projects at the Airport under lease ANA-040 (hangar 55) and lease ANB-028 (cargo building). The said amount of the Foreclosure Period Extension Fee shall be subject to adjustment as follows: after all of said actual bond financing amounts are final based on the final pricing of the Bonds and the final pricing of the bonds for the said other development projects under leases ANA-040 and ANB-028, the said amount of the Foreclosure Period Extension Fee shall be equal to the product resulting from multiplying (x) the sum of Eighteen Million Dollars and No Cents ($18,000,000.00) times (y) a fraction the numerator of which shall be the Mortgage Amount set forth in paragraph (a) (29) of this Section 96 and denominator of which shall be the sum of the said Mortgage Amount plus the mortgage amounts defined and set forth in the said leases ANA-040 and ANB-028. The said Foreclosure Period Extension Fee shall be payable to the Port Authority in six equal 30-day installments; the first such installment shall be due and payable by the Leasehold Mortgagee at the same time the Leasehold Mortgagee delivers its aforesaid 5-day certification notice to the Port Authority; and the next five installments shall be due and payable by the Leasehold Mortgagee on the 571st day, on the 601st day, on the 631st day, on the 661st day, and on the 691st day of the Foreclosure Period; provided, however, that, subject to the provisions of subparagraph (2) of paragraph (t) of this Section, after the occurrence of the Lease Assignment/Assumption Commencement Date (as defined in subparagraph (2) of paragraph (t) of this Section) no installment(s) for any subsequent 30-day period of this extension shall be payable.

The foregoing Foreclosure Period Extension Fee payments shall apply as stated above where the Foreclosure Period initially commenced on any basis other that the sole occurrence of a Bonds Default; and the same shall be subject to the provisions of subparagraph (7) of this paragraph (n) in the event the Foreclosure Period initially commenced solely on the basis of a Bonds Default and thereafter a "Subsequent Non-Bonds Default" as defined in subparagraph (7) of this paragraph (n) occurred during the Foreclosure Period.

(7) Foreclosure Period Extension Fees / initial Bonds Default followed by a Lease Termination or Bankruptcy Rejection Date.

(i) For purposes of this subparagraph (7) the term "Subsequent Non-Bonds Default" shall mean the occurrence of either a Notice of Termination Service Date or a Bankruptcy Rejection Date (whichever is first to occur) subsequent to the initial commencement of the Foreclosure Period which commencement was based solely on the occurrence of a Bonds Default. In the event that the Foreclosure Period initially commences as a result solely of a Bonds Default, the Foreclosure Period Extension Fees shall not be payable unless and until there occurs a Subsequent Non-Bonds Default; provided that such Subsequent Non-Bonds Default shall neither commence a new Foreclosure Period nor extend the total aggregate Foreclosure Period (including all available extensions) beyond the allowable maximum aggregate total of 720 days. In the event of such Subsequent Non-Bonds Default the obligation of the Leasehold Mortgagee to pay to the Port Authority the Foreclosure Period Extension Fees set forth in subparagraphs (5) and (6) (A),

(B) and (C) of this paragraph (n) shall be deemed to commence and at the installment rate determined in accordance with the following: if the Subsequent Non-Bonds Default occurs during the initial 90 days after the commencement the Foreclosure Period the actual date of said Subsequent Non-Bonds Default shall be treated as day 1 of the Foreclosure Period and the Foreclosure Period Extension Fees set forth above shall commence on the 181st day following the date of said Subsequent Non-Bonds Default at the applicable 30-day installment rate in accordance with the subparagraph (5) of this paragraph (n); if such Subsequent Non-Bonds Default occurs after the 90th day of the Foreclosure Period the 90th day of the Foreclosure Period shall be treated as day 1 of the Foreclosure Period and the Foreclosure Period Extension Fees shall, where the Subsequent Non-Bonds Default occurs between the 91st and the 270th days of the Foreclosure Period, commence on the 271st day of the Foreclosure Period at the 30-day installment rate applicable on the 181st day thereof (271 minus 90); and where the Subsequent Non-Bonds Default occurs between the 271st and the 720th days of the Foreclosure Period the Foreclosure Period Extension Fees shall commence on the actual date of the Subsequent Non-Bonds Default at the 30-day installment rate applicable on the 90th day preceding such actual date.

[For illustrative purposes only the following two illustrations of the foregoing are provided:

Illustration 1. if the Foreclosure Period commenced based on a Bonds Default only and the Subsequent Non-Bonds Default occurred on the 20th day after such commencement of the Foreclosure Period, the 20th day of the Foreclosure Period would be treated as day 1 for purposes of the determination of the applicable Foreclosure Period Extension Fee and the obligation of the Leasehold Mortgagee to pay to the Port Authority the Foreclosure Period Extension Fees would commence on the 200th day of the Foreclosure Period at the 30-day installment rate set forth in subparagraph (5) of this paragraph (n) (the 181st-270th day installment rate); alternatively, if the Subsequent Non-Bonds Default occurred on the 150th day after such commencement of the Foreclosure Period, the 90th day of the Foreclosure Period shall be treated as day 1 and said 150th day would be treated as day 60 for purposes of the determination of the applicable Foreclosure Period Extension Fee and the obligation of the Leasehold Mortgagee to pay to the Port Authority the Foreclosure Period Extension Fees would commence 121 days thereafter (i.e. on the 271st day of the Foreclosure Period) at the 30-day installment rate applicable on the 181st day as set forth in subparagraph (5) of this paragraph (n) (the 181st-270th days rate) and continue thereafter during the Foreclosure Period and payable on the first day of each 30-day period thereafter occurring during the Foreclosure Period at the 30-day installment rates set forth in subparagraphs (6) (A), (B) and (C) of this paragraph (n).

Illustration 2. if the Foreclosure Period commenced based on a Bonds Default only and the Subsequent Non-Bonds Default occurred on the 70th day after such commencement of the Foreclosure Period, the 70th day of the Foreclosure Period would be treated as day 1 for purposes of the determination of the applicable Foreclosure Period

Extension Fee and the obligation of the Leasehold Mortgagee to pay to the Port Authority the Foreclosure Period Extension Fees would commence on the 251st, day of the Foreclosure Period at the 30-day installment rate set forth in subparagraph (5) of this paragraph (n) (the 181st-270th installment rate) and continue thereafter during the Foreclosure Period and payable on the first day of each 30-day period thereafter occurring during the Foreclosure Period at the 30-day installment rates set forth in subparagraphs (6) (A), (B) and (C) of this paragraph (n); alternatively, if the Foreclosure Period commenced based on a Bonds Default only and the Subsequent Non-Bonds Default occurred on the 600th day after such commencement of the Foreclosure Period, the 90th day of the Foreclosure Period shall be treated as day 1 and the said 600th day would be treated as day 510 for purposes of the determination of the applicable Foreclosure Period Extension Fee and the obligation of the Leasehold Mortgagee to pay to the Port Authority the Foreclosure Period Extension Fees would commence on the 600th day of the Foreclosure Period at the 30-day installment rate which would be in effect on the 510th day as set forth in subparagraph (6) of this paragraph (n) (the 361st - 540th days rate) and continue thereafter during the Foreclosure Period and payable on the first day of each 30-day period thereafter occurring during the Foreclosure Period at the 30-day installment rates set forth in subparagraphs (6) (B) and (C) of this paragraph (n).]

(ii) The Leasehold Mortgagee shall pay to the Port Authority the Foreclosure Period Extension Fees in the monthly installments determined in accordance with the foregoing immediately upon the commencement date established in accordance with the foregoing and on the first day of each 30-day period thereafter occurring during the Foreclosure Period.

(iii) The foregoing provisions of this subparagraph (7), however, shall not in any event extend, or be construed to extend, the Foreclosure Period beyond the maximum permissible aggregate total of 720 days (including all extensions) from the initial commencement date of the Foreclosure Period.

(o) (1) The failure of the Leasehold Mortgagee to pay the Foreclosure Period Commencement Payments when due shall result in the automatic cancellation of the Leasehold Mortgagee's Reletting Rights (and of any Foreclosure Period) and of the Leasehold Mortgage, such cancellation to be deemed effective as of the Reletting Election Notice Service Date and there shall be no further Reletting Rights or Leasehold Mortgage with respect to the Mortgaged Premises hereunder and any Notice of Termination previously stayed shall become fully effective as described below. The failure of the Leasehold Mortgagee to timely pay any of the Leasehold Mortgagee's Foreclosure Period Payments or to fully and duly perform any of the Leasehold Mortgagee's Foreclosure Period Obligations shall result in the termination of the Foreclosure Period and the Reletting Rights and the Leasehold Mortgage automatically without any further act on the part of the Port Authority and any Notice of Termination previously stayed shall become fully effective as described below. The failure of the Leasehold Mortgagee to pay any Foreclosure Period Extension Fee when due shall result in the automatic termination and non-extension of the Foreclosure Period and the automatic termination of the Leasehold Mortgage and the Reletting Rights without any further act on the part of the Port Authority and any Notice of Termination

previously stayed shall become fully effective as described below. Notwithstanding anything herein to the contrary but without limiting subparagraph (2) below or paragraph (s) of this Section, the sole right or remedy of the Port Authority for the failure of the Leasehold Mortgagee to pay the Leasehold Mortgagee's Foreclosure Period Payments shall be the cancellation or termination (including non-extension) of the Leasehold Mortgagee's Reletting Rights (and of any Foreclosure Period) and of the Leasehold Mortgage.

(2) Upon any such termination or cancellation of the Foreclosure Period or any non-extension of the Foreclosure Period, the Port Authority's termination under the Notice of Termination shall be deemed effective with respect to the Mortgaged Premises and the Lease with respect to the Mortgaged Premises shall be deemed terminated effective immediately on said expiration, termination or cancellation of the Foreclosure Period in accordance with the Section of the Lease entitled "Termination by the Port Authority" and the Port Authority, in addition to pursuing any or all of its rights and remedies under the Lease, or otherwise, shall be entitled to elect to use, alter or demolish any of the improvements on the Mortgaged Premises free of any claim, right or interest of the Lessee, the Trustee or the Bondholders.

(p) During the Foreclosure Period, as to any and all portions of the Mortgaged Premises which the Lessee has vacated or from which the Lessee has been evicted, the Port Authority, until such time as the Trustee obtains an Approved Successor Lessee, may use or grant to other Aircraft Operators the use of portion or portions of the Mortgaged Premises on a temporary basis, which use shall be deemed a subuse under this Agreement and shall not impair or limit any of obligations or liabilities of the Lessee or the Leasehold Mortgagee; any net amount received by the Port Authority (after deducting all expenses, costs and disbursements incurred or paid by the Port Authority in connection therewith) shall be credited to the obligations of the Lessee. No such subuse shall be or be construed to be an acceptance of a surrender or a waiver of any claims, rights or remedies of the Port Authority or to be a reletting by the Leasehold Mortgagee or to limit the Reletting Rights of the Leasehold Mortgagee under this Section.

(q) In the event that at the expiration of the Foreclosure Period the Trustee has failed to obtain an Approved Successor Lessee for the Mortgaged Premises in accordance with and subject to paragraphs (t) and (u) of this Section, the Reletting Rights and the Leasehold Mortgage shall terminate automatically and the Trustee shall have no further rights or obligations with respect to reletting, the Port Authority's termination under the Notice of Termination shall be deemed effective with respect to the Mortgaged Premises and the Lease with respect to the Mortgaged Premises shall be deemed terminated effective immediately on said expiration of the Foreclosure Period in accordance with the Section of the Lease entitled "Termination by the Port Authority" and the Port Authority, in addition to pursuing any or all of its rights and remedies under the Lease, or otherwise, shall be entitled to elect to use, alter or demolish any of the improvements on the Mortgaged Premises free of any claim, right or interest of the Lessee, the Trustee or the Bondholders.

(r) Lease Default-Lessee Bankruptcy

(l) (i) In the event of the occurrence of a Lessee Bankruptcy and the Foreclosure Period has not previously commenced,

(A)if the Lessee as debtor in possession or the bankruptcy trustee assumes and assigns the Lease to an assignee which assignee also assumes the Lease subject to the encumbrance created by the Leasehold Mortgage (by operation of law or otherwise) (whether or not such assignee also assumes the NJEDA Subleases and the Lessee's obligations to pay the principal, redemption premium and interest on any of the Bonds) and there are then Bonds outstanding then the Reletting Rights of the Leasehold Mortgagee and the Leasehold Mortgage shall continue to obtain and apply to the tenancy of said assignee of the assigned Lease of the Mortgaged Premises with Reletting Rights to a new Foreclosure Period as to such assignee in accordance with and subject to this Section;

(B) [INTENTIONALLY OMITTED]

(C) if the Lessee as debtor in possession or the bankruptcy trustee rejects the Lease, then the Reletting Election Period shall commence upon the Bankruptcy Rejection Date and the provisions of paragraph (n) hereof shall apply. For purposes hereof the term "Bankruptcy Rejection Date" shall mean the later of (x) the date set forth in the order of the bankruptcy court as the effective date thereof for the rejection (or deemed rejection) of the Lease by the Lessee and (y) the actual date of such order of the bankruptcy court, and said Bankruptcy Rejection Date shall trigger the Reletting Election Period, provided that the Leasehold Mortgagee shall submit to the Port Authority its Reletting Election Notice stating its election to exercise its Reletting Rights under this Agreement, as above described, within thirty (30) days of the Bankruptcy Rejection Date; and provided, further, however, that the foregoing shall not constitute any waiver, impairment or limitation of any claims, rights or remedies of the Port Authority with respect to such rejection of the Lease or the Lessee Bankruptcy. The foregoing shall not limit the rights granted hereunder to the Leasehold Mortgagee.

(ii) In the event of the occurrence of a Lessee Bankruptcy and the Foreclosure Period has previously commenced,

(A) if the Lessee as debtor in possession or the bankruptcy trustee assumes and assigns the Lease to an assignee which assignee also assumes the Lease subject to the encumbrance created by the Leasehold Mortgage (by operation of law or otherwise) (whether or not such assignee also assumes the NJEDA Subleases and the Lessee's obligations to pay the principal, redemption premium and interest on the Bonds) and there are then Bonds outstanding then the Reletting Rights of the Leasehold Mortgagee and the Leasehold Mortgage shall continue to obtain and apply to the tenancy of said assignee of the assigned Lease

of the Mortgaged Premises with Reletting Rights to a new Foreclosure Period as to such assignee in accordance with and subject to this Section;

(B) [INTENTIONALLY OMITTED]

(C) if the Lessee as debtor in possession or the bankruptcy trustee rejects the Lease, then the running of the previously commenced Foreclosure Period shall be deemed suspended as of the date of the Lessee Bankruptcy and shall resume as of the occurrence of a Bankruptcy Rejection Date; provided, however, that the foregoing shall not constitute any waiver, impairment or limitation of any claims, rights or remedies of the Port Authority with respect to such rejection of the Lease or with respect to a Lessee Bankruptcy. The foregoing shall not limit the rights granted hereunder to the Leasehold Mortgagee, provided that the Leasehold Mortgagee fulfills all Leasehold Mortgagee's Foreclosure Period Obligations and pays all Leasehold Mortgagee's Foreclosure Period Payments.

(2) Upon the Bankruptcy Rejection Date the Leasehold Mortgagee shall, for purposes of this Section, be the "deemed Lessee" under this Agreement and shall simultaneously with the service of its Reletting Election Notice pay the Leasehold Mortgagee's Foreclosure Period Commencement Payments, if not already paid, and shall thereafter satisfy all of the Leasehold Mortgagee's Foreclosure Period Obligations.

(s) (1) In the event of the failure of the Leasehold Mortgagee to exercise its Reletting Rights by the timely service of its Reletting Election Notice and the payment to the Port Authority of the Leasehold Mortgagee's Foreclosure Period Commencement Payments in accordance with this Section 96, the Lease and the letting of the Mortgaged Premises shall be deemed terminated effective immediately on the Notice of Termination Effective Date, or on the effective date of any other notice of termination served by the Port Authority in accordance with the Section of the Lease entitled "Termination by the Port Authority", and the Port Authority, in addition to pursuing any or all of its rights and remedies under the Lease, or otherwise, shall be entitled to elect to use, alter or demolish any of the improvements on the Mortgaged Premises free of any claim, right or interest of the Lessee, the Trustee or the Bondholders.

(2) In the event the Mortgaged Premises do not constitute all of the premises under this Agreement, the above provisions with respect to the rights of the Leasehold Mortgagee to extend the Notice of Termination or to exercise Reletting Rights based on a Bonds Default Date or a Bankruptcy Rejection Date shall apply only to the Mortgaged Premises and shall not apply to the other areas or portions of the premises, and this Agreement as to all such other areas or portions of the premises shall terminate on the Notice of Termination Effective Date, or on the effective date of any other notice of termination served by the Port Authority in accordance with the Section of the Lease entitled "Termination by the Port Authority", and the Port Authority may pursue any or all of its rights and remedies under the Lease or otherwise with respect thereto. The provisions hereof for the reletting of the Mortgaged Premises based on a Bonds Default Date or a Bankruptcy Rejection Date shall not and shall not be construed as a waiver or limitation of the

rights of the Port Authority to terminate other portions of the premises or any Port Authority remedies with respect thereto. If in the event of a reletting to an Approved Successor Lessee of the Mortgaged Premises pursuant to the provisions of this Section and the Lease as to the other portions of the premises (excluding the Mortgaged Premises) has not expired or been terminated and remains in effect on the effective date of such reletting of the Mortgaged Premises, then the Port Authority shall include with the Lease Assignment/Assumption and Consent Agreement a restated lease document separately covering the Mortgaged Premises.

(t) (1) Except as provided in paragraph (u) of this Section with respect to the Port Authority, no entity, party or person other than an Approved Successor Lessee shall be entitled to become the owner of or acquire any interest in this Agreement pursuant to a judgment of foreclosure and sale or as a result of an assignment in lieu of foreclosure or as a result of the exercise by the Leasehold Mortgagee of its Reletting Rights or otherwise; and any entity, person or party proposed to become an Approved Successor Lessee ("Proposed Successor Lessee") shall become an Approved Successor Lessee only if the Leasehold Mortgagee duly exercises its Reletting Rights by submitting to the Port Authority its Reletting Election Notice stating its election to exercise its Reletting Rights under this Agreement and including therewith the payment to the Port Authority of the Leasehold Mortgagee's Foreclosure Period Commencement Payments and fulfills all Leasehold Mortgagee's Foreclosure Period Obligations and pays all Leasehold Mortgagee's Foreclosure Period Payments, and said Proposed Successor Lessee receives the approval of the Port Authority in advance. In determining whether to approve or disapprove a Proposed Successor Lessee, the Port Authority shall consider all relevant factors, including but not limited to, the following factors, but it is agreed that the Port Authority shall analyze all such factors in a reasonable manner:

(i) whether the Proposed Successor Lessee will be able to fulfill all of the Lessee's obligations under this Agreement with respect to the Mortgaged Premises throughout the balance of the term of the letting hereunder or such lesser term as it proposes to lease;

(ii) whether the financial standing of the Proposed Successor Lessee as of the effective date of its acquisition of the leasehold hereunder is sufficient, in the opinion of the Port Authority, to assure to the Port Authority that the Proposed Successor Lessee is able to fulfill all of the Lessee's obligations with respect to the Mortgaged Premises under this Agreement throughout the balance of the term of the letting of the Mortgaged Premises hereunder or such lesser term as it proposes to lease which shall constitute the term of the proposed reletting; including without limitation the submission to the Port Authority of such security or guaranty in such form and amount as the Port Authority may find satisfactory and shall also submit such financial statements and other financial information as the Port Authority may require;

(iii) whether the Proposed Successor Lessee and any officer, director or partner thereof and any person, firm or corporation having an outright or beneficial interest in twenty percent (20%) or more of the monies invested in the Proposed Successor Lessee,

if said Proposed Successor Lessee is a corporation or partnership, by loans thereto, stock ownership therein or any other form of financial interest has as of the date of the proposed assignment/assumption a good reputation for integrity and financial responsibility and has not been convicted of or under current indictment for any crime and is not currently involved in material civil anti-trust or fraud litigation (other than as a plaintiff); and

(iv) whether the Port Authority has had any "unfavorable experience" with the Proposed Successor Lessee, or any of its officers, directors, or partners, or any person, firm or corporation (such officers, directors, partners, person, firm and corporation, being herein in this item (iv) individually and collectively referred to as a "Person") having an outright or beneficial interest in twenty percent (20%) or more of the monies invested in the Proposed Successor Lessee, if said Proposed Successor Lessee is a corporation or partnership, by loans thereto, stock ownership therein or any other form of financial interest; "unfavorable experience" as used herein shall mean any one or more of the following. (A) a material default by said Proposed Successor Lessee or any such Person of any obligation, (monetary or non-monetary) to the Port Authority; (B) any assertion made by said Proposed Successor Lessee or any such Person against the Port Authority in any frivolous, false, malicious, or unsupportable claim, demand or allegation or suit or proceeding; (C) any act or omission of said Proposed Successor Lessee or any such Person causing or resulting in any loss, damage or injury to the Port Authority or the imposition or threatened imposition of any fine or penalty on the Port Authority or the commencement or threatened commencement of any action, suit or proceeding against the Port Authority; (D) any failure or refusal of said Proposed Successor Lessee or any such Person to comply with any law, governmental order, directive, ordinance or requirement, including without limitation, Environmental Requirements, at any Port Authority facility; (E) any failure to comply with, or breach of, the Port Authority's Code of Ethics and Financial Disclosure by said Proposed Successor Lessee or any such Person; or (F) any breach by said Proposed Successor Lessee or any such Person of any fiduciary obligation, trust, confidence or other duty to the Port Authority or of any confidentiality agreement with the Port Authority;

(v) whether the Proposed Successor Lessee or any officer, director or partner thereof or any person, firm or corporation having an outright or beneficial interest in twenty percent (20%) or more of the monies invested in the proposed assignee, if said Proposed Successor Lessee is a corporation or partnership, by loans thereto, stock ownership therein or any other form of financial interest is in conflict of interest, as defined under the laws of the States of New York and New Jersey or Port Authority policy, with any Commissioner of the Port Authority as of the date of the proposed acquisition; and

(vi) whether the Proposed Successor Lessee or any officer, director or partner thereof or any person, firm or corporation having an outright or beneficial interest in twenty percent (20%) or more of the monies invested in the proposed assignee, if said Proposed Successor Lessee is a corporation or partnership, by loans thereto, stock

ownership therein or any other form of financial interest has filed a voluntary petition in bankruptcy or has been adjudicated a bankrupt within five (5) years prior to the date of the proposed acquisition.

Without limiting any other term or provision hereof, the Proposed Successor Lessee must also agree in the Lease Assignment/Assumption and Consent Agreement, to pay all of the rentals, fees and charges in accordance with the Lease, including without limitation the amounts described in paragraphs (n) (3) (ii) and (u) of this Section. The Proposed Successor Lessee shall use and occupy the Mortgaged Premises for the purposes set forth in Section 8 hereof and shall be a major domestic or international Scheduled Aircraft Operator or consortium thereof and shall agree (or, if a consortium, shall agree jointly and severally) in the Lease Assignment/Assumption and Consent Agreement to use and occupy the Mortgaged Premises in accordance with all the terms and conditions of this Agreement.

(2) Notwithstanding the foregoing, no acquisition, assignment, sale or transfer pursuant to this paragraph (t) shall be effective, and no Proposed Successor Lessee shall become an Approved Successor Lessee, or have any right to possess, use or occupy the Mortgaged Premises unless and until an assignment and assumption agreement, in the event of an assignment in lieu of foreclosure, or an assumption agreement, in the event of a foreclosure, and in either event in form satisfactory to the Port Authority whereby the Proposed Successor Lessee, effective on a date prior to or simultaneously with the expiration of the Foreclosure Period, assumes the obligations of the Lessee as if it were the original tenant hereunder, has been executed by the Port Authority, the Lessee, the Proposed Successor Lessee and the Leasehold Mortgagee (said fully executed agreement in either case, the "Lease Assignment/Assumption and Consent Agreement"); provided that the foregoing may be effected without the Lessee's execution thereof where there has been a preceding judgment of foreclosure and sale of the Leasehold Mortgage or a preceding judgment of eviction against the Lessee; subject to the payment of the Deferred Reletting Fee as set forth in paragraph (u) of this Section. The said effective date of the Lease Assignment/Assumption and Consent Agreement is herein referred to as the "Lease Assignment/Assumption Commencement Date", provided that where the Leasehold Mortgagee has commenced proceedings to foreclose the Leasehold Mortgage, and for purposes of the continuation of the Foreclosure Period Extension Fees (as provided in paragraph (n) of this Section), such date shall be deemed to have occurred only upon the successful completion by the Leasehold Mortgagee prior to the expiration of the Foreclosure Period (subject to the aggregate total maximum of 720 days) of the foreclosure and eviction proceedings described in paragraph (n) (4) of this Section; provided, further, however, that in the event the Leasehold Mortgagee does not in fact successfully complete the foreclosure of the Leasehold Mortgage and eviction proceedings as described in paragraph (n) (4) of this Section prior to the expiration of the Foreclosure Period (subject to the aggregate total maximum of 720 days) the Lease Assignment/Assumption and Consent Agreement shall be null and void and of no force or effect.

(3) It is understood and agreed that after the Leasehold Mortgagee has obtained a Proposed Successor Lessee and has promptly submitted to the Port Authority all required and necessary information and materials, in accordance with subparagraph (1) of this paragraph (t), to

enable the Port Authority to determine whether it will approve such Proposed Successor Lessee as an Approved Successor Lessee, the running of the Foreclosure Period shall be deemed tolled pending said determination by the Port Authority, such determination to be considered promptly and reasonably by the Port Authority; provided, however, that no such tolling shall be effective unless the Leasehold Mortgagee promptly continues to submit such additional information and material as may be reasonably required by the Port Authority for its making of such determination. Such tolling shall also toll the Leasehold Mortgagee's obligation to pay the Foreclosure Period Extension Fees, but not any other of Leasehold Mortgagee's Foreclosure Period Obligations.

(u) Deferred Reletting Fee:

(1) Anything to the contrary herein notwithstanding, (i) no Port Authority consent shall be granted to any Approved Successor Lessee and no Proposed Successor Lessee or any other entity, person or party shall become an Approved Successor Lessee unless and until either (A) the Leasehold Mortgagee or the Proposed Successor Lessee shall pay to the Port Authority prior to the effective date of any right of the Approved Successor Lessee to possess or commence any use or occupancy of the Mortgaged Premises and prior to any such actual possession or commencement by any such Approved Successor Lessee in a single lump sum payment the full amount of the Deferred Reletting Fee, as defined below, or (B) at the election of the Approved Successor Lessee, in lieu of said single lump sum payment, the Approved Successor Lessee shall agree to pay the Deferred Reletting Fee over time in Deferred Reletting Fee Rental, as defined below, commencing as of the Lease Assignment/Assumption Commencement Date which election shall be stated in the Lease Assignment/Assumption and Consent Agreement subject to subparagraph (4) of this paragraph (u); and (ii) in the case of the foregoing (i) (B), any such Port Authority consent to any Approved Successor Lessee is and shall be expressly conditioned on the agreement of the Proposed Successor Lessee to make continuing payments to the Port Authority of the Deferred Reletting Fee Rental under subparagraph (4) of this paragraph (u); provided however that the Approved Successor Lessee shall also submit to the Port Authority such additional security as the Port Authority may reasonably require and in such amount and form as the Port Authority may determine to be appropriate to secure the obligation of the Approved Successor Lessee to pay said Deferred Reletting Fee Rental.

(2) "Deferred Reletting Fee" shall mean the fee payable to the Port Authority in a single lump sum payment by the Leasehold Mortgagee or the Approved Successor Lessee, as aforesaid, and which shall be determined by applying the following formula:

$$DRF = MA \times Y \times C$$

Where DRF equals the Deferred Reletting Fee.

MA equals the Mortgage Amount hereunder (as defined in subparagraph (29) of paragraph (a) of this Section.

Y equals a fraction the numerator of which shall be the greater of (i) the actual number of full years then remaining in the term of the letting of the Mortgaged Premises hereunder at the Reletting Election Notice Service Date and (ii) the number five (5), and the denominator of which shall be twenty-nine (29) representing the total number of years of the term of the letting of the Mortgaged Premises as of the effective date of Supplement No. 17 of the Lease.

C equals (i) 2% in the event the Foreclosure Period commenced on the basis of a Bonds Default, and a Subsequent Non-Bonds Default did not occur thereafter during the Foreclosure Period; (ii) 3% in the event the Foreclosure Period commenced on the basis of the occurrence of a Lease Termination or Bankruptcy Rejection Date, and a Bonds Default did not subsequently occur; or (iii) 4% in the event the Foreclosure Period commenced on the basis of a Bonds Default and thereafter a Subsequent Non-Bonds Default occurred, or the Foreclosure Period commenced on the basis of a Lease Termination or Bankruptcy Rejection Date, and thereafter a Bonds Default occurred.

(3) Subject to (4) below, the Deferred Reletting Fee shall be due and payable in full to the Port Authority by the Leasehold Mortgagee or the Approved Successor Lessee in a single lump sum payment on the Lease Assignment/Assumption Commencement Date (and in any event prior to any use, occupancy or possession of the premises by the Approved Successor Lessee).

(4) In the event the Approved Successor Lessee elects to pay to the Port Authority the Deferred Reletting Fee in accordance with clause (i) (B) of subparagraph (1) of this paragraph (u) then the following provisions shall be and become immediately effective as part of the rental obligations of the Approved Successor Lessee as the lessee under the Lease and as part of the rental obligations assumed by the Approved Successor Lessee under the Lease Assignment/Assumption and Consent Agreement:

"(A) 1. 'Deferred Reletting Fee' shall have the meaning as defined in paragraph (u)(2) of Section 96 of the Lease.

2. 'Deferred Reletting Fee Rental Commencement Date' shall mean, with respect to the Deferred Reletting Fee Rental established on the basis of the Deferred Reletting Fee, the Lease Assignment/Assumption Commencement Date; provided, however, that if the Deferred Reletting Fee Rental Commencement Date shall occur on other than the first day of a calendar month, the Deferred Reletting Fee Rental Commencement Date shall mean the first day of the calendar month immediately following the month in which the aforesaid Lease Assignment/Assumption Commencement Date occurs.

3. 'Deferred Reletting Fee Rental Period' shall mean the period commencing on the Deferred Reletting Fee Rental Commencement Date and ending on the earlier of (i) the day preceding the tenth (10th) year anniversary of the Deferred Reletting Fee Rental Commencement Date and (ii) the expiration date of the then remaining term of the letting of the Mortgaged Premises after the Deferred Reletting Fee Rental Commencement Date.

4. 'Monthly Factor' shall mean the factor derived in accordance herewith by the application of the following formula:

$$\frac{1}{\frac{1}{i} - \frac{1}{i\,(1+i)^t}} = \text{Monthly Factor}$$

Where i is an annual percentage rate expressed in decimal form equal to the sum of (x) the Fixed RBI Rate (as herein defined in item 5 below) plus (y) 1.5% (150 basis points), divided by twelve (12); and where t (a power) equals the number of calendar months (expressed in whole numbers) from the Deferred Reletting Fee Rental Commencement Date to the earlier of (i) the day preceding the tenth (10th) year anniversary of the Deferred Reletting Fee Rental Commencement Date and (ii) the expiration date of the then remaining term of the letting of the Mortgaged Premises after the Deferred Reletting Fee Rental Commencement Date.

5. 'Fixed RBI Rate' as applicable to and determined for the Deferred Reletting Fee Rental hereunder shall mean the percentage reported as the weekly index of the Bond Buyer Revenue Bond Index as reported in the publication 'The Bond Buyer' during the calendar week immediately preceding the Deferred Reletting Fee Rental Commencement Date. In the event that the Bond Buyer or its weekly Bond Buyer Revenue Bond Index shall be discontinued during the term of this Agreement, a comparable substitute for such Index shall be mutually agreed upon in writing by the Lessee and the Port Authority within thirty (30) days after such discontinuance. In the event that the Lessee and the Port Authority shall fail to agree upon such a substitute within the time hereinabove specified then upon notice of either party such dispute shall be disposed of by arbitration in accordance with then existing rules of the American Arbitration Association or any successor association. One half of the cost of said arbitration shall be borne by the Port Authority and the other half of said cost shall be borne by the Lessee.

(B) Computation and Payment

Commencing on the Deferred Reletting Fee Rental Commencement Date the Lessee shall pay to the Port Authority a rental (herein called the 'Deferred Reletting Fee Rental') which Deferred Reletting Fee Rental shall be an amount payable on the first day of each and every calendar month during the Deferred Reletting Fee Rental Period which shall be equal to the product obtained by multiplying the Monthly Factor by the Deferred Reletting Fee (as defined in paragraph (u)(2) of Section 96 of the Lease) as determined on the day immediately preceding the Deferred Reletting Fee Rental Commencement Date.

(C) The Deferred Reletting Fee Rental shall be payable in the same manner and collectible with like remedies as if the same were part of the Area C-3 rentals except that such payment shall not be subject to abatement or suspension for any reason whatsoever.

(D) Notwithstanding any obligation of the Lessee to pay the Deferred Reletting Fee Rental as part of the rental obligations of the Lessee hereunder, the Lessee hereby, as a separate and independent covenant, agrees and promises to pay to the Port Authority the 'Deferred Reletting Fee Payment Amount' which for purposes hereof shall mean the total amount of installments and payments to be paid by the Lessee as Deferred Reletting Fee Rental to the extent not actually paid by the Lessee as Deferred Reletting Fee Rental as set forth above. The Deferred Reletting Fee Payment Amount shall be due and payable by the Lessee to the Port Authority immediately upon any termination, expiration, non-extension or cancellation of the Lease. Said obligation and agreement of the Lessee to pay the Deferred Reletting Fee Payment Amount to the Port Authority shall survive any termination, expiration, non-extension or cancellation of the Lease."

(v) The Leasehold Mortgagee shall not be entitled to foreclose its Leasehold Mortgage or to have the Lessee's interest assigned in lieu of such foreclosure unless at least thirty (30) days prior to commencing such foreclosure or requesting such assignment in lieu of foreclosure, the Leasehold Mortgagee shall have given the Port Authority written notice of its intention to foreclose or to have this Agreement assigned with respect to the Mortgaged Premises which notice shall state the then principal balance of the Mortgage Amount, the amount of accrued and unpaid interest thereon, and the per diem interest which will accrue on the Mortgage Amount from and after the giving of such notice. The Port Authority shall have the right following the giving of such notice by the Leasehold Mortgagee, to purchase the Leasehold Mortgage for an amount equal to the total amount specified in such notice from the Leasehold Mortgagee, including per diem interest to the date of purchase. If the Port Authority shall fail to notify the Leasehold Mortgagee within the thirty (30) day period specified in the notice of its intention to purchase the Leasehold Mortgage the Leasehold Mortgagee shall be entitled with respect to the Mortgaged Premises to proceed to foreclose the Leasehold Mortgage or to accept an assignment in lieu of foreclosure in accordance with the provisions of this Agreement.

(w) No sale, transfer or assignment by the Lessee of its interest in this Agreement to the Port Authority shall create a merger between the estates of the Port Authority and the Lessee

unless the Port Authority, the Lessee and the Leasehold Mortgagee shall specifically consent to such merger in writing, nor shall any such sale, transfer or assignment be deemed to affect or diminish the liabilities of the Lessee named in this Agreement, whether for survived damages or otherwise.

(x) Each and every provision stated herein to be or become a right or an obligation of the Trustee or of the Trustee in its capacity as Leasehold Mortgagee shall be included in the Indenture (by reference to this Agreement or otherwise) as among the rights and obligations of the Trustee under the Indenture and in the Port Authority Consent to NJEDA Subleases (by reference to this Agreement or otherwise) as among the rights and obligations of the Trustee, and in the Leasehold Mortgage as among the rights and obligations of the Trustee as Leasehold Mortgagee under the Leasehold Mortgage, and each and every provision stated herein to be or become an obligation of the Approved Successor Lessee shall be deemed included in the obligations assumed by the Approved Successor Lessee by its acquisition of the Mortgaged Premises, the Lease with respect thereto and by its execution of the Lease Assignment/Assumption and Consent Agreement.

(y) (1) If the Leasehold Mortgagee shall obtain an Approved Successor Lessee such Approved Successor Lessee shall acquire the Lease with respect to the Mortgaged Premises with no further right to mortgage or pledge the leasehold, and shall have no right to assign the Lease with respect to the Mortgaged Premises other than the limited right of assignment provided under Section 77 hereof.

(2) Nothing herein shall or shall be deemed to release or relieve the Lessee from any terms, provisions, covenants or conditions to be kept, performed or observed by the Lessee under this Agreement or under the Port Authority Consent to NJEDA Subleases.

(3) Nothing herein shall constitute or be deemed to constitute any waiver by the Port Authority of any of its rights or remedies to evict the Lessee in the event the Port Authority terminates the Lease pursuant to the Section of this Agreement entitled "Termination by the Port Authority" and the Leasehold Mortgagee fails to properly exercise its Reletting Rights or to obtain an Approved Successor Lessee in accordance with the provisions hereof.

(4) Except for the rights granted herein to the Leasehold Mortgagee, nothing herein shall constitute any waiver, impairment or limitation of any of claims, rights or remedies of the Port Authority based upon any event of default or based on any rejection of the Lease resulting from a Lessee Bankruptcy or based on any Lessee Bankruptcy.

(5) This Section and the right of the Lessee to grant the Leasehold Mortgage and the right of the Trustee to enter the Leasehold Mortgage are and shall be rights granted and effective only as to Continental Airlines, Inc., the named Lessee hereunder, and are exercisable one time only as above provided, and shall not extend, obtain or apply to any Approved Successor Lessee or other entity or person who may become a tenant or lessee of the premises or any portion thereof.

(6) Neither this Section nor anything contained herein nor any action taken or not taken hereunder shall impair, restrict or limit the rights of the Port Authority under Section 69 hereof.

(z) Notices, statements and requests by or to the Trustee (Leasehold Mortgagee) under the provisions of this Section 96 shall be governed by Section 37 of the Lease entitled "Notices" and shall be given to the Trustee at its address specified in Paragraph 14 of the Port Authority Consent to NJEDA Subleases.

Section 97. No Third Party Beneficiary.

There shall be no third-party beneficiaries of this Agreement. This Agreement shall be effective only as between the parties hereto (and their successors and assigns, if, as and to the extent permitted under this Agreement), and shall not be construed as creating or conferring upon any person or entity any right, remedy or claim under or by reason of this Agreement. Notwithstanding the foregoing, nothing in this Section 97 shall deprive the Leasehold Mortgagee of any of its Reletting Rights (as defined in Section 96 of the Lease) under Section 96 of the Lease."

50. (a) Subparagraph (b) of paragraph 4 of Supplement No. 8 of the Lease shall be deemed deleted, and Sections 16 and 17 of the Lease as amended by and as set forth in subparagraph (a) of said paragraph 4 of Supplement No. 8 of the Lease, and as said Section 17 is also further herein amended, shall continue in full force and effect for the term of the letting under the Lease including the extension thereof provided for in this Seventeenth Supplemental Agreement.

(b) Paragraph 5 of Supplement No. 8 of the Lease, as amended by paragraph 3 of Supplement No. 11 and by paragraph 5 of Supplement No. 13 and as referenced in paragraph 18 of Supplement No. 15, and the right of termination thereunder as to all or portions of Area C-3, shall be deemed deleted from the Lease and of no further force and effect.

(c) The final sentence of Paragraph III of Schedule B of the Lease, as previously amended in subparagraph (a) (11) of paragraph 6 of Supplement No. 8 of the Lease, is hereby further amended by inserting before the final period at the end thereof the following:

> "and, upon the Port Authority notice to the Lessee of the completion by the Port Authority of an appropriate expansion to the Central Plant, the additional aircraft gate positions and Area C-3 Concourse of the Expansion Construction Work as defined and described in and performed by the Lessee under Section 93 of the Lease as set forth in the Supplement No. 17 to the Lease".

(d) Subparagraph (b) of paragraph 6 of Supplement No. 8 of the Lease shall be deemed deleted therefrom.

(e) (1) Paragraph 11 of Supplement No. 8 of the Lease shall be deemed deleted therefrom.

(2) Paragraph 6 of Supplement No. 10 of the Lease shall be deemed deleted therefrom.

(f) It is recognized that Paragraph 3 of Supplement No. 12 and the right of the Port Authority to require the removal of the "Area C-3 Work" as defined in said Supplement No. 12 does not extend or apply to the "Expansion Construction Work" as defined in Section 93 of the Lease set forth in Paragraph 6 of this Seventeenth Supplemental Agreement.

51. In addition to and without limiting any term or provision of Section 66 or any other section of the Lease, the Lessee shall and hereby agrees to submit, no later than the earlier of (i) December 31, 2000 or (ii) the day which constitutes the three hundred sixty-fifth (365th) day prior to either the expected completion date of the Expansion Construction Work under Section 93 or date of the permitted occupancy of any portion of said Expansion Construction Work, to the Port Authority for its review and approval in accordance with Sections 66 and 73 of the Lease, a revised updated comprehensive consumer services plan and covering the consumer services to be provided in Area C-3 and other portions of the premises after the completion of the Expansion Construction Work, as defined in and pursuant to Section 93 of the Lease set forth in this Seventeenth Supplemental Agreement.

52. The Lessee hereby expressly acknowledges and agrees that the letting of Area C-3 under the Lease, and the extension of such letting under this Supplemental Agreement, is expressly subject to the condition that the Lessee shall allow to remain, in a location in the premises approved in advance by the Port Authority, the room now designated as the "Meditation Room-Freedom Shrine". Accordingly, the Lessee hereby expressly agrees either to allow the said room to remain in its present location in Area C-3 during the term of the letting hereunder of Area C-3 or to move the same, at the sole cost and expense of the Lessee, subject to Section 23 hereof, to such other suitable location on the premises approved in advance by the Port Authority; it being expressly understood and agreed that the foregoing shall not result in or constitute any basis or claim by the Lessee for an abatement or reduction of rental, or constitute any basis or claim for any payment of any type from the Port Authority or to alter or impair any of the responsibilities, duties or obligations of the Lessee under the Lease or otherwise.

53. (a) The items of the Expansion Construction Work listed in Schedule 1 attached to this Supplement No. 17 ("Schedule 1") are personal property the title to which shall pass to the Port Authority as the same, or any part thereof, are affixed to or installed in the premises hereunder as part of the Expansion Construction Work ("Schedule 1 Terminal Fixtures") and the same shall become part of the premises under the Lease as herein amended. It is understood and agreed that none of said Schedule 1 Terminal Fixtures shall include "rolling stock" or

"vehicles". The Lessee shall promptly provide the Port Authority with a detailed and complete written inventory of each of the said Schedule 1 Terminal Fixtures not later than the applicable date each item is affixed to or installed in the premises.

(b) Section 34 of the Lease, as previously amended, is hereby further amended as follows:

(1) The first (1st) line of paragraph (a) thereof shall be deemed amended to read as follows:

"All personal property (including trade fixtures but specifically excluding the Schedule 1 Terminal Fixtures) removable".

(2) The eleventh (11th) line of paragraph (a) thereof shall be deemed amended by inserting the following after the word "Lessee" and before the parenthesis appearing therein:

"and the Schedule 1 Terminal Fixtures shall not be the property of the Lessee".

(3) The following new sentence shall be deemed inserted at the end of paragraph (a) thereof:

"Anything in this Section 34 of the Lease to the contrary notwithstanding, it is further expressly understood and agreed that the Lessee shall have no right to, and shall not, remove the Schedule 1 Terminal Fixtures, or any of them, from the premises, title to which Schedule 1 Terminal Fixtures shall pass to the Port Authority as the same or any part thereof are affixed to or installed in the premises hereunder in accordance with paragraph 53 of Supplement No. 17 of the Lease."

(c) The first sentence of Section 74 of the Lease, as previously amended, is hereby further amended to add the following words and symbol before the period at the end thereof:

";provided, however, that the provisions of this Section 74 for the Port Authority's purchase of personal property shall not apply to the Schedule 1 Terminal Fixtures (as defined in paragraph 53 of Supplement No. 17 of the Lease), title to which shall pass to the Port Authority as the same or any part thereof are affixed to or installed in the premises hereunder in accordance with paragraph 53 of Supplement No. 17 of the Lease".

54. Each party represents and warrants to the other that no broker has been concerned in the negotiation of this Seventeenth Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. Each party shall indemnify and save harmless the other party of and from any and all claims for commissions or brokerage made by any and all persons, firms or corporations whatsoever for services provided to or on

behalf of the indemnifying party in connection with the negotiation and execution of this Seventeenth Supplemental Agreement.

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

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

57. This Seventeenth 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 and the Port Authority agree that no representations or warranties shall be binding upon the other unless expressed in writing in the Lease or in this Seventeenth 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

(Title) DIRECTOR, AVIATION

Seal

ATTEST:

Secretary

CONTINENTAL AIRLINES, INC.

By

(Title) Holden Shannon President
Vice President
Corporate Real Estate
& Environmental Affairs

(Corporate Seal)

APPROVED:
FORM | TERMS
4/21/99

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SCHEDULE 1
(to Supplement No. 17 of Lease ANA-170)

Without limiting paragraph (i) of Section 93 of the Lease, the items listed below are personal property, which constitute a portion of the Expansion Construction Work under Section 93 of the Lease, the title to which shall pass to the Port Authority as the same or any part thereof are affixed to or installed in the premises under the Lease and become part of the premises under the Lease as provided in and subject to the provisions of paragraph 53 of Supplement No. 17 of the Lease.

1. Passenger loading bridges and foundations
2. Baggage handling systems
3. Fixed aircraft ground power/heating units
4. Passenger ticketing counters, stands and podiums which are affixed to the flooring of the Terminal
5. Flight/baggage information display systems
6. Terminal holdroom seating which are affixed to the flooring of the Terminal
7. Customs and immigration counters which are affixed to the flooring of the Terminal
8. Fixed PC air units (AC for jet bridges and gated aircraft)
9. Exterior light stanchions
10. Signage
11. Building security system (including closed circuit television) to the extent affixed to the Terminal

For the Port Authority

Initialled:

For the Lessee

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SCHEDULE E

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 hereinafter in this Schedule E and in Section 93 of Port Authority Agreement No. ANA-170 (herein called the "Lease") with CONTINENTAL AIRLINES, INC. (herein and in the Lease called the "Lessee"). The provisions set forth in this Part I are similar to the conditions for bidding on federal government contract 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	
	Minority, except laborers	30%
	Minority, laborers	40%

(2) Female participation

Female, except laborers	6.9%
Female, laborers	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 Office of Business and Job Opportunity 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 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 number 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 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 decision 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 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 Contractors' 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 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 actions 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 is 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 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 E. 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 seventeen percent (17%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of Minority Business Enterprises and Women-owned Business Enterprises, of which at least twelve percent (12%) are for the participation of Minority 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.

Certification of MBEs and WBEs hereunder shall be made by the Office of Business and Job Opportunity of the Port Authority. If the Contractor wishes to utilize a firm not already certified by the Port Authority, it shall submit to the Port Authority a written request for a determination that the proposed firm is eligible for certification. This shall be done by completing and forwarding such form as may be then required by the Port Authority. All such requests shall be in writing addressed to the Office of Business and Job Opportunity, the Port Authority of New York and New Jersey, One World Trade Center, 63 East, New York, New York 10048 or such other address as the Port Authority may specify by notice to the Lessee. Certification shall be effective only if made in writing by the Director in charge of the Office of Business and Job Opportunity of the Port Authority. The determination of the Port Authority shall be final and binding.

The Port Authority has compiled a list of the firms that the Port Authority has determined satisfy the criteria for MBE and WBE certification. This list may be supplemented and revised from time to time by the Port Authority. Such list shall be made available to the Contractor upon request. The Port Authority makes no representation as to the financial responsibility of such, firms, their technical competence to perform, or any other performance-related qualifications.

Only MBE's and WBE's certified by the Port Authority will count toward the MBE and WBE goals.

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Please note that only sixty percent (60%) of expenditures to MBE or WBE suppliers will count towards meeting the MBE and WBE goals. However, expenditures to MBE or WBE manufacturer's (i.e. suppliers that produce goods from raw materials or substantially alter them before resale) are counted dollar for dollar.

For the Port Authority

Initialled:

For the Lessee

Ack. N.J.; Corp. & Corp.

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 21st day of Sept, 1999, before me, the subscriber, a notary public of New York, personally appeared Robert Kelly the Dir, 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.

Karen E. Eastman
(notarial seal and stamp)

KAREN E. EASTMAN
Notary Public, State of New York
No. 01EA4766314
Qualified in New York County
Commission Expires Feb. 28, 2001

STATE OF Texas)
) ss.
COUNTY OF Harris)

On the 20th day of September 1999, before me, the subscriber, a notary public of Texas, personally appeared Holden Shannon the Vice President of CONTINENTAL AIRLINES, INC., 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.

Kathleen L. Hering
(notarial seal and stamp)

ana--170 supp18
revision D

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

AVIATION DEPT.
FILE COPY

Newark International Airport
Supplement No. 18
Port Authority Lease No. **ANA-170**

EIGHTEENTH SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made as of May 18, 2001 (the "Effective Date") (sometimes referred to as "Eighteenth Supplemental Agreement" or as "Supplement No. 18" of the Lease) by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter referred to as "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, (hereinafter referred to as "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. as of January 11, 1985 entered into an agreement of lease covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called the "Airport") as therein set forth (said agreement of lease as heretofore supplemented and amended is hereinafter called the "Lease");and

WHEREAS, the Lease was thereafter assigned by said People Express Airlines, Inc. to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and said People Express Airlines, Inc. and dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was heretofore submitted for approval of the United States Bankruptcy Court for the District of Delaware ("the Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession pursuant to the applicable provisions of the United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993; and

ana--170 supp18
revision D

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

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of the Effective Date, as follows:

1. (a) With respect to the passenger loading bridges which are referred to in the Lease as the "42 passenger loading bridges" for which Port Authority construction advances were made pursuant to Sections 2 and 6 of the Lease (hereinafter sometimes referred to as the "Section 2 loading bridges"), it is hereby recognized that the Lessee has advised the Port Authority that, based on a change in the operating plan for the premises including greater utilization of wide-bodied aircraft, certain additional modifications and removal work are required; the same to be performed by the Lessee under Tenant Alteration Applications which have been or shall be submitted by the Lessee for approval by the Port Authority (said Tenant Alteration Applications if, as and when approved by the Port Authority being herein called the "Alteration Applications); with said work consisting of (i) the removal from the premises of twelve 12 of the Section 2 passenger loading bridges including the transfer of the title thereof to the Lessee and the disposition of the same by the Lessee. Said twelve (12) loading bridges being identified by gate number at the C-1 and C-2 portions of the premises (as defined in Supplement No. 17 of the Lease) and by serial number ("2001 Removed Loading Bridges") as follows:

2001 Removed Loading Bridges List

	Loading Bridge Location--Gate	Loading Bridge Serial Number
(1)	70	WS500R-43
(2)	72	WS500R-42
(3)	81	WS500R-44
(4)	83	WS500R-48
(5)	85	WS500R-60
(6)	94	WS500R-39
(7)	105	WS500R-35
(8)	107	WS500R-36
(9)	74	WS903-19
(10)	80	WS903-16
(11)	82	WS903-49
(12)	110	WS903-18

; and (ii) the refurbishment by the Lessee at its sole cost and expense of the following two (2) loading bridges, which shall remain the property of the Port Authority;

Refurbished bridges at C-1 C-2 portion of the premises:

Refurbished Loading Bridge Location--Gate		Loading Bridge Serial Number
(A)	114	WS500R-52
(B)	115	WS500R-53

; and (iii) the installation in the C-1 and C-2 portions of the premises, at the Gate Positions listed in the foregoing clause (i), of twelve (12) new passenger loading bridges (as hereinafter described) ("C-1C-2 New Loading Bridges") to replace the 2001Removed Loading Bridges: as follows:

2001 C-1C-2 New Loading Bridges		
Loading Bridge Location--Gate		**Loading Bridge Serial Number**
1.	70	39477
2.	72	39478
3.	74	39451
4.	80	39453
5.	81	39479
6.	82	39454
7.	83	39480
8.	85	39481
9.	94	39482
10.	105	39483
11	107	39484
12	110	39452

, and provided that such C-1C-2 New Loading Bridges shall not be deemed to constitute Schedule 1 Terminal Fixtures (as defined in Paragraph 53 of Supplement No. 17 of the Lease) under the Lease.

The Lessee represents and warrants to the Port Authority that the four C-1 C-2 New Loading Bridges at Gates 74, 80, 82 and 110 that are listed as numbers 3, 4, 6, and 12 in this clause (iii) were purchased and installed at the C-1 C-2 portion of the premises by the Lessee with its own funds and that the Lessee has and shall retain title thereto; and the Lessee further represents and warrants to the Port Authority that by a bill of sale (a copy of which is attached hereto) the Lessee obtained title to said four loading bridges. The Lessee further represents and warrants to the Port Authority that the eight C-1 C-2 New Loading Bridges that are listed as numbers 1, 2, 5, 7, 8, 9, 10, and 11 in this clause (iii) were acquired and installed by the Lessee in the C-1 C-2 portion of the premises using proceeds of NJEDA (New Jersey Economic Development Authority) bond financing (Continental Airlines, Inc. Project, Series 1999), that

title to said eight loading bridges vested in the NJEDA and were subleased to the Lessee by NJEDA subject to the Lease and to that certain Consent Agreement dated September 1, 1999 entered into among the Port Authority, the Lessee, the NJEDA and the trustee named therein (The Chase Bank of Texas, National Association) covering the Port Authority's consent to the document titled "Lease Agreement (Concourse C-1, C-2 and A-2)" which provided for such vesting of title in the NJEDA and for such subleasing by NJEDA to the Lessee; and that the C-1C-2 New Loading Bridges shall remain the property of the Lessee or of the NJEDA, as aforesaid, subject to the Lease including without limitation Sections 34 and 74 thereof.

(b) By the execution of this Supplemental Agreement title to the 2001 Removed Loading Bridges shall be deemed vested in the Lessee, and the Lessee shall, as part of the work under the Alteration Applications, remove, transport and dispose of the 2001 Removed Loading Bridges at the Lessee's sole cost and expense and in accordance with the terms of the Lease, including without limitation all applicable Environmental Requirements (as defined in the Lease) and the Alteration Applications. The Lessee shall install the C-1C-2 New Loading Bridges, and perform all associated and related work, at the C-1C-2 Gate Positions listed in the foregoing List immediately upon the Lessee's removal from the premises of the 2001 Removed Loading Bridges, and shall perform such installation at its sole cost and expense and in accordance with the terms of the Lease, including without limitation all applicable Environmental Requirements (as defined in the Lease) and the Alteration Applications. The Port Authority shall not be responsible for any costs or expenses of any type whatsoever for or in connection with the said transfer of title or removal, transport or disposal of the 2001 Removed Loading Bridges or the said installation of the C-1C-2 New Loading Bridges.

It is specifically understood and agreed that none of the costs and expenses of the foregoing shall be or become part of the cost of the construction work (as defined in Section 6 of the Lease) or part of the Construction Advance Amount (as defined in Section 6 of the Lease). It is further expressly understood and agreed that the transfer of title to the Lessee and removal, transporting and disposal of the 2001 Removed Loading Bridges by the Lessee shall not result in any recomputation, adjustment or reduction of any construction advance, or the Construction Advance Amount or the Base Annual Rental or any component thereof, and shall not create or entitle the Lessee to any abatement, adjustment or reduction of any rentals or charges under the Lease, and shall not create or entitle the Lessee to any other claim against the Port Authority whether under this Lease or otherwise.

(c) It is expressly understood and agreed that, from and after the Effective Date of this Supplement No. 18 to the Lease, all references to the 42 passenger loading bridges in the Lease shall be deemed to mean the 42 passenger loading bridges as reduced in number and modified pursuant to the provisions of Paragraph 4 of Supplement No. 7 to the Lease, Paragraph No. 9 of Supplement No. 8 to the Lease, Paragraph 4 of Supplement No. 12 to the Lease and as reduced by the removal of the twelve (12) 2001Removed Loading Bridges pursuant to the provisions of this Paragraph 1 of this Supplement No. 18.

(d) The Port Authority makes no representations, warranties or guarantees as to 2001Removed Loading Bridges or any of them or any aspect or component thereof. The Lessee shall and hereby takes title to and accepts the 2001Removed Loading Bridges in their "as is" condition and title thereto shall be deemed to pass to the Lessee upon the Lessee's removal thereof from the premises in accordance with the terms of this Supplement No. 18 including but not limited to the requirement for the installation by the Lessee of the C-1C-2 New Loading Bridges at the designated C-1C-2 Gate Positions listed above; and the Lessee expressly accepts, acknowledges and agrees that the Port Authority makes no representations, warranties or guarantees as to the 2001Removed Loading Bridges or any of them or any aspect or component thereof. The Lessee shall be responsible for and pay all costs and expenses , including without limitation, any and all sales or other taxes, of or pertaining to the transfer of title to the 2001Removed Loading Bridges and the transporting, storage and disposal thereof.

2. Section 34 of the Lease entitled "Personal Property", as previously amended, is hereby further amended as follows: The first line of paragraph (a) thereof (as amended by and set forth in Supplement No. 17 of the Lease) shall be deemed amended to read as follows:

> "All personal property (including trade fixtures and the C-1C-2 New Loading Bridges, as defined in Supplement No. 18 of the Lease, but specifically excluding the Schedule 1 Terminal Fixtures, and excluding Port Authority owned loading bridges and other Port Authority owned property as mentioned below) removable".

3. Section 74 of the Lease entitled "Purchase of Property", as previously amended, is hereby further amended as follows: The sixth (6th) line thereof shall be deemed amended to read as follows:

> "C-1C-2New Loading Bridges (as defined in Supplement No. 18 of the Lease), flight information display system".

4. Correction of errata in Supplement No. 17: Subparagraph (a) (1) of Paragraph 47 of Supplement No. 17 of the Lease (which contains amendments to Subdivision II of Section 85 of the Lease) are hereby corrected to read as follows:

> Paragraph (a) and the first two lines of paragraph (b) of said Subdivision II of Section 85 including the designation thereof as '(b)' shall be deemed deleted therefrom and the following shall be deemed inserted immediately preceding subparagraph (i) thereof:
>
> > "The 'Assumable Maintenance and Repair Effective Date' shall be the date, from time to time, determined as follows:".

5. Each party represents and warrants to the other that no broker has been concerned in the negotiation of this Eighteenth Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. Each party shall indemnify and save harmless the other party of and from any and all claims for commissions or brokerage made by any and all persons, firms or corporations whatsoever for services provided to or on behalf of the indemnifying party in connection with the negotiation and execution of this Eighteenth Supplemental Agreement.

6. No Commissioner, director, officer, agent or employee of any party to this Eighteenth Supplemental Agreement shall be charged personally or held contractually liable by or to any other party under any term or provision of this Eighteenth Supplemental Agreement or of any supplement, modification or amendment to the Lease or because of its or their execution or attempted execution or because of any breach or alleged or attempted 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 Eighteenth 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 and the Port Authority agree that no representations or warranties shall be binding upon the other unless expressed in writing in the Lease or in this Eighteenth 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

(Title) FRANCIS A. DIMOLA
ASSISTANT DIRECTOR
AVIATION DEPT.

Seal

ATTEST:

Asst. Secretary

CONTINENTAL AIRLINES, INC.

By

(Title) Holden Shannon
Vice President
Corporate Real Estate
& Corporate Affairs

President

Corporate Seal

APPROVED
FORM | TERMS

CERTIFICATE OF OWNERSHIP TRANSFER
(BILL OF SALE)

KNOW ALL MEN BY THESE PRESENTS, that FMC Corporation – Jetway Systems ("Jetway") located at 1805 W. 2550 S., Ogden, Utah, in consideration of payment by the Continental Airlines, Newark Int'l Airport thereto, and upon receipt of the full payment for equipment listed below does hereby grant, bargain, sell, transfer and deliver unto the Continental Airlines, Newark Int'l Airport the following goods:

DESCRIPTION	SERIAL NO.	MODEL
Passenger Boarding Bride	OG39451	A3 60/119 125R
Passenger Boarding Bridge	OG39452	A3 60/119 125R
Passenger Boarding Bridge	OG39453	A3 60/119 125R
Passenger Boarding Bridge	OG39454	A3 60/119 125R
Jetpower 400 Hz	OG42584	90 KvA
Jetpower 400 Hz	OG42585	90 KvA

TO HAVE AND TO HOLD, all of the goods to Continental Airlines/Newark Int'l Airport and its successors and assigns for its own use forever.

Jetway Systems covenants with the Continental Airlines, Newark Int'l Airport that it is the lawful owner of the goods; that the goods are free from all encumbrances; that Jetway Systems has good right to sell the goods; and that Jetway Systems warrants that it will defend the goods against all lawful claims and demands of all persons whomsoever. Jetway Systems will deliver the goods to the Continental Airlines, Newark Int'l Airport in coordination with the schedule for the Continental Airlines, Newark Int'l Airport Corporation construction Project.

Dated this 16th day of March, 2001.

FMC Corporation – Jetway Systems

By: _____
James A. Yeckley

Its: Director, Contracts

STATE OF UTAH)
) SS.
COUNTY OF WEBER)

The foregoing instrument was acknowledged before me this 16th day of March, 2001 by James A. Yeckley, who executed the foregoing instrument.

SUSAN G. EATON
Notary Public
State of Utah
My Comm. Expires Jun 9, 2004
1310 W 1045 South Clearfield UT 84015

NOTARY PUBLIC _____

MY COMMISSION EXPIRES 6/9/04

Ack. N.J.; Corp. & Corp.

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 13th day of February 2003, before me, the subscriber, a notary public of New York, personally appeared FRANCIS A. DIMOLA the ASSISTANT DIRECTOR, AVIATION DEPT 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.

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, 2003

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

On the 16th day of January 2003, before me, the subscriber, a Notary Public, personally appeared Holden Shannon the V.P. President of Corporate Real Estate CONTINENTAL AIRLINES, INC., 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.

Noemi B. Andrews
(notarial seal and stamp)

NOEMI B. ANDREWS
Notary Public, State of Texas
My Commission Expires
July 14, 2005

THIS SUPPLEMENTAL 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

Newark International Airport
Port Authority Lease No. ANA-170
Supplement No. 19

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT (hereinafter sometimes referred to as "Supplement No. 19" or the "Supplemental Agreement") made as of the 1st day of June, 2003, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called the "Port Authority") and CONTINENTAL AIRLINES, INC. (hereinafter called the "Lessee");

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. as of January 11, 1985 entered into an agreement of lease covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called the "Airport") as therein set forth (said agreement of lease as heretofore supplemented and amended is hereinafter called the "Lease"); and

WHEREAS, the Lease was thereafter assigned by said People Express Airlines, Inc. to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and said People Express Airlines, Inc. and dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was submitted for approval of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor in possession pursuant to the applicable provisions of the United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993; and

WHEREAS the Port Authority and the Lessee desire to further amend the Lease in certain respects as hereinafter set forth;

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 the date set forth above, as follows:

1. For purposes of this Supplement No. 19, the capitalized words and phrases in this Paragraph, shall have the meanings given to those terms herein and capitalized terms and phrases not defined in this Paragraph shall have the meanings ascribed to them in Section 96 of Supplement No. 17 of the Lease.

"Bond Resolution" shall mean the resolutions adopted by the NJEDA on December 8, 1998, July 13, 1999 and August 13, 2002 as the same may be modified or amended, authorizing the issuance and sale of the initial series of Bonds and additional Bonds, Series 2003.

"Financing Documents" shall mean all the agreements and documents which are related to or are part of the Financing Transaction including but not limited to the NJEDA Sublease Agreement, the Indenture, the Bonds, the Bond Resolution, the Lessee Guaranty, the Leasehold Mortgage, and the other documents as described in paragraph 1(j) of the Port Authority Consent to NJEDA Subleases as amended by the First Amendment To Consent To Subleases and Leasehold Mortgage Agreement (but such term shall not include the Basic Lease, the Supplement No. 17, this Supplement No. 19, the Port Authority Consent to NJEDA Sublease, as amended, or the Other Lease).

"Indenture" shall mean that certain Indenture of Trust dated as of September 1, 1999, as amended by the First Supplement to Trust Indenture dated as of February 1, 2002 and the Second Supplement to Trust Indenture dated as of June 1, 2003, and each entered into between the NJEDA and the Trustee with respect to the Bonds.

"Lessee Guaranty" shall mean that certain agreement of guaranty dated as of September 1, 1999 entered into between the Lessee and the Trustee, as amended, pursuant to which the Lessee guarantees the payment of the principal of, redemption premium, if any, and interest on the Bonds.

"NJEDA Sublease Agreement" shall mean that certain agreement dated as of September 1, 1999, as amended by the First Amendment to NJEDA Sublease Agreement dated as of June 1, 2003, and each entered into between the Lessee and the NJEDA whereby (i) the Lessee subleases the Mortgaged Premises to the NJEDA and (ii) the NJEDA sub-sub-subleases the Mortgaged Properties back to the Lessee subject to the Port Authority Consent to NJEDA Sublease Agreement, as amended by the First Amendment to Consent to Subleases and Leasehold Mortgage Agreement dated as of June 1, 2003 ((i) and (ii) collectively, "NJEDA Subleases").

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

3. Each party 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. Each party shall indemnify and save harmless the other party of and from all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services provided to or on behalf of the indemnifying party in connection with the negotiation and execution of this Supplemental Agreement or the extension hereunder.

4. No Commissioner, director, officer, agent or employee of either party to this Supplemental Agreement, shall be charged personally or held contractually liable by or to the other party under any term or provision of this Supplemental Agreement, or because of its or their execution 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 Supplemental Agreement shall be binding upon the Port Authority unless expressed in writing herein.

5. This Supplemental Agreement, together with the Lease which it amends 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 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:

(Title) FRANCIS A. DIMOLA
ASSISTANT DIRECTOR
AVIATION DEPT.

(Seal)

ATTEST:

Scott R. Peterson
Assistant Secretary

CONTINENTAL AIRLINES, INC.

By

(Title) Holden Shannon
Vice President
Corporate Real Estate
& Environmental Affairs

President

(Corporate Seal)

APPROVED
TERMS DF FORM

For The Port Authority of NY & NJ

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 10th day of June in the year 2003, before me, the undersigned, a Notary Public in and for said state, personally appeared FRANCIS A. DiNOLA, 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, 2007

For Continental Airlines, Inc.

STATE OF Texas)
)ss.
COUNTY OF Harris)

On this 6th day of June, 2003, before me, the subscriber, a notary public of , personally appeared Holden Shannon

the Vice President of Corporate Real Estate and Environmental Affairs

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 the Board of Directors.

DaShawanda D Mitchell
(Notarial seal and stamp)

DASHAWANDA D MITCHELL
NOTARY PUBLIC
STATE OF TEXAS
Comm Exp 04-04-2006

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

AVIATION DEPT.
FILE COPY

Port Authority Lease No. ANA-170
Supplement No. 20
Facility: Newark Liberty International Airport

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of November 1, 2002, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called the "Port Authority") and CONTINENTAL AIRLINES, INC. (hereinafter called the "Lessee");

WITNESSETH, that

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and 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 Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was submitted for approval of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession pursuant to the applicable provisions of the United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993; 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 as follows:

1. The provisions of Schedule M, set forth in Paragraph 2 to Supplement No. 15 to the Lease, shall be amended as of October 1, 2001 such that Article III, paragraph (b) of said Schedule M shall be revised to read in its entirety as follows:

> '(b)' The Port Authority shall determine the total amount of rental or fees actually received by the Port Authority from rental car permittees specifically for and in connection with the portion of the Monorail Construction Costs and Operating Costs said permittees are obligated under their respective permits to pay the Port Authority (hereinafter called the 'Rental Car Credit'). The term 'Bus Service Credit' shall mean the amount of Five Hundred Thousand Dollars and No Cents ($500,000.00). The Port Authority shall determine the total amount of farebox revenue to which it is entitled and which it actually receives from (i) The New Jersey Transit Corporation ('NJT'), pursuant to a written agreement, dated as of October 24, 2001, between NJT and the Port Authority and (ii) the National Railroad Passenger Corporation ('Amtrak'), pursuant to a written agreement, dated as of October 31, 2001, between Amtrak and the Port Authority, which agreements relate to the Monorail-Northeast Corridor Connection Project to expand the Monorail System at the Airport to provide an intermodal connection between the Airport and commuter and intercity trains operating on land located in the City of Newark, County of Essex and State of New Jersey, known as the Northeast Corridor (hereinafter called the 'NEC Project Credit'). The Rental Car Credit, the Bus Service Credit and the NEC Project Credit shall be hereinafter collectively called the 'Credits'). The Port Authority shall subtract the Credits from the Operating Costs and multiply the remainder by one hundred and fifteen percent (115%), the product thereof being hereinafter called the "Annual Operating Cost Factor'. The sum of the Initial Construction Factor and the Annual Operating Cost Factor constitutes the 'Total Capital and Operating Costs' as of the last day of the Initial Schedule M Period.''

2. 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 the Supplemental Agreement.

3. 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.

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

5. 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:

ASSISTANT Secretary

THE PORT AUTHORITY OF NEW YORK
OF NEW JERSEY

By _____

(Title) FRANCIS A. DIMOLA
ASSISTANT DIRECTOR
REAL ESTATE DEPT.

(Seal)

ATTEST:

Secretary

CONTINENTAL AIRLINES, INC.

By _____

(Title) Holden Shannon
Vice President
Real Estate
& Environmental Affairs
President

(Corporate Seal)

APPROVED:
FORM | TERMS

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For the Port Authority

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On this 26th day of August, 2003 before me, the subscriber, a notary public of New York, personally appeared FRANCIS A. DiROLA the Asst. Director Aviation Dept 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.

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, 2007

For the Lessee

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

On this 24th day of July, 2003 before me, the subscriber, a , personally appeared HOLDEN SHANNON the VICE President of Corp Real Estate & Enviro Affairs, 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.

Francine M. Viglione
(notarial seal and stamp)
FRANCINE M. VIGLIONE
Notary Public, State of Texas
My Commission Expires
April 26, 2006

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ATION DEPT.
FILE COPY

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

Newark International Airport
Supplement No. 21
Port Authority Lease No. **ANA-170**

TWENTY-FIRST SUPPLEMENTAL AGREEMENT

THIS AGREEMENT ("Supplemental Agreement" or "Supplement No. 21"), made as of June 1, 2003 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter referred to as "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, (hereinafter referred to as "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. as of January 11, 1985 entered into an agreement of lease covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called the "Airport") as therein set forth bearing Port Authority identification number ANA-170 (said agreement of lease as heretofore supplemented and amended is hereinafter called the "Lease");and

WHEREAS, the Lease was thereafter assigned by said People Express Airlines, Inc. to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and said People Express Airlines, Inc. and dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was heretofore submitted for approval of the United States Bankruptcy Court for the District of Delaware ("the Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession pursuant to the applicable provisions of the United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease to provide for the replacement of certain preliminary exhibits attached to Supplement No. 17 of the Lease as preliminary exhibits A-1 and B-1 with final exhibits showing the applicable areas based on the

Port Authority's determination of the final metes and bounds for the applicable areas shown thereon as more fully described below, and to adjust the rentals under the Lease in connection with said determination of final metes and bounds as hereinafter set forth;

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of the June 1, 2003, unless otherwise expressly stated, as follows:

1. (a) Exhibit A-1 attached hereto and consisting of two pages, the first page marked as "Exhibit A-1 (1 of 2), numbered as "EWR02-10-1" and the second page marked as "Exhibit A-1 (2 of 2), numbered as "EWR02-10-2", and hereby made a part hereof, shall from and after September 1, 1999 (the Effective Date of Supplement No. 17 of the Lease) be deemed to be Exhibit A-1 to the Lease in lieu of Exhibit A-1 which was marked as "PRELIMINARY" and attached to Supplement No. 17 of the Lease, and the ground areas added to Area C-3 pursuant to and as described in Paragraph 1 (a) of Supplement No. 17 of the Lease as "Added Area 1" shown thereon in diagonal hatch and in broken diagonal hatch, "Added Area 2"shown in crosses thereon, and "Added Area 3" shown in cross-hatch thereon are and shall be deemed shown, based on the Port Authority's determination of the final metes and bounds for the said Areas, on Exhibit A-1 attached hereto to this Supplement No. 21.

(b) Exhibit B-1 attached hereto and consisting of two pages, the first page marked as "Exhibit B-1 (1 of 2), numbered as "EWR02-09-1" and the second page marked as "Exhibit B-1 (2 of 2), numbered as "EWR02-09-2", and hereby made a part hereof, shall from and after the Effective Date of Supplement No. 17 of the Lease (September 1, 1999) be deemed to be Exhibit B-1 to the Lease in lieu of Exhibit B-1 which was marked as "PRELIMINARY" and attached to Supplement No. 17 of the Lease, and the ground areas added to the C-1 and C-2 portions of the premises as the "Added Area 4" shown in diagonal hatch and in crosses thereon pursuant to and as described in Paragraph 1 (b) of Supplement No. 17 of the Lease are and shall be deemed shown, based on the Port Authority's determination of final metes and bounds, on Exhibit B-1 attached hereto to this Supplement No. 21.

(d) The term "Added Area 3 Effective Date" as defined in subparagraph (a) of Paragraph 1 (on page 2) of Supplement No. 17 of the Lease is hereby amended to read as follows:

" 'Added Area 3 Effective Date' shall mean December 6, 2001".

2. (a) Paragraph 12 of Supplement No. 15 of the Lease as amended and restated in Paragraph 3 of Supplement No. 17 of the Lease is hereby further amended and restated to read as follows:

"1. It is hereby agreed that, from and after the Effective Date of Supplement No. 17 of the Lease (September 1, 1999) and continuing up to and including the expiration date of the term of the letting of the Area C-3 portion of the premises (March 31, 2028), in addition to the Base Annual Rental under Section 5 of the Lease and in addition to all other rentals, fees and charges under the Lease, the Lessee shall pay to the Port Authority rental for Area C-3 as follows:

Area C-3 rental: For the period commencing on the Effective Date of Supplement No. 17 of the Lease (September 1, 1999) to and including December 31, 2003, rental for Area C-3 at an annual rate consisting of (i) a Facility Factor, as hereinafter defined, consisting of the sum of (x) the amount of Seven Million Seven Hundred Forty-eight Thousand Nine Hundred Eighty Dollars and Twenty-two Cents ($7,748,980.22) plus (y) effective as of the Added Area 3 Effective Date (December 6, 2001) the Added Area 3 Amount as hereinafter defined, plus (ii) the Airport Services Factor, as the same shall then have been adjusted in accordance with Schedule A attached to the Lease, as herein amended, based upon a 1998 final Airport Services Factor in the amount of (x) One Million Eight Hundred Seventy-three Thousand Nine Hundred Forty-eight Dollars and No Cents ($1,873,948.00) plus (y) effective as of the Added Area 3 Effective Date (December 6, 2001), Six Hundred Twenty Thousand Two Hundred Forty-two Dollars and No Cents ($620,242.00), which annual rate shall be increased from time to time as provided in subdivision II below and Schedule A of the Lease, as herein amended, ("Area C-3 rental"). The Lessee shall pay the Area C-3 rental, as the same shall then have been determined based upon the aforesaid adjustments, monthly in advance on the Effective Date of Supplement No. 17 of the Lease (September 1, 1999) and on the first day of each and every succeeding month in equal installments until such time as the aforesaid annual rate has been further increased in accordance with subdivision II below and Schedule A of the Lease, as herein amended, which adjusted annual rate shall remain in effect until the next adjustment and the monthly installments payable after each such adjustment shall be equal to one-twelfth (1/12th) of said annual rate as so adjusted.

"Added Area 3 Amount" shall mean the component of the Facility Factor of the Area C-3 rental which shall be included therein effective as of the Added Area 3 Effective Date (December 6, 2001) at the initial annual rate of Four Hundred Seventeen Thousand Six Hundred Fifty-three Dollars and Eighty-three Cents ($417,653.83), subject to the increases pursuant to subdivision II below.

The Area C-3 rental amounts set forth above and in subdivision II below are based on the Port Authority's determination of the final metes and bounds of Added Area 1, Added Area 2 and Added Area 3, as more fully described in Paragraph 3A of Supplement No. 17 of the Lease.

II. (a) For the aforesaid period from the Effective Date of Supplement No. 17 of the Lease (September 1, 1999) to and including December 31, 2003, the Area C-3 rental payable under subdivision I of this Paragraph 3 is made up of two factors, one, a variable factor herein called the "Facility Factor", represents as of September 1, 1999 the sum of (x) the amount of Seven Million Seven Hundred Forty-eight Thousand Nine Hundred Eighty Dollars and Twenty-two Cents ($7,748,980.22) plus (y) the Added Area 3 Amount, as above defined, of the aforesaid annual rentals and the other, a variable factor herein called the "Airport Services Factor", represents the Airport Services Factor under the Lease, as the same shall have then been adjusted in accordance with Schedule A, as herein amended, based upon a total 1998 final Airport Services Factor in the amount of (x) One Million Eight Hundred Seventy-three Thousand Nine Hundred Forty-eight Dollars and No Cents ($1,873,948.00) plus (y) effective as of the Added

Area 3 Effective Date (December 6, 2001), Six Hundred Twenty Thousand Two Hundred Forty-two Dollars and No Cents ($620,242.00), of the total aforesaid annual rentals.

(b) Increases in the annual rate of the Facility Factor of the Area C-3 rental: On January 1, 2004 and on each succeeding fifth (5th) anniversary of said date, the Facility Factor (each component) of the Area C-3 rental payable by the Lessee under subdivision I above shall be increased by multiplying the Facility Factor (each component) in effect on December 31, 2003 and on each succeeding fifth (5th) anniversary of said date, as the case may be, by a percentage equal to 21.6653% plus 100%. Accordingly,

(i) for the period from January 1, 2004 to and including December 31, 2008, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3, shall represent the sum of (x) the amount of Nine Million Four Hundred Twenty-seven Thousand Eight Hundred Twenty Dollars and Four Cents ($9,427,820.04), plus (y) Five Hundred Eight Thousand One Hundred Thirty-nine Dollars and Seventy-nine Cents ($508,139.79) (the Added Area 3 Amount in effect on December 31, 2003 increased by multiplying the same by a percentage equal to 21.6653% plus 100%); and

(ii) for the period from January 1, 2009 to and including December 31, 2013, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3 shall represent the sum of (x) the amount of Eleven Million Four Hundred Seventy Thousand Three Hundred Eighty-five Dollars and Fifty-three Cents ($11,470,385.53), plus (y) Six Hundred Eighteen Thousand Two Hundred Twenty-nine Dollars and Eighty Cents ($618,229.80) (the Added Area 3 Amount in effect on December 31, 2008 increased by multiplying the same by a percentage equal to 21.6653% plus 100%); and

(iii) for the period from January 1, 2014 to and including December 31, 2018, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3 shall represent the sum of (x) the amount of Thirteen Million Nine Hundred Fifty-five Thousand Four Hundred Seventy-eight Dollars and Ninety-seven Cents ($13,955,478.97), plus (y) Seven Hundred Fifty-two Thousand One Hundred Seventy-one Dollars and Fourteen Cents ($752,171.14) (the Added Area 3 Amount in effect on December 31, 2013 increased by multiplying the same by a percentage equal to 21.6653% plus 100%); and

(iv) for the period from January 1, 2019 to and including December 31, 2023, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3 shall represent the sum of (x) the amount of Sixteen Million Nine Hundred Seventy-eight Thousand Nine Hundred Seventy-five Dollars and Thirty-five Cents ($16,978,975.35), plus (y) Nine Hundred Fifteen Thousand One Hundred Thirty-one Dollars and Twenty-seven Cents ($915,131.27) (the Added Area 3 Amount in effect on December 31, 2018 increased by multiplying the same by a percentage equal to 21.6653% plus 100%); and

(v) for the period from January 1, 2024 to and including March 31, 2028, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3 shall represent the sum of (x) the amount of Twenty Million Six Hundred Fifty-seven Thousand Five Hundred Twenty-one Dollars and Thirty Cents ($20,657,521.30), plus (y) One Million One

Hundred Thirteen Thousand Three Hundred Ninety-seven Dollars and Twenty-one Cents ($1,113,397.21) (the Added Area 3 Amount in effect on December 31, 2023 increased by multiplying the same by a percentage equal to 21.6653% plus 100%).

(c) After December 31, 1998 and after the close of each calendar year thereafter, the Port Authority will continue to adjust the Airport Services Factor of the Area C-3 rental payable by the Lessee under subdivision I of this Paragraph 3, such adjustment to be made as provided in Schedule A, as herein amended.

(d) The Lessee shall pay the total Area C-3 rentals payable by the Lessee under this Paragraph, as the same have been adjusted in accordance with subparagraphs (b) and (c) of this subdivision II of this Paragraph, monthly in advance on the Effective Date of Supplement No. 17 of the Lease (September 1, 1999) and on the first day of each and every succeeding month in equal installments until such time as the said total Area C-3 rentals have been further adjusted in accordance with this Paragraph and Schedule A, as herein amended, which adjusted total annual rentals shall remain in effect until the next adjustment and the monthly installments payable after each such adjustment shall be equal to one-twelfth (1/12th) of said total annual rentals as so adjusted.

The Area C-3 rental set forth above in subdivision I above and in this subdivision II are based on the Port Authority's determination of the final metes and bounds of Added Area 1, Added Area 2 and Added Area 3 as more fully described in Paragraph 3A of Supplement No. 17 of the Lease. Pursuant to said Paragraph 3A of Supplement No. 17 of the Lease the adjustments in the Area C-3 rental as reflected above shall have retroactive effect to the Effective Date of said Supplement No. 17 of the Lease (September 1, 1999).

(e) In the event the term of the letting of Area C-3 shall expire on a day other than the last day of a month, the monthly installment of rentals for Area C-3 for said month shall be the monthly installment prorated on a daily basis using the actual number of days in the said month.

(f) The Lessee understands and agrees that, while the term of the letting of Area C-3 of the premises under the Lease as extended under Supplement No. 17 to the Lease shall expire on March 31, 2028, the final Airport Services Factor for the year 2028 will not be determined for some months after such expiration and that the Lessee's obligation to pay any deficiency in the Area C-3 rental for the year 2028 or the Port Authority's obligation to pay a refund in said rentals resulting from the determination of the final Airport Services Factor for the year 2027 or the year 2028 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 specifically acknowledges that neither the survival of the obligation with respect to any such deficiency or refund nor any other provision of this Supplemental Agreement shall grant or shall be deemed to grant any rights whatsoever to the Lessee to have the term of the letting of Area C-3 under the Lease, or any portion of the premises thereunder, extended for any period beyond March 31, 2028 or affect in any way the Port Authority's right to terminate the Lease, or any portion of the premises thereunder, as provided therein.

(g) If any installment of Area C-3 rental payable hereunder shall be for less than a full calendar month, then the Area C-3 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.

(h) Upon any termination of the letting hereunder (even if stated to have the same effect as expiration), the Lessee shall within twenty (20) days after the effective date of such termination, make a payment of the Area C-3 rental computed as follows: if the letting hereunder is terminated effective on a date other than the last day of a month the rental for the portion of that month in which the letting remains effective shall be the amount of the monthly installment of rental prorated on a daily basis, and if the monthly installment due on the first day of that month has not been paid the Lessee shall pay the prorated part of the amount of that installment; if the monthly installment has been paid, then the excess thereof shall be credited to the Lessee's obligations.

(i) Nothing contained in the foregoing shall affect the survival obligations of the Lessee as set forth in Section 27 hereof.

(j) For purposes of subparagraph (f) above with respect to any deficiency or refund, any termination of the Lease, other than a termination under Section 24 hereof, shall be deemed to have the same effect as the expiration thereof."

3. Paragraph 4 (c) of Supplement No. 17 of the Lease is hereby amended to read as follows:

"Paragraph III of Schedule A of the Lease as previously amended shall be further amended by adding at the end thereof the following:

'For the calendar year 1999 adjustment it is hereby agreed that the denominator representing the actual percentage of total developed land occupied by the Lessee's premises excluding Area C-3 shall be 4.339%; and that the denominator representing the actual percentage of total developed land occupied by the Area C-3 portion of the Lessee's premises shall be 2.518%; and for the said calendar year 1999 adjustment the denominator of the fraction referred to in the beginning of this Paragraph III constituting the total of the major elements of costs actually incurred or accrued as determined for the 1998 calendar year shall be $38,210,614. The said percentages are based on the Port Authority's determination of the final metes and bounds of Added Area 1, Added Area 2, Added Area 3 and Added Area 4, as reflected in Supplement No. 21 of the Lease. The aforesaid percentage to be used for the Lessee's premises excluding Area C-3 (as defined in Paragraph 1 (a) of Supplement No. 17 of the Lease) shall be increased to 3.352% effective from and after the Added Area 3 Effective Date (as defined in Paragraph 1 (e) of Supplement No. 21 of the Lease).'

4. (a) Subparagraphs (3) and (4) of paragraph (b) of Section 5 of the Lease, as previously amended and as set forth in Paragraph 7 of Supplement No. 17 of the Lease shall be deemed amended to read as follows.

"(3) (i) For the portion of the term of the Lease commencing on August 1, 1996 to August 31, 1999 (the day preceding the Effective Date of Supplement No. 17 of the Lease), a Base Annual Rental for the premises (exclusive of Area C-3 and the Area C-3 rental) at an annual rate consisting of two factors, one a constant factor in the amount of Thirty-three Million Five Hundred Eighty-Five Thousand Three Hundred Forty-eight Dollars and No Cents ($33,585,348.00) subject to adjustment as provided in paragraph (c) hereof, 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 (c) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (3) (i), and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (3) (i) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

(ii) For the portion of the term of the Lease commencing on September 1, 1999 (the Effective Date of Supplement No. 17 of the Lease) to November 30, 2004, a Base Annual Rental for the premises (exclusive of Area C-3 and the Area C-3 rental) at an annual rate consisting of two factors, one a constant factor in the amount of Thirty-three Million Eight Hundred Forty-two Thousand Six Hundred Ninety-nine Dollars and Seventy-two Cents ($33,842,699.72) subject to adjustment as provided in paragraph (c) hereof, and the other the Airport Services Factor in the amount of Three Million Two Hundred Twenty-nine Thousand Nine Hundred Sixty-six Dollars and No Cents ($3,229,966.00), and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (3) (ii) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

The Base Annual Rental amounts (constant factor and Airport Services Factor) set forth in this subparagraph (b) (3) (ii) reflect the adjustments based on the Port Authority's determination of the final metes and bounds of Added Area 4 as more fully described in Paragraph 3A of Supplement No. 17 of the Lease and in Paragraphs 1, 2 and 3 of Supplement No. 21 of the Lease. Pursuant to said Paragraph 3A of Supplement No. 17 of the Lease the adjustments in the Base Annual Rental as reflected above shall have retroactive effect to the Effective Date of said Supplement No. 17 of the Lease (September 1, 1999).

"(4) For the portion of the term of the Lease commencing on December 1, 2004 to March 31, 2013 (the expiration date of the term of the letting of the premises exclusive of Area C-3) a Base Annual Rental for the premises (exclusive of Area C-3 and the Area C-3 rental) at an annual rate consisting of two factors, one a constant factor in the amount of Thirty-nine Million Four Hundred Sixty-three Thousand Nine Hundred Seventy-two Dollars and Sixty-four Cents ($39,463,972.64) subject to adjustment as provided in paragraph (c) hereof, and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (3) (ii) above as the same shall have been adjusted in accordance with paragraph (c) 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 Base Annual Rental provided for in this subparagraph (4) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

The constant factor of the Base Annual Rental set forth in this subparagraph (b) (4) above as well as the Airport Services Factor reflect the adjustments based on the Port Authority's determination of the final metes and bounds of Added Area 4 as more fully described in Paragraph 3A of Supplement No. 17 of the Lease and in Paragraphs 1, 2 and 3 of Supplement No. 21 of the Lease."

(b) The last five (5) lines of subparagraph (1) of paragraph (c) of Section 5 of the Lease, as previously amended and as set forth in Paragraph 7 of Supplement No. 17 of the Lease shall be amended to read as follows:

"of the term specified in subparagraph (b) (3) (i) above the constant factor of $33,585,348 shall remain unchanged; and for the portion of the term specified in subparagraph (b) (3) (ii) above the constant factor of $33,842,699.72 shall remain unchanged; and for the portion of the term specified in subparagraph (b) (4) above the constant factor of $39,463,972.64 shall remain unchanged."

5. (a) Pursuant to Paragraph 3A of Supplement No. 17 of the Lease the adjustments in the Area C-3 rental and the Base Annual Rental as a result of the Port Authority's final determination of the metes and bounds for the ground areas added to the premises under the Lease pursuant to Paragraph 1 of Supplement No. 17 of the Lease as reflected in the foregoing Paragraphs 1 through 4 of this Supplement No. 21 are retroactive to the Effective Date of said

Supplement No. 17 of the Lease (September 1, 1999), and accordingly the Lessee shall promptly pay to the Port Authority any and all amounts owing to the Port Authority based on said adjustments of the Area C-3 rental and the Base Annual Rental as reflected in the foregoing, with an appropriate credit to the Lessee against the obligations of the Lessee under this Lease if any amount is due to the Lessee resulting from such adjustments.

(b) Execution by the Lessee of this Supplement No. 21 and delivery thereof to the Port Authority shall be made by the Lessee within ten (10) business days after this Supplement No. 21 was sent to the Lessee by the Port Authority as described in Paragraph 3A of Supplement No. 17 and subject to the proviso set forth therein. Without limiting or impairing Paragraph 3A of Supplement No. 17 of the Lease or any other term or provision of the Lease, as hereby amended, and in accordance with the foregoing subparagraph (a) of this Paragraph 5, the Lessee shall, and hereby agrees to, pay to the Port Authority upon the execution by the Lessee of this Supplement No. 21 and delivery thereof to the Port Authority (which execution and delivery of this Supplement No. 21 shall be made by the Lessee within ten (10) business days after this Supplement No. 21 was sent to the Lessee by the Port Authority as described in Paragraph 3A of Supplement No. 17) with respect to the period from September 1, 1999 through and including May 31, 2003, the amount of Seven Hundred Eighty-two Thousand Fifty-nine Dollars and Forty-five Cents ($782,059.45); said amount represents monies due to the Port Authority with respect to the period from September 1, 1999 through and including May 31, 2003 arising from the adjustment of the Area C-3 rental and the adjustment of the Base Annual Rental provided for in this Supplement No. 21 resulting from the Port Authority's determination of the final metes and bounds of the Added Area 1, Added Area 2, Added Area 3 and Added Area 4, as described above in Paragraphs 1, 2 and 3 hereof. It is specifically agreed that the said amount of Seven Hundred Eighty-two Thousand Fifty-nine Dollars and Forty-five Cents ($782,059.45) consists of the sum of Five Hundred Four Thousand Five Hundred Thirty Dollars and Fifty-two Cents ($504,530.52) as the additional amount due to the Port Authority for the period from September 1, 1999 through May 31, 2003 with respect to the Facility Factor of the Area C-3 rental plus Nine Hundred Eighty-six Thousand Five Hundred Fourteen Dollars and Ninety-three Cents ($986,514.93) as the additional amount due to the Port Authority for the period from September 1, 1999 through May 31, 2003 with respect to the constant factor of the Base Annual Rental, after the application of a credit in the amount of Seven Hundred Eight Thousand Nine Hundred Eighty-six Dollars and No Cents ($708,986.00) to the Lessee against its rental obligations under the Lease with respect to the adjustments in the Airport Services Factor of the Base Annual Rental and the Area C-3 rental for the period from September 1, 1999 through May 31, 2003 resulting from the Port Authority's determination of the final metes and bounds of the Added Area 1, Added Area 2, Added Area 3 and Added Area 4, as described above in Paragraphs 1, 2, 3 and 4 hereof.

Neither the foregoing provisions nor the payment by the Lessee of the aforesaid amount of $782,059.45 shall or shall be deemed to release or relieve the Lessee from its obligations to pay to the Port Authority all monies due and owing to the Port Authority for any period subsequent to May 31, 2003 resulting from the Port Authority's determination of the final metes and bounds of the Added Area 1, Added Area 2, Added Area 3 and Added Area 4, as described above in Paragraphs 1, 2, 3 and 4 hereof.

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6. Each party represents and warrants to the other 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. Each party shall indemnify and save harmless the other party of and from any and all claims for commissions or brokerage made by any and all persons, firms or corporations whatsoever for services provided to or on behalf of the indemnifying party in connection with the negotiation and execution of this Supplemental Agreement.

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

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

9. 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 and the Port Authority agree that no representations or warranties shall be binding upon the other unless expressed in writing in the Lease or in 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

(Title)

Seal

ATTEST:

Secretary

CONTINENTAL AIRLINES, INC.

By

(Title) Holden Shannon Senior Vice President Global Real Estate and Security President

(Corporate Seal)

APPROVED AS TO FORM

-10-

CSL-61273;- Ack. N.J.; Corp. & Corp.

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 14 day of JUNE, ~~2003~~ 2005, before me, the subscriber, a notary public of New York, personally appeared Joanne Ciccotello the Asst. Secretary & Commissioner 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.

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, 2007

STATE OF Texas)
) ss.
COUNTY OF Harris)

On the 22nd day of April, 2005, before me, the subscriber, a Notary Public of Texas, personally appeared Holden Shannon the Senior Vice President of CONTINENTAL AIRLINES, INC., 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.

Dashawanda D Mitchell
(notarial seal and stamp)

DASHAWANDA D MITCHELL
NOTARY PUBLIC
STATE OF TEXAS
Comm Exp 04-04-2006

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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

AVIATION DEPT.
FILE COPY

Newark International Airport
Supplement No. 22
Port Authority Lease No. **ANA-170**

TWENTY-SECOND SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made as of February 17, 2004 (the "Effective Date") (sometimes referred to as "Twenty-second Supplemental Agreement" or as "Supplement No. 22" of the Lease) by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter referred to as "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, (hereinafter referred to as "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. as of January 11, 1985 entered into an agreement of lease covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called the "Airport") as therein set forth (said agreement of lease as heretofore supplemented and amended is hereinafter called the "Lease"); and

WHEREAS, the Lease was thereafter assigned by said People Express Airlines, Inc. to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and said People Express Airlines, Inc. and dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was heretofore submitted for approval of the United States Bankruptcy Court for the District of Delaware ("the Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession pursuant to the applicable provisions of the United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993; and

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

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of the Effective Date, as follows:

1. (a) With respect to the passenger loading bridges which are referred to in the Lease as the "42 passenger loading bridges" for which Port Authority construction advances were made pursuant to Sections 2 and 6 of the Lease (hereinafter sometimes referred to as the "Section 2 loading bridges"), it is hereby recognized that the Lessee has advised the Port Authority that, based on the Lessee's desire to reconfigure gate assignments in the Satellite C-2 portion of the premises ("C-2 portion of the premises"), certain modifications and removal work are required; the same to be performed by the Lessee under Tenant Alteration Applications which have been or shall be submitted by the Lessee for approval by the Port Authority. Said Tenant Alteration Applications if, as and when approved by the Port Authority being herein called the "Alteration Applications". The aforesaid work shall consist of:

(i) the removal from the premises of fourteen (14) of the Section 2 passenger loading bridges including the transfer of the title thereof to the Lessee and the disposition of the same by the Lessee; said fourteen (14) loading bridges being identified by gate number at the C-1 C-2 portions of the premises and by serial number ("2004 (14) Removed Loading Bridges") as follows:

2004 (14) Removed Loading Bridges List

	Gate	Description	Serial Number
No. 1	101	Wollard 500 Fixed Pedestal	WS500R-33
No. 2	103	Wollard 500 Fixed Pedestal	WS500R-34
No. 3	104	Wollard 903 Apron Drive	WS903-13
No. 4	106	Wollard 903 Apron Drive	WS903-14
No. 5	109	Wollard 500 Fixed Pedestal	WS500R-37
No. 6	111	Wollard 500 Fixed Pedestal	WS500R-38
No. 7	112	Wollard 500 Fixed Pedestal	WS500R-51
No. 8	113	Wollard 500 Fixed Pedestal	WS500R-54
No. 9	114	Wollard 500 Fixed Pedestal	WS500R-52
No. 10	115	Wollard 500 Fixed Pedestal	WS500R-53
No. 11	71	Wollard 903 Apron Drive	WS903-17
No. 12	73	Wollard 903 Apron Drive	WS903-18
No. 13	75	Wollard 903 Apron Drive	WS903-20
No. 14	86	Wollard 500 Fixed Pedestal	WS500R-63

and (ii) the relocation from satellite C-2 portion of the premises to Satellite C-1 portion of the premises of the following four (4) loading bridges, of which the loading bridge identified below by gate number 102 and bearing serial number 38765 shall remain a Port Authority owned loading bridge as part of the Section 2 loading bridges; and title to the loading bridge identified below by gate number 110 and bearing serial number 39452 will remain in the Lessee, as described in Supplement No. 18 of the Lease; and that title to the loading bridges identified below by gate numbers 105 and 107 and bearing serial numbers 39483 and 39484 will remain in the New Jersey Economic Development Authority, as described in Supplement No. 18 of the Lease:

	Original C-2 Location (Gate)	**Description**	**Serial Number**	**New Location C-1 (Gate)**
No. 1	102	Jetway A-3 58/110 Apron Drive	38765	86
No. 2	105	Jetway A-3 60/119 Apron Drive	39483	71
No. 3	107	Jetway A-3 60/119 Apron Drive	39484	75
No. 4	110	Jetway A-3 60/119 Apron Drive	39452	73

and (iii) the installation in the C-2 portion of the premises, at the Gate Positions listed below, of twenty-four (24) new apron-drive articulated passenger loading bridges (as hereinafter described) ("C-2 2004 (24) New Loading Bridges"): as follows:

C-2 2004 (24) New Loading Bridges

	New Gate (C2 Reconfiguration)	**Description**	**Serial Number**
No. 1	101	Jetway A-3 58/110 Apron Drive	30097
No. 2	102	Jetway A-3 58/110 Apron Drive	30094
No. 3	103A	Jetway A-3 58/110 Apron Drive	30098
No. 4	103B	Jetway A-3 58/110 Apron Drive	30099
No. 5	104A	Jetway A-3 58/110 Apron Drive	30096
No. 6	104B	Jetway A-3 58/110 Apron Drive	30095
No. 7	105	Jetway A-3 58/110 Apron Drive	30100
No. 8	106	Jetway A-3 50/95 Apron Drive	30109
No. 9	107A	Jetway A-3 58/110 Apron Drive	30101
No. 10	107B	Jetway A-3 58/110 Apron Drive	30102
No. 11	108A	Jetway A-3 50/95 Apron Drive	30111
No. 12	108B	Jetway A-3 50/95 Apron Drive	30110

No. 13	109	Jetway A-3 58/110 Apron Drive	30103
No. 14	110A	Jetway A-3 50/95 Apron Drive	30113
No. 15	110B	Jetway A-3 50/95 Apron Drive	30112
No. 16	111	Jetway A-3 58/110 Apron Drive	30104
No. 17	112A	Jetway A-3 58/110 Apron Drive	30108
No. 18	112B	Jetway A-3 58/110 Apron Drive	30107
No. 19	113A	Jetway A-3 58/110 Apron Drive	30105
No. 20	113B	Jetway A-3 58/110 Apron Drive	30106
No. 21	114A	Jetway TR 46/56	30117
No. 22	114B	Jetway TR 46/56	30116
No. 23	115A	Jetway TR 46/56	30114
No. 24	115B	Jetway TR 46/56	30115

;provided that such C-2 2004 (24) New Loading Bridges shall not be deemed to constitute Schedule 1 Terminal Fixtures (as defined in Paragraph 53 of Supplement No. 17 of the Lease) under the Lease.

The Lessee represents and warrants to the Port Authority that the C-2 2004 (24) New Loading Bridges shall be purchased and installed at the C-2 portion of the premises by the Lessee at its sole cost and expense and that the Lessee shall have and shall retain title thereto, subject to the terms and provisions of the Lease including without limitation Sections 34 and 74 thereof.

(b) By the execution of this Supplemental Agreement title to the 2004 (14) Removed Loading Bridges shall be deemed vested in the Lessee, and the Lessee shall, as part of the work under the Alteration Applications, remove, transport and dispose of the 2004 (14) Removed Loading Bridges at the Lessee's sole cost and expense and in accordance with the terms of the Lease, including without limitation all applicable Environmental Requirements (as defined in the Lease) and the Alteration Applications. The Lessee shall install the C-2 2004 (24) New Loading Bridges, and perform all associated and related work, at the C-1 and at the C-2 Gate Positions listed in the foregoing List immediately upon the Lessee's removal from the premises of the 2004 (14) Removed Loading Bridges, and shall perform such work and installations at its sole cost and expense and in accordance with the terms of the Lease, including without limitation all applicable Environmental Requirements (as defined in the Lease) and the Alteration Applications. The Port Authority shall not be responsible for any costs or expenses of any type whatsoever for or in connection with any of the foregoing work or the said transfer of title or removal, transport or disposal of the 2004 (14) Removed Loading Bridges or the said installation of the C-2 2004 (24) New Loading Bridges.

It is specifically understood and agreed that none of the costs and expenses of the foregoing shall be or become part of the cost of the construction work (as defined in Section 6 of

the Lease) or part of the Construction Advance Amount (as defined in Section 6 of the Lease). It is further expressly understood and agreed that the transfer of title to the Lessee and removal, transporting and disposal of the 2004 (14) Removed Loading Bridges by the Lessee shall not result in any recomputation, adjustment or reduction of any construction advance, or the Construction Advance Amount or the Base Annual Rental or any component thereof, and shall not create or entitle the Lessee to any abatement, adjustment or reduction of any rentals or charges under the Lease, and shall not create or entitle the Lessee to any other claim against the Port Authority whether under this Lease or otherwise.

(c) It is expressly understood and agreed that, from and after the Effective Date of this Supplement No. 22 to the Lease, all references to the 42 passenger loading bridges in the Lease shall be deemed to mean the 42 passenger loading bridges as reduced in number and modified pursuant to the provisions of Paragraph 4 of Supplement No. 7 to the Lease, Paragraph No. 9 of Supplement No. 8 to the Lease, Paragraph 4 of Supplement No. 12 to the Lease and as reduced by the removal of the twelve (12) 2001 Removed Loading Bridges pursuant to the provisions of Paragraph 1 of Supplement No. 18, and as reduced by the removal of the 2004 (14) Removed Loading Bridges pursuant to the provisions of Paragraph 1 of this Supplement No. 22.

(d) The Port Authority makes no representations, warranties or guarantees as to 2004 (14) Removed Loading Bridges or any of them or any aspect or component thereof. The Lessee shall and hereby takes title to and accepts the 2004 (14) Removed Loading Bridges in their "as is" condition and title thereto shall be deemed to pass to the Lessee upon the Lessee's removal thereof from the premises in accordance with the terms of this Supplement No. 22 including but not limited to the requirement for the installation by the Lessee of the C-2 2004 (24) New Loading Bridges at the designated C-2 Gate Positions listed above; and the Lessee expressly accepts, acknowledges and agrees that the Port Authority makes no representations, warranties or guarantees as to the 2004 (14) Removed Loading Bridges or any of them or any aspect or component thereof. The Lessee shall be responsible for and pay all costs and expenses, including without limitation, any and all sales or other taxes, of or pertaining to the transfer of title to the 2004 (14) Removed Loading Bridges and the transporting, storage and disposal thereof.

2. Section 34 of the Lease entitled "Personal Property", as previously amended, is hereby further amended as follows: The first line of paragraph (a) thereof (as amended by and set forth in Supplement No. 18 of the Lease) shall be deemed amended to read as follows:

> "All personal property (including trade fixtures, the C-1C-2 New Loading Bridges , as defined in Supplement No. 18 of the Lease, and the C-2 2004 (24) New Loading Bridges, as defined in Supplement No. 22 of the Lease, but specifically excluding the Schedule 1

Terminal Fixtures, and excluding Port Authority owned loading bridges and other Port Authority owned property as mentioned below) removable".

3. Section 74 of the Lease entitled "Purchase of Property", as previously amended, is hereby further amended as follows: The sixth (6th) line thereof shall be deemed amended to read as follows:

"C-1C-2New Loading Bridges (as defined in Supplement No. 18 of the Lease), the C-2 2004 (24) New Loading Bridges (as defined in Supplement No. 22 of the Lease) or such other loading bridges as may be substituted therefor in accordance with Section 34 of the Lease, flight information display system".

4. Each party represents and warrants to the other that no broker has been concerned in the negotiation of this Twenty-second Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. Each party shall indemnify and save harmless the other party of and from any and all claims for commissions or brokerage made by any and all persons, firms or corporations whatsoever for services provided to or on behalf of the indemnifying party in connection with the negotiation and execution of this Twenty-second Supplemental Agreement.

5. No Commissioner, director, officer, agent or employee of any party to this Twenty-second Supplemental Agreement shall be charged personally or held contractually liable by or to any other party under any term or provision of this Twenty-second Supplemental Agreement or of any supplement, modification or amendment to the Lease or because of its or their execution or attempted execution or because of any breach or alleged or attempted 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 Twenty-second 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 and the Port Authority agree that no representations or warranties shall be binding upon the other unless expressed in writing in the Lease or in this Twenty-second Supplemental Agreement.

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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

(Title) FRANCIS A. DIMOLA ASSISTANT DIRECTOR AVIATION DEPT.

Seal

ATTEST:

Secretary

CONTINENTAL AIRLINES, INC.

By

(Title) Holden Shannon Vice President Corporate Real Estate & Environmental Affairs President

Ack. N.J.; Corp. & Corp.

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 25th day of March, 2004, before me, the subscriber, a notary public of New York, personally appeared FRANCIS A. DiMOLA the Assistant Director, Aviation Dept 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.

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, 2007

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

On the 20th day of February, 2004, before me, the subscriber, a , personally appeared HOLDEN SHANNON the Vice President of CRE, CONTINENTAL AIRLINES, INC., 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.

Francine M. Viglione
(notarial seal and stamp)

FRANCINE M. VIGLIONE
Notary Public, State of Texas
My Commission Expires
April 26, 2006

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

AVIATION DEPT.
FILE COPY

Port Authority Lease No. ANA-170
Supplement No. 23
Facility: Newark Liberty International Airport

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of January 1, 2002, by and between THE PORT AUTHORTIY OF NEW YORK AND NEW JERSEY (hereinafter called the "Port Authority") and CONTINENTAL AIRLINES, INC. (hereinafter called the "Lessee");

WITNESSETH, That

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and 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 Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was submitted for approval of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession pursuant to the applicable provisions of United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993; 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 as follows:

1. Effective as of January 1, 2002, paragraph (a) of Article IV to Schedule M of the Lease, as set forth in paragraph 2 of Supplement No. 15 to the Lease, shall be and be deemed

deleted and the following new subparagraph "(a)" shall be deemed substituted in lieu thereof:

> "(a) The Port Authority may in its discretion purchase an item or perform a project involving capital improvements and replacements other than the Monorail Construction Work in connection with the Monorail System, including but not limited to any expenses related to an overhaul capital project incurred by the Port Authority, and in the event it does so, the Port Authority shall determine the portion of the Monorail Construction Costs paid or incurred by the Port Authority in connection therewith from and after the Monorail Fee Commencement Date up to and including December 31st for the calendar year during which the Monorail Fee Commencement Date occurs, or such subsequent calendar year during which such capital item or project is purchased or performed in connection with the Monorail System, which shall be the total of the elements of costs set forth in subparagraph (a) (1) of Section II hereof, said portion being hereinafter called the "Additional Capital Investment.""

2. In 2002, the Port Authority made payments to the Monorail operator totaling Twenty Million Six Hundred Thousand Dollars and No Cents ($20,600,000.00) for system enhancements and accelerated mid-life overhaul work associated with the Monorail System. The Lessee acknowledges and agrees that effective as of January 1, 2002, the $20,600,000 in operating expenses incurred by the Port Authority shall be treated as Additional Capital Investment as set forth in Schedule M and be included as part of future Additional Construction Factors but shall be amortized over the remaining term of the original Monorail System. The Lessee further acknowledges and agrees that any future operating costs associated with the mid-life overhaul of the Monorail System shall be treated as Additional Capital Investment as set forth in Schedule M and included as part of future Additional Construction Factors but shall be amortized over the remaining term of the original Monorail System.

3. 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.

4. 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.

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

6. 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:

Secretary

THE PORT AUTHORITY OF NEW YORK OF NEW JERSEY

By

(Title) FRANCIS A. DIMOLA ASSISTANT DIRECTOR AVIATION DEPT.

(Seal)

ATTEST:

Asst. Secretary

CONTINENTAL AIRLINES, INC.

By

(Title) Holden Shannon Senior Vice President Global Real Estate and Security President

(Corporate Seal)

APPROVED:
FORM TERMS

FORM XLD - Ack., N.J. 51380

For the Port Authority

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 30 day of December in the year 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared FRANCIS A. DINOLA, 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, 2007

For the Lessee

STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 15th day of December, 2004 before me, the subscriber, a Notary Public, personally appeared Holden Shannon the Senior Vice President of Global Real Estate, 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.

DaShawanda D Mitchell
(notarial seal and stamp)

DASHAWANDA D MITCHELL
NOTARY PUBLIC
STATE OF TEXAS
Comm Exp 04-04-2006

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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

AVIATION DEPT.
FILE COPY

Newark International Airport
Supplement No. 22
Port Authority Lease No. **ANA-170**

TWENTY-SECOND SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made as of February 17, 2004 (the "Effective Date") (sometimes referred to as "Twenty-second Supplemental Agreement" or as "Supplement No. 22" of the Lease) by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter referred to as "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, (hereinafter referred to as "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. as of January 11, 1985 entered into an agreement of lease covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called the "Airport") as therein set forth (said agreement of lease as heretofore supplemented and amended is hereinafter called the "Lease"); and

WHEREAS, the Lease was thereafter assigned by said People Express Airlines, Inc. to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and said People Express Airlines, Inc. and dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was heretofore submitted for approval of the United States Bankruptcy Court for the District of Delaware ("the Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession pursuant to the applicable provisions of the United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993; and

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

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of the Effective Date, as follows:

1. (a) With respect to the passenger loading bridges which are referred to in the Lease as the "42 passenger loading bridges" for which Port Authority construction advances were made pursuant to Sections 2 and 6 of the Lease (hereinafter sometimes referred to as the "Section 2 loading bridges"), it is hereby recognized that the Lessee has advised the Port Authority that, based on the Lessee's desire to reconfigure gate assignments in the Satellite C-2 portion of the premises ("C-2 portion of the premises"), certain modifications and removal work are required; the same to be performed by the Lessee under Tenant Alteration Applications which have been or shall be submitted by the Lessee for approval by the Port Authority. Said Tenant Alteration Applications if, as and when approved by the Port Authority being herein called the "Alteration Applications". The aforesaid work shall consist of:

(i) the removal from the premises of fourteen (14) of the Section 2 passenger loading bridges including the transfer of the title thereof to the Lessee and the disposition of the same by the Lessee; said fourteen (14) loading bridges being identified by gate number at the C-1 C-2 portions of the premises and by serial number ("2004 (14) Removed Loading Bridges") as follows:

2004 (14) Removed Loading Bridges List

	Gate	Description	Serial Number
No. 1	101	Wollard 500 Fixed Pedestal	WS500R-33
No. 2	103	Wollard 500 Fixed Pedestal	WS500R-34
No. 3	104	Wollard 903 Apron Drive	WS903-13
No. 4	106	Wollard 903 Apron Drive	WS903-14
No. 5	109	Wollard 500 Fixed Pedestal	WS500R-37
No. 6	111	Wollard 500 Fixed Pedestal	WS500R-38
No. 7	112	Wollard 500 Fixed Pedestal	WS500R-51
No. 8	113	Wollard 500 Fixed Pedestal	WS500R-54
No. 9	114	Wollard 500 Fixed Pedestal	WS500R-52
No. 10	115	Wollard 500 Fixed Pedestal	WS500R-53
No. 11	71	Wollard 903 Apron Drive	WS903-17
No. 12	73	Wollard 903 Apron Drive	WS903-18
No. 13	75	Wollard 903 Apron Drive	WS903-20
No. 14	86	Wollard 500 Fixed Pedestal	WS500R-63

and (ii) the relocation from satellite C-2 portion of the premises to Satellite C-1 portion of the premises of the following four (4) loading bridges, of which the loading bridge identified below by gate number 102 and bearing serial number 38765 shall remain a Port Authority owned loading bridge as part of the Section 2 loading bridges; and title to the loading bridge identified below by gate number 110 and bearing serial number 39452 will remain in the Lessee, as described in Supplement No. 18 of the Lease; and that title to the loading bridges identified below by gate numbers 105 and 107 and bearing serial numbers 39483 and 39484 will remain in the New Jersey Economic Development Authority, as described in Supplement No. 18 of the Lease:

	Original C-2 Location (Gate)	Description	Serial Number	New Location C-1 (Gate)
No. 1	102	Jetway A-3 58/110 Apron Drive	38765	86
No. 2	105	Jetway A-3 60/119 Apron Drive	39483	71
No. 3	107	Jetway A-3 60/119 Apron Drive	39484	75
No. 4	110	Jetway A-3 60/119 Apron Drive	39452	73

and (iii) the installation in the C-2 portion of the premises, at the Gate Positions listed below, of twenty-four (24) new apron-drive articulated passenger loading bridges (as hereinafter described) ("C-2 2004 (24) New Loading Bridges"): as follows:

C-2 2004 (24) New Loading Bridges

	New Gate (C2 Reconfiguration)	Description	Serial Number
No. 1	101	Jetway A-3 58/110 Apron Drive	30097
No. 2	102	Jetway A-3 58/110 Apron Drive	30094
No. 3	103A	Jetway A-3 58/110 Apron Drive	30098
No. 4	103B	Jetway A-3 58/110 Apron Drive	30099
No. 5	104A	Jetway A-3 58/110 Apron Drive	30096
No. 6	104B	Jetway A-3 58/110 Apron Drive	30095
No. 7	105	Jetway A-3 58/110 Apron Drive	30100
No. 8	106	Jetway A-3 50/95 Apron Drive	30109
No. 9	107A	Jetway A-3 58/110 Apron Drive	30101
No. 10	107B	Jetway A-3 58/110 Apron Drive	30102
No. 11	108A	Jetway A-3 50/95 Apron Drive	30111
No. 12	108B	Jetway A-3 50/95 Apron Drive	30110

No. 13	109	Jetway A-3 58/110 Apron Drive	30103
No. 14	110A	Jetway A-3 50/95 Apron Drive	30113
No. 15	110B	Jetway A-3 50/95 Apron Drive	30112
No. 16	111	Jetway A-3 58/110 Apron Drive	30104
No. 17	112A	Jetway A-3 58/110 Apron Drive	30108
No. 18	112B	Jetway A-3 58/110 Apron Drive	30107
No. 19	113A	Jetway A-3 58/110 Apron Drive	30105
No. 20	113B	Jetway A-3 58/110 Apron Drive	30106
No. 21	114A	Jetway TR 46/56	30117
No. 22	114B	Jetway TR 46/56	30116
No. 23	115A	Jetway TR 46/56	30114
No. 24	115B	Jetway TR 46/56	30115

;provided that such C-2 2004 (24) New Loading Bridges shall not be deemed to constitute Schedule 1 Terminal Fixtures (as defined in Paragraph 53 of Supplement No. 17 of the Lease) under the Lease.

The Lessee represents and warrants to the Port Authority that the C-2 2004 (24) New Loading Bridges shall be purchased and installed at the C-2 portion of the premises by the Lessee at its sole cost and expense and that the Lessee shall have and shall retain title thereto, subject to the terms and provisions of the Lease including without limitation Sections 34 and 74 thereof.

(b) By the execution of this Supplemental Agreement title to the 2004 (14) Removed Loading Bridges shall be deemed vested in the Lessee, and the Lessee shall, as part of the work under the Alteration Applications, remove, transport and dispose of the 2004 (14) Removed Loading Bridges at the Lessee's sole cost and expense and in accordance with the terms of the Lease, including without limitation all applicable Environmental Requirements (as defined in the Lease) and the Alteration Applications. The Lessee shall install the C-2 2004 (24) New Loading Bridges, and perform all associated and related work, at the C-1 and at the C-2 Gate Positions listed in the foregoing List immediately upon the Lessee's removal from the premises of the 2004 (14) Removed Loading Bridges, and shall perform such work and installations at its sole cost and expense and in accordance with the terms of the Lease, including without limitation all applicable Environmental Requirements (as defined in the Lease) and the Alteration Applications. The Port Authority shall not be responsible for any costs or expenses of any type whatsoever for or in connection with any of the foregoing work or the said transfer of title or removal, transport or disposal of the 2004 (14) Removed Loading Bridges or the said installation of the C-2 2004 (24) New Loading Bridges.

It is specifically understood and agreed that none of the costs and expenses of the foregoing shall be or become part of the cost of the construction work (as defined in Section 6 of

the Lease) or part of the Construction Advance Amount (as defined in Section 6 of the Lease). It is further expressly understood and agreed that the transfer of title to the Lessee and removal, transporting and disposal of the 2004 (14) Removed Loading Bridges by the Lessee shall not result in any recomputation, adjustment or reduction of any construction advance, or the Construction Advance Amount or the Base Annual Rental or any component thereof, and shall not create or entitle the Lessee to any abatement, adjustment or reduction of any rentals or charges under the Lease, and shall not create or entitle the Lessee to any other claim against the Port Authority whether under this Lease or otherwise.

(c) It is expressly understood and agreed that, from and after the Effective Date of this Supplement No. 22 to the Lease, all references to the 42 passenger loading bridges in the Lease shall be deemed to mean the 42 passenger loading bridges as reduced in number and modified pursuant to the provisions of Paragraph 4 of Supplement No. 7 to the Lease, Paragraph No. 9 of Supplement No. 8 to the Lease, Paragraph 4 of Supplement No. 12 to the Lease and as reduced by the removal of the twelve (12) 2001 Removed Loading Bridges pursuant to the provisions of Paragraph 1 of Supplement No. 18, and as reduced by the removal of the 2004 (14) Removed Loading Bridges pursuant to the provisions of Paragraph 1 of this Supplement No. 22.

(d) The Port Authority makes no representations, warranties or guarantees as to 2004 (14) Removed Loading Bridges or any of them or any aspect or component thereof. The Lessee shall and hereby takes title to and accepts the 2004 (14) Removed Loading Bridges in their "as is" condition and title thereto shall be deemed to pass to the Lessee upon the Lessee's removal thereof from the premises in accordance with the terms of this Supplement No. 22 including but not limited to the requirement for the installation by the Lessee of the C-2 2004 (24) New Loading Bridges at the designated C-2 Gate Positions listed above; and the Lessee expressly accepts, acknowledges and agrees that the Port Authority makes no representations, warranties or guarantees as to the 2004 (14) Removed Loading Bridges or any of them or any aspect or component thereof. The Lessee shall be responsible for and pay all costs and expenses, including without limitation, any and all sales or other taxes, of or pertaining to the transfer of title to the 2004 (14) Removed Loading Bridges and the transporting, storage and disposal thereof.

2. Section 34 of the Lease entitled "Personal Property", as previously amended, is hereby further amended as follows: The first line of paragraph (a) thereof (as amended by and set forth in Supplement No. 18 of the Lease) shall be deemed amended to read as follows:

> "All personal property (including trade fixtures, the C-1C-2 New Loading Bridges , as defined in Supplement No. 18 of the Lease, and the C-2 2004 (24) New Loading Bridges, as defined in Supplement No. 22 of the Lease, but specifically excluding the Schedule 1

Terminal Fixtures, and excluding Port Authority owned loading bridges and other Port Authority owned property as mentioned below) removable".

3. Section 74 of the Lease entitled "Purchase of Property", as previously amended, is hereby further amended as follows: The sixth (6th) line thereof shall be deemed amended to read as follows:

"C-1C-2New Loading Bridges (as defined in Supplement No. 18 of the Lease), the C-2 2004 (24) New Loading Bridges (as defined in Supplement No. 22 of the Lease) or such other loading bridges as may be substituted therefor in accordance with Section 34 of the Lease, flight information display system".

4. Each party represents and warrants to the other that no broker has been concerned in the negotiation of this Twenty-second Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. Each party shall indemnify and save harmless the other party of and from any and all claims for commissions or brokerage made by any and all persons, firms or corporations whatsoever for services provided to or on behalf of the indemnifying party in connection with the negotiation and execution of this Twenty-second Supplemental Agreement.

5. No Commissioner, director, officer, agent or employee of any party to this Twenty-second Supplemental Agreement shall be charged personally or held contractually liable by or to any other party under any term or provision of this Twenty-second Supplemental Agreement or of any supplement, modification or amendment to the Lease or because of its or their execution or attempted execution or because of any breach or alleged or attempted 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 Twenty-second 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 and the Port Authority agree that no representations or warranties shall be binding upon the other unless expressed in writing in the Lease or in this Twenty-second Supplemental Agreement.

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versionC

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

(Title) FRANCIS A. DIMOLA ASSISTANT DIRECTOR AVIATION DEPT.

Seal

ATTEST:

Secretary

CONTINENTAL AIRLINES, INC.

By

(Title) Holden Shannon Vice President Corporate Real Estate & Environmental Affairs President

Ack. N.J.; Corp. & Corp.

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 25th day of March, 2004, before me, the subscriber, a notary public of New York, personally appeared FRANCIS A. DiMOLA the Assistant Director, Aviation Dept 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.

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, 2007

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

On the 20th day of February, 2004, before me, the subscriber, a , personally appeared HOLDEN SHANNON the Vice President of CRE, CONTINENTAL AIRLINES, INC., 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.

Francine M. Viglione
(notarial seal and stamp)

FRANCINE M. VIGLIONE
Notary Public, State of Texas
My Commission Expires
April 26, 2006

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

AVIATION DEPT.
FILECOPY

Port Authority Lease No. ANA-170
Supplement No. 24
Facility: Newark Liberty International Airport

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of January 1, 2003, by and between THE PORT AUTHORTIY OF NEW YORK AND NEW JERSEY (hereinafter called the "Port Authority") and CONTINENTAL AIRLINES, INC. (hereinafter called the "Lessee");

WITNESSETH, That

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and 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 Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was submitted for approval of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession pursuant to the applicable provisions of United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993; 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 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 percent, on all long-term bonds outstanding, the proceeds of which were made available for construction at the Airport."

2 Commencing on January 1, 2003, in order to facilitate airfield improvements at the Airport, the Port Authority demolished Building No. 10 (the old Port Authority administration building). In 2003 the Port Authority's fixed charges (un-amortized investment) associated with Building No. 10 totaled Nine Million Six Hundred Ninety-seven Thousand Two Hundred Ninety Dollars and No Cents ($9,697,290.00). The Lessee acknowledges and agrees that, effective as of January 1, 2003, the $9,697,290.00 un-amortized investment (plus the appropriate interest factor as provided in paragraph 1 above) will be included in future fixed charge calculations on Port Authority investment in Airport Services pursuant to Schedule A of the Lease. However, notwithstanding paragraph 1 above, such $9,697,290.00 amount will be amortized using an equal annual payment method over the period beginning January 1, 2003 and continuing until December 31, 2018.

3. 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.

4. 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.

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

6. 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:

Secretary

THE PORT AUTHORITY OF NEW YORK OF NEW JERSEY

By

(Title) FRANCIS A. DIMOLA
ASSISTANT DIRECTOR
AVIATION DEPT.

(Seal)

ATTEST:

Secretary

JENNIFER L. VOGEL
SENIOR VICE PRESIDENT, GENERAL COUNSEL
AND SECRETARY

CONTINENTAL AIRLINES, INC.

By

(Title) Holden Shannon
Senior Vice President
Global Real Estate
and Security
President

(Corporate Seal)

APPROVED
FORM | TERMS

FORM XLD - Ack., N.J. 51380

For the Port Authority

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 6 day of JANUARY in the year ~~2004~~ 2005, before me, the undersigned, a Notary Public in and for said state, personally appeared FRANCIS A. DIMELIA, 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, 2007

For the Lessee

STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 8th day of October, 2004 before me, the subscriber, a Notary Public, personally appeared Holden Shannon the Senior Vice President of Global Real Estate & Security, 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.

Dashawanda D Mitchell
(notarial seal and stamp)

DASHAWANDA D MITCHELL
NOTARY PUBLIC
STATE OF TEXAS
Comm Exp 04-04-2006

AVIATION DEPT.
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BILL OF SALE

CONTINENTAL AIRLINES, INC. ("**Grantor**"), for good and valuable consideration extended by The Port Authority of New York and New Jersey ("**Grantee**"), the receipt and sufficiency of which are hereby acknowledged, has BARGAINED, SOLD and DELIVERED and by these presents does BARGAIN, SELL and DELIVER unto Grantee that certain passenger loading bridge attached to Gate A23 at Newark International Airport, and bearing serial number OG-2931 (the "**Personalty**");

The Personalty is in a used condition, and Grantor is neither a manufacturer or distributor thereof, nor dealer or merchant therein.

GRANTOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE IN RESPECT OF THE PERSONALTY, AND THE SAME IS SOLD IN AN "AS IS, WHERE IS" CONDITION, WITH ALL FAULTS. BY ACCEPTANCE OF DELIVERY GRANTEE AFFIRMS THAT IT HAS NOT RELIED ON GRANTOR'S SKILL OR JUDGMENT TO SELECT OR FURNISH THE PERSONALTY FOR ANY PARTICULAR PURPOSE, AND THAT GRANTOR MAKES NO WARRANTY THAT THE PERSONALTY IS FIT FOR ANY PARTICULAR PURPOSE AND THAT THERE ARE NO REPRESENTATIONS OR WARRANTIES, EXPRESSED, IMPLIED, OR STATUTORY, EXCEPT THAT GRANTOR REPRESENTS AND WARRANTS THAT GRANTOR OWNS THE PERSONALTY FREE OF ANY LIENS CREATED BY, THROUGH OR UNDER GRANTOR AND HAS FULL POWER, RIGHT, AND AUTHORITY TO CONVEY TITLE THERETO.

EXECUTED as of March 29, 2004.

CONTINENTAL AIRLINES, INC.

By: _____

Name: Holden Shannon

Title: Vice President Corporate Real Estate & Environmental Affairs

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

AVIATION DEPT.
FILE COPY

Lease No. ANA-170
Supplement No. 26
Newark Liberty International Airport

THIS SUPPLEMENTAL AGREEMENT (this "Agreement" or this "Supplemental Agreement"), made as of the 10th day of July, 2010 by and between the **PORT AUTHORITY OF NEW YORK AND NEW JERSEY** (hereinafter referred to as the "Port Authority"), and **CONTINENTAL AIRLINES, INC.** (hereinafter called the "Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee heretofore entered into an agreement of lease dated January 11, 1985, bearing Port Authority Lease number ANA-170 and covering the letting by the Port Authority to the Lessee of certain premises at the Newark Liberty International Airport (the "***Airport***"), as more fully described therein, (said agreement of lease as amended, supplemented and extended referred to herein as the "***Lease***" or the "***Terminal C Lease***;" and said premises referred to herein as "***Terminal C***" or the "***Premises***").

WHEREAS, the Port Authority and the Transportation Security Administration (the "***TSA***") entered into a Memorandum of Agreement Relating to Baggage Screening Projects for Newark Liberty International Airport ("***EWR***") effective September 10, 2008 [Reference No. HSTS04-08-H-CT1235] (the "***MOA***") (a copy of which MOA is attached hereto as Exhibit A), setting forth the terms and establishing the respective cost-sharing obligations and responsibilities of the TSA and the Port Authority with respect to the performance of the engineering, design and integration of baggage Explosive Detection Systems ("***EDS***") projects and baggage screening system improvements at EWR (the "***EWR TSA Project***").

WHEREAS, the Port Authority and the TSA also entered into a (i) Memorandum of Agreement Relating to Baggage Screening Projects for John F. Kennedy International Airport ("***JFK***") on or about September 10, 2008 (Reference No.HSTS04-08-H-CT1236), setting forth the terms and establishing the respective cost-sharing obligations and responsibilities of the TSA and the Port Authority with respect to the performance of EDS projects and baggage screening system improvements at JFK (the "***JFK TSA Project***"), and (ii) Memorandum of Agreement Relating to Baggage Screening Projects for LaGuardia Airport ("***LGA***") on or about September 10, 2008 (Reference No.HSTS04-

08-H-CT1094), setting forth the terms and establishing the respective cost-sharing obligations and responsibilities of the TSA and the Port Authority with respect to the performance of EDS projects and baggage screening system screening improvements at LGA (the "*LGA TSA Project*").

WHEREAS, since the Lessee is responsible for the operation, maintenance and management of Terminal C pursuant to the Terminal C Lease, the EWR TSA Project, as it relates to Terminal C (the "*Project*") will require the Lessee, and the Lessee hereby agrees, to perform the scope of work, as it relates to Terminal C, as set forth in the MOA subject to and in accordance with all of the terms and provisions and conditions of the MOA, the Terminal C Lease and of this Supplemental Agreement.

WHEREAS, it is hereby acknowledged and agreed that the Lessee shall perform the Work (as defined in Paragraph 5 below) at its sole cost and expense, subject to the terms and conditions set forth in the MOA for payment by TSA to the Port Authority and subject to the terms and conditions of this Supplemental Agreement covering, among other matters, the release by the Port Authority to the Lessee of sums, if any, paid to the Port Authority by the TSA for the Work.

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.

WHEREAS, unless the context clearly indicates otherwise, any term not defined herein shall have the same meaning given to it in the Lease.

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby covenant and agree effective as of the date hereof, as follows:

1. (a) Effective as of the date hereof, (which date is sometimes hereinafter referred to as the "*Additional Premises Effective Date*"), in addition to the premises heretofore let to the Lessee under the Lease, as to which the letting shall continue in full force and effect subject to all of the terms and conditions of the Lease, as amended, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority at the Airport, for and during the remainder of the term of the letting of Area C-3 under the Lease, as herein amended, the space as shown in stipple on the drawing attached hereto, hereby made a part hereof and marked "Exhibit A-2", 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, to be and become a part of the premises under the Lease, the said spaces, areas, structures, fixtures, improvements and other property being hereinafter referred to as the "*Additional Premises*" or "*Area C-AP*". The Additional Premises shall and do hereby become a part of Area C-3 (as defined in the Lease) of the premises for and during the residue and remainder of the term of the letting of Area C-3 under the Lease, as herein amended, subject to and in accordance with all of the terms, covenants, provisions and conditions of the Lease, as herein amended. The parties hereto hereby acknowledge that the Additional Premises constitute non-residential real property.

(b) The Lessee shall use the Additional Premises for the purpose of performing the Work, as hereinafter defined in Paragraph 5 and for such other purposes for which the premises may be used, as provided in the Terminal C Lease, and for no other purpose whatsoever.

2. The Port Authority shall deliver the Additional Premises to the Lessee in its respective presently existing "as is" condition as of the date of this Supplemental Agreement. The Lessee acknowledges that prior to the execution of this Supplemental Agreement, it has thoroughly examined and inspected Additional Premises and has found them in good order and repair and has determined them to be suitable for the Lessee's operations therein under the Lease. The Lessee agrees to assume all responsibility for any and all risks, costs and expenses of any kind whatsoever, caused by, arising out of or in connection with, the condition of the Additional Premises whether any aspect of such condition existed prior to, on or after the Additional Premises Effective Date, including without limitation all Environmental Requirements and Environmental Damages, and to indemnify and hold harmless the Port Authority for all risks, requirements, costs and expenses imposed upon or required of the Port Authority. All the obligations of the Lessee under the Lease as hereby amended with respect to the aforesaid responsibilities, risks, costs and expenses assumed by the Lessee shall survive the expiration or termination of the Lease. The Port Authority shall have no obligation under the Lease, as herein amended, for finishing work or preparation of any portion of the Additional Premises for the Lessee's use.

3. 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 suitability of the Additional Premises for the operations permitted thereon by the Lease, as herein amended. Without limiting any obligation of the Lessee to commence operations under this Supplemental Agreement, at the time and in the manner stated elsewhere in this Agreement, the Lessee agrees that no portion of the Additional Premises will be used initially or at any time during the term of the letting under the Lease, which is in a condition unsafe or improper for the conduct of the Lessee's operations therein under the Lease so that there is possibility of injury or damage to life or property, and the Lessee further agrees that before any use of the Additional Premises, it will immediately correct any such unsafe or improper condition. It is hereby understood and agreed that whenever reference is made in this Supplemental Agreement to the condition of the Additional Premises as of the Additional Premises Effective Date, the same shall be deemed to mean the condition of the Additional Premise as of the date of this Supplemental Agreement, and as to the improvements made and the alteration work performed during the term of the Lease in the condition existing after the completion of the same. Without limiting the generality of any of the provisions of the Lease, as herein amended, or this Supplemental Agreement, the Port Authority shall not be liable to the Lessee for any claims for loss, theft or damage involving any property stored or placed in the Additional Premises. All of the obligations of the Lessee under the Lease, as herein amended with respect to the aforesaid responsibilities, risks,

costs and expenses assumed by the Lessee shall survive the expiration or termination of the Lease.

4. (a) In addition to all other rentals and charges provided for under the Lease, as herein amended, from and after the Additional Premises Rental Commencement Date, as hereinafter defined, the Lessee shall pay to the Port Authority a rental for Area C-AP at an annual rate consisting of (i) a Facility Factor consisting of the sum of Twenty Four Thousand One Hundred Thirty Seven Dollars and No Cents ($24, 137.00), plus (ii) the Airport Services Factor/Phase 1A Roadway, as the same shall have been adjusted in accordance with Schedule A attached to the Lease, based upon a 2008 final Airport Services Factor/Phase 1A Roadway in the amount of Fifty Four Thousand Seven Hundred Seventy Two Dollars and No Cents ($54, 772.00), which annual rate shall be increased in accordance with the provisions of Subdivision II appearing in Section 3 of Supplement No. 17 of the Lease and Schedule A.

(b) The Lessee shall pay the rental for Area C-AP, as the same shall have been determined based upon the aforesaid adjustments, monthly in advance on the Additional Premises Rental Commencement Date and on the first day of each and every succeeding month in equal installments until such time as the said rentals for Area C-AP have been further adjusted in accordance with paragraph (a) of this Section and Schedule A, as amended, which adjusted rentals shall remain in effect until the next adjustment and the monthly installments payable after each such adjustment shall be equal to one-twelfth (1/12th) of said total annual rentals as so adjusted. If any installment of Area C-AP rental payable hereunder shall be for less than a full calendar month, then the Area C-AP 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.

(c) In the event the term of the letting of Area C-AP shall expire on a day other than the last day of a month, for said month shall be the monthly installment prorated on a daily basis using the actual number of days in the said month.

(d) As used herein, Additional Premises Rental Commencement Date shall mean, the earlier of: (i) the date appearing on the certificate issued by the Port Authority pursuant to Section 93(n)(1) of Supplement No. 17 of the Lease; or (ii) the last day of the thirtieth month following the date upon which the Port Authority approved the Tenant Alteration Application submitted by the Lessee for the Project. It is hereby understood and agreed that for purposes of this Paragraph 4(d), any reference to "Expansion Construction Work" in Section 93(n)(1) of Supplement No. 17 to the Lease shall be deemed to be a reference to the Work, as defined below.

(e) (i) In the event the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of the annual rental payable pursuant to subparagraph (a) of this paragraph, the Facility Factor of the annual rental for each square foot of the premises the use of which is denied the Lessee, shall be reduced for each calendar day or major fraction thereof the abatement remains in effect at the daily rate of $0.0029.

(ii) In addition, the Airport Services Factor of the annual 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 $0.0065.

5. The Lessee hereby agrees to perform the entire scope of the Project as set forth in Article III of the MOA, (as more particularly defined in the Conceptual Drawings and General Scope of Work attached hereto as Exhibit B, the "*Work*"). The Lessee shall perform the Work in accordance with the Tenant Alteration Application(s), as approved by the Port Authority and in accordance with the Port Authority's Tenant Alteration Application requirements as they exist as of the date hereof. The Work shall be performed and completed by the Lessee strictly in accordance with the Terminal C Lease, the MOA and with the following further terms and conditions contained herein.

6. The Lessee hereby assumes, and shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents and employees, against the following distinct and several risks, whether such risks arise from 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, excepting only claims and demand which result solely from the willful misconduct, or the sole negligence of the Port Authority, ***provided***, ***however***, that the foregoing exception for "sole negligence" as used herein shall not include any instance in which the Port Authority shall have relied on information or documents provided by the Lessee or any of its contractors or subcontractors in connection with this Supplemental Agreement or the MOA:

(a) The risk of loss or damage to all such Work prior to the completion thereof and the risk of loss or damage of any property of the Port Authority or others arising out or in connection with the performance of the Work. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the Work and the property of the Port Authority or others without cost or expense to the Port Authority;

(b) The risk of death, injury or damage, direct or consequential, to the Port Authority, its Commissioners, officers, agents and employees, and to its or their property, arising out of or in connection with the performance of the Work. The Lessee shall indemnify the Port Authority, its Commissioners, officers, agents and employees for all such injuries and damages, and for all loss suffered by reason thereof;

(c) The risk of all claims and demands, just or unjust, by the TSA, the Government of the United States of America and third persons (including employees, officers and agents of the Port Authority) against the Port Authority, its Commissioners, officers, agents and employees arising or alleged to arise out of the performance of the Work or out of any breach or other default by Lessee of this Supplemental Agreement as it relates to the Work, or out of any payment made or requested to be made under this Supplemental Agreement, as it relates to the Work, or the MOA. The Lessee shall indemnify the Port Authority, its Commissioners, officers, agents and employees against

and from all such claims and demands, and for all loss and 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. 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 over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provision of any statutes respecting suits against the Port Authority.

(d) The duties, responsibilities and obligations of the Lessee set forth in sub-subparagraphs (a) through (c) of this Paragraph 6 shall survive termination or expiration of the Terminal C Lease, as herein amended.

7. The Lessee shall submit to the Port Authority for its approval one or more Tenant Alteration Application or Applications, in the form supplied by the Port Authority and containing such terms and conditions as the Port Authority may include, setting forth in detail and by appropriate plans and specifications the Work, and the manner of and time periods for performing the same. In the event of any inconsistency between the terms of any Tenant Alteration Application covering the Work (or portion thereof) and the terms of this Supplemental Agreement, the terms of the Terminal C Lease, as herein amended shall prevail and control. The Lessee shall also comply with all applicable governmental laws, ordinances, orders, enactments, resolutions, rules and directives including, but not limited to, all requirements of the TSA. The data to be supplied by the Lessee shall describe in detail the Work. The Lessee shall be responsible at its sole cost and expense for retaining all architectural, engineering and other technical consultants and services as may be directed by the Port Authority and for developing, completing and submitting detailed plans and specifications for the Work, including but not limited to the Design Documents. The plans and specifications to be submitted by the Lessee to the Port Authority shall bear the seal of a qualified architect or professional engineer and shall be in sufficient detail for a contractor to perform the work. The Lessee shall not engage any contractor or permit the use of any subcontractor; unless and until each such contractor or subcontractor has been approved by the Port Authority and the Lessee upon request will furnish the Port Authority with a copy of each of its proposed contracts with its contractors. The Lessee shall include in any such contract or subcontract such provisions as required by this Supplemental Agreement and also such other provisions as the Port Authority may reasonably require. Upon the request of the Port Authority, the Lessee shall provide the Port Authority a copy of its contracts and subcontracts covering the Work or any portion thereof. The Lessee or its contractors and subcontractors shall obtain and maintain in force such insurance coverages and performance bonds in such amounts as the Port Authority may specify. All of the Work hereunder shall be done in accordance with the said Tenant Alteration Application(s) and final plans and specifications approved by the Port Authority and reviewed by the TSA; shall be subject to inspection by the Port Authority and the TSA during the progress of the said Work and

after the completion thereof: and the Lessee shall redo or replace at its own expense any of said work not done in accordance therewith, or as otherwise required to be redone or replaced by the TSA. Upon approval of such plans and specifications by the Port Authority, and review thereof by the TSA, the Lessee shall proceed diligently at its sole cost and expense to perform and complete the Work. Notwithstanding the foregoing or anything contained herein to the contrary, the Port Authority shall not require Lessee to (x) make modifications to the plans and specifications for the Project (i) so long as the plans and specifications are comparable in size, location and general scope as established by the Conceptual Drawings and General Scope of Work, approved by the Port Authority, TSA and the Lessee and attached hereto as Exhibit B or (ii) if the costs of the Project, other than Allowable Costs reimbursable to Lessee, taking into account such modifications, would exceed $1,000,000.00, or (y) engage technical consultants and services for developing, completing and submitting detailed plans and specifications for the Work if the costs of the Project, other than Allowable Costs reimbursable to Lessee, taking into account the Port Authority's requirement for Lessee to engage such consultants and services, would exceed $100,000.00.

8. (a) Without limiting any other terms, provisions and conditions of the Terminal C Lease, as herein amended, the Lessee understands and agrees that it shall put into effect prior to the commencement of the 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 (hereinafter "Schedule E"); as used in Schedule E the term "construction work" shall apply to the Work. The provisions of said Schedule E 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, 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 E to effectuate the goals of affirmative action and MBE and WBE programs.

(b) In addition to and without limiting any terms and provisions of this the Terminal C Lease, as herein amended, the Lessee shall provide in its contracts and all subcontracts covering the Work or any portion thereof that:

(i) 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;

(ii) 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;

(iii) 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;

(iv) The contractor will include the provisions of subparagraphs (b)(i) through (b)(iii) of this Paragraph 8 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;

(v) "contractor" as used herein shall include each contractor and subcontractor at any tier of construction.

(c) Notwithstanding anything to the contrary contained in the foregoing, nothing contained in this Paragraph 8 shall be or be deemed to operate as a waiver or release of the obligation of the Lessee to fully comply with all of the provisions of subparagraphs (a) and (b) of this Paragraph 8 and all of the portions of Schedule E attached to this Supplemental Agreement with respect to the Work and with respect to any and all Tenant Alteration Applications that are submitted by the Lessee relating to the Work or any portion thereof subsequent to the date of this Supplemental Agreement. The Lessee hereby expressly agrees to comply with all of the provisions of subparagraphs (a) and (b) of this Paragraph 8 and all of the provisions (both Part I and Part II) of Schedule E with respect to all of the Work and all TAAs and all contracts relating to the same.

(d) Nothing contained herein shall release or relieve the Lessee from any of its duties, responsibilities or obligations otherwise set forth in the Terminal C Lease, and neither the foregoing nor anything in this Supplemental Agreement shall be deemed to limit, diminish, waive or impair the rights and remedies of the Port Authority, and the Port Authority shall continue to have all rights and remedies, legal, equitable and otherwise, with respect to the Terminal C Lease, as herein amended.

9. All of the Work, including workmanship and materials, shall be of first class quality.

10 Upon completion of the Work, including successful completion of the TSA EDS systems test under Article VII of the MOA and acceptance by the TSA pursuant thereto, the Lessee shall supply the Port Authority with (i) as-built plans and drawings in form and number requested by the Port Authority, and (ii) an additional duplicate set of such "as built" drawings to be attached to the final Certificate, as hereinafter defined, in accordance with the provisions of Paragraph 18(a)(xv) of this Supplemental Agreement. Notwithstanding the submission by the Lessee to 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 the Lessee or to any contractors engaged by the Lessee or to others in connection with any proposed or actual contracts entered into by the Lessee for the Work 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, claim 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 of the Work by the Lessee or pursuant to the contracts between the Lessee and its contractors.

11. The Lessee shall pay 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 Work; and shall cause its contractors and subcontractors to pay all such claims lawfully made against them. The Lessee shall indemnify the Port Authority against all claims, damages or losses that may arise or result therefrom, including interest thereon, and costs and expenses including attorneys' fees and penalties or fines. Nothing herein contained shall be deemed to constitute consent to the creation of any lien or claim against the Work, the Premises or the Airport, or any portion thereof, nor to create any rights in said third persons against the Port Authority.

12. The Lessee shall be solely responsible for obtaining the acceptance of the TSA of the Work pursuant to Article VII of the MOA. The Lessee shall be solely responsible for the plans and specifications used by it, and for the adequacy or sufficiency of such plans, specifications and all the improvements, alterations, installations and decorations depicted thereon or covered thereby, regardless of the consent thereto or approval thereof by the Port Authority or the incorporation therein of any Port Authority requirements or recommendations. The Port Authority shall have no obligations or liabilities in connection with the performance of the improvements, alterations, decorations and installations constituting the Work, whether performed by the Lessee or on its behalf, or the contracts for the performance thereof entered into by the Lessee. Any warranties extended or available to the Lessee in connection with the Work shall be for the benefit of the Port Authority as well as the Lessee.

13. (a) The Port Authority hereby represents that the TSA has appropriated a total sum of Four Hundred Million Dollars and No Cents ($400,000,000.00) (the "*Total TSA Funding*") for the EWR TSA Project, the JFK TSA Project, and the LGA TSA Project, of which, One Hundred Twenty Eight Million Dollars and No Cents ($128,000,000.00) of the Total TSA Funding has been allocated by the TSA for the EWR TSA Project at this time. The Port Authority agrees that it shall not agree to an allocation or reallocation of the Total TSA Funding such that less than Eighty Million Dollars and No Cents ($80,000,000.00) would be available to Lessee for the TSA's portion of the Allowable Costs hereunder, unless the Port Authority and the Lessee, acting reasonably, agree, in writing, that such funds would not be required to complete the Project.

(b) In accordance with and pursuant to the provisions of Paragraph 18 of this Agreement, and provided that the Cost of the Work, as hereinafter defined in Paragraph 17, below, performed by the Lessee is in excess of Two Hundred Fifty Thousand Dollars and No Cents ($250,000.00) ("the Invoice Threshold Amount") during one or more months, the Lessee hereby agrees and acknowledges that it shall have the right to submit with respect to such Work, Invoices, as defined in subparagraph (a) of said Paragraph 18, for each month (or combination of months) for which the amount of such Work exceeds the Invoice Threshold Amount; provided, however, with respect to the last Invoice for the Work, the Invoice Threshold Amount shall not apply and the Lessee's last Invoice for the Work may be less than the Invoice Threshold Amount.

(c) When a portion of the Work for which the Lessee is submitting an Invoice, as defined in said Paragraph 18(a), has been completed, the Lessee shall deliver to the Port Authority the Invoice, as hereinafter defined in Paragraph 18(a), to such effect signed by an authorized officer of the Lessee and also signed by the Lessee's licensed architect or engineer certifying that each such portion of the Work has been performed substantially in accordance with the approved Tenant Alteration Application(s) and the approved plans and specifications, data and materials forming a part thereof, and the Design Documents. Within 30 days after the Port Authority's receipt of an invoice, each such portion of the Work will be inspected by the Port Authority and if the same has been completed as certified by the Lessee and the Lessee's licensed architect or engineer, as aforesaid, an invoice to such effect shall be delivered to the TSA by the Port Authority subject to the condition that, as between the Port Authority and the Lessee, all risks thereafter with respect to each such portion of the Work and any liability therefor for negligence or other reason shall be borne by the Lessee, as herein provided.

(d) When the final Invoice has been submitted by the Lessee, the Project shall be deemed complete only upon the successful completion of the TSA EDS systems test conducted by the TSA under Article VII of the MOA, and acceptance of the TSA in accordance therewith.

14. Without limiting Paragraph 15 hereof or any other term or provision of this Agreement or of the Terminal C Lease or the MOA, the Lessee hereby expressly acknowledges and agrees:

(a) that the total maximum of the costs of the Work eligible for reimbursement to the Lessee under the MOA for federal funds is that amount equivalent to the Project Reimbursement Amount, as hereinafter defined, paid to the Port Authority by the TSA for Work accepted by the TSA pursuant to Articles IV and IX of the MOA, all of which shall be computed based on the eligibility of the project costs as set forth in Article IV of the MOA and Paragraph 16 hereof; that said amount includes the costs of acquisition, delivery and installation of a Checked Baggage Inspection System ("CBIS") in Terminal C and/or modifications to existing CBISs as well as the items listed in Article III (2) of the MOA that the TSA will not be responsible for under the MOA. The TSA has agreed to reimburse the Port Authority ninety percent (90%) of the actual allowable, allocable and reasonable costs of the Work incurred by the Lessee in the performance and completion of the Work, including the cost of all necessary design, supervision and construction management associated therewith, (the "***Project Reimbursement Amount***") but such Project Reimbursement Amount shall not exceed the eligible cost of the TSA's Performance Guidelines and Design Standards, as reviewed and approved by the TSA. The determination of allowable and allocable costs will be made by the TSA in accordance with the Common Rule and 49 CFR Part 18, and that the TSA will determine the costs that will be eligible for reimbursement in accordance with the Common Rule and 49 CFR Part 18; that the TSA will reimburse the Port Authority on an actual expense basis supported by one or more invoices submitted by the Port Authority in accordance with the MOA; that all costs in excess of the Project Reimbursement Amount as well as any costs that do not comply with the Common Rule, shall not be borne by the TSA, unless otherwise agreed by the TSA in a modification to the MOA in accordance with Article XII, and that should the TSA contributions of the total amount represent more than the Project Reimbursement Amount the Port Authority will refund TSA the difference to achieve the Project Reimbursement Amount and to the extent such amount in excess of the Project Reimbursement Amount has been remitted to the Lessee by the Port Authority, the Lessee shall have the obligation to refund such difference to the Port Authority;

(b) that the TSA will provide maintenance, repair, and refurbishment of EDS and ETD equipment throughout its life cycle at no cost to the Port Authority or the Lessee; that to the extent that equipment can no longer be used at the end of its life cycle, the TSA will provide for the removal and disposition of the equipment at no cost to the Port Authority or the Lessee, subject to the availability of funds; that the Lessee shall, subject to the Agreement and the Terminal C Lease, have the obligation to provide full ingress and egress to the TSA and its contractors for the installation, operation, testing, maintenance, and repair of EDS and Explosives Trace Detection ("***ETD***") equipment at all times during the term of the letting under the Terminal C Lease;

(c) that except for the EDS and ETD security equipment owned by the TSA and separately provided for use at the Airport (the "***Security Equipment***"), the City

of Newark or the Port Authority, as applicable, shall own and have title to all personal property, improvements to real property, or other assets which are acquired under the MOA, subject to and in accordance with the provisions of the Terminal C Lease, and that it shall be the responsibility of the Lessee, pursuant to and in accordance with the provisions of this Supplemental Agreement and the Terminal C Lease, to operate, maintain, and if it becomes necessary, replace, such property to support the efficient use of the Security Equipment;

(d) that title to the non-security equipment such as ancillary equipment or infrastructure that was purchased or reimbursed using Federal funds, or installed by the TSA, or its agents or contractors at the TSA's expense, or by the Port Authority or its agents or contractors, or the Lessee or its agents or contractors, will vest in the City of Newark or the Port Authority, as applicable, upon acceptance in accordance with Article VII of the MOA, and Paragraph 13 of this Agreement, subject to and in accordance with the provisions of the Terminal C Lease;

(e) that except for the responsibilities of the TSA as outlined in Article V(A) of the MOA, the Project will be managed by the Lessee, who will oversee, perform and complete the Work, including, but not limited to, the responsibilities outlined in Article V(B) of the MOA as they relate to the Project, subject to the provisions of the MOA, the Terminal C Lease and of this Supplemental Agreement;

(f) that the Lessee shall have the obligation to use its commercially reasonable efforts to have the Work completed within the prescribed costs and schedule contained in the MOA.

15. Without limiting any term or provision hereof, it is expressly understood and agreed that certain obligations, duties, requirements, and responsibilities recited, stated or otherwise described or deemed to be included in the MOA are incorporated herein as obligations, duties, requirements and responsibilities of the Lessee under this Supplemental Agreement, and the Lessee hereby accepts and agrees to the same, including but not limited to the following: the obligation to perform the obligations set forth in Article V(B) of the MOA; the obligation to refund to the Port Authority the amount of any and all payments required by the TSA to be refunded to the TSA by the Port Authority pursuant Article IX of the MOA; the obligation to comply with the audit and record-keeping provisions of Article X of the MOA; the obligation under Article VIII of the MOA to contact the TSA Contracting Officer immediately in the event the Lessee receives, or the Port Authority advises the Lessee that the Port Authority has received, any communication which it interprets as a direction to change the work addressed by the MOA, or to incur costs not covered by funding obligated at that time and to refrain from taking any action as a result of that communication as described in said Article VIII of the MOA; and the obligation pursuant to Article VIII A of the MOA to inform the TSA "Contracting Officer" (as named in the MOA) in the event the Contracting Officer Technical Representative (the "COTR" as defined in the MOA) takes any action which is interpreted by the Lessee, or which the Port Authority has advised the Lessee that the Port Authority has interpreted, as a change in scope or liability of the Port Authority or

the TSA.

The foregoing references to specific sections or provisions of the MOA shall not limit, or be construed as limiting, the obligations, duties, responsibilities and liabilities of the Lessee under this Supplemental Agreement or the Terminal C Lease.

16. As used herein the term "***Allowable Costs***" shall mean the sum of all Project Costs, as defined in Article IV of the MOA, allowable for reimbursement by the TSA under the MOA, (which Allowable Costs, will be determined by the TSA in accordance with the provisions of Article IV (D) of the MOA) and shall include those costs set forth in sub-paragraphs (a) through (c) below. The form of payment application submitted by the Lessee to the Port Authority for payment shall be subject to the approval of both the Port Authority and the TSA. In the event the TSA provides an application form, such form will be provided to the Lessee.

(a) Engineering costs (to include design, specifications, bid documents and contract documents) and construction supervision costs (to include project management) and Port Authority Letter of Intent Administration Costs (hereinafter collectively "Project Soft Costs") and which shall not exceed 16% of the Project Costs, unless the TSA increases such ceiling for reimbursement of all Project Soft Costs, in which case, the Project Soft Costs shall not exceed such increased ceiling of the Project Soft Costs;

(b) Design costs incurred on or after October 1, 2007;

(c) EDS in-line checked baggage construction costs, which include, but shall not be limited to:

(i) demolition (infrastructure or baggage system related, including demolition of the existing system)

(ii) Baggage Handling System ("BHS") infrastructure upgrades, platforms, catwalks located within the EDS screening matrix area;

(iii) BHS: that portion located within the EDS screening matrix area, including redesign and upgrading of conveyors to support the integration of the screening matrix only;

(iv) on-screen resolution (OSR) Room, Checked Baggage Resolution Area (CBRA).

(v) acoustical treatment in OSR and CBRA;

(vi) electrical infrastructure (cabling, control panels) and basic lighting fixtures for the CBIS, CBRA, and OSR;

(vii) telephone systems/pager systems for the TSA, CBRA and OSR only;

(viii) heating, ventilation, air conditioning (HVAC) environmental requirements for CBIS, OSR Room, CBRA and EDS Network equipment room.

(d) Project costs not considered reimbursable under the MOA include:

(i) employee break rooms, administrative office space and restrooms;

(ii) aesthetic architecture enhancements;

(iii) maintenance, repair parts or spare parts for Airport Terminal improvements include the baggage handling conveyor components installed under this Project;

(iv) extended warranties beyond one (1) year;

(v) maintenance of baggage conveyor system;

(vi) profit or corporate G&A costs to the PANYNJ.

(viii) costs incurred by the PANYNJ and/or designee, its contractors or agents to perform work not allocable with the TSA approved design or TSA's Planning Guidelines and Design Standards for CBIS.

Notwithstanding anything contained in Paragraph 16(d) above or elsewhere in this Agreement to the contrary, the Port Authority shall not agree with the TSA or another party that costs which are not Allowable Costs hereunder (or costs similar to those listed in Paragraph16(d)) are reimbursable to a party with whom the Port Authority may enter into an agreement for the performance of the work related to any portion of the EWR TSA Project, the JFK TSA Project, or the LGA TSA Project, unless the Port Authority also agrees, at such time, to allow for such costs to be reimbursable to the Lessee under the terms of this Agreement, in which case such costs shall be considered Allowable Costs under this Agreement and deleted from Paragraph 16(d) above. Further, if the Port Authority and the TSA agree that additional costs not listed in Paragraph 16(a)-(c) above are Allowable Costs, then such costs shall be reimbursable to the Lessee and considered "Allowable Costs" under this Agreement.

17. It is specifically understood and agreed that notwithstanding anything to the contrary herein, all costs and expenses of the Work (the "*Cost of the Work*") shall be borne fully and solely by the Lessee without reimbursement or payment by the Port Authority except to the extent federal funds have been paid to the Port Authority by the TSA and except to the extent provided for herein with respect to, and properly includable in, the Cost of the Work, and also subject to the limitations set forth in Paragraph 18 of this Supplemental Agreement, and Articles IV and IX of the MOA.

18. Except as hereinafter provided in Paragraph 18(f), if, and only if, and to the extent the Port Authority receives payment from the TSA for the Work, or a portion or portions thereof, pursuant to Article IX of the MOA, the Port Authority shall reimburse the Lessee for the Cost of the Work for the applicable portion of the Work from the federal funds paid by TSA pursuant to the MOA in accordance with the following:

(a) After completion of each portion the Work for which the Lessee is seeking reimbursement in excess of the Threshold Invoice Amount, the Lessee shall deliver to the Port Authority an invoice with respect to each such portion of the Work, and each such invoice shall be signed by a responsible fiscal officer of the Lessee, sworn to before a notary public and which shall set forth a representation by the Lessee that it

will apply the reimbursement payment made by the Port Authority from the federal funds received by the Port Authority from the TSA only to the Cost of the Work applicable to that portion of the Work, and for no other purpose or purposes whatsoever, and shall contain and have attached thereto all of the invoices and other documentation and items required to be attached thereto as described in this Paragraph 18, and under Article IX of the MOA (each such invoice being hereinafter referred to as the "***Invoice***"). In addition, and without limiting any other requirements of this Paragraph 18, each Invoice,

(i) shall contain the Lessee's certification as to each of the amounts, payments and expenses and costs contained therein and that the same constitute the final statement of the Cost of the Work with respect to the portion of the Work covered by such Invoice in accordance with and as described and defined in Paragraph 12 above;

(ii) shall also have attached thereto reproduction copies or duplicate originals of the invoices of the independent contractors of the Lessee for the Cost of the Work that has been incurred and paid by the Lessee, and for such invoices an acknowledgment by the said independent contractors of the receipt by them of such amounts and payments, and such invoices shall also conform with all of the requirements set forth in Article IXof the MOA;

(iii) shall contain the Lessee's certification that the Work or portion of the Work for which payment is requested has been accomplished and 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(s) requested to be paid to the Lessee by the Port Authority;

(iv) shall set forth the total cumulative payments made by the Lessee as aforesaid from the commencement of the Work to the date of the Invoice;

(v) shall set forth by itemization and reference to each contract, and cumulatively the amounts of retainage, if any with specific identification as to the applicable contract;

(vi) shall contain the Lessee's certification that the entire and complete Cost of the Work for the portion of the Work covered by such Invoice has been paid by the Lessee; that there are no outstanding liens, mortgages, conditional bills of sale, or other encumbrances of any kind with respect to the Work; and that to Lessee's knowledge there are no unpaid claims of any kind whatsoever with respect thereto, except any unpaid claims being contested by the Lessee or its contractors in good faith and by appropriate proceedings.

(vii) shall contain a certification by the Lessee that the portion of the Work covered by the Invoice has been performed and completed strictly in accordance with the terms of this Supplemental Agreement, the Terminal C Lease, the Tenant Alteration Applications and the MOA;

(viii) shall have attached thereto accurate, readable and complete copies of all change estimates, change orders, extra work authorizations, design change authorizations, purchase orders in connection with the Work or portion of the Work, as applicable;

(ix) shall have attached thereto true copies of any and all reports and schedules of any type submitted or kept, or required to be submitted or kept, by the Lessee or any contractor, architect, engineer or other consultant of the Lessee;

(x) shall also contain such further information and documentation with respect to the Cost of the Work, as the TSA at any time and from time to time may require;

(xi) shall have attached thereto true copies of the items described in subparagraph (b) below and required under the last sentence of subparagraph (b),

(xii) only as it relates to Lessee's last and final Invoice for the Work, shall contain the Lessee's certification that the portion of the Work covered by the Invoice, together with the portions of the Work previously covered by all previous Invoices, have been successfully completed and accepted by the TSA pursuant to Article VII of the MOA, as applicable, and Paragraph 13 above and has been installed in accordance with the TSA Checked Baggage Inspection system Performance Criteria and technical specifications for the EDS baggage screening equipment;

(xiii) shall contain the Lessee's certification that the Invoice conforms with the Common Rule and 49 CFR Part 18; and

(xiv) shall contain the Lessee's certification and warranty that the Invoice is complete and proper for delivery by the Port Authority to TSA for purposes of payment by TSA to the Port Authority of federal funds under Article IX of the MOA, and that the Invoice is in accordance with all of the requirements and provisions of the MOA and all applicable governmental regulations.

(xv) shall have attached thereto a duplicate set of "as built" drawings for the entire work, in accordance with Paragraph 10 above, when the portion of the Work covered by the final Invoice submitted by the Lessee has been successfully completed and accepted by the TSA and the Port Authority pursuant to Article VII of the MOA and Paragraph 10 above.

(b) In addition to and without limiting any term or provision of the Terminal C Lease, it is hereby expressly agreed that the Port Authority shall have, and the Lessee hereby conveys to the Port Authority all rights, titles or interests of the Lessee in and to the full and unrestricted ownership, free and clear of any and all security interests, liens, or other encumbrances, and all proprietary rights and interests in and to

all documents produced for the design and construction of the Work; and each and every portion thereof, including without limitation drawings and specifications, work product, and the like, (including such which are or are to become the property of any "Owner" named as such in such a contract or other agreements), upon any payment made hereunder or otherwise therefor, or upon such earlier time or times as may be provided under the applicable contract(s)or other agreement(s), by the Port Authority for any item of the Work or applicable portion thereof, and each contract, purchase order, consultant agreement, architectural agreement, or any other type of agreement entered into by or on behalf of the Lessee for the Work, or of any portion thereof, shall reflect and or provide for the foregoing, except for any contract, purchase order, consultant agreement, architectural agreement, or any other type of agreement entered into by or on behalf of the Lessee for the Work, prior to the date of this Supplemental Agreement. It is further hereby expressly agreed that if the applicable contract or other agreement gives to the Lessee any such rights of ownership that the same shall be deemed given to the Port Authority automatically without the requirement for any execution of any further documentation. The Lessee shall and hereby agrees, without limiting the foregoing, to execute any and all documents which may be required by the Port Authority to transfer or evidence such ownership and proprietary rights of the Port Authority.

(c) In addition to and without limiting the foregoing, and in addition to any and all other information required to be submitted pursuant to Section 2, as applicable, and to Section 23 of the Terminal C Lease, as herein amended, the Lessee shall immediately furnish to the Port Authority information concerning budget, costs, costs estimates, timing and scheduling of construction of the Work and each portion of the Work (and any other information concerning the Work or any Invoice given in respect thereof), as may be reasonably requested by the Port Authority at any time and from time to time with respect to the Cost of the Work, including, but not limited to, the following:

(i) Reports of the construction manager hired by the Lessee and reports of the Lessee's architect, which reports must contain reports as to activity conducted in connection with the Work on a continuing basis from the commencement of the Work to the date of submission;

(ii) A certification signed by the Lessee's licensed architects or licensed professional engineers that each portion of the Work is in compliance with the plans and specifications therefor as approved by the TSA and the Port Authority;

(iii) Accurate, readable and complete copies of all change estimates, change orders, extra work authorizations, design change authorizations, and purchase orders in connection with the Work,

(iv) True copies of any and all reports and schedules of any type submitted or kept, or required to be submitted or kept, by the Lessee or any contractor, architect, engineer or other consultant of the Lessee; and

(v) True copies of any and all of the items described in and required under subparagraph (c) above.

(d) (i) Within thirty (30) days after the delivery by the Lessee to the Port Authority of a duly and properly submitted Invoice, provided that such Invoice is complete and proper in form and content for submission to TSA in accordance with Article IX of the MOA the Port Authority will use commercially reasonable efforts to submit the Invoice to TSA, accompanied by the appropriate Port Authority invoices based on the Invoice pursuant to the MOA, and with respect to the final Invoice, together with the "as built" drawings and documentation to be provided by the Lessee. In the event the Port Authority determines that the Invoice is not in form and content complete or proper for delivery to TSA, the Port Authority shall promptly so notify the Lessee.

(ii) Within thirty (30) days) after the Port Authority has received payment from TSA of federal funds for the portion of the Work covered by the Invoice pursuant to Article IX of the MOA, the Port Authority will make payment to the Lessee of the amounts paid by the Lessee for the Cost of the Work as certified in, and for the portion of the Work covered by, such Invoice, subject to the limitations stated in Article IX of the MOA including, but not limited to the retainage by the TSA of Ten Percent (10%) of each Invoice submitted by the Lessee until the baggage screening system has successfully passed the TSA EDS systems test and defects, if any, have been corrected, as set forth in Article VII of the MOA, and including, but not limited to, the limitations and conditions set forth in subparagraphs (a) through (c) above, in this subparagraph (d), and subparagraphs (e) and (f) below (each such amount for each portion of the Work for which an Invoice is submitted, the "*Reimbursement Amount*"). It is understood that in the event the Port Authority receives any notice or instruction from the TSA directing against all or a portion of a payment to the Lessee, the Port Authority shall not make all or a portion, as applicable, of such payment to the Lessee, of the Cost of the Work. For the avoidance of doubt, only the TSA shall withhold retainage in respect of the Invoices; provided, however, nothing contained herein shall preclude the Lessee from withholding retainage from its contractor(s).

(iii) It is hereby agreed and understood that in paying the Reimbursement Amount the Port Authority shall be relying on the truth and accuracy of each of the Invoices and the Lessee's certifications and representations therein. No such payment by the Port Authority of the Reimbursement Amount shall constitute any waiver of claims or release by the Port Authority against the Lessee or any of its contractors, subcontractors, architects or others, nor any waiver of the Port Authority's rights of audit and inspection, nor any waiver of any other rights or remedies, legal or equitable, of the Port Authority.

(e) (i) Notwithstanding anything to the contrary contained herein, in the event the Lessee shall be in default under any term or provision of this Supplemental Agreement with respect to the Project, the Port Authority shall have the right, in its discretion, which shall not be exercised in an arbitrary or capricious manner, to withhold payment to the Lessee until such default is fully cured to the satisfaction of

the Port Authority, unless such withholding is prohibited by federal law or by the TSA, in which case the Port Authority shall not exercise such right to withhold; provided, that, if the amount to be withheld is associated with the default, such amount shall be based on a good faith estimate by the Port Authority of its exposure resulting from such default; provided, further, no payment or withholding of a payment shall be or be deemed to have waived any rights of the Port Authority with respect to the termination of the Terminal C Lease or to a default by the Lessee under any term or provision thereof or to the withholding or payment of future payments.

(ii) In addition to and without limiting the foregoing provisions and without limiting or impairing or waiving any other right or remedy of the Port Authority under this Supplemental Agreement or the Terminal C Lease, or otherwise, the Port Authority shall have the right, in its discretion, which shall not be exercised in an arbitrary or capricious manner, to withhold from the Reimbursement Amount the amounts of any or all items contained in the Invoice in any one or more of the following events or upon any of the following bases relating to the Work (it being agreed, however, that the amount of any such withholding shall be estimated in good faith by the Port Authority to be the exposure to the Port Authority associated with such item or items and that any amount withheld shall be released to the Lessee when such item or items have been resolved to the satisfaction of the Port Authority, which determination shall not be exercised in an arbitrary or capricious manner), and the Port Authority shall notify the Lessee of the same and the basis therefor:

(1) Any contractor or other person included or covered by the Invoice is in default or under a notice of termination with respect to its contract or agreement, or has not complied with all of the applicable terms or provision of its contract or agreement;

(2) The Invoice, or any of the certifications and documentation and other items required to be contained therein, attached thereto or submitted therewith is not in accord with the terms of this Supplemental Agreement, the Terminal C Lease, or the applicable contract, or is not complete or is otherwise improper or inadequate, or the same fails to include or omits required items;

(3) Inadequate or defective work or work not in accordance with this Supplemental Agreement, the Terminal C Lease or the approved Tenant Alteration Applications or the approved plans and specifications, or materials and equipment are not properly stored or protected;

(4) Claims related to the Work made by the Port Authority, the TSA, the Government of the United States of America or a *qui tam* person (as defined in Paragraph 36(a)(2)(i) of this Supplemental Agreement) against a contractor included in such Invoice which are outstanding;

(5) Failure of the Lessee to make payments to the contractor in connection with the Work;

(6) Work not performed but which was included in the Invoice;

(7) Any notice, claim or allegation made by any governmental authority of violation or non-compliance by the Lessee of any Environmental Requirements with respect to the Work or any portion thereof;

(8) Materials or supplies delivered to Terminal C but not incorporated in the realty; and

(9) Any contents of the Certificate not substantiated by any Port Authority inspection or audit (but the Port Authority shall have no obligation to conduct any such inspection or audit).

(f) The entire obligation of the Port Authority under this Supplemental Agreement to reimburse the Lessee for the Cost of the Work is conditioned upon the payment to the Port Authority by TSA pursuant to the MOA of the Cost of the Work and conditioned upon the prior payment to the Port Authority of the Cost of the Work or portion of the Work to be reimbursed, and shall be limited in amount to the actual amount received by the Port Authority from the TSA under Article IV of the MOA; and the total Reimbursement Amount for the Work and all portions of the Work shall not in any event exceed the Project Reimbursement Amount. The said obligation of the Port Authority to pay each Reimbursement Amount and the Project Reimbursement Amount to the Lessee is also expressly conditioned on the authorization by the Lessee, hereby given, to the Port Authority for the submission by the Port Authority to the TSA of each Invoice for purposes of payment by the TSA of federal funds for the Cost of the Work and as to each portion of the Work, and on the warranty by the Lessee to the Port Authority that each such Invoice is proper and complete for such purposes. Notwithstanding anything to the contrary contained in this Agreement, other than with respect to the terms and conditions set forth in this Paragraph 18, the Port Authority shall not have any responsibility or liability to the Lessee or any other person, and the Lessee shall not have any claim against the Port Authority for any cost or expense of or relating to the Work, or any part thereof, or for any failure or refusal of the TSA to make payment for the Work or any part thereof, or any failure of the TSA to perform or complete the Project or any portion thereof. The Port Authority and the Lessee agree to work in good faith in the performance of their respective obligations under this Supplemental Agreement.

Without in any way limiting the foregoing, the Port Authority shall work cooperatively with the Lessee in connection with the payment by the TSA of the Reimbursement Amounts. Further, the Port Authority shall not agree to an amendment to the MOA that would materially, adversely affect the Lessee's Work or the TSA's reimbursement obligation, as it relates to the Lessee's Work, it being agreed that amendments to the MOA that affect projects other than the Project, are not covered by this provision.

Prior to exercising its right of termination under Article XV of the MOA, the Port Authority hereby agrees that it shall resolve all disputes affecting the Lessee's right to receive payments for the Project with the TSA pursuant to the dispute resolution provision set forth in Article XIV of the MOA. If a dispute between the TSA and the Port Authority can not be resolved through such negotiations, the Port Authority shall, immediately upon conclusion of such negotiations, submit the dispute to the Office of Dispute Resolution for Acquisition ("ODRA"). Following the final decision by ODRA, and, if the Lessee so requests, the Port Authority shall submit such final agency action to judicial review in accordance with 49 U.S.C. 46110. The Lessee hereby agrees to pay the Port Authority's reasonable out-of pocket expenses for such judicial review, including the reasonable costs for the Port Authority's attorneys and outside counsel, as appropriate. The Port Authority shall not terminate the MOA during the pendency of the proceedings described in this subparagraph. In the event, upon the conclusion of such proceedings, the Port Authority shall elect to terminate the MOA, pursuant to Article XV of the MOA, the Port Authority shall provide the Lessee no less than ninety (90) days' prior written notice of its intent to terminate the MOA for cause.

Without limiting the other provisions of this Section 18(f), if the MOA is terminated for any reason prior to the completion of the Project, or the Lessee and the Port Authority, together, reasonably expect that sufficient federal funding would not be available for completion of the Project, then at the Lessee's option, the Lessee may cease the performance of the Work, or proceed with the Work at Lessee's sole risk, cost and expense. In the event that the Lessee elects to cease the performance of the Work, the Lessee shall: (i) take such steps in winding down the Work as may be required by the MOA, to ensure that the Work already in place, as well as any areas affected by such Work, shall not be left in a condition unsafe so that there is possibility of injury or damage to life or property, and (ii) have the option to: (x) continue in occupancy of the Additional Premises, subject to the approval of the Port Authority for any new or additional use of said premises, or (y) enter into a surrender agreement, reasonably acceptable to the Lessee and the Port Authority, pursuant to which the Lessee shall surrender the Additional Premises to the Port Authority, and in such case, the Lessee shall have the right, at its option, to remove all improvements made to the Additional Premises or surrender the Additional Premises with improvements constructed thereon. If the Lessee elects to remove the improvements made to the Additional Premises prior to surrendering the Additional Premises, the Port Authority shall not be responsible for the cost of removal of any improvements made by the Lessee at the Additional Premises. Further, the Port Authority shall not be responsible for any costs associated with winding down the Work.

If the Lessee chooses to proceed with the Work, as provided above, it shall notify the TSA of its intention to do so, and seek the TSA's approval, if so required, to proceed with the Work. In such case, unless otherwise directed by the TSA, the Lessee shall continue to perform the Work in accordance with the requirements set forth herein as well as with the terms and conditions of the MOA The Port Authority shall have no further responsibilities to the Lessee in connection with the payment by the TSA of Reimbursement Amounts to the Lessee, if any, or otherwise.

(g) The foregoing provisions with respect to submissions by the Port Authority to the TSA shall extend and apply only to Invoices submitted to the Port Authority by the Lessee prior to any expiration or termination of the Terminal C Lease.

19. In addition to and without limiting any other right or remedy of the Port Authority or of TSA under this Supplemental Agreement, the Terminal C Lease, the MOA or otherwise, 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 each Invoice called for in Paragraph 18 hereof, the books and records and other data of the Lessee relating to the Cost of the Work, as aforesaid, or any portion thereof, and any and all invoices covering or relating to the Work or any portion thereof and the actual, original cancelled checks of the Lessee, or microfiche copies (front and back) of said cancelled checks as supplied to the Lessee by the drawee bank(s) covering the Work or any portion thereof or any invoice or invoices with respect thereto; it being specifically understood that the Port Authority shall not be bound by any prior audit or inspection conducted by it or the TSA. The Lessee agrees to keep such books, records and other data within the Port of New York District, or, on the condition that the Lessee shall pay to the Port Authority all travel costs and expenses as determined by the Port Authority for the Port Authority auditors and other representatives in connection with any audit at locations outside the Port of New York District, the Lessee may maintain said records and books and make them available to the Port Authority at the Lessee's principal office, which currently is located at 1600 Smith Street, Department HQS VP Houston, Texas 77002. The Lessee shall not be required to maintain any such books, records and other data for more than seven (7) years after it has delivered the Invoice called for under subparagraph (c) above; unless they are material to litigation initiated within that time, in which event they shall be preserved until the final determination of the controversy.

20. If the Lessee has included in any portion of the Cost of the Work any item as having been incurred, but which in the opinion of the Port Authority, which opinion shall not be exercised in a capricious or arbitrary manner, was not so incurred, or which in the opinion of the Port Authority, which opinion shall not be exercised in a capricious or arbitrary manner, if so incurred is not an item properly chargeable to such element of cost under sound accounting practice or to the Cost of the Work, or does not represent an appropriate division of the costs of a particular contract which are required to be designated according to time of performance or delivery, and the parties have been unable to resolve their differences within ninety (90) days after Port Authority gave its notice objecting to the same, the Port Authority's decision as to the nature of the item of construction cost shall be final. The Port Authority hereby agrees that it shall not act in an arbitrary or capricious manner when rendering its final decision with respect to such unresolved differences.

21. (a) In the event that a Port Authority audit, or an audit by the TSA or any agency of the Government of the United States of America, shall disclose that amounts paid by the Port Authority exceed the Cost of the Work, or are otherwise improper or not in accord with the MOA or this Supplemental Agreement, based upon

certificates or otherwise, then, upon ten (10) days demand, the Lessee shall immediately pay to the Port Authority an amount equal to the excess amount paid by the Port Authority; and from and after the date of such payment to the Port Authority the Reimbursement Amount shall be reduced by the amount of such payment. The foregoing shall not be or be deemed to be any limitation, impairment or waiver of any other right or remedy of the Port Authority under this Supplemental Agreement, the Terminal C Lease, the MOA or otherwise.

(b) In the event that a Port Authority audit, or an audit by the TSA or any agency of the Government of the United States of America, shall disclose that the Lessee has expended in the Cost of the Work under Paragraph 16 hereof amounts which total less than the amounts that the Lessee has been paid hereunder, then, upon demand of the Port Authority, the Lessee shall immediately pay to the Port Authority an amount equal to the difference between the amounts expended by the Lessee as disclosed by the Port Authority audit, or an audit by the TSA or any agency of the Government of the United States, as the case may be, and the amount previously paid hereunder to the Lessee, less any such amount, or portion thereof, which the Lessee shall have already repaid to the Port Authority, and effective from and after such date of repayment the Project Reimbursement Amount shall be reduced by the amount of such repayment.

22. It is hereby understood and agreed that nothing herein shall or shall be deemed to be for the benefit of any contractor of the Lessee, or any other person or entity not a signatory to this Supplemental Agreement.

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

24. (a) (i) In addition to its obligations under Paragraph 6, hereof, the Lessee in its own name as insured and also including the Port Authority as an additional insured including without limitation for premises-operations and products-completed operations, shall procure and maintain Commercial General Liability insurance including coverage for premises operations, products completed operations, independent contractors, explosion, collapse and underground property damage, with a broad form property damage endorsement, and with said insurance to contain a contractual liability endorsement covering the risks set forth in Paragraph 6 hereof. The Commercial General Liability Insurance policy shall have a limit of not less than $10,000,000 combined single limit per occurrence for bodily injury liability and property damage liability. The Lessee may provide such insurance by requiring each contractor engaged by it for the 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 not be limited to the obligations of the Lessee and of its contractors pursuant to Paragraph 6 of this Supplemental Agreement but shall cover all claims and demands, just or unjust, of third parties (including employees, officers and agents of the Port Authority) arising or alleged to arise out of or in connection with the performance of the Work or based upon any of the risks assumed by the Lessee in this Supplemental Agreement or any breach of this Supplemental Agreement by the Lessee and for the defense of all such claims and demands.

(ii) The Lessee, or its contractors, shall procure and maintain Commercial Automobile Liability Insurance covering owned, non-owned and hired vehicles, in limits not less than $2,000,000 combined single limit per accident for death, bodily injury and property damage.

(iii) Without limiting the provisions hereof, in the event the Lessee maintains, or its contractors maintain, the foregoing insurance in limits greater than aforesaid, the Port Authority shall be included therein as an additional insured to the full extent of all such insurance in accordance with all the terms and provisions hereof.

(b) In addition to the foregoing, the Lessee shall procure and maintain Worker's Compensation and Employer's Liability Insurance as required by law.

(c) The insurance required hereunder shall be maintained in effect during the performance of the proposed Work. 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 upon the execution of this Supplemental Agreement by the Lessee and delivery thereof to the Port Authority. 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 or terminated, or changed or modified as it applies to the Port Authority, without giving thirty (30) 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 over the person of the Port Authority, 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 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.

25. Without limiting any term or provision hereof, the Lessee hereby acknowledges that portions of Terminal C upon which the Work is to be performed may

involve active roadway areas and/or operations areas at the Airport, and, accordingly the Lessee in its performance of the Work shall at all times use its best efforts to complete the Work as quickly as possible and, further, shall use its best efforts and take all necessary precautions, including without limitation, compliance with all requirements, if any, of the applicable governmental authorities and all requirements of the Port Authority, to ensure the safety of operations on said areas to protect all persons and property at the Airport and to ensure that the Lessee and its contractors shall not disrupt or interfere with normal Airport operations.

26. The Lessee, in its operations under this Supplemental Agreement and in the performance of the Work, shall not exacerbate the environmental condition of the Premises or the Airport or interfere with any environmental clean-up or remediation work being performed at the Premises whether by the Port Authority or others. Performance by the Lessee of the Work and use by the Lessee of the EDS, the ETD and the CBIS shall be subject to the terms and conditions of this Supplemental Agreement and the Terminal C Lease, and without limiting the foregoing, in conformance with all Environmental Requirements.

27. (a) The Lessee shall be fully responsible, at its sole cost and expense and in accordance with all applicable Environmental Requirements, as hereinafter defined in Paragraph 34, for the disposition of any Hazardous Substance in soils, waters or other material excavated or removed in the performance of the Work.

(b) Title to any soil, dirt, sand, asbestos or other material on the Premises or the Airport removed or excavated by the Lessee during the course of the Work shall vest in the Lessee upon the removal or excavation thereof and shall delivered and deposited by the Lessee at the Lessee's sole cost and expense to a location off the Airport in accordance with the terms and conditions of this Supplemental Agreement, the Terminal C Lease and the MOA, and all applicable Environmental Requirements (including, if required, disposal of asbestos in a long-term disposal facility at the Lessee's sole cost and expense) and all in a manner reasonably satisfactory to the Port Authority.

(c) In the event any Hazardous Substance is discovered in the performance of the Work, the Lessee in reporting such Hazardous Substance shall direct such report to the attention of such individual at the subject governmental authority as the General Manager of the Airport shall require in order to assure consistency in the environmental management of the Airport, provided, however, notwithstanding the foregoing in no event shall the Lessee be required by this subparagraph (c) to violate any Environmental Requirement.

(d) Promptly upon final disposition of any Hazardous Substance in the performance of the Work, the Lessee shall submit to the Port Authority a "***Certification of Final Disposal***" stating the type and amount of material disposed, the method of disposal and the owner and location of the disposal facility. The format of such certification shall follow the requirements, if any, of governmental agencies having jurisdiction as if the Port Authority were a private organization and the name of the Port

Authority shall not appear on any certificate or other document as a generator or owner of such material.

28. The Lessee shall not dispose of, release or discharge nor permit anyone to dispose of, release or discharge any Hazardous Substance on the Premises or at Airport in connection with its operations under this Supplemental Agreement or in the performance of the Work. Any Hazardous Substance disposed of, released or discharged by the Lessee or permitted by the Lessee to be disposed of, released or discharged at the Premises or at the Airport in connection with its operations under this Supplemental Agreement or in the performance of the Work shall be completely removed and/or remediated by the Lessee by methods and procedures satisfactory to and approved by the Port Authority.

29. In the performance of the Work the Lessee shall not employ any contractor nor shall the Lessee or any of its contractors employ any persons or use or have any equipment or materials or allow any condition to exist if any such shall or, in the opinion of the Port Authority, may cause or be conducive to any labor troubles at the Airport which interfere, or in the opinion of the Port Authority are likely to interfere with the operations of others at the Airport or with the progress of other construction work thereat. The determinations of the Port Authority shall be conclusive to the Lessee. Upon notice from the Port Authority, the Lessee shall immediately remove such contractor or withdraw or cause its contractors to withdraw from the Airport, the persons, equipment or materials specified in the notice and replace them with unobjectionable contractors, persons, equipment and materials and the Lessee shall or shall cause its contractor to immediately rectify any condition specified in the notice.

30. 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 Work, including but not limited to the fencing of the area where the Work is performed or portions thereof or other areas and the covering of open areas with asphaltic emulsion or similar materials as Port Authority may direct.

31. In connection with the performance of the Work, the Lessee shall be responsible for identifying the location of all utilities and shall prior to the commencement of any of the Work coordinate the Work with the Location of Subsurface Utilities toll free information service (1-800-272-1000) and ascertain the location of underground utilities, if any, at the Premises. The Lessee shall provide the Port Authority with the written evidence of such coordination.

32. All notices, directions, requests, consents and approvals required to be given to or by either party shall be in writing, and all such notices 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 certified or registered mail. Until further notice, the Port Authority hereby designates its Executive Director and the Lessee designates its Senior Vice President, System Operations & Real Estate, Mr. Holden Shannon, as their

respective representatives upon whom notices may be served, and the Port Authority designates its office at 225 Park Avenue South, New York City, New York 10003, and the Lessee designates its office at 1600 Smith Street, Department HQS- VP, Houston, Texas 77002, as their respective offices where notices may be served. If mailed, the notices herein required to be served shall be deemed effective and served as of the date of the certified or registered mailing thereof.

33. The Lessee agrees to provide the General Manager of the Airport with copies of all information, documentation, records, correspondence, notices, certifications, reports, test results and all other submissions provided by the Lessee to a governmental authority and by a governmental authority to the Lessee with respect to the Work and any Environmental Requirements pertaining to the Lessee' obligations under this Supplemental Agreement within five (5) business days that the same are made available to or received by the Lessee.

For the purposes of this Supplemental Agreement, the following terms shall have the respective meanings provided below:

(a) "***Environmental Requirement***" shall mean in the singular and "***Environmental Requirements***" shall mean in the plural all common law and all past, present and future laws, statutes, enactments, resolutions, regulations, rules, directives, ordinances, codes, licenses, permits, orders, memoranda of understanding and memoranda of agreement, guidances, approvals, plans, authorizations, concessions, franchises, requirements and similar items of all governmental agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof, all pollution prevention programs, "***best management practices plans***", and other programs adopted and agreements made by the Port Authority (whether adopted or made with or without consideration or with or without compulsion), with any government agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof, and all judicial, administrative, voluntary and regulatory decrees, judgments, orders and agreements relating to the protection of human health or the environment, and in the event that there shall be more than one compliance standard, the standard for any of the foregoing to be that which requires the lowest level of a Hazardous Substance, the foregoing to include without limitation:

(i) All requirements pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Substances into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, or the transfer of property on which Hazardous Substances exist; and

(ii) All requirements pertaining to the protection from Hazardous Substances of the health and safety of employees or the public.

(b) "***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 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.

(c) "***Hazardous Substance***" shall mean and include in the singular and "***Hazardous Substances***" shall mean and include in the plural any pollutant, contaminant, toxic or hazardous waste, dangerous substance, noxious substance, toxic substance, flammable, explosive or radioactive material, urea formaldehyde foam insulation, asbestos, polychlorinated biphenyls ("***PCBs***"), radon, chemicals known to cause cancer, endocrine disruption or reproductive toxicity, petroleum and petroleum products, fractions, derivatives and constituents thereof, of any kind and in any form, including, but not limited to, oil, petroleum, fuel, fuel oil, sludge, crude oil, gasoline, kerosene, and mixtures of, or waste materials containing any of the foregoing, and other gases, chemicals, materials and substances which have been or in the future shall be declared to be hazardous or toxic, or the removal, containment or restriction of which have been or in the future shall be required, or the manufacture, preparation, production, generation, use, maintenance, treatment, storage, transfer, handling or ownership of which have or in the future shall be restricted, prohibited, regulated or penalized by any federal, state, county, or municipal or other local statute or law now or at any time hereafter in effect as amended or supplemented and by the regulations adopted and publications promulgated pursuant thereto.

35. No entity shall be a third party beneficiary of this Supplemental Agreement.

36. (a) (1) The Lessee hereby acknowledges and agrees that if any failure of the Lessee to comply with the terms, conditions and provisions of this Supplemental Agreement and its attachments results in a demand being made by the TSA or the Government of the United States of America arising out of or relating to the MOA or the Project, or claims made in connection therewith, for the Port Authority to make a payment to the TSA or the Government of the United States of America, as applicable, and if the Lessee thereafter fails, within ten (10) days after the Lessee's receipt of written notice from the Port Authority advising the Lessee of such demand made upon the Port Authority, to make payment to the Port Authority of the amount so demanded from the Port Authority by the TSA or the Government of the United States of America (except to the extent any such demand is retracted by the TSA or the Government of the United States, as applicable, within such ten (10) day period), then such failure shall constitute a material breach of the Terminal C Lease, as herein amended thus giving rise to all of the Port Authority's rights and remedies thereunder.

(2) (i) For the purposes of this Paragraph 36 and Paragraph 18(e)(ii)(4) of this Supplemental Agreement, the term "*qui tam* person" shall mean and include each "person" as described in 31 U.S.C.§ 3730 (b)(1) who may assert a claim or

demand under and pursuant to the provisions of the Federal False Claims Act (31 U.S.C. §3729), or any successor or similar statute.

(ii) The Lessee hereby acknowledges and agrees that if any failure of the Lessee to comply with the terms, conditions and provisions of this Supplemental Agreement and its attachments results in a demand being made by any *qui tam* person arising out of or relating to the MOA or the Project, or claims made in connection therewith, for the Port Authority to make a payment to any *qui tam* person, and if the Lessee thereafter fails, within ten (10) days after the Lessee's receipt of written notice from the Port Authority advising the Lessee of such demand made upon the Port Authority, to contest such demand through appropriate legal or other proceedings as determined by the Port Authority, subject to and in accordance with the provisions of subparagraphs (a)(2)(iii), (iv), (v) and (vi) of this Paragraph (except to the extent that the Lessee satisfies such demand or portion thereof by making payment to the Port Authority in respect thereof within such ten (10 day period), and if the Lessee so contests such demand, the Lessee shall, within such ten (10) day period, either, at the election of the Port Authority (x) deposit into escrow (on terms approved, and with the escrow agent designated, by the Port Authority) the amount of such demand, or (y) cause to be delivered to the Port Authority a clean irrevocable letter of credit in the amount of such demand pursuant to the terms set forth in the exhibit attached hereto and hereby made a part hereof as "Exhibit C," to be held by the Port Authority until the final adjudication, settlement or other resolution of such demand, and to pay the amount of such demand in accordance with such final adjudication, settlement or other resolution, then such failure shall constitute a material breach of the Terminal C Lease,as herein amended, thus giving rise to all of the Port Authority's rights and remedies thereunder.

(iii) Except as set forth in subparagraph (a)(2)(v) of this Paragraph, in the event the Lessee shall not have made payment to the Port Authority of the amount demanded from the Port Authority by any *qui tam* person, and elects to contest such a demand by a *qui tam* person in accordance with the provisions of subparagraph (a)(2)(ii) of this Paragraph, the Lessee shall at its own cost and expense contest each and every such demand by a *qui tam* person with counsel reasonably satisfactory to the Port Authority, and in contesting such a demand by a *qui tam* person, the Lessee 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 over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provision of any statutes respecting suits against the Port Authority, provided, however, the Port Authority shall have the right at its election to either (x) participate in such contest or settlement with its own counsel and at its sole expense except as set forth in subparagraph (a)(2)(v) of this Paragraph, but the Lessee shall have the control of the contest, judgment and settlement or (y) upon notice to the Lessee relieve the Lessee from the obligation to contest such demand by a *qui tam* person and itself contest such demand at its sole cost and expense except as set forth in subparagraph (a)(2)(iv) of this Paragraph, and the settlement, judgment and satisfaction thereof shall be

paid by the Lessee if the Lessee has consented to such settlement, judgment or satisfaction, which consent of the Lessee will not be unreasonably withheld.

(iv) In the event the Lessee shall not have made payment to the Port Authority of the amount demanded from the Port Authority by any *qui tam* person, and having elected to contest such a demand by a *qui tam* person in accordance with the provisions of subparagraph (a)(2)(ii) of this Paragraph shall not have commenced to contest such a demand by a *qui tam* person (including without limitation any defense provided by the Lessee's insurer, contractor or subcontractor) within a reasonable time period after receipt by the Lessee of notice of such demand so as to allow the Port Authority the opportunity and sufficient time to contest such a demand in a timely manner, or if the Lessee, one of its contractors or subcontractors or its insurer shall not use a counsel that is reasonably satisfactory to the Port Authority in contesting such a demand, then upon notice to the Lessee the Port Authority may contest such demand at the sole cost and expense of the Lessee.

(v) In the event the Lessee shall not have made payment to the Port Authority of the amount demanded from the Port Authority by any *qui tam* person, and shall have elected to contest such a demand by a *qui tam* person in accordance with the provisions of subparagraph (a)(2)(ii) of this Paragraph, the Port Authority and the Lessee will reasonably cooperate with each other in contesting such a demand by a *qui tam* person pursuant to the provisions set forth in subparagraph (a)(2) of this Paragraph.

(vi) In the event that the Lessee (including any of its insurance carriers, contractors or subcontractors involved in contesting a demand by a *qui tam* person) has a conflict of interest with the Port Authority or a defense by the Lessee (including without limitation a defense by the Lessee's insurer, contractor or subcontractor) that adversely affects the interests of the Port Authority, then the Lessee shall provide or cause to be provided separate counsel approved by the Port Authority to contest such a demand.

(3) Any payments made to the Port Authority by the Lessee as contemplated by this Paragraph 36(a) (or pursuant to the applicable provisions of Paragraphs 10(a) or 11 hereof) shall, be paid over by the Port Authority to the TSA, the Government of the United States, or any *qui tam* person, as applicable, unless the Port Authority has previously paid said amount to the TSA, the Government of the United States, or any *qui tam* person, as applicable, in which case the Port Authority shall retain such payment (and if any rebates of an y such payment are later made by the TSA, the Government of the United States of America, or any *qui tam* person to the Port Authority, then the amount of any such rebate shall be paid by the Port Authority to the Lessee, unless the Port Authority has previously paid said amount to the Lessee, in which case the Port Authority shall retain such rebate).

(b) The Lessee hereby acknowledges and agrees that if any failure of the Lessee to comply with the terms, conditions and provisions of this Supplemental Agreement and its attachments results in a demand being made by the TSA or the

Government of the United States of America or any *qui tam* person arising out of or relating to the MOA or the Project, or claims made in connection thereto, for the Port Authority to perform an obligation arising out of the MOA or the Project (other than a demand to make a payment covered by the provisions of subparagraph (a) of this Paragraph 36), and if the Lessee thereafter fails, within ten (10) days after the Lessee's receipt of written notice from the Port Authority advising the Lessee of such demand made upon the Port Authority, to commence such performance of such demand (and thereafter to continue diligently to perform such demand until such demand is finally resolved), then such failure shall constitute a material breach of the Terminal C Lease, as herein amended, thus giving rise to all of the Port Authority's rights and remedies thereunder.

(c) Nothing contained in this Supplemental Agreement, nor any termination of this Supplemental Agreement, shall release or relieve the Lessee from any of its duties, responsibilities or obligations under the Terminal C Lease and neither the foregoing nor anything in this Supplemental Agreement shall be deemed to limit, diminish, waive or impair the rights and remedies of the Port Authority, and the Port Authority shall have all rights and remedies, legal, equitable and otherwise, with respect to the Terminal C Lease and lease matters covered by this Supplemental Agreement, provided, however, and notwithstanding anything contained herein or in the Terminal C Lease to the contrary, without limiting Lessee's obligation to perform the Work as provided herein, any failure of the Lessee to perform the Work as provided herein or to comply with the terms of this Supplemental Agreement with respect to the Work shall in no event be a breach of or under the Terminal C Lease, provided, however, that, in the event the Lessee shall fail to pay any rental amounts due and owing to the Port Authority for the Additional Premises within the time period required under Paragraph 4 of this Agreement, the Port Authority shall be entitled to all of its rights and remedies under the Terminal C Lease for such failure.

37. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the TSA or 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.

38. This Supplemental Agreement 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 Lessee and the Port Authority. It is expressly agreed that any and all prior correspondence between or among the parties, or any of them, covering the Work shall be deemed superseded by this Agreement except that all written requirements of the Port Authority given in connection therewith prior to the execution of this Supplemental Agreement shall continue in full force and effect. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in this Supplemental Agreement.

SCHEDULE E

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 hereinafter in this Schedule E and in Paragraph 8 of the attached Agreement (herein called the "***Agreement***") between the Port Authority and Continental Airlines, Inc. (herein and in the Lease called the "***Lessee***"). The provisions set forth in this Part I are similar to the conditions for bidding on federal government contract 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	
	Minority, except laborers	30%
	Minority, laborers	40%
(2)	Female participation	
	Female, except laborers	6.9%

Female, laborers 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 Office of Business and Job Opportunity 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 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

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 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 Contractors' 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 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 actions steps, at lease 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 is 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 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 E. 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 seventeen percent (17%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of Minority Business Enterprises and Women-owned Business Enterprises, of which at least twelve percent (12%) are for the participation of Minority 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.

Certification of MBEs and WBEs hereunder shall be made by the Office of Business and Job Opportunity of the Port Authority. If the Contractor wishes to utilize a firm not already certified by the Port Authority, it shall submit to the Port Authority a written request for a determination that the proposed firm is eligible for certification. This shall be done by completing and forwarding such form as may be then required by the Port Authority. All such requests shall be in writing addressed to the Office of Business and Job Opportunity, the Port Authority of New York and New Jersey, 225 Park Avenue South, New York, New York 10003 or such other address as the Port Authority may specify by notice to the Lessee. Certification shall be effective only if made in writing the Director in charge of the Office of Business and Job Opportunity of the Port Authority. The determination of the Port Authority shall be final and binding.

The Port Authority has compiled a list of the firms that the Port Authority has determined satisfy the criteria for MBE and WBE certification. This list may be supplemented and revised from time to time by the Port Authority. Such list shall be made available to the Contractor upon request. The Port Authority makes no representation as the financial responsibility or such firms, their technical competence to perform, or any other performance-related qualifications.

Only MBEs and WBEs certified by the Port Authority will count toward the MBE and WBE goals.

Please note that only sixty percent (60%) of expenditures to MBE or WBE suppliers will count towards meeting the MBE and WBE goals. However, expenditures to MBE or WBE manufacturer's (i.e. suppliers that produce goods from raw materials or substantially alter them before resale) are counted dollar for dollar.

For the Port Authority

Initialled:

For the Lessee

EXHIBIT A

MEMORANDUM OF AGREEMENT

BETWEEN

UNITED STATES
DEPARTMENT OF HOMELAND SECURITY
TRANSPORTATION SECURITY ADMINISTRATION

AND

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

RELATING TO

BAGGAGE SCREENING PROJECTS FOR
Newark Liberty International Airport (EWR)

Negotiated by the TSA pursuant to
Section 44923 of title 49, United States Code, as amended, and Division C, Department of Homeland Security Appropriations Act, 2008 of Public Law 110-161, the Consolidated Appropriations Act, 2008

HSTS04-08-H-CT1235

ARTICLE I – PARTIES

The parties to this Memorandum of Agreement (hereinafter "Agreement" or "MOA") are the United States Department of Homeland Security, acting through the Transportation Security Administration ("TSA"), and The Port Authority of New York and New Jersey ("PANYNJ").

ARTICLE II – LEGAL AUTHORITY

This Agreement is entered into under the authority of section 44923 of title 49, United States Code, as amended, and Division E, Department of Homeland Security Appropriations Act, 2008 of Public Law 110-161, the Consolidated Appropriations Act, 2008.

ARTICLE III – PURPOSE AND PROJECT SCOPE

The purpose of this Agreement is to set forth the terms and conditions, as well as establish the respective cost-sharing obligations and other responsibilities of the TSA and the PANYNJ with respect to the performance of the engineering, design, and integration of baggage Explosive Detection Systems ("EDS") Projects and baggage screening system improvements at the Newark Liberty International Airport (the "EWR" or "Airport").The objective of the Project is to enhance baggage screening throughput and capabilities at the Airport.

The scope of the Project (the "Project") is:

1. the construction and installation of a Checked Baggage Inspection System ("CBIS") and/or modifications of or to existing CBISs for each Airport Terminal identified below; and

2. the installation of baggage conveyor components, architectural, structural, mechanical, electrical, and telecommunications infrastructure, and a baggage screening matrix (as applicable)

to support the TSA's installation of EDS machines, Explosive Trace Detection ("ETD") resolution area; remote multiplexed On Screen Resolution Room ("OSR")/control room (as applicable); and the installation of hardware and software for use with an in-line EDS application if needed. The Project Area is that area from the baggage insertion point into the EDS screening matrix to the point where screened baggage is re-inserted into baggage makeup area.

The Project description for each Airport Terminal is as follows:

Terminal	Project Description
EWR Terminal A	New In-Line EDS System Matrix/Design/Construction Build Out
EWR Terminal B	New In-Line EDS System Matrix/Design/Construction Build Out
EWR Terminal C	New In-Line EDS System Matrix/Design/Construction Build Out

ARTICLE IV – PROJECT COST AND ALLOWABLE COSTS

A. Project Cost: Project Cost are those costs related to the activities to be completed by the PANYNJ or its designee to modify the Airport infrastructure and baggage handling system(s) ("BHS") to support the TSA's installation and operation of the EDS and ETD equipment at the Airport. Project Cost does not include the costs of acquisition, delivery or installation of the EDS and ETD equipment.

B. Federal Share of Allowable Costs: The TSA, for and on behalf of the United States, shall pay as the United States share, ninety (90%) percent of the Allowable Costs (as such term is defined in Circular A-87) and identified in paragraph D of this Article incurred in accomplishing the Project described in this Agreement. The maximum obligation of the United States payable under this Agreement for Fiscal Year 2008 shall be:

Fiscal Year	TSA Funding
2008	$68,000,000.00

PR: 2108208CT1235
5CF08XB010D2008SWE041GE0132230062006622CTO-5906304700000000-252R-
TSA DIRECT-DEF TASK $68,000,000.00

Subject to Congressional appropriation and authorization, the maximum obligation of the United States payable under this Agreement for Fiscal Year 2009 shall be:

Fiscal Year	TSA Funding
2009	$ To Be Determined

This reimbursement obligation shall not be deemed to be an obligation of the United States Government under Section 1501 of Title 31, United States Code. This Agreement is not deemed an administrative commitment for financing except until such amounts are authorized and appropriated as provided in authorization and appropriation laws.

C. The Letter of Intent attached to this Agreement as Appendix A, establishes, among other things, a funding schedule in the amount of $400,000,000.00 for the inline baggage screening Projects at John F. Kennedy International, LaGuardia, and Newark Liberty International Airports. The scope and responsibilities for each Airport Project as set forth in a Memorandum of Agreement (identified below). To facilitate the strategic planning and Project priorities it is understood that the funding allocated to each Airport in its Memorandum of Agreement may be reallocated among the three airports at a later date if deemed necessary and agreed to by the TSA and the PANYNJ.

HSTS04-08-H-CT1235, Memorandum of Agreement for Newark Liberty International Airport
HSTS04-08-H-CT1236, Memorandum of Agreement for John F. Kennedy International Airport
HSTS04-08-H-CT1094, Memorandum of Agreement for LaGuardia Airport

D. Project Costs allowable for reimbursement under this Agreement: Determination of Allowable Costs, as such term is defined in the United States Office of Management and Budget

Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments," in effect on the effective date of this Agreement ("Circular A-87"), will be made by the TSA in accordance with Circular A-87. If the enabling legislation for this Project prescribes policies or requirements that differ from those in Circular A-87, or that differ from this Agreement, the provisions of the enabling legislation shall govern.

Project Costs considered Allowable Costs for reimbursement under this Agreement (which Allowable Costs, must be, as provided in Circular A-87, allocable to federal awards under the provisions of Circular A-87, and necessary and reasonable for the proper and efficient performance and administration of federal awards), include:

- Project Soft Costs, which consists of Engineering Costs (to include design, specifications, bid documents, and contract documents), Construction Supervision Costs (to include Project Management) and PANYNJ Letter of Intent Administration Costs. The ceiling for reimbursement of all Project Soft Costs is limited to sixteen percent (16%) of the Project Costs. At TSA's discretion, the ceiling for reimbursement of all Project Soft Costs may be increased to 18% at a later date pending the results of actual Terminal Project progress and review of Terminal Project construction costs.
- Design Costs incurred on or after October 1, 2007.
- EDS in-line checked baggage Construction Costs include, but are not limited to:
    - Demolition (infrastructure or BHS related)
    - BHS infrastructure upgrades, platforms, catwalks located within the EDS screening matrix area
    - BHS: That portion located within the EDS screening matrix area, including redesign and upgrading of conveyors to support the integration of the screening matrix only
    - On-Screen Resolution (OSR) Room, Checked Baggage Resolution Area (CBRA)
    - Acoustical treatment in OSR and CBRA
    - Electrical infrastructure (cabling, control panels) and basic lighting fixtures for the CBIS, CBRA, and OSR.
    - Telephone systems/pager systems for TSA CBRA and OSR only
    - Heating, Ventilation, Air Conditioning (HVAC) environmental requirements for CBIS, OSR Room, CBRA and EDS Network equipment room

E Project Costs not considered reimbursable under this Agreement include:

- Employee break rooms, administrative office space, and restrooms
- Aesthetic architecture enhancements
- Maintenance, repair parts or spare parts for Airport Terminal improvements include the baggage handling conveyor components installed under this Project
- Extended warranties beyond 1 year
- Maintenance of baggage conveyor system
- Profit or Corporate G&A costs to the PANYNJ. Profit and G&A for PANYNJ's contractor(s) is an allowable cost

- Costs incurred by the PANYNJ and or/designee, its contractors or agents to perform work not allocable with the TSA approved design or TSA's Planning Guidelines and Design Standards for Checked Baggage Inspection Systems

ARTICLE V: PROJECT RESPONSIBILITIES

Project responsibilities for TSA and the PANYNJ are outlined below. Specific Project and technical responsibilities and performance of all parties are contained in Appendix B attached incorporated hereto by reference.

A. TSA Project Responsibilities

1. TSA will provide a proposed design package for each integrated screening system in each of the identified terminals. Each package will include a schematic design, basis for design and Rough Order of Magnitude (ROM) costing. The schematic will reflect the screening matrix, mainline feeds, take away belts, and all of the security process areas/decision points. The basis for design will outline the proposed theory of operation for the system; will contain the static modeling for each system as well as possible mechanical considerations that can be identified at this design state. The ROM costing will outline at a budgetary level the cost of the individual screening systems.
2. Review and approve each Terminal Project design (through 100%) and deployment plans and specifications regarding installation of EDS units in accordance with TSA Performance Guidelines and Design Standards for Checked Baggage Inspection Systems.
3. Confirm that the placement and installation of the EDS and ETD units in the baggage screening matrix are in accordance with the individual Terminal Project design and deployment plan.
4. Obtain or cause its contractors, consultants and agents to obtain all necessary licenses, insurance, permits and approvals.
5. Furnish, deliver, rig, install and test all necessary EDS and ETD security screening equipment.
6. Provide EDS Original Equipment Manufacturer Technical Support Advisory Services to the PANYNJ and/or designee regarding integration of the EDS units into the BHS.
7. Provide the EDS System Specific Test Plan (SSTP) to the PANYNJ and/or its designee following an EDS machine commissioning, coordination and test planning meeting.
8. Establish and conduct the integrated Site Acceptance Testing (ISAT) for EDS machine screening capabilities for each Terminal Project.
9. Observe and approve ISAT results before the EDS equipment is certified ready for operational use.
10. The TSA will provide maintenance, repair, and refurbishment of all TSA EDS and ETD equipment throughout its life cycle at no cost to the Port Authority and/or its designee.

B. PANYNJ Project Responsibilities

All work performed by the PANYNJ or its designee pursuant to this Agreement shall be accomplished in accordance with the design(s) approved by TSA and in accordance with PANYNJ's Airport Building Standards and Criteria.

1. PANYNJ shall start with a phasing process on Projects listed in Article III – Purpose, Project and Scope based on priorities or future strategic planning. This strategic planning should be presented to TSA Office of Security Technology for approval and concurrence to assure that the Projects can be completed in accordance with the constraints of cost, time, and scope.
2. Costs for each Terminal Project are to be recorded and reported on a Terminal-by-Terminal basis.
3. Except for the responsibilities of the TSA, as outlined above, the construction and installation of the individual Terminal project will be managed and overseen by the PANYNJ and/or its designee. The PANYNJ, acting through such contractors as it may choose, will provide the associated construction and baggage handling conveyor contractors to undertake the Project. The PANYNJ will provide oversight of such contractors to ensure Projects are completed within the prescribed costs and schedule.
4. Obtain or cause its contractors, consultants and agents to obtain all necessary licenses, insurance, permits and approvals.
5. Ensure the Project site will be ready to accommodate the installation of the EDS units when delivered. Project site preparation includes, but is not limited to, BHS modifications, electrical site preparation, including infrastructure to protect electrical or fiber optic cables, environmental controls, and any other Airport Terminal infrastructure work required to support the operational environment of the EDS and ETD units.
6. Facilitate the installation of the EDS units by providing a clear path during rigging and EDS installation, and provide sufficient space to allow for initial deployment activities such as uncrating the EDS equipment and devices.
7. Adhere to OSHA standards required for occupied spaces as well as the applicable EDS installation guide specifications for EDS operational environment requirements.
8. Once installed, provide reasonable measures to protect the EDS and ETD equipment from harm in the screening area.
9. The PANYNJ shall require that full ingress and egress be provided to the TSA and its contractors for the installation, operation, testing, maintenance, and repair of the EDS and ETD equipment at all times.
10. Perform and bear all cost of the operation, maintenance and repairs for the Airport Terminal installed property such as the baggage handling conveyor system, heating, air conditioning, and electrical infrastructure in support of this Project. Except for the TSA securing screening EDS and ETD equipment owned by the TSA, the PANYNJ its lessees or assigns as applicable, shall own and have title to all personal property, improvements to real property, or other assets which are acquired under this Agreement. It will be the responsibility of the PANYNJ, or its contractor or lessee to operate, maintain, and if it becomes necessary, repair or replace such property to support the efficient use of the TSA Security Screening Equipment for its useful life.

11. Title to non-TSA Security Screening Equipment such as ancillary equipment or infrastructure appurtenances purchased or reimbursed using Federal funds, or installed by the TSA, or its agents or contractors at the TSA's expense, or by the PANYNJ or its agents or contractors, or its lessees, agents or contractors, vests in the PANYNJ.
12. Submit monthly progress status reports to the TSA Project Manager and TSA Contracting Officer identified in Article VIII – Authorized Representatives. The monthly report should provide an executive summary of work performed to date, identify the events to occur within the next 90 days, identify the PANYNJ and/or designee(s) and its key contractor points of contact and use an earned value management approach to identify the cost and schedule variance incurred against work performance completed to date. Each Terminal Project is to be addressed separately in the monthly report.

C. Deliverables. The deliverables required to be submitted by the PANYNJ and/or its designee with respect to each Terminal are described in Appendix B-1; specific testing related deliverables are outlined in Appendix B.

ARTICLE VI - EFFECTIVE DATE AND TERM

The effective date of this Agreement is the date on which the authorized PANYNJ official signs it and the TSA's authorized official signs it, whichever date is later. The overall Airport Project completion is currently estimated to be on or about September 20, 2013 unless earlier terminated by the parties as provided herein or extended by mutual agreement pursuant to Article XIII. The period of performance for this effort is established in order to allow the PANYNJ time to submit a final invoice, close out each Terminal Project, and address any other issues,

Within thirty business (30) days of the PANYNJ and TSA Project Manager concurrence to begin a Terminal Project, the PANYNJ and/or its designee(s) will establish and provide Project Milestones for each Terminal to the TSA Project Manager and TSA Contracting Officer identified in Article VIII that allow objective measurement of progress toward completion.

ARTICLE VII - ACCEPTANCE AND TESTING

TSA will deem the Project complete upon successful completion of the TSA EDS systems test conducted by the TSA independent validation and verification (IV&V) contractor that confirms that the baggage screening system has been installed in accordance with the TSA Checked Baggage Inspection System Performance Criteria and technical specifications for the EDS baggage screening equipment. Successful completion requires the correction of defects identified, if any, during the EDS systems test. Ten percent (10%) of each invoice submitted for each Terminal Project will be retained for the duration of the Project until the baggage screening system has successfully passed the TSA EDS systems test and defects, if any, identified during the system test have been corrected by the PANYNJ and/or its designee. The PANYNJ is not responsible for correcting any defects related to the EDS equipment. It shall be the TSA's responsibility to correct at its sole cost any TSA's EDS equipment system defects, and the 10% retained amount referred to above shall be paid to the PANYNJ if the system failure is due to defects associated with TSA equipment or installation.

ARTICLE VIII. AUTHORIZED REPRESENTATIVES

The authorized representative for each party shall act on behalf of that party for all matters related to this Agreement. Each party's authorized representative may appoint one or more others to act as authorized representative for any administrative purpose related to this Agreement, provided written notice of such appointments are made to the other party to this Agreement. The authorized representatives for the parties are as follows:

A. TSA Points of Contact:

Terry Spradlin
TSA Project Manager
Office of Security Technology, TSA-16
Transportation Security Administration
701 South 12th Street
Arlington, VA 22202
Phone: 571-227-4108
E-Mail Address: terry.spradlin@dhs.gov

John Reed
Eastern Region Deployment Manager/Contracting Officer Technical Representative
Office of Security Technology, TSA-16
Transportation Security Administration
701 South 12th Street
Arlington, VA 22202
Phone: 571-227-1563
E-Mail Address: john.reed1@dhs.gov

Connie Thornton
Contracting Officer
Transportation Security Administration
4275 Airport Road, Suite C
Rapid City, SD 57703
Phone: 605-393-8191
E-Mail Address: connie.thornton@dhs.gov

Only the TSA Contracting Officer has the authority to bind the federal government with respect the expenditure of funds. The TSA Contracting Officer Technical Representative (COTR) is responsible for the technical administration of this Agreement and technical liaison with the PANYNJ and/or its designee. The TSA COTR is not authorized to change the scope of work, to make any commitment or otherwise obligate the TSA, or authorize any changes that affect the liability of the TSA.

The PANYNJ and or its designee must notify the TSA CO and COTR in event that any TSA agent or employee takes any action which is interpreted by the PANYNJ or its designee as direction which consequently increases the individual Terminal Project cost and would cause the PANYNJ to seek reimbursement from TSA beyond TSA's liability as stated in this Agreement.

B. The PANYNJ's Points of Contact:

The PANYNJ's Point of Contact for all correspondence is:

Jeanne M. Olivier, A.A.E.
General Manager, Aviation Security and Technology
Aviation Department
The Port Authority of New York and New Jersey
233 Park Avenue South, 9th Floor, New York, New York 10003
Telephone: 212-435-3726
E-Mail: jolivier@panynj.gov

The PANYNJ's Point of Contact for invoices is:

To be provided by PANYNJ.

ARTICLE IX – PAYMENT

Should the TSA contributions represent more than 90 percent of the total final Allowable costs; the PANYNJ will refund the TSA for the difference to achieve a 90 percent level. The parties agree that all costs in excess of TSA's funding contribution as well as any costs that do not comply with Circular A-87 shall be borne solely by the PANYNJ unless otherwise agreed by the TSA in a modification in accordance with Article XIII – Changes and/or Modifications.

Reimbursement by TSA is conditioned upon submission to TSA of an invoice identifying the Project costs that have been incurred and paid. The TSA intends to make payment to the PANYNJ within 45 calendar days of receipt of each properly prepared invoice for reimbursement of incurred costs. The TSA reimbursement process consists of two steps:

a. Step 1 – "Summary" Invoice Submittal to the U.S. Coast Guard Finance Center for Payment

The United States Coast Guard Center performs the payment function on behalf of the TSA. For purposes of submission to the Coast Guard Finance Center, the PANYNJs invoice format is acceptable for the "Summary" Invoice. Central Contractor Registration is mandatory for invoice payment; for further information, please refer to http://www.ccr.gov

At a minimum the "Summary" Invoice should contain:

(1) Agreement Number HSTS04-08-H-CT1235
(2) Invoice Number and Invoice Date
(3) Complete Business Name and Remittance Address.
(4) Point of Contact with address, telephone, fax and e-mail address contact information
(5) Tax Identification Number and DUN's Number
(6) Dollar Amount of Reimbursement being requested
(7) Signature of PANYNJ's authorized representative and the following certification language: *"This is to certify that the services set forth herein were performed during the period stated and that the incurred costs billed were actually expended for the Project."*

The "Summary" Invoice may be submitted by standard email or by electronic transmission to the following address(s):

Mailing Address: TSA Commercial Invoices
USCG Finance Center
P.O. Box 4111
Chesapeake, VA 23327-4111

Email: FIN-SMB-TSAINVOICES@uscg.mil

b. Step 2 – "Summary" Invoice and Supporting Documentation Submittal to TSA for Approval of Payment

The TSA Contracting Officer and the Contracting Officer's Technical Representative are required to review and approve all invoices prior to payment. To aid in this review, the PANYNJ and/or its designee shall provide a copy of the "Summary" Invoice along with all receipts, contractor pay requests and other supporting information which specify the vendor, services provided, and products delivered as well as the appropriate identifications that the Airport has paid these obligations. The PANYNJ and/or its designee are encouraged to provide this supporting information simultaneously with Step 1 in order to expedite the payment process.

The Support Documentation should contain the following items:

- Summary Invoice from Step 1
- An executive summary Project overview with the first invoice
- Spreadsheet listing the invoices being submitted, with totals
- Individual, signed and approved contractor invoices, with scope of values or statement of work (copies of contracts and change orders provide support for the work being actual, allowable, allocable and reasonable.)
- Copies of subcontractors' invoice if listed on a prime contractor's invoice as a single amount (copies of timesheets and detailed backup not required if descriptions are clear and specific).

- Proof of payment by the PANYNJ and/or its designee for each invoice in the form of copies of checks/warrants, bank wire transfers, or accounting system transactions.

The "Summary" Invoice and supporting documentation may be submitted by mail via CD or paper documents or electronic transmission to the following address; the final closeout invoice should include proof that all required deliverables have been provided:

John Gebhart
Jacobs Carter & Burgess, Inc
2231 Crystal Drive, Suite 300
Arlington, VA 22202
Phone: 571-721-1269
Email: john.gebhart@jacobs.com

Upon completion of the review of the supporting documentation for the "Summary" Invoice, the TSA Contracting Officer and Contracting Officer Technical Representative will advise the Coast Guard Finance Center regarding payment of the "Summary" Invoice. TSA has the right to recoup any payments made to the PANYNJ if the TSA determines that the invoices exceed the actual costs incurred.

ARTICLE X – AUDITS

A. The federal government, including the Comptroller General of the United States, has the right to examine or audit financial records relevant to this Memorandum of Agreement for a period not to exceed three (3) years after expiration of the terms of this Agreement. The PANYNJ and/or its designee, their contractors must maintain an established accounting system that complies with accounting principles generally accepted in the United States. Records related to disputes arising out of this Agreement shall be maintained and made available until such disputes have been resolved to the satisfaction of the TSA.

B. As used in this provision, "records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.

C. The PANYNJ and/or its designee shall maintain all records and other evidence sufficient to reflect costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this Agreement. The TSA Contracting Officer or the authorized representative of the TSA Contracting Officer shall have the right to examine and audit those records at any time, or from time to time. The right of examination shall include inspection at all reasonable times at the offices of the PANYNJ and/or its designee or at the offices of the respective contractor(s) responsible for the Project.

D. The PANYNJ and/or its designees will be required to submit cost or pricing data and supporting information in connection with any invoice relating to this Agreement if requested by the TSA Contracting Officer.

E. This Article X shall not be construed to require the PANYNJ and/or its designee, their contractors or subcontractors to create or maintain any record that they do not maintain in the ordinary course of business pursuant to a provision of law, provided that those entities maintain records that conform to generally accepted accounting practices.

ARTICLE XI – REQUIRED FEDERAL PROCUREMENT PROVISIONS

Required Federal Procurement Provisions are provided in Appendix C.

ARTICLE XII – CHANGES AND/OR MODIFICATIONS

Changes and/or modifications to this Agreement shall be in writing and signed by the TSA Contracting Officer and the authorizing official of the PANYNJ. The modification shall state the exact nature of the change and/or modification. No oral statement by any person shall be interpreted as modifying or otherwise affecting the terms of this Agreement. The properly signed modification shall be attached to this Agreement and thereby become a part of this Agreement.

ARTICLE XIII – LIMITATION OF LIABILITY

Each party to this Agreement shall bear total responsibility for its own negligent acts, errors or omissions that arise out of this Agreement. In no event shall either Party be liable for any indirect, special, punitive, incidental or consequential damages arising out of or under this Agreement, whether under contract warranty, or tort, including loss of revenue or profits, regardless of the ability to anticipate such damages. The PANYNJ does not waive its right to pursue claims against the United States or any of its agencies under the Federal Torts Claims Act.

ARTICLE XIV – DISPUTES

When possible, disputes will be resolved by informal discussion between the appropriate PANYNJ representative and the TSA Contracting Officer. If a dispute cannot be resolved through negotiations, the dispute shall be submitted to the Office of Dispute Resolution for Acquisition ("ODRA") (see http://www.faa.gov/agc/odra/default.htm). ODRA acts on behalf of TSA, pursuant to a Memorandum of Agreement dated September 23, 2002, to manage TSA's dispute resolution process and to recommend decisions on matters concerning contract disputes. Judicial review, where available, will be in accordance with 49 U.S.C. 46110, and shall apply only to final agency decisions.

ARTICLE XV – TERMINATION

In addition to any other termination rights provided by this Agreement, either party may terminate this Agreement at any time with cause, and without incurring any liability or obligation to the terminated party (other than performance of obligations accrued on or prior to termination date) by giving the other party at lease ninety days written notice of termination. Upon receipt of notice of termination, the receiving party shall take immediate steps to stop the accrual of any additional obligations, which might require payment.

In the event of termination or expiration of this Agreement, any TSA funds that have not been spent or incurred for allowable expenses prior to the date of termination and are not reasonably necessary to cover termination expenses shall be returned and/or de-obligated from this Agreement.

ARTICLE XVI – CONSTRUCTION OF THE AGREEMENT

A. Nothing in this Agreement shall be construed as incorporating by reference or implication any provision of Federal acquisition law or regulation. It is not intended to be, nor shall it be construed as creation of a partnership, corporation, or other business entity between the parties.

B. Each party acknowledges that all parties hereto participated equally in the negotiation and drafting of this Agreement and any amendments thereto, and that, accordingly, this Agreement shall not be construed more stringently against one party than against the other.

C. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written.

D. In the event that any Article and/or parts of this Agreement are determined to be void, such Article or portions thereof shall lapse. No such lapse will affect the rights, responsibilities, and obligations of the parties under this Agreement, except as provided herein. If either party determines that such lapse has or may have a material effect on the performance of the Agreement, such party shall promptly notify the other party, and shall negotiate in good faith a mutually acceptable amendment to the Agreement if appropriate to address the effect of the lapse.

ARTICLE XVII – MEDIA AND PROTECTION OF SENSITIVE SECURITY INFORMATION

A. SENSITIVE SECURITY INFORMATION

No Sensitive Security Information (SSI), as such term is defined in 49 CFR Part 1520, shall be disclosed except in accordance with the provisions of 49 CFR 1520.

B. MEDIA

Unless otherwise required by law, PANYNJ and/or its designee shall not make publicity or public affairs activities related to the subject matter of this Agreement unless written approval has been received from the TSA Office of Security Technology or the TSA Office of Strategic Communication and Public Affairs.

ARTICLE XVIII - SURVIVAL OF PROVISIONS

The following provisions of this Agreement shall survive the termination of this Agreement: Article V– Project Responsibilities, paragraph A. 10, and paragraph B. 10; Article X – Audits; Article XIII – Limitations on Liability; Article XIV – Disputes, and Article XVIII – Survival of Provisions.

MEMORANDUM OF AGREEMENT

TABLE OF APPENDICES

APPENDIX A – TRANSPORTATION SECURITY ADMINISTRATION LETTER OF INTENT

APPENDIX B – MEMORANDUM OF AGREEMENT DELIVERABLES

APPENDIX C – REQUIRED FEDERAL PROCUREMENT PROVISIONS

APPENDIX D – TECHNICAL SPECIFICATION REGARDING AIRPORT TERMINAL BAGGAGE SCREENING RENOVATIONS

Signatures
The Parties have executed this Agreement in multiple copies, each of which is an original.

WITNESS:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____ Date: 9/10/08
By: Ernesto L. Butcher, Deputy Executive Director, Operations

UNITED STATES
Department of Homeland Security
Transportation Security Administration

_____ Date: 9/5/2008
By: Connie Thornton, Contracting Officer

HSTS04-08-H-CT1235
Memorandum of Agreement for EWR
Appendix A

Office of the Assistant Secretary

U.S. Department of Homeland Security
601 South 12th Street
Arlington, VA 22202-4220

Transportation
Security
Administration

LETTER OF INTENT
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

This Letter of Intent (LOI) sets forth the intention of the Transportation Security Administration (TSA), effective this date, in accordance with the provisions of *Section 44923 of title 49, United States Code, as amended, Division E Department of Homeland Security Appropriations Act, 2008; Public Law 110-161 the Consolidated Appropriations Act, 2008*, and Memoranda of Agreement (MOAs) to which this LOI is appended, to obligate from budget authority to reimburse The Port Authority of New York and New Jersey (PANYNJ) for the United States' share of allowable costs at the John F. Kennedy International Airport (JFK), LaGuardia Airport (LGA), and Newark Liberty International Airport (EWR), collectively the PANYNJ Airports, for the airport security improvement project (Project) as summarized below.

The MOAs will establish the efforts for providing the necessary design, construction management, and construction of the PANYNJ Airports—JFK, LGA, and EWR—to develop in-line baggage system solutions that will enable TSA to install and operate explosives detection systems associated with in-line baggage screening systems at these airports.

The maximum United States obligation pursuant to this LOI for the Project summarized above shall be in an amount not-to-exceed 90 percent of the total Project costs of $444,444,444.00 to a total Federal share of up to $400,000,000.00. After funds have been appropriated and obligated, TSA shall issue funds to reimburse the PANYNJ from current and Fiscal Year 2009 budget authority, according to the following schedule:

Fiscal Year (FY)	Federal Funds
FY 2008	$200 million (current budget authority)
FY 2009	$200 million (future budget authority)
Total:	$400 million

If the Congressional appropriation and allocation is less than $200,000,000 in FY 2009 for TSA baggage screening projects for the PANYNJ Airports, then the FY 2009 funding increment for the Project may be reduced accordingly.

The announcement of this intention shall not be deemed an obligation of the United States Government under Section 1501 of title 31, United States Code, and the LOI is not deemed to be an administrative commitment of financing. An obligation or administrative commitment may be made only as amounts are provided in authorization and appropriation laws.

TSA may, from time to time, following consultation with the PANYNJ, amend this LOI and the MOAs to adjust the payment schedule, and such adjustments may be made by TSA when occasioned by changes in the actual allowable costs of the Project, in the actual time required to complete the Project, in actual or estimated future obligating authority, or otherwise, when determined at the discretion of the Department of Homeland Security Assistant Secretary of the TSA to be in the best interests of the United States

TSA will give full consideration to the aggregate amount of future obligations and the payments scheduled under all outstanding LOIs in formulating its annual budget requests A statutory restriction on total obligating authority in a future fiscal year, however, may necessitate a reduction in funds to be reimbursed for that year

The LOI is conditioned upon the PANYNJ's compliance with the MOAs to which this LOI is appended and of which it is made a part. Failure to comply with such requirements may lead to revocation of this LOI and termination of the MOAs in accordance with the terms of the MOAs

United States of America
Department of Homeland Security
Transportation Security Administration

Kip Hawley
Assistant Secretary

8/20/08
Date

MEMORANDUM OF AGREEMENT

APPENDIX B

DELIVERABLES

Item	Submitted To:	Frequency or Due Date	Special Notes:
Design: 30%, 70%, 100% and associated cost estimate	TSA Project Manager	Per the approved schedule	Port Authority shall attain written approval from TSA before moving forward on design effort stages
Master Schedule and detailed Estimate of Costs to include Project Milestones (Design, Construction and Baggage Handling System)	TSA Project Manager TSA Contracting Officer ("CO") TSA Contracted Site Lead	Submitted within 120 business days of MOA signing to be updated and submitted with monthly report as Project is underway.	All schedules and cost estimates to be approved must have written concurrence TSA Project Manager
Schedule of Values for Design, Construction, Baggage Handling Contracts	TSA Project Manager TSA CO TSA Contracted Site Lead	PANYNJ/Designee to provide upon issuing Notice to Proceed to Contractor	All schedules and cost estimates to be approved must have written approval from TSA
Design, Construction and BHS Contracts > $500,000 including any subsequent change orders.	TSA CO	Upon Award by PANYNJ/Designee. Change Orders are to also be provided to TSA CO when issued.	Provide copy of contract to TSA Contracting Officer (CO)
Monthly Project Report: (Current and forecasted for the next period's tasks.) • Tasks completed • Schedule • Budget and actual costs spent to date • Cost Variance • Schedule Variance • Variance analysis data in excess of 10% • Identify Tasks for next 90 days	TSA Project Manager TSA CO TSA Contracted Site Lead	Monthly Electronic submission is requested if feasible.	
Close Out Process requires the correction of testing deficiencies (if any)	Close Out Report submitted to TSA Project Manager and TSA Contracted Site Lead	Initiated after TSA completion of Integrated Site Acceptance testing and deficiencies (if any) have been corrected.	
As Built Drawings and final configuration in electronic format, .dwg (AutoCAD) or comparable format PDF	TSA Project Manager	No later than 30 days after commissioning of system(s)	
Overview of drawings of the EDS Matrix/Node, BHS systems Resolution Room, OSR Room as applicable. dwg (AutoCAD) or comparable PDF format	TSA Project Manager	30 days after commissioning of system(s)	
Final Invoice	TSAT Project Manager TSA CO	Upon correction of testing deficiencies, submission of 'as-built' drawings and closeout of PANYNJ/Designee related contracts	Typically occurs three to four months after ISAT

MEMORANDUM OF AGREEMENT

APPENDIX C

REQUIRED FEDERAL PROCUREMENT PROVISIONS

Construction Contracts

Provisions for all Construction Contracts

- Buy American Preference - Title 49 U.S.C., Chapter 501 - Under Revision
- Civil Rights Act of 1964, Title VI (MS Word) - Contractor Contractual Requirements - 49 CFR Part 21
- Airport and Airway Improvement Act of 1982, Section 520 (MS Word) - Title 49 U.S.C. 47123
- Lobbying and Influencing Federal Employees (MS Word) - 49 CFR Part 20
- Access to Records and Reports (MS Word) - 49 CFR Part 18.36
- Disadvantaged Business Enterprise (MS Word) - 49 CFR Part 26
- Energy Conservation (MS Word) - 49 CFR Part 18.36
- Breach of Contract Terms (MS Word) - 49 CFR Part 18.36
- Rights to Inventions (MS Word) - 49 CFR Part 18.36
- Trade Restriction Clause (MS Word) - 49 CFR Part 30
- Veteran's Preference (MS Word) - Title 49 U.S.C. 47112

Additional Provisions for Construction Contracts Exceeding $2,000

- Davis Bacon Labor Provisions (MS Word) - 29 CFR Part 5

Additional Provisions for Construction Contracts Exceeding $10,000

- Equal Opportunity Clause (MS Word) - 41 CFR Part 60-1.4
- Certification of Non-Segregated Facilities (MS Word) - 41 CFR Part 60-1.8
- Notice of Requirement for Affirmative Action (MS Word) - 41 CFR Part 60-4.2
- Equal Employment Opportunity Specification (MS Word) - 41 CFR Part 60-4.3
- Termination of Contract (MS Word) - 49 CFR Part 18.36

Additional Provisions for Construction Contracts Exceeding $25,000

- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion (MS Word) - 49 CFR Part 29

Additional Provisions for Construction Contracts Exceeding $100,000

- Contract Workhours and Safety Standards Act Requirements (MS Word) - 29 CFR Part 5
- Clean Air and Water Pollution Clause (MS Word) - 49 CFR Part 18 36(i)(12)
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Equipment Contracts

Provisions for all Equipment Contracts

- Buy American Preference - Title 49 U S C Chapter 501
- Civil Rights Act of 1964 - Title VI (MS Word) - Contractor Contractual Requirements - 49 CFR Part 21
- Airport and Airway Improvement Act of 1982, Section 520 (MS Word) - Title 49 U S C. 47123
- Disadvantaged Business Enterprise (MS Word) - 49 CFR Part 26
- Lobbying and Influencing Federal Employees (MS Word) - 49 CFR Part 20
- Access to Records and Reports (MS Word) - 49 CFR Part 18 36
- Energy Conservation (MS Word) - 49 CFR Part 18.36
- Breaches of Contract Terms (MS Word) - 49 CFR Part 18 36
- Rights to Inventions (MS Word) - 49 CFR Part 18 36
- Trade Restriction Clause (MS Word) - 49 CFR Part 30

Additional Provisions for Equipment Contracts Exceeding $10,000

- Termination of Contract (MS Word) - 49 CFR Part 18 36

Additional Provisions for Equipment Contracts Exceeding $25,000

- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion (MS Word) - 49 CFR Part 29

Additional Provisions for Equipment Contracts Exceeding $100,000

- Clean Air and Water Pollution Clause (MS Word) - 49 CFR Part 18 36(i)(12)
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Professional Services (A/E) Contracts

Provisions for all A/E Contracts

- Civil Rights Act of 1964 Title VI (MS Word) - Contractor Contractual Requirements - 49 CFR Part 21
- Airport and Airway Improvement Act of 1982, Section 520 (MS Word) - Title 49 U.S.C. 47123
- Disadvantaged Business Enterprise (MS Word) - 49 CFR Part 26
- Lobbying and Influencing Federal Employees (MS Word) - 49 CFR Part 20
- Access to Records and Reports (MS Word) - 49 CFR Part 18 36
- Breach of Contract Terms (MS Word) - 49 CFR Part 18 36
- Rights to Inventions (MS Word) - 49 CFR Part 18 36
- Trade Restriction Clause (MS Word) - 49 CFR Part 30

Additional Provisions for A/E Contracts Exceeding $10,000

- Termination of Contract (MS Word) - 49 CFR Part 18 36

Additional Provisions for A/E Contracts Exceeding $25,000

- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion (MS Word) - 49 CFR Part 29

Additional Provisions for Equipment Contracts Exceeding $100,000

Clean Air and Water Pollution Control (MS Word) - 49 CFR Part 18 36(i)(12

MEMORANDUM OF AGREEMENT

APPENDIX D

Newark Liberty International Airport (EWR)
Airport Terminal Baggage Screening Renovations
Technical Specification

A. TSA responsibilities with regard to the individual Terminal Projects are listed below in sections 1.1 to 1.7. Many responsibilities are delegated to TSA contractors such as the EDS Original Equipment Manufacturer (OEM), TSA Site Lead Contractor, and TSA Independent Validation and Verification (IV&V) Test Contractor but ultimate responsibility resides with TSA.

1.1 EDS PLACEMENT

TSA will install the EDS units, ETD screening equipment and ancillary equipment at the designated Airport Terminal at a mutually agreed upon date. TSA through the EDS OEM or other TSA contractors shall be responsible for coordinating and integrating activities regarding placement of EDS equipment with appropriate TSA Staff and the Airport Baggage Handling System (BHS) team personnel.

1.2 INSTALLATION SUPPORT

1.2.1 Project Management

The EDS OEM shall be responsible for providing technical support throughout the entire period of performance during the Terminal EDS installation Project. The OEM shall be responsible for all labor, materials, equipment, and support services required for planning, managing, and supervising all items related to the installation of the EDS units and associated ancillary equipment.

1.2.2 Technical Support

TSA will provide technical support to the Project through existing contracts with the EDS OEM, TSA Site Lead, and TSA Test Lead.

- The identified TSA Site Lead should be included in all relevant planning/project meetings relevant to TSA contributions to each Terminal Project. Project schedules and updates should be provided to the TSA Site Lead to ensure TSA has timely and sufficient notice of deliverable dates.
- The EDS OEM shall provide technical consultations to the TSA Project Team and Terminal Project Manager Team regarding Project efforts that may include, but are not limited to: teleconferences; reviews of drawings and specifications; and exchanges of technical documentation such as specifications, manuals, and guides.
- TSA Testing Contractor shall support testing of the EDS units and their integration with the BHS and will develop relevant test plans and reports that will be shared with the Project Manager.
- Support for the development and execution of the MOA in place between TSA and the PANYNJ will be provided by TSA Office of Acquisition.
- Oversight and coordination of technical aspects of the Project will be provided by the TSA Office of Security Technology, Deployment Team.
- Local TSA personnel shall support coordination of issues between TSA Headquarters and the Project Manager as directed by the applicable Federal Security Director (FSD).

Title	Name	Role	Contact Information
TSA PANYNJ Project Manager	Terry Spradlin	TSA Project Manager	Terry.Spradlin@dhs.gov 571-227-4108
TSA Eastern Region Deployment Lead	John Reed	Contracting Officer Technical Representative	John.Reed1@dhs.gov 571-227-1563
TSA Testing Coordinator	Amy Becke	TSA Test Coordinator	Amy.Becke@dhs.gov 571-227-1261
TSA Acquisition	Connie Thornton	Contracting Officer	Connie.Thornton@dhs.gov 605-393-8191
TSA EWR FSD Point of Contact	Ray Whalen	Local EWR TSA Coordinator	Raymond.Whalen@dhs.gov 973-368-9044
PANYNJ Overall Project Point of Contact	Jeanne Olivier	General Manager, Aviation Security & Technology	jolivier@panynj.gov 212-435-3726

1.2.3 Commissioning Services

TSA, through the EDS OEM and other TSA contractors, shall be responsible for all labor, materials, equipment, and support services needed to assemble, power up, configure, and install the EDS machines into the required operational condition. The EDS OEM shall provide technical support, documentation, and installation of the EDS units and the associated local Baggage Viewing Stations (BVS) after confirmation that all pre-installation requirements have been met. The EDS OEM shall coordinate with the TSA Project Manager/TSA Site Lead, TSA Test Lead, and the Terminal Project Manager's contractors to perform system testing. The EDS OEM shall provide these services within two weeks of receipt of a written request from the TSA.

1.3 INDEPENDENT VERIFICATION AND VALIDATION (IV&V) TESTING

Mandatory testing for this system includes Site Acceptance Testing (SAT) for the EDS units following installation; pre-integrated Site Acceptance Testing following the integration of the EDS units with the BHS affirmed through a Test Readiness Report (TRR); and Integrated Site Acceptance Testing (ISAT) prior to TSA acceptance of the system for operational use. See table below for minimum lead time requirements for testing activities.

Test Activity	Lead Time Needed
SSTP Input	90 days prior to projected ISAT date
SAT of EDS units	7 days prior to EDS OEM confirmation of EDS unit's readiness
SSTP Delivery	30 days prior to projected ISAT date
SSTP Review Meeting	14 days prior to projected ISAT date
TRR	3 business days (not less than) prior to projected ISAT date
ISAT	3 business days (not less than) following successful TRR

1.3.1. Site Acceptance Testing (SAT)

The EDS OEM and TSA Test Lead shall coordinate and conduct SAT testing on the EDS machines. The EDS OEM shall implement and coordinate testing by issuing a Test Readiness Notification (TRN) at least 7 days prior to the scheduled IV&V testing. Passing SAT results are required to certify equipment readiness for operational use in screening baggage. In the event that supplied EDS units cannot meet SAT test requirements, TSA will ensure that any defects are corrected or that the EDS unit is replaced.

1.3.2. Site Specific Test Plan Development (SSTP)

TSA has arranged for its Testing Contractor to develop a Site Specific Test Plan based on testing criteria outlined in the TSA Checked Baggage Inspection Systems Planning Guidelines and Design Standards to be provided by TSA. The SSTP will be based on the Terminal Project Manager responses to an SSTP questionnaire to be completed within 90 days of Integrated Site Acceptance Testing. The SSTP shall be delivered to the Terminal Project Manager 30 days in advance of projected ISAT start-up. The TSA Test Lead and Site Lead shall participate in an SSTP review meeting no less than 14 business days prior to the projected ISAT start up to ensure that all Project Team concerns and questions about the ISAT test plan are resolved and to coordinate logistical and technical needs.

1.3.3. Integrated Site Acceptance Testing (ISAT)

Scheduling and Coordination. Construction schedule including the ISAT start date(s) and duration(s) shall be shared with the TSA Site Lead at 120, 90, 60, 30, and 14 days from the anticipated ISAT start date. This schedule shall be distributed each time changes are made to the ISAT start date and/or duration. Changes made to the schedule within two weeks of the planned ISAT start date may relieve the TSA of the obligation to begin testing within three business days of the TRR. In this situation, the ISAT start date could depend on TSA's testing workload and resource allocation.

Test Results and Reports:

Testing results will be shared in hard copy format with the Terminal Project Manager and the PANYNJ Program Manager through the local TSA Point of Contact. Test results will identify any security, efficiency or safety concerns. There are three (3) possible test outcomes.

- Pass – System meets TSA P&C Requirements;
- Defects Found – TSA will staff the system but further work needed to correct defects;
- Failed – TSA will not staff the system; Contractor should resolve issues as published and prepare for re-testing.

1.4 INTEGRATION SERVICES

1.4.1. BHS Support

The EDS OEM shall assist the Terminal Project Manager's BHS contractor to establish digital and serial communication for the EDS units. Once communication between devices has been established, the EDS OEM shall provide the following support and integration services

- Assist the BHS contractor to obtain efficient EDS operation.
- Provide on-site Integration Engineer Support Services to facilitate the entire integration effort with the BHS.
- Be available to support system testing and validation conducted by in-house staff or external contractors including Site Specific Test Plan (SSTP) for the Integrated Site Acceptance Test (ISAT) and pre-ISAT project testing and throughout the planning phases including the issuance of the ISAT TRN and TRR
- During initial system operations run of live checked baggage, provide technical assistance as requested by TSA and/or the Terminal Project Manager.

1.4.2. Software and Hardware

Following SAT and throughout the integration effort, the EDS OEM shall install and test the required software and hardware to allow for digital and serial communication between the EDS and the BHS PLC if required. Functionality of the EDS BHS interface hardware and software shall be verified by the EDS OEM at the interface box prior to working with the BHS contractor to ensure a proper operating PLC interface and to avoid delays.

1.5 SYSTEM NETWORKING

1.5.1 Network Infrastructure

The EDS OEM shall provide required patch cables and miscellaneous hardware to interface between network patch panel and EDS OEM supplied networking components.

1.5.2 Network Services

The EDS OEM shall provide: training for TSA staff; coordination and support for TSA and testing certification; and resources to conduct installation, testing, and initial operational support for networking. No other network may interface with the networked airport screening solution. The implemented assigned network for operation shall be an isolated, stand-alone network

1.6. TRAINING

TSA will provide training for TSA screening staff on the operation of the EDS and ETD equipment.

1.7. MAINTENANCE

Upon successful completion of SAT testing for each unit, TSA will maintain and repair the EDS and ETD units throughout their lifecycles.

B. PANYNJ AND DESIGNEE TERMINAL PROJECT MANAGER RESPONSIBILITIES with regard to the Terminal Projects are listed in sections 2.1 to 2.5 below.

2.0 DESIGN

The Terminal Project Manager will undertake completing the 100% design of a baggage screening solution for its respective Terminal(s), which meets the needs of the Airport, Airlines and TSA FSD. The Project Manager shall submit design at 30%, 60% and 100% intervals to TSA for review. The Project Manager shall respond to TSA design review comments promptly and in writing.

2.1 EDS PLACEMENT

The Project Manager shall ensure that the Project site will be ready to accommodate the installation of the EDS and associated equipment. The Project Manager shall be responsible for providing rigging oversight activities, and shall provide adequate protection to the EDS machines and to the airport infrastructure during any and all ED's movements. The Project Manager shall coordinate with the EDS OEM to integrate all activities regarding placement of ED's equipment. The Project Manager shall provide reasonable measures to protect the EDS and ETD equipment from damage in the screening area.

2.1.1 Site Readiness and Storage

The Project Manager shall confirm site readiness to receive ED's units to the TSA Site Lead no later than10 business days prior to requested delivery date. Site readiness shall address availability of permanent power; removal of obstacles to the rigging path; and adequacy of physical environmental conditions within the delivery area that meet EDS OEM standards for protecting the EDS units. The Project Manager shall provide secure storage for the ED's units and ancillary equipment if site conditions at the time of delivery do not provide adequate protection. The Project Manager shall provide secure storage space for hardware associated with ED's integration and multiplexing until it can be installed by EDS OEM Integration Support Staff.

2.1.2 Rigging Services

The Project Manager Team will be responsible for providing rigging path verification, ingress path, and/or structural analysis. If required, the Project Manager Team will remove and replace any walls, windows, glass, doors, or other physical barriers in support of rigging activities.

2.2 INSTALLATION SUPPORT

2.2.1 Power Requirements

The Project Manager will provide terminations to the EDS for electrical power. The Project Manager will be responsible for providing all infrastructure power requirements including separate metering. If applicable, the Project Manager will design and install all power requirements to terminal locations within the OSR room, ETD room, and at EDS locations. The Project Manager will provide cabling from terminations to EDS equipment. The Project Manager shall attest to the availability of power supply to adequately support the EDS and associated equipment in accordance with OEM specifications and be liable for damage to this equipment resulting from intentional deviations to accepted power supply conditions.

2.2.2 Commissioning Services

The Project Manager will be responsible for obtaining all other infrastructures as stated in the Memorandum of Agreement between the TSA and the PANYNJ and not mentioned in Section 2.2.1 to support EDS operations and maintenance.

2.3 INTEGRATION SERVICES

The Project Manager shall ensure that the BHS Contractor coordinates with EDS OEM in support of integration activities (e.g. installation and testing the required software and hardware to allow for digital and serial communication between the EDS and the BHS PLC) as needed. Terminations to the EDS for BHS PLC communication shall be performed by the BHS contractor.

2.4 NETWORKING

2.4.1. Network Infrastructure

The Project Manager will design and install all communication conduit, fiber, etc. as required by the EDS OEM's design criteria for the EDS and EDS networking system, including but not limited to connectivity of the remote OSR Room, ETD/Resolution area, and the Baggage Control Room as required. Exact parameters will be reviewed at Project start-up by TSA. The Project Manager will provide cabling and network patch panels in TSA control rooms, ETD search areas, and the TSA network room as determined by the network design conducted in conjunction with the Project Manager. The EDS OEM shall provide required patch cables and miscellaneous hardware to interface between network patch panel and EDS OEM-supplied networking components. The Project Manager will provide all electrical outlets to support installation and operation of a fully multiplexed explosive detection system.

2.4.2. Network Services

No other network may interface with the networked airport screening solution. The implemented assigned network for operation shall be an isolated, stand-alone network.

2.5. IV&V - TESTING SUPPORT

The Project schedule shall allow for sufficient time to conduct mandatory testing of the EDS units after installation and integration. The project schedule shall also factor in minimum lead times for notification of readiness for testing (7 days for SAT; 3 days for TRR; and 3 days for ISAT.) The Project Manager shall identify operational windows in time in which testing activities can be accomplished. Testing

activities will normally be scheduled for normal business days (Monday-Friday) and should not include holidays unless previously agreed to.

2.5.1 Site Specific Test Plan (SSTP)

The Project Manager shall ensure that information needed to develop an accurate SSTP is provided to TSA Test Lead at the earliest opportunity, but no later than 90 days prior to requested testing date. Such documentation includes:

- BHS Specifications
- Controls Description and/or Description of Operation (if both exist then provide both)
- E-Stop Zone Drawings
- BHS Drawings Plan and Elevation Views
- Phasing Plan Narrative and Phasing Plan Drawings
- Construction and Testing Schedule

All drawings shall be clearly visible and readable when plotted on Arch D Size Stock. All documents shall be submitted electronically (e.g. text documents in MS Word or PDF and drawings in AutoCAD (.dwg) or PDF.)

Any system constraints that will prevent compliance with TSA testing and performance criteria should be disclosed as far in advance as possible to allow for evaluation of applicable waivers. Any restrictions on system availability and accessibility for testing shall be disclosed. Cutover plans including any phasing plans that will affect the Testing Contractor's ability to test the full system from ticket counters through the outbound/sortation system shall also be disclosed to allow for the development of an accurate SSTP.

The Project Manager will have the opportunity to review and comment on SSTP in advance of testing. Comments and/or questions should be directed to the TSA Project Lead and the TSA Site Lead.

2.5.2. Test Readiness Report (TRR)

This pre-ISAT activity is conducted by TSA Site Lead in coordination with the Airport Project Team (typically the BHS Contractor.) The purpose of this testing activity is to assure TSA of site readiness for ISAT and is a precursor for TSA authorization for TSA Test Lead to deploy. The Project Manager Team will be provided TRR data sheets by the TSA Site Lead. BHS/CBIS configuration and operation shall be in final form intended for bag screening operations. Unless mutually agreed to, changes/improvements to BHS/CBIS between TRR and ISAT are not authorized. The Project Manager Team must address security and efficiency defects found during TRR and be prepared to implement mutually agreed upon corrective actions prior to ISAT.

Required input from the Project Team will include:

Functional Testing Documentation: Testing authentication must be clearly reported and show every test with bag ID and declared status on printed EDS FDRs (Field Data Reports) and resulting bag destination. Ledger forms should show test date, type of test, identification of bag destination location, and ID number of the bags arriving at that location. Sample ledger forms will be provided in the SSTP.

- These reports should be organized and indexed in a loose-leaf binder(s)
- Each test shall conclude with an indication of successfully passing the required criteria of BHS specification and testing criteria and if conflict or failure exists, then so indicate with an explanation.
- Presentation of completed testing and TRR required documentation to TSA Site Lead not less than 7 business days prior to anticipated Pre-ISAT date is required.

Sort and Rate Test Observation: Sufficient numbers of test bags (no less than 100 test bags per EDS) will be utilized to "stress" the BHS/CBIS as would occur during peak operating times. Test bag set profile should be similar to Battelle profile.

- A real-time observation by TSA Site Lead of a global BHS/CBIS Sort and Rate Test using clear and suspect bags is required.
- All EDS equipment must be operational.
- All baggage entry points must be utilized.
- After a successful TRR, TSA Deployment Lead approves start of ISAT testing and TSA Testing Contractor Team normally arrives at airport within 3 business days

2.5.3. Logistical Support Needs: The Project Manager shall identify any logistical or support needs that will impact TRR and ISAT testing, to include:

- any process needed to obtain sufficient baggage tags should the system use IATA baggage tracking mechanisms;
- any process needed to obtain airport badges/access for TSA Testing Contractor's personnel;
- availability of baggage handling support for testing activities; and
- availability of support for delivery and secure storage of the TSA Testing Contractor's test bags for ISAT (100 bags per EDS.)

2.5.4. ISAT Testing: The TSA's Testing Contractor will meet with the Project Manager Team at least 30 days prior to testing to coordinate the conduct of ISAT testing. The TSA Test Lead and the Project Manager Team will finalize details relating to the scheduling and duration of the testing. (Generally allow 1.5 days per EDS line and 1.5 days per each system Sort Testing and Rate Testing.)

2.5.5. Test Results and Reports

In the event of a Defects Found or Failed result during TRR or ISAT testing, the Project Manager Team shall report corrective actions to be applied and the timeline associated with said corrections. If constructed system fails testing, TSA will work with the Project Manager Team to identify corrective solutions. TSA is not obligated to accept or operate a baggage screening system that does not meet the minimum test standards.

2.5.6. Post ISAT and Run-In Activities: The TSA Site Lead will conduct 30-day operational run-in observations of the system following successful ISAT testing.

The airport/airline/authority shall provide a written response outlining corrective actions that will be taken due to outstanding deficiencies, issues, and action items identified in the Test Report within three (3) months.

It is essential for the continued secure and efficient operation of the CBIS that changes to the system are evaluated, reviewed and approved before they are implemented. Changes made to the system subsequent to ISAT should be coordinated and approved in advance with TSA Deployment Team. Failure to do so will lead to TSA decertification of the baggage screening system. In some cases the TSA Testing Contractor will need to evaluate proposed changes to determine if they constitute modifications sufficient to warrant the development of a new SSTP and re-testing.

The following procedure is to be followed for all changes to CBIS systems other than those required for normal routine and periodic maintenance/repairs to the system. The airport/airline/authority responsible for the system shall assemble a package of information for submittal to TSA Office of Security Technology which includes the following minimum information.

- Written description of all physical and programming changes to the system
- Reason for proposed change
- Anticipated impact to system operations (i.e. increased throughput, lowered tracking losses, elimination of bag jams)
- Drawings showing affected areas

- Any potential security, tracking or efficiency impacts, including impact on manpower or operations
- Proposed date of changes
- Willingness of the airport or airline to pay for the changes to the system

This package shall be delivered to the applicable TSA FSD who shall review the package, adding any comments that he/she may have and forward the package to TSA Office of Security Technology.

The TSA Office of Security Technology will review the package. Once the review has been completed, the Office of Security Technology shall notify the airport/airline/authority and the applicable TSA FSD of the recommendations and testing requirements for the system changes.

EXHIBIT C

Letter of Credit Terms and Conditions

For the purposes of subparagraph (a) of Paragraph 36 of the Supplemental Agreement (the "Agreement") between The Port Authority of New York and New Jersey (the "Port Authority') and Continental Airlines, Inc. (the "Lessee") to which this Exhibit C is attached, a '***Letter of Credit***' shall mean in the singular each of and '***Letter of Credits***' shall mean in the plural all of the letter of credits which may be delivered by the Lessee to the Port Authority as security for its obligations pursuant to the provisions of subparagraph (a) of Paragraph 36 of the Supplemental Agreement and which meet all of the requirements set forth:

The Lessee shall deliver or shall cause to be delivered to the Port Authority a clean irrevocable Letter of Credit issued by a banking institution satisfactory to the Port Authority and having its main office within the Port of New York District, in favor of the Port Authority in the amount of the demand by a *qui tam* person pursuant to the provisions of subparagraph (a) of Paragraph 36 of the Agreement. The form and terms of such Letter of Credit, as well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. If requested by the Port Authority, said Letter of Credit shall be accompanied by an opinion of counsel for the banking institution that the issuance of said clean irrevocable Letter of Credit is an appropriate and valid exercise by the banking institution of the corporate power conferred upon it by law. Each Letter of Credit shall provide that it shall continue until the last day of the sixth full calendar month occurring after the final adjudication, settlement or other resolution of such demand. Such continuance may be by provision for automatic renewal or by delivery to the Port Authority of a substitute letter of credit satisfactory to the Port Authority and meeting all the requirements set forth in this Exhibit C in an amount so that at all times until the final adjudication, settlement or other resolution of such demand the Port Authority shall have a Letter of Credit or Letters of Credit in the amount of such demand. Upon notice of cancellation of a Letter of Credit the Lessee agrees that unless, by a date twenty (20) days prior to the effective date of cancellation, the Letter of Credit is replaced by another Letter of Credit satisfactory to the Port Authority, the Port Authority may draw down the full amount thereof and thereafter the Port Authority will hold the same as security of the Lessee's obligations under subparagraph (a) of Paragraph 36 of the Agreement, as applicable until the final adjudication, settlement or other resolution of such demand. Failure to provide such Letter of Credit at any time until the completion of the Project and successful completion of the TSA EDS systems test conducted by the TSA, which is valid and available to the Port Authority, including any failure of any banking institution issuing any such Letter of Credit previously accepted by the Port Authority to make one or more payments as may be provided in such Letter of Credit shall be deemed to be a breach of the Supplemental Agreement or of the Terminal C Lease, as described in and pursuant to subparagraph (a) of Paragraph 36 of the Supplemental Agreement, on the part of the Lessee. No action by the Port Authority pursuant to the terms of any Letter of Credit, or receipt by the Port Authority of funds from any bank issuing any such Letter of Credit, shall be or be deemed to be a waiver of

any default by the Lessee under the terms of the Supplemental Agreement and all remedies under the Agreement of the Port Authority consequent upon such default shall not be affected by the existence of a recourse to any such Letter of Credit.

For the Port Authority

Initialled:

For the Lessee

For the Port Authority

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 28th day of July in the year 2010, before me, the undersigned, a Notary Public in and for said state, personally appeared David Kagan , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity as for The Port Authority of New York and New Jersey, and that by his/her/their signature on the instrument, the individual, or the person upon behalf of which the individual(s) acted, executed the instrument.

(notarial seal and stamp)

MICHAEL F. SCHMIDT
Notary Public, State of New York
No. 01SC6118149
Qualified in New York County
Commission Expires November 1, 20 12

For the Lessee

STATE OF TEXAS)
) ss.
COUNTY OF Harris)

On the 25th day of JUNE in the year 2010, before me, the undersigned, a Notary Public in and for said state, personally appeared Holden Shannon, 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 as Sr. VP, System Operations & Real Estate and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Judith A Dabney
(notarial seal and stamp

JUDITH A. DABNEY
NOTARY PUBLIC
STATE OF TEXAS
COMM. EXPIRES 06-25-2011