THE AVANT BUILDING >> SUITE 1200 >> 200 DELAWARE AVENUE >> BUFFALO NY 14202-2150 p> 716.856.5500 f> 716.856.5510 w> damonmorey.com

FOI#13584

BUFFALO >> CLARENCE >> ROCHESTER

AMY ARCHER FLAHERTY
PARTNER
aflaherty@damonmorey.com
716.858.3795

DAMON MOREY
ATTORNEYS AT LAW

November 20, 2012

Secretary, The Port Authority of New York and New Jersey
ATTN: FOIL Administrator
The Port Authority of New York and New Jersey
225 Park Avenue South
New York, New York 10003

Via facsimile – 212-435-7555

Re: **Freedom of Information Law Request**
Injury to Jerrold V. Archer
DOI: August 23, 2012
Location: Terminal C of LaGuardia Airport between gates C24 and C26

Dear Sir or Madam:

Our office represents Jerrold V. Archer and Elizabeth Archer for serious injuries Jerrold Archer suffered as a result of an accident that occurred at the above location on August 23, 2012.

Pursuant to the Freedom of Information Law, please provide our office with copies of the following:

(1) The name(s) and addresses of all retail establishments, operating in Terminal C of LaGuardia Airport in the area encompassing gates C15-C26 on August 23, 2012, identified by the name(s) they do business by with the public, the name(s) on the lease, any other names, corporate or otherwise, known to The Port Authority of New York and New Jersey ("The Port Authority"), and their specific location between gates C15 and C26.

(2) All contracts or agreements between The Port Authority or its agents and the retail establishment (s) identified in (b), above, in effect on August 23, 2012 which pertain in whole or in part to the operation, use, or maintenance of Terminal C and/or the operation, use, or maintenance of the retail establishment(s).

(3) All agreements, work orders, bills and/or letters regarding cleaning, maintenance, construction, and/or other work done by The Port Authority of New York and New Jersey or its employees, servants, and/or agents relative to the area encompassing gates C15-C26 of Terminal C of LaGuardia Airport for 5 (five) years prior to August 23, 2012, including any drawings, diagrams, and/or schematics detailing areas of construction, location (s) for temporary wall placement, non-gate areas for ingress and/or egress, dining areas, and/or waiting areas.

(4) All investigative records and reports and all other documents and records relating to an accident involving Jerrold V. Archer on August 23, 2012.

(5) All photographs and films taken of the scene of the accident, inclusive of investigatory materials or security films that may have recorded the event.

(6) All contracts, agreements, and/or written documents between The Port Authority and any other party pertaining the cleaning and/or maintenance of the area encompassing gates C15-C26 of Terminal C of LaGuardia Airport in effect on August 23, 2012, including the name (s) and address(es) of such party.

(7) All manuals , books, and guidelines, by whatever name they are known, regarding the manner in which retail tenants may use floor space in the terminal area that is outside the doorway to their establishments.

Very truly yours,

Amy Archer Flaherty
for DAMON MOREY LLP

ney
1748662

THE PORT AUTHORITY OF NY & NJ

FOI Administrator

July 15, 2013

Ms. Amy Archer Flaherty
Damon Morey LLP
The Avant Building, Suite 1200
200 Delaware Avenue
Buffalo, NY 14202-2150

Re: Freedom of Information Reference No. 13584

Dear Ms. Flaherty:

This is a response to your November 20, 2012 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code"), for copies of various records related to retail establishments operating in Terminal C at LGA in the area encompassing Gates C15-26.

Material responsive to your request and available under the Code can be found on the Port Authority's website at http://www.panynj.gov/corporate-information/foi/13584-O.pdf.

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

Very truly yours,

Daniel D. Duffy
FOI Administrator

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

THE PORT AUTHORITY OF NY & NJ

PERSON/GOLDEN/OTHER/PROPERTY DAMAGE REPORT (Circle One) Form 9/08

ORIGINAL REPORT TO - MANAGER, CLAIMS ADMINISTRATION (225 PAS, 13th Floor)
COPY TO - (1) SAFETY ENGINEERING SUPERVISOR INSPECTION & SAFETY DIVISION (PATC Zip 43)
(2) RISK SUPERVISOR, RISK MANAGEMENT (225 PAS Treasury, 12th Floor)
(3) ORIGINATING UNIT

CASE #: 6673

☒ N.Y. ☐ N.J. ☒ Patron Accident ☐ Property Damage

Full Name of Injured Person	Address (Home)	Home Phone #	Sex	Age
JERROLD ARCHER	Ex. (1)	Ex. (1)	☒ M ☐ F	83

Occupation	Name & Address of Employer	Business Phone #
RETIRED		

Facility	Exact Location of Accident: (When helpful, attach a diagram to this form only, on plain paper)
L6A	L6A TERMINAL C HUDSON NEWS EAST END

Accident Date	Day of Week	Time	To Whom Reported?	Date Reported	Time
8/23/12	THURSDAY	1250 ☐ AM ☒ PM	DELTA AIRLINES	8/23/12	1250 ☐ AM ☒ PM

☐ Motor Stairs	Going: ☐ Up ☐ Down	Riding ☐	Getting: ☐ On ☐ Off	Motor Stair Stopped? ☐ Yes ☐ No	Motor Stair #:
☐ Stationary Stairs	Stationary Stair #:	Injured Was Going ☐ Up ☐ Down	By Whom		How Long After Fall

Condition of Area: PASSENGER GATE AREA MODERATE TRAFFIC.

NARRATIVE: Tell what the injured and/or witness(s) said. Give the exact statement in person's own words, identifying individual(s) making statement, to whom statement was made, and in whose presence:

AIDED STATES "I WAS WALKING AND A GIRL RAN OVER MY FEET CAUSING ME TO FALL ON MY LEFT SIDE I THINK MY HIP IS BROKEN. I CAN'T MOVE MY LEGS OR STAND UP. STATEMENT MADE TO UNDERSIGNED OFFICER AND EMT ON SCENE. AIDED WAS ALERT AND CONSCIOUS COMPLAINING OF PAIN IN THE HIP. AIDED WAS TRANSPORTED TO CORNELL HOSPITAL. ACK # 287

RECEIVED 8/24/12

Did You Witness Accident? ☐ Yes ☒ No

NAMES OF ADDITIONAL WITNESSES MAY BE INCLUDED IN AVAILABLE SPACE OR ON AN ADDITIONAL SHEET

Witness No. 1	Full Name and Address: CATALIN, KRIS (DELTA MGMT)					
	Phone No.: 718-533-3340	Relationship to Injured: NONE	Accompanied Injured? ☐ Yes ☒ No	Work at Facility? ☒ Yes ☐ No	P.A. Employee? ☐ Yes ☒ No	
Witness No. 2	Full Name and Address:					
	Phone No.	Relationship to Injured	Accompanied Injured? ☐ Yes ☐ No	Work at Facility? ☐ Yes ☐ No	P.A. Employee? ☐ Yes ☐ No	

Signature of P.O. Reporting Accident	Shield No.	Date
PO M. SADAT	1674	8/23/12

Medical Data

☐ No Treatment ☒ First Aid At Scene By EMT WOODRUFF # 7121

Ambulance called? ☒ Yes ☐ No | If Yes, time called: 1250 ☐ AM ☒ PM | Arrived: 1300 ☐ AM ☒ PM

Name and City of Hospital Injured Taken To (if any): CORNELL HOSPITAL

Doctor's Name and Address: TO BE DETERMINED

Nature and Extent of Injury (Include Part Injured): FEET TO LEFT SIDE HIP.

If rendered first aid elsewhere, state where, by whom and names of those present:

COMPLETE THIS SECTION ONLY IN CASES OF ACTUAL OR PROBABLY PERSONAL INJURY

Who Reported Accident? DELTA AIRLINES.	Did Injured Wear Glasses? ☒ Yes ☐ No	Type of Glasses ☐ Bi-Focal ☐ Tinted Glasses ☒ Other: FAR SIGHT
Who Assisted Injured Off Stairs or Point Where Found? UNKOWN		
How Were You Called To Scene? ☐ Phone ☐ Public Address ☒ Other: RADIO DISPATCH		
What Was Your Post Assignment? TRC		
Other P.A. Personnel At Scene: (Names & Titles) NONE.		
Where Did You First See Injured? In Which Position? SEATED		
Did You Attempt To Get Identity of Witness? ☒ Yes ☐ No	Weather Conditions ☐ Wet ☒ Dry ☐ Snowing ☐ Raining	
Any Apparent Disability Other Than From Fall? NONE.		
What Did Injured Allege Caused Fall? SOMEONE STEPPED ON HIS FEET CAUSING HIM TO FALL.		
Kind Of Shoes Worn By Injured: ☐ High Heels ☐ Medium Heels ☒ Flat Heels ☐ Galoshes ☐ Other:		
What Did Injured Carry? ROLLING CARRYON BAG.		
Was Injured Traveling Alone? ☐ Yes ☒ No If No, Who Accompanied? WIFE ELIZABETH ARCHER		
Any Evidence of Alcohol? ☐ Yes ☒ No If Yes, Describe: ☐ Speech ☐ Odor ☐ Gait ☐ Other:		
If Taken to First Aid, How? ☐ Walking ☐ Wheel Chair ☒ Stretcher ☐ Other:		
How Departed From First Aid? ☐ Walking ☐ Wheel Chair ☒ Stretcher ☐ Other:		
Was Injured Familiar With Terminal? ☐ Yes ☐ No ☒ Unknown ☐ Does Not Apply	Was Injured Using Handrail? ☐ Yes ☐ No ☐ Unknown ☒ Does Not Apply	
Did Local Jurisdiction Police Respond? ☒ Yes ☐ No Identify: PAPD		

Property Damage

Item(s) Damaged and Description of Damage	
NONE	
Total P.A. Damage: ☒ None ☐ $ 1000 or less ☐ Over $ 1000	Damage Involved ☐ P.A. ☐ Tenant ☐ Contractor ☐ Other (Explain)

Reported By (Non-Police)	Title	Date	Facility Manager's Signature	Date

To Be Completed By Supervisor	If the following section cannot be completed immediately, forward this report as is, and when this information is obtained it should be forwarded as a supplement to the report.
Personnel Assigned to Area	Area Last Cleaned by B.A. At ☐ AM ☐ PM
Inspected Motor Stairs, Stationary Stairs At ☐ AM ☐ PM	How?
Condition	Signature of B.A.
	Area Last Inspected by B.A. At ☐ AM ☐ PM
Last Coating of Area (If Applicable)	Condition

Signature	Date	Signature of Person Making Inspection	Date

INSTRUCTIONS

1. Print in Black Ink
2. Identify all witnesses
3. Check all appropriate boxes
4. Submit promptly additional information, as available, to Manager, Claims Administration.
5. Forward this form to Manager, Claims Administration
6. If P.A. Property is damaged, prepare Maintenance Work Order Form PA 2302. Write "Accident Damage" in description of job. Also indicate M.W.O. number in appropriate box on reverse side of this form.

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

Lease No. AGA-126

AGREEMENT OF LEASE

THIS AGREEMENT OF LEASE, made effective as of the 20 day of June, 1989, 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 One World Trade Center, in the Borough of Manhattan, City, County and State of New York, and CONTINENTAL AIRLINES, INC. (hereinafter sometimes called "Continental Airlines"), a corporation of the State of Delaware and having an office and place of business at 2929 Allen Parkway, Houston, Texas 77019, whose representative is Sam E. Ashmore its Vice President, Properties acting jointly and severally with EASTERN AIR LINES, INC. (hereinafter sometimes called "Eastern Air Lines"), a corporation of the State of Delaware and having an office and place of business at Building 16 Miami International Airport, Miami Florida 33145 whose representative is Peter Gingras, its Staff Vice-President, Properties and Facilities (Continental Airlines and Eastern Air Lines, acting jointly and severally, being hereinafter referred to as "the Lessee").

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 LaGuardia Airport (sometimes hereinafter referred to as "the Airport") in the County of Queens, City and State of New York the land shown in stipple, in diagonal hatch, in stipple diagonal hatch and in stipple cross-hatch on the drawing attached hereto, hereby made a part hereof and marked "Exhibit A", together with the hangar buildings designated as Building No. 6 and Building No. 8 located thereon, and together with the fixtures,

improvements and other property of the Port Authority, if any, 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 therein, thereon or thereunder, or to be located, constructed or installed therein, thereon or thereunder being hereinafter collectively referred to as "the premises". It is acknowledged and agreed that 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 seventy-five (75) feet above the present ground level thereof.

(c) The strip of land lying along and within the easterly boundary line of the premises (which strip is shown in stipple diagonal hatch on the drawing attached hereto, hereby made a part hereof and marked Exhibit B), together with the corresponding contiguous strip of land lying along and within the westerly boundary of the space let to the Shuttle Terminal lessee, as defined in Section 74 hereof, and immediately abutting on the easterly side of the premises (which strip is shown in diagonal hatch on Exhibit B) shall be subject to a joint and mutual easement for a taxiway to be used jointly by the Lessee and the Shuttle Terminal lessee or by any successors in interest of either or both or other tenants or sublessees, or other occupants or users who, pursuant to Port Authority permission, may occupy or use the premises herein or the space let to the Shuttle Terminal lessee, and such rights of easement for such taxiway purposes shall continue during the effective periods of the respective agreements covering the same.

(d) Subject only to the appropriate written concurrence of the lessees, tenants, or other users as set forth below in this paragraph (d), the strip of land lying along and within the westerly boundary line of the premises (which strip is shown in stipple cross-hatch on Exhibit B), together with the corresponding contiguous strip of land and immediately abutting on the westerly side of the premises (which strip is shown in cross-hatch on Exhibit B) shall be subject to a joint and mutual easement for a taxiway to be used jointly by the Lessee and the lessees, tenants or other users, if any, who pursuant to Port Authority permission may use the same or by any successors in interest of either or any of them or other tenants or sublessees, or other occupants or users who, pursuant to Port Authority permission, may occupy or use portions of the East End Terminal Facilities, as hereinafter defined, and such rights of easement for such taxiway purposes shall continue during the effective periods of the respective agreements covering the same.

(e) The strips of land shown in stipple, diagonal hatch and cross-hatch on the drawing attached hereto, hereby made a part hereof and marked Exhibit C, shall be subject to a joint and mutual easement for upper level roadways, to be constructed by the Lessee pursuant to Section 2 hereof, and which are to be used jointly by the Lessee and the Shuttle Terminal lessee (as hereinafter defined) or by any successors in interest of either or both or other tenants or sublessees, or other occupants or users who, pursuant to Port Authority permission, may occupy or use the premises herein or the space let to the Shuttle Terminal lessee, and such rights of easement for such upper level roadways shall continue during the effective periods of the respective agreements covering the same.

Section 2. Construction by the Lessee

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

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

(i) A two (2) level passenger terminal building consisting of approximately 260,000 square feet of floor space, the foregoing together with all associated and related areas and facilities, including but not limited to stairwells, stairways, escalators, and elevators, and a ground control tower (as more fully described in Section 52 hereof) being herein called "the East End Terminal";

(ii) All necessary and appropriate work together with all associated and related areas and facilities for the connecting of the East End Terminal Facilities and the Shuttle Terminal, as hereinafter defined;

(iii) Ten (10) Aircraft loading and unloading gate positions, Numbers 1 through 10, consisting of nine gate positions that will accommodate both wide-body aircraft and narrow-body aircraft and one aircraft gate position for narrow-body aircraft, said aircraft gate positions being herein collectively called "the Aircraft Gate Positions";

(iv) All appropriate work for the construction of general utility and mechanical equipment rooms and spaces and crawl spaces within the East End Terminal;

(v) All appropriate work for the construction of a utility room or rooms and a heating plant for the purpose of providing heat, air-conditioning, ventilation, electricity, water and all other utilities for the East End Terminal Facilities, as hereinafter defined, including without limitation all machinery, equipment and facilities required to be installed in the Common Areas (as hereinafter defined) in connection with the said facilities;

(vi) A vehicular maintenance building of approximately 20,000 square feet in the area shown in diagonal hatch in Exhibit D attached hereto and hereby made a part hereof;

(vii) All appropriate work for the construction of the concession areas to be made available for consumer services as more fully described in Sections 57 through 65 including the construction and installation of utility lines which are to serve the said concession areas as and to the extent such work is not to be performed by a consumer service operator pursuant to its agreement with the Port Authority;

(viii) All appropriate lines, pipes, mains, cables, manholes, wires, conduits and other facilities required in connection with or relating to the mechanical, utility, electrical, storm sewer, sanitary sewer, telephone, fire alarm, fire protection, gas and other systems needed for the East End Terminal Facilities including all necessary relocations, and all work necessary or required to tie the foregoing to the utility access stubs now existing which include water, electrical power, sanitary service lines, including all necessary valves and other equipment and accessories necessary to the use and operation of the heating, electrical, water and other utility systems which are to serve the premises;

(ix) Upper level roadways on the area shown in diagonal hatch on Exhibit C, and all other necessary or appropriate ground and elevated roadways, ramps, sidewalks, vehicular service areas, and pedestrian circulation areas, together with all related and associated areas and facilities (the foregoing being herein sometimes called the "circulation areas");

(x) All necessary or appropriate aircraft ramp and apron areas;

(xi) Appropriate landscaping together with all related and associated work;

(xii) The demolition of Hangar Building No. 6 and Hangar Building No. 8 and all other existing buildings, improvements and structures on the site;

(xiii) All work necessary or appropriate for the realignment of the restricted service road located on the site;

(xiv) All work necessary or appropriate for the relocation of "Taxiway Z" currently located on the site;

(xv) All appropriate or necessary work for the construction of an aircraft taxiway on the area shown in stipple cross-hatch on Exhibit B, said taxiway being herein sometimes called the "Westerly Taxiway I";

(xvi) The expansion of the aircraft taxiway shown in stipple diagonal hatch on Exhibit B; the foregoing being herein called the "Easterly Taxiway I Expansion";

(xvii) All appropriate work for the construction of a snow removal/melting pit to serve the premises and the Shuttle Terminal;

(xviii) All other appropriate or necessary work in connection with the foregoing items, including without limitation thereto, all borings, surveys, route marker signs, obstruction lights and material inspections and also including any tie-ins to utility lines and roadway access stubs.

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. All of the foregoing work and any other work which the Lessee includes in its comprehensive plan and which is consented to by the Port Authority are sometimes herein collectively referred to as "the East End Terminal Facilities".

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

(b) In addition to all the hereinabove mentioned, the Lessee shall include as part of its comprehensive plan submitted in accordance with paragraph (a) hereof the construction of the following work, which construction, however, shall not be on the site and shall not be part of the premises under the Lease. Said work shall include:

(i) An expansion of the existing Shuttle Terminal building which forms a part of the Shuttle Terminal Premises under the Shuttle Terminal lease including without limitation: such modifications, installations and additions to the Shuttle Terminal Premises as are necessary or appropriate for the expansion of the existing building and for the reconfiguration of the existing aircraft gate positions, and as are necessary or appropriate for the physical and operational integration of the East End Terminal Facilities with the Shuttle Terminal; all necessary or appropriate work together with all associated and related areas and facilities for connecting the existing Shuttle Terminal building to the East End Terminal; all necessary or appropriate work for the construction of suitable piling and foundations to support the Section 2A Additional Construction (as defined in Section 2A hereof); (all of said work being hereinafter called the "Shuttle Terminal Expansion");

(ii) New upper level Airport roads on the areas shown in stipple and cross-hatch on Exhibit C to which certain portions of the circulation areas would connect, as well as any and all associated or related extension, widening, relocation and rehabilitation of existing Airport roads, together with all appropriate ground lighting, lines, pipes, drains, wires, cables, manholes and conduits and other facilities; all of the foregoing being sometimes hereinafter collectively sometimes called the "Off-Premises Easement Roads";

(iii) All necessary or appropriate work for the construction of an aircraft taxiway shown on the area shown in cross-hatch on Exhibit B (said taxiway being herein sometimes called the "Westerly Taxiway II"; the Westerly Taxiway (I) and the Westerly Taxiway (II) being herein collectively called the "Westerly Taxiway";

(iv) All necessary or appropriate work for the expansion of the aircraft taxiway shown in diagonal hatch on Exhibit B; the foregoing being herein called the "Easterly Taxiway II Expansion; the Easterly Taxiway I Expansion and the Easterly Taxiway II Expansion being herein collectively called the "Easterly Taxiway Expansion";

(v) All work necessary or appropriate for the relocation of the restricted service road currently located on the site;

(vi) All work necessary or appropriate for the relocation of "Taxiway Z" currently located on the site;

(vii) All appropriate lines, pipes, drains, wires, cables, conduits and other facilities so as to tie the East End Terminal Facilities and the Shuttle Terminal Expansion into the service lines for the supply of water, electrical power, telephone, sanitary and storm sewers to such location off the premises as the Port Authority may designate, the foregoing being

respectively called "the water lines", or "the electric lines", "sanitary lines" and all of the foregoing being hereinafter called the "Off-Premises Utility Lines construction."

All of the foregoing in this paragraph (b) shall be constructed by the Lessee off the site and shall not be or become a part of the premises under the Lease. Each of the foregoing is hereinafter sometimes referred to as an "Installation" and all Installations covered under this paragraph are sometimes hereinafter collectively referred to as the "Off-Premises Facilities".

(c) (1) The Lessee agrees at its sole cost and expense to design and to construct the East End Terminal Facilities on the premises as described in paragraph (a) above and to design and construct the Off-Premises Facilities outside the premises as described in paragraph (b) above, such design and construction of the said work and both the East End Terminal Facilities and the Off-Premises Facilities being sometimes hereinafter collectively referred to as "the construction work".

(2) Prior to the commencement of the construction work, the Lessee shall submit to the Port Authority for the Port Authority's approval complete plans and specifications therefor. The Port Authority may refuse to grant approval with respect to 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, 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 New York 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 York, or

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

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

(xvi) Not comply with the construction limitations set forth in Exhibits A, B, C and D if any, or

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

(3) In addition to and without limiting the foregoing, with respect to the portion of the construction work representing the Off-Premises Facilities or any Installation forming a part thereof, the Lessee's design thereof and the said plans and specifications shall be subject to the complete prior written approval of the Port Authority and the Lessee shall make all changes and modifications to the said design, plans and specifications as may be required or recommended by the Port Authority.

(d) 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 New York against the Port Authority pursuant to the provisions of the Basic Lease whereby the Port Authority has agreed to indemnify the City against claims), excepting only claims and demands which result solely from affirmative wilful acts done by the Port Authority, its Commissioners, officers, agents and employees with respect to the construction work, provided, however, that the Lessee shall not be required to indemnify the Port Authority where indemnity would be precluded pursuant to the provisions of Section 5-322.1 of the General Obligations Law of the State of New York.

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. The Port Authority shall have the right to disapprove any architect who may be unacceptable to it. All construction work shall be done in accordance with plans and specifications to be submitted to and approved by the Port Authority prior to the commencement of the construction work, and until such approval has been obtained the Lessee shall continue to resubmit plans and specifications as required. 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. The Lessee shall expend not less than Ninety Million Dollars ($90,000,000.00) with respect to the construction work. The Lessee shall complete the construction work no later than December 31, 1991.

(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 or to any location off the Airport within the Port of New York District. 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

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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 or the Lessee.

(11) (i) The Lessee in its own name as assured and including the Port Authority as an additional assured shall procure and maintain Comprehensive General Liability insurance, including but not limited to premises-operations, products-completed operations, explosion, collapse and underground property damages, personal injury and independent contractors, with a broad form property endorsement, and with a contractual liability endorsement covering the obligations assumed by the Lessee pursuant to subparagraphs (1) and (5) of this paragraph (d), and Comprehensive Automobile Liability insurance covering owned, non-owned and hired vehicles, 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 construction work to procure and maintain such insurance including such contractual liability endorsement, said insurance, whether procured by the Lessee or by a contractor engaged by it as aforesaid, not to contain any care, custody or control exclusions, and not to contain any exclusion for bodily injury to or sickness, disease or death of any employee of the Lessee or of any of its contractors which would conflict with or in any way impair coverage under the contractual liability endorsement. The said policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority, and that said protections shall also pertain and apply with respect to any claim or action against the Port Authority by the Lessee, but

such endorsement shall not limit, vary or affect the protections afforded the Port Authority thereunder as an additional assured. Said insurance shall be in not less than the following amounts:

Comprehensive General Liability	Minimum Limits
Bodily Injury Liability	
For injury to or wrongful death to one person	$25,000,000.00
For injury or wrongful death to more than one person for any one occurrence	$25,000,000.00
Aggregate Products-Completed Operations	$25,000,000.00
Property Damage Liability	
For all damage arising out of injury to or destruction of property in any in any one occurrence	$25,000,000.00
Aggregate Products-Completed Operations	$25,000,000.00
Aggregate Premises-Operations	$25,000,000.00
Aggregate Contractual	$25,000,000.00
Comprehensive Automobile Liability	
Bodily Injury Liability: For injury to or wrongful death of one or more than one person in any one occurrence:	$25,000,000.00
Property damage Liability:	
For all damages arising out of injury to or destruction of property in any one occurrence:	$25,000,000.00

(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 required by law.

(iii) The insurance required hereunder in this subparagraph (11) 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 20 hereof.

(12) The Lessee shall be under no obligation to reimburse the Port Authority for expenses incurred by the Port Authority in connection with its normal review and approval of the original plans and specifications submitted by the Lessee pursuant to this Section. The Lessee however agrees to pay to the Port Authority upon its demand the expenses incurred by the Port Authority in connection with any additional review for approval of any changes, modifications or revisions of the original plans and specifications which may be proposed by the Lessee for the Port Authority's approval. The expenses of the Port Authority for any such additional review and approval shall be computed on the basis of direct payroll time expended in connection therewith plus 100%. Wherever in this Lease reference is made to "direct payroll time", costs computed thereunder shall include a prorata share of the cost to the Port Authority of providing employee benefits, including, but not limited to, pensions, hospitalization, medical and life insurance, vacations and holidays. Such computations shall be in accordance with the Port Authority's accounting principles as consistently applied 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 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 of Section 18 hereof and shall name the Port Authority, the City of New York, 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 of construction of the construction work, and each policy or certificate delivered shall bear the endorsement of or be accompanied by evidence of payment of the premium thereof and, also, a valid provision obligating the insurance company to furnish the Port Authority and the City of New York fifteen (15) 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 fifteen (15) 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 time of submitting the comprehensive plan to the Port Authority as provided in paragraph (a) hereof submit to the Port Authority its forecasts of the number of people who will be working at various times during the term of the Lease at the premises, the expected utility demands of the premises, noise profiles and such other information as the Port Authority may require. The Lessee shall continue to submit its latest forecasts and such other information as may be required as aforesaid as the Port Authority shall from time to time and at any time request.

(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 Lease, 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 hereof. The provisions of said Schedule E of this Lease shall be applicable to the Lessee's contractor or contractors and subcontractors at any tier of construction as well as to the Lessee itself and the Lessee shall include the provisions of said Schedule E within all of its construction contracts so as to make said provisions and undertakings the direct obligation of the construction contractor or contractors and subcontractors at any tier of construction. The Lessee shall and shall require its said contractor, contractors and subcontractors to furnish to the Port Authority such data, including but not limited to compliance reports relating to the operation and implementation of the affirmative action, MBE and WBE programs called for hereunder as the Port Authority may request at any time and from time to time regarding the affirmative action, Minority Business Enterprises and Women-owned Business Enterprises programs of the Lessee and its contractor, contractors, and subcontractors at any tier of construction, and the Lessee shall and shall also require that its contractor, contractors and subcontractors at any tier of construction make and put into effect such modifications and additions thereto as may be directed by the Port Authority pursuant to the provisions hereof and said Schedule E to effectuate the goals of affirmative action and Minority Business Enterprise and Women-owned Business Enterprise programs.

(ii) 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 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.

(iii) Without limiting any of the foregoing provisions and in addition thereto and without limiting any other terms or provisions of this Agreement, the Lessee agrees that the Lessee shall and shall require its contractors to use good faith efforts to maximize the participation of local business enterprises ("LBEs") in the construction work in accordance with the provisions of Schedule F hereof. It is specifically understood and agreed that the requirements set forth herein for the participation of LBEs shall not alter, limit, diminish or modify any of the obligations under this Lease including, without limitation the obligation to put into effect the affirmative action program and the MBE and WBE programs in accordance with the provisions above set forth and set forth in Schedule E hereof.

(e) In addition to and without limiting the terms and conditions set forth in paragraph (d) above, the portion of the construction work representing the Off-Premises Facilities shall be done in accordance with the following further terms and conditions:

(1) In addition to the submission of the names of the architects and contractors for Port Authority approval as required by subparagraphs (2) and (3) of paragraph (d) of Section 2 hereof, all proposed contracts covering the portion of the construction work representing the Off-Premises Facilities, or any portion thereof, submitted for Port Authority approval shall be subject to disapproval including but not limited to the disapproval of any contract the costs of which are not acceptable to the Port Authority. The Lessee shall include in all such contracts such provisions and conditions as may be required by the Port Authority. The Port Authority shall have the right to audit the books of any contractor with respect to any proposed contract covering the Off-Premises Facilities, or any portion thereof. It is expressly understood and agreed that in the event any proposed contract covers the construction of both East End Terminal Facilities, or any portion thereof, as well as Off-Premises Facilities, or any portion thereof, then the contract shall contain an allocation of costs between the East End Terminal Facilities and the Off-Premises Facilities, or shall set forth a method for properly determining the allocation of such costs, provided, however, that if such contract does not properly allocate said costs or set forth a method for the allocation of said costs the Port Authority shall determine the costs thereof that are applicable to the Off-Premises Facilities, or any portion thereof. It is further understood and agreed that the Port Authority shall have as full a right to require the use of competitive bidding and award, or other basis of award, for the construction of the Off-Premises Facilities, or any portion thereof, as if such construction were to be performed by the Port Authority. The Lessee shall not enter into any proposed contract covering the Off-Premises Facilities, or any portion thereof, without the prior written approval of the Port Authority, in accordance with the foregoing.

(2) The Lessee hereby specifically agrees that notwithstanding the Port Authority's approval of any Construction Application the Lessee shall, as directed by the Port Authority, design and make such changes or modifications in the Off-Premises Facilities as may be required by the Port Authority, which changes and modifications will become a part of the Construction Application, provided that no such change or modification requires any significant destruction or duplication of work already performed in accordance with the Construction Application. Furthermore, the Off-Premises Facilities will be constructed in accordance with and subject to any conditions which may be imposed by the General Manager of the Airport. The Lessee hereby agrees to perform all work and services in connection with any such change or modification not covered by any proposed contract for the Off-Premises Facilities. The Port Authority shall have the right to approve in writing such work or services and the cost of each item of such work or services.

(f) 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 (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 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 (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 New York, 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 (f), 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 (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 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, after providing notice to the Lessee and 48 hours to cure the breach or the 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 the Lessee shall promptly cease construction of the portion of the construction work specified. The Lessee shall thereupon submit to the Port Authority for its written approval the Lessee's proposal for making modifications, corrections or changes in or to the construction work that has been or is to be performed so that the same will comply with the provisions of this Lease, the Construction Application and the approval letter covering the construction work. The Lessee shall not commence construction of the portion of the construction work that has been halted until such written approval has been received.

(7) It is hereby expressly understood and agreed that neither the field engineer covered by paragraph (g) hereof nor the General Manager mentioned in subparagraph (6) above has any authority to approve any plans and specifications of the Lessee with respect to the construction work, to approve the construction by the Lessee of any portion of the construction work or to agree to any variation by the Lessee from compliance with the terms of this Lease, or the Construction Application or the approval letter with respect to the construction work. Notwithstanding the foregoing, should the field engineer or the General Manager 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 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 (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 construction work under the procedures of this paragraph (f).

(9) No prior approval of any work in connection with the construction work shall create or be deemed to create any obligation on the part of the Port Authority to permit subsequent work to be performed in connection with such construction work prior to the approval by the Port Authority of the Lessee's complete plans and specifications thereof. It is understood that no such prior approval shall release or relieve the Lessee from its obligation to submit complete plans and specification 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 letter 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.

(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 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 Sixty-five Dollars and No Cents ($465.00) for each day that the engineer or engineers are so assigned during the 1989 calendar year; the sum of Four Hundred Ninety Dollars and No Cents ($490.00) for each day that the engineer or engineers are so assigned during the 1990

calendar year; the sum of Five Hundred Fifteen Dollars ($515.00) for each day or part thereof that the engineer or engineers are so assigned during the 1991 or any subsequent calendar year. Nothing contained herein shall affect any of the provisions of paragraph (j) 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) (1) The construction work shall be constructed in such a manner that there will be at all times a minimum of air pollution, water pollution or any other type of pollution and a minimum of noise emanating from, arising out of or resulting from the operation, use or maintenance thereof by the Lessee 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 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 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 (h) and upon completion of each portion of such work it shall be and become a part of the construction work. The obligations assumed by the Lessee under this paragraph (h) are a special inducement and consideration to the Port Authority in granting this Lease to the Lessee.

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(i) Title to all the construction work shall pass to the City of New York as the same or any part thereof is erected, constructed or installed, and the portion thereof representing the East End Terminal Facilities shall be and become part of the premises.

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

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

(3) In addition and without affecting the obligations of the Lessee under the preceding subparagraph, when an integral and material portion of the construction 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 also signed by the Lessee's licensed architect or engineer certifying that such portion of the construction work has been constructed in accordance with the approved plans and specifications and the provisions of this Lease and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders, and specifying that such portion of the construction work can be properly used even though the 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 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 (e) hereof in the event that the Port Authority shall not have then approved the complete plans and specifications for the construction work. Moreover, at any time prior to the issuance of the certificate required in subparagraph (1) above for the construction work, the Lessee shall promptly upon receipt of a written notice from the Port Authority cease its use of such portion of the construction work which it had been using pursuant to permission granted in this subparagraph (3).

(k) The Lessee understands that there may be communications and utility lines and conduits located on or under the site 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 site or off the site 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.

(l) The Lessee hereby acknowledges its awareness that the letting of the premises hereunder and the performance by the Lessee of the portion of the construction work representing the East End Terminal Facilities and portions of the Off-Premises Facilities will result in the displacement of the Shuttle Terminal lessee (as hereinafter defined) from areas on the site which are used or occupied by the Shuttle Terminal lessee in connection with its operation at the Shuttle Terminal Premises and which form an essential part thereof. Accordingly, the Lessee understands and agrees that the construction of the following named portions of the construction work which relate to the foregoing must be performed promptly as among the first items of the construction: (1) Taxiway Z relocation, (2) Restricted Service Road realignment, (3) Easterly Taxiway Expansion, (4) the Off-Premises Easement Roadways, and (5) Shuttle Terminal Expansion. The Lessee understands the importance of performing the construction work involving the said portions in such a manner and at such times so that the same will be completed expeditiously. Toward the accomplishment of the foregoing, the Lessee shall submit a Construction Application or Applications and the plans and specifications forming a part thereof in connection with the aforesaid specified portions of the construction work for the approval of the Port Authority promptly upon the execution of this Lease and sha'l continue diligently

and expeditiously to submit and resubmit such material as may be required until approval is granted. The Lessee hereby agrees to commence construction of the aforesaid specified portions of the construction work promptly after the approval of its Construction Application or Applications and the plans and specifications covering the same and to continue said construction diligently to completion. The Lessee acknowledges its awareness of the fact that the use and enjoyment by the Shuttle Terminal lessee of the Easterly Taxiway and the Shuttle Terminal as well as the use and enjoyment of the Off-Premises Easement Roads by any users thereof depends in large measure on compliance by the Lessee with its obligations hereunder.

(m) (1) The Lessee hereby further expressly acknowledges its awareness that its performance of the construction work will coincide with and have an impact on the use of the Shuttle Terminal by the Shuttle Terminal lessee and by other third persons of other related facilities located adjacent to the site. The Lessee further hereby acknowledges its awareness that its performance of the construction work will also coincide with the use by the Shuttle Terminal lessee and by other third persons of portions of the construction work, and the Lessee hereby agrees to ensure and to cooperate with the Shuttle Terminal lessee to ensure that the Lessee's and its contractors operations will not unduly interfere with the operations of the Shuttle Terminal lessee and other third persons during the course of the performance by the Lessee of the construction work. Without limiting any other term or provisions of this Agreement, the Lessee shall 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 the Shuttle Terminal lessee, users and occupants of the Shuttle Terminal or other 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, or any contractors of the Lessee, or 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 New York against the Port Authority pursuant to the provisions of the Basic Lease whereby the Port Authority has agreed to indemnify the City against claims, excepting only claims and demands which result solely from affirmative wilful acts done by the Port Authority, its Commissioners, officers, agents and employees with respect to the construction work, provided, however, that the Lessee shall not be required to indemnify the Port Authority where indemnity would be precluded pursuant to the provisions of Section 5-322.1 of the General Obligations Law of the State of New York.

(2) Eastern Air Lines, in its capacity as the Shuttle Terminal lessee, further acknowledges that it intends to continue to use and occupy all or portions of the Shuttle Terminal Lease Premises (as herein defined) during the period of time of the performance of the construction work hereunder. Eastern Air Lines further acknowledges that this would involve among other things inconvenience, noise, dust, interference and disturbance to it in its use and occupancy of the Shuttle Terminal Premises as well as to its passengers, patrons, invitees and employees and possibly other risks as well. Eastern Air Lines 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 under the Shuttle Terminal Lease (as herein defined) on account of the performance of the construction work and that the performance of the construction work shall not constitute an eviction or constructive eviction of the Shuttle Terminal lessee nor be grounds for any abatement of rents, fees or charges payable under the Shuttle Terminal Lease nor give rise to or be the basis of any claim or demand by the Lessee or the Shuttle Terminal lessee against the Port Authority, its Commissioners, officers, employees or agents for damages, consequential or otherwise, under this Lease or under the Shuttle Terminal lease. The foregoing provisions of this subparagraph (2) extend and apply to Eastern Air Lines if, as and to the extent it is the lessee under the Shuttle Terminal lease.

Section 2A. Additional Construction

The Lessee acknowledges that the Port Authority has advised the Lessee that the Port Authority believes that the building and roadway layout set forth in the conceptual plan submitted by the Lessee to the Port Authority for its approval covering the construction work under Section 2 of the Lease, is inadequate and does not represent the best and most efficient utilization plan with respect to vehicular and passenger traffic flow on the exterior roadways and interior areas of the Shuttle Terminal. The Port Authority has suggested to the Lessee a conceptual plan as set forth on the sketch attached hereto, made a part hereof, and marked "Exhibit E" consisting generally of a two story structure between the existing Shuttle Terminal and its frontage roadway, and a connecting bridge walkway between such new two story structure and the existing two story portion of the Shuttle Terminal.

The Lessee has advised the Port Authority that it believes that the building and roadway layout set forth in its conceptual plan is suitable and adequate for the operation of the Shuttle Terminal and represents the best and most efficient utilization plan with respect to vehicular and passenger traffic flow on the exterior roadways and interior areas of the Shuttle Terminal and the Lessee has proposed that it be permitted to proceed with the construction work under Section 2 in accordance therewith.

The Port Authority is prepared to approve the conceptual plan submitted by the Lessee and permit the Lessee to proceed on the basis of said conceptual plan provided, however, that the Port Authority and Lessee hereby understand and agree that if, at any time after the completion of the construction work under Section 2 hereof generally in accordance with the conceptual design submitted by the Lessee, it is determined by the Port Authority (the Port Authority not to act arbitrarily or capriciously) that vehicular traffic congestion or poor or inefficient passenger flow exist in the Shuttle Terminal or on the Shuttle Terminal roadways and are the result of the building layout as set forth in the conceptual plan of the Lessee in accordance with which the construction work was performed then, in such event, after consultation with the Lessee, upon written notice to the Lessee given by the Director of the Aviation Department of the Port Authority, the Lessee at its sole cost and expense will design and construct a new two story structure between the frontage roadway and the existing Shuttle Terminal and a bridge walkway connecting the new two story structure to the existing two story portion of the Shuttle Terminal generally in accordance with the building layout plan shown on Exhibit E. Such design and construction is herein called the "Section 2A Additional Construction" and shall be performed by the Lessee in accordance herewith, and the terms and provisions of Section 2 hereof shall be deemed to apply thereto except that the term "construction work" as used therein shall mean the Section 2A Additional Construction hereunder and except for the following provisions of Section 2 which shall not be or be deemed to apply to the Section 2A Additional Construction hereunder as follows: Paragraph (b); Paragraph (c)(3) and Paragraph (e) thereof.

The Lessee agrees that the Section 2A Additional Construction hereunder shall be performed in such a manner so as to minimize interference with airline passenger operations at the Shuttle Terminal premises.

Section 3. Common Areas

The following Areas are hereinafter collectively referred to as the "Common Areas":

(a) The general utility and mechanical equipment rooms and spaces, if any, to be located on the first level and/or second level of the East End Terminal Facilities and the Shuttle Terminal for the use of both the East End Terminal Facilities and the Shuttle Terminal.

(b) The passageway and circulation areas to be located on the two levels of the terminal building which connect the East End Terminal with the Shuttle Terminal.

(c) The enclosed exterior passageway to be located on the first building level between the East End Terminal and the Shuttle Terminal.

Section 4. Term

(a) The term of the letting under this Agreement and the right to use the Common Areas shall be for a fixed period commencing on ----June---R-----, 1989 to December 31, 1991 or the last day of the calendar month in which the Completion Date (as defined in Section 2 (j) hereof) falls, whichever first 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 in which the first anniversary of the Completion Date falls, or December 31, 1992, whichever first occurs.

(b) If the Port Authority shall not give possession of the premises on the date set forth in paragraph (a) hereof by reason of the failure or refusal of any occupant thereof to deliver possession thereof to the Port Authority or by reason of any cause or condition beyond the control of the Port Authority, the Port Authority shall not be subject to any liability for the failure to give possession on said date. No such failure to give possession on the date hereinabove specified shall in any wise affect the validity of this Agreement or the obligations of the Lessee hereunder, nor shall the same be construed in any wise to extend the term beyond the date stated in paragraph (b) hereof. Tender shall be made by notice given at a least five (5) days prior to the effective date of the tender.

Section 5. Rentals

The Lessee agrees to pay to the Port Authority Base Rentals and Facility Rental as follows:

(A) Base Rental

A rental (hereinafter called the "Base Rental") as follows:

(1)(i) As used herein: "Base Rental Commencement Date" shall mean the commencement date of the term of the letting hereunder as set forth in paragraph (a) of Section 4 hereof.

For the portion of the term which constitutes the fixed period as set forth in Section 4 (a) hereof commencing on the Base Rental Commencement Date to December 31, 1991 or the last day of the calendar month in which the Completion Date (as defined in Section 2 (j) hereof) falls, whichever occurs first, a Base Rental at the annual rate of

Ex. (2.a.)

; subject to subparagraph (iii) of this paragraph.

(ii) During the periodical tenancy hereunder, as provided in Section 4 hereof, commencing on the first day of the first calendar month immediately succeeding the last day of the last calendar month of the fixed portion of the term as set forth in Section 4 (a) hereof, a Base Rental payable at the monthly rate of Ex. (2.a.) ; subject to subparagraph (iii) of this paragraph.

(iii) There shall be a deferral of portions of the Base Rental payments as follows:

(aa) For each of the calendar months during the period (not to exceed 24 months) commencing on the Base Rental Commencement Date and ending on the first to occur of (aa) the last day of the twenty-fourth month following the Base Rental Commencement Date, or (bb) the Completion Date, or (cc) December 31, 1992, the Lessee's monthly installment of Base Rental shall be payable in the amount of Ex. (2.a.) , and the payment of the balance of such monthly installment equal to the amount of for each such month shall be deferred; and the Lessee shall pay all of the said deferred amounts in accordance with Paragraph (B) below. Each such monthly deferred amount is herein called a "Monthly Deferred Amount", and the date of each Monthly Deferred Amount shall be the date upon which the monthly installment of Base Rental is payable in accordance with paragraph (2) below; and with respect to each such Monthly Deferred Amount there shall be calculated a "Monthly Payment Deferral" as defined and set forth in Paragraph (B) below. The aforesaid monthly installment of Base Rental shall be adjusted to reflect the deferrals under subparagraph (bb) below in any month for which there are concurrent deferrals under this subparagraph (aa) and under subparagraph (bb) below.

(bb) For each month during the period (not to exceed six months) commencing with the first month following the month in which the Hangar 6 Demolition Date (as defined below) falls and ending on the first to occur of (aa) December 31, 1992, (bb) the Completion Date, (cc) the last day of the sixth consecutive month following the Hangar 6 Demolition Date, or (dd) the date the Lessee commences use of the premises for any of the purposes hereinafter specified, the Lessee's monthly installment of Base Rental shall be payable in the amount of , and the payment of the balance of such monthly installment equal to the amount of Ex. (2.a.) for each such month shall be deferred; and the Lessee shall pay all of the said deferred amounts in accordance with Paragraph (B) below. Each such monthly deferred amount shall constitute a "Monthly Deferred Amount", and the date of each Monthly Deferred Amount shall be the date upon which the monthly installment of Base Rental is

payable in accordance with paragraph (2) below; and with respect to each such Monthly Deferred Amount there shall be calculated a "Monthly Payment Deferral" as defined and set forth in Paragraph (B) below. The aforesaid monthly installment of Base Rental shall be adjusted to reflect the deferrals under subparagraph (aa) above in any month for which there are concurrent deferrals under this subparagraph (bb) and under subparagraph (aa) above. Notwithstanding any of the foregoing, however, there shall be no deferral of Base Rental payments under this subparagraph (bb) in the event the Hangar 6 Demolition Date shall occur subsequent to December 31, 1992, the Completion Date or the date the Lessee commences the use of any part of the premises for the purposes hereinafter specified.

(cc) As used herein the term "Hangar 6 Demolition Date" shall mean the date, as shall be set forth in a certificate signed by the Lessee and promptly submitted to the Port Authority, on which the Hangar 6 Building on the premises is demolished as part of the construction work under and pursuant to Section 2 hereof; which Date for the purposes hereof shall not be earlier than January 1, 1991.

(2) The Lessee shall pay the Base Rental in advance commencing on the Base Rental Commencement Date and on the first day of each and every month thereafter during the fixed period of the letting and on the first day of each and every month during the periodical tenancy hereunder until the expiration or earlier termination of the periodical tenancy hereunder. If the commencement date for the payment of any rental herein be other than the first day of the month, or if any installment of rental payable hereunder shall be for less than a full calendar month, then the 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 the said month; and any Monthly Deferred Amount for such portion of said month shall be pro rated on the same basis.

(3) Abatement

(a) In the event that the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of the Base Rental, said abatement shall be computed as follows (it being understood that there shall be no abatement of the Base Rental for any portion of the premises or for any portion of the term except as specifically provided herein): For each square foot of the ground space as shown in stipple, stipple diagonal hatch, stipple cross-hatch, and in diagonal hatch on Exhibit A, the use of which is denied to the Lessee, as follows:

(i) For the portion of the term from the Base Rental Commencement Date to December 31, 1992, at the daily rate of $0.004136833, subject to subparagraphs (ii) and (iii) hereof.

(ii) During the period for which there are deferrals of Base Rental payments pursuant to paragraph 1 (iii)(aa) above, at the daily rate of $0.002594474.

(iii) During the period for which there are deferrals of Base Rental payments pursuant to paragraph 1 (iii)(bb) above, at the daily rate of $0.002548556.

(iv) During the period, if any, for which there are concurrent deferrals of Base Rental payments pursuant to both subparagraphs (aa) and (bb) above, at the daily rate of $0.001006197.

(B) Deferred Base Rental

(1) Definitions

The following terms as used herein shall have the respective meanings given below:

(i) "Monthly Payment Deferral" shall mean the amount calculated for each month for which there is a Monthly Deferred Amount under items (aa) and (bb) of Paragraph (A) (1) (iii) above which amount shall be equal to the product obtained by multiplying that Monthly Deferred Amount by the Monthly Deferral Factor, as defined herein.

(ii) "Total Payment Deferrals" shall mean the total sum of the Monthly Payment Deferrals for all of the months for which there are Monthly Deferred Amounts under items (aa) and (bb) of Paragraph (A) (1) (iii) above.

(iii) "Monthly Deferral Factor" shall mean the factor or factors derived in accordance herewith from time to time by the application of the following formula:

$$(1.01020833)^t = \text{Monthly Deferral Factor}$$

Where t (a power) equals the number of calendar months (expressed in whole numbers) from the date of each Monthly Deferred Amount to the day preceding the Completion Date or December 31, 1992, whichever occurs first.

(iv) "Deferred Base Rental Payment Commencement Date" shall mean the first to occur of the Completion Date (as defined in Section 2 (j) hereof) or January 1, 1993.

(v) "Deferred Base Rental Payment Period" shall mean the period commencing on the Deferred Base Rental Payment Commencement Date and ending on August 31, 2006.

(vi) "Monthly Deferred Base Rental Factor" shall mean the factor or factors derived in accordance herewith from time to time by the application of the following formula:

$$\frac{1}{\frac{1}{.01020833} - \frac{1}{.01020833(1.01020833)^{t}}} = \text{Monthly Deferred Base Rental Factor}$$

Where t (a power) equals the number of calendar months (expressed in whole numbers) from the Completion Date or January 1, 1993, whichever first occurs, to August 31, 2006.

(2) Computation and Payment

Commencing on the Deferred Base Rental Commencement Date, the Lessee shall pay to the Port Authority an additional rental herein called the "Deferred Base Rental" which Deferred Base Rental shall be an amount payable on the first day of each and every calendar month during the Deferred Base Rental Payment Period and which shall be equal to the product obtained by multiplying the Total Payment Deferrals by the Monthly Deferred Base Rental Factor; the total amount to be so paid to the Port Authority being herein called the "Deferred Repayment Amount". The Deferred Base Rental shall be payable in the same manner and collectible with like remedies as if the same were part of the Base Rental except that such payment shall not be subject to abatement for any reason whatsoever.

(3) Notwithstanding any obligation of the Lessee to pay the Deferred Base Rental as part of the rental obligations of the Lessee hereunder, the Lessee hereby agrees as a separate and independent covenant that it shall pay to the Port Authority the Deferred Repayment Amount, to the extent not paid as Deferred Base Rental as set forth above. Said obligation shall survive any termination, expiration, non-extension or cancellation of the Lease.

(C) Facility Rental

(1) Definitions

The following terms as used herein shall have the respective meanings given below:

(i) "Monthly Facility Rental Factor" shall mean the factor or factors derived in accordance herewith from time to time by the application of the following formula:

$$\frac{1}{\frac{1}{.01020833} - \frac{1}{.01020833(1.01020833)^{t}}} = \text{Monthly Facility Rental Factor}$$

Where t (a power) equals the number of calendar months (expressed in whole numbers) from the Facility Rental Commencement Date to the day preceding the twenty-fifth (25th) anniversary of the Facility Rental Commencement Date.

(ii) The "Facility Rental Commencement Date" shall be and mean the first to occur of (aa) the Completion Date (as set forth in subparagraph (j)(2) of Section 2 hereof, (bb) the date the Lessee commences use of any part of the premises for any of the purposes hereinafter specified, or (cc) January 1, 1991.

(iii) The "Facility Rental Period" shall mean the period commencing on the Facility Rental Commencement Date and ending on the day preceding the twenty-fifth (25th) anniversary date of the Facility Rental Commencement Date.

(2) Computation and Payment

(i) Commencing on the Facility Rental Commencement Date 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 during the Facility Rental Period which shall be equal to the product obtained by multiplying the Monthly Facility Rental Factor by the Construction Payment Amount (as defined in subparagraph (a)(2) of Section 6 of the Lease) in effect on the day immediately preceding the Facility Rental Commencement Date.

(ii) In the event the Facility Rental Commencement Date shall precede the Final Date (as defined in paragraph a(3) of Section 6 hereof) and the Port Authority shall have made a Construction Payment or Construction Payments to the Lessee subsequent to the Facility Rental Commencement Date (each such payment being a part of the Construction Payment Amount and being herein called a "Subsequent Construction Payment") then with respect to each such Subsequent Construction Payment, a Monthly Facility Rental Factor shall be calculated using the formula set forth in paragraph (C)(1)(i) of this Section where t (a power) shall equal the number of calendar months (expressed in whole numbers) from the date of each Subsequent Construction Payment if such date be the first day of a calendar month, or if not then

the first day of the following calendar month, to the day preceding the twenty-fifth (25th) anniversary of the Facility Rental Commencement Date.

With respect to each Subsequent Construction Payment there shall also be calculated an amount (herein referred to as the "Deemed Amount") which shall be the sum of the following: the monthly amount calculated on the last day of each calendar month of the period commencing on the Subsequent Construction Payment Date and ending on the last day of the month in which the Subsequent Construction Payment Date occurs, which monthly amount shall be equal to the product obtained by multiplying 0.01020833 and the daily average of the amount of the Subsequent Construction Payment Amount (including any previously calculated Deemed Amount) during said month.

As a part of and in addition to the payment of Facility Rental due as provided in subparagraph (i) above the Lessee shall pay to the Port Authority on the first day of each and every calendar month during the Facility Rental Period subsequent to the payment of each Subsequent Construction Payment, an amount equal to the product of (i) the amount of each Subsequent Construction Payment plus the Deemed Amount applicable thereto and (ii) the Monthly Facility Rental Factor applicable to said Subsequent Construction Payment; such amount to be payable as a part of the Facility Rental payments to be made hereunder and to be deemed a part thereof for all purposes of the Lease.

(iii) In the event that a Port Authority audit shall disclose that the Lessee has expended in the cost of the construction work under subparagraph (4) of paragraph (a) of Section 6 amounts which total less than the total of all Construction Payments made to the Lessee hereunder up to the time of such audit 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 and the aforesaid amount of the total of all Construction Payments made to the Lessee and effective from and after such date of payment the Construction Payment Amount shall be reduced by the amount of such payment and the Facility Rental payable by the Lessee adjusted appropriately hereunder.

Section 6. Port Authority Payments

(a) 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 Payment". The date of each payment of a Construction Payment is herein referred to as a "Construction Payment Date".

(2) The term "Construction Payment Amount" shall mean the total of all Construction Payments paid by the Port Authority to the Lessee pursuant to paragraph (b) hereof and the Accrued Amount as set forth in subparagraph (5) hereof.

(3) The term "Final Date" as used herein shall mean the earlier occurring of (i) the last day of the twelfth month after that month in which the certificate of the Lessee pursuant to subparagraph (1) of paragraph (j) of Section 2 of the Lease is delivered to the Port Authority or (ii) December 31, 1992.

(4) 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 sound accounting practices consistently applied:

(i) amounts actually paid and costs incurred by the Lessee to independent contractors for work actually performed and labor actually furnished and materials actually delivered in connection with the construction of the construction work;

(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 provided, however, payments under this item (ii) shall not exceed fifteen percent (15%) of the amounts paid under item (i) above.

(iii) amounts actually paid and costs incurred by the Lessee for premiums on the Builder's Risk and Comprehensive General and Comprehensive Automobile liability insurance policies required by Paragraphs (d) (11)(i) and (14) of Section 2 hereof (excluding Workers Compensation and Employers Liability Insurance) to the extent said insurance is not procured and maintained by the Lessee's contractors, and amounts actually paid and costs incurred by the Lessee as set forth in items (i) and (ii) above to a maximum of $100,000, per occurrence, incurred as a result of any deductible approved by the Port Authority as to the Builder's Risk insurance policy required to be obtained by the Lessee under Section 2 (d) (14) hereof for the repair, restoration or replacement of the construction work damaged or destroyed in or as a result of a casualty covered by such insurance policy occurring prior to the earliest of the date the Lessee delivers to the Port Authority the certificate provided for under Section 2 (j) (1) hereof, the date the Lessee commences occupancy or use of the premises for any of the purposes permitted under Section 8 hereof or the Final Date.

Amounts actually paid by the Lessee as set forth in items (i), (ii) and (iii) above shall be included in the cost of the construction work only to the extent that the inclusion of the same is permitted by sound accounting practices consistently applied. Additionally, the cost of the construction work shall include only that work performed by the Lessee in accordance with all the terms and provisions of (i) this Lease, (ii) the final Construction Application (s) (including the final plans and specifications) as approved by the Port Authority pursuant to subparagraph (2) of paragraph (c) of Section 2 hereof and (iii) the approval letter covering the work, if any, performed pursuant to paragraph (f) of Section 2 hereof and the cost of the construction work shall not include either the cost of construction work which although performed pursuant to an approved plan or specification is not incorporated in the final plans and specifications as approved by the Port Authority or the cost of altering such construction work. In no event shall the cost of the construction work include any amounts paid for or in connection with any trade fixtures or other personal property of the Lessee.

(iv) the Cost of the GSE Building Construction, it being understood and agreed that for the purposes of this Lease the phrase the "Cost of the GSE Building Construction" 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:

(aa) amounts actually paid and costs incurred by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the construction of the GSE Building Construction, as hereinafter defined, and

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

For the purposes of this Lease, the phrase the "GSE Building Construction" shall mean the construction required to be performed by the Lessee under the separate permit issued to the Lessee by the Port Authority dated as of March 1, 1989 covering the construction and use of a ground service equipment building to be located at the Airport and outside of the premises and bearing Port

Authority permit No. AGA-141, as said construction and use are described more fully in said permit (said permit as the same may be supplemented and amended being herein sometimes referred to as "the GSE Building Permit").

Without limiting any other term or provision of the Lease, it is hereby specifically understood and agreed that the Cost of the GSE Building Construction shall constitute a part of the cost of the construction work hereunder and part of the Construction Advance Amount, provided, however, that the entire obligation of the Port Authority under this paragraph for the Cost of the GSE Building Construction shall be limited in amount to a total of Ex. (2.a.) 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 all of the provisions of the GSE Building Permit, and subject to this Section 6.

(5) The term "the Accrued Amount" shall mean the sum of the following:

(aa) The monthly amount, calculated on the last day of each calendar month, equal to the product obtained by multiplying Ex. (2.a.) and the daily average of the amount of the Construction Payment Amount (including any previously calculated Accrued Amount) during said month, for each month during the period commencing on the first Construction Payment Date and ending on the day preceding the Facility Rental Commencement Date;

(bb) If the Facility Rental Commencement Date be other than the first day of a month, then the daily amounts calculated daily and equal to the product obtained by multiplying Ex. (2.a.) by the Construction Payment Amount (including any previously calculated Accrued Amount) for each day of the portion of said month prior to the Facility Rental Commencement Date.

(b) The Port Authority shall make payment to the Lessee for the cost of the construction work, as follows: On the twentieth day of the calendar month following the month in which complete execution and delivery of this Agreement 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 the items specified in this subparagraph (b). Each certificate shall set forth a representation by the Lessee that the Lessee will apply the Construction Payment only to the cost of

the construction work and for no other purpose whatsoever. Each 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; (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, (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; and (iii) amounts actually paid and costs incurred by the Lessee for premiums on the Builder's Risk and Comprehensive General and Comprehensive Automobile liability insurance policies required by Paragraphs (d) (11)(i) and (14) of Section 2 hereof (excluding Workers Compensation and Employers Liability Insurance) to the extent said insurance is not procured and maintained by the Lessee's contractors, and amounts actually paid and costs incurred by the Lessee as set forth in items (i) and (ii) above to a maximum of $100,000, per occurrence, incurred as a result of any deductible approved by the Port Authority as to the Builder's Risk insurance policy required to be obtained by the Lessee under Section 2 (d) (14) hereof for the repair, restoration or replacement of the construction work damaged or destroyed in or as a result of a casualty covered by such insurance policy occurring prior to the earliest of the date the Lessee delivers to the Port Authority the certificate provided for under Section 2 (j) (1) hereof, the date the Lessee commences occupancy or use of the premises for any of the purposes permitted under Section 8 hereof or the Final Date. 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 Construction Payment 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 Payment 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 (d) (3) of Section 2 of the Lease, and the amount of such withheld amount shall have been deducted from the amount of a Construction Payment). Each such certificate shall also: (aa) set forth, in reasonable detail, the amounts paid and payable to other specified persons and third parties which

have not previously been reported in certificates delivered to the Port Authority; (bb) 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; (cc) certify that the amounts, payments and expenses therein set forth constitute portions of the cost of the construction work; and (dd) 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 in accordance with the terms of the Lease.

For the purposes of this paragraph (b) and the payments to be made hereunder and the certifications to be made by the Lessee, the GSE Building Construction shall be deemed to be a part of the construction work, and the provisions of this paragraph (b) shall extend and apply to the GSE Building Construction 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 GSE Building Construction.

In addition to the foregoing and in addition to any and all other information required to be submitted pursuant to the Lease, the Lessee shall furnish to the Port Authority information concerning cost and timing of construction of the construction work as may be requested by the Port Authority from time to time including but not limited to, the following:

(i) The Lessee's original detailed cost projections for the entire construction work, accompanied by a certification signed by an independent engineering consultant, to the effect that the cost projections submitted by the Lessee are accurate, and that same represent a reasonable price for the work in question.

(ii) Reports of the full-time resident engineer hired by the Lessee's architect pursuant to subparagraph (4) of paragraph (d) of Section 2 of the Lease, and reports of the Lessee's Chief Architect, which reports or log must contain reports as to activity conducted in connection with the construction work for each and every day that such

activity occurred from the commencement of the work to the date of submission;

(iii) A certification signed by the Lessee's architect or architects certifying the value of work in place, both on and off the site; and

(iv) Accurate, readable and complete copies of all change orders, extra work authorizations, design change authorizations and purchase orders in connection with the construction work.

Within thirty (30) days after the delivery of duly submitted certificates by the Lessee, as aforesaid, the Port Authority shall pay to the Lessee the amounts paid by the Lessee and the amounts actually becoming due and payable from the Lessee during the period covered by such certificates, as certified in such certificates (but only to the extent that such amounts or any portion thereof have not theretofore been included in a Construction Payment) 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, the Port Authority shall have the right, in its discretion, to withhold the payment of any Construction Payment to the Lessee, provided, further, no payment or withholding of a Construction Payment shall be or be deemed to be a waiver of 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 Payments, or with respect to any determination as to the usability of any item of work as aforesaid, and, without limiting any of the foregoing, provided further that, as to the GSE Building Construction, in the event the GSE Building Permit is not in full force and effect or is terminated or revoked or the Lessee is in default under any term or provision thereof, the Port Authority shall have the right in its discretion, to withhold the payment of any Construction Payment to the Lessee with respect to the Cost of the GSE Building Construction. 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. In addition, no Construction Payments shall be made by the Port Authority to the Lessee until the Lessee shall have paid all amounts included by it in previously submitted certificates (unless such amounts are being withheld by the Lessee pursuant to Section 2 (d) (3) hereof and the amount of such withheld sum shall have been deducted from the amount of a Construction Payment) and until the Lessee shall have submitted to the Port Authority copies of cancelled checks for, or other evidence of payment aforesaid with respect to, all invoices submitted in previous certificates.

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 costs 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 (d) of Section 2 of the Lease which have been deducted from a Construction Payment 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 Payment. After submitting the said Final Certificate the Lessee shall submit no further certificate hereunder.

(c) If for any reason, including but not limited to circumstances arising out of work performed pursuant to paragraph (f) of Section 2 hereof or as the result of a redesign of the construction work or any portion thereof by the Lessee, the construction of the construction work or any portion thereof is not performed in accordance with the terms and provisions of (i) this Lease, (ii) the Construction Application (including the final plans and specifications) as finally approved by the Port Authority pursuant to paragraph (c) of Section 2 hereof, and (iii) the approval letter covering the work, if any, performed pursuant to paragraph (f) of Section 2 hereof, it is understood and agreed that the Port Authority shall not be obligated to make any Construction Payments nor shall the Construction Payment Amount include any amount for such work or any costs in connection with the removal, restoration, modification, correction or change required to cause such work to comply with such terms and provisions, and in the event that the Port Authority shall have made a Construction Payment for such work, the Port Authority shall have the right to withhold and credit future Construction Payments against any such amount or upon demand of the Port Authority, the Lessee shall pay to the Port Authority the amount of any such Construction Payment or portion thereof covering such work.

(d) The entire obligation of the Port Authority under the Lease for the cost of the construction work shall be limited in amount to a total sum of Ex. (2.a.)) plus the Flight Kitchen Lease Surplus Amount (as hereinafter defined), and limited in time to construction work covered by certificates of the Lessee submitted in accordance with paragraph (b) of this Section 6 no later than the Final Date.

(e) It is recognized that the Port Authority and the Lessee intend to enter into a separate agreement of lease either prior to or contemporaneously with the execution of this Agreement covering the construction by the Lessee of an in-flight meals flight kitchen at the Airport and the making of construction payments by the Port Authority to the Lessee for the costs of the construction of such flight kitchen, as more fully set forth in such agreement of lease, with such construction payments to be limited to a maximum of Ex. (2.a.) . As used herein, the term "Flight Kitchen Lease Surplus Amount" shall mean the amount constituting the difference between the sum of Ex. (2.a.) less the total amount of all construction payments made by the Port Authority pursuant to the said flight kitchen lease as of the "final date" as defined in Section 46 of the said flight kitchen lease and in accordance with said flight kitchen lease; provided, however, that in the event that the total of Port Authority construction payments made under the flight kitchen lease shall equal Ex. (2.a.) as of said "final date", there shall be no Flight Kitchen Surplus Amount for the purposes hereof. It is expressly understood and agreed that the Flight Kitchen Lease Surplus Amount shall be determined by the Port Authority and shall be available for the payment toward the cost of the construction work hereunder as part of a Construction Payment(s) subject to all the terms, provisions, covenants and conditions of this Agreement.

(f) 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, and shall be available itself or cause its architect or engineer to be available for consultation in connection with payment certificates submitted pursuant to paragraph (b) of this Section.

(g) Without limiting any other provision of this Lease, the Port Authority shall have the right at any time and from time to time by its agents, employees and representatives to audit and inspect during regular business hours the books, records and other data of the Lessee relating to the cost of the construction work, it being understood that the Port Authority shall not be bound by any prior audit conducted by it. 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 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 of account and make them available to the Port Authority at the Lessee's offices in Houston, Texas and Miami, Florida but the Lessee shall not be required to maintain any such books, records and other data for more than five (5) years after the Lessee has delivered the certificate marked "Final" called for under paragraph (b) above.

(h) If the Lessee has included in any portion of the cost of the construction work 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 sound accounting practice, 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 90 days after the 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.

Section 7. Lessee's Additional Obligations Relating to the Construction Work

(a) The Lessee hereby represents to the Port Authority that in order to complete the construction work so that there will be fully completed and operational passenger terminal facilities, 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 trade fixtures, equipment and personal property, other than and in addition to items set forth in Section 2 hereof. As used herein in this Section 7, the term the "Additional Property" shall mean and include the aforesaid various items of personal property as the same are generally described on the schedule attached hereto, hereby made a part hereof and marked Schedule G (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 Additional Property is estimated by the Lessee to be approximately Ex. (2.a.)

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 Additional Property which the Lessee shall pay shall not be less than an amount equal to Thirteen Percent (13%) of the final cost of the construction work as defined in Section 6 hereof. As used herein the term the "cost of the Additional 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 Additional Property; and

(ii) amounts actually paid or incurred and costs incurred by the Lessee in connection with the Additional 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.

(iii) Amounts actually paid and costs incurred by the Lessee for premiums on the Builder's Risk and Comprehensive General and Comprehensive Automobile Liability insurance policies required by Paragraphs (d)(11)(i) and (14) of Section 2 hereof to the extent said insurance is not procured and maintained by the Lessee's contractors, and amounts actually paid and costs incurred by the Lessee as set forth in items (i) and (ii) above to a maximum of $100,000, per occurrence, incurred as a result of any deductible approved by the Port Authority as to the Builder's Risk insurance policy required to be obtained by the Lessee under Section 2 (d) (14) hereof for the repair, restoration or replacement of the construction work damaged or destroyed in or as a result of a casualty covered by such insurance policy occurring prior to the earliest of the date the Lessee delivers to the Port Authority the certificate provided for under Section 2 (j) (1) hereof, the date the Lessee commences occupancy or use of the premises for any of the purposes permitted under Section 5 hereof or the Final Date.

Amounts actually paid by the Lessee as set forth in items (i), (ii) and (iii) above shall be included in the cost of the Additional Property only to the extent that the inclusion of the same is permitted by sound accounting practices consistently applied.

(2) The Lessee shall commence the installation of the Additional 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(d)(2) hereof. The Lessee shall substantially complete the installation of the Additional Property at the premises on or before the Completion Date (as defined in Section 2(j)(2) hereof). For purposes hereof, substantial completion by the Lessee of the installation of Additional Property shall mean that not less than ninety percent (90%) of the Additional Property has been installed at the premises and is ready for use.

(3) Without limiting any other term or provision hereof, the Lessee shall pay or incur not less than the following aggregate total amounts for the Additional Property at each of the following dates:

(i) Three Million Five Hundred Thousand Dollars ($3,500,000) on or before the last day of the fifteenth

consecutive month from the commencement date of the term of the letting hereunder;

(ii) An additional Five Million Dollars ($5,000,000) (a total of $8,500,000) on or before the last day of the twenty-seventh consecutive month from the commencement date of the term of the letting hereunder;

(iii) An additional amount equal to the balance, if any, of Thirteen Percent (13%) of the final cost of the construction work on or before the last day of the sixth consecutive month from the Completion Date (as defined in Section 2 (j) hereof).

(4) The Lessee shall submit to the Port Authority monthly certifications commencing on the first day of the sixteenth consecutive month from the commencement date of the term of the letting hereunder 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 Additional 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 Additional Property as of the end of the preceding month and a full description of the Additional 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 Additional 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 83 of the Lease requires the Lessee to maintain books and records with respect to all matters pertaining to the Additional 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 Additional 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) No description or denomination with respect to the Additional Property or any portion thereof shall be or be deemed conclusive or binding as to whether any particular item included therein constitutes personal property.

Section 8. Use of Premises and Common Areas

The Lessee, in connection with its business of transportation by aircraft, may use the premises and the Common

Areas for the following purposes and for activities reasonably required for such purposes and activities and for such purposes and activities only:

(a) The Premises

(1) For the reservation of space and the sale of tickets for transportation on aircraft operated by the Lessee.

(2) 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 transportation, or for the accommodation or convenience of the incoming or outbound passengers of the Lessee at the Airport. The occasional reservation of space and the sale of tickets for transportation by other carriers shall not be deemed to be prohibited by this provision.

(3) For the clearance, checking and rendering of service to passengers of the Lessee and for the furnishing of information service to such passengers and the general public.

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

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

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

(7) For the storage of repair parts, supplies and other personal property owned by the Lessee and for the performance of minor repairs to personal property of the Lessee.

(8) For the storage of such automotive fuel and lubricants as may be approved by the Port Authority.

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

(10) For the establishment of a reception room or lounge for the accommodation of special guests and patrons of the Lessee, subject to the provisions of Section 72 hereof.

(11) For the storage of office supplies and equipment.

(12) For the loading and unloading of passengers, baggage, air cargo, mail and commissary supplies from aircraft.

(13) For the parking and storage of aircraft and ramp equipment operated by the Lessee.

(14) For the fueling and routine servicing of aircraft and ramp equipment operated by the Lessee and for the maintenance of ramp equipment operated by the Lessee. Notwithstanding the foregoing however, it is expressly understood and agreed that any and all such fueling shall be performed solely by fuel trucks, until further notice from the Port Authority pursuant to Section 70 hereof.

(15) For the performance of emergency or turnaround aircraft maintenance on aircraft operated by the Lessee.

(16) For the training of personnel employed or to be employed by the Lessee or other persons engaged in commercial transportation by aircraft, 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 any concessionaire, permittee or licensee of the Port Authority at the Airport (other than another person engaged in the business of transportation by aircraft).

(17) For any other purpose or activity, in addition to those specified in this Section 8, for which the premises are expressly authorized to be used by any other provision of this Agreement.

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

(c) Common Areas

(1) The Lessee shall have the right, commencing on the Completion Date and continuing thereafter during the term of the letting hereunder to use the Common Areas as passageways , circulation areas, restrooms and equipment and utility rooms for the accommodation of employees, patrons, passengers, business visitors, guests and invitees of the Lessee in common with the lessee of the Shuttle Terminal Premises. The Common Areas may also be used by other users and occupants of the East End Terminal

Facilities and the Shuttle Terminal Premises (including consumer service operators and concessionaires) and by their patrons, employees, business visitors, guests and invitees, and by the public generally for the purposes specified herein.

(2) The Common 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 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 Common Areas shall be deemed to be the acts and omissions of the Lessee under the Lease.

Section 9. Ingress and Egress

(a) The Lessee, its officers, employees, passengers, business visitors, guests, patrons, invitees, contractors, suppliers of material and furnishers of services, shall have the right of ingress and egress between the premises and the city streets or public ways outside the Airport by means of existing roadways and such roadways as shall be existing on 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 reasonably 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) Except as otherwise specifically provided, for the purposes of this Section 10, the word "premises" shall be deemed to include the Common Areas.

(b) 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 Lessee shall, in accordance with and subject to the provisions of Section 44 hereof, make any and all non-structural improvements, alterations or repairs of the premises that may be required at any time hereafter by any such present or future law, rule, regulation, requirement, order or direction and all structural improvements, alterations or repairs, of or to the premises, required by any such present or future law, rule, regulation, requirement, order or direction because of the operations of the Lessee on the premises or its use and occupancy of the premises.

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

(d) 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.

(e) Since the Port Authority has agreed in the City Lease to conform to the enactments, ordinances, resolutions and regulations of the City of New York 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 hereunder 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 non-compliance 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.

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

Section 11. Rules and Regulations

(a) For the purposes of this Section 11, the term "premises" shall be deemed to include the Common 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 and such reasonable future Rules and Regulations

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

(c) The use by the Lessee and its officers, employees, passengers, guests, invitees and those doing business with it, of the Public Aircraft Facilities (as defined in the LaGuardia Airline Lease) 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) For the purposes of this Section 12, the word "premises" shall be deemed to include the Common Areas.

(b) 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.

(c) 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.

(d) 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 Manager of the Airport.

(e) The Lessee shall control all vehicular traffic on the roadways or other areas within the premises and shall take all precautions reasonably necessary to promote the safety of its passengers and other 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.

(f) The Lessee shall remove from the Airport or otherwise dispose of in a manner approved by the Manager of the Airport all garbage, debris, and other waste materials (whether solid or liquid) 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. Without limiting any obligations of the Lessee under this paragraph (f), the Lessee hereby agrees that it shall cooperate with all other lessees, tenants, occupants or users of space in the premises so that garbage, debris and other waste materials are removed from the premises in an orderly, efficient and proper manner.

(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, fire alarm and smoke detector systems and any other fire protection systems 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 on the Airport. To this end the Lessee will conduct its operations on the Airport in such a manner as to keep the noise produced by aircraft engines to a minimum considering the nature of the Lessee's operations and where appropriate shall employ noise arresting and noise reducing devices that are suitable.

(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, the same to be and become a part of the premises, 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.

The obligations assumed by the Lessee under this paragraph (k) 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 the construction work and notwithstanding that the Port Authority may have at any time during the term of the Lease consented to or approved any particular procedure or method of operation which the Lessee may have proposed or the Port Authority may have itself prescribed the use of any procedure or method. The agreement of the Lessee to assume the obligations under this paragraph (k) is a special inducement and consideration to the Port Authority in entering into this Lease with the Lessee.

(l) 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.

(m) The Lessee shall at all times during the term of this Agreement on a twenty-four hour basis maintain sufficient qualified personnel at the Airport or on call within 30 minutes, who shall be qualified to perform the maintenance obligations of the Lessee under this Agreement and particularly be able to respond to all emergencies.

Section 13. Prohibited Acts

(a) For purposes of this Section 13, the word "premises" shall be deemed to include the Common Areas.

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

(c) The Lessee shall not create nor permit to be caused or created at the Airport or upon the premises 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 (c).

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

(e) The Lessee shall not do or permit to be done any act or thing at the Airport or upon the premises (1) which will invalidate or conflict with any fire insurance, extended coverage or rental insurance policies covering the premises or any part thereof, or the Airport, or any part thereof, or (2) which in the opinion of the Port Authority, may constitute an extra-hazardous condition, so as to increase the risks normally attendant upon the operations contemplated by this Lease. 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 New York Board of Fire Underwriters and the Insurance Services of New York, 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 44 hereof, make any and all non-structural and any and all structural improvements, alterations or repairs of the premises, required at any time hereafter by any such present or future rule, regulation, requirement, order or direction. If by reason of any failure on the part of the Lessee to comply with the provisions of this paragraph any fire insurance rate, extended coverage or rental insurance rate on the premises or any part thereof, or on the Airport or any part thereof, shall at any time be higher than it would be if the same were properly used for the purposes permitted by this Lease, 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.

(f) 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.

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

(h) The Lessee shall prevent access by persons or vehicles (unless duly authorized by the Port Authority) to the 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 such communication equipment as will enable it to be in constant contact with the aircraft it is towing 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. The Lessee shall also control access by its passengers and patrons from and to aircraft ramp and apron areas by proper measures designed to maintain the highest standards of safety and shall maintain control of its passengers and patrons while they are upon said areas by proper measures to insure that the highest standards of safety are maintained.

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

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

(k) Except as otherwise expressly stated herein, the Lessee shall not perform any aircraft or ramp equipment

maintenance and repair on the premises except that emergency aircraft maintenance and transit or turn around aircraft maintenance shall not be deemed to be prohibited by this provision.

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

(m) 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, on a 24 hour, seven-day-a-week basis for the prevention of access to and control of persons on the aeronautical operations areas of the premises and the prevention of access to the Public Landing Area.

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

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

(p) The Lessee shall not overload any floor of the premises and shall repair any floor, including supporting members, and any paved area of the premises damaged by overloading. Nothing in this paragraph (p) 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.

Section 14. 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.

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

(1) Keep at all times in a clean and orderly condition and appearance the premises and the Common Areas

and all of the Lessee's fixtures, equipment and personal property, which are located in any part of the premises or the Common Areas which is open to or visible by the general public.

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

(3) Take good care of the premises and the Common Areas and maintain the same at all times in good condition; perform all necessary preventive maintenance, including but not limited to, painting (the exterior of the premises and areas visible to the general public to be painted only in colors which have been approved by the Port Authority); and make all repairs and replacements, and do all rebuilding, ordinary and extraordinary, partial and entire, inside and outside, foreseen and unforeseen, structural or otherwise, which repairs, replacements and rebuilding by the Lessee shall be in quality and class not inferior to the original in material and workmanship; and to pay promptly the cost and expenses 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 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 throughout the term of the Lease a contract or contracts with a central station alarm company acceptable to the Port Authority to provide continuous and automatic surveillance of the fire protection system on the premises. The Lessee shall insure that all fire alarm signals with respect to the premises shall also be transmitted to the Airport's police emergency alarm board or to such other location on the Airport as the General Manager of the Airport may direct. The Lessee's obligations hereunder shall in no way create any obligation whatsoever on the part of the Port Authority.

(5) Be responsible for appropriate lighting of all ramp and apron areas and for the maintenance and repair of any damage to the paving or other surface of the premises, and the maintenance and repair of all access roadways, taxiways and ramp and apron areas located upon the premises or located adjacent to the premises and used by the Lessee.

(6) Promptly wipe up all oil, gasoline, grease, lubricants and other flammable liquids or substances having a corrosive or detrimental effect on the paving or other surface of the premises and the Common Areas which may leak or be spilled thereon. The Lessee shall repair any damage to the paving or other surface caused by such oil, gasoline, grease, lubricants or other liquids or substances.

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

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

(9) Be responsible for the maintenance and repair of all utility service lines, including but not limited to, service lines for the supply of water, electric power and telephone conduits and lines, sanitary sewers and storm sewers located upon the premises or the Common Areas or located adjacent to the premises or the Common Areas and serving the premises or the Common Areas.

(c) 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.

(d) In the event the Lessee fails to commence so to maintain, clean, repair, replace, rebuild or paint within a period of twenty (20) days after notice from the Port Authority so to do in the event that the said notice specifies that the required work to be accomplished by the Lessee includes maintenance and/or repair other than preventive maintenance; or within a period of one hundred eighty (180) days if the said notice specifies that the work to be accomplished by the Lessee involves preventive maintenance only, or fails diligently to continue to completion the cleaning, maintenance, repair, replacement, lamping and relamping, rebuilding, painting or repainting or restoration of all of the premises or the Common Areas required to be cleaned, maintained, 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, clean, maintain, repair, replace, lamp or relamp, rebuild, paint or repaint or restore all or any part of the premises or

the Common Areas included in the said notice, and the cost thereof shall be payable by the Lessee upon demand.

Section 15. Relationship Among The Lessee and Shuttle Terminal Lessee

(a) It is hereby understood and agreed that all of the obligations of the Lessee under this Agreement with respect to the Common Areas and the taxiway and roadway easement areas described in paragraphs (a), (d) and (e) of Section 1 hereof may be fulfilled by the Lessee directly or jointly with the Shuttle Terminal lessee 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 Common Areas and said easement areas shall be the joint and several obligations of the Lessee and said Shuttle Terminal lessee.

(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 Common Areas or the aforesaid easement areas involving only the Lessee or only the lessee of the Shuttle Terminal Premises, then with respect to the occurrence, it is hereby agreed that as between the Lessee and the lessee of the Shuttle Terminal Premises, the airline who is solely so involved shall indemnify and hold harmless the other so that, as between the Lessee and the lessee of the Shuttle Terminal Premises, the ultimate obligation, responsibility and liability shall be on the airline solely involved in the occurrence.

(c) The Lessee hereby agrees that the snow removal/melting pit constructed by it under Section 2 hereof shall be used jointly by the Lessee and the Shuttle Terminal Lessee, and the Lessee hereby grants to the Shuttle Terminal lessee rights of access for the said use of the said snow removal/melting pit.

Section 16. Assumption of Maintenance and Repair of the Premises and the Common Areas by the Port Authority

Subdivision I. Defined Terms in this Section.

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 and rebuilding of the premises as such obligations are set forth in:

(i) paragraphs (a) and (b) of Section 14 hereof as to the premises and the Common Areas hereunder; and

(ii) Section 10 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 the Common Areas; and

(iii) paragraph (b) of Section 66 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 Operation 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);

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(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 insurance;

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

(7) Twenty-five percent (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 and one-half (3.5) percentage points. For purposes of example and illustration only, The Bond Buyer Revenue Bond Index for the week ending March 9, 1989 was 7.79 as set forth in the table entitled "Bond Buyer Indices" on page 20 of The Bond Buyer, Vol. 287 No. 28098, New York, N.Y., dated March 10, 1989. 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 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 "Assumable Maintenance and Repair Effective Date" shall be the date, from time to time, determined as follows:

(i) The Port Authority may at any time and from time to 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 or having on one or more occasions assumed the Assumable Maintenance and Repair and thereafter returned the said obligations to the Lessee pursuant to the provisions hereof, 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 and from time to 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 as the same may be established from time to time shall be the "Assumable Maintenance and Repair 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 to enter the premises at all reasonable times to perform the Assumable Maintenance and Repair.

Subdivision IV. Payment for the Assumable Maintenance and Repair

The Cost of the 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 the 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 the 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 the 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 of 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 30 of this Agreement.

(b) The Port Authority shall not 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 or 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 48 hereof or for any claims by the Lessee for damages, consequential or otherwise.

(d) The Port Authority shall be under no obligation 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 shall be deemed limited and modified during any period that repair or rebuilding of the premises or the Terminal Building is required pursuant to Section 19 hereof.

Subdivision VI. Return of the Assumable Maintenance and Repair to the Lessee

At any time and from time to time after the Port Authority may have exercised its rights under Subdivision II(a)(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 ninety (90) nor more than one hundred twenty (120) 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 16.

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 the Assumable Maintenance and Repair prior to the time specified therefor in Subdivision IV hereof.

Section 17. 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 personal property (including trade fixtures) including without limiting the generality of the foregoing any system for handling baggage, any counters, and any passenger loading bridges, 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. 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 18. 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 York 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 York 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 York 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 the Port Authority, the Lessee and the City of New York, 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 18, 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 and by Section 2(d)(14) shall be delivered by the Lessee to the Port Authority no later than fifteen (15) days prior to the commencement date of the term of this Agreement, 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 New York fifteen (15) 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 fifteen (15) 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 18 shall be applied as provided in Section 19; and the word "insurance" and all other references to insurance in said Section 19 shall be construed to refer to the insurance which is the subject matter of this Section 18, and to refer to such insurance only.

The insurance covered by this Section 18 and by Section 2(d)(14) shall be written by companies approved by the

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Port Authority, the Port Authority covenanting and agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to the form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If at any time the Port Authority so requests, a certified copy of each of the said policies shall be delivered to the Port Authority.

Section 19. Damage to or Destruction of Premises

(a) Removal of Debris. If the premises, or any part thereof, or the Common 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 Common 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 Common 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 Common 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 Common 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 18 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 Section 227 of the Real Property Law of the State of New York nor those of any other similar statute shall extend or apply to this Agreement.

Section 20. 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 and expenses including legal expenses incurred in connection with the defense of) all claims and demands of third persons including but not limited to claims and demands for death or personal injuries, or for property damages, arising out of any breach or default of any term or provision of this Agreement by the Lessee, or out of the use or occupancy of the premises or the Common Areas by the Lessee or by others with its consent, or out of any of the acts or omissions of the Lessee, its officers, employees, guests, invitees and business visitors on the premises or the Common Areas, or arising out of the acts or omissions of the Lessee, its officers and employees elsewhere at the Airport, including claims and demands of the City of New York 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 in its own name as assured and including the Port Authority as an additional insured shall during the term of this Agreement secure, maintain and pay the premiums on a policy or policies of Comprehensive General Liability insurance, 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, and providing for coverage in the limits set forth below, and Comprehensive Automobile Liability Insurance

covering owned, non-owned and hired vehicles and including automatic coverage for newly acquired vehicles and providing for coverage in the limits set forth below; none of the foregoing to contain care, custody or control exclusions. 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 also shall pertain and apply with like effect 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 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:	$100,000,000.00
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:	$100,000,000.00
Comprehensive Automobile Liability Bodily Injury Liability: For injury to or wrongful death one or more than one person in any one occurrence:	$ 25,000,000.00
Property Damage Liability: For all damages arising out of injury to or destruction of property in any one occurrence:	$ 25,000,000.00

All insurance coverages and policies required under this Section may be reviewed by the Port Authority for adequacy of terms, conditions and limits of coverage at any time and from time to time during the term of the letting hereunder. The Port Authority may, at any such time, require reasonable additions, deletions, amendments or modifications to the above-scheduled insurance requirements, or may require such other and additional insurance, in such reasonable amounts, against such other insurable hazards, as the Port Authority may deem required.

(c) As to the insurance required by the provisions of this Section and by the provisions of Section 2 (d)(11) hereof, a certified copy of each of the policies or a certificate or certificates evidencing the existence thereof, or binders, shall be delivered to the Port Authority. As to the insurance required by Section 2(d)(11) delivery shall be made at least thirty (30) days prior to commencement of construction. As to the insurance required by this Section, delivery shall be made at least fifteen (15) days prior to the use of the premises or any portion thereof. In the event any binder is delivered, it shall be replaced within fifteen (15) days by a certified copy of the policy or a certificate. Each such copy or certificate shall contain a valid provision or endorsement that the policy may not be cancelled, terminated, changed or modified without giving fifteen (15) days' written advance notice thereof to the Port Authority. Each such copy or certificate shall contain an additional endorsement providing that the insurance carrier shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority. Any renewal policy shall be delivered to the Port Authority at least fifteen (15) days prior to the expiration of each expiring policy, except for any policy expiring after the date of expiration of the term of this Agreement. The aforesaid insurance shall be written by a company or companies approved by the Port Authority, the Port Authority agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to 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 21. 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 the same, 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 period as may be directed or requested by the control tower at the Airport.

Section 22. 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 located anywhere in the premises, or in the Common Areas, or at or on any other portion of the Airport outside the premises. Without limiting the foregoing, 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, the Common Areas or elsewhere at the Airport and in connection therewith the Lessee 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, the Common Areas 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.

Section 23. 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 24. 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 Rental, Deferred Base Rental, Facility Rental or other rental or charges or any payment of utility or other charges or

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If any such amount if 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 to terminate set forth in Section 30 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 charges payable under this Agreement shall be payable instead at such legal maximum.

Section 25. Rights of Entry Reserved

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

(b) Without limiting the generality of the foregoing, the Port Authority, by its officers, employees, agents, representatives, and contractors, and by the employees, agents, representatives and contractors of any furnisher of utilities and other services, shall have the right, for its own benefit, for the benefit of the Lessee, or for the benefit of others than the Lessee at the Airport, to maintain existing and future utility, mechanical, electrical and other systems or portions thereof on

the premises, including without limitation thereto, systems for the supply of heat, water, gas, fuel, electricity, and for the furnishing of fire-alarm, fire protection, sprinkler, sewerage, drainage, telegraph and telephone service, including all lines, pipes, mains, wires, conduits and equipment connected with or appurtenant to such systems, and to enter upon the premises at all reasonable times to make such repairs, replacements or alterations as may, in the opinion of the Port Authority, be deemed necessary or advisable and, from time to time, to construct or install over, in or under the premises new systems or parts thereof and to use the premises for access to other parts of the Airport otherwise not conveniently accessible; provided, however, that in the exercise of such rights of access, repair, alteration or new construction the Port Authority shall not unreasonably interfere with the use and occupancy of the premises by the Lessee.

(c) Further, without limiting the generality of this Section the Port Authority, by its officers, employees, agents, representatives and contractors and furnishers of service shall have the right, for its own benefit, for the benefit of the Lessee, or for the benefit of others than the Lessee at the Airport to maintain the portions of the Underground Fuel Distribution System as described in the Section 70 hereof to be located under or on the premises, in the event the Port Authority elects to proceed with the said System as described in said Section 70, and to enter upon the premises at all times to make such repairs, replacements or alterations to the said portions of the Underground Fuel Distribution System as may, in the opinion of the Port Authority, be deemed necessary or desirable and, from time to time to construct or install over, in or under the premises additions or extensions to said portions of the Underground Fuel Distribution System; provided however, that in the exercise of such rights of access, repair, alteration or new construction the Port Authority shall not unreasonably interfere with the use and occupancy of the premises by the Lessee pursuant to the provisions of this Agreement.

Neither the aforesaid portions of the Underground Fuel Distribution System or any part thereof as described in Section 70 hereof shall be or be deemed to the part of the premises under the Lease.

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

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(e) 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 during the letting, and the Port Authority shall not in any event be liable for any injury or damage to any property or to any person happening on or about the premises nor for any injury or damage to the premises nor to any property of the Lessee or of any other person located in or thereon (other than those occasioned by the affirmative acts of the Port Authority, its employees, agents and representatives).

(f) 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.

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

(h) 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 26. Condemnation

(a) (1) In any action or other proceeding by any governmental agency or agencies for the taking for a public use of any interest in all or part of the premises or the Common Areas, or in case of any deed, lease or other conveyance in lieu thereof (all of which are in this Section referred to as "taking"), the Lessee shall not be entitled to assert any claim to any compensation, award or part thereof made or to be made therein or therefor or any claim to any consideration or rental or any part thereof paid therefor, or to institute any action or proceeding or to assert any claim against such agency or agencies or proceeding or to assert any claim against such agency or agencies or against the Port Authority for any such taking, it being understood and agreed between the parties hereto that (except for any of the Lessee's personal property) the Port Authority shall be entitled to all compensation or awards made or to be made or paid, and all such consideration or rental, free of any claim or right of the Lessee.

(2) In the event that all or any portion of the premises or the Common Areas is required by the Port Authority to comply with any present or future governmental law, rule, regulation, requirement, order or direction, the Port Authority may by written notice given to the Lessee terminate the letting with respect to all or such portion of the premises or the right to use all or such portion of the Common Areas so required. Such termination shall be effective on the date specified in the notice. The Lessee hereby agrees to deliver possession of all or such portion of the premises or Common Areas so required upon the effective date of such termination in the same condition as that required for the delivery of the premises and the Common Areas upon the date originally fixed by this Agreement for the expiration of the term of the letting. No taking by or conveyance to any governmental authority as described in paragraph (a)(1) of this Section, nor any delivery by the Lessee nor taking by the Port Authority pursuant to this paragraph, shall be or be construed to be an eviction of the Lessee or a breach of this Agreement or to be made the basis of any claim by the Lessee against the Port Authority for damages, consequential or otherwise.

(3) In the event that the taking covers the entire premises and the Common Areas, or in the event that the letting and the right to use are terminated with respect to the entire premises and the Common Areas pursuant to subparagraph (a)(2) of this Section, then this Agreement shall, as of the date possession is taken by such agency or agencies from the Port Authority, or as of the effective date of such termination, cease and determine in the same manner and with the same effect as if the said date were the original date of expiration hereof.

(4) In the event that the taking covers a part only of the premises or Common Areas, or in the event that the letting or right to use is terminated with respect to a part only of the premises or Common Areas pursuant to subparagraph (a)(2) of this Section, then the letting or right to use as to such part shall, as of the date possession thereof is taken by such agency or agencies or as of the effective date of the termination pursuant to paragraph (a)(2) of this Section, cease and determine in the same manner and with the same effect as if the term of the letting had on that date expired; and the rental shall be abated as hereinabove provided.

(5) In the event that the taking covers a material part of the premises, or in the event that the letting is terminated with respect to a material part of the premises pursuant to paragraph (a)(2) of this Section, then the Lessee and the Port Authority shall each have an option exercisable by notice given within ten (10) days after the date possession is taken by such agency or agencies or within ten (10) days after the termination pursuant to paragraph (a)(2) of this Section to terminate the letting hereunder with respect to the premises not taken or not subject to the termination pursuant to paragraph

(a)(2) of this Section, as of the date of such taking or as of the effective date of the termination pursuant to paragraph (a)(2) of this Section, and the termination under the said notice shall be effective as if the date of such taking or the date of the termination pursuant to paragraph (a)(2) of this Section were the original date of expiration hereof. If the letting of the entire premises is not terminated, the settlement or abatement of rental after the date possession is taken by the body having a superior power of eminent domain or after the termination of a material part of the premises by the Port Authority pursuant to paragraph (a)(2) of this Section shall be in accordance with Section 5 hereof.

(6) As used in this Section with reference to the premises and in paragraph (b) hereof with respect to the Public Landing Area, the phrase "a material part" shall mean such a part of the premises or the Public Landing Area that the Lessee cannot continue to carry on its normal operations at the Airport without using such part.

(b) Condemnation of Public Landing Area or Public Ramp and Apron Area

In any action or proceeding instituted by any governmental agency or agencies for the taking for a public use of any interest in all or a material part of the Public Landing Area, the Lessee shall not be entitled to assert any claim to any award or part thereof made or to be made therein, or to institute any action or proceeding or to assert any claim against such agency or agencies or against the Port Authority, for or on account of any such taking, it being understood and agreed between the Port Authority and the Lessee that the Port Authority shall be entitled to all the compensation or award or awards to be made or paid for any such taking, free of any claim or right of the Lessee, provided, however, in the event of such taking the letting hereunder shall, as of the date possession is taken by such agency or agencies, cease and determine in the same manner and with the same effect as if the term of the letting had expired on that date.

Section 27. [This Section is intentionally omitted]

Section 28. [This Section is intentionally omitted]

Section 29. 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, 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; provided, further, however, that the successor entity has a financial standing as of the date of the transfer or assignment at least as good as that of the Lessee by which is meant that 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 and provided, further, that such successor 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) (1) The Lessee shall not sublet the premises or any part thereof, without the prior written consent of the Port Authority; provided, however, that if any of the events set forth in Section 48(a)(1) hereof shall occur, the Lessee may sublet the entire premises or assign this Agreement with the consent of the Port Authority, which consent will not be unreasonably withheld if the sublessee or assignee is a Scheduled Aircraft Operator, and, provided, further, that such succeeding entity 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.

(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 hereinafter defined). 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 hereinafter defined); 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 (j) hereof) and as a periodical tenancy from week to week, but in no event beyond 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.

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 and expenses including legal expenses incurred in connection with the defense of) all claims and demands of third persons including but not limited to claims and demands for death or personal injuries, or for property damages, arising out of any default of the Lessee Affiliated Company or out of the use or occupancy of the premises and the Common 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 Common Areas or elsewhere at the Airport or out of the acts or omissions of others on the premises and the Common Areas or elsewhere at the Airport with the consent of said Lessee Affiliated Company, including claims and demands of the City of New York, 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 Common Areas, including but not limited to the obligation to indemnify the Port Authority, which are joint and several obligations of the Lessee and the Shuttle Terminal lessee, 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 29 and an event occurs on or with respect to the Common Areas involving in any way the sublessee, then notwithstanding the fact that the Lessee and the Shuttle Terminal lessee shall be jointly and severally liable with respect to the occurrence pursuant to the terms of the Lease, it is hereby agreed that as between the Lessee and the Shuttle Terminal lessee so liable under the terms of the Lease, the Lessee shall indemnify and hold harmless the Shuttle Terminal lessee so that the ultimate obligation, responsibility and liability shall be on the Lessee. Each consent to sublease agreement covering such 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.

(3) The Lessee hereby represents to the Port Authority that (a) Continental Airlines is a wholly-owned subsidiary of Texas Air Corporation, a corporation of the State of Delaware (herein referred to as "Texas Air Corporation"), by virtue of the fact that Texas Air Corporation is the owner of all of the issued and outstanding capital stock of Continental Airlines, and (b) Eastern Airlines is a majority-owned subsidiary of Texas Air Corporation by virtue of the fact that Texas Air Corporation is the owner of all of the issued and outstanding common stock of Eastern Air Lines (Eastern Air Lines is also the issuer of non-voting preferred stock that is publicly held). The Lessee hereby further represents to the Port Authority that Continental Airlines is the owner of all of the issued and outstanding common stock of (i) People Express, Inc. (ii) New York Airlines, Inc. (hereinafter called "New York Air"), a corporation of the State of Delaware, and (iii) Rocky Mountain Aviation, Inc., a corporation of the State of Colorado; and further that People Express, Inc. is the owner of all of the issued and outstanding common stock of People Express Airlines, Inc. and Britt Airways, Inc., a corporation of the State of Delaware (hereinafter called "Britt"); and further that Rocky Mountain Aviation, Inc. is the owner of all of the issued and outstanding common stock of Rocky Mountain Airways, Inc. The Lessee further represents that Continental Airlines is the owner of forty-three per cent (43%) and Eastern Air Lines is the owner of forty-one percent (41%) of the issued and outstanding common stock of Bar Harbor Airways, Inc., a corporation of the State of Maine ("Bar Harbor"); and that Bar Harbor is the owner of all of the issued and outstanding common stock of Provincetown-Boston Airlines, Inc., a corporation of the State of Massachusetts ("PBA"). It is hereby agreed that for purposes of this Lease the term "the Lessee's Affiliated Companies" shall mean New York Air, People Express, Inc., People Express Airlines, Inc., Britt, Rocky Mountain Aviation, Inc., Rocky Mountain Airways, Inc., Bar Harbor and PBA, 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 any of the Lessee Affiliated Companies are no longer wholly-owned or majority-owned (fifty percent (50%) or more) direct or indirect subsidiaries of Texas Air Corporation 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.

(c) If without the prior written consent of the Port Authority, the Lessee assigns, sells, conveys, transfers, mortgages, pledges or sublets in violation of paragraph (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 rental herein reserved; but no such collection shall be deemed a waiver by the Port Authority of the covenants contained in paragraph (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 thereby 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 the Common Areas or any portion thereof for any purpose other than the purpose 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 30. Termination by the Port Authority

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

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

(2) By order or decree of a court the Lessee shall be adjudged bankrupt or an order shall be made approv-

ing 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 termination 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 Common Areas because of any act or omission of the Lessee and shall not be bonded against, discharged or removed within thirty (30) days after the Lessee has received notice thereof; or

(6) Except as otherwise provided in paragraph (a) of Section 29, the letting hereunder or the interest or estate of the Lessee under this Agreement shall be transferred directly by the Lessee or shall pass to or devolve upon, by operation of law or otherwise, any other person, firm or corporation; or

(7) A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute shall be filed against the Lessee and shall not be dismissed within sixty (60) days after the filing thereof; or

(8) Except as otherwise provided in paragraph (a) of Section 29, the Lessee shall, without the prior written approval of the Port Authority, become a possessor or merged corporation in a merger, a constituent corporation in a consolidation, or a corporation in dissolution; or

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

in its failure to pay rentals or to make any other payments 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); or

(11) The Lessee shall fail duly and punctually to pay any sum when due to the Port Authority under Lease AG-417 or Lease AG-923, including without limitation, flight fees payable thereunder and shall continue in its failure to pay the same for a period of ten (10) days after receipt of notice by it from the Port Authority to make such payment;

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 enumerated in paragraph (a) of this Section shall occur prior to the letting, 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 hereunder, 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.

(f) Anything in any other part of this Section to the contrary notwithstanding, if any of the events set forth in subparagraph (a)(1), (2), (3) or (7) of this Section shall not occur or be extant at the same time as to both Continental Airlines and Eastern Air Lines, then, during the pendency of such condition, the right of termination or cancellation described above shall be suspended and not be exercisable by the Port Authority based thereon, it being clearly understood and agreed that if at any time hereafter either Continental Airlines or Eastern Air Lines ceases to be a party comprising the Lessee hereunder, this subparagraph shall not have any further force or effect and such right of termination shall thenceforth be exercisable by the Port Authority if any such event shall occur or be extant as to whichever of either Continental Airlines or Eastern Air Lines shall remain as the Lessee hereunder. This subparagraph shall not benefit and may not be availed of by any successor or assignee of either of Continental Airlines or Eastern Air Lines except a Lessee Affiliated Company (as defined in Section 29 hereof) which becomes successor in interest of either one as result of an assignment or transfer referred to in and as provided under Section 29(a) of this Lease.

It is recognized that Eastern Air Lines prior to the execution of this Agreement filed a voluntary petition for its reorganization under the federal bankruptcy laws on March 9, 1989, in the United States District Court, Southern District of New York. It is agreed that the Port Authority will not deem the said Eastern Air Lines' petition for reorganization an event of default under the Lease, provided that the foregoing shall not limit, modify or affect or be deemed to limit, modify or affect any rights or remedies of the Port Authority with respect to any other default of the Lessee, and shall not limit, modify or affect or be deemed to limit, modify or affect any of the duties, responsibilities or obligations of the Lessee hereunder on its part to be kept, performed or observed.

Section 31. Additional Rights of Termination by the Port Authority as to Portions of the Premises

(a) It is hereby recognized that as of the commencement of the term hereunder the "revenue seats daily average" of the Lessee, as said term is defined in paragraph (e) hereof, and utilizing for the purpose of this Section the calendar year 1987, would be Ex. (2.a.) Inasmuch as this Agreement covers the letting and use of new and larger facilities than

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those used at present by the Lessee at the Central Terminal Building at the Airport it is hereby agreed that the aforesaid revenue seats daily average will be Ex. (2.a.) and the same is hereinafter called the "Lessee's Commencement Basic Schedules".

(b) Commencing with calendar year 1993 and for each and every calendar year thereafter, the Port Authority may ascertain the revenue seats daily average of the Lessee for the Airport 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. Thus, for example, in the case of the first calculation which would be based on the 1992 experience, said revenue seats daily average shall be called the "Lessee's Basic Schedule for 1992".

(c) As of January 1, 1993 and as of January 1 of each succeeding calendar year (i) in the event that 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) 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) month's 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 underutilized 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 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 portions 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 at the Airport 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 April of the prior calendar year and the second is the one during which falls the fifteenth (15th) day of October 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 78 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 at the Airport. 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 32. Right of Re-entry

The Port Authority shall, as an additional remedy upon the giving of a notice of termination as provided in Section 30 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 33. 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 34. 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 30 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 32 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). The amount of the total of all rentals and charges, less the installments thereof payable prior to the effective date of termination except that the credit to be allowed for the installments 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 said month, and

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

(c) In addition to and without limiting the foregoing, in the event this Lease shall be terminated for any reason or the letting hereunder shall expire and the Lessee shall not have completed the construction work within the time specified in Section 2 (d)(2) hereof, the Lessee shall and hereby agrees to pay any and all amounts paid or incurred by the Port

Authority by reason of the failure of the Lessee so to complete the construction work, including all interest, costs, damages and penalties and the same shall be deemed treated as survived damages hereunder.

Section 35. Reletting by the Port Authority

The Port Authority upon termination or cancellation pursuant to Section 30 hereof, or upon any re-entry, regaining or resumption of possession pursuant to Section 32 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 30, or upon its re-entry, regaining or resumption of possession pursuant to the said Section 32, 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 purposes of the Lessee under this Agreement, without affecting, altering or diminishing the obligations of the Lessee hereunder. In the event either of any reletting or of any actual use and occupancy by the Port Authority (the mere right of the Port Authority to use and occupy not being sufficient however) there shall be credited to the account of the Lessee against its survived obligations hereunder any net amount remaining after deducting from the amount actually received from any lessee, licensee, permittee or other occupier in connection with the use of the said premises or portion thereof during the balance of the letting as the same is originally stated in this Agreement, or from the market value of the occupancy of such portion of the premises as the Port Authority may during such period actually use and occupy, all expenses, costs and disbursements incurred or paid by the Port Authority in connection therewith. No such reletting shall be or be construed to be an acceptance of a surrender.

Section 36. 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 37. Surrender

The Lessee covenants and agrees to yield and deliver peaceably to the Port Authority possession of the premises on the date of cessation of the letting, whether such

cessation be by termination, expiration or otherwise, promptly and in good condition.

Section 38. 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 39. Effect of Basic Lease

The letting shall, in any event, terminate with the termination or expiration of the Basic Lease with the City of New York 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 40. Removal of Property

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. All such property, provided the Lessee shall install suitable replacements therefor if such personal property is necessary to operate the premises in accordance with the terms and provisions hereof in accordance with the last practices of the air transportation industry, (except for any personal property which may be purchased by the Port Authority pursuant to Section 17) hereof, may at the Lessee's option be removed by the Lessee from the premises at any time during the term of this Lease. Furthermore, all such property of the Lessee shall, unless otherwise agreed in writing by the parties, be removed by the Lessee at or before the expiration or other termination of the term of this Lease. Any such property remaining on the premises thereafter shall be deemed to be abandoned by the Lessee. If the Lessee shall fail to remove such 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 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 41. Brokerage

The Lessee represents and warrants that no real estate broker has been concerned on its behalf in the negotiation of this Agreement and that there is no real estate 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 42. 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 and State of New York; (iii) permits, licenses, regulations and restrictions, if any, of the United States, the City or State of New York, or other governmental authority.

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

Section 43. 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 persons 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 Suite 1401, 2929 Allen Parkway, Houston, Texas 77210-4607 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 mailing thereof. It is hereby expressly understood and agreed, without limiting any term or provision hereof, that inasmuch as Eastern Airlines, Inc. and Continental Airlines, Inc., jointly and severally, are the Lessee hereunder, service of any notice hereunder on or by either Eastern or Continental shall be deemed service by or on both.

Section 44. Other Construction by the Lessee

(a) The Lessee shall not erect any structures, make any improvements or do any construction on the premises or the Common Areas or alter, modify, or make additions or 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 Exhibits A, B, C or D to the Lease shall not constitute or be deemed to constitute or imply that approval of the Port Authority will be granted to any proposed construction by the Lessee nor shall the same grant or be deemed to grant any right or permission to the Lessee now or in the future to erect any structures, make any improvements or do any other construction work in the premises,

including but not limited to repairs to or replacements of, any structure now existing or built at any time during the letting or install any fixtures on the premises, including but not limited to paving, and that the provisions of the foregoing paragraph of this Section shall be read and construed as if there were no Notes and associated reference lines on said Exhibits and that any which were placed on said Exhibits are solely and exclusively for the benefit of the Port Authority.

Section 45. 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 officer or address as may be substituted therefor by notice to the Lessee from time to time.

Section 46. Construction and Application of Terms

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

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

Section 47. 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 48. Termination by 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 at the Airport by reason of its inability to use a substantial part or all of the runways and taxiways, as hereinafter 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 thirty (30) consecutive days, resulting from a permanent

injunction issued by any court of competent jurisdiction; or

(iii) for a period of longer than thirty (30) consecutive days, resulting from any order, rule or regulation of the Federal Aviation Administration, or other 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 49. Abatement

If the Port Authority shall, for safety or other reasons, prohibit the use of the Public Landing Area at the Airport or of any substantial part thereof for domestic scheduled air transport operations for a period covering more than sixty (60) consecutive days and the Lessee shall thereby be prevented from conducting those operations at the Airport enumerated in

Section 8 hereof, then upon the occurrence of such event, the Lessee at its option shall be entitled to abatement of rental during such period of prohibition and prevention. In the event that the Lessee shall exercise such option the Lessee shall be deemed to have released and discharged the Port Authority of and from all claims and rights which the Lessee may have hereunder 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 50. Quiet Enjoyment

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

Section 51. Services to the Lessee

(a) The Port Authority shall sell, furnish and supply to the Lessee for use on the premises and the Common Areas and the Lessee agrees to take from the Port Authority and pay for electricity of the same voltage, phase and cycle as supplied to the premises and the Common Areas by the public utility in the vicinity, but limited, however, to serve a maximum of 16,609 KVA installed transformer capacity, at the same charge which would be made by such public utility for the same quantity under the same conditions and in the same service classification but in no event less than an amount that would reimburse the Port Authority for its cost of obtaining and supplying electricity to the Lessee hereunder; charges shall be payable by the Lessee when billed and the quantity of electricity consumed shall be measured by the meter or meters installed for the purpose; provided, however, that if for any reason, any meter or meters fail to record the consumption of electricity, the consumption during the period such meter or meters are out of service will be considered to be the same as the consumption for a like period either immediately before or after the interruption as elected by the Port Authority. The Port Authority shall not discontinue the supply of electricity except upon fifteen (15) days' notice to the Lessee and unless a supply of electricity of the same voltage, phase and cycle (subject to the KVA limitation aforesaid) shall be available from another supplier and upon any such discontinuance the Lessee shall be at liberty to contract or otherwise arrange for the supply of such current after the expiration of said fifteen (15) days from any other person, firm or corporation. The Port Authority shall install the appropriate meters.

(b) The Port Authority agrees to sell, furnish and supply to the Lessee for use on the premises cold water (of the

character furnished by the City of New York) in reasonable quantities through pipes, mains and fittings and the Lessee agrees to take such water from the Port Authority and to pay the Port Authority therefor an amount equal to that which would be charged by the municipality or other supplier of the same (whether or not representing a charge for water or other services measured by water consumption) for the same quantity, used under the same conditions and in the same service classification plus the cost to the Port Authority of supplying such water which shall not be less than ten percent (10%) nor in excess of fifty percent (50%) of the amount charged. The charge therefor shall be payable by the Lessee when billed and the quantity of water consumed shall be measured by the meter or meters installed for the purpose; provided, however, that if for any reason, any meter or meters fail to record the consumption of water, the consumption during the period such meter or meters are out of service will be considered to be the same as the consumption for a like period immediately before or after the interruption, as elected by the Port Authority. The Port Authority shall install the appropriate meters. In the event meters are not installed to measure the consumption of water under high pressure, the quantity of such water used by the Lessee will be based upon equitable estimates of consumption, which estimates shall be deemed binding on the Lessee.

(c) The Lessee shall pay to the Port Authority such of the existing and future charges for sewerage services furnished by the City of New York as are presently or may hereafter be imposed or assessed against the Port Authority in respect of the Lessee's premises or its use and occupancy thereof. In the event that the City or the State of New York is now furnishing services with or without charge therefor, which are beneficial to the Lessee in its use and occupancy of the premises, and shall hereafter impose charges or increase existing charges for such services, the Lessee agrees to pay to the Port Authority such of the charges or the increase in charges as may be imposed or assessed against the Port Authority in respect of the Lessee's premises or its use and occupancy thereof.

(d) In the event the Port Authority shall provide extermination service for the enclosed portion of the premises or the Common Areas, or both, the Lessee agrees to utilize the same and to pay the reasonable cost thereof, upon demand. This paragraph does not impose any obligation on the Port Authority to furnish such service.

(e) The Port Authority shall not be obligated to perform or furnish any other services whatsoever in connection with the premises or the Common Areas or any services at any time while the Lessee shall be in default hereunder after the period, if any, herein granted to cure such default shall have expired.

(f) The Port Authority shall be under no obligation to supply services if and to the extent and during any

period that the supplying of any such service or the use of any component necessary therefor shall be prohibited 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.

(g) No failure, delay or interruption in supplying agreed services (whether or not a separate charge is made therefor) shall be or be construed to be an eviction of the Lessee or grounds for any diminution or abatement of rental, or (unless resulting from the negligence or wilful failure of the Port Authority) shall be grounds for any claims by the Lessee for damages, consequential or otherwise.

Section 52. Consolidated Ramp Control Operations.

(a) Without limiting any other term or provision of this Agreement, the Lessee in its construction, use and operation of the ground control tower on the premises and the conduct of aircraft and other operations on the aircraft ramp and common taxiway areas shall at all times comply with the requirements, directives and requests of the FAA, and any and all other government agencies pertaining thereto.

(b) Without limiting the provisions of paragraph (a) above, the Lessee shall consult, cooperate and coordinate with the aircraft operators at the premises, the Shuttle Terminal and the Delta Terminal in establishing procedures for the operation, maintenance and staffing of a consolidated facility to coordinate and control, in a safe and efficient manner, all arriving, departing, and relocating aircraft and ground vehicle movements on the ramp and apron areas serving the premises, the Shuttle Terminal and the Delta Terminal and access to the public taxiways adjacent thereto. Such consultation, cooperation and coordination shall include staffing, the sharing of costs, and the establishment of ramp coordination and communication procedures. All operations and procedures hereunder shall at all times be consistent with the rules, regulations, requests, requirements and directions of the FAA and the Port Authority; and the provisions of this Lease.

(c) All communications among the ground control facility, vehicles, aircraft and others will be recorded to monitor compliance with the procedures established.

(d) The procedures and recordings called for herein shall be made available by the Lessee to the Port Authority upon request of the Port Authority given at any time and from time to time.

Section 53. Automobile Parking

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

Section 54. 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, sex, creed, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination 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 nondiscrimination provisions the Port Authority may take any appropriate action to enforce compliance; or in the event such noncompliance shall continue for a period of twenty (20) days after receipt of written notice from the Port Authority, the Port Authority shall have the right to terminate this Agreement and the letting hereunder with the same force and effect as a termination under the Section of this Agreement

providing for termination for default by the Lessee in the performance or observance of any other term or provision of this Agreement, or may pursue such other remedies as may be provided by law; and as to any or all of the foregoing, the Port Authority may take such action as the United States may direct.

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

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

Section 55. Affirmative Action

In addition to and without limiting any other term or provision of this Agreement, 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 will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

Section 56. The Lessee's Ongoing Affirmative Action-Equal Opportunity Commitment

(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 54 and 55 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 the Common Areas, as provided in this Agreement, and including without limitation the contracts mentioned in Sections 65, 66, 67, 68 and 69 hereof, 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, and by Minority Business Enterprises and Women-owned Business Enterprises. 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 date of the letting hereunder as set forth in Section 4 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) (1) "Minority" as used herein shall have the meaning as defined in Paragraph II(c) of Part I of Schedule E.

(2) "Minority Business Enterprise" (MBE) as used herein shall have the meaning as defined in paragraph of Part II of Schedule E.

(3) "Women-owned Business Enterprise" (WBE) as used herein shall have the meaning as defined in paragraph of Part II of Schedule E.

(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) The Lessee's non-compliance 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 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 57. 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 56 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 Sections 58, 59, 60, and 61 hereof, and the types and amounts of any consumer services proposed under Section 62, 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.

(b) 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 56 hereof and the Lessee's on-going affirmative action commitment with respect to consumer services awards and agreements provided for herein.

Section 58. Restaurant and Bar

The Lessee may select and thereafter enter into an agreement with a qualified Restaurant Operator (hereinafter

referred to in this Section as the "Restaurant Operator") authorizing the Restaurant Operator to operate in the premises facilities for the sale of food, alcoholic and non-alcoholic beverages and similar items for consumption in the premises (the "Restaurant Service") provided, however, that prior to any such selection and prior to the entering by the Lessee into any such agreement with the Restaurant Operator, said Restaurant Operator obtains a permit from the Port Authority authorizing such Restaurant Operator to operate the Restaurant Service in a portion of the premises hereunder. Prior to the issuance of any such permit, the proposed Restaurant 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 Restaurant 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 Restaurant 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 Restaurant Operator the same shall be subscribed to by the Lessee.

The agreement between the Lessee and the Restaurant Operator shall cover the arrangements for the space to be used in the Restaurant Service within the premises including the amount, type and location of the space. The Lessee will bring to the perimeter of the space to be occupied by the Restaurant Operator pipes, wires and conduits for the supply of electricity, gas and water, together with the necessary steam and waste lines for use in connection with the Restaurant Service and shall provide said utilities to the Restaurant Operator. Said agreement will also provide that the Restaurant Operator will furnish and install at its own expense all necessary fixtures, furniture and personal property required in connection with the Restaurant Service and that the Restaurant Operator may be required to 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. In addition to other rights of termination or revocation that may be contained therein, said agreement between the Restaurant Operator and the Lessee may contain appropriate provisions permitting cancellation of the agreement by the Lessee on short notice in the event the Restaurant Service provided by the Restaurant Operator is unsatisfactory to the Lessee.

percentage fee or a combination of both (hereinafter in this Section 59 referred to as "the fee") based in whole or in part upon the gross receipts received from such vending machines, public telephones, and advertising displays.

(c) The Port Authority shall pay the Lessee a fee equivalent to 80% of the fee collected by the Port Authority from its contractors, lessees or permittees aforementioned. The fees payable hereunder shall be paid in the manner, under the conditions and at the times, provided in Section 64 hereof. It is agreed, however, that if any agreement between the Port Authority and any of its contractors, lessees or permittees covered by this Section 59 hereof calls for direct payment to the Lessee by such contractor, lessee or permittee of the Lessee's share, as aforesaid, the provisions of the last paragraph of Section 64 hereof after the word "Lessee" in the fifth line thereof shall not apply.

Section 60. Insurance Covering Air Transportation

The Port Authority may enter into agreements with one or more qualified insurance vendors requiring such insurance vendors to sell or arrange for the sale at the premises of insurance covering air transportation of such types and coverages as may be required by the Lessee.

Any agreement between the insurance vendor and the Port Authority shall provide that such insurance vendor shall pay to the Port Authority a basic rental for the space occupied by such insurance vendor in the premises in connection with the sale of such insurance. The basic rental 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 Base Rental, the Deferred Base Rental, the Facility Rental and the cost of providing, operating and maintaining public areas within the premises. The amount of the basic rental 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 rental, it is hereby expressly understood and agreed that the amount to be charged to the insurance vendor as the amount of the basic rental shall in no event exceed a rate in excess of $75 per square foot per annum.

The agreement shall provide further that the insurance vendor shall pay to the Port Authority a percentage fee based upon the gross receipts of said insurance vendor from the sale of such insurance, less the amount of the basic rental payable by the insurance vendor, 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".

The agreement between the Lessee and the Restaurant Operator shall not call for any fixed rental or fee but shall provide that the Operator shall pay a percentage fee based upon the gross receipts of the Restaurant Operator from the sale of food, alcoholic and non-alcoholic beverages and similar 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 Restaurant Operator to the Lessee except for appropriate payments for any utilities which may be furnished to the Restaurant Operator by the Lessee, it being understood, however, that the foregoing shall not preclude the Lessee from furnishing services to the Restaurant Operator, such as janitorial and garbage removal services, and from receiving payments from the Restaurant Operator for such services provided the same are covered by appropriate written agreements duly entered into between the Lessee and the Restaurant Operator including the charges therefor, and that the Lessee hereby agrees to provide the Port Authority with any and all agreements covering any such services promptly and upon the receipt of a request therefor from the Port Authority. It is hereby understood and agreed that 80% of the percentage fee payable by the Restaurant Operator shall be paid by the Restaurant Operator to the Lessee and 20% of the percentage fee payable by the Restaurant Operator shall be paid by the Restaurant Operator to the Port Authority. Both the agreement between the Lessee and the Restaurant 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.

In the event the Restaurant Operator is the same person providing in-flight meal and employee food service to the Lessee and is a wholly owned subsidiary of the Lessee, the fees to be paid by the Restaurant Operator shall apply only to the gross receipts of the Restaurant Operator from the sale of food, alcoholic and non-alcoholic beverages at the premises, and the Port Authority shall determine the percentage fee.

Section 59. Vending Machines, Public Telephones, Advertising Displays

(a) If requested by the Lessee the Port Authority, by itself or through contractors, lessees, or permittees, shall endeavor to install and maintain in the premises vending machines, public telephones, and advertising displays, at such locations and to such extent as requested by the Lessee. The Lessee shall provide the necessary wires and conduits for the supply of electricity for such machines and displays and shall provide such electricity.

(b) The Port Authority shall require its contractors, lessees, or permittees to pay a fixed or a

The Port Authority shall pay to the Lessee the amount of the basic rental. As and to the extent that the percentage fee paid to the Port Authority exceeds the basic rental, the Port Authority shall retain the percentage fee up to the amount of the basic rental equivalent. The excess if any of the percentage fee remaining shall be divided equally between the Port Authority and the Lessee and the Port Authority shall pay the Lessee's share to the Lessee. The rental and fees payable hereunder shall be paid in the manner, under the conditions and at the times provided in Section 64.

The agreement with the insurance vendor will provide that: (a) if the Lessee so requests, the insurance vendor shall provide a general information service to the public; and (b) the insurance vendor shall not 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; and (c) the insurance vendor shall not be required to continue to provide at any designated location vending machines for the sale of insurance when the gross premiums from any such machines at any such locations is less than $100 per month, provided, however, if twenty-four (24) hour counter coverage is not provided there shall be at least one machine in the premises.

The location of insurance counters and insurance vending machines shall be determined by the Lessee subject to the approval of the Port Authority. The insurance vendor will furnish and install at its expense all necessary fixtures, machines, counters and equipment required in connection with its operations. The Lessee shall provide the necessary wires and conduits for the supply of electricity for use in connection with the insurance vendor's operation and shall provide such electricity to the insurance vendor.

Section 61. Newsstands

The Lessee may select and thereafter enter into an agreement or agreements with a qualified Newsstand Operator or Operators (hereinafter referred to in this Section as the "Newsstand Operator") authorizing the Newsstand Operator to operate in the premises stands for the sale at retail of newspapers and magazines, cigarettes, cigars and other supplies for smoking and candy, chewing gum, playing cards and paper-bound books, to the extent required by the Lessee, provided, however, that prior to any selection and prior to the entering by the Lessee into any such agreement with any Newsstand Operator, said Newsstand Operator obtains a permit from the Port Authority authorizing said Newsstand Operator to operate the newsstand 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 make 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 agreement between the Lessee and the Newsstand Operator shall cover the arrangements for the space to be used in the operation of the newsstand within the premises including the amount, type and location of the space and the amount of the storage space. The Lessee will bring to the perimeter of the space to be occupied by the Newsstand Operator pipes, wires and conduits for the supply of electricity and water for use in connection with the newsstand and shall provide said utilities to the Newsstand Operator. Said agreement will also provide that the Newsstand Operator will furnish and install at its own expense all necessary fixtures, stands, counters, equipment and other personal property required in connection with the newsstand and that the Newsstand Operator may be required to 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. In addition to other rights of termination or revocation that may be contained therein, said agreement between the Newsstand Operator and the Lessee may contain appropriate provisions permitting cancellation of the agreement by the Lessee on short notice in the event the newsstand service provided by the Newsstand Operator is unsatisfactory to the Lessee.

In addition to the items mentioned in the first paragraph of this Section, the agreement with the Newsstand Operator will provide that the Newsstand Operator will be permitted to sell at retail on the premises such other merchandise as set forth in the prior written consent of the Port Authority and the Lessee which consent may be given from time to time. Furthermore, the agreement between the Newsstand Operator and the Lessee shall provide that said Newsstand Operator shall pay to the Lessee a basic rental for the space occupied by such Newsstand Operator in the premises in connection with the newsstand service (excluding storage space). The basic rental will be based upon the cost to the Lessee of providing such space (excluding storage space) to the Newsstand Operator. In determining the cost to the Lessee there shall be considered the Base Rental, the Deferred Base Rental, the Facility Rental and the cost of providing operating and maintaining public areas

within the premises. 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 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 amount of the basic rental shall in no event exceed a rate in excess of $75 per square foot per annum. The agreement shall provide further that the Newsstand Operator shall pay to the Port Authority a percentage fee based upon the gross receipts of said Newsstand Operator in the operation of the newsstand service, less the amount of the basic rental payable 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". The Lessee shall furnish without charge storage space in the premises for the use of the Newsstand Operator.

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.

Section 62. Other Consumer Services

(a) If the Lessee requests that additional consumer services be provided in the premises for the sale of other items or the furnishing of other services the Port Authority will endeavor to secure a qualified tenant, permittee or licensee (hereinafter referred to as the "Additional Operator"), to furnish such consumer services and if such operator is secured the Port Authority shall enter into contracts or agreements with such Additional Operator requiring it to furnish the items or services to the extent required by the Lessee (hereinafter referred to as "the Service").

Any agreement between the Additional Operator and the Port Authority shall provide that the Additional Operator shall pay to the Port Authority a basic rental for the space occupied by the Additional Operator in the premises in connection with the Service. The basic rental will be based upon the cost to the Lessee of providing such space to the Additional Operator,

the amount, type and location of the space to be agreed upon by the Port Authority and the Lessee. In determining the cost to the Lessee there shall be considered the Facility Rental, the Base Rental, the Deferred Base Rental and the cost of providing, maintaining and operating public areas within the premises. The amount of the basic rental to be paid by the Additional 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 in establishing the basic rental as set forth above, it is hereby expressly understood and agreed that the amount to be charged to the Additional Operator as the amount of the basic rental shall in no event exceed a rate in excess of $75 per square foot per annum. The agreement shall provide further that the Additional Operator shall pay to the Port Authority a percentage fee based upon the gross receipts of said Additional Operator in the operation of the Service, less the amount of the basic rental payable by the Additional Operator, 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.

The Port Authority shall pay to the Lessee the amount of the basic rental. As and to the extent that the percentage fee paid to the Port Authority exceeds the basic rental, the Port Authority shall retain the percentage fee up to the amount of the basic rental equivalent. The excess if any of the percentage fee remaining shall be divided equally between the Port Authority and the Lessee and the Port Authority shall pay the Lessee's share to the Lessee. The rental and fees payable hereunder shall be paid in the manner, under the conditions and at the times provided in Section 64. It is agreed, however, that if any agreement between the Port Authority and the Additional Operator calls for direct payment to the Lessee by the Additional Operator of any such rental or fees the provisions of the last paragraph of Section 64 after the word "Lessee" in the fifth line thereof shall not apply.

The Agreement with the Additional Operator shall provide that the Additional Operator will furnish and install at its expense all necessary fixtures, stands, counters and equipment required in connection with the Service and all construction necessary to accommodate the same.

In the event the Port Authority is unable to secure a qualified tenant, permittee or licensee satisfactory to the Lessee to provide the consumer services requested by the Lessee in accordance with the terms and conditions set forth in this Section, the Lessee may make its own arrangements with a person of its own choice, subject to the Port Authority's approval of such person. Such approval may include limitations as to the scope of the activities of such person in the light of the availability of similar services in the Central Terminal Building (as such Building is described in Section 78 hereof).

Furthermore such person must also obtain a permit from the Port Authority authorizing such person to operate the Service at the Airport in or on the premises leased to the Lessee. Prior to the issuance of any such permit such person 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 person 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. Such other person shall be required to pay to the Port Authority a fee but such fee shall not in any event exceed the fees or charges that would be proposed to be retained by the Port Authority if such establishment were operated by a regular Operator of the Authority. The permit will not be revoked without cause, without the prior consent of the Lessee.

Section 63. Subletting of Lessee's Premises for Consumer Services

Irrespective of whether the Persons selected in accordance with this Agreement to furnish the Consumer Services set forth in Sections 58, 59, 60, 61 and 62 hereof have agreements with or are contractors or permittees of the Port Authority, the Lessee may require that such Persons enter into separate agreements or subleases with the Lessee as a condition precedent to the occupancy of space within and the operation of such establishments upon the Lessee's premises, provided, however, that all such Persons must have first obtained a permit from the Port Authority authorizing them to operate such establishments. The terms and provisions of the said agreements or subleases shall not be inconsistent with the terms of this Agreement except that the same may provide for cancellation by the Lessee on short notice in the event the services furnished by such Persons are unsatisfactory to the Lessee. Without limiting the generality of Section 29 hereof, all of the said agreements or subleases shall be subject to the prior written consent of the Port Authority.

Prior to the issuance of any of the aforementioned permits, such Persons may be required to submit to the Port Authority evidence satisfactory to the Port Authority of their qualifications, the scope of their proposed operations and the standards of service they will provide. Any such permits will provide that such Persons will conduct their 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. Such Persons shall be required to pay to the Port Authority a fee but such fee shall not in any event exceed the fees or charges that would be retained by the Port Authority if their respective establishments were operated by regular Operators of the Port Authority.

Section 64. Obligations in Connection with Consumer Services Agreements

The Port Authority shall administer all contracts and agreements with such tenants, licensees or permittees furnishing consumer services at the premises. All such contracts and agreements shall contain provisions, among others, providing that such tenant, licensee or permittee shall:

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

(b) Not divert or cause or allow to be diverted any business from the premises;

(c) Maintain in accordance with accepted accounting practice, records and books of account recording all transactions at, through or in anyway 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;

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

(e) Furnish on or before the twentieth 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, licensee or permittee, for the preceding month;

(f) Install and use such cash registers, sales slips, invoicing machines and any 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;

(g) Furnish good, prompt and efficient service, adequate to meet all demands therefor at the premises; furnish said 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;

(h) Promptly observe, 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 or the use and occupancy of the premises.

The Port Authority does not guarantee the payments of rentals and fees required to be paid by the tenant, licensee, permittee or operator pursuant to the provisions of Sections 58, 59, 60, 61 and 62 hereof and shall have no obligation to the Lessee to make any payments to the Lessee until the fees or rentals are actually collected from the tenant, licensee, permittee or operator. 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 effect collection. A default by the Port Authority in observing the provisions of the preceding sentence shall not result in the imposition of any liability on the Port Authority with respect to the Lessee.

Section 65. Ground Transportation Services

(a) The Lessee shall make available within the premises at reasonable rental rates such counter spaces and at such location or locations as may be determined by the Port Authority and the Lessee for use by limousine, bus, car rental, taxi and other ground transportation operators at the Airport, all of the foregoing being hereinafter called "the ground transportation operators". The Lessee shall enter into agreement with, but only with, such ground transportation operators as are designated or approved by the Port Authority, covering the occupancy of said counter spaces, which agreements may provide for the payment of the basic rental (but no other rental, fee or charge of any kind) to 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. The Port Authority shall have the right to, in its agreement with any ground transportation operator, impose obligations on the ground transportation operator with respect to its operation at the counter space, including but not limited to the dissemination of information applicable to said service, and may charge such fees payable to the Port Authority as it may determine. Without limiting the generality of Section 29 hereof, all of the said agreements between the Lessee and ground transportation operators shall be subject to the prior written consent of the Port Authority. In addition to the foregoing, the Lessee shall make available within the premises, at reasonable rates, wall telephone installations for use by the ground transportation operators at the Airport.

(b) (1) In lieu of the provisions of subparagraph (a) hereof obligating the Lessee to make available counter spaces and wall telephone installations with respect to ground transportation operators at the Airport (as said term is defined in paragraph (a) but not including car rental operators as to which the provisions of paragraph (a) 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 at such location as may be specified by the Port Authority within the premises as may reasonably be required for use as a consolidated ground transportation reservation and information counter (hereinafter called "the Consolidated Counter") to be 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, wires 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 and 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 this paragraph (b) shall be null, void and of no further force and effect and the provisions of paragraph (a) 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 paragraph (b).

Section 66. Third Party Contracts

(a) Ground Transportation

(i) The Lessee may arrange for the transportation to and from the Airport of its passengers, employees and baggage (and such passengers, employees and baggage only) either directly or by contract with a surface carrier or carriers (hereinafter called "Passenger Surface Carrier or

Carriers") of its choice, provided, that such Passenger Surface Carrier or Carriers are or agree to become permittees of the Port Authority and provided, further, that ten percent (10%) or such lesser percentage as may be set pursuant to subparagraph (ii) hereof of the gross receipts received from the ground transportation of passenger, employees and baggage by the Passenger Surface Carrier providing such service, including all advertising and any other revenues of any type arising out of or in connection with said service (excluding only local, state and federal transportation taxes which are separately stated to and paid by and are directly payable to the taxing authority by 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%) or such lesser percentage as may be set pursuant to subparagraph (ii) hereof of its gross receipts 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 and the Lessee shall no longer use the same. 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 service itself and if the Lessee makes no charge to its officers and employees therefor. The occasional non-recurring employment by the Lessee of a surface carrier who is not a permittee of the Port Authority shall not be deemed to be a breach of this Section by the Lessee; the foregoing, however, shall not affect the right of the Port Authority to the percentage fee with respect to such surface carrier.

(ii) It is recognized that the Port Authority has established a five percent (5%) fee with respect to the service covered by subparagraph (i) hereof in lieu of the ten percent (10%) fee therein stated. It is hereby specifically understood and agreed that the fact that said fee is presently five percent shall not constitute a waiver by the Port Authority of its right to impose a percentage fee of ten percent as provided in subparagraph (i). It is hereby specifically agreed that the Port Authority shall have the right at any time and from time to time during the term of this Lease to revise the percentage fee it shall charge Passenger Surface Carriers as provided in subparagraph (i) hereof, but in no event shall said fee be greater than ten percent. The Port Authority shall notify the Lessee of any such revision.

(iii) The Lessee may arrange for the transportation to and from the Airport of freight and other cargo of the Lessee either directly or by contract with the surface carrier or carriers of its choice. No permit or fee shall be required of the Lessee or its contractor for the picking up or the delivery of freight or other cargo from or to the Lessee. No fee shall be paid to the Port Authority by the Lessee or its contractor for the privilege of transporting freight or 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 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.

(iv) The right of the Lessee to arrange transportation to and from the Airport of its passengers 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 passengers of the Lessee arriving at or departing from the Airport.

(v) As used in this paragraph (a), reference to passengers, employees, 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.

(vi) The Passenger Surface Carrier of the Lessee's choice or any other contractor used by it shall not solicit business on the public areas of the Airport and the Lessee shall prohibit any such activity on the premises, the Common Areas or on any other area at the Airport occupied by the Lessee. The use, at any time, either on the premises, the Common Areas or elsewhere on the Airport of hand or standard megaphones, loudspeaker or any electric, electronic or other amplifying devices is hereby expressly prohibited and any advertising or signs shall be subject to continuing Port Authority approval.

(b) <u>In-Flight Meals</u>

(i) 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 prepares in-flight meals directly, as described in the preceding sentence, it shall do so only if the Lessee is permitted to prepare in-flight meals pursuant to the terms hereof. The foregoing, however, shall create no obligation on the part of the Port Authority to provide space to do so and shall in no way be deemed a commitment 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 or 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.

(ii) The Lessee shall have the further right, either directly or through an independent contractor of its choice satisfactory to the Port Authority or by making such 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 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.

(iii) (1) If the Lessee desires to use more than one independent contractor to furnish its in-flight meals at the Airport but does 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, it may do so on the terms set forth hereinbelow. 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/or all services rendered in connection therewith.

(2) Should the Lessee elect not to have all of 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 (i) and (ii) 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 month after the effective date of this Section during which the Lessee first had such amount payable to said independent contractors and continuing each month thereafter up

to and including the 20th day of the month following the expiration date or earlier termination date of the periodical tenancy hereunder. The Lessee at any time on at least thirty (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 subparagraph (iii) 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) The Lessee shall provide to the Port Authority, upon request of the Port Authority from time to time, such information and data in connection with the provision of in-flight meals as the Port Authority may request and shall, if so requested by the Port Authority, make periodic reports thereof to the Port Authority utilizing such forms as may be adopted by the Port Authority for such purpose.

(4) Notwithstanding any other term or provision of this Agreement and without limitation thereto, the Lessee understands and agrees that all acts and omissions of any independent contractor on the premises in connection with the provision of in-flight meals hereunder shall be deemed to be acts and omissions of the Lessee under this Lease and the Lessee shall also be severally responsible therefor, including but not limited to, the obligations of indemnification, repair and replacement.

(5) In connection with the provision of in-flight meals hereunder and without limiting any other term or provision of this Agreement, the Lessee shall:

(aa) Maintain, in accordance with accepted accounting practice, during the term hereunder, records and books of account recording all transactions of the Lessee at, through, or in any wise connected with the provision of in-flight meals, including but not limited to, original invoices, invoice listings, the general ledger (including its chart of accounts) or any agreements covering the same, which records and books of account shall be kept at all times within the Port of New York District;

(bb) Permit, in ordinary business hours during the term hereunder from and after the commencement date of the letting hereunder the examination and audit by officers, employees and representatives of the Port Authority of such records and books of account and also any records and books or account of any company which is owned or controlled by the Lessee, or which owns or controls the Lessee, if said company is engaged in the provision of in-flight meals anywhere in the Port of New York District.

(6) Nothing contained in this subparagraph (iii) shall constitute or be deemed to constitute or

imply Port Authority consent to the performance by the Lessee of any services for third parties at the Airport and it is understood and agreed that the performance of such other services shall be and constitute a breach of the terms and provisions of the Lease, including but not limited to, Sections 8 and 29 thereof.

(7) It is hereby expressly recognized that the procedures allowed under this subparagraph (iii) are not included within the contemplation of the provisions of subparagraphs (i) and (ii) above and that the inclusion of the same within this subparagraph (iii) 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 (i) and (ii) hereof.

(c) Maintenance of Ground and Refueling Equipment

The Lessee may arrange for the performance, on the ramp and apron areas of the premises only, of maintenance, repair and servicing of ground and refueling equipment either directly or by contract with an independent contractor of its choice, who is or who agrees to become a Port Authority permittee and accept a permit for said service from the Port Authority and agrees to pay the percentage fee and other charges as stated therein.

(d) Contractors

Without limiting any of the foregoing, and except as provided in Sections 67, 68 and 69 hereof, any act or thing which the Lessee may do for itself as set forth in this Section 66 may be done by it, at the same place and under the same circumstances, either directly or by contract with an independent contractor or contractors of its choice, which contractor or contractors shall not be another Aircraft Operator or Operators without the consent of the Port Authority; provided, that such contractor or contractors agree to become permittees of the Port Authority and to pay a percentage of their gross receipts to the Port Authority and only for so long as such permittees observe and comply with the terms of their permits; it being understood that said contractor or contractors may be restricted to serving the Lessee at the Airport. Any such contractor must be satisfactory to the Port Authority. All such permits shall contain such terms or provisions as the Port Authority may deem from time to time necessary or desirable. Nothing contained in this paragraph (d) shall be construed to limit or impair the right of the Port Authority to collect rents, fees or other charges from such contractors if they are concessionaires, tenants, licensees or permittees of the Port Authority, or to authorize or permit the doing of any act or thing by any concessionaire, tenant, licensee or permittee of the Port Authority at the Airport in violation of its lease, license, permit or other agreement with the Port Authority.

Section 67. Ramp Service

(a) The Lessee may arrange for the performance, on the ramp and apron areas of the premises only, of ramp service either directly or by contract with an independent contractor of its choice. The term "ramp service" as used herein shall include, but not be limited to, the following: guiding aircraft in and out of Aircraft Gates or loading and unloading positions; furnishing and placing in position and thereafter removing the necessary and appropriate steps, stands and power equipment for the safe and efficient loading and unloading of passengers, baggage, ballast, potable water, mail, air express, air cargo and supplies to and from aircraft and performing such loading and unloading; towing aircraft; cleaning the interiors of aircraft including the removal and disposal of aircraft waste material; providing a fire guard equipped with the necessary and appropriate fire fighting equipment; delivery of air cargo, baggage, air express and mail to and from appropriate locations (allowed or designated under this Lease for such delivery) in the premises and to and from such other buildings at the Airport in which the occupants thereof are authorized in their agreements with the Port Authority to receive the delivery of the foregoing; and routine servicing of aircraft, it being specifically understood, however, that maintenance and repair of aircraft, as distinguished from routine servicing, is hereby prohibited.

(b) If the Lessee desires to have ramp service performed by contract with an independent contractor of its choice, it shall employ a regular ramp contractor (by which is meant a person having a permit from the Port Authority to perform ramp service). The Lessee shall at no time have the right to have more than one of the three regular ramp contractors designated by the Port Authority who would be permitted to furnish ramp service on the ramp and apron areas of the premises and on similar areas of other lessees who are parties to leases with the Port Authority similar to this Lease.

(c) The Port Authority agrees that the rents and fees which it charges the regular ramp contractors shall be reasonable in amount. However, such rents and fees in the amount of ten percent (10%) or less of the contractor's gross receipts (or in an equivalent amount) shall be deemed reasonable per se.

(d) It is recognized that the Port Authority has presently established a five percent (5%) fee with respect to the ramp service covered by paragraph (a) hereof in lieu of the ten percent (10%) fee stated in paragraph (c) hereof. It is hereby specifically understood and agreed that the fact that said fee is presently five percent shall not constitute a waiver by the Port Authority of its right to impose a percentage fee of ten percent as provide in paragraph (c) hereof. It is hereby specifically agreed that the Port Authority shall have the right at any time and from time to time during the term of this Lease to revise the

percentage fee it shall charge the ramp contractors as provided in paragraph (c) hereof but in no event shall said fee be greater than ten percent. The Port Authority shall notify the Lessee of any such revision.

(h) It is hereby recognized that as of the execution of this Agreement the ramp contractors at the Airport are Ogden Allied Aviation Service Company of New York, Inc., Butler Aviation-LaGuardia, Inc., and Hudson General Corporation.

Section 68. Turn-around Maintenance

(a) The Lessee may arrange for the performance, on the ramp and apron areas of the premises only, of turn-around maintenance, as described in Section 8 hereof, either directly or by contract with an independent contractor of its choice. If the Lessee desires to have turn-around maintenance performed by contract with an independent contractor it shall employ a regular turn-around maintenance contractor (by which is meant a person having a permit from the Port Authority to perform turn-around maintenance). The Lessee shall at no time have the right to have more than one of the three regular turn-around maintenance contractors who would be permitted to furnish turn-around maintenance on the ramp and apron areas of the premises.

(b) The Port Authority agrees that the rents and fees which it charges the regular turn-around maintenance contractors shall be reasonable in amount. However, such rents and fees in the amount of ten percent (10%) or less of the contractor's gross receipts (or in an equivalent amount) shall be deemed reasonable per se.

(c) It is recognized that the Port Authority has presently established a five percent (5%) fee with respect to turn-around maintenance covered by paragraph (a) hereof in lieu of the ten percent (10%) fee stated in paragraph (b) hereof. It is hereby specifically understood and agreed that the fact that said fee is presently five percent shall not constitute a waiver by the Port Authority of its right to impose a percentage fee of ten percent as provided in paragraph (b) hereof. It is hereby specifically agreed that the Port Authority shall have the right at any time and from time to time during the term of this Lease to revise the percentage fee it shall charge the turn-around maintenance contractors as provided in paragraph (b) hereof but in no event shall said fee be greater than ten percent (10%). The Port Authority shall notify the Lessee of any such revisions.

(d) It is hereby recognized that as of the execution of this Agreement the turn-around maintenance contractors at the Airport are Ogden Allied Aviation Service Company of New York, Inc., Butler Aviation-LaGuardia, Inc. and Hudson General Corporation.

Section 69. Aviation Fueling

(a) The Lessee may arrange for the dispensing of aviation fuel (hereinafter called "fueling service") into aircraft operated by the Lessee either directly or by contract with an independent contractor of its choice. If the Lessee desires to have fueling service performed by contract with an independent contractor it shall employ a regular fueling contractor (by which is meant a person having a permit from the Port Authority to perform fueling service). The Lessee shall at no time have the right to have more than one of the three regular fueling contractors who would be permitted to furnish fueling services.

(b) The Port Authority agrees that the rents and fees which it charges the regular fueling contractors shall be reasonable in amount. However, such rents and fees in the amount of ten percent (10%) or less of the contractor's gross receipts (or in an equivalent amount) shall be deemed reasonable per se.

(c) It is recognized that the Port Authority has presently established a five percent (5%) fee with respect to the fueling service covered by paragraph (a) hereof in lieu of the ten percent (10%) fee stated in paragraph (b) hereof. It is hereby specifically understood and agreed that the fact that said fee is presently five percent shall not constitute a waiver by the Port Authority of its right to impose a percentage fee of ten percent as provided in paragraph (b). It is hereby specifically agreed that the Port Authority shall have the right at any time and from time to time during the term of this Lease to revise the percentage fee it shall charge the fueling contractors as provided in paragraph (b) hereof but in no event shall said fee be greater than ten percent. The Port Authority shall notify the Lessee of any such revision.

(d) It is hereby recognized that as of the execution of this Agreement the fueling contractors at the Airport are Ogden Allied Aviation Service Company of New York, Inc., Butler Aviation-LaGuardia, Inc. and Hudson General Corporation.

Section 70. Underground Fuel Distribution System

The Lessee acknowledges that the Port Authority has been discussing with it and other Airlines operating at the Airport the desirability of the planning, design, construction, maintenance and operation of facilities for the receipt, storage and dispensing of aviation fuel at the Airport (herein collectively called the "Underground Fuel Distribution System" or "Fuel System"). The Lessee also understands that if the Port Authority proceeds with the construction of the Fuel System there would be charges for the Fuel System for the aforesaid study, planning, design, construction, maintenance and operation of the Fuel System, as and to the extent that the same are performed by

or on behalf of the Port Authority. The Lessee and the Port Authority agree that each will consult with the other from time to time on all aspects of the said study, planning, design, construction, maintenance and operation of the Fuel System and how the Port Authority proposes to establish charges therefor.

The Lessee agrees that a Fuel System is necessary and desirable and will benefit and enhance the operation of the Airport. The Lessee further understands that the construction of the Fuel System will require the location on a portion of the premises of a portion of the new System which will not become a part of the premises as set forth in Section 25 (c) hereof and the Lessee agrees that the Port Authority by its contractors, employees, representatives, agents and engineers shall have the right of access to the premises for the construction, installation, maintenance, repair and reconstruction of the same without abatement of any rental or charges hereunder or any payments by the Port Authority to the Lessee therefor. The Lessee further understands that certain facilities may be required to be constructed by the Lessee on its premises, which shall remain a part of the premises, and the responsibility of the Lessee to maintain and repair.

The Lessee agrees that if the Fuel System is constructed as hereinbefore provided the Lessee will utilize the same, will pay to the Port Authority charges for the same and will comply with such procedures, rules and regulations as, in the opinion of the Port Authority, may be appropriate for the efficient or proper utilization of the Fuel System for the benefit of all users of the Airport. Once the new System is in effect, the Lessee agrees that it shall not perform the fueling of Aircraft in the premises as set forth in Section 8(a)(14) and that the entity operating the Fuel System will be performing the same.

Without limiting the foregoing, the Lessee understands and agrees that if the Fuel System is constructed that it would be appropriate that an agreement supplemental to this Lease setting forth all of the details thereof should be executed and that it will execute such supplemental agreement prepared by the Port Authority but execution of said supplemental agreement shall not be a condition or prerequisite to the operation or effectiveness of the foregoing provisions of this Section.

The Lessee further agrees that once the Fuel System is placed in effect and one entity is authorized to provide the fuel dispenser service then from and after said date Section 69 shall be deemed deleted and neither the Lessee nor any other persons shall dispense aviation fuel to the Lessee other than the operator as hereinabove set forth.

Section 71. Stage Length

Without limiting Sections 10 and 11 hereof, attached hereto and marked Exhibit Z is a copy of a Resolution adopted by the Board of Commissioners of the Port Authority on September 13, 1984 which sets forth the Port Authority's perimeter rule with respect to the Airport. The Lessee hereby agrees to comply with the perimeter rule as set forth in the said Exhibit Z.

Section 72. Club Room

In the event the Lessee provides a room or space for the special handling of or the furnishing of special services to any of its passengers, guests, or invitees, it shall furnish such room or space at its expense and without cost to the Port Authority. The Lessee agrees that any food, alcoholic or non-alcoholic beverages and similar items sold or furnished to the Lessee's passengers, guests or invitees shall be obtained by the Lessee from the Operator who has been authorized to operate establishments for the sale of food, alcoholic and non-alcoholic beverages and similar items for consumption in the East End Terminal Facilities. 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 the food, alcoholic and non-alcoholic beverages are obtained by the Lessee from the Operator and provided that monies paid therefor, in that event, shall not 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, the Lessee will not be obligated to pay a fee to the Port Authority which would 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.

Section 73. Rotary Wing and Tilt-Rotor Operations

The Lessee hereby acknowledges that the Lease does not grant to it any right and the Lessee does not have any right to use or permit the use of any portion of the premises or the East End Terminal Facilities for the landing or taking off of helicopters, rotary wing, tilt-rotor or other similar aircraft In the event that the Port Authority determines that approval for such use will be given at any time hereafter, the same shall be granted only in accordance with such terms and conditions, including but not limited to, fees, charges and rights of user, as the Port Authority may set forth in a supplement to the Lease, which is duly executed by the Lessee and the Port Authority.

Section 74. Lessee's Joint and Several Liability

It is hereby expressly acknowledged and agreed that since Continental Airlines, Inc. and Eastern Air Lines, Inc., are acting jointly and severally as the Lessee hereunder, each and every obligation hereunder to be performed, kept or observed by the Lessee shall be the joint and several obligation of said Continental Airlines, Inc. and Eastern Air Lines, Inc. and all terms, provisions, conditions and covenants applicable to the Lessee hereunder shall apply jointly and severally to Continental Airlines, Inc. and Eastern Air Lines, Inc. Without limiting the foregoing, it is understood and agreed that the Lessee's representative specified in this Agreement shall have full authority to act for and on behalf of Continental Airlines, Inc. and Eastern Air Lines, Inc. as the Lessee hereunder in connection with this Agreement, and any things done or to be done hereunder.

Section 75. Requesting Airlines at the Airport

(a) If a Scheduled Aircraft Operator (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 with any Central Terminal Building Airline Lessee under which it would be accommodated at the Central Terminal Building 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 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.

(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 76. 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 documents in lieu of recording the Lease, said documents shall incorporate the substance of paragraph (b) of this Section.

Section 77. 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, 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 or other charges specified in this Agreement, 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 30 and 48 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 rental or other 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 78. 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) "Aircraft Operator" shall mean (a) a Person owning one or more aircraft which are not leased or chartered to any other person for operation, and (b) a Person to whom one or more aircraft are leased or chartered for operation whether the aircraft so owned, leased or chartered are military or non-military, or are used for private business, pleasure or governmental business, or for carrier or non-carrier operations, or for scheduled or non-scheduled operations or otherwise. Said phrase shall not mean the pilot of an aircraft unless he is also the owner or lessee thereof or a Person to whom it is chartered.

(c) "Airport" shall mean the land and premises in The City of New York, in the County of Queens and State of New York, which are shown in green upon the Exhibit attached to the City Lease between The City of New York and the Port Authority referred to in subdivision (b) below, said Exhibit being marked "Map I" and lands contiguous thereto which may have been heretofore or may hereafter be acquired by the Port Authority to use for air terminal purposes.

(d) "Central Terminal Building Airline Lessee" shall mean a Scheduled Aircraft Operator who has entered into a lease with the Port Authority (herein called a "CTB Lease") covering premises in the Central Terminal Building , the East Wing Building or the West Wing Building at LaGuardia Airport (which buildings are herein collectively called "the Central Terminal Area") as well as the use of the Public Aircraft Facilities.

(e) "Basic Lease" shall mean the agreement between The City of New York and the Port Authority dated April 17, 1947, as the same from time to time may have been or may be supplemented or amended. Said agreement dated April 17, 1947, has been recorded in the Office of the Register of The City of New York, County of Queens, on May 22, 1947, in Liber 5402 of Conveyances, at pages 319, et seq.

(f) "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.

(g)(1) "Concessionaire" shall mean a person having a lease, permit or other contract or agreement with the Port Authority entitling him to carry on a business at the Airport other than the business of transportation by aircraft, or to furnish materials to or to perform services for other persons at the Airport other than transportation by aircraft at the Airport. If a person engages in transportation by aircraft at the Airport, as a business or otherwise, he shall be deemed to be a Concessionaire within the meaning of this Lease only if and to the extent that he carries on some other business at the Airport, or furnishes material to or performs services for other persons at the Airport, other than transportation by aircraft, pursuant to a lease, permit or other contract or agreement with the Port Authority.

(2) "Concession Areas" shall mean the various portions of the East End Terminal Facilities designated by the Lessee as the areas to be utilized for consumer services operations pursuant to Section 57 of the Lease.

(h) "Gross Receipts" shall mean and include all monies paid or payable to the Operator for sales made and for services rendered at or from the premises, regardless of when or where the order therefor is received, and outside the premises, if the order therefor is received at the premises, and any other revenues of any type arising out of or in connection with the Operator's operations at the premises, provided, however, that any taxes or other governmental charges imposed by law which are separately stated to and paid by a customer and directly payable to the taxing authority by the Operator, shall be excluded therefrom.

(i) "Governmental Authority", "Governmental Board", "Governmental Agency" shall mean federal, state, municipal and other governmental authorities, boards and agencies of any state, nation or government, except that it shall not be construed to include The Port Authority of New York and New Jersey, the lessor under this Lease.

(j) "Handled Airlines" shall mean the Requesting Airlines, as defined in Section 75 hereof, or any other Scheduled Aircraft Operator who is not a Central Terminal Building Airline Lessee but who is operating at the East End Terminal Facilities pursuant to accommodations provided by a 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.

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

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

(m) "Operating Airline" shall mean a Scheduled Aircraft Operator who has entered in an agreement with the Port Authority which is terminable on short term notice without cause by either the Port Authority or said Scheduled Aircraft Operator and which covers the use of one or more aircraft gate positions at the East End Terminal Facilities.

(n) "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.

(o) "Person" shall mean not only a natural person, corporation or other legal entity, but also two or more natural persons, corporations or other legal entities acting jointly as a firm, partnership, unincorporated association, consortium, joint adventurers or otherwise.

(p) "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 catch-basins.

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

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

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

(t) "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, or any similar federal statute providing for the issuance of Foreign Air Carrier Permits or Certificates of Public Convenience and Necessity or substantially similar authority, 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, or substantially similar authority.

(u) "Subsidiary" shall mean any corporation or company in which the Lessee owns sixty percent or more of the total outstanding voting stock (other than treasury stock).

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

(w)(1) "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 East End Terminal Facilities 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 East End Terminal Facilities to the end of the average useful life (as determined under generally accepted accounting practices) or December 31, 2015, 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 East End Terminal Facilities pursuant to Section 2 hereof; 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 Payment Amount (as defined in Section 6 hereof). In no event shall the Lessee's cost or the Lessee's unamortized capital investment include any amounts paid for or in connection with any equipment, trade fixtures or other personal property of the Lessee.

(2) The "Cost of the Off-Premises Facilities" for the purposes of this Lease shall mean the sum of the following:

(i) The amounts actually paid by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the construction of the Off-Premises Facilities, 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 contracts, provided, however, that such payments and expenses pursuant to this subdivision (i) shall not exceed fifteen percent (15%) of the amounts described in subdivision (ii); in each case, as the abovementioned 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 the Lessee's cost of the performance of the construction of the Off-Premises Facilities pursuant to and as set forth in Section 2 of the Lease.

(3) All records of the Lessee with respect to the foregoing shall be kept at all times within the Port of New York District for a period of seven (7) years after the final costs of the construction work have been submitted by the Lessee to the Port Authority and shall be subject to the audit and inspection of the Port Authority, its representatives and employees.

Section 79. LaGuardia Airline CTB Lease

(a) The Lessee (Eastern Air Lines) and the Port Authority have heretofore entered into a separate agreement of Lease dated the first day of January 1957, which covers, among other things, space in the Central Terminal Building at the Airport and flight fees at the Airport, which agreement of lease, as the same may have been heretofore or may hereafter be supplemented or amended, is herein called "the Old Eastern LaGuardia Airline CTB Lease". The Lessee specifically acknowledges and recognizes that the Old Eastern LaGuardia Airline CTB Lease expired on July 31, 1980 and that the same has been continued by agreement of the parties on a month-to-month basis as a periodical tenancy but not beyond December 31, 1989. It is recognized that the Port Authority and the Lessee (Eastern Air Lines) have been negotiating a proposed new lease (hereinafter referred to as "the Proposed New LaGuardia Airline CTB Lease"), all as set forth in Supplement Nos. 24 to the Old Eastern LaGuardia Airline CTB Lease and all the provisions of Paragraph 10 and 11 of said Supplement No. 24 and of Paragraph Nos. 7 and 8 of Supplement No. 26 shall be deemed incorporated herein and made a part hereof. It is further recognized by the Port Authority and the Lessee that neither the execution of this Lease, the performance of the construction work nor any of the obligations assumed by the Lessee shall constitute an agreement by either of them that there will be a Proposed New LaGuardia Airline CTB Lease. The Lessee understands that the foregoing can only be granted pursuant to specific authorization of the Board of Commissioners of the Port Authority which is subject to gubernatorial veto.

(b) It is recognized that New York Airlines, Inc. a corporation of the State of Delaware is a wholly-owned subsidiary of the Lessee (Continental Airlines, Inc.) and that the Port Authority and said New York Airlines, Inc. have heretofore entered into a separate agreement of lease bearing Port Authority lease number AG-923 and dated as of October 1, 1981 which covers, among other things, space in the Central Terminal Building at the Airport and flight fees at the Airport and further that said lease was assigned by said New York Airlines, Inc. to Continental Airlines with the consent of the Port Authority pursuant to an Assignment with Assumption and Consent Agreement dated May 1, 1988 (which lease as the same may have been heretofore or may hereafter be supplemented or amended is hereinafter called the "Continental Airlines LaGuardia Airline CTB Lease").

(c) The Lessee hereby agrees that it shall never introduce in any forum the fact that the Lessee entered into this Lease or anything contained herein as the basis for a contention that there is in fact or by inference or by implication an agreement between the Lessee and the Port Authority to enter into an extension of the Old Eastern LaGuardia Airline CTB Lease or the Continental Airlines LaGuardia Airline CTB Lease or to enter into a Proposed New LaGuardia Airline CTB Lease in replacement thereof. The Lessee hereby agrees that it shall never claim that it is entitled in law or in equity to an extension of the Old LaGuardia Airline CTB Lease, or the Continental Airlines LaGuardia Airline CTB Lease or a Proposed New LaGuardia Airline CTB Lease in replacement thereof because of the execution of this Lease, the performance of the construction work or anything contained herein. Nor shall the Lessee introduce in any forum any alleged statements, representations, promises or assurances made or alleged to be made by representatives of the Port Authority to the extent that the same would change or affect the foregoing provisions of this Section.

Section 80. Surrender Agreements

(a) Hangar 8 premises.

The Lessee (Eastern Air Lines) and the Port Authority have heretofore entered into an agreement of lease covering, among other matters, the letting of certain premises at Hangar 8 at LaGuardia Airport , as more fully set forth therein, which agreement of lease bears Port Authority No. AG-388, is dated as of July 17,1961 and, as the same has been heretofore supplemented or amended, is herein called the "Hangar 8 Lease". The Lessee shall, and hereby agrees simultaneously with its execution and delivery of this Agreement to execute and deliver to the Port Authority a surrender agreement as prepared by the Port Authority (the form of such surrender agreement being attached hereto as Exhibit I) under which the Lessee agrees to surrender and shall thereby surrender to the Port Authority the Hangar 8 Lease and all of the Lessee's exclusive premises under

the Hangar 8 Lease, effective as of the day preceding the commencement date of this Agreement set forth or the first page hereof.

(b) Hangar 6 premises.

It is further recognized that the Port Authority and New York Airlines, Inc. a wholly-owned subsidiary of the Lessee (Continental Airlines, Inc.) have heretofore entered into an agreement of lease made as of June 1, 1984, bearing Port Authority number AGA-028 and covering certain premises at the Airport, as therein more particularly described, said lease, as the same has been amended, supplemented, and extended, being hereinafter called the "Hangar 6 lease", and further that said Hangar 6 lease was assigned by New York Airlines, Inc. to Continental Airlines with the consent of the Port Authority pursuant to an Assignment with Assumption and Consent Agreement dated as of May 1, 1988. It is recognized and agreed that this Agreement is expressly conditioned upon the execution and delivery, simultaneously with the Lessee's execution and delivery of this Agreement, to the Port Authority by the Lessee (Continental Airlines) of a surrender agreement as prepared by the Port Authority (the form of such surrender agreement being attached hereto as Exhibit I) under which Continental Airlines agrees to and shall thereby surrender to the Port Authority the Hangar 6 Lease and all of the Continental Airline's exclusive premises under the Hangar 6 Lease, effective as of the day preceding the commencement date of this Agreement set forth on the first page hereof.

(c) The Shuttle Terminal Premises Portions.

The Lessee (Eastern Air Lines) and the Port Authority have heretofore entered into an agreement of lease covering, among other matters, the letting of certain premises at LaGuardia Airport, as more fully set forth therein, which agreement of lease bears Port Authority No. AG-751, is dated as of March 17, 1977, as the same has been heretofore supplemented or amended, and is herein called the "Shuttle Terminal lease". The premises under the Shuttle Terminal lease are herein sometimes referred to as the "Shuttle Terminal" or "Shuttle Terminal Premises" and the lessee under the Shuttle Terminal lease is herein sometimes referred to as the "Shuttle Terminal lessee". It is hereby recognized that contemporaneously with the execution of this Agreement, the Port Authority, Eastern Air Lines and Trump Shuttle, Inc. a corporation of the State of New York (herein referred to as "Trump Shuttle, Inc.") are entering into (i) a supplemental agreement to the Shuttle Terminal lease covering the surrender of the portions of the Shuttle Terminal premises described below, among other matters and (ii) an Assignment with Assumption and Consent agreement covering the assignment of the Shuttle Terminal lease from Eastern Air Lines to Trump Shuttle, Inc. with the consent of the Port Authority, effective as of June 1, 1989. Eastern Air Lines shall and hereby

agrees, simultaneously with its execution and delivery of this Agreement to execute and deliver to the Port Authority a surrender agreement as prepared by the Port Authority (the form of such surrender agreement being attached hereto as Exhibit I) under which the Eastern Air Lines agrees to and shall thereby surrender to the Port Authority the portions of the premises under the Shuttle Terminal Lease as shown in stipple and stipple hatching on Exhibit C attached to the Shuttle Terminal lease, the portions of the premises thereunder as shown in stipple and hatching on Exhibit E and in stipple on Exhibit F attached to Supplement No. 4 to the Shuttle Terminal lease, and the portions of the premises thereunder as shown in stipple hatch on Exhibit H attached to Supplement No. 5 to the Shuttle Terminal lease, effective as of the day preceding the commencement date of this Agreement; it being recognized that the said surrender agreement may be incorporated in the aforesaid supplemental agreement to the Shuttle Terminal lease.

(d) The Central Terminal Building Premises.

(1) The Lessee (Eastern Air Lines) shall, simultaneously with its execution and delivery of this Agreement, execute and deliver to the Port Authority a surrender agreement as prepared by the Port Authority (the form of such surrender agreement being attached hereto as Exhibit J) under which the Lessee agrees to and shall thereby surrender to the Port Authority all of the exclusive premises the Lessee (Eastern Air Lines) has been occupying or has a right to occupy under the Eastern Air Lines LaGuardia Airline CTB Lease, as herein defined, effective as of the day preceding the Completion Date as defined in Section 2 (j) hereof.

(2) The Lessee (Continental Airlines) shall simultaneously with its execution and delivery of this Agreement execute and deliver to the Port Authority a surrender agreement as prepared by the Port Authority (the form of such surrender agreement being attached hereto as Exhibit K) under which said Continental Airlines agrees to and shall thereby surrender to the Port Authority all of the exclusive premises it has been occupying or has a right to occupy under the Continental Airlines LaGuardia Airline CTB Lease, as herein defined, effective as of the day preceding the Completion Date as defined in Section 2 (j) hereof.

(e) The Central Terminal Reception Room premises.

The Lessee (Eastern Air Lines) shall at least ten (10) days prior to the Completion Date, as defined in Section 2 (j) hereof, also execute and deliver to the Port Authority a surrender agreement as prepared by the Port Authority (the form of such surrender agreement being attached hereto as Exhibit I) under which Eastern Air Lines agrees to surrender to the Port Authority lease No. AG-778 and all of the exclusive premises it has been occupying or has a right to occupy under said lease No.

AG-778, effective as of the day preceding the Completion Date hereunder (said premises being herein referred to as "the Central Terminal Reception Room premises").

Section 81. Easement Roadways

(a) Without limiting any provision of this Agreement, the Port Authority hereby reserves the right, with respect to the areas shown in stipple, diagonal hatch and cross hatch on the sketch attached hereto, hereby made a part hereof and marked "Exhibit C" (which areas are herein sometimes collectively called "the Easement Roadways"), to make the Easement Roadways available to the general public for general or limited highway use.

(b) It is expressly understood and agreed that all obligations, liabilities, indemnities and responsibilities, including without limitation those under Sections 10 through 16 and Sections 18, 19 and 20, to be performed, observed or fulfilled by the Lessee with respect to the premises or the Common Areas shall extend and apply to the Easement Roadways as though the same formed a part thereof.

(c) It is hereby specifically understood that nothing contained in this Section shall relieve the Lessee from its liabilities, obligations, indemnities and responsibilities under the Lease nor limit, in any way, its obligations to operate and maintain the Easement Roadways, including but not limited to, its obligations of cleaning, snow and ice removal and to exercise control over its patrons, employees and invitees using the premises.

(d) Without limiting the generality of the foregoing, the Port Authority shall have the right but not the obligation to designate the Easement Roadways as part of the Air Terminal Highway System at the Airport.

Section 82. Payments Between Parties Upon Termination or Expiration of The Lease

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

(1) This Lease and the periodical tenancy hereunder is terminated by the Port Authority without cause; or

(2) the Port Authority declines to offer to extend this Lease and the periodical tenancy hereunder for any reason other than either an Event of Termination for Cause (as defined in paragraph (c) hereof) or credit or other considerations related to the Lessee's financial condition consistent with Port Authority practices generally with respect to airline tenants; or

(3) the Port Authority offers to the Lessee an extension agreement for this Lease and the periodical tenancy hereunder which results in an increase in the total rate of the combined Facility Rental and the Base Rental and the Deferred Base Rental then payable under this Lease which increase, if considered to apply only to the Base Rental, is at a greater percentage rate (assuming a Base Rental rate of Ex. (2.a.) per annum on December 31, 1992) than the percentage rate of increase in the Terminal Building Rental rate offered subsequent to January 1, 1989 to the Central Terminal Building Airline Lessees for the extensions of their Central Terminal Building airline leases, with respect to similarly treated space, if any, or which is for a periodical tenancy which is shorter than a month-to-month periodical tenancy, or which covers less than the premises at the commencement date of the term of the letting unless pursuant to or in accordance with the Lease, the foregoing conditions in subparagraph (3) above being hereinafter in this Section 82 referred to as "an objectionable feature" provided, however, that notwithstanding the foregoing no objectionable feature shall be deemed to be present in such offer unless:

(i) the Lessee notifies the Port Authority within ten (10) business days after the receipt of any offer to extend the Lease that the Lessee deems such offer to contain an objectionable feature, such notice to reference this Section 82 and to specify the objectionable feature or features contained in such offer; and

(ii) the Port Authority within ten (10) days after receipt of the aforesaid notice from the Lessee shall fail to give notice to the Lessee withdrawing or modifying the objectionable feature specified by the Lessee so as to render it no longer an objectionable feature (in which event the Lessee shall have the time set forth above within which to accept such changed offer to extend this Lease) or shall have notified the Lessee that it will not withdraw or modify the offer,

then upon the occurrence of any event set forth in subparagraphs (1), (2) and (3), subject to subparagraphs (i) and (ii), and upon the Port Authority obtaining possession of the premises thereafter based upon such occurrence, in the condition required by the Lease upon surrender of the premises, the Port Authority shall make a single payment to the Lessee in the sum of Ex. (2.a.) plus the Lessee's unamortized capital investment in the premises (as defined in Section 78 (w) hereof) and less any amount then owing by the Lessee or any Lessee Affiliated Company (as defined in Section 29 (b) (2) hereof) to the Port Authority whether or not related to this Lease, the premises or the Airport.

(b) If any of the following events shall occur, that is to say:

(i) The Lessee shall terminate this Lease pursuant to its right to do so as a periodical tenant during its periodical tenancy hereunder; or

(ii) the Lessee does not accept by duly executing and returning to the Port Authority within ten (10) days after delivery thereof an extension agreement tendered to the Lessee by the Port Authority extending this Lease and the periodical tenancy hereunder other than on account of the presence therein of an objectionable feature,

then, in such event, the Lessee shall make a single payment to the Port Authority in the amount of Ex. (2.a.) less any amount then due and owing by the Port Authority to the Lessee whether or not related to this Lease, the premises or the Airport.

(c) The term "Event of Termination for Cause" as used herein shall mean any event described under paragraphs (a) (1) through (a) (11) of Section 30 of the Lease, or Sections 26, 27, 31, 54 or 56 of this Lease.

(d) This Section 82 shall not have any application to any period beyond, or any termination or failure to extend or offer to extend this Lease after the twenty-fifth anniversary date of the commencement date of the letting originally stated herein.

(e) Nothing contained herein shall be or be deemed to imply any obligation on the part of the Port Authority or the Lessee to pay any sums to the other upon termination or non-extension of this Lease except as expressly provided in this Section 82, including but not limited to any termination for cause by the Port Authority or as a result of any lease termination pursuant to the terms of this Lease resulting from a taking as provided in Section 26 or as a result of any of the events under Sections 27, 31, or as a result of the operation of subparagraph (e) of Section 54 or subparagraph (d) of Section 56 of this Lease. It is further expressly understood and agreed that nothing contained herein shall or shall be deemed to limit, impair or affect the obligation of the Lessee to pay the Deferred Repayment Amount as provided in and pursuant to Section 5 hereof.

(f) It is expressly understood and agreed that this Section 82 shall apply and pertain only to Eastern Air Lines and Continental Airlines and only to each as long as it shall be and continue as Lessee under this Lease. Upon the assignment, transfer or conveyance of the interest under this Lease of either, by agreement, operation of law or otherwise, unless specifically and expressly otherwise agreed to by the Port Authority by reference to this paragraph (f) of this Section 82, this Section 82 and all rights and obligations hereunder shall be null, void and of no further force or effect upon any such assignment, transfer or conveyance.

Section 83. 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 83 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 audit and inspect such books and records during regular business hours.

(b) If and when service segment data now supplied by the Lessee to the Department of Transportation 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 84. Financial Reporting

(a) The Lessee agrees that:

(1) It shall meet with representatives of the Port Authority as described below and provide to said representatives the information described below during such scheduled meetings and at any other time as requested by the Port Authority; and

(2) 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 Lessee's profit-and-loss statement which shall reflect the 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 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 (as defined herein); (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, (d) 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 herein) 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. 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 in so far 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.

(b) 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

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Securities and Exchange Commission by the Lessee or by the Lessee's parent company as defined herein) 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, break-even load factors, yield per revenue passenger mile and cost per available seat mile.

(4) Any information or data that the Lessee has furnished or is required to furnish to any creditor of the Lessee.

(c) 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.

(d) As used herein in this Section 84, the term "subsidiary companies" shall mean and include any corporation or company in which the Lessee owns or controls, directly or indirectly, more than fifty percent (50%) of the total voting stock (other than treasury stock) including any majority-owned subsidiaries of such corporation or company; the term "affiliated companies" shall mean and include any corporation or company in which the Lessee's parent company owns or controls, directly or indirectly, more than fifty percent (50%) of the total voting stock (other than treasury stock); and the term the "Lessee's parent company" shall mean any corporation or company which owns or controls, directly or indirectly, more than fifty percent (50%) of the total voting stock (other than treasury stock) of the Lessee.

(e) It is recognized that Continental Airlines, Inc. and the Port Authority are parties to an agreement of lease bearing Port Authority Lease No. ANA-170 and covering certain premises, privileges and rights at and with respect to Terminal C at Newark International Airport (said lease as the same has been and may hereafter be supplemented and amended being herein called the "Terminal C lease"). It is further recognized that under the terms of Section 88 of the Terminal C lease, Continental Airlines has obligations substantially similar to the foregoing to submit to the Port Authority the information and reports as hereinabove specified and to meet with the Port Authority. Accordingly, it is hereby agreed that compliance by Continental with the said provisions of Section 88 of the Terminal C lease shall be deemed compliance, with respect to Continental Airlines solely, with the terms and provisions of this Section 84; provided, however, that the foregoing shall not be deemed to release or relieve Eastern Air Lines from the terms, provisions and obligations hereunder, or to release or

relieve Continental Airline from the terms, provisions, and obligations hereunder in the event of any change in the terms of the Terminal C lease or in the event of the expiration or other termination of the Terminal C lease.

Section 85. Entire Agreement

This Agreement consists of the following: Sections 1 through 85, inclusive, and Exhibits A, B, C, D, E, I, J, K, Y and Z, Exhibit CSL and Schedules E, F, and G. 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)

EASTERN AIR LINES, INC. ( )
Lessee (Jointly and Severally)

ATTEST:

Assistant Secretary

By

(Title) President

(Corporate Seal)

ATTEST:

Secretary

CONTINENTAL AIRLINES, INC.
Lessee (Jointly and Severally)

By

(Title) President

(Corporate Seal)

APPROVED AS TO FORM

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 2 (d) (18) of Port Authority Agreement No. AGA-126 (herein called the "Lease") with Continental Airlines, Inc. and Eastern Air Lines, Inc., jointly and severally, (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 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:

Trade	
Electrician	9.0% -10.2%
Carpenters	27.6% -32.0%
Steamfitters	12.25%-13.5%
Metal Lathers	24.6% -25.6%
Painters	22.8% -26.0%

Operating Engineers	25.6% -26.0%
Plumbers	12.0% -14.5%
Iron Workers (Structural)	25.9% -32.0%
Elevator Constructors	5.5% - 6.5%
Bricklayers	13.4% -15.5%
Asbestos Workers	22.8% -28.0%
Roofers	6.3% - 7.5%
Iron Workers (Ornamental)	22.4% -23.0%
Cement Masons	23.0% -27.0%
Glaziers	16.0% -20.0%
Plasterers	15.8% -18.0%
Teamsters	22.0% -22.5%
Boilermakers	13.0% -15.5%
All Others	16.4% -17.5%
(2) Women	6.9%

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

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

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

(c) As used in these specifications:

(1) "Employer identification number" means the Federal Social Security number used on the Employer's Quarterly Federal Tax Return, U.S. Treasury Department Form 941:

(2) "Minority" includes:

(i) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);

(ii) Hispanic (all persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South 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 numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by the union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefor, along with whatever additional actions the Contractor may have taken.

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

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

(6) Disseminate the Contractor's EEO Policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by

publicizing it in the Contractor's newspaper, annual report, etc.; by specific review of the policy with all management personnel and with all minority and female employees at least once a year; and by posting the Contractor's EEO policy on bulletin boards accessible to all employees at each location where construction Work is performed.

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

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

(9) Direct its recruitment efforts, both oral and written, to minority, female and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations and to State-certified minority referral agencies serving the Contractor's recruitment area and employment needs. Not later than one month prior to the date for the acceptance of 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 selecting requirements shall comply with 41 CFR Part 60-3.

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

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

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

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

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

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

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

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

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

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

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

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

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

(q) Without limiting any other obligation, term or provision under the Letter Agreement or the Lease, the Contractor shall cooperate with all federal, state or local agencies established for the purpose of implementing affirmative action compliance programs and shall comply with all procedures and guidelines established or which may be established by the Port Authority.

PART II. MINORITY BUSINESS ENTERPRISES/WOMEN-OWNED BUSINESS ENTERPRISES

As a matter of policy the Port Authority requires the Lessee and the Lessee shall itself and shall require the general contractor or other construction supervisor and each of the Lessee's contractors to use every good faith effort to provide for meaningful participation by Minority Business Enterprises (MBEs) and Women-owned Business Enterprises (WBEs) in the construction work pursuant to the provisions of this Schedule 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 twelve percent (12%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of Minority Business Enterprises and that at least two percent (2%) of the total dollar value of the construction contracts (including subcontracts) are for the participation of Women-owned Business Enterprises. Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following.

(a) Dividing the work to be subcontracted into smaller portions where feasible.

(b) Actively and affirmatively soliciting bids for subcontracts from MBEs and WBEs, including circulation of solicitations to minority and female contractor associations. The Contractor shall maintain records detailing the efforts made to provide for meaningful MBE and WBE participation in the work, including the names and addresses of all MBEs and WBEs contacted and, if any such MBE or WBE is not selected as a joint venturer or subcontractor, the reason for such decision.

(c) Making plans and specifications for prospective construction work available to MBEs and WBEs in sufficient time for review.

(d) Utilizing the list of eligible MBEs and WBEs maintained by the Port Authority or seeking minorities and women from other sources for the purpose of soliciting bids for subcontractors.

(e) Encouraging the formation of joint ventures, partnerships or other similar arrangements among subcontractors, where appropriate, to insure that the Lessee and Contractor will meet their obligations hereunder.

(f) Insuring that provision is made to provide progress payments to MBEs and WBEs on a timely basis.

(g) Not requiring bonds from and/or providing bonds and insurance for MBEs and WBEs, where appropriate.

For the Port Authority

Initialled:

For the Lessee - Eastern Air Lines, Inc.

For the Lessee - Continental Airlines, Inc.

SCHEDULE F

LOCAL BUSINESS ENTERPRISES PROGRAM

With respect to the Local Business Enterprises Program required under the Lease as set forth in Section 2(d)(18) thereof:

(1) The Lessee and each contractor and subcontractor of the Lessee (herein collectively called "Contractor") shall use every good faith effort to maximize the participation of Local Business Enterprises (LBEs) in the construction work. In order to assure familiarity with the services and materials provided by LBEs, the Contractor shall attend such meetings as may be called by the General Manager of the Airport at which all bidders will be given a directory of LBEs. The Port Authority has not checked the references, capabilities or financial background of the firms listed in the directory, but will be making such directory available to the bidders solely for the purpose of advising the bidders of LBEs who may be interested in providing services and/or materials to the successful bidder.

(2) Good faith efforts to include participation by LBEs in the construction work shall include at least the following:

(i) Dividing the work to be subcontracted and services and materials to be procured into small portions, where feasible.

(ii) Meeting on a regular basis with and giving reasonable advance written notice on a monthly basis of specific subcontracting and purchasing opportunities to the Council for Airport Opportunity (CAO), Queens Air Service Development Office, and such other local business and community organizations as may be appropriate. Such notice shall be sent in sufficient time for such organizations to advise their membership and other LBEs of such opportunities.

(iii) Soliciting bids on portions of the work to be subcontracted and services and materials to be procured from firms listed in the Local Business Enterprises Directory referred to above and such other LBEs as the Lessee deems appropriate.

(3) The Port Authority is committed to making employment opportunities available to local residents and expects that the Contractor will work with the CAO to utilize the labor talent available in the local communities.

(4) It is specifically understood and agreed that the requirements set forth herein for the participation of LBEs shall not alter, limit, diminish or modify any of the obligations under this Lease including, without limitation the obligation to put into effect the affirmative action program and the MBE and WBE programs in accordance with the provisions set forth above in the Lease and set forth in Schedule E thereof.

For the Port Authority

Initialled

For the Lessee - Continental Airlines, Inc.

For the Lessee - Eastern Air Lines, Inc.

SCHEDULE G

LGA EAST END TERMINAL
LEASE AGA-126
SECTION 7 "ADDITIONAL PROPERTY"

ITEM

Loading Bridges

Baggage Systems

Preconditioned Air System

Fixed Ground Power System

Ticket Crt. Positions (shelf, inserts, scales).

Ticket Lift Positions (Counter, Bag Screen, Signage).

Departure Area/Public Area Furnishings (seats, tables, garment bag racks, trash receptacles, trash urns,).

Furnishings/Equipment I-Club.

Office/Support Area Furnishings & Equipment.

Miscellaneous Millwork (information counters, FIDS enclosures, bag service office, etc.).

Carpeting (Company standard/exclusive areas).

COMMUNICATIONS

Telephone system (switch, instruments, cabling).

Control Center Equipment (radio, weather, etc.)

Flight Information Display System.

Data Systems (Equipment, cabling).

Radios (operational).

For the Lessee - Continental Airlines, Inc.

Initialled:

For the Lessee - Eastern Air Lines, Inc.

For the Port Authority

EXHIBIT I

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

(Lease No. -----)

THIS AGREEMENT, dated as of ----------, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority"), and ---------- ----------, a corporation of the having an office and place of business at ---------- ----------, (hereinafter called "the Tenant"),

WITNESSETH, That:

WHEREAS, by lease dated as of ----------19-- (which lease, as the same may have been supplemented and amended, is hereinafter called "the Lease") the Port Authority let to the Tenant and the Tenant hired and took from the Port Authority, for a term expiring on ---------- 19-- certain premises at LaGuardia Airport (hereinafter called "the Airport") as more particularly described in the Lease; and

WHEREAS, the Tenant being presently in possession under the Lease, desires to terminate its occupancy of all of the premises under the Lease (the said premises being hereinafter called "the premises"), and to surrender the same to the Port Authority effective as of ----------at 11:59 o'clock P.M., which date and hour are hereinafter collectively called "the effective date"; and

WHEREAS, the Port Authority is willing to accept such surrender on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the Port Authority and the Tenant hereby agree as follows:

1. The Tenant has granted, bargained, sold, surrendered and yielded up and does by these presents grant, bargain, sell, surrender and yield up unto the Port Authority, its successors and assigns, forever, the premises and the term of years with respect thereto under the Lease yet to come and has given, granted and surrendered and by these presents does give, grant and surrender to the Port Authority, its successors and

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

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

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

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

4. The Tenant has released and discharged and does by these presents release and discharge the Port Authority from any and all obligations of every kind, past, present or future on the part of the Port Authority to be performed under the Lease with respect to the premises. The Port Authority does by these presents release and discharge the Tenant from any and all obligations on the part of the Tenant to be performed under the Lease with respect to the premises for that portion of the term subsequent to the effective date; it being understood that nothing herein contained shall release, relieve or discharge the Tenant from any liability for rentals or for other charges with respect to the premises that may be due or become due to the Port Authority for any period or periods prior to the effective date, or for breach of any other obligation on the Tenant's part to be

performed under the Lease for or during such period or periods or maturing pursuant to paragraph 3 above.

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

6. Other Provisions:

7. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Tenant with any liability, or held liable to it 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 Tenant 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 Port Authority and the Tenant have executed these presents as of the date first above written.

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____
Secretary

By _____

(Title) _____

(Seal)

ATTEST:

_____
Secretary

By _____

(Title) Vice President

(Corporate Seal)

_____
For the Port Authority

Initialled:

_____
For the Lessee