By its execution of this First Supplemental Trust Administration Agreement, the Port Authority of New York and New Jersey hereby consents to the terms of this First Supplemental Trust Administration Agreement, in accordance with the requirements of Section 7.2 of the Trust Administration Agreement.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, as consenter

APPROVED	
FORM	TERMS
RA	JM

By: [signature]
Name: FRANCIS A. DISMOLA
Title: ASST. DIRECTOR - QUIDATION
Date: 8/10/01

APPENDIX A

Section 1. Establishment of Completion Costs Fund. The Trustee shall promptly establish a fund entitled the Completion Costs Fund. Notwithstanding any provision of this First Supplemental Trust Administration Agreement or any Financing Document to the contrary, the Completion Costs Fund shall be a Section 13 Fund, and therefore shall not be part of *(i)* any Trust Estate Fund, *(ii)* any Pledged Fund, *(iii)* Lessee Funds or *(iv)* the Trust Estate.

Section 2. Deposits into Revenue Fund, the Construction Fund and/or the Completion Costs Fund. The Lessee may, from time to time, deposit any funds received from any Subsidiary (as such term is defined in Section 17.3 of the Supplemental Lease Agreement No. 1) or any New Aircraft Operator (as such term is defined in Section 17.3 of the Supplemental Lease Agreement No. 1) into the Revenue Fund, the Construction Fund and/or the Completion Costs Fund to reimburse such accounts for any previous disbursements made from such accounts to pay Project Costs, Completion Costs or Permitted O&M Expenses, as the case may be.

Section 3. Administration of the Completion Costs Fund.

(a) Deposits of Investment Price by the Authority. There shall be deposited in the Completion Costs Fund each "Investment Price" paid by the Authority to the Trustee in connection with any "Investment" made by the Authority pursuant to the Supplemental Lease Agreement No. 1.

(b) Withdrawals and Transfers.

(i) Requisitions for Completion Costs. The Trustee shall make disbursements from the Completion Costs Fund for Completion Costs. Any such disbursement shall be made only upon receipt by the Trustee of a written certificate (the "Completion Costs Requisition Certificate") signed by one or more Designated Representative(s), containing the following:

(I) the amount of Completion Costs to be disbursed;

(II) the number of the requisition;

(III) the name(s) and address(es) of each Person(s) (which may include the Lessee, the Trustee or the Port Authority) or fund or account, if any, to which payment is due and instructions to make such disbursements;

(IV) the amount to be paid and the portion of the Completion Project to which such disbursement relates and, in reasonable

detail, the purpose and circumstances under which each such obligation, item of cost or expense was incurred;

(V) a statement that the obligation to pay the amounts to be disbursed have been incurred and such amounts *(i)* constitute Completion Costs and *(ii)* are payable from the Completion Costs Fund in accordance with the terms of the Trust Administration Agreement;

(VI) a statement that the obligation to pay any of the amounts to be disbursed has not been the basis of any previous withdrawal from the Construction Fund or the Completion Costs Fund (unless the amount of such previous withdrawal was subsequently reimbursed to the Construction Fund or the Completion Costs Fund, as the case may be); and

(VII) where applicable, a statement that a requested transfer of monies from the Completion Costs Fund to any other funds or accounts is in accordance with the terms and conditions of the First Supplemental Trust Administration Agreement.

(ii) Trustee's Obligation to Make Disbursals. Within five (5) days after its receipt of a Completion Costs Requisition Certificate, the Trustee shall make each of the transfers and disbursements requested in such Completion Costs Requisition Certificate.

(iii) Records. The Lessee shall provide a copy of each Completion Cost Requisition Certificate to the Authority at the time the Lessee transmits such certificate to the Trustee. All records of the Lessee with respect to each disbursement from the Completion Costs Fund shall be kept at all times within the Port of New York District, and shall be subject to the audit and inspection of the Trustee or the Authority, and their respective representatives and employees, during normal business hours and upon reasonable notice to the Lessee.

(iv) Substantial Completion of the Construction Work. If any amounts remain available in the Completion Costs Fund upon the Trustee's receipt of a certificate from the Lessee certifying that the Construction Work has been substantially completed and paid for, the Trustee shall, at the written direction of the Lessee, pay all monies and Permitted Investments remaining in the Completion Costs Fund to the Port Authority, and such payment shall constitute a prepayment of the Payment Obligation; *provided, however*, that such prepayment shall not constitute payment of any unpaid Semi-Annual Payment Obligations accruing on the Payment Obligation to be prepaid until the date of such payment.

(v) Methods of Payment, Transfer, and Disbursement. Subject to the provisions of this First Supplemental Trust Administration Agreement, the Lessee may select the mechanism (e.g., by check, wire transfer etc.) by which the Trustee shall make payments, transfers, and disbursements from the Completion Costs Fund.

Section 4. Completion Costs Fund Not Part of Trust Estate

The parties hereby expressly agree that the Completion Costs Fund (including any accounts or sub-accounts) and the amounts deposited therein shall not be subject to any mortgage, pledge, security interest or assignment to the Trustee in favor of the Bondholders or otherwise be, or be deemed to be, a part of the Trust Estate or be available for the payment of Debt Service. Notwithstanding the foregoing, the Lessee may submit a Completion Costs Requisition Certificate for up to Ten Million Dollars ($10,000,000), or such greater amount as is consented to in writing by the Port Authority, to pay capitalized interest attributable to the Series 6 Bonds.

This PARTIAL RELEASE OF MORTGAGED PREMISES (this "Partial Release") is executed by THE BANK OF NEW YORK, a New York banking corporation (hereinafter the "Mortgagee"), as trustee, as of this 13th day of August, 2001.

WITNESSETH:

WHEREAS, pursuant to that certain Leasehold Mortgage, dated as of May 13, 1997, between JFK International Air Terminal LLC, a New York limited liability company (hereinafter the "Mortgagor"), and the Mortgagee (as amended, modified or supplemented from time to time, the "Leasehold Mortgage"), the Mortgagee is the holder of a mortgage recorded on May 13, 1997 and recorded in Reel 4588 at Page 1142 of the Queens County Register's Office, New York, covering certain land and tenements described in such Leasehold Mortgage (the "Mortgaged Property"), of which the Released Property (as hereinafter defined) is part; and

WHEREAS, the Mortgagee, at the request of the Mortgagor, has agreed to give and surrender such Released Property unto the Mortgagor, and to hold and retain the residue of the Mortgaged Property as security for the obligations described in the Leasehold Mortgage;

NOW THIS PARTIAL RELEASE OF MORTGAGED PREMISES WITNESSETH, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Mortgagee, the Mortgagee does grant, release and quitclaim unto the Mortgagor, that part of Mortgaged Property described in Exhibit A attached hereto and made a part hereof (the "Release Property").

TOGETHER with all right, title and interest, if any, of the Mortgagee in and to any fixtures and articles of personal property which are now contained in the Release Property and which may be covered by said Leasehold Mortgage.

TOGETHER with the hereditaments and appurtenances thereunto belonging, and all right, title and interest of the Mortgagee, in and to the same, to the intent that the Release Property hereby released may be discharged from the Leasehold Mortgage, and that the rest of the Mortgaged Property may remain mortgaged to the Mortgagee as heretofore.

TO HAVE AND TO HOLD the Release Property hereby released and quitclaimed to the Mortgagor, and to the heirs, successors and assigns of the Mortgagor forever, free, clear and discharged of and from all lien and claim under and by virtue of the Leasehold Mortgage.

IN WITNESS WHEREOF, the Mortgagee has executed this Partial Release the day and year first above written.

THE BANK OF NEW YORK, as Trustee

By: Beverly Gardner-Samuel
Name: BEVERLY GARDNER-SAMUEL
Title: Assistant Treasurer

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 15th day of August in the year 2001, before me, the undersigned, a Notary Public in and for said state, personally appeared, Beverly Gardner-Samuel personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

By: _____
(notarial seal and stamp)

JOANN LABARBERA
Notary Public, State of New York
No. 01la5023752
Qualified in Westchester County
Commission Expires Feb. 14, 2002

EXMEPTION (4)

DRAWINGS OF NON-PUBLIC AREAS

SUPPLEMENTAL LEASE AGREEMENT NO. 1

between

JFK INTERNATIONAL AIR TERMINAL LLC

and

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

LEASE NO. AYC-685

Dated as of August 10, 2001

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

Port Authority
Agreement No. AYC-685

SUPPLEMENTAL LEASE AGREEMENT NO. 1

THIS SUPPLEMENTAL LEASE AGREEMENT NO. 1 dated as of August 10, 2001 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (the "Port Authority") and JFK INTERNATIONAL AIR TERMINAL LLC (the "Lessee"), a limited liability company of the State of New York having an office and place of business at Terminal Four, John F. Kennedy International Airport, Jamaica, New York 11430,

WITNESSETH, That:

WHEREAS, on May 13, 1997 the Port Authority and the Lessee entered into an Agreement of Lease identified by the above-referenced Port Authority lease number AYC-685 (the "Lease" as the same is hereby and may hereafter be amended, modified and supplemented) and relating to the development, construction and operation of a new passenger terminal at John F. Kennedy International Airport ("the Terminal 4 Project");

WHEREAS, the Lessee requires additional funding to complete the Terminal 4 Project; and

WHEREAS, the Lessee and the Port Authority have agreed to amend the Lease to provide for such additional funding and other matters;

NOW, THEREFORE, for and in consideration of the covenants and mutual agreements herein contained and effective as of the date first set forth above, the Port Authority and the Lessee hereby agree as follows:

ARTICLE I. DEFINITIONS

1.1. *Definitions.* Unless the context shall clearly indicate some other meaning or may otherwise require, capitalized terms used in this Agreement without definition will have the meanings ascribed thereto in the Lease; if no such meanings are ascribed thereto in the Lease, then such capitalized terms shall have the meanings ascribed thereto in the Trust Administration Agreement dated May 13, 1997, by and between the Lessee and The Bank of New York, as trustee (the "Trust Administration Agreement"), in each case as the same may be amended, modified or supplemented from time to time (such meanings to be equally applicable to both the singular and plural forms of the defined terms).

In addition thereto, and unless otherwise indicated or unless the context otherwise requires, the following capitalized terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the defined terms):

The term "Aggregate Payment Obligation" shall mean, collectively, the Payment Obligation and the Semi-Annual Payment Obligation.

The term "Aggregate Payment Obligation Event of Default" shall mean each of the events or conditions set forth in Section 6.1 of this Agreement.

The term "Agreement" shall mean this Supplemental Lease Agreement No. 1 between the Lessee and the Port Authority, including all exhibits attached hereto and made a part hereof, as it may hereafter be amended, modified and supplemented.

The term "Annual Financial Information" shall have the meaning given to such term in the Lessee's Continuing Disclosure Agreement.

The term "Annual Payment Obligation" shall mean the obligation of the Lessee to make annual payments on the Payment Obligation to the Port Authority in accordance with the terms of Section 2.4 of this Agreement.

The term "Base Annual Payment" shall mean the amount of the Aggregate Payment Obligation for any Annual Period in which the Incurred Payment Obligation exceeds the Payment Obligation Cap in effect for such Annual Period.

The term "Certification" shall mean a certification by the Lessee that it has not commenced, and does not reasonably foresee that it will commence, the construction, on or before the Final Investment Date, of any construction project at the Premises comprising sixteen (16) or more additional aircraft contact gates beyond those required to be constructed pursuant to Section 18 of the Lease.

The term "Claim" shall mean, collectively and individually, all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, claims and demands, whatsoever, at law or in equity.

The term "Completion Costs" shall mean costs that, to the extent money were available in the Construction Fund, would have been eligible for payment from the Construction Fund.

The term "Completion Costs Fund" shall mean the fund established pursuant to the First Supplemental Trust Administration Agreement as a Section 13 Fund for purposes of receipt and disbursement of proceeds of Investments.

The term "Continuing Disclosure Recipients" shall mean the parties to whom the Lessee has committed to provide Annual Financial Information under the Lessee Continuing Disclosure Agreement.

The term "Continuous Trigger Event" shall mean a Series 6 Refinancing; *provided, however*, that such refinancing shall be deemed to occur on the closing date thereof and on the first day of each Annual Period thereafter.

The term "Default Amount" shall mean the portion of the Aggregate Payment Obligation that was due and owing on the date that the Aggregate Payment Obligation Event of Default described in Section 6.1(i) of this Agreement occurred, and shall include the Default Payment Obligation that accrues during the 360-Day Period.

The term "Default Payment Obligation" shall mean the payment obligation that accrues, pursuant to Section 6.3 of this Agreement, at the Default Rate, on the portion of the Aggregate Payment Obligation that was due and owing on the date that the Aggregate Payment Obligation Event of Default described in Section 6.1(i) of this Agreement occurred until the Default Amount is paid; *provided, however*, that if the Lessee has made any Default Portion Payments during a 360-Day Period, the portion of the Aggregate Payment Obligation that was due and owing on the date that the Aggregate Payment Obligation Event of Default described in Section 6.1(i) of this Agreement occurred shall be reduced by the total amount of any such Default Portion Payments for purposes of calculating the Default Payment Obligation.

The term "Default Portion Payment" shall mean any portion of the Aggregate Payment Obligation that was due and owing on the date that the Aggregate Payment Obligation Event of Default described in Section 6.1(i) of this Agreement occurred that is paid by the Lessee during the applicable 360-Day Period.

The term "Default Rate" shall mean a rate per annum for each day equal to the Prime Rate plus

The term "Effective Date" shall mean August 10, 2001.

The term "Final Investment Date" shall mean the date after which the Lessee may not request further payments from the Port Authority pursuant to Section 2.1 of this Agreement, which date shall be the earlier of (a) December 1, 2005, (b) the date that the Payment Obligation equals without taking into account any prepayments made pursuant to Section 2.7 of this Agreement, or (c) the date on which the Investment Period is terminated pursuant to Section 6.2 of this Agreement.

The term "Final Payment Date" shall mean December 1, 2015 under the 2015 Payment Schedule, or, in the event that the 2025 Payment Schedule is in effect, December 1, 2025 under the 2025 Payment Schedule.

The term "First Supplemental Trust Administration Agreement" shall mean the agreement, dated as of the date of this Agreement, between the Lessee and the Trustee and consented to by the Port Authority, which forms a supplement to the Trust Administration Agreement.

The term "Incurred Payment Obligation" shall mean, as of any date, the total aggregate amount of all Investments made by the Port Authority as of such date; *provided, however*, that neither any payments of the Annual Payment Obligation made pursuant to Section 2.4 of this Agreement nor any prepayments made pursuant to Section 2.7 of this Agreement shall be taken into consideration for purposes of calculating the Incurred Payment Obligation.

The term "Investment" shall mean the amount set forth by the Lessee in the space provided therefore in the Notice of Investment, which shall be in an integral multiple of

The term "Investment Date" shall mean the date on which the Port Authority shall pay the Investment Price to the Lessee; *provided, however*, that the Investment Date for the first Investment shall be the Effective Date and the Investment Date for each subsequent Investment shall be limited to the first Business Day in a calendar month occurring during the Investment Period.

The term "Investment Period" shall mean the period of time between and including the Effective Date and the Final Investment Date.

The term "Investment/Payment Grid" shall mean the schedule maintained by the Port Authority, which shall be in the form of Exhibit A of this Agreement.

The term "Investment Price" shall mean the price to be paid by the Port Authority for each Investment on the Investment Date for such Investment as set forth in the Notice of Investment, which price shall be equal to 99.9% of the Investment.

The term "Law" shall mean all applicable provisions of all (a) constitutions, treaties, statutes, laws (including common law), codes, rules, regulations or ordinances of any Governmental Authority, (b) consents, licenses, certificates, permits or other authorizations which may be necessary for the conduct of the Lessee's operations, and (c) orders, decisions, injunctions, judgments, awards and decrees of any Governmental Authority.

The term "Lease" shall have the meaning given to such term in the first "Whereas" paragraph of this Agreement.

The term "Leasehold" shall mean the interest of the Lessee in the Lease.

The term "Lessee's Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement, dated May 13, 1997, by and between the Lessee and The Bank of New York, as trustee.

The term "Lock Box Event" shall mean an Aggregate Payment Obligation Event of Default that is also an event set forth in Section 4(a) of Appendix B of the Trust Administration Agreement for which (a) the Trustee exercises the Transferred Powers as its sole remedy during the Lock Box Period or (b) the Trustee, upon due consideration of the circumstances, elects not to exercise any remedy.

The term "Material Adverse Effect" shall mean a material adverse effect on (a) the business operations, property, condition or prospects (financial or otherwise) of the Lessee, (b) the ability of the Lessee to perform its respective obligations under the Financing Documents, this Agreement or the Second Leasehold Mortgage, (c) the validity or enforceability of the Financing Documents, this Agreement or the Second Leasehold Mortgage, or (d) the rights and remedies of the Trustee or the Port Authority under the Financing Documents, this Agreement or the Second Leasehold Mortgage.

The term "New Aircraft Operator" shall mean an Aircraft Operator serving foreign countries that is currently operating at the Airport but not at Terminal 4.

The term "New Debt Amount" shall mean the amount by which the principal amount of any financial obligation incurred by the Lessee or any Affiliate thereof in connection with the Airport (whether such principal amount is determined by reference to (a) Facility Rental payable under the Lease,

(b) any rental payable to any third party to which the Lessee's interest under the Lease may be assigned with the consent of the Port Authority, or (c) any form of indebtedness or other financial obligation, including the Payment Obligation) exceeds (1) the then remaining principal amount of the Series 6 Bonds plus (2) the Payment Obligation. In the event that either the Series 6 Bonds or the Payment Obligation is refinanced, any refinancing proceeds in excess of the then remaining principal amount of the Series 6 Bonds plus the remaining Payment Obligation on the day preceding such refinancing shall be included in the New Debt Amount.

The term "Notice of Investment" shall mean a notice in the form set forth in Exhibit C of this Agreement, without any amendments, modifications (except for the insertion of the information to be included in the blank spaces) or omissions.

The term "Parent Income Taxes" shall mean such income taxes as are payable by one or more of the Lessee's Parents in accordance with Section 13.1 of this Agreement.

The term "Payment Date" shall mean each date for payment of the Annual Payment Obligation set forth in the 2015 Payment Schedule and the 2025 Payment Schedule, whichever is applicable.

The term "Payment Obligation" shall mean the total aggregate outstanding amount of all Investments.

The term "Payment Obligation Cap" shall mean the limitation amount used to calculate the reduction of Available Net Cash Flow pursuant to Article 8 of this Agreement, which limitation amount shall be determined according to Section 8.1 of this Agreement.

The term "Payment Obligation Cap Quotient" shall mean the quotient obtained by dividing (a) the Payment Obligation Cap for an Annual Period in which the Incurred Payment Obligation exceeds such Payment Obligation Cap by (b) the Incurred Payment Obligation for such Annual Period.

The term "Prime Rate" shall mean the rate of interest publicly announced as such, from time to time, by Citibank, N.A. as its prime rate and as a base rate for calculating interest on certain loans.

The term "Port Authority Financing Consent and Agreement" shall mean the agreement titled the same, dated May 13, 1997, by and among the Lessee, the Port Authority, the Trustee, and the Bond Insurer, as the same may hereafter be amended, modified or supplemented.

The term "Port Authority Fiscal Office" shall mean the Port Authority's account at Citibank, N.A., Account Number 4057-0569, or such other payment instructions for payments due under this Agreement as the Port Authority may specify from time to time by notice to the Lessee.

The term "Released Work" shall mean the Construction Work (including, without limitation, for the purposes of this definition, the existing condition of the Premises at the commencement of the Term and the treatment and disposal of soil excavated from the Premises and the dewatering, treatment, transportation and discharge of ground water), the Current Remediation and the Environmental Work.

The term "Second Leasehold Mortgage" shall mean a second mortgage by the Lessee of its Leasehold, issued as security for the Aggregate Payment Obligation, in substantially the form set forth in Exhibit F.

The term "Semi-Annual Payment Obligation" shall mean the semi-annual payments to be paid to the Port Authority in accordance with Section 2.3 of this Agreement.

The term "Senior Obligation" shall mean Permitted O&M Expenses, Ground Rental, Building Rental, Facility Rental and the Lessee's payment obligations under the Guaranty, and any and all refinancings, replacements or refundings of any of such payment obligations.

The term "Series 7 Bonds" shall mean the Port Authority Special Project Bonds authorized by the Series Resolution for purposes of the Terminal 4 Project, which have not yet been issued.

The term "Series 6 Refinancing" shall mean any transaction whereby (a) Series 6 Bonds representing more than ninety percent (90%) of the outstanding principal balance thereof prior to such refinancing have been discharged as provided in the Series Resolution and (b) the final maturity date of the resulting new debt obligations is after December 31, 2015.

The term "Static Trigger Event" shall mean maintenance of a Debt Service Coverage Ratio for an Annual Period in excess of 1.50; *provided, however*, that, solely for the purpose of this definition of a Static Trigger Event, the determination of the Debt Service Requirement shall include (a) the Interest Portion on the Series 6 Bonds plus payment made or due on the Semi-Annual Payment Obligations during such Annual Period and (b) the Principal Portion on the Series 6 Bonds plus payment made or due on the Payment Obligation during such Annual Period. The Maintenance of a Debt Service Coverage Ratio shall be deemed to have occurred on the first day of the Annual Period for which the same is being ascertained. The Maintenance of a Debt Service Coverage Ratio in excess of 1.50 shall only be a Static Trigger Event for each Annual Period with respect to which it occurs and shall have no effect with respect to any prior or future Annual Period with respect to which such Debt Service Coverage Ratio is equal to or less than 1.50.

The term "Subsidiary" shall mean a wholly-owned subsidiary of the Lessee.

The term "Subsidiary Services" shall mean preliminary development services performed by a Subsidiary prior to the closing of financing and the execution and delivery of a sublease agreement pertaining to an expansion of Terminal 4.

The term "Surrendered Premises" shall mean the portion of the Premises shown in dashes on the top of page 2 of Exhibit 2.1A (3 Pages) attached hereto, hereby made a part hereof and marked "Exhibit H – Surrendered Premises".

The term "Terminal Expansion Term Sheet" shall mean the Term Sheet for Lease dated August 31, 2000, by and between the Lessee and Delta Air Lines, Inc., a copy of which has been furnished to the Port Authority by the Lessee.

The term "Terminal 4" shall mean the premises at the Airport being developed, constructed and operated by the Lessee pursuant to the Lease.

The term "Terminal 4 Project" shall have the meaning given to such term in the first "Whereas" paragraph of this Agreement.

The term "Trigger Event" shall mean either a Continuous Trigger Event or a Static Trigger Event, or both.

The term "180-Day Period" shall mean the period commencing on the date that an Aggregate Payment Obligation Event of Default described in Section 6.1(i) of this Agreement occurs and ending on the date to occur one hundred and eighty (180) days thereafter.

The term "360-Day Period" shall mean the period commencing on the date that an Aggregate Payment Obligation Event of Default described in Section 6.1(i) of this Agreement occurs and ending on the date to occur three hundred and sixty (360) days thereafter.

The term "540-Day Period" shall mean the period commencing on the date that full payment of a Default Amount to the Port Authority occurs and ending on the date to occur five hundred and forty (540) days thereafter.

The term "2015 Payment Schedule" shall mean the schedule, attached hereto as Exhibit D and made a part hereof.

The term "2025 Payment Schedule" shall mean the schedule, attached hereto as Exhibit E and made a part hereof.

ARTICLE II. COMMITMENT

2.1. *Commitment.*

(i) The Port Authority shall, subject to all the terms and conditions of this Agreement, pay the Investment Price for each Investment to the Lessee upon receipt of a Notice of Investment in accordance with the terms of Section 2.2 of this Agreement; *provided however*, that the Payment Obligation incurred by the Lessee as a result of the sale of such Investments shall not exceed determined without taking into account any prepayments made pursuant to Section 2.7 of this Agreement. The Investment Price for each Investment shall be paid by the Port Authority by 12:00 p.m., New York City time, on the Investment Date for such Investment, in lawful money of the United States of America in immediately available funds, to the Trustee under the Trust Administration Agreement, for deposit into the Completion Costs Fund.

2.2. *Notice of Investment.* The Port Authority shall not be obligated to purchase any Investment unless it receives a Notice of Investment given by the Lessee to the Port Authority no later than 12:00 p.m., New York City time, on a Business Day which is not less than seven (7) days prior to the Investment Date set forth in the Notice of Investment pertaining to such Investment; *provided, however*, that the Port Authority shall be obligated to pay the Investment Price for an Investment on the Effective Date only if the Port Authority receives a Notice of Investment for such Investment on the Effective Date. A Notice of Investment shall be duly given only if delivered in person to the office of the Treasurer or the Assistant Treasurer of the Port Authority at the address set forth on the Notice of Investment for such purpose. If delivered personally on a Business Day, a Notice of Investment shall be deemed delivered and given on the Business Day delivered, or, if delivered personally on other than a Business Day, a Notice of Investment shall be deemed delivered and given on the first (1st) Business Day following delivery.

2.3. *Semi-Annual Payment Obligation.* The Lessee shall pay to the Port Authority a semi-annual payment equivalent to interest at the rate of accruing on the outstanding Payment Obligation from and after each Investment until, but not including, the Final Payment Date. The Semi-Annual Payment Obligation shall be payable commencing on the December 1 following the Effective Date and on each June 1 and December 1 thereafter until the Final Payment Date, and on the Final Payment Date.

2.4. *Annual Payment Obligation.* Prior to a Basic Lease Extension, the Lessee shall pay the Annual Payment Obligation commencing on December 1, 2005 and thereafter according to the 2015 Payment Schedule. After a Basic Lease Extension, the Lessee shall pay the Annual Payment Obligation under the 2025 Payment Schedule as follows:

(i) if there is a Basic Lease Extension prior to December 1, 2005, the Lessee shall pay the Annual Payment Obligation to the Port Authority commencing on December 1, 2005 and thereafter under the 2025 Payment Schedule; and

(ii) if there is a Basic Lease Extension subsequent to December 1, 2005, commencing on the Payment Date set forth in the 2025 Payment Schedule immediately following such Basic Lease Extension, and thereafter, the Lessee shall pay the Annual Payment Obligation to the Port Authority under the 2025 Payment Schedule as if it had been in effect on December 1, 2005. In the event that, as a result of the payment of the Annual Payment Obligation under the 2015 Payment Schedule, the Payment Obligation is fully paid under the 2025 Payment Schedule prior to December 1, 2025, the Lessee's obligation to pay the Aggregate Payment Obligation shall cease on the Payment Date on which the Payment Obligation is fully paid, regardless of whether the 2025 Payment Schedule indicates that further amounts are to be paid.

2.5. *Aggregate Payment Obligation.* The Lessee hereby irrevocably pledges to pay the Aggregate Payment Obligation after payment of any Senior Obligations that are payable at the same time that such Aggregate Payment Obligation is due, but before payment of any of the Contingent Obligations listed in Section 8(I)(c) of the Lease which are then due; *provided, however*, that any failure to pay the Aggregate Payment Obligation in accordance with Section 2.3 and/or Section 2.4 of this Agreement shall be an Aggregate Payment Obligation Event of Default set forth in Section 6.1(i) of this Agreement.

2.6. *Second Leasehold Mortgage.* Payment of the Aggregate Payment Obligation is secured by the Second Leasehold Mortgage.

2.7. *Prepayment.*

(i) Except as otherwise provided in Section 2.7(iii) of this Agreement, the Lessee may prepay, without premium or penalty, the Payment Obligation in whole at any time, or, with the consent of the Port Authority, in part on any Semi-Annual Payment Obligation payment date during the period in which the Payment Obligation, or any portion thereof, remains outstanding, upon a written notice of prepayment given by the Lessee and delivered personally to the office of the Treasurer or the Assistant Treasurer of the Port Authority no later than 5:00 p.m., New York City time, on a Business Day which is not less than ten (10) days prior to the date upon which such prepayment is to be made; *provided, however*, that any partial prepayment shall be in an amount that is an integral multiple of One Million Dollars and No Cents ($1,000,000.00).

(ii) Except as otherwise provided in Section 2.7(iii) of this Agreement, any prepayment pursuant to this Section 2.7 shall include all unpaid Semi-Annual Payment Obligations accruing on the Payment Obligation to be prepaid, until the date of such payment.

(iii) In accordance with Section 3(b)(iv) of Appendix A of the First Supplemental Trust Administration Agreement, if any amounts remain available in the Completion Costs Fund upon the Trustee's receipt of a certificate from the Lessee certifying that the Construction Work has been substantially completed and paid for, the Trustee will, at the written direction of the Lessee, pay all monies and Permitted Investments remaining in the Completion Costs Fund to the Port Authority no later than three (3) days after receiving such certificate, and such payment shall constitute a prepayment of the Payment Obligation; *provided, however*, that (a) such prepayment shall not constitute payment of any

unpaid Semi-Annual Payment Obligations accruing on the Payment Obligation to be prepaid until the date of such payment, and (b) if such prepayment is a partial prepayment, such partial prepayment need not be in an amount that is an integral multiple of One Million Dollars and No Cents ($1,000,000.00).

(iv) In the event of any partial prepayment of the Payment Obligation, each payment of the Annual Payment Obligation to be made pursuant to the terms of Section 2.4 of this Agreement subsequent to the date of such partial prepayment shall be reduced by an amount that is proportional to the reduction in the Payment Obligation effected by such partial prepayment; *provided, however*, that the amended schedule of payments shall be made a part of this Agreement by means of a written amendment, executed by the Lessee and the Port Authority, to the 2015 Payment Schedule or the 2025 Payment Schedule, whichever is applicable.

2.8. *Automatic Extension of Final Payment Date.* At the time of a Basic Lease Extension, the Final Payment Date shall be automatically extended to December 1, 2025 and the 2025 Payment Schedule shall become effective in accordance with the terms of Section 2.4 of this Agreement.

2.9. *Payments and Computations.*

(i) The Lessee shall make each payment of the Aggregate Payment Obligation to the Port Authority at the Port Authority's Fiscal Office on the day when due in lawful money of the United States of America in immediately available funds.

(ii) All computations of the Semi-Annual Payment Obligation under this Agreement shall be calculated on the basis of a three hundred sixty (360) day year comprised of twelve thirty (30) day months.

(iii) Whenever any payment under this Agreement shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in or pursuant to this Agreement; *provided, however*, that with respect to any payment of the Payment Obligation, the Semi-Annual Payment Obligation shall continue to accrue until the actual date of payment.

(iv) The Investment Date, the amount of each Investment, and the Payment Obligation that is incurred after each Investment, shall be recorded by the Port Authority on the Investment/Payment Grid attached hereto as Exhibit A and forming a part of this Agreement for such purpose.

(v) The date and amount of each payment of the Payment Obligation made by the Lessee pursuant to the terms of this Agreement, and the amount of the Payment Obligation remaining after each such payment, shall be recorded by the Port Authority on the Investment/Payment Grid attached hereto as Exhibit A and forming a part of this Agreement for such purpose.

(vi) Upon demand by the Lessee on any Business Day during the term of this Agreement, the Port Authority will furnish to the Lessee no later than the following Business Day a current copy of the Investment/Payment Grid, certified by the Port Authority to be a true and correct copy.

2.10. *Subordination of the Aggregate Payment Obligation.* The Lessee and the Port Authority hereby expressly agree that the Aggregate Payment Obligation is subordinate to the Senior Obligations; *provided, however*, that any failure to pay the Aggregate Payment Obligation in accordance with Section 2.3 and/or Section 2.4 of this Agreement shall be an Aggregate Payment Obligation Event of Default set forth in Section 6.1(i) of this Agreement.

ARTICLE III. CONDITIONS

3.1. *Conditions Precedent to Effectiveness.* The Port Authority shall have no obligations under Articles II – VII of this Agreement and such Articles shall not be effective for any purpose, unless on the Effective Date the Port Authority shall have received all of the following:

(i) a certificate from a duly authorized officer of the Lessee, to the effect that (a) no events that would constitute Aggregate Payment Obligation Events of Default have occurred and are continuing and (b) that the Lessee has met and will continue to take all action necessary to meet all of its obligations under the Financing Documents;

(ii) the opinion of counsel to the Lessee, in connection with the Aggregate Payment Obligation, in substantially the form set forth in Exhibit B of this Agreement;

(iii) the Second Leasehold Mortgage, in substantially the form set forth in Exhibit F of this Agreement, duly executed by the Lessee; and

(iv) evidence satisfactory to the Port Authority that the Second Leasehold Mortgage has been recorded in the appropriate office of the City Register of the City of New York.

3.2. *Conditions Precedent to Payment of the Investment Price after the Effective Date.* The obligation of the Port Authority under Section 2.1 of this Agreement to pay the Investment Price for any Investment shall be subject to the fact that (a) except for any Lock Box Events, none of the Aggregate Payment Obligation Events of Default shall have occurred and be continuing on the Date of Investment of such Investment and (b) that the Lessee has met and will continue take all action necessary to meet all of its obligations under the Financing Documents. The delivery of a Notice of Investment shall be deemed to be a continuing representation and warranty by the Lessee that, except for any Lock Box Events, none of the Aggregate Payment Obligation Events of Default has occurred and is continuing and that the Lessee has met and will continue to take all action necessary to meet all of its obligations under the Financing Documents.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES

The Lessee represents and warrants that:

4.1. *Authority.* The Lessee has all requisite authority to execute and perform this Agreement, to incur the Aggregate Payment Obligation and to carry out the transactions contemplated thereby.

4.2. *Due Execution and Binding Effect.* The execution, delivery and performance by the Lessee of this Agreement and the incurring of the Aggregate Payment Obligation have been duly authorized by proper proceedings and do not violate any provision of any Law or any provision of any indenture, loan or credit agreement now in effect to which the Lessee, or any of its member entities, is a party, and, pursuant to the foregoing, this Agreement and the Aggregate Payment Obligation constitute valid and legally binding obligations of the Lessee enforceable in accordance with their respective terms.

4.3. *Use of Proceeds of the Investments.* The proceeds of the Investments (including the investment earnings thereon) shall be expended solely for Completion Costs.

ARTICLE V. COVENANTS

5.1. *Financial Reports.* The Lessee will furnish to the Port Authority, as soon as available, and in any event within one hundred twenty (120) days after the end of each calendar year, a copy of the annual statements of financial condition of the Lessee, as of the end of such year, certified by a firm of independent public accountants.

5.2. *Continuing Disclosure.* On the Effective Date, and thereafter according to the terms of the Lessee's Continuing Disclosure Agreement, the Lessee will include a statement describing the material impact of this Agreement and the Aggregate Payment Obligation on its revenues and other payment obligations as part of the Annual Financial Information provided to the Continuing Disclosure Recipients pursuant to the Lessee's Continuing Disclosure Agreement.

5.3. *Certain Notices.* The Lessee will furnish to the Port Authority:

(i) promptly, notice of any action, suit or proceeding at law or in equity or by or before any Governmental Authority that, if adversely determined, could foreseeably, in the opinion of Lessee's counsel, have a Material Adverse Effect; and

(ii) promptly, but in no event more than two (2) Business Days after acquiring knowledge thereof, notice of the occurrence of any Aggregate Payment Obligation Event of Default of which the Lessee, its officers, its member entities or their officers has knowledge, setting forth the details of such event and the action which the Lessee has taken and proposes to take with respect thereto.

5.4. *Other Offerings.* The Lessee will not create, incur or suffer to exist on its part any debt obligations other than Permitted Debt; *provided, however*, that (a) the Lessee will not create, incur or suffer to exist on its part any Subordinated Debt unless such Subordinated Debt is subordinated to the payment of the Aggregate Payment Obligation and (b) the Lessee will not create any Liens to support such Subordinated Debt in addition to the Second Leasehold Mortgage unless such Liens are Permitted Liens and are subordinate to the liens created by this Agreement and the Second Leasehold Mortgage. No payment due with respect to any such Permitted Debt, other than Subordinated Debt Service, shall constitute a Contingent Obligation under the Lease.

5.5. *Amendments.* The Lessee will not amend or modify the Lessee's Operating Agreement or other equivalent basic governing documents in any manner that would materially and adversely affect or diminish the rights of the Port Authority under this Agreement without the prior consent of the Port Authority. The Lessee agrees to provide the Port Authority with copies, certified by a duly authorized officer, of any amendments to the Lessee's Operating Agreement or such other basic governing documents.

5.6. *Compliance with Law.* The Lessee will comply in all respects with any and all provisions of Law related to the subject of Articles II – VII of this Agreement; *provided, however*, that where the Lessee is contesting the necessity of compliance with any Law in good faith by appropriate proceedings the Lessee may refrain from compliance with such Law until the conclusion of such proceedings, at which time the Lessee shall comply in all respects with any Law resulting from such proceedings.

5.7. *Fulfillment of Obligations.* In strict accordance with the terms of this Agreement and the Second Leasehold Mortgage, the Lessee has taken and will take all actions and has done and will do all things that it is authorized by Law to take and to do in order to (a) fulfill all of its obligations under this Agreement and the Second Leasehold Mortgage, and (b) provide for and assure payment of the Aggregate Payment Obligation.

5.8. *Actions.* The Lessee will not take any action inconsistent with the rights of the Port Authority under this Agreement.

5.9. *Additional Covenants.* The Lessee will continue to abide by all the covenants agreed to in Section 2 of Appendix B of the Trust Administration Agreement.

ARTICLE VI. AGGREGATE PAYMENT OBLIGATION EVENTS OF DEFAULT AND REMEDIES

6.1. *Aggregate Payment Obligation Events of Default.* Each of the following events or conditions shall constitute an Aggregate Payment Obligation Event of Default:

(i) if the Lessee fails to pay any portion of the Aggregate Payment Obligation;

(ii) if the Lessee fails to observe any of the terms of Articles II – VII of this Agreement, other than a failure to pay any portion of the Aggregate Payment Obligation, which failure is not remedied within ten (10) Business Days from receipt of notice thereof from the Port Authority; *provided, however*, that if the Lessee provides to the Port Authority evidence sufficient to satisfy the Port Authority that such failure is capable of being remedied and that the Lessee is diligently and in good faith working to remedy such failure, the period of time permitted to remedy such failure shall be extended to thirty (30) Business Days, so long as such extension does not have a Material Adverse Effect;

(iii) if the Lessee fails to observe any of the terms of the Financing Documents, which failure is not remedied by the Lessee within the time provided in the Financing Documents;

(iv) if the Lessee fails to make any payment of rental required by Section 8 of the Lease, which failure is not remedied by the Lessee within the time provided in the Lease;

(v) if any certificate, statement, representation, warranty or financial statement furnished by or on behalf the Lessee pursuant to or in connection with this Agreement shall prove after the Effective Date to have been false in any material respect at the time as of which the facts therein set forth were certified, or to have omitted any material contingent or unliquidated liability or claim against the Lessee;

(vi) if any material provision of this Agreement shall, at any time for any reason, cease to be valid and binding in accordance with its terms or shall be declared to be null and void as finally determined by a court of competent jurisdiction;

(vii) if a judgment is rendered against the Lessee, as finally determined by a court of competent jurisdiction, which judgment is, under generally accepted accounting principles, required to be disclosed in the notes to the Lessee's financial statements, and which judgment remains unsatisfied or unstayed for a period of thirty (30) days after such judgment becomes final;

(viii) if 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 a bankruptcy or a petition or answer seeking an arrangement, including, without limitation, its reorganization or the readjustment of its indebtedness, under the federal bankruptcy laws or under any other Law, or consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property;

(ix) if by order or decree of a court the Lessee shall be adjudged a bankrupt or an order shall be made approving a petition filed by any of its creditors seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other Law and any such judgment or order is not stayed or vacated within sixty (60) days after the entry thereof;

(x) if by or pursuant to, or under authority of, any Law, 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 sixty (60) days; or

(xi) if there is any termination, winding up, liquidation or dissolution of the Lessee's affairs or any sale, transfer, conveyance or release (whether in a single transaction or a series of transactions) of all or substantially all of the Lessee's properties or assets.

6.2. *Aggregate Payment Obligation Remedies.*

(i) Upon the occurrence of an Aggregate Payment Obligation Event of Default set forth in Section 6.1(i) of this Agreement, the Port Authority may, upon at least one (1) Business Days' notice to the Lessee prior to exercising any of the remedies set forth hereunder, declare the Aggregate Payment Obligation to be due and payable and may declare the Investment Period to be terminated; *provided, however*, that:

(a) the Port Authority shall not declare the Aggregate Payment Obligation to be due prior to the earlier of (1) the end of the 360-Day Period, (2) except as otherwise provided in Section 6.2(v), the continuation or occurrence of any of the Aggregate Payment Obligation Events of Default set forth in Sections 6.1(ii) – (iii) (as long as such Aggregate Payment Obligation Events of Default are not Lock Box Events, in which case the Port Authority shall not exercise such remedy for so long as such Aggregate Payment Obligation Events of Default are Lock Box Events) and 6.1(iv) – (vii) of this Agreement, or (3) the occurrence of any of the Aggregate Payment Obligation Events of Default set forth in Sections 6.1(viii) – (xi) of this Agreement;

(b) the Port Authority shall not declare the Investment Period to be terminated prior to the earlier of (1) the end of the 180-Day Period or (2) the occurrence of any of the Aggregate Payment Obligation Events of Default set forth in Sections 6.1(ii) – (iii) (as long as such Aggregate Payment Obligation Events of Default are not Lock Box Events, in which case the Port Authority shall not exercise such remedy for so long as such Aggregate Payment Obligation Events of Default are Lock Box Events) and 6.1(iv) – (xi) of this Agreement;

(c) the Lessee may make Default Portion Payments during the 360-Day Period; *provided, further, however*, that if the Default Amount is not paid in full by the end of the 360-Day Period, the Port Authority may, upon at least one (1) Business Day's notice to the Lessee prior to exercising such remedies, declare the Aggregate Payment Obligation to be due and payable and may declare the Investment Period to be terminated;

(d) by provision of a written notice, received by the Treasurer or the Assistant Treasurer of the Port Authority after the commencement of the 360-Day Period, either or both of the Bond Insurer (so long as the Bond Insurance Policy is in force and effect and the Bond Insurer is not in default under the Bond Insurance Policy) and the Trustee may request consultations not more frequently than every ninety (90) days with the Port Authority during the 360-Day Period concerning the Port Authority's intention to exercise any of the remedies set forth in Section 6.2 of this Agreement and in the Second Leasehold Mortgage, and the Port Authority will accommodate such request(s) in a commercially reasonable manner, so long as any such consultation is requested to occur no later than thirty (30) days prior to the end of the 360-Day Period;

(e) by provision of a written notice, received by the Treasurer or the Assistant Treasurer of the Port Authority not less than thirty (30) days prior to the end of the 360-Day Period, either or both of the Bond Insurer (so long as the Bond Insurance Policy is in force and effect and the Bond Insurer is not in default under the Bond Insurance Policy) and the Trustee may request a final consultation with the Port Authority concerning the Port Authority's intention to exercise any of the remedies set forth in Section 6.2 of this Agreement and in the Second Leasehold Mortgage, and the Port Authority will accommodate such request(s) in a commercially reasonable manner, so long as any such consultation is requested to occur no sooner than twenty (20) days and no later than ten (10) days prior to the end of the 360-Day Period; and

(f) upon payment of the Default Amount, and during the ensuing 540-Day Period, the provisos set forth in Section 6.2(i)(a)-(b) shall not apply, and, therefore, upon the occurrence of an Aggregate Payment Obligation Event of Default set forth in Section 6.1(i), the Port Authority may, upon at least one (1) Business Day's notice to the Lessee prior to exercising such remedies, declare the Aggregate Payment Obligation to be due and payable and may declare the Investment Period to be terminated; *provided further, however*, that the Port Authority shall not exercise any of the remedies set forth in Section 6.2 of this Agreement and in the Second Leasehold Mortgage for fifteen (15) Business Days following the occurrence of such Aggregate Payment Obligation Event of Default, to allow for consultation with the Bond Insurer (so long as the Bond Insurance Policy is in force and effect and the Bond Insurer is not in default under the Bond Insurance Policy) and the Trustee; *provided further, however*, that (I) the Port Authority may, upon at least one (1) Business Days' notice to the Lessee prior to exercising such remedy, declare the Investment Period to be terminated, (II) if the Bond Insurer or the Trustee shall act to exercise any of their available remedies, the Port Authority in its sole discretion may exercise or refrain from exercising any remedy available to it under Section 6.2 of this Agreement or the Second Leasehold Mortgage, and (III) at the end of this 15 Business Day period, the Port Authority in its sole discretion may exercise or refrain from exercising any remedy available to it under Section 6.2 of this Agreement or the Second Leasehold Mortgage;

(ii) Except as otherwise provided in Section 6.2(v) of this Agreement, upon the occurrence of an Aggregate Payment Obligation Event of Default set forth in Sections 6.1(ii) through 6.1(iii) of this Agreement, the Port Authority may, upon at least one (1) Business Days' notice to the Lessee prior to exercising such remedies, declare the Aggregate Payment Obligation to be due and payable and may declare the Investment Period to be terminated; *provided, however*, that if such Aggregate Payment Obligation Events of Default are Lock Box Events, the Port Authority shall not exercise such remedies for so long as such Aggregate Payment Obligation Event of Default is a Lock Box Event.

(iii) Except as otherwise provided in Section 6.2(v) of this Agreement, upon the occurrence of an Aggregate Payment Obligation Event of Default set forth in Section 6.1(iv) through 6.1(vii) of this Agreement, the Port Authority may, upon at least one (1) Business Days' notice to the Lessee prior to exercising such remedies, declare the Aggregate Payment Obligation to be due and payable and may declare the Investment Period to be terminated.

(iv) Upon the occurrence of an Aggregate Payment Obligation Event of Default set forth in Sections 6.1(viii) through 6.1(xi) of this Agreement, the Aggregate Payment Obligation shall immediately become due and payable and the Investment Period shall be terminated without any action on the part of the Port Authority.

(v) If an Aggregate Payment Obligation Event of Default set forth in Sections 6.1(ii) through 6.1(vii) of this Agreement has occurred, or if an Aggregate Payment Obligation Event of Default set forth in Section 6.1(i) has occurred and the 360-Day Period is not applicable as a result of the provisions of Section 6.2(i)(a)(2) of this Agreement, the Port Authority hereby agrees as follows:

(a) Where the Lessee would otherwise be given notice by the Port Authority that an Aggregate Payment Obligation Event of Default has occurred, and where the Lessee would otherwise be accorded at least ten (10) days to cure such Aggregate Payment Obligation Event of Default, the Port Authority shall not exercise any of the remedies set forth in Section 6.2 of this Agreement and in the Second Leasehold Mortgage for fifteen (15) Business Days following the close of the applicable cure period to allow for consultation with the Bond Insurer (so long as the Bond Insurance Policy is in force and effect and the Bond Insurer is not in default under the Bond Insurance Policy) and the Trustee; *provided, however*, that (I) so long as such Aggregate Payment Obligation Events of Default are not solely Lock-Box Events, the Port Authority may, upon at least one (1) Business Days' notice to the Lessee prior to exercising such remedy, declare the Investment Period to be terminated, (II) if the Bond Insurer or the Trustee shall act to exercise any of their available remedies, the Port Authority in its sole discretion may exercise or refrain from exercising any remedy available to it under Section 6.2 of this Agreement or the Second Leasehold Mortgage, and (III) at the end of this 15 Business Day period, the Port Authority in its sole discretion may exercise or refrain from exercising any remedy available to it under Section 6.2 of this Agreement or the Second Leasehold Mortgage; and

(b) In all other cases, the Port Authority shall not exercise any of the remedies set forth in Section 6.2 of this Agreement and in the Second Leasehold Mortgage for thirty (30) days following the date on which the Port Authority would otherwise be able to exercise such remedies with respect to such Aggregate Payment Obligation Event(s) of Default, to allow for consultation with the Bond Insurer (so long as the Bond Insurance Policy is in force and effect and the Bond Insurer is not in default under the Bond Insurance Policy) and the Trustee; *provided, however*, that (I) the Port Authority may, upon at least one (1) Business Days' notice to the Lessee prior to exercising such remedy, declare the Investment Period to be terminated, (II) if the Bond Insurer or the Trustee shall act to exercise any of their available remedies, the Port Authority in its sole discretion may exercise or refrain from exercising any remedy available to it under Section 6.2 of this Agreement or the Second Leasehold Mortgage, and (III) at the end of this 30-day period, the Port Authority in its sole discretion may exercise or refrain from exercising any remedy available to it under Section 6.2 of this Agreement or the Second Leasehold Mortgage.

(vi) The rights provided for the Trustee and the Bond Insurer in Sections 6.2(i)(d) – 6.2(i)(f) and 6.2(v) of this Agreement may be exercised independently by either the Trustee or the Bond Insurer, and the exercise or partial exercise by the Trustee or the Bond Insurer of any such rights shall have no effect on the rights of the other under such Sections.

(vii) No remedy, right or power conferred upon the Port Authority pursuant to this Agreement is intended to be exclusive of any other remedy, right or power, and each and every such remedy, right or power shall be cumulative and in addition to every other remedy, right or power now or hereafter existing herein, under the Lease and the Financing Documents, at law, in equity, by statute or otherwise.

(viii) Upon the exercise of the remedies, rights and powers set forth in this Section 6.2, and consistent with the provisos set forth in Section 6.2(v) of this Agreement and Section 6.2(i) of this Agreement for Aggregate Payment Obligation Events of Default under 6.1(i), the Port Authority may institute proceedings to enforce any of its security interests provided for under the Financing Documents or the Second Leasehold Mortgage.

6.3. *Default Rate*. In the event that any payment under this Agreement is not made when due, interest shall be payable on such amount at the Default Rate.

6.4. *Certain Notices to be Provided to the Bond Insurer*. The Bond Insurer (so long as the Bond Insurance Policy is in force and effect and the Bond Insurer is not in default under the Bond

Insurance Policy) and the Trustee shall each be given a copy of each notice given by either party to this Agreement. In addition, the Port Authority shall give the Bond Insurer (so long as the Bond Insurance Policy is in force and effect and the Bond Insurer is not in default under the Bond Insurance Policy) and the Trustee notice of (i) the commencement of the 360-Day Period within three Business Days of the commencement thereof, (ii) notice of the occurrence of any Aggregate Payment Obligation Event of Default promptly upon the occurrence thereof, including a description of the Aggregate Payment Obligation Event of Default and any applicable period during which, pursuant to Section 6.2 of this Agreement, the Port Authority will not exercise any remedies available to it under Section 6.2 of this Agreement, and (iii) notice of the date, time and location of a consultation requested pursuant to Section 6.2 of this Agreement.

ARTICLE VII. SURVIVAL

7.1. *Survival of Obligations.* Articles II – VII, XVIII and XIX of this Agreement shall continue in full force and effect during such period in which any amount of the Aggregate Payment Obligation remains outstanding, regardless of whether the Lease remains in effect.

7.2. *Survival of Lease.* Upon the payment constituting full payment of the Aggregate Payment Obligation, Articles II – VII of this Agreement shall terminate and shall thereafter be of no force and effect.

ARTICLE VIII. REDUCTION OF AVAILABLE NET CASH FLOW

8.1. *Payment Obligation Cap.* The Payment Obligation Cap under this Agreement shall be *provided, however*, that the Payment Obligation Cap may increase as follows:

(i) From and after a Certification by the Lessee, the Payment Obligation Cap shall increase to) constituting the increase in the Payment Obligation Cap described in the previous sentence may be expended only for the items of construction work described in Exhibit G, attached hereto and made a part hereof.

(ii) In the event that the Lessee delivers the Certification, then, notwithstanding any other provisions of the Lease requiring completion of the work described in Exhibit G, the Lessee shall only be required to complete such work by December 1, 2005.

(iii) In the event that the Lessee incurs environmental remediation costs (not including any asbestos abatement costs) in excess of in the aggregate which are not Environmental Costs, as and to the extent the same are the responsibility of the Port Authority pursuant to Section 42(b)(iv)(4)(B) of the Lease, and which were not caused by and did not result from Lessee's Acts, the otherwise applicable Payment Obligation Cap shall be increased by the amount of such environmental remediation costs, but in no event shall the Payment Obligation Cap exceed Completion Costs incurred by the Lessee which are not in excess of due to the termination of the Lessee's occupancy of the Surrendered Premises as set forth in Article XVI below and

the Lessee's associated reconfiguration of the Premises shall be included in environmental remediation costs, which are not Environmental Costs, as described in the first sentence of this Section 8.1(iii).

8.2. *Standard Reduction.* Available Net Cash Flow for each Annual Period shall be reduced in an amount equal to the amount of any payment made in connection with the Aggregate Payment Obligation during such Annual Period, so long as the Incurred Payment Obligation does not exceed the Payment Obligation Cap. Solely for the purposes of this Article, the Incurred Payment Obligation and the Payment Obligation Cap for each Annual Period shall be determined on the last day of the Annual Period. If the Incurred Payment Obligation does exceed the Payment Obligation Cap Amount, the reduction in Available Net Cash Flow for such Annual Period shall be limited as provided in Section 8.3 below.

8.3. *Limited Reduction.* If and only if the Incurred Payment Obligation in an Annual Period exceeds the Payment Obligation Cap in effect with respect to such Annual Period, there shall be a limitation on the reduction in the amount of Available Net Cash Flow on account of the payment of any portion of the Aggregate Payment Obligation as set forth in Section 8.2 above. This limited reduction in Available Net Cash Flow for the applicable Annual Period shall be determined by multiplying the Base Annual Payment for such Annual Period by the Payment Obligation Cap Quotient. This limitation on the reduction of Available Net Cash Flow shall not limit the obligation of the Lessee to make full payment of the Aggregate Payment Obligation.

ARTICLE IX. INCREASE IN FIRST ADDITIONAL LAND RENTAL

9.1. *Progressive Increase.*

(i) For each Annual Period or portion thereof during which the Payment Obligation is less than
Rental shall be increased for such period or portion thereof to

(ii) For each Annual Period or portion thereof during which the Payment Obligation is equal to or exceeds but is less than
e First Additional Land Rental
shall be increased for such period or portion thereof to

(iii) For each Annual Period or portion thereof during which the Payment Obligation is equal to or exceeds the First
Additional Land Rental shall be increased for such period or portion thereof to

9.2. *Additional Increases.* In addition to the amount of First Additional Land Rental payable pursuant to Section 9.1 above, the First Additional Land Rental for each Annual Period or portion thereof shall be increased for such period by an amount determined by multiplying the New Debt Amount by

ARTICLE X. EQUITY CAPITAL INVESTMENT FUNDS

10.1. *Equity Capital Investment Rate.* The "Equity Capital Investment Interest Rate" as such rate is established in Section 8(I)(d) of the Lease shall, from and after the date of this Agreement, be Nine percent (9%) computed on an Annual Basis.

10.2. *Limitation.* From and after the date of this Agreement and notwithstanding the provisions of Section 8(I)(c) and Section 8(I)(d) of the Lease, no Subordinated Funding of either Equity Capital Investment Pre-DBO Funds or Equity Capital Investment Post-DBO Funds pertaining to any period, or portion thereof, on or after the date of this Agreement shall be made until the Annual Period after the Annual Period in which a Trigger Event occurs. The determination contained in the previous sentence shall be made separately with respect to each Annual Period.

ARTICLE XI. SUBORDINATED MANAGEMENT FUNDS

11.1. *Temporary Prohibition.* From and after the date of this Agreement and notwithstanding the provisions of Section 8(I)(c) and Section 8(I)(d) of the Lease, no Subordinated Funding as a Proratable Amount of Subordinated Management Funds shall be made for any Annual Period or part thereof until the earlier of: (a) the anniversary of the occurrence of a Trigger Event or (b) the Annual Period commencing January 1, 2006.

ARTICLE XII. CONVERSION DATE OF DEFERRED BALANCE RENTAL

12.1. *Conversion to Extended Mode.* In the event of a Series 6 Refinancing, the amount of the Deferred Balance Rental for the Annual Period during which the Series 6 Refinancing occurs and for each Annual Period thereafter (during the term of the Basic Lease) shall be determined as if the Conversion Date had occurred on the first day of the Quarter following the Quarter in which the Series 6 Refinancing occurred and the payment of Deferred Balance Rental shall thereupon be determined as if Extended Mode were in effect.

ARTICLE XIII. PERMITTED DISTRIBUTION FOR PAYMENT OF INCOME TAXES

13.1. *Trustee's Determination.* It is recognized that, in the event that Restricted Payments are not made due to the occurrence of a Lockbox Period, Parent Income Taxes may be payable by one or more Parents on that portion of the Lessee Residual Funds that are not available for distribution in the form of Restricted Payments with respect to income of the Lessee related to such Lessee Residual Funds. If such an event occurs, the Lessee may certify to the Port Authority and the Trustee that Parent Income Taxes (including estimated payments thereof) are payable. The Parent Income Taxes shall be calculated with reference to the combined Federal, New York State and New York City income, franchise and unincorporated business tax that would be payable by a New York corporation on net income equal to the amount of such Lessee Residual Funds. If the Trustee shall then concur that such distribution may be made, or shall have previously concurred that such distribution may be made, the Trustee shall thereupon make a distribution to the Lessee in an amount equal to the amounts of such Parent Income Taxes, and the Lessee may make the corresponding distributions to its Parents.

13.2. *Port Authority Commitment.* The Port Authority will assist the Lessee in its efforts to obtain the concurrence of the Trustee to distributions for the payment of income taxes as set forth in Section 13.1 above.

ARTICLE XIV. TRAFFIC CONTROL

14.1. *Delineation of Responsibility.* The parties hereby confirm that it was and remains their intention in connection with their entering into the Lease that, subject to the provisions of Section 59 of the Lease entitled "Restrictions on the Use of Passenger Terminal Frontage Roadways-Use of Airport Taxi Dispatchers and Roadway Frontage Management," (a) the Lessee be solely responsible for the direction and control of pedestrian and vehicular traffic on the roadways on the premises, (b) Port Authority police be called for assistance only under circumstances similar to those under which Port Authority police are called for assistance at other unit terminals at the Airport, and (c) the Port Authority does not at this time have in effect and has no present intention of reestablishing, the contract for Frontage Management services as such term is described in Section 59(d) of the Lease.

ARTICLE XV. AIRPORT OPERATOR LIMITATIONS

15.1. *Additional Operators.* A new Section 76 (c) shall be added to the Lease and shall read as follows:

> "(c) Notwithstanding the limitations set forth in paragraph (b) above, the Port Authority may itself construct or operate an airline terminal which includes FIS premises or enter into an agreement with another Person to construct an airline terminal which includes FIS premises which in either case is to be primarily utilized by one or more Scheduled Aircraft Operator(s) so long as such Scheduled Aircraft Operator(s) do not hold a Foreign Air Carrier Permit under the Federal Aviation Act of 1958 or a substantially similar permit under any similar federal statute."

ARTICLE XVI. ADJUSTMENT TO LAND AREA OF PREMISES

16.1 *Surrender of Area.*

(i) The Lessee, being at present in possession under the Lease, desires to terminate its occupancy of the Surrendered Premises and to surrender the same to the Port Authority on the Effective Date, and the Port Authority is willing to accept such surrender on the terms and conditions hereinafter set forth. The Lessee has granted, bargained, sold, surrendered and yielded up and does by these presents grant, bargain, sell, surrender and yield up unto the Port Authority, its successors and assigns, forever, the Surrendered Premises and the term of years with respect thereto under the Lease yet to come and has given, granted and surrendered and by these presents does give, grant and surrender to the Port Authority, its successors and assigns, all the rights, rights of renewal, licenses, privileges and options of the Lessee granted by the Lease with respect to the Surrendered Premises, all to the intent and purpose that the said term under the Lease and the said rights, rights of renewal, licenses, privileges and options 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.

(ii) The Lessee 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 Surrendered Premises, or the Lessee's leasehold therein, has been or shall be encumbered as of the Effective Date in any way whatsoever; (b) the Lessee is and will remain until the Effective Date the sole and absolute owner of the leasehold estate in the Surrendered Premises and of the rights, rights of renewal, licenses, privileges and options granted by the Lease with respect thereto and that the same are and will remain until the Effective Date free and clear of all liens and encumbrances of whatsoever nature; and (c) the Lessee has full right and power to make this agreement to surrender the Surrendered Premises. All promises, covenants, agreements and obligations of the Lessee with respect to the Surrendered Premises, which under the provisions of the Lease would have matured upon the expiration of the Term, 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.

(iii) The Lessee has released and discharged and does by these presents release and discharge the Port Authority from any and all obligations of every kind, past, present or future on the part of the Port Authority to be performed under the Lease with respect to the Surrendered Premises. The Port Authority does by these presents release and discharge the Lessee from any and all obligations on the part of the Lessee to be performed under the Lease with respect to the Surrendered Premises for that portion of the Term subsequent to the Effective Date; it being understood that nothing herein contained shall release, relieve or discharge the Lessee from any liability for rentals or for other charges that may be due or become due to the Port Authority for any period or periods prior to the Effective Date, or for breach of any other obligation on the Lessee's part to be performed under the Lease for or during such period or periods or maturing as provided in the final sentence of clause (ii) above.

(iv) In consideration of the making of this agreement by the Port Authority and the above-described release, the Lessee hereby agrees to terminate its occupancy of the Surrendered Premises and to deliver actual, physical possession of the Surrendered Premises to the Port Authority, on or before the Effective Date, in the condition required by the Lease upon surrender. The Lessee further agrees that it shall remove from the Surrendered Premises, prior to the Effective Date, all equipment, inventories, removable fixtures and other personal property of the Lessee or for which the Lessee is responsible.

16.2 *Substitution of Exhibit 2.1A*

(i) Exhibit 2.1A (3 pages) which appears as pages 1-3 (inclusive) of Exhibit H to this Agreement shall be substituted for Exhibit 2.1 attached to the Lease. All references in the Lease to Exhibit 2.1 (3 pages) in the Lease shall be deemed to be references to Exhibit 2.1A. (3 pages).

(ii) In any instance where any other Exhibit to the Lease, including without limitation Exhibit 2.7 and Exhibit 18.1, purports to precisely depict the Premises under the Lease, such depiction shall be deemed to be modified in accordance with the surrender of the Surrendered Premises to the Port Authority and the substitution of Exhibit 2.1A for Exhibit 2.1.

16.3 *Modification of Aircraft Gate Requirement.* The requirement set forth in Section 18(a)(ii) of the Lease that the development of the Site include 16 aircraft building gate positions of which 14 will be capable of handling Group V aircraft (and of the 14 positions, 4 positions will also be capable of handling Group VI aircraft) and 2 will be capable of handling Group IV aircraft shall be modified to require that development of the Site include 16 aircraft building gate positions of which 13 will be

capable of handling Group V aircraft (and of the 13 positions, 4 positions will also be capable of handling Group VI aircraft) and 3 will be capable of handling Group IV aircraft.

16.4 *Adjustment to Base Rental Amount.* Notwithstanding the definition of Base Rental Amount set forth in the Lease, commencing on the Effective Date, the Base Rental Amount for the 2001 Annual Period shall be

which amount shall also be used for determination of the Base Rental Amount in future Annual Periods in accordance with the definition of Base Rental Amount set forth in the Lease as if such Base Rental Amount had been in effect for the entire 2001 Annual Period.

ARTICLE XVII. SUBSIDIARY SERVICES

17.1. *Description of the Services.* Subject to Section 17.2 below, with respect to a potential expansion of Terminal 4 to accommodate the needs of a New Aircraft Operator, the Lessee may organize one or more Subsidiaries to undertake Subsidiary Services and the Subsidiary may enter into contracts with professional consultants and other service providers (including the Lessee) to provide the Subsidiary Services, and the Lessee may provide the Subsidiary Services. In recognition of the fact that, while the undertaking of such arrangements and expenditures by means of the Subsidiary is not prohibited by the Lease and the Trust Administration Agreement, such documents do not contain provisions expressly stating the terms under which such arrangements may be undertaken, the intent of this Article XVII is to clarify and confirm the understanding of the Lessee and the Port Authority as to the interpretation of the Lease and the Trust Administration Agreement with respect to the activities referred to in this Article XVII and related expenditures made in contemplation thereof.

17.2. *Reimbursement of the Subsidiary.* The Subsidiary may be reimbursed by the New Aircraft Operator for the Subsidiary's properly allocable cost (including an allocable amount of general and administrative expenses but not including any profit) relating to the Subsidiary Services, including reimbursement of borrowings incurred by the Subsidiary relating to such allocable costs. The Subsidiary may borrow to finance the costs of the Subsidiary Services, and such borrowings may be payable out of (a) the reimbursement amounts received from the New Aircraft Operator, (b) the proceeds of any borrowing to finance the cost of the expansion of Terminal 4 discussed in Section 17.1 above, and/or (c) the amounts, if any, payable by the New Aircraft Operator and/or the Lessee pursuant to the preliminary development financing and reimbursement arrangements contemplated by Section 34 of the Terminal Expansion Term Sheet. The revenues and expenditures, and the proceeds of any borrowing, of the Subsidiary in connection with the Subsidiary Services shall not be part of (a) any of the Project Costs, Completion Costs, Gross Receipts or Gross Revenues under the Lease, (b) Revenues or Project Costs under the Trust Administration Agreement or Completion Costs under the First Supplemental Trust Administration Agreement.

17.3. *Reimbursement of the Lessee.* To the extent that the Lessee is reimbursed by the Subsidiary or by the New Aircraft Operator for the Lessee's properly allocable costs (including an allocable amount of general and administrative expenses but not including any profit) relating to the Subsidiary Services, such reimbursement payments to the Lessee shall not constitute Gross Receipts or Gross Revenues under the Lease or Revenues under the Trust Administration Agreement, and the associated reimbursed costs incurred by Lessee shall not constitute expenditures of Lessee for any purposes under the Lease or the Trust Administration Agreement. To the extent that (i) the Lessee incurs amounts of preliminary development costs in connection with the potential expansion of Terminal 4 that are not reimbursed by the New Aircraft Operator or the Subsidiary, or (ii) the Lessee is obligated to pay amounts in respect of indebtedness incurred by the Subsidiary to finance such preliminary development expenditures in accordance with the arrangements contemplated by Section 34 of the Terminal 4 Expansion Term Sheet, the Lessee may pay such amounts as Permitted O&M Expenses, Project Costs or

Completion Costs; *provided, however*, that to the extent that the sum of (i) and (ii) above exceeds
he Lessee shall not be permitted
to treat the amount of the difference between such sum and
&M Expenses, Project Costs or Completion Costs.

17.4. *Requirement of Port Authority Consent.* No expansion of the Project, the Completion Project, the Premises or of Terminal 4 shall be undertaken without the prior written consent of the Port Authority.

SECTION XVIII. RELEASE OF CERTAIN CLAIMS

18.1 *Release of Claims.* The Lessee, for the greater assurance of the Port Authority, and in consideration of the sum of One Dollar and No Cents ($1.00) paid to the Lessee upon execution of this Agreement, the receipt of which is hereby acknowledged, hereby waives and has remised, released and forever discharged, and by these presents does for itself, its successors and assigns, remise, release and forever discharge the Port Authority of and from all and all manner of Claims, which against the Port Authority, the said Lessee, its successors and assigns ever had, now have or hereafter can, shall or may have for, upon, or by reason of any matter, cause or thing whatsoever, from the beginning of the world to the date of this Agreement against the Port Authority arising out of, by reason of, under or in connection with the Released Work and every act or neglect of the Port Authority or any other Person, relating to or affecting the Released Work whether or not they at present are or could by investigation be known, whether or not they have been asserted or have been the subject of notice to the Port Authority and whether or not such Claims are in litigation or are under consideration by the Port Authority and including such Claims arising out of a breach of the Lease and Claims based on Claims against the Lessee by any third Person, other than Claims arising solely from the negligent acts or omissions or affirmative misconduct of the Port Authority with respect to Released Work performed after the date hereof.

18.2 *Environmental Costs.* The release of Claims set forth in Section 18.1 shall not reduce the obligation of the Port Authority or the Lessee with respect to Environmental Costs set forth in Section 42 (b) (iv) (4) (B) of the Lease and Section 8.1 of this Agreement.

18.3 *Claims by Third Parties.* Without in any way limiting Section 41 of the Lease, if any Person whosoever shall make a Claim against the Port Authority based on a Claim against such Person made by the Lessee on account of any portion of the Released Work or on account of any neglect of the Port Authority or others relating to or arising out of such Released Work (other than Claims arising solely from the negligent acts or omissions or affirmative misconduct of the Port Authority with respect to Released Work performed after the date hereof), then the Lessee shall indemnify the Port Authority in the defense, settlement or satisfaction of such claim, by such person, including expenses and disbursements of attorneys whether those of the Port Authority's Law Department or otherwise.

18.4. *Benefits to Third Parties.* Nothing contained in this Section is intended for the benefit of third persons or entities except, that notwithstanding Sections 19.7 and 19.8 below, this Section shall also be for the benefit of, and every mention of the Port Authority herein shall be deemed to include equally, the Commissioners, officers, agents, employees, successors, and assigns of the Port Authority.

ARTICLE XIX. MISCELLANEOUS

19.1. *Amendments and Waivers.* This Agreement constitutes the entire agreement of the parties, and sets forth the entire understanding of the parties, as to the subject matter hereof, and no modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by the Lessee and the Port Authority.

19.2. *Delays and Omissions.* No course of dealing and no delay or omission by any party to this Agreement in exercising any right or remedy under this Agreement, or with respect to any obligation under this Agreement, shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise of any right or remedy under this Agreement shall preclude any other or further exercise thereof or the exercise of any other right or remedy.

19.3. *Notices.* All notices to be given under this Agreement shall be in writing. With the exception of notices provided for in Sections 2.2 and 2.7 of this Agreement, any notice to be given under this Agreement shall be duly given if delivered to any of the parties to this Agreement at the addresses indicated on the signature page of this Agreement in accordance with the terms of Section 80 of the Lease. Each party to this Agreement may, from time to time, designate any other address for delivery as such party desires by giving notice to the other party.

19.4. *Governing Law.* This Agreement shall be construed and interpreted in accordance with the laws of the State of New York.

19.5. *Counterparts.* This Agreement may be executed in any number of counterparts and by the Port Authority and the Lessee on separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same agreement.

19.6. *Titles.* Titles to the Articles and Sections of this Agreement are solely for the convenience of the parties and are not an aid in the interpretation of this Agreement or any part thereof.

19.7. *Non-Liability of Individuals and Non-Recourse.*

(i) Notwithstanding any other provision of this Agreement to the contrary, no (a) Commissioner, director, employee, committee member, manager, managing director, officer, agent, representative nor any (b) owner, shareholder, member, partner, controlling person, principal or ultimate beneficial owner, in each case whether direct or indirect, of the Port Authority or of the Lessee, or any Affiliate of the Port Authority or of the Lessee, shall be charged personally or held contractually liable by or to the other party, or any third-party beneficiary hereof, under, or in connection with, 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.

(ii) Notwithstanding any other provision of this Agreement to the contrary, and as a material consideration for the Lessee's entry into this Agreement, it is acknowledged and agreed that (a) neither the Port Authority nor any of its successors or assigns, nor any third-party beneficiary hereof, shall have any recourse or shall make any claim under or in connection with this Agreement, against (1) any member of the Lessee, (2) any of the Affiliates of the Lessee or of any such member, or (3) any (A) officer, committee member, director, manager, managing director, employee, agent, representative or (B) owner, shareholder, member, partner, principal, controlling person or ultimate beneficial owner, in each case whether direct or indirect, of any of the persons mentioned in clauses (1) or (2) above, under, or in connection with, this Agreement and the sole recourse of the Port Authority and its successors and assigns, and any third-party beneficiary hereof, shall be against the Lessee's assets irrespective of any failure of the Lessee to comply with applicable law or any provision of this Agreement, and (b) neither

the Port Authority nor any of its successors or assigns, nor any third-party beneficiary hereof, shall be subrogated, or have any right of subrogation, to any claim of the Lessee for any capital contributions to the Lessee from any member of the Lessee. The acknowledgments and agreements set forth in this Section 19.7 are made expressly for the benefit of the persons referred to in clauses (1), (2), and (3) above, individually or collectively.

(iii) For the purposes of this Section 19.7, the protections afforded to the Lessee and its related persons or entities under this Section 19.7 shall also apply to and be deemed to protect (a) the Trustee and any successor to the Lessee as may be permitted pursuant to the Lease and (b) any (1) officer, committee member, director, manager, managing director, employee, agent or representative or (2) controlling person, shareholder, member, partner, principal or ultimate beneficial owner, in each case whether direct or indirect, of any of the persons mentioned in clauses (a) or (b) of this Section 19.7(iii) in respect of any obligations hereunder.

19.8. *Beneficiaries.* This Agreement is made solely for the benefit of the Port Authority and the Lessee and no other person or entity (including, without limitation the Bond Insurer and the Trustee ,except to the extent set forth below) shall have any right, benefit or interest under or because of the existence of this Agreement. The Bond Insurer (so long as the Bond Insurance Policy is in force and effect and the Bond Insurer is not in default under the Bond Insurance Policy) and the Trustee shall be third-party beneficiaries of this Agreement solely with respect to the rights provided for them in Sections 6.2(i)(d) – 6.2(i)(f), 6.2(v), 6.2(vi), 6.4 and 19.8 of this Agreement.

19.9. *Non-Interference.* The Port Authority and the Lessee agree that neither party shall intentionally interfere with or manipulate the payment of any sum due under this Agreement so as to unfairly disadvantage the other party.

19.10. *Successors and Assigns.* This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, assigns, executors, administrators, trustees, legal representatives and successors.

19.11. *Issuance of Port Authority Subordinated Special Project Bonds.* As contemplated by the Port Authority resolution adopted on April 5, 2001, in the event that the Lessee elects not to request that the Port Authority consider the issuance of the Series 7 Bonds, it may request that the Port Authority consider the issuance of a series of bonds that would be secured by and payable from the same sources as the Series 6 Bonds, on a subordinated basis to the Series 6 Bonds. Similarly to the purposes for which the Series 7 Bonds may be issued, such subordinated bonds would be issued for purposes of the completion of the Terminal 4 Project, including, as appropriate, the reimbursement of amounts expended for such purposes prior to the issuance of such bonds. The issuance of such subordinated bonds would be subject to the Port Authority's further authorization, which may be granted or withheld in its sole and absolute discretion.

19.12. *Completion Costs Fund Not Part of Trust Estate.* The parties hereby expressly agree that the Completion Costs Fund (including any accounts or sub-accounts) and the amounts deposited therein shall not be subject to any mortgage, pledge, security interest or assignment to the Trustee in favor of the Bondholders or otherwise be, or be deemed to be, a part of the Trust Estate or be available for the payment of Debt Service. Notwithstanding the foregoing, the Lessee may submit a Completion Costs Requisition Certificate for up to Ten Million Dollars and No Cents ($10,000,000.00), or such greater amount as is consented to in writing by the Port Authority, to pay capitalized interest attributable to the Series 6 Bonds.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their duly authorized officers as of the date first written above.

JFK INTERNATIONAL AIR TERMINAL LLC

By:

Name: Johannes Mohrmann
Title: Executive Committee Member
Address:

Telephone:

By:

Name:
Title:
Address:

Telephone:

By:

Name: Kurt M. Eichler
Title: Executive Committee Member
Address:

Telephone

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By:

Name:
Title:
Address: One World Trade Center, 67N
New York, New York 10048
Attn: Treasurer
Telephone: (212) 435-7700

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their duly authorized officers as of the date first written above.

JFK INTERNATIONAL
AIR TERMINAL LLC

By:

Name:
Title:
Address:

Telephone:

By:

Name:
Title:
Address:

Telephone:

By: _____

Name: Christopher McKenna
Title: Authorized Signatory
Address: Executive Committee Member

Telephone

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

By:

Name:
Title.
Address: One World Trade Center, 67N
New York, New York 10048
Attn: Treasurer
Telephone: (212) 435-7700

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JFK INTERNATIONAL
AIR TERMINAL LLC

By:

Name:
Title:
Address:

Telephone:

By:

Name:
Title:
Address:

Telephone:

By: _____

Name: Christopher McKenna
Title: Authorized Signatory
Address: Executive Committee Member

Telephone

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

By:

Name:
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Telephone: (212) 435-7700

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their duly authorized officers as of the date first written above.

JFK INTERNATIONAL AIR TERMINAL LLC

By:

Name:
Title:
Address:

Telephone:

By:

Name:
Title:
Address:

Telephone:

By:

Name:
Title:
Address:

Telephone

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By: Francis A. DiMola

Name: Francis A. DiMola
Title: Asst. Director - Aviation
Address: One World Trade Center, 67N
New York, New York 10048
Attn: Treasurer
Telephone: (212) 435-7700

APPROVED	
FORM	TERMS
RA	DH

EXHIBIT A

INVESTMENT/PAYMENT GRID

Investment Date/ Payment Date	Investment Amount/Payment Obligation Paid	Payment Obligation	Notation Made By

Exhibit B

DEBEVOISE & PLIMPTON

919 Third Avenue
New York, NY 10022
Tel 212 909 6000
Fax 212 909 6836
www.debevoise.com

August 10, 2001

Board of Commissioners
The Port Authority of New York
and New Jersey

The Bank of New York, as Trustee

MBIA Insurance Corporation

Ladies and Gentlemen:

We have acted as special counsel to JFK International Air Terminal LLC, a New York limited liability company (the "Company"), in connection with (a) the Supplemental Lease Agreement No. 1 (the "Supplemental Lease"), dated as of the date hereof, between the Company and The Port Authority of New York and New Jersey (the "Port Authority"), (b) the First Supplemental Trust Administration Agreement (the "Supplemental Trust Administration Agreement"), dated as of the date hereof, between the Company and The Bank of New York, as trustee (the "Trustee"), (c) the Second Leasehold Mortgage (the "Leasehold Mortgage"), dated as of the date hereof, between the Company and the Port Authority and (d) the Partial Release of Mortgaged Premises (the "Partial Release"), dated as of the date hereof, executed by the Trustee, as mortgagee.

This opinion is being delivered to you pursuant to Section 3.1(ii) of the Supplemental Lease. Capitalized terms not otherwise defined shall have the respective meanings given to such terms in the Supplemental Lease.

In arriving at the opinions expressed below,

(a) we have reviewed (i) the (A) Supplemental Lease, (B) Leasehold Mortgage, (C) Supplemental Trust Administration Agreement and (D) Partial Release (collectively the "Transactional Documents") and (ii) the MBIA Consent letter, dated as of the date hereof, from MBIA Insurance Corporation to the Trustee and the Port Authority (the

"MBIA Consent Letter"), the Lease, the Leasehold Mortgage and the Trust Administration Agreement;

(b) we have examined and relied on such documents and records of the Company and such other instruments and certificates of (i) public officials, and (ii) officers and representatives of the Company, including the Officer Certificate of the Company, dated the date hereof (delivered pursuant to Section 3.1(i) of the Supplemental Lease), as we have deemed necessary or appropriate for the purposes of this opinion;

(c) we have examined and relied upon the representations and warranties as to factual matters contained in or made pursuant to the Transactional Documents; and

(d) we have made such investigations of law as we have deemed appropriate as a basis for this opinion.

In rendering the opinions expressed below, we have assumed, with your permission, without independent investigation or inquiry, (a) the authenticity of all documents submitted to us as originals, (b) the genuineness of all signatures (other than that of the Company) on all documents that we examined, (c) the conformity to authentic originals of documents submitted to us as certified, conformed or photostatic copies, and (d) the due authorization, execution and delivery of the Transactional Documents by each party to each such agreement (other than that of the Company).

Based upon and subject to the foregoing and the qualifications hereinafter set forth, we are of the opinion that:

(1) Existence. The Company is validly existing as a limited-liability company under the laws of the State of New York.

(2) Power and Authority of Company, etc. The Company has all requisite power under New York law to execute, deliver and perform the Transactional Documents. The Company has taken all action required under New York law and its Amended and Restated Operating Agreement, dated December 16, 1996, among LCOR JFK Airport, L.L.C., Schiphol USA Inc., and Lehman JFK LLC (as amended as of the date hereof) for the authorization, execution, delivery and performance of the Transactional Documents.

(3) Enforceability, etc. Each of the Transactional Documents has been duly executed and delivered on behalf of the Company and constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

(4) No Violation, etc. The execution, delivery and performance by the Company of the Transactional Documents do not (i) violate any Federal or New York

State law or regulation applicable to the Company, or (ii) conflict with or breach the provisions of any material agreement or other material instrument known to us to which the Company is a party or to which any of its properties is subject.

(5) The Trustee. Pursuant to the Financing Agreements, and the MBIA Consent Letter, the Trustee is authorized to execute the Supplemental Trust Administration Agreement and the Partial Release.

* * *

Our opinions set forth above are subject to (i) bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium and other similar laws relating to or affecting creditors' rights or remedies generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law) and (iii) an implied covenant of good faith, reasonableness and fair dealing. In addition, applicable state laws and interpretations may affect the validity or enforceability of certain remedies provided for in the Transactional Documents, but such limitations do not, in our opinion, make the remedies provided for therein inadequate for the practical realization of the rights and benefits intended to be provided thereby (subject to the other qualifications expressed herein).

We express no opinion as to the laws of any jurisdiction other than the laws of the State of New York and those Federal laws of the United States of America which, in our experience, are generally applicable to transactions of this type. We have assumed, with your permission, that the execution and delivery of the Transactional Documents by each party to each such agreement (other than that of the Company) and the performance of such party's obligations thereunder will not violate any fundamental public policy under applicable law (other than the laws of the State of New York and Federal laws of the United States of America).

* * *

The opinions expressed herein are solely for your benefit and, without our prior consent, neither our opinion nor this opinion letter may be furnished or disclosed to or relied upon by any other person.

Very truly yours,

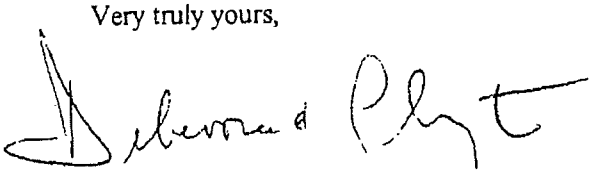

EXHIBIT C

NOTICE OF INVESTMENT

Date of Notice of Investment:_____

Investment Number:_____

Investment Amount:_____

Investment Date:_____

Investment Price:_____

To: The Port Authority of New York and New Jersey
One World Trade Center, 67N
New York, New York 10048
Attention: Treasurer

Pursuant to the Supplemental Lease Agreement No. 1 dated as of August 10, 2001 (the "Agreement") between JFK International Air Terminal LLC (the "Lessee") and The Port Authority of New York and New Jersey (the "Port Authority") relating to the Aggregate Payment Obligation (such term and all other terms of special meaning having the meanings ascribed to such terms in or pursuant to the Agreement), the Lessee requests that the Port Authority pay to the Lessee the Investment Price for Investment Number _____, which obligation is to be incurred by the Lessee in the amount, and on the Investment Date set forth above.

Payment of the Investment Price set forth above shall be made on the Investment Date in accordance with the terms of the Agreement to: The Bank of New York, as Trustee under the Trust Administration Agreement, [wire transfer instructions] (or to any replacement Trustee under the Trust Administration Agreement, as the Lessee may direct) solely for deposit into the Completion Costs Fund.

(I) The Lessee hereby represents and warrants that:

(a) except for any Lock Box Event described in Section II of this Notice of Investment, none of the Aggregate Payment Obligation Events of Default have occurred and are continuing;

(b) except for any Lock Box Event described in Section II of this Notice of Investment, the Lessee has met and will continue to take all action necessary to meet all its obligations under the Financing Documents;

(c) the Agreement, the Lease and the Second Leasehold Mortgage are in full force and effect;

(d) no less than ninety percent (90%) of all funds previously paid into the Completion Costs Fund have been spent for Completion Costs or are allocated to the payment for Completion Costs the liability for which have been incurred by the Lessee prior to the Investment Date;

(e) the Lessee shall use the Investment Price to pay for the following items, which constitute Completion Costs and which have not been the basis of any previous withdrawal from the Completion Costs Fund:

_____

_____

(f) the undersigned is authorized by the Lessee to provide this Notice of Investment to the Port Authority.

(II) The Lessee hereby certifies that the following Lock Box Event(s) has/have occurred and are continuing on the Investment Date [indicate Lock Box Event(s) or insert the word "NONE"]:

_____

_____

The delivery of this Notice of Investment shall be deemed to be a continuing representation and warranty by the Lessee as to the matters set forth in Sections I and II, inclusive, of the immediately preceding paragraph.

JFK INTERNATIONAL AIR TERMINAL LLC

By:

Name:
Title:

By:

Name:
Title:

By:

Name:
Title:

EXHIBIT D

2015 PAYMENT SCHEDULE

Payment Date	Amount of Annual Payment Obligation as a Percentage of the Payment Obligation Outstanding on December 1, 2005
December 1, 2005	
December 1, 2006	
December 1, 2007	
December 1, 2008	
December 1, 2009	
December 1, 2010	
December 1, 2011	
December 1, 2012	
December 1, 2013	
December 1, 2014	
December 1, 2015	

EXHIBIT E

2025 PAYMENT SCHEDULE

Payment Date	Amount of Annual Payment Obligation as a Percentage of the Payment Obligation Outstanding on December 1, 2005
December 1, 2005	
December 1, 2006	
December 1, 2007	
December 1, 2008	
December 1, 2009	
December 1, 2010	
December 1, 2011	
December 1, 2012	
December 1, 2013	
December 1, 2014	
December 1, 2015	
December 1, 2016	
December 1, 2017	
December 1, 2018	
December 1, 2019	
December 1, 2020	
December 1, 2021	
December 1, 2022	
December 1, 2023	
December 1, 2024	
December 1, 2025	

EXHIBIT F

SECOND LEASEHOLD MORTGAGE

between

JFK INTERNATIONAL AIR TERMINAL LLC,
a New York limited liability company

as mortgagor

and

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

as mortgagee

Dated as of August 10, 2001

County of Queens
City of New York
John F. Kennedy International Airport
Block 14260, Lot 1

Record and Return to:

Leases Division
Law Department
Port Authority of New York and New Jersey
One World Trade Center 66 South
Attention: Richard A. Aronow, Esq.

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LEASEHOLD MORTGAGE

THIS SECOND LEASEHOLD MORTGAGE (hereinafter called the "Leasehold Mortgage"), dated as of August 10, 2001 by JFK INTERNATIONAL AIR TERMINAL LLC, a limited liability company organized under the laws of the State of New York, having an office and place of business at John F. Kennedy International Airport (Terminal 4), Room 161.022, Jamaica, NY 11430 (together with its permitted transferees and assigns being hereinafter called the "Mortgagor") in favor of THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, (together with its permitted transferees and assigns being hereinafter called the "Mortgagee") a body corporate and politic created by Compact between the States of New York and New Jersey with the consent of the Congress of the United States of America and having an office and place of business at One World Trade Center, New York, New York 10048.

WITNESSETH:

WHEREAS, the Mortgagor has agreed to develop and operate an air passenger terminal facility at John F. Kennedy International Airport, Jamaica, New York, pursuant to a lease made effective as of May 13, 1997, bearing Port Authority File No. AYC-685 (hereinafter as the same has been and may hereafter be amended and supplemented called the "Lease"), by and between the Mortgagee, as lessor, and the Mortgagor, as lessee, a memorandum of which was recorded contemporaneously therewith; and

WHEREAS, the Mortgagor and the Bank of New York, as Trustee in favor of Bondholders (hereinafter called the "First Mortgagee"), are parties to a first leasehold mortgage dated as of May 13, 1997 (hereinafter as the same has been and may hereafter be amended and supplemented called the "First Leasehold Mortgage") wherein and whereby the Mortgagor agreed to grant a mortgage of all of its leasehold interest under the Lease to the Bank of New York, for the benefit of the Bondholders; and

WHEREAS, the Mortgagor and the First Mortgagee are parties to Partial Release of Leasehold Mortgage executed and delivered immediately prior to this Leasehold Mortgage; and

WHEREAS, the Mortgagor and the Mortgagee are parties to Supplemental Lease Agreement No. 1 (hereinafter called "Supplement No.1") executed and delivered immediately prior to this Leasehold Mortgage; and

WHEREAS, Supplement No.1 provides inter alia that the Mortgagor shall grant to the Mortagee a second leasehold mortgage to secure the payment of the Aggregate Payment Obligation, as such term is defined in Supplement No.1, by the Lessee, subordinate only to the First Leasehold Mortgage, and on such basis the Mortgagor has agreed to grant a mortgage of all of its leasehold interest under the Lease to the Mortgagee;

NOW, THEREFORE, as a condition precedent to and in consideration of the Port Authority's execution of Supplement No. 1 and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions.

Unless the context shall clearly indicate some other meaning or may otherwise require, capitalized terms used in this Leasehold Mortgage without definition will have the meanings ascribed thereto in the Lease; if no such meanings are ascribed thereto in the Lease, then such capitalized terms shall have the meanings ascribed thereto in the Trust Administration Agreement dated May 13, 1997, by and between the Lessee and The Bank of New York, as trustee (the "Trust Administration Agreement"), in each case as the same may be amended, modified or supplemented from time to time (such meanings to be equally applicable to both the singular and plural forms of the defined terms).

In addition thereto, and unless otherwise indicated or unless the context otherwise requires, the following capitalized terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the defined terms):

"Assignment of Tenant Leases and Rents" means that certain Assignment of Tenant Leases and Rents, dated as of May 13, 1997, by and among the Mortgagor and the First Mortgageeas the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time.

"Event of Default" shall have the meaning set forth in Section 9 hereof.

"Leases" shall have the meaning set forth in the Assignment of Tenant Leases and Rents.

"Mortgaged Property" shall mean all of the property, rights and interests granted, mortgaged, pledged, assigned, transferred and conveyed pursuant to Section 2 hereof.

"Obligations" shall have the meaning set forth in Section 2 hereof.

"Port Authority Financing Consent and Agreement" means that certain Port Authority Financing Consent and Agreement, dated as of May 13, 1997, by and among the Mortgagor, the First Mortgagee, MBIA Insurance Corporation and the Mortgagee, as the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time.

"Project Agreements" shall have the meaning ascribed to such term in the Assignment of Contracts.

"Rents" shall have the meaning set forth in the Assignment of Tenant Leases and Rents.

"Security Documents" means the Trust Indenture, the Trust Administration Agreement, the First Leasehold Mortgage, this Leasehold Mortgage, the Personal Property Security Interest, the Assignment of Leases and Rents, the Port Authority Assignment of Rents, the Assignment of Contracts, the Guaranty, the Port Authority Financing Consent and Agreement, the Lease Assignment and any and all other instruments, agreements and documents given to secure obligations arising in connection with the Bonds, each as the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time.

"Series 6 Bonds" mean the Special Project Bonds of the series established and authorized to be issued by the Resolution.

Section 2. Grant of Second Leasehold Mortgage and Security Assignment.

(a) To secure (i) the payment when due of the Aggregate Payment Obligation, including all of the Semi-Annual Payment Obligations and Annual Payment Obligations, with the maximum amount of the Payment Obligation not to exceed

as may be outstanding from time to time, (collectively, the "Obligations"), the Mortgagor hereby grants, mortgages, pledges, assigns, transfers and sets over to the Mortgagee, subordinate only to the First Leasehold Mortgage and subject to and upon the terms and conditions of this Leasehold Mortgage, all of the Mortgagor's right, title and interest in, to and under the leasehold estate created pursuant to the Lease with respect to the real property described on Exhibit A, attached hereto and made a part hereof, together with any improvements thereon and any and all other, further or additional estates, rights, titles, interests, benefits and other claims, both at law and in equity, which the Mortgagor now has or may in the future have or acquire under or by the terms of the Lease, whether by reason of the exercise of options thereunder or by reason of amendments, modifications, supplements, extensions and renewals of the Lease, of whatsoever nature derived or to be derived by the Mortgagor by virtue of the Lease, including, without limitation, any and all estate, right, title and interest of the Mortgagor in and to any and all buildings and other improvements now or hereafter located on the Premises and all building materials, building equipment and fixtures of every kind and nature located on the Premises or attached to, contained in or used in any such buildings and other improvements, and all appurtenances and additions thereto and betterments, substitutions and replacements thereof acquired by the Mortgagor under the Lease, and the right to exercise all rights of the Mortgagor under the Lease except as otherwise provided therein, and, to the fullest extent possible, but subject to the First Leasehold Mortgage, the Mortgagor hereby unconditionally delegates to the Mortgagee the right to exercise any and all of the Mortgagor's rights under the Lease, delegated to the Mortgagor under the

Lease, except as otherwise provided therein, subject to all of the same terms, covenants, conditions, limitations, reservations and defenses as would be applicable under the Lease, as the case may be, had this delegation not occurred; and

TOGETHER WITH the right, granted to the Mortgagor under the Lease or otherwise, of ingress and egress on and over other portions of the Airport between the Premises and city streets or public ways outside the Airport by means of existing roadways at the Airport to be used in common with others having rights of passage within the Airport, and any substitute means of ingress and egress provided to the Mortgagor under the Lease; and

TOGETHER WITH all of the Mortgagor's right, title and interest to all proceeds of any sale, transfer, financing, refinancing, or conversion into cash or liquidated claims, whether voluntary or involuntary of any of the Mortgaged Property, including, subject to the terms of the Lease and the First Leasehold Mortgage, all insurance proceeds resulting from damage to or destruction of the Premises and all awards resulting from any taking with respect to the Premises; and

TOGETHER WITH all additional estates, right, title and interest of the Mortgagor in and to the Premises, any and all buildings, improvements and fixtures now or hereafter situated thereon and the Mortgaged Property or any part thereof which may from time to time be acquired by the Mortgagor; and all right, title and interest of the Mortgagor in and to any additional property and rights that may from time to time hereafter by installation in the Premises, or by writing of any kind, be subjected to the lien hereof by the Mortgagor or by anyone on their behalf.

Each of the rights granted in this Leasehold Mortgage is and shall be (a) appurtenant to the leasehold estate in the Premises created by the Lease, (b) automatically transferred with any permitted assignment or other transfer of the Lease and the leasehold estate created thereby and (c) coupled with an interest and irrevocable during the term of the Lease.

Except to the extent required for the performance of any of the obligations of the Mortgagor under the Lease, nothing contained in this Leasehold Mortgage shall grant to the Mortgagee any rights whatsoever in the air space above the Premises in excess of a construction height limitation as described on Exhibit 2.2 of the Lease.

PROVIDED, HOWEVER, if the Aggregate Payment Obliation shall be paid in full, discharged or canceled in accordance with Supplemental Agreement No. 1, or this Leasehold Mortgage shall otherwise be discharged in accordance with Section 37 hereof, then the Mortgagee shall cause this Leasehold Mortgage to be reconveyed and the lien and estate thereby and hereby granted to be released.

TO HAVE AND TO HOLD the Mortgaged Property, together with all rights and claims of the Mortgagor therein, to the Mortgagee, its successors and assigns forever, upon the terms and conditions and for the uses hereinafter set forth.

(b) Without limiting the generality of paragraph (a) above, and in order to more fully secure the payment, performance and observance by the Mortgagor of its obligations contained in this Leashold Mortgage and in Supplement No. 1, the Mortgagor, upon the occurrence of an Event of Default and notice by the Port Authority to the Mortgagor and the Bond Insurer of the exercise of its rights under this paragraph (b), irrevocably sells, assigns, transfers and sets over to the Mortgagee, all right, title and interest of the Mortgagor in, to and under the Lease, subject to the rights of the First Mortgagee, including the right to receive without limitation, all amounts of Rents, Leases, insurance proceeds, and requisition, indemnity and other payments of any kind, including all amounts of indemnity payable to the Mortgagor and all rights of the Mortgagor to exercise any election or option or to make any decision or determination or to give any notice, consent, waiver or approval under or in respect of the Lease or to accept any surrender of any Leases or any part thereof, as well as all rights, powers and remedies on the part of the Mortgagor, whether arising under the Lease or by statute or at law or in equity, or otherwise, arising out of any Event of Default under the Lease or any event of default under the Leases.

(c) The Mortgagee may exercise any rights granted hereby in respect of the Mortgaged Property or any remedies (including cure rights) with respect to the Mortgaged Property, subject and subordinate to the First Leasehold Mortgage; provided, however, so long as an Event of Default shall not have occurred and be continuing, the Mortgagee shall not have the right to enter the Premises to cure or prevent any default by the Mortgagor under this Leasehold Mortgage or otherwise take any action that interferes with the Mortgagor's construction, operation or maintenance of the Mortgaged Property.

Section 3. Representations, Warranties and Covenants.

The Mortgagor represents, warrants and covenants to and with the Mortgagee as follows:

(i) The Mortgagor is a limited liability company duly organized and existing in good standing under the laws of the State of New York, is lawfully seized of the Mortgaged Property, has the power and authority to create, pledge and grant the leasehold mortgage as provided in this Leasehold Mortgage, to own its property and assets, and to enter into this Leasehold Mortgage, and its execution, delivery and performance of the obligations hereunder has been duly authorized by all necessary action on the part of the Mortgagor;

(ii) The Mortgaged Property is, and the Mortgagor will keep the Mortgaged Property, free and clear of all liens and encumbrances other than the Permitted Liens. Mortgagor has not heretofore assigned the Mortgaged Property which is assigned hereunder, except pursuant to the Security Documents, and will forever warrant and defend the title to the Mortgaged Property against all claims and demands by, through or under the Mortgagor and will maintain and preserve the validity and priority of the lien of this Leasehold Mortgage so long as any portion of the Aggregate Payment Obligation is outstanding;

(iii) The Mortgagor agrees that it will promptly and fully comply with all the terms, provisions, covenants, conditions, obligations and agreements imposed upon or assumed by the Mortgagor under the Lease, this Leasehold Mortgage and the Security Documents except where non-compliance could not reasonably be expected to have a Material Adverse Effect;

(iv) The Mortgagor agrees that in the event that the Mortgagor fails to perform any of its obligations under this Leasehold Mortgage, the Lease or under the other Security Documents, the Mortgagee shall have the right (but not the obligation), as and to the extent the same is not precluded by the First Mortgage to perform such obligations in accordance with the terms and conditions of this Leasehold Mortgage; provided, however, so long as an Event of Default shall not have occurred and be continuing, the Mortgagee shall not have the right to enter the Premises to cure or prevent any default by the Mortgagor or otherwise take any action that interferes with the Mortgagor's construction, operation or maintenance of the Mortgaged Property.

(v) At the request of the Mortgagee and upon providing the Mortgagor with the appropriate documents, the Mortgagor will execute any documents necessary to record this Leasehold Mortgage and execute any necessary financing statements and, at periodic intervals, continuation statements pursuant to the Uniform Commercial Code as in effect in the State of New York and any other documents required to perfect or continue the perfection of the lien of the leasehold mortgage granted in this Leasehold Mortgage, and will pay all filing or recording costs with respect thereto and all costs of filing or recording this Leasehold Mortgage or any other instrument, agreement or document executed and delivered pursuant to this Leasehold Mortgage in all public offices where filing or recording is deemed by the Mortgagee to be necessary or desirable. The Mortgagor will promptly pay, or cause to be paid, any mortgage recording taxes, fees or other charges, if any, in connection with this Leasehold Mortgage and the other Security Documents.

Section 4. Payments by the Lessee.

Mortgagor will promptly pay, or cause to be paid, the Aggregate Payment Obligation when due and will continue to be liable for the payment of the Aggregate Payment Obligation whether or not the Mortgagor's obligation to pay the Aggregate Payment Obligation has been declared by the Mortgagee to be immediately due and payable pursuant to Section 6 of

Supplement No. 1 until the Aggregate Payment Obligation has been paid in full, notwithstanding any actions which may be brought by the Mortgagee to recover any amount or amounts for Annual Payments or Semi-Annual Payments to which it may be lawfully entitled under the Leaseor this Leasehold Mortgage, or to recover any amount or amounts in respect of taxes, assessments, water rents, sewer rents or other public charges, or fire or other insurance premiums to which it may be lawfully entitled under this Leasehold Mortgage.

Section 5. Insurance.

Section 38 of the Lease containing covenants and agreements of the Mortgagor concerning insurance are incorporated herein by reference as if fully set forth herein. The Mortgagor will continually maintain and keep in full force and effect all policies of insurance required by the terms of the Lease and applicable Project Agreements and will otherwise comply with all of the insurance requirements of the Lease and applicable Project Agreements. As and to the extent the Mortgagor is not so precluded from doing so pursuant to the First Leasehold Mortgage, the Mortgagor hereby assigns and shall deliver to the Mortgagee all insurance proceeds the lessee under the Lease is entitled to under the Lease and does receive as collateral and further security for the Obligations of the Mortgagor secured hereby, and the Mortgagee shall apply such insurance proceeds in accordance with the Lease and the Trust Administration Agreement.

Section 6. Condition of Premises.

(a) The Mortgagor will comply with its obligations under the Lease with respect to the maintenance of the condition and repair of the Mortgaged Property.

(b) Nothing contained in this Leasehold Mortgage, nor any action or inaction of any Mortgagee, shall constitute any consent or request, express or implied, by the Mortgagee (i) for the performance of any labor or services or the furnishing of any materials or other property in respect of the Mortgaged Property or any part thereof, or (ii) as giving the Mortgagor any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property, in such fashion as would permit the making of any claim against any Mortgagee in respect thereof or any claim that any lien based on the performance of such labor or services or the furnishing of such materials or other property is superior to this Leasehold Mortgage or that the property of the Port Authority is subject to any such lien.

Section 7. Power of Attorney.

Upon the occurrence and during the continuance of an Event of Default hereunder, the Mortgagor hereby irrevocably constitutes and appoints the Mortgagee, with full authority in the name, place and stead of Mortgagor to do any and all things required to be done in the Mortgagee's discretion, to carry out the terms and accomplish the purposes of this

Leasehold Mortgage as fully and effectively as the Mortgagor could do, including, but not limited to, the power to endorse the Mortgagor's name to checks, notes or other instruments for the payment of money, to deposit the same for the benefit of Mortgagee and to institute, prosecute and settle all claims of Mortgagor in connection therewith, providing that such appointment shall not in any way affect the right of the Trustee to exercise any power of attorney granted to it pursuant to Section 8 (g) of the First Leasehold Mortgage. This power of attorney is coupled with an interest and shall be irrevocable until all of the Obligations are paid or satisfied in full and this Leasehold Mortgage is terminated. This power of attorney shall survive the dissolution and liquidation of Mortgagor. The powers conferred upon Mortgagee hereunder are solely to protect its interest and shall not impose any duty upon it to exercise any of such powers.

Section 8. No Assumption by the Mortgagee.

Nothing in this Leasehold Mortgage contained, nor any action or inaction on the part of the Mortgagee in such capacity, is intended or shall be construed as establishing between the Mortgagee and any Sublessee or between the Mortgagee and the Port Authority in its capacity as landlord under the Lease or any party to the Project Agreements, the relationship of lessor and/or lessee or as rendering the Mortgagee responsible or liable to any person for the manner of maintenance of the property demised under or affected by the Subleases, the Lease or the Project Agreements or the conduct of any business therein or as an assumption by the Mortgagee of any liability to any person for the fulfillment of any covenant or obligation of the Subleases, the Lease or the Project Agreements, but the Mortgagor shall at all times remain fully liable in every particular for the fulfillment of all of the terms and conditions thereof and of this Leasehold Mortgage in every particular.

Section 9. Events of Default.

An event of default ("Event of Default") shall mean the declaration by the Mortgagee that the entire Aggregate Payment Obligation is immediately due and payable pursuant to and in accordance with the terms and conditions of Section 6 of Supplement No. 1 including without limitation the grace and stay periods set forth therein..

Section 10. Rights and Remedies.

(a) General.

The Mortgagee shall have those rights and remedies under this Leasehold Mortgage as are specifically provided by this Leasehold Mortgage and Supplement No. 1 subject to the terms and conditions stated herein and therein. Any amounts received by the Mortgagee in the exercise of its rights and remedies under this Leasehold Mortgage shall be applied by the Mortgagee in accordance with Section 15 hereof.

(b) Mortgagor Deemed Lessee.

(i) The Mortgagor, for all purposes under the Lease, shall be deemed to be the tenant under the Lease and the Mortgagee shall not have any right to use or occupy the Mortgaged Property for any of the purposes set forth in Section 6 of the Lease or for any other purpose whatsoever (except as permitted in connection with the exercise of the Mortgagee's rights and remedies under this Leasehold Mortgage or Supplement No. 1 and except for the purpose of preserving the Mortgaged Property to the extent permitted in Supplement No. 1or this Leasehold Mortgage).

(ii) Except as permitted in connection with the exercise of the Mortgagee's rights and remedies under this Leasehold Mortgage or Supplement No. 1, and except for the purpose of preserving the Mortgaged Property to the extent permitted in Supplement No. 1and this Leasehold Mortgage, the Mortgagor shall have as full and complete control of the operation and use of the Mortgaged Property as if this Leasehold Mortgage had not been executed and delivered.

(c) Notice of Default, Foreclosure Notice and Mortgagee's Right to Purchase.

(i) If an Event of Default shall have occurred and be continuing, and the Mortgagee intends to foreclose, the Mortgagee shall give the Mortgagor written notice of its intention to foreclose (a "Foreclosure Notice") and notice of the amount of the Aggregate Payment Obligation and any accrued interest thereon.

(ii) The Mortgagee shall give additional notice to the Mortgagor of the commencement of any proceeding to foreclose upon this Leasehold Mortgage as well as all subsequent pleadings, notices and documents in connection with such proceedings and the termination or discontinuance thereof and any other proceedings to realize on any security interest or separate agreement of the Mortgagor with respect to the Aggregate Payment Obligation.

(iii) Without limiting any other provisions of the Lease, if a purchaser at a foreclosure sale shall acquire title to the Lease and the Mortgagor's leasehold estate thereunder, such purchaser's rights to assign, sell or transfer the leasehold shall be limited as set forth in the Lease.

(d) Incorporation of Additional Rights and Remedies.

(i) Pursuant to certain provisions of the Lease, the Port Authority Financing Consent and Agreement, the Resolution, the Special Project Bond Resolution and the other Security Documents, including, without limitation, Sections 22, 23, 24 and 25 of the Lease, the First Mortgagee has certain rights and remedies upon an 'Event of Default'(as such term is defined in the Lease), including, without limitation, the right to compel an assignment of the

Lease or the right to compel a New Lease, all of which provisions are hereby incorporated herein by reference as if fully set forth herein, and the First Mortgagee shall have the benefit of and be entitled to rely on such provisions, subject to the terms and conditions stated therein, with the same force and effect as if they were set forth in full in this Leasehold Mortgage.

(ii) The Mortgagor hereby agrees with the Mortgagee that the Mortgagee, together with its rights set forth in Section 2 above, shall have all the rights and remedies upon an Event of Default under this Leasehold Mortgage, including, without limitation, the right to compel an assignment of the Lease or the right to compel a New Lease, subject and subordinate only to the rights and remedies of the First Mortgagee under the First Leasehold Mortgage, as if such rights applicable to the First Mortgagee pursuant to certain provisions of the Lease, the Port Authority Financing Consent and Agreement, the Resolution, the Special Project Bond Resolution and the other Security Documents, including, without limitation, Sections 22, 23, 24 and 25 of the Lease, were, subject and subordinate to the rights of the First Mortgagee, available to the Mortgagee as if set forth in full in the Lease and this Leasehold Mortgage

(e) Mortgagee's Ability to Cure Default.

(i) If the Mortgagor defaults under the Lease and fails to cure the same within the time allotted therefor, if any, then the Mortgagor, subject and subordinate only to the rights and remedies of the First Mortgagee under the First Leasehold Mortgage, hereby directs that the lessor under the Lease shall accept and permit the curing of any default under the Lease by the Mortgagee, its designee, including, without limitation, any Interim Terminal Operator appointed in accordance with the Lease as if and with the same force and effect as though cured by the Mortgagor; provided, however, so long as an Event of Default has not occurred and is continuing, the Mortgagee or its designee shall not have the right to enter the Premises to cure or prevent any default by the Mortgagor or otherwise take any action that interferes with the Mortgagor's construction, operation or maintenance of the Mortgaged Property. The curing of any such default by the Mortgagee shall not be deemed to cure any default by the Mortgagor under this Leasehold Mortgage and the Lease and shall not relieve the Mortgagor from any obligation to reimburse the Mortgagee for any costs and expenses incidental to the curing of such defaults.

(ii) Without limiting the generality of the other provisions of this Leasehold Mortgage, and without waiving or releasing the Mortgagor from its obligations hereunder, the Mortgagee may personally, or by its agents or attorneys, including, but not limited to, an Interim Terminal Operator appointed in accordance with the Lease, (but shall not be obligated to) take any action at law or in equity the Mortgagee, in its sole discretion, it deems necessary or desirable to prevent or cure any default by the Mortgagor in the performance of or compliance with any of the Mortgagor's covenants or obligations under the Lease or any Security Document, except where non-compliance could not reasonably be expected to have a Material Adverse Effect, and the Mortgagee and any person designated by the Mortgagee shall have, and are hereby granted, the right to enter upon the Premises to such extent and as often as the

Mortgagee in its sole discretion deems necessary or desirable to prevent or cure any such default by the Mortgagor; provided, however, so long as an Event of Default has not occurred and be continuing, the Mortgagee shall not have the right to enter the Premises to cure or prevent any default by the Mortgagor or otherwise take any action that interferes with the Mortgagor's construction, operation or maintenance of the Mortgaged. The Mortgagee may expend such sums of money as the Mortgagee, in its sole discretion, deems necessary for any such purpose, and the Mortgagor hereby agrees to pay to the Mortgagee, immediately upon demand, all reasonable sums so expended by the Mortgagee, together with interest thereon from the date of disbursement at the Default Rate. All reasonable sums so expended by the Mortgagee and such interest thereon shall be added to the indebtedness of the Mortgagor to Mortgagee and secured by the lien of this Leasehold Mortgage.

(f) Remedies.

(i) In the event that an Event of Default shall have occurred and is continuing, the Mortgagee may in addition to any rights or remedies available to it hereunder, without notice or demand, as it deems advisable to protect and enforce its rights against the Mortgagor and in and to the Mortgaged Property and without impairing or otherwise affecting the other rights and remedies of the Mortgagee, take any one or more of the following actions, at such times and in such order as the Mortgagee shall determine in its sole discretion, subject only to the provisions of the First Leasehold Mortgage. During the continuance of any Event of Default, the Mortgagee personally, or by its agents or attorneys, including, but not limited to, an Interim Terminal Operator, may enter into and upon all or any part of the Premises, and each and every part thereof, and may exclude the Mortgagor, its agents and servants wholly therefrom; and having and holding the same, may use, operate, manage and control the Mortgaged Property and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or receivers; and upon every such entry, the Mortgagee, at the expense of the Mortgagor, from time to time, either by purchase, repairs or construction, may maintain and restore the Mortgaged Property, and may insure the same; and likewise, from time to time, at the expense of the Mortgagor, the Mortgagee may make all necessary or proper repairs, renewals and replacements and such useful alterations, additions, betterments and improvements thereto and thereon as to it may seem advisable; and in every such case the Mortgagee shall have the right to manage and operate the Mortgaged Property and to carry on the business thereof and exercise all rights and powers of the Mortgagor with respect thereto, either in the name of the Mortgagor or otherwise as it shall deem best.

(ii) Upon the occurrence and during the continuation of an Event of Default, without limiting the generality of the other provisions of this Leasehold Mortgage or any other rights at law or in equity, the Mortgagee, with or without entry, personally or by its agents or attorneys including, without limitation, an Interim Terminal Operator, insofar as applicable, may:

(1) sell the Mortgaged Property to the extent permitted and pursuant to the procedures provided by law, and all estate, right, title and interest, claim and demand therein, and right of redemption thereof, at one or more sales as an entirety or in parcels, and at such time and place upon such terms and after such notice thereof as may be required or permitted by law;

(2) institute proceedings for the complete or partial foreclosure of this Leasehold Mortgage; or

(3) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Leaseor this Leasehold Mortgage, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as the Mortgagee shall elect.

(g) Bankruptcy.

(i) The Mortgagor shall not, without the Mortgagee's prior written consent, elect to treat either the Lease or the leasehold estate created thereby as terminated under Subsection 365(h)(1) of the Bankruptcy Code, after rejection or disaffirmance of the Lease by the lessor thereunder or by any trustee of such party, and any such election made without such consent shall, to the extent permitted by law, be void and ineffective.

(ii) Subject to the Mortgagor's right to seek and retain certain offsets as permitted hereunder, the Mortgagor hereby unconditionally assigns, transfers and sets over to the Mortgagee all of the Mortgagor's claims and rights to the payment of damages that may hereafter arise as a result of any rejection or disaffirmance of the Lease by the lessor thereunder or by any trustee of such party, pursuant to the Bankruptcy Code. The Mortgagee shall have and is hereby granted the right to proceed, in its own name or in the name of the Mortgagor, in respect of any claim, suit, action or proceeding relating to the rejection or disaffirmance of the Lease (including, without limitation, the right to file and prosecute, to the exclusion of the Mortgagor, any proofs of claim, complaints, motions, applications, notices and other documents) in any case in respect of the lessor under the Bankruptcy Code. This assignment constitutes a present, irrevocable and unconditional assignment of the foregoing claims, rights and remedies, and shall continue in effect until the Obligations shall have been satisfied and discharged in full. Any amounts received by the Mortgagee as damages arising out of any such rejection of the Lease shall be applied by the Mortgagee in accordance with Section 15 hereof.

(iii) In the event that, pursuant to Subsection 365(h)(2) of the Bankruptcy Code, the Mortgagor seeks to offset against the rental payable under the Lease the amount of any damages caused by the nonperformance by the lessor of such party's obligations under the Lease after rejection or disaffirmance thereof under the Bankruptcy Code, the Mortgagor shall, prior to effecting such offset, notify the Mortgagee in writing of the Mortgagor's intent to do so, setting forth the amounts proposed to be so offset and the basis therefor. The Mortgagee shall have the

right to object in writing (stating the reasons therefor) to all or any part of such offset, and, in the event of such objection, the Mortgagor shall not effect any offset of the amounts so objected to by the Mortgagee. If the Mortgagee shall have failed to object as aforesaid within twenty business (20) days after such notice, the Mortgagor may proceed to effect such offset in the amounts set forth in such notice. Neither the Mortgagee's failure to object as aforesaid nor any objection or other communication between the Mortgagor and the Mortgagee relating to such offset shall constitute an approval by the Mortgagee of any such offset. If, in the best business judgment of the Mortgagor, such offset is justified and the Mortgagee has received the aforesaid notices and has not objected but its time to do so has not expired, the Mortgagor shall have the right to make such offset and shall set aside the offset amount as a reserve to be paid only if the Mortgagee objects within the aforesaid time. The Mortgagor shall indemnify and hold the Mortgagee and its Commissioners, officers, agents and employees harmless from and against any and all claims, demands, actions, suits, proceedings, damages, losses, costs and expenses of every nature whatsoever actually incurred (including, without limitation, reasonable legal fees and disbursements, whether those of its law department or otherwise, arising from or relating to any such offset by the Mortgagor).

(iv) In the event that any action, proceeding, motion or notice shall be commenced or filed by the lessor under the Lease in respect of the Lease or the Mortgaged Property or any part thereof, in connection with any case under the Bankruptcy Code, the Mortgagee shall have, and is hereby granted, the option, to the exclusion of the Mortgagor, exercisable upon notice from the Mortgagee to the Mortgagor, to conduct and control any such litigation with counsel of the Mortgagee's choice. The Mortgagee may proceed, in its own name or in the name of the Mortgagor, in connection with any such litigation, and the Mortgagor agrees to execute any and all powers, authorizations, consents and other documents required by the Mortgagee in connection therewith. The Mortgagor shall, upon demand, pay to the Mortgagee all costs and expenses (including without limitation, reasonable legal fees and disbursements) paid or incurred by the Mortgagee, before and after judgment, in connection with the prosecution or conduct of any such proceedings, and, to the extent permitted by law, such costs and expenses shall be deemed expenses incurred in upholding the lien of this Leasehold Mortgage and added to the Obligations. The Mortgagor shall not, without the prior written consent of the Mortgagee, commence any action, suit, proceeding or case, or file any application or make any motion, in respect of the Lease in any such case under the Bankruptcy Code.

(v) In the event that a petition under the Bankruptcy Code shall be filed by or against the Mortgagor, and the Mortgagor, or anyone claiming through or under the Mortgagor or a trustee in bankruptcy shall have the right to reject the Lease pursuant to Section 365(a) of the Bankruptcy Code or a successor statute, the Mortgagor shall give the Mortgagee at least thirty (30) days' prior written notice of the date on which application shall be made to the court for authority to reject the Lease; provided, however, that if a trustee in bankruptcy shall have a right to reject the Lease in less than thirty (30) days, then the Mortgagor shall give such notice to the Mortgagee immediately upon the Mortgagor's knowledge of such application. The Mortgagee shall have the exclusive right, but not the obligation (subject to the rights of a trustee

in bankruptcy), to exercise said right to reject the Lease and the Mortgagor hereby assigns said right to reject the Lease to the Mortgagee. If the lessor under the Lease, or anyone holding by, through or under the lessor under the Lease or a trustee in bankruptcy shall elect to reject the Lease pursuant to Section 365(a) of the Bankruptcy Code, or a successor statute, thereby giving to the Mortgagor the right to elect to treat the Lease as terminated pursuant to Section 365(h)(1) of the Bankruptcy Code, or a successor statute, the Mortgagee shall have the exclusive right to exercise said right and the Mortgagor hereby assigns said right to treat the Lease as terminated to the Mortgagee. If either of the assignments provided for in this paragraph is held to be unenforceable, then the Mortgagor, anyone claiming by, through or under the Mortgagor or a trustee in bankruptcy, shall not exercise rights purportedly assigned to the Mortgagee without the prior written consent of the Mortgagee, and if the Mortgagee shall give such consent, the Mortgagor, anyone claiming by, through or under the Mortgagor or a trustee in bankruptcy shall promptly exercise either of said rights.

(vi) To the extent permitted by applicable law, the Mortgagor hereby assigns, transfers and sets over to the Mortgagee an exclusive right to apply to the Bankruptcy Court under Subsection 365(d)(4) of the Bankruptcy Code for an order extending the period during which the Lease may be rejected or assumed after the entry of any order for relief in respect of the Mortgagor under Chapter 7 or Chapter 11 of the Bankruptcy Code.

(vii) The rights granted to the Mortgagee under paragraphs 10 (g) (i), (ii), (iii), (iv) or the first two sentences of subparagraph (v) shall apply only if the Port Authority of New York and New Jersey is not the Mortgagee hereunder.

Section 11. Sale by the Mortgagee.

(a) The Mortgagee may adjourn from time to time any sale by it to be made under or by virtue of this Leasehold Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, except as otherwise provided by any applicable provision of law, the Mortgagee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

(b) Upon the completion of any sale or sales made by the Mortgagee under or by virtue of this Leasehold Mortgage, the Mortgagee, or an officer of any court empowered to do so, shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument, or good and sufficient instruments, assigning and transferring all estate, right, title and interest in and to the property and rights sold. The Mortgagee may, at the Mortgagee's option, also foreclose this Leasehold Mortgage for any portion of the sums secured hereby which is then due and payable, subject to the continuing lien of this Leasehold Mortgage for the balance of the Obligations then due. Upon the occurrence and during the continuance of an Event of Default, the Mortgagee is hereby irrevocably appointed the true and lawful attorney-in-fact of the Mortgagor, in its name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the Mortgaged Property and rights so sold and for that purpose the Mortgagee may

execute all necessary instruments of assignment and transfer, and may substitute one or more persons with like power, the Mortgagor hereby ratifying and confirming all that its said attorney-in-fact or such substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, the Mortgagor, if so requested by the Mortgagee, shall ratify and confirm any such sale or sales by executing and delivering to the Mortgagee or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of the Mortgagee, for the purpose, and as may be designated, in such request. Any such sale or sales made under or by virtue of this Leasehold Mortgage, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of the Mortgagor in and to the property and rights so sold, and shall be a perpetual bar both at law and in equity against the Mortgagor and against any and all persons claiming or who may claim the same, or any part thereof from, through or under the Mortgagor.

(c) The purchase money, proceeds or avails of any sale made under or by virtue of this Leasehold Mortgage, together with any other sums which then may be held by the Mortgagee under this Leasehold Mortgage, whether under the provisions of this Section 12 or otherwise, shall be applied in the order set forth in Section 15 hereof.

(d) Upon any sale made under or by virtue of this Leasehold Mortgage or any of the other Security Documents, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, the Mortgagee may bid for and acquire the Mortgaged Property and the other property encumbered by the other Security Documents or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the indebtedness of the Mortgagor secured by this Leasehold Mortgage the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which the Mortgagee is authorized to deduct under this Leasehold Mortgage.

Section 12. Receivers.

(a) After the happening of any Event of Default (and so long as it continues) and immediately upon the commencement of any action, suit or other legal proceedings by the Mortgagee to obtain judgment for the Aggregate Payment Obligation and other sums required to be paid by the Mortgagor pursuant to any provision of this Leasehold Mortgage, or of any other nature in aid of the enforcement of the Lease or this Leasehold Mortgage, the Mortgagor will and hereby does (i) waive the service of process and enter its voluntary appearance in such action, suit or proceeding, and (ii) if required by the Mortgagee, consent to the appointment of a receiver or receivers in respect of the Mortgaged Property and of all of the earnings, revenues, rents, issues, profits and income thereof. After the happening of any Event of Default and during its continuance, and upon the commencement of any proceedings to foreclose this Leasehold Mortgage, or to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Mortgagee, the

Mortgagee shall be entitled, as a matter of right, if it shall so elect, without the giving of notice to any other party and without regard to the adequacy or inadequacy of any security for the indebtedness, forthwith either before or after declaring the Aggregate Payment Obligation to be due and payable, to the appointment of such a receiver or receivers.

(b) Upon the occurrence and during the continuance of an Event of Default, notwithstanding the appointment of any receiver, liquidator or trustee of the Mortgagor, or of any of its property, or of the Mortgaged Property or any part thereof, the Mortgagee, subject to the rights of the First Mortgagee, shall be entitled to retain possession and control of all property now or hereafter held under this Leasehold Mortgage.

Section 13. Election of Remedies.

(a) If the indebtedness secured hereby is now or hereafter further secured by chattel mortgages, pledges, contracts, guaranties, assignments of leases, or other securities, the Mortgagee may at its option exhaust any one or more of said securities and the security hereunder, either concurrently or independently, and in such order as it may determine.

(b) The rights of the Mortgagee, granted and arising under the clauses and covenants contained in this Leasehold Mortgage, the Lease and in the other Security Documents, shall be separate, distinct and cumulative of other powers and rights herein granted and all other rights which the Mortgagee may have in law or equity, and none of them shall be in exclusion of the others; and all of them are cumulative to the remedies for collection of indebtedness, enforcement of rights under mortgages and preservation of security as provided at law. No act of the Mortgagee shall be construed as an election to proceed under any one provision herein or under the Lease, or Security Documents to the exclusion of any other provision, or an election of remedies to the bar of any other remedy allowed at law or in equity, anything herein or otherwise to the contrary notwithstanding.

Section 14. Application of Proceeds.

Subject to the terms of the First Leasehold Mortgage, all proceeds received by the Mortgagee from the sale or other disposition of this Leasehold Mortgage or from the exercise by the Mortgagee of any right or remedy under this Leasehold Mortgage, whether received from a New Lessee or otherwise, shall be applied for the benefit of the Mortgagee, as follows:

First: to the payment of all costs and expenses reasonably incurred by the Mortgagee in connection with any such sale or other disposition of this Leasehold Mortgage, including, without limitation, all court costs and the reasonable fees and expenses of counsel for the Mortgagee in connection therewith, and the payment of all costs and expenses paid or incurred by the Mortgagee in connection with this Leasehold Mortgage or the exercise of any right or remedy hereunder, to the extent that such advances, costs

and expenses shall not have been paid to the Mortgagee upon its demand therefor; and

Second: for full or partial satisfaction of the Obligations

Section 15. Waiver by the Mortgagor.

The Mortgagor will not at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of the Mortgaged Property or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Leasehold Mortgage, nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor, after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof and the Mortgagor hereby expressly waives all benefit or advantage of any such law or laws, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the Mortgagee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. The Mortgagor, for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Mortgaged Property marshaled upon any foreclosure hereof.

Section 16. Condemnation.

In the event that pursuant to the terms of Section 34 of the Lease, the Mortgagor shall sell to the Port Authority in its capacity as Lessee under the Lease and the Port Authority in its capacity as lessor under the Lease shall purchase from the Mortgagor so much of the Mortgagor's leasehold interest in the Mortgaged Property as are taken, such purchase pursuant to Section 34 shall be free and clear of this Leasehold Mortgage and any interest of the Mortgagee in its capacity as Mortgagee under this Leasehold Mortgage in the Mortgaged Property. The Mortgagor hereby assigns to the Mortgagee, subject to the rights of the First Mortgagee, the entire consideration for such purchase by the Port Authority in its capacity as lessor under the Lease as collateral and further security for the Obligations and the Mortgagor hereby consents to and directs that the Port Authority pay to the Mortgagee in its capacity as Mortgagee under this Leasehold Mortgage, subject to the rights of the First Mortgagee, as the sole and entire consideration for such purchase by the Port Authority, the amount provided under Section 34 of the Lease. Any amount so paid by the Port Authority to the Mortgagee shall be applied by the Mortgagee as set forth in Section 15 above.

No sale, transfer or assignment by the Mortgagor of its interest in the Mortgaged Property or the Mortgagor's leasehold estate to the Port Authority shall create a merger between the estates of the Port Authority, in its capacity as lessor under the Lease, and the Mortgagor unless the Mortgagor and the Mortgagee consent to such merger in writing, nor shall any such sale, transfer or assignment be deemed to affect or diminish the liabilities of the Mortgagor with respect to the Mortgaged Property, whether for survived damages or otherwise.

It is understood that in the event of termination of the Lease or the transfer of the Mortgagor's interest in all of the Mortgaged Property based upon condemnation in accordance with Section 34 of the Lease, the Port Authority would accelerate the payment of the Aggregate Payment Obligation and the Mortgagor would thereby become obligated to immediately pay the entire Agggregate Payment Obligation (as set forth in Section 6 of Supplement No. 1). However, the Mortgagor's obligation thereunder to pay the entire Agggregate Payment Obligation in such event shall be limited to payment of the difference, if any, between the amount paid by the Port Authority in accordance with Section 34 of the Lease to the First Mortgagee on account of the Accelerated Facility Rental payable by the Mortgagor and the Aggregate Payment Obligation.

Section 17. Costs of Litigation and Collection.

If any action or proceeding is commenced to which the Mortgagee is made a party or in which it becomes necessary, in the opinion of the Mortgagee's counsel, to defend or uphold the lien of this Leasehold Mortgage, or if this Leasehold Mortgage is put into the hands of an attorney for collection, suit, action or foreclosure, all sums expended by the Mortgagee, including reasonable counsel fees, shall be paid by the Mortgagor, together with interest thereon at the Default Rate, and any such sum shall be a further lien on the Mortgaged Property prior to any subsequently attaching or accruing claim or interest and shall be deemed secured by this Leasehold Mortgage; and, in any action or proceedings to foreclose this Leasehold Mortgage, or to recover or collect the indebtedness, the provisions of law respecting the recovery of costs, disbursements and allowances shall prevail unaffected by this covenant.

Section 18. Security Agreement.

This Leasehold Mortgage shall also be considered to be and shall be construed as a security agreement with respect to any Mortgaged Property which is not real property. Upon default hereunder and acceleration of the indebtedness pursuant to the provisions hereof, the Mortgagee may in its discretion require the Mortgagor to assemble the collateral and make it available to the Mortgagee at a place reasonably convenient to all parties to be designated by the Mortgagee. The Mortgagee shall give the Mortgagor written notice of the time and place of any public sale of any of the collateral or of the time after which any private sale or other intended disposition thereof is to be made by sending notice to the Mortgagor at least ten (10) business days before the time of the sale or other disposition, which provisions for notice the Mortgagor agrees are reasonable.

Section 19. Additional Parity Bonds Secured.

The Mortgagor and the Mortgagee understand and agree that the Mortgagee may, from time to time, establish and authorize the issuance and sale of additional series of Special Project Bonds for purposes of the Project on a parity basis with the Series 6 Bonds, and the same pledges, mortgages, security interests and assignments applicable to the Series 6 Bonds, including without limitation the First Leasehold Mortgage, may be extended to each of such additional series in the Special Project Bond Series Resolution pertaining to such series, and the Mortgagor and the Mortgagee shall execute such documents as may reasonably be required by the Mortgagee acting at the request of either the Mortgagor or the Mortgagee to accomplish such purposes.

Section 20. Further Assurances

The Mortgagor will from time to time within ten (10) business days after request by the Mortgagee, execute, acknowledge and deliver any further instrument or instruments, including but not limited to mortgages, assignments, assignments of leases, security agreements, financing statements, renewal affidavits, certificates, continuation statements, assignments, or other documents or instruments that the Mortgagee may request in order to reaffirm, correct, protect, preserve, continue, extend or maintain the evidence of the Obligations hereby secured and the lien and security interest hereof to all or any part of the Mortgaged Property intended to be hereby mortgaged, whether now mortgaged, later substituted for, or acquired subsequent to the date of this Leasehold Mortgage and any extension or modification thereof. The Mortgagor will, upon demand, pay any reasonable expenses incurred by the Mortgagee in the preparation, execution and filing of any such documents.

Section 21 Payment by the Mortgagee.

If the Mortgagor fails to pay any claim, lien or encumbrance which is prior or junior to this Leasehold Mortgage, or when due, any rent or payment due and under the Lease, or tax or assessment or insurance premium, or to keep the Mortgaged Property or personal property in repair, or shall commit or permit waste, or if there be commenced any action or proceeding affecting all or any part of the Mortgaged Property or personal property or the title thereto, then the Mortgagee, at its option, may pay such rent, claim, lien, encumbrance, tax, assessment, or premium, with right of subrogation thereunder, may make such repairs and take such steps as the Mortgagee deems advisable to prevent or cure, if any, such waste, and may appear in any such action or proceeding and retain counsel therein, and take any action therein as the Mortgagee deems advisable, and for any of said purposes the Mortgagee may advance such sums of money as it deems necessary; provided, however, so long as an Event of Default shall not have occurred and be continuing, the Mortgagee shall not have the right to enter the Premises to cure or prevent any default by the Mortgagor or otherwise take any action that interferes with the Mortgagor's construction, operation or maintenance of the Mortgaged Property.

Section 22 Mortgagee Expenses.

In addition to securing the payment of the Obligations, this Leasehold Mortgage shall further secure payment of any and all additional indebtedness owing by the Mortgagor to the Mortgagee for advances, charges, expenses or fees reasonably made, incurred, or expended by the Mortgagee pursuant to this Leasehold Mortgage.

Section 23. Payments Secured.

The Mortgagor will pay to the Mortgagee within ten (10) business days after notice and without further demand therefor by the Mortgagee, all sums of money advanced by the Mortgagee to cure a default pursuant to this Leasehold Mortgage, together with interest on each such advancement from the date of disbursement at the Default Rate, and all such sums and such interest thereon shall be secured hereby.

Section 24. Inspection by the Mortgagee.

The Mortgagee and any persons authorized by the Mortgagee shall have the right to enter and inspect the Premises at all reasonable times upon reasonable notice. The Mortgagee shall not have any duty to make any such inspection and shall not incur any liability or obligation for not making such inspection.

Section 25. Compromise Without Notice.

Any action, suit or proceeding brought by the Mortgagee pursuant to this Leasehold Mortgage or otherwise, and any claim made by any such person under this Leasehold Mortgage or otherwise, may be compromised, withdrawn or otherwise dealt with by such person without any notice to or approval of the Mortgagor.

Section 26. Suits Without Acceleration.

After the expiration of any applicable period of notice, the Mortgagee shall have the right from time to time to sue for any sums, whether the Aggregate Payment Obligation due under Supplement No. 1, any taxes, penalties, or any other sums required to be paid under the terms of this Leasehold Mortgage, as the same become due, without regard to whether or not all of the said sums shall be due on demand, and without prejudice to the right of the Mortgagee thereafter to enforce any appropriate remedy against the Mortgagor, including sale under this Leasehold Mortgage, or any other action, for a default or defaults by the Mortgagor existing at the time such earlier action was commenced.

Section 27. Estoppel Certificate.

The Mortgagor, upon request, made either personally or by mail, shall certify by a writing, duly acknowledged, to the Mortgagee or to any proposed assignee of any interest in this Leasehold Mortgage, the amount of the Obligations then owing under this Leasehold Mortgage and whether any offsets or defenses exist against such indebtedness within ten (10) business days after its receipt of such request.

Section 28. Indemnification.

The Mortgagor will protect, indemnify and save harmless the Mortgagee from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) (the "Indemnity Claims") imposed upon or incurred by or asserted against the Mortgagee by reason of (a) the Mortgagee's interest in the Mortgaged Property or receipt of any sum therefrom (including any income, franchise, license, business or excess profits tax, other than taxes on Mortgagee's income in respect of payments received by Mortgagee in connection with the Aggregate Payment Obligation), (b) any accident, injury to or death of persons or loss of or damage to property occurring on or about the Premises or any part thereof or the adjoining sidewalks, curbs, vaults and vault space, if any, streets or ways, (c) any use, non-use or condition of the Premises or any part thereof or the adjoining sidewalks, curbs, vaults and vault space, if any, streets or ways, (d) any failure on the part of the Mortgagor to perform or comply with any of the terms of this Leasehold Mortgage, (e) the performance of any labor or services or the furnishing of any materials or other property in respect of the Premises or any part thereof, or (f) claims which may be asserted against the Mortgagee by reason of any alleged obligation or undertaking on Mortgagor's part to perform or discharge any of the terms, covenants or agreements contained in the Lease or the Project Agreements; provided that the Mortgagor shall not be obligated to protect, indemnify or hold harmless any indemnified party to the extent that any Indemnity Claim arises out of or results from the negligence, willful misconduct or bad faith of the indemnified party. Any amounts payable to the Mortgagee under this Section 29 which are not paid within ten (10) business days after written demand therefor by such Mortgagee shall bear interest from the date of such demand at the Default Rate. In case any action, suit or proceeding is brought against the Mortgagee by reason of any such occurrence, the Mortgagor, upon Mortgagee's request, will at the Mortgagor's expense, resist and defend such action, suit or proceeding or will cause the same to be resisted and defended by counsel designated by the Mortgagor and approved by such Mortgagee.

Section 29. Information.

At the time of delivery of financial statements under the Continuing Disclosure Agreement, the Mortgagor will deliver to the Mortgagee a certificate stating that, to the best of its knowledge and belief based on due diligence, no condition or event exists which constitutes, or which (after notice or lapse of time or both) would constitute, an Event of Default, or if any

such condition or event exists, specifying the nature and period of existence thereof and what action it is taking or proposes to take with respect thereto.

Section 30. Invalidity of Certain Provisions/Severability.

All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Leasehold Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. If any term of this Leasehold Mortgage shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of other terms of this Leasehold Mortgage shall in no way be affected thereby. If any provision hereof or of any of the written instruments evidencing part or all of the Obligations is invalid or unenforceable under any statute, regulation or rule of law in any jurisdiction, such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute, regulation or rule of law to the extent permitted in keeping with the intentions of the parties hereto, and the remainder of this Leasehold Mortgage and the application of any such invalid or unenforceable provision to parties, jurisdictions or circumstances other than to whom or to which it is held invalid or unenforceable, shall not be affected thereby nor shall same affect the validity or enforceability of any other provision of this Leasehold Mortgage.

Section 31. Interest Limitation.

It is not intended by any provision of this Leasehold Mortgage or other Security Documents to charge interest or premium at a rate in excess of the maximum rate of interest permitted to be charged to the Mortgagor under applicable law on a cumulative basis. Nevertheless, if by mistake any payment in excess of such maximum rate shall be paid for any period, the excess amount shall be retained by Mortgagee or, if required by applicable law, be refunded to the Mortgagor.

Section 32. Lien Law.

This Leasehold Mortgage is subject to the trust fund provisions of Section 13 of the New York Lien Law. The Mortgagor will indemnify and hold the Mortgagee harmless against any loss or liability, cost or expense, including, without limitation, any judgments, attorneys' fees, costs of appeal bonds and printing costs, arising out of or relating to any proceeding instituted by any claimant alleging a violation by the Mortgagor of any Section of Article 3-A of the Lien Law. No statement contained in the preceding two sentences constitutes an admission or agreement by the Mortgagee that it is subject to the provisions of the New York Lien Law.

such condition or event exists, specifying the nature and period of existence thereof and what action it is taking or proposes to take with respect thereto.

Section 30. Invalidity of Certain Provisions/Severability.

All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Leasehold Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. If any term of this Leasehold Mortgage shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of other terms of this Leasehold Mortgage shall in no way be affected thereby. If any provision hereof or of any of the written instruments evidencing part or all of the Obligations is invalid or unenforceable under any statute, regulation or rule of law in any jurisdiction, such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute, regulation or rule of law to the extent permitted in keeping with the intentions of the parties hereto, and the remainder of this Leasehold Mortgage and the application of any such invalid or unenforceable provision to parties, jurisdictions or circumstances other than to whom or to which it is held invalid or unenforceable, shall not be affected thereby nor shall same affect the validity or enforceability of any other provision of this Leasehold Mortgage.

Section 31. Interest Limitation.

It is not intended by any provision of this Leasehold Mortgage or other Security Documents to charge interest or premium at a rate in excess of the maximum rate of interest permitted to be charged to the Mortgagor under applicable law on a cumulative basis. Nevertheless, if by mistake any payment in excess of such maximum rate shall be paid for any period, the excess amount shall be retained by Mortgagee or, if required by applicable law, be refunded to the Mortgagor.

Section 32. Lien Law.

This Leasehold Mortgage is subject to the trust fund provisions of Section 13 of the New York Lien Law. The Mortgagor will indemnify and hold the Mortgagee harmless against any loss or liability, cost or expense, including, without limitation, any judgments, attorneys' fees, costs of appeal bonds and printing costs, arising out of or relating to any proceeding instituted by any claimant alleging a violation by the Mortgagor of any Section of Article 3-A of the Lien Law. No statement contained in the preceding two sentences constitutes an admission or agreement by the Mortgagee that it is subject to the provisions of the New York Lien Law.

Section 33. Construction.

The clauses and covenants contained in this Leasehold Mortgage which are construed by Sections 254 and 271 of the New York Real Property Law shall be construed as provided in those Sections, except that the provisions of subsection 4 of said Section 254 shall not in any manner apply to or construe the provisions of this Leasehold Mortgage; the additional clauses and covenants contained herein shall afford rights supplemental to and not exclusive of the rights conferred by the clauses and covenants construed by said Sections 254 and 271 and shall not impair, modify, alter or defeat such rights (except that the provisions of Section 34 hereof shall be exclusive of and shall be in substitution for the rights which would be conferred by the clauses and covenants construed by said subsection 4 of said Section 254), notwithstanding that such additional clauses and covenants may relate to the same subject matter or provide for different or additional rights in the same or similar contingencies as the clauses and covenants construed by said Sections 254 and 271; and in the event of any inconsistencies between the provisions of Sections 254 and 271 and the provisions of this Leasehold Mortgage, the provisions of this Leasehold Mortgage shall prevail.

Section 34. Waiver of Redemption.

The Mortgagor hereby waives any and all rights to recover and regain the Mortgaged Property 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 in its capacity as lessor under the Lease or as Mortgagee obtains possession of the Mortgaged Property in any lawful manner.

Section 35. Personal Property Release.

So long as an Event of Default shall not have occurred and be continuing, the Mortgagor shall have the right to remove free and clear of this Leasehold Mortgage any part or all of the Mortgaged Property which is not real property at any time , or to substitute therefore any other property of the Mortgagor of a type or character or function similar to that which is removed, provided that, except with respect to any part of such property with a value of less than $250,000.00 or the removal or substitution of any part of such property in the ordinary course of business, (i) the Mortgagor shall deliver written notice of such intended removal or substitution to the Mortgagee at least ten (10) days prior thereto other than in the case of an emergency or if the giving of notice is not reasonably practical, (ii) any such substitute item of property of the Mortgagor shall be located at the Premises, including such property substituted in the ordinary course of business, and (iii) the Mortgagor shall deliver a certificate of an authorized officer of the Mortgagor to the Mortgagee stating that such removal or substitution shall not have a Material Adverse Effect.

Section 36. Discharge of Leasehold Mortgage by the Lessee.

This Leasehold Mortgage shall be deemed satisfied, discharged and of no further force and effect upon the payment in full of the Aggregate Payment Obligation and the Mortgagee shall execute and deliver to the Port Authority and the Mortgagor all documents, in recordable form, that may be required or reasonably requested to evidence the discharge and satisfaction of this Leasehold Mortgage.

Section 37. Delays and Omissions.

Any failure or delay by the Mortgagee to require strict performance by the Mortgagor of any of the provisions, warranties, terms and conditions contained in this Leasehold Mortgage, Supplement No. 1, or in any other agreement, document or instrument, shall not affect the right of the Mortgagee to demand strict compliance and performance therewith, and any waiver of any default shall not affect or constitute a waiver of any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions and terms contained in this Leasehold Mortgage, Supplement No. 1, or in any other agreement, document or instrument shall be deemed to have been waived by any act or knowledge of the Mortgagee, its agents, officers or employees, but only by an instrument in writing, signed by the Mortgagee and specifying such waiver.

The Mortgagor hereby consents to any lawful act by the Mortgagee for the purpose of taking lawful possession of the Mortgaged Property after an Event of Default and subject to the provisions of this Leasehold Mortgage, Supplement No. 1 and the Lease.

Section 38. Notices.

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 offices of such officer or representative during regular business hours, or forwarded to him or her or to the party at such address by registered or certified mail postage prepaid. The Mortgagor shall from time to time designate, in writing, any 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 Mortgagee hereby designates its Executive Director, and the Mortgagor designates its General Manager as their officers or representatives upon whom notices and requests may be served, and the Mortgagee designates its office at One World Trade Center, 67 East, New York, New York 10048, and the Mortgagor designates its office at John F. Kennedy International Airport (Terminal 4), Room 161.022, Jamaica, NY 11430, as their respective offices where notices and requests may be served. If mailed, the notices herein required to be served shall be deemed effective and served as of the date of the registered or certified mailing thereof. Copies of all such notices, directions, requests, consents and approvals

given by the Mortgagor or the Mortgagee shall also be contemporaneously given to the Trustee and the Bond Insurer.

Section 39. LAW GOVERNING THE LEASEHOLD MORTGAGE.

THE EFFECT AND MEANING OF THIS LEASEHOLD MORTGAGE AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

Section 40. Sale, Conveyance, Transfer, Mortgage, Pledge, Assignment and Modification.

This Leasehold Mortgage, or any part hereof, may be sold, conveyed, transferred, mortgaged, pledged, assigned, modified or amended by Mortgagor only by a written instrument signed by the Mortgagee, provided, that the Mortgagee agrees that this Leasehold Mortgage may be assigned by the Mortgagor in its entirety, simultaneously with an assignment in its entirety of the Lease, under the same terms and conditions provided in paragraph (a) of Section 5 of the Lease, and at the request of the Mortgagor, the Mortgagee shall execute any document that may be required or reasonably requested to accomplish such assignment. Notwithstanding anything to the contrary contained herein, this Leasehold Mortgage shall survive an assignment under the Lease Assignment, and this Leasehold Mortgage shall remain in full force and effect.

Section 41. Counterparts.

This Leasehold Mortgage may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 42. Titles.

Titles to the sections of this Leasehold Mortgage are solely for the convenience of the parties and are not an aid in the interpretation of this Leasehold Mortgage or any part hereof.

Section 43. Miscellaneous.

(a) Immunity of Commissioners, Officers, Agents, Representatives and Employees of the Port Authority

Neither the Commissioners of the Mortgagee nor any of the officers, agents, representatives or employees of the Mortgagee nor any of the officers, agents,

representatives or employees shall be charged personally with any liability or held liable under any term or provision of this Leasehold Mortgage.

(b) Effect of Leasehold Mortgage.

This Leasehold Mortgage shall be binding upon and solely for the benefit of the parties hereto and their respective legal representatives, successors and assigns.

(c) Statement Regarding Residential Dwelling Units.

The real property subject to this Leasehold Mortgage is not principally improved or to be improved by one or more structures containing in the aggregate not more than six residential dwelling units, each having its own cooking facilities.

(d) Limitation on Disposition of the Mortgagor's Interest in the Lease.

The Mortgagee shall require that any transferee, assignee or purchaser of the Mortgagor's leasehold estate under the Leaseor any New Lessee shall assume the rights and obligations, from and after date of assumption, of the Mortgagor under the Security Documents.

(e) Exhibit A.

With respect to Exhibit A, the coordinates, expressed in feet, and bearings refer to the grid systems of the Borough of Queens Topographical Bureau.

(f) Non-liability of Individuals; Limitations on Recourse

(i) Notwithstanding any other provision of this Leasehold Mortgage to the contrary, no (x) Commissioner, director, employee, committee member, manager, managing director, officer, agent, representative, nor any (y) owner, shareholder, member, partner, controlling Person, principal, or ultimate beneficial owner, in each case, whether direct or indirect, of the Mortgagee or of the Mortgagor or any Affiliate of the Mortgagee or the Mortgagor or of any of the foregoing, shall be charged personally or held contractually liable by or to the other party, or any third-party beneficiary hereof, under, or in connection with, any term or provision of this Leasehold Mortgage or of any supplement, modification or amendment to this Leasehold Mortgage or because of any breach thereof, or because of its or their execution or attempted execution.

(ii) Notwithstanding any other provision of this Leasehold Mortgage to the contrary, and as a material consideration for the Mortgagor's entry into this Leasehold Mortgage,

it is acknowledged and agreed that: (x) neither the Mortgagee (or any of its successors or assigns), nor any third party beneficiary hereof, shall have any recourse or shall make any claim under or in connection with this Leasehold Mortgage, against (i) any member of the Mortgagor, or (ii) any of the Affiliates of the Mortgagor or of any such member, or (iii) any (A) officer, committee member, director, manager, managing director, employee, agent, representative or (B) owner, shareholder, member, partner, principal, controlling Person or ultimate beneficial owner in each case, whether direct or indirect, of any of the Persons mentioned in clauses (i) and (ii) above, under, or in connection with, this Leasehold Mortgage and the sole recourse of the Mortgagee (or its successors or assigns) and any third party beneficiary hereof shall be against the Mortgagor's assets irrespective of any failure of the Mortgagor to comply with applicable Law or any provision of this Leasehold Mortgage, and (y) neither the Mortgagee (or its successors or assigns) nor any third party beneficiary hereof shall be subrogated, or have any right of subrogation, to any claim of the Mortgagor for any capital contributions to the Mortgagor from any member of the Mortgagor. The acknowledgements and agreements set forth in this paragraph (f) are made expressly for the benefit of the Persons referred to in clauses (i), (ii) and (iii) above, individually or collectively.

(iii) For the purposes of this paragraph (f), the protections afforded to the Mortgagor under this paragraph (f) shall be deemed to protect any successor to the Mortgagor, any Interim Terminal Operator or any Qualified Terminal Operator and any director, manager, managing director, controlling person, direct or indirect shareholder, member, partner, principal, ultimate or indirect shareholder, owner, officer or agent thereof in respect of any obligations hereunder or under any of the Security Documents.

(g) No Merger. So long as any of the Obligations secured hereby shall remain unpaid or unsatisfied, unless Mortgagee shall otherwise consent in writing, the leasehold interest in the Premises or any other interest of the Mortgagor or Mortgagee in the Mortgaged Property or the Obligations or other security therefore shall not merge with any other interest therein, but shall always be kept separate and distinct, notwithstanding the union of said title either in the Mortgagor, Mortgagee or in any other party, by purchase or otherwise.

(h) Successors and Assigns. The terms, covenants, conditions and warranties contained herein and the powers granted hereby shall run with the land, shall inure to the benefit of and bind all parties hereto and their respective heirs, executors, administrators, successors and assigns. Except as permitted under Section 5 of the Lease and Section 41 hereof and the First Leasehold Mortgage, the Mortgagor shall not assign any of its rights or obligations hereunder to any party without the written consent of the Mortgagee. The Mortgagee may assign any of its rights or obligations hereunder at any time to any party subject to the terms of the Lease and such assignment shall benefit its heirs, executors, administrators, successors and assigns.

(i) No Partnership. Nothing contained herein shall be deemed to constitute the parties hereto as partners or joint venturers in any manner or matter whatsoever.

(j) Interpretation and Construction of Agreement. Whenever appropriate herein or required by the context or circumstances, the masculine shall be construed as a

feminine and/or neuter, the singular as the plural and vice versa. All rules of construction of drafting ambiguities applicable under Section 81 of the Lease shall apply equally to this Leasehold Mortgage.

* * * * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Leasehold Mortgage to be executed by their duly authorized officers, all as of the day and year first above written.

MORTGAGOR:

JFK INTERNATIONAL ~~AIR~~ TERMINAL LLC

By: _____
Name:
Title:

By: _____
Name:
Title

By: _____
Name:
Title:

MORTGAGEE:

PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Leasehold Mortgage to be executed by their duly authorized officers, all as of the day and year first above written.

MORTGAGOR:

JFK INTERNATIONAL AIR TERMINAL LLC

By: _____
Name:
Title:

By: _____
Name:
Title

By: _____
Name: Christopher McKenna
Title: Authorized Signatory

MORTGAGEE:

PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Leasehold Mortgage to be executed by their duly authorized officers, all as of the day and year first above written.

MORTGAGOR:

JFK INTERNATIONAL AIR TERMINAL LLC

By: _____
Name:
Title:

By: _____
Name:
Title

By: _____
Name:
Title:

MORTGAGEE:

PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

FORM
APP'D.

By: _____
Name: Francis A. DiMile
Title: Asst. Director - Quiet

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 9th day of August in the year 2001, before me, the undersigned, a Notary Public in and for said state, personally appeared, Johannes C. Mohrmann personally known to me or proved to me on the basis of satisfactory evidence to be the individual~~(s)~~ whose name~~(s)~~ is ~~(are)~~ subscribed to the within instrument and acknowledged to me that he~~/she/they~~ executed the same in his~~/her/their~~ capacity~~(ies)~~, and that by his~~/her/their~~ signature~~(s)~~ on the instrument, the individual~~(s)~~, or the person upon behalf of which the individual~~(s)~~ acted, executed the instrument.

Karen L Chun

(notarial seal and stamp)

KAREN L. CHUN
Notary Public, State of New York
No. 31-4745323
Qualified in New York County
Commission Expires November 30, 2001

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 9th day of August in the year 2001, before me, the undersigned, a Notary Public in and for said state, personally appeared, Kurt Eicher personally known to me or proved to me on the basis of satisfactory evidence to be the individual~~(s)~~ whose name~~(s)~~ is ~~(are)~~ subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/~~her/their~~ capacity~~(ies)~~, and that by his/~~her/their~~ signature~~(s)~~ on the instrument, the individual~~(s)~~, or the person upon behalf of which the individual~~(s)~~ acted, executed the instrument.

Karen L Chun

(notarial seal and stamp)

KAREN L. CHUN
Notary Public, State of New York
No. 31-4745323
Qualified in New York County
Commission Expires November 30, 2001

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 10th day of August in the year 2001, before me, the undersigned, a Notary Public in and for said state, personally appeared Christopher McKenna personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

(notarial seal and stamp)

MARYANN VENE
Notary Public, State of New York
No. 01VE6000184
Qualified in Richmond County
Commission Expires Dec. 8, 2001

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 10th day of August in the year 2001 , before me, the undersigned, a Notary Public in and for said state, personally appeared, Francis A. Di Mola personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Marie Carolle Tertulien
(notarial seal and stamp)

MARIE CAROLLE TERTULIEN
NOTARY PUBLIC, State of New York
No. 01TE6051440
Qualified in Kings County
Commission Expires Nov. 27, 20 02

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the day of in the year 2001 , before me, the undersigned, a Notary Public in and for said state, personally appeared, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

(notarial seal and stamp)

EXHIBIT G

JFK INTERNATIONAL AIR TERMINAL-TERMINAL 4 PROJECT

SCOPE REDUCTION ANALYSIS-SUMMARY

Deferred Post DBO Scope of Work	Current JFKIAT Estimate		
Airside		3,925,081	Refer A/S-021
Landside		1,348,695	Refer L/S-036
Mobile Lounge		3,000,000	
Sub-Total		8,273,776	
Remobilization *		1,726,224	
TOTAL		10,000,000	

Notes:

* Estimates to be confirmed by trades.

LEASE NO. AYC-685: EXHIBIT 8.3.A

(Reference Section 8(I)(d)(i))

Equity Capital Investment Funding and Balance: **Sufficient Funds for all Payments**

	2002 Q2	2002 Q3	2002 Q4	2002	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2003	2004 Q1	2004 Q2	2004 Q3
Available Net Cash Flow after Ninth Priority Level	$2,641,790	$2,641,790	$2,641,790	$10,567,159	$2,944,919	$2,944,919	$2,944,919	$2,944,919	$11,779,674	$2,832,138	$2,832,138	$2,832,138
Equity Capital Investment Funding	$1,007,151	$1,007,151	$1,007,151	$4,028,603	$1,007,151	$1,007,151	$1,007,151	$1,007,151	$4,028,603	$1,007,151	$1,007,151	$1,007,151
Available Net Cash Flow after Tenth Priority Level	$1,634,639	$1,634,639	$1,634,639	$6,538,556	$1,937,768	$1,937,768	$1,937,768	$1,937,768	$7,751,071	$1,824,987	$1,824,987	$1,824,987

				6	7	8		9	10	11	12		13	14	15
Equity Capital Investment Balance															
	Investment	Interest	Amort.												
Beginning Balance	$15,000,000	12.50%	5	12,033,430	11,385,881	10,718,982		10,032,153	9,324,798	8,596,306	7,846,044		7,073,361	6,277,588	5,458,034
Funding Due with respect to Current Period				1,007,151	1,007,151	1,007,151		1,007,151	1,007,151	1,007,151	1,007,151		1,007,151	1,007,151	1,007,151
Funding Due with respect to Previous Period				0	0	0		0	0	0	0		0	0	0
Interest due on Previous Period Funding				0	0	0		0	0	0	0		0	0	0
Funding Paid				1,007,151	1,007,151	1,007,151		1,007,151	1,007,151	1,007,151	1,007,151		1,007,151	1,007,151	1,007,151
Interest Portion of Funding Due				359,602	340,251	320,321		299,797	278,658	256,888	234,468		211,377	187,597	163,106
Interest Portion of Funding Paid				359,602	340,251	320,321		299,797	278,658	256,888	234,468		211,377	187,597	163,106
Non-funded Interest				0	0	0		0	0	0	0		0	0	0
Principal Portion of Funding Due (1)				647,549	666,900	686,829		707,354	728,492	750,262	772,683		795,773	819,554	844,045
Principal Portion of Funding Paid (1)				647,549	666,900	686,829		707,354	728,492	750,262	772,683		795,773	819,554	844,045
Non-funded Principal (1)				0	0	0		0	0	0	0		0	0	0
Ending Balance				11,385,881	10,718,982	10,032,153		9,324,798	8,596,306	7,846,044	7,073,361		6,277,588	5,458,034	4,613,989

Notes:

(1). Amount shown (Funding Portion) is interest during Pre-DBO payment periods (Interest Only periods).

(2). The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

LEASE NO. AYC-685: EXHIBIT 8.3.A

(Reference Section 8(I)(d)(i))

Equity Capital Investment Funding and Balance: **Sufficient Funds for all Payments**

	2004 Q4	2004	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006
Available Net Cash Flow after Ninth Priority Level	$2,832,138	$11,328,552	$3,096,467	$3,096,467	$3,096,467	$3,096,467	$12,385,866	$896,467	$3,096,467	$3,096,467	$3,096,467	$10,185,866
Equity Capital Investment Funding	$1,007,151	$4,028,603	$1,007,151	$1,007,151	$1,007,151	$1,007,151	$4,028,603	$0	$0	$0	$0	$0
Available Net Cash Flow after Tenth Priority Level	$1,824,987	$7,299,950	$2,089,316	$2,089,316	$2,089,316	$2,089,316	$8,357,263	$896,466	$3,096,467	$3,096,467	$3,096,467	$10,185,866

				16	17	18	19	20		21	22	23	24	
Equity Capital Investment Balance														
	Investment	Interest	Amort.											
Beginning Balance	$15,000,000	12.50%	5	4,613,989	3,744,721	2,849,476	1,927,477	977,927		0	0	0	0	
Funding Due with respect to Current Period				1,007,151	1,007,151	1,007,151	1,007,151	1,007,151		0	0	0	0	
Funding Due with respect to Previous Period				0	0	0	0	0		0	0	0	0	
Interest due on Previous Period Funding				0	0	0	0	0		0	0	0	0	
Funding Paid				1,007,151	1,007,151	1,007,151	1,007,151	1,007,151		0	0	0	0	
Interest Portion of Funding Due				137,882	111,906	85,153	57,600	29,224		0	0	0	0	
Interest Portion of Funding Paid				137,882	111,906	85,153	57,600	29,224		0	0	0	0	
Non-funded Interest				0	0	0	0	0		0	0	0	0	
Principal Portion of Funding Due (1)				869,268	895,245	921,998	949,551	977,927		0	0	0	0	
Principal Portion of Funding Paid (1)				869,268	895,245	921,998	949,551	977,927		0	0	0	0	
Non-funded Principal (1)				0	0	0	0	0		0	0	0	0	
Ending Balance				3,744,721	2,849,476	1,927,477	977,927	(0)		0	0	0	0	

Notes:

(1). Amount shown (Funding Portion) is interest during Pre-DBO payment periods (Interest Only periods).

(2). The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

INITIALED:

FOR THE PORT AUTHORITY

FOR THE LESSEE

LEASE NO. AYC-685: EXHIBIT 8.3.B

(Reference Section 8(I)(d)(i))

Equity Capital Investment Funding and Balance: **Funding deficiencies assumed in 1998, 2003 and 2006**

	1997 Q2	1997 Q3	1997 Q4	1997	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1998	1999 Q1	1999 Q2	1999 Q3
Available Net Cash Flow after Ninth Priority Level	$1,240,946	$1,240,946	$1,240,946	$3,722,837	$812,815	$812,815	$812,815	$812,815	$3,251,280	$43,325	$793,325	$793,325
Equity Capital Investment Funding	$280,158	$448,254	$448,254	$1,176,666	$448,254	$448,254	$448,254	$448,254	$1,793,014	$43,325	$793,325	$522,362
Available Net Cash Flow after Tenth Priority Level	$960,787	$792,692	$792,692	$2,546,171	$364,561	$364,561	$364,561	$364,561	$1,458,246	$0	$0	$270,963

Equity Capital Investment Balance

	Investment	Interest	Amort.										
Beginning Balance	$15,000,000	12.50%	5	15,000,000	15,000,000	15,000,000		15,000,000	15,000,000	15,000,000	15,000,000		15,000,000	15,404,929	15,071,958
Funding Due with respect to Current Period				280,158	448,254	448,254		448,254	448,254	448,254	448,254		448,254	460,354	450,404
Funding Due with respect to Previous Period				0	0	0		0	0	0	0		0	404,929	71,958
Interest due on Previous Period Funding				0	0	0		0	0	0	0		0	0	0
Funding Paid				280,158	448,254	448,254		448,254	448,254	448,254	448,254		43,325	793,325	522,362
Interest Portion of Funding Due				280,158	448,254	448,254		448,254	448,254	448,254	448,254		448,254	460,354	450,404
Interest Portion of Funding Paid				280,158	448,254	448,254		448,254	448,254	448,254	448,254		43,325	460,354	450,404
Non-funded Interest				0	0	0		0	0	0	0		404,929	0	0
Principal Portion of Funding Due (1)				0	0	0		0	0	0	0		0	404,929	71,958
Principal Portion of Funding Paid (1)				0	0	0		0	0	0	0		0	332,971	71,958
Non-funded Principal (1)				0	0	0		0	0	0	0		0	71,958	0
Ending Balance				15,000,000	15,000,000	15,000,000		15,000,000	15,000,000	15,000,000	15,000,000		15,404,929	15,071,958	15,000,000

Notes:

(1). Amount shown (Funding Portion) is Interest during Pre-DBO payment periods (Interest Only periods).

(2). The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

LEASE NO. AYC-685: EXHIBIT 8.3.B
(Reference Section 8(I)(d)(i))
Equity Capital Investment Funding and Balance: **Funding deficiencies assumed in 1999, 2003 and 2005**

	1999 Q4	1999	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2000	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2001	2002 Q1
Available Net Cash Flow after Ninth Priority Level	$793,325	$2,423,300	$5,034,126	$5,034,126	$5,034,126	$5,034,126	$20,136,503	$2,747,383	$2,747,383	$2,747,383	$2,747,383	$10,989,530	$2,641,790
Equity Capital Investment Funding	$448,254	$1,807,265	$448,254	$448,254	$448,254	$448,254	$1,793,014	$1,007,151	$1,007,151	$1,007,151	$1,007,151	$4,028,603	$1,007,151
Available Net Cash Flow after Tenth Priority Level	$345,071	$616,035	$4,585,872	$4,585,872	$4,585,872	$4,585,872	$18,343,488	$1,740,232	$1,740,232	$1,740,232	$1,740,232	$6,960,928	$1,634,639

									1	2	3	4		5
Equity Capital Investment Balance														
	Investment	Interest	Amort											
Beginning Balance	$15,000,000	12.50%	5	15,000,000		15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	14,441,103	13,865,504	13,272,704		12,662,189
Funding Due with respect to Current Period				448,254		448,254	448,254	448,254	448,254	1,007,151	1,007,151	1,007,151	1,007,151		1,007,151
Funding Due with respect to Previous Period				0		0	0	0	0	0	0	0	0		0
Interest due on Previous Period Funding				0		0	0	0	0	0	0	0	0		0
Funding Paid				448,254		448,254	448,254	448,254	448,254	1,007,151	1,007,151	1,007,151	1,007,151		1,007,151
Interest Portion of Funding Due				448,254		448,254	448,254	448,254	448,254	448,254	431,552	414,351	396,636		378,391
Interest Portion of Funding Paid				448,254		448,254	448,254	448,254	448,254	448,254	431,552	414,351	396,636		378,391
Non-funded Interest				0		0	0	0	0	0	0	0	0		0
Principal Portion of Funding Due (1)				0		0	0	0	0	558,897	575,599	592,800	610,515		628,759
Principal Portion of Funding Paid (1)				0		0	0	0	0	558,897	575,599	592,800	610,515		628,759
Non-funded Principal (1)				0		0	0	0	0	0	0	0	0		0
Ending Balance				15,000,000		15,000,000	15,000,000	15,000,000	15,000,000	14,441,103	13,865,504	13,272,704	12,662,189		12,033,430

Notes:
(1) Amount shown (Funding Portion) is interest during Pre-DBO payment periods (Interest Only periods).
(2). The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

LEASE NO. AYC-685: EXHIBIT 8.3.B
(Reference Section 8(I)(d)(i))
Equity Capital Investment Funding and Balance: **Funding deficiencies assumed in 1999, 2003 and 2005**

	2002 Q2	2002 Q3	2002 Q4	2002	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2003	2004 Q1	2004 Q2	2004 Q3
Available Net Cash Flow after Ninth Priority Level	$2,641,790	$2,641,790	$2,641,790	$10,567,159	$244,919	$2,944,919	$2,944,919	$2,944,919	$9,079,674	$2,832,138	$2,832,138	$2,832,138
Equity Capital Investment Funding	$1,007,151	$1,007,151	$1,007,151	$4,028,603	$244,919	$1,792,161	$1,007,151	$1,007,151	$4,051,381	$1,007,151	$1,007,151	$1,007,151
Available Net Cash Flow after Tenth Priority Level	$1,634,639	$1,634,639	$1,634,639	$6,538,556	$0	$1,152,758	$1,937,768	$1,937,768	$5,028,293	$1,824,987	$1,824,987	$1,824,987

				6	7	8		9	10	11	12		13	14	15
Equity Capital Investment Balance															
	Investment	Interest	Amort.												
Beginning Balance	$15,000,000	12.50%	5	12,033,430	11,385,881	10,718,982		10,032,153	10,087,031	8,596,306	7,846,044		7,073,361	6,277,588	5,458,034
Funding Due with respect to Current Period				1,007,151	1,007,151	1,007,151		1,007,151	1,007,151	1,007,151	1,007,151		1,007,151	1,007,151	1,007,151
Funding Due with respect to Previous Period				0	0	0		0	762,232	0	0		0	0	0
Interest due on Previous Period Funding				0	0	0		0	22,778	0	0		0	0	0
Funding Paid				1,007,151	1,007,151	1,007,151		244,919	1,792,161	1,007,151	1,007,151		1,007,151	1,007,151	1,007,151
Interest Portion of Funding Due				359,602	340,251	320,321		299,797	301,437	256,888	234,468		211,377	187,597	163,106
Interest Portion of Funding Paid				359,602	340,251	320,321		244,919	301,437	256,888	234,468		211,377	187,597	163,106
Non-funded Interest				0	0	0		54,878	0	0	0		0	0	0
Principal Portion of Funding Due (1)				647,549	666,900	686,829		707,354	1,490,724	750,262	772,683		795,773	819,554	844,045
Principal Portion of Funding Paid (1)				647,549	666,900	686,829		0	1,490,724	750,262	772,683		795,773	819,554	844,045
Non-funded Principal (1)				0	0	0		707,354	0	0	0		0	0	0
Ending Balance				11,385,881	10,718,982	10,032,153		10,087,031	8,596,306	7,846,044	7,073,361		6,277,588	5,458,034	4,613,989

Notes:
(1). Amount shown (Funding Portion) is Interest during Pre-DBO payment periods (Interest Only periods).
(2). The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

LEASE NO. AYC-685: EXHIBIT 8.3.B

(Reference Section 8(1)(d)(i))

Equity Capital Investment Funding and Balance: **Funding deficiencies assumed in 1999, 2003 and 2005**

	2004 Q4	2004	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006
Available Net Cash Flow after Ninth Priority Level	$2,832,138	$11,328,552	$3,096,467	$3,096,467	$3,096,467	$596,467	$9,885,866	$271,467	$2,471,467	$2,471,467	$2,471,467	$7,685,866
Equity Capital Investment Funding	$1,007,151	$4,028,603	$1,007,151	$1,007,151	$1,007,151	$596,467	$3,617,918	$271,467	$156,017	$0	$0	$427,484
Available Net Cash Flow after Tenth Priority Level	$1,824,987	$7,299,950	$2,089,316	$2,089,316	$2,089,316	$0	$6,267,948	$0	$2,315,449	$2,471,467	$2,471,467	$7,258,382
	16		17	18	19	20		21	22	23	24	
Equity Capital Investment Balance												
Investment $15,000,000 / Interest 12.50% / Amort 5												
Beginning Balance	4,613,989		3,744,721	2,849,476	1,927,477	977,927		410,684	151,490	0	0	
Funding Due with respect to Current Period	1,007,151		1,007,151	1,007,151	1,007,151	1,007,151		0	0	0	0	
Funding Due with respect to Previous Period	0		0	0	0	0		410,684	151,490	0	0	
Interest due on Previous Period Funding	0		0	0	0	0		12,273	4,527	0	0	
Funding Paid	1,007,151		1,007,151	1,007,151	1,007,151	596,467		271,467	156,017	0	0	
Interest Portion of Funding Due	137,882		111,906	85,153	57,600	29,224		0	0	0	0	
Interest Portion of Funding Paid	137,882		111,906	85,153	57,600	29,224		0	0	0	0	
Non-funded Interest	0		0	0	0	0		0	0	0	0	
Principal Portion of Funding Due (1)	869,268		895,245	921,998	949,551	977,927		0	0	0	0	
Principal Portion of Funding Paid (1)	869,268		895,245	921,998	949,551	567,243		0	0	0	0	
Non-funded Principal (1)	0		0	0	0	410,684		0	0	0	0	
Ending Balance	3,744,721		2,849,476	1,927,477	977,927	410,684		151,490	0	0	0	

Notes:

(1). Amount shown (Funding Portion) is interest during Pre-DBO payment periods (Interest Only periods)

(2) The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

INITIALED:

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FOR THE PORT AUTHORITY

FOR THE LESSEE

LEASE NO. AYC-685: EXHIBIT 8.4.A

(Reference Section 8(T)(d)(ii)(2))

Second Additional Land Rental Funding and Balance: 2016 Mode - Funding deficiencies assumed in 2007 and 2010

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006
Available Net Cash Flow after Tenth Priority Level	$3,768,738	$1,458,246	$1,380,286	$18,343,488	$6,960,928	$6,536,556	$6,751,072	$7,299,950	$8,357,264	$2,893,203	$2,893,203	$2,893,203	$2,893,203	$11,572,810
Second Additional Land Rental	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$4,000,000
Available Net Cash Flow after Eleventh Priority Level	$3,768,738	$1,458,246	$1,380,286	$18,343,488	$6,960,928	$6,536,556	$6,751,072	$7,299,950	$8,357,264	$1,893,203	$1,893,203	$1,893,203	$1,893,203	$7,572,810

							1	2	3	4	5	21	22	23	24	
Second Additional Land Rental Balance:																
	Investment	Interest	Amort.													
Beginning Balance	$40,000,000	0.00%	15	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	39,000,000	38,000,000	37,000,000	
Funding Due with respect to Current Period				0	0	0	0	0	0	0	0	1,000,000	1,000,000	1,000,000	1,000,000	
Funding Due with respect to Previous Period				0	0	0	0	0	0	0	0	0	0	0	0	
Interest due on Previous Period Funding				0	0	0	0	0	0	0	0	0	0	0	0	
Funding Paid				0	0	0	0	0	0	0	0	1,000,000	1,000,000	1,000,000	1,000,000	
Interest Portion of Funding Due				0	0	0	0	0	0	0	0	0	0	0	0	
Interest Portion of Funding Paid				0	0	0	0	0	0	0	0	0	0	0	0	
Non-funded Interest				0	0	0	0	0	0	0	0	0	0	0	0	
Principal Portion of Funding Due				0	0	0	0	0	0	0	0	1,000,000	1,000,000	1,000,000	1,000,000	
Principal Portion of Funding Paid				0	0	0	0	0	0	0	0	1,000,000	1,000,000	1,000,000	1,000,000	
Non-funded Principal				0	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance				40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	39,000,000	38,000,000	37,000,000	36,000,000	
Deferred Second Additional Land Rental Balance:																
Beginning Balance							0	2,469,896	5,134,783	7,944,306	10,928,715	14,098,896	14,921,807	15,742,025	16,559,508	
Deferred Second Additional Land Rental							2,433,799	2,433,799	2,433,799	2,433,799	2,433,799	608,450	593,239	578,027	562,816	2,342,532
Interest Earnings on Quarterly Deferred Rentals							56,097	56,097	56,097	56,097	56,097	0	0	0	0	0
Interest Earnings on Deferred Balance							0	154,990	319,627	494,512	680,284	214,462	226,979	239,456	251,891	932,788
Ending Balance							2,489,896	5,134,783	7,944,306	10,928,715	14,098,896	14,921,807	15,742,025	16,559,508	17,374,215	
Assumed Special Project Bond Rate:			6.22%													

Notes:

1 For Quarterly periods, the "Interest Earnings on Quarterly Deferred Rentals" are included in "Interest Earnings on Deferred Balance"

2. The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

LEASE NO. AYC-685: EXHIBIT 8.4.A

(Reference Section 8(b)(d)(ii)(2))

Second Additional Land Rental Funding and Balance: 2015 Mode - Funding deficiencies assumed in 2007 and 2010

	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2007	2008	2009	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2010	2011
Available Net Cash Flow after Tenth Priority Level	$3,045,238	$545,238	$3,045,238	$3,045,238	$9,680,953	$12,634,255	$12,818,714	$3,346,116	$3,346,116	$3,346,116	$346,116	$13,384,465	$13,600,599
Second Additional Land Rental	$1,000,000	$545,238	$1,454,762	$1,000,000	$4,000,000	$4,000,000	$4,000,000	$1,000,000	$1,000,000	$1,000,000	$346,116	$3,346,116	$4,130,777
Available Net Cash Flow after Eleventh Priority Level	$2,045,238	$0	$1,590,477	$2,045,238	$5,680,953	$8,634,255	$8,818,714	$2,346,116	$2,346,116	$2,346,116	$0	$7,038,349	$9,469,823
	25	26	27	28		8	9	37	38	39	40		11
Second Additional Land Rental Balance:													
Investment $40,000,000 / Interest 0.00% / Amort. 15													
Beginning Balance	36,000,000	35,000,000	34,454,762	33,000,000		32,000,000	28,000,000	24,000,000	23,000,000	22,000,000	21,000,000		20,653,884
Funding Due with respect to Current Period	1,000,000	1,000,000	1,000,000	1,000,000		4,000,000	4,000,000	1,000,000	1,000,000	1,000,000	1,000,000		4,130,777
Funding Due with respect to Previous Period	0	0	454,762	0		0	0	0	0	0	0		0
Interest due on Previous Period Funding	0	0	0	0		0	0	0	0	0	0		0
Funding Paid	1,000,000	545,238	1,454,762	1,000,000		4,000,000	4,000,000	1,000,000	1,000,000	1,000,000	346,116		4,130,777
Interest Portion of Funding Due	0	0	0	0		0	0	0	0	0	0		0
Interest Portion of Funding Paid	0	0	0	0		0	0	0	0	0	0		0
Non-funded Interest	0	0	0	0		0	0	0	0	0	0		0
Principal Portion of Funding Due	1,000,000	1,000,000	1,454,762	1,000,000		4,000,000	4,000,000	1,000,000	1,000,000	1,000,000	1,000,000		4,130,777
Principal Portion of Funding Paid	1,000,000	545,238	1,454,762	1,000,000		4,000,000	4,000,000	1,000,000	1,000,000	1,000,000	346,116		4,130,777
Non-funded Principal	0	454,762	0	0		0	0	0	0	0	653,884		0
Ending Balance	35,000,000	34,454,762	33,000,000	32,000,000		28,000,000	24,000,000	23,000,000	22,000,000	21,000,000	20,653,884		16,523,107
Deferred Second Additional Land Rental Balance:													
Beginning Balance	17,374,215	18,186,104	18,995,131	19,808,170		20,611,448	23,794,178	26,928,035	27,700,684	28,471,904	29,239,645		29,239,645
Deferred Second Additional Land Rental	547,605	532,394	524,100	501,971	2,106,070	1,855,772	1,612,392	365,070	349,859	334,647	319,436	1,369,012	1,182,434
Interest Earnings on Quarterly Deferred Rentals	0	0	0	0	0	43,949	38,339	0	0	0	0	0	28,008
Interest Earnings on Deferred Balance	264,283	276,633	288,940	301,307	1,131,163	1,283,009	1,481,126	409,579	421,362	433,093	444,771	1,708,805	1,820,092
Ending Balance	18,186,104	18,995,131	19,808,170	20,611,448		23,794,178	26,928,035	27,700,684	28,471,904	29,239,645	30,003,852		32,250,177
Assumed Special Project Bond Rate: 6.22%													

Notes:

1. For Quarterly periods, the "Interest Earnings on Quarterly Deferred Rentals" are included in "Interest Earnings on Deferred Balance."
2. The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

LEASE N[illegible] C-885: EXHIBIT 8.4.A
(Reference Section 8(f)(d)(ii)(2))
Second Additional Land Rental Funding and Balance: 2015 Mode - Funding deficiencies assumed in 2007 and 2010

	2012	2013	2014	2015
Available Net Cash Flow after Tenth Priority Level	$14,238,176	$13,413,704	$13,938,277	$14,349,256
Second Additional Land Rental	$4,130,777	$4,130,777	$4,130,777	$4,130,777
Available Net Cash Flow after Eleventh Priority Level	$10,107,400	$9,282,927	$9,807,501	$10,218,479

				12	13	14	15
Second Additional Land Rental Balance:							
	Investment	Interest	Amort.				
Beginning Balance	$40,000,000	0.00%	15	16,523,107	12,392,330	8,261,553	4,130,777
Funding Due with respect to Current Period				4,130,777	4,130,777	4,130,777	4,130,777
Funding Due with respect to Previous Period				0	0	0	0
Interest due on Previous Period Funding				0	0	0	0
Funding Paid				4,130,777	4,130,777	4,130,777	4,130,777
Interest Portion of Funding Due				0	0	0	0
Interest Portion of Funding Paid				0	0	0	0
Non-funded Interest				0	0	0	0
Principal Portion of Funding Due				4,130,777	4,130,777	4,130,777	4,130,777
Principal Portion of Funding Paid				4,130,777	4,130,777	4,130,777	4,130,777
Non-funded Principal				0	0	0	0
Ending Balance				12,392,330	8,261,553	4,130,777	0

Deferred Second Additional Land Rental Balance:					
Beginning Balance		32,250,177	35,190,977	38,057,704	40,845,747
Deferred Second Additional Land Rental		911,097	859,760	408,423	157,088
Interest Earnings on Quarterly Deferred Rentals		22,213	16,420	10,627	4,634
Interest Earnings on Deferred Balance		2,007,490	2,190,547	2,368,994	2,542,542
Ending Balance		35,190,977	38,057,704	40,845,747	43,550,208
Assumed Special Project Bond Rate:	6.22%				

INITIALED:
DAK
FOR THE PORT AUTHORITY
FOR THE LESSEE

LEASE NO. AYC-685: EXHIBIT 8.4.B

(Reference Section 8(I)(d)(ii)(2))

Second Additional Land Rental Funding and Balance: **Extended Mode - Assumed Conversion Date of Jan. 1, 2003: Funding deficiencies assumed in 2004 and 2007**

	1997	1998	1999	2000	2001	2002	2003	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2004
Available Net Cash Flow after Tenth Priority Level	$3,768,738	$1,458,246	$1,380,286	$18,343,488	$6,960,928	$6,538,556	$8,356,758	$3,459,846	$3,459,846	$459,846	$3,459,846	$10,839,383
Second Additional Land Rental	$0	$0	$0	$0	$0	$0	$2,433,799	$608,450	$608,450	$459,846	$759,314	$2,436,060
Available Net Cash Flow after Eleventh Priority Level	$3,768,738	$1,458,246	$1,380,286	$18,343,488	$6,960,928	$6,538,556	$5,921,959	$2,851,396	$2,851,396	$0	$2,700,532	$8,403,324
					1	2	3	13	14	15	16	
Second Additional Land Rental Balance:												
Beginning Balance (Investment $40,000,000, Interest 6.22%, Amort 25)	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,148,604	
Funding Due with respect to Current Period	0	0	0	0	0	0	2,433,799	608,450	608,450	608,450	610,710	
Funding Due with respect to Previous Period	0	0	0	0	0	0	0	0	0	0	148,604	
Interest due on Previous Period Funding	0	0	0	0	0	0	0	0	0	0	0	
Funding Paid	0	0	0	0	0	0	2,433,799	608,450	608,450	459,846	759,314	
Interest Portion of Funding Due	0	0	0	0	0	0	2,433,799	608,450	608,450	608,450	610,710	
Interest Portion of Funding Paid	0	0	0	0	0	0	2,433,799	608,450	608,450	459,846	610,710	
Non-funded Interest	0	0	0	0	0	0	0	0	0	148,604	0	
Principal Portion of Funding Due	0	0	0	0	0	0	0	0	0	0	148,604	
Principal Portion of Funding Paid	0	0	0	0	0	0	0	0	0	0	148,604	
Non-funded Principal	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,148,604	40,000,000	

Deferred Second Additional Land Rental Balance:			
Beginning Balance	0	2,489,896	5,134,782
Deferred Second Additional Land Rental	2,433,799	2,433,799	0
Interest Earnings on Quarterly Deferred Rentals	56,097	56,097	0
Interest Earnings on Deferred Balance	0	154,990	0
Ending Balance	2,489,896	5,134,782	
Assumed Special Project Bond Rate 6.22%			

Notes:

1 Assumes New York City lease extension occurs in the fourth quarter of 2002.

2 The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

LEASE NO. AYC-685: EXHIBIT 8.4.B

(Reference Section 8(I)(d)(ii)(2))

Second Additional Land Rental Funding and Balance: **Extended Mode - Assumed Conversion Date of Jan. 1, 2003: Funding deficiencies assumed in 2004 and 2007**

	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006	2007 Q1	2007 Q2
Available Net Cash Flow after Tenth Priority Level	$3,448,998	$3,448,998	$3,448,998	$3,448,998	$13,795,990	$4,680,406	$4,680,406	$4,680,406	$4,680,406	$18,721,624	$3,090,394	$90,394
Second Additional Land Rental	$608,450	$608,450	$608,450	$608,450	$2,433,799	$867,817	$867,817	$867,817	$867,817	$3,471,267	$867,817	$90,394
Available Net Cash Flow after Eleventh Priority Level	$2,840,548	$2,840,548	$2,840,548	$2,840,548	$11,362,191	$3,812,589	$3,812,589	$3,812,589	$3,812,589	$15,250,357	$2,222,578	$0

				17	18	19	20		21	22	23	24		25	26
Second Additional Land Rental Balance:															
	Investment	Interest	Amort												
Beginning Balance	$40,000,000	6.22%	25	40,000,000	40,000,000	40,000,000	40,000,000		40,000,000	39,740,633	39,477,321	39,210,004		38,938,620	38,663,108
Funding Due with respect to Current Period				608,450	608,450	608,450	608,450		867,817	867,817	867,817	867,817		867,817	867,817
Funding Due with respect to Previous Period				0	0	0	0		0	0	0	0		0	0
Interest due on Previous Period Funding				0	0	0	0		0	0	0	0		0	0
Funding Paid				608,450	608,450	608,450	608,450		867,817	867,817	867,817	867,817		867,817	90,394
Interest Portion of Funding Due				608,450	608,450	608,450	608,450		608,450	604,505	600,499	596,433		592,305	588,114
Interest Portion of Funding Paid				608,450	608,450	608,450	608,450		608,450	604,505	600,499	596,433		592,305	90,394
Non-funded Interest				0	0	0	0		0	0	0	0		0	497,720
Principal Portion of Funding Due				0	0	0	0		259,367	263,312	267,317	271,384		275,512	279,703
Principal Portion of Funding Paid				0	0	0	0		259,367	263,312	267,317	271,384		275,512	0
Non-funded Principal				0	0	0	0		0	0	0	0		0	279,703
Ending Balance				40,000,000	40,000,000	40,000,000	40,000,000		39,740,633	39,477,321	39,210,004	38,938,620		38,663,108	39,160,828

Deferred Second Additional Land Rental Balance:	
Beginning Balance	
Deferred Second Additional Land Rental	
Interest Earnings on Quarterly Deferred Rentals	
Interest Earnings on Deferred Balance	
Ending Balance	
Assumed Special Project Bond Rate	6 22%

Notes:

1 Assumes New York City lease extension occurs in the fourth quarter of 2002

2 The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

LEASE NO. AYC-685: EXHIBIT 8.4.B

(Reference Section 8(I)(d)(ii)(2))

Second Additional Land Rental Funding and Balance: **Extended Mode - Assumed Conversion Date of Jan. 1, 2003: Funding deficiencies assumed in 2004 and 2007**

	2007 Q3	2007 Q4	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Available Net Cash Flow after Tenth Priority Level	$3,090,394	$3,090,394	$9,361,577	$21,991,715	$27,354,521	$29,493,915	$29,582,110	$30,112,681	$30,988,130	$32,524,039	$33,771,178	$34,645,419
Second Additional Land Rental	$1,657,065	$867,817	$3,483,092	$3,471,267	$3,471,267	$3,471,267	$3,471,267	$3,471,267	$3,471,267	$3,471,267	$3,471,267	$3,471,267
Available Net Cash Flow after Eleventh Priority Level	$1,433,330	$2,222,578	$5,878,485	$18,520,448	$23,883,254	$26,022,648	$26,110,843	$26,641,414	$27,516,863	$29,052,772	$30,299,911	$31,174,152

				27	28		29	33	37	41	45	49	53	57	61
Second Additional Land Rental Balance:															
	Investment	Interest	Amort.												
Beginning Balance	$40,000,000	6.22%	25	39,160,828	38,099,449		37,811,172	36,613,543	35,341,365	33,989,998	32,554,511	31,029,668	29,409,909	27,689,323	25,861,635
Funding Due with respect to Current Period				867,817	867,817		3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267
Funding Due with respect to Previous Period				777,422	0		0	0	0	0	0	0	0	0	0
Interest due on Previous Period Funding				11,826	0		0	0	0	0	0	0	0	0	0
Funding Paid				1,657,065	867,817		3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267
Interest Portion of Funding Due				595,685	579,540		2,273,636	2,199,089	2,119,899	2,035,780	1,946,424	1,851,507	1,750,681	1,643,579	1,529,810
Interest Portion of Funding Paid				595,685	579,540		2,273,636	2,199,089	2,119,899	2,035,780	1,946,424	1,851,507	1,750,681	1,643,579	1,529,810
Non-funded Interest				0	0		0	0	0	0	0	0	0	0	0
Principal Portion of Funding Due				1,061,380	288,277		1,197,629	1,272,178	1,351,368	1,435,487	1,524,842	1,619,760	1,720,586	1,827,688	1,941,456
Principal Portion of Funding Paid				1,061,380	288,277		1,197,629	1,272,178	1,351,368	1,435,487	1,524,842	1,619,760	1,720,586	1,827,688	1,941,456
Non-funded Principal				0	0		0	0	0	0	0	0	0	0	0
Ending Balance				38,099,449	37,811,172		36,613,543	35,341,365	33,989,998	32,554,511	31,029,668	29,409,909	27,689,323	25,861,635	23,920,179

Deferred Second Additional Land Rental Balance:	
Beginning Balance	
Deferred Second Additional Land Rental	
Interest Earnings on Quarterly Deferred Rentals	
Interest Earnings on Deferred Balance	
Ending Balance	
Assumed Special Project Bond Rate	6.22%

Notes

1 Assumes New York City lease extension occurs in the fourth quarter of 2002

2 The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

LEASE NO. AYC-685: EXHIBIT 8.4.B

(Reference Section 8(I)(d)(ii)(2))

Second Additional Land Rental Funding and Balance: **Extended Mode - Assumed Conversion Date of Jan. 1, 2003: Funding deficiencies assumed in 2004 and 2007**

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Available Net Cash Flow after Tenth Priority Level	$36,500,170	$38,663,096	$41,137,355	$43,926,301	$47,033,503	$50,462,754	$54,218,085	$58,303,787	$141,719,152
Second Additional Land Rental	$3,471,267	$3,471,267	$3,471,267	$3,471,267	$3,471,267	$3,471,267	$3,471,267	$3,471,267	$3,471,267
Available Net Cash Flow after Eleventh Priority Level	$33,028,903	$35,191,829	$37,666,088	$40,455,034	$43,562,236	$46,991,487	$50,746,818	$54,832,520	$138,247,885

				65	69	73	77	81	85	89	93	97
Second Additional Land Rental Balance:												
	Investment	Interest	Amort									
Beginning Balance	$40,000,000	6.22%	25	23,920,179	21,857,872	19,667,192	17,340,147	14,868,250	12,242,484	9,453,271	6,490,436	3,343,172
Funding Due with respect to Current Period				3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267
Funding Due with respect to Previous Period				0	0	0	0	0	0	0	0	0
Interest due on Previous Period Funding				0	0	0	0	0	0	0	0	0
Funding Paid				3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267	3,471,267
Interest Portion of Funding Due				1,408,960	1,280,586	1,144,222	999,370	845,500	682,053	508,432	324,003	128,094
Interest Portion of Funding Paid				1,408,960	1,280,586	1,144,222	999,370	845,500	682,053	508,432	324,003	128,094
Non-funded Interest				0	0	0	0	0	0	0	0	0
Principal Portion of Funding Due				2,062,307	2,190,680	2,327,045	2,471,897	2,625,766	2,789,213	2,962,835	3,147,263	3,343,172
Principal Portion of Funding Paid				2,062,307	2,190,680	2,327,045	2,471,897	2,625,766	2,789,213	2,962,835	3,147,263	3,343,172
Non-funded Principal				0	0	0	0	0	0	0	0	0
Ending Balance				21,857,872	19,667,192	17,340,147	14,868,250	12,242,484	9,453,271	6,490,436	3,343,172	0

Deferred Second Additional Land Rental Balance:	
Beginning Balance	
Deferred Second Additional Land Rental	
Interest Earnings on Quarterly Deferred Rentals	
Interest Earnings on Deferred Balance	
Ending Balance	
Assumed Special Project Bond Rate	6.22%

Notes:

1 Assumes New York City lease extension occurs in the fourth quarter of 2002.

2 The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

INITIALED:

FOR THE PORT AUTHORITY

FOR THE LESSEE

LEASE NO. AYC-685: EXHIBIT 8.5

(Reference Section 8(I)(d)(ii)(3))

Third Additional Land Rental Funding and Balance: **Extended Mode - Assumed Conversion Date of Jan. 1, 2003: Funding deficiencies assumed in 2004 and 2007**

	1997	1998	1999	2000	2001	2002	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2003	2004 Q1	2004 Q2
Available Net Cash Flow after Twelfth Priority Level	$1,176,665	$1,456,246	$1,380,286	$14,343,456	$4,026,603	$4,026,603	$2,525,878	$2,525,878	$1,775,878	$2,525,878	$4,355,758	$2,525,878	$2,525,878
Third Additional Land Rental	$0.	$0	$0	$0	$0	$0	$933,968	$933,968	$933,968	$933,968	$3,735,871	$933,968	$933,968
Available Net Cash Flow after Thirteenth Priority Level	$1,176,665	$1,456,246	$1,380,286	$14,343,456	$4,026,603	$4,026,603	$1,591,910	$1,591,910	$841,910	$1,591,910	$5,617,641	$1,591,910	$1,591,910

								9	10	11	12		13	14
Third Additional Land Rental Balance:														
	Investment	Interest	Amort.											
Beginning Balance	$42,000,000	7.72%	25	0	0	0	0	42,000,000	41,401,977	40,757,759	40,589,074	40,417,222	40,242,143	40,063,776	39,882,061
Funding Due with respect to Current Period				0	0	0	0	3,842,414	3,842,414	933,968	933,968	933,968	933,968	933,968	933,968
Funding Due with respect to Previous Period				0	0	0	0	0	0	0	0	0	0	0	0
Interest due on Previous Period Funding				0	0	0	0	0	0	0	0	0	0	0	0
Funding Paid				0	0	0	0	3,842,414	3,842,414	933,968	933,968	933,968	933,968	933,968	933,968
Interest Portion of Funding Due				0	0	0	0	3,244,391	3,198,196	785,283	762,116	758,889	755,601	752,252	748,840
Interest Portion of Funding Paid				0	0	0	0	3,244,391	3,198,196	785,283	762,116	758,889	755,601	752,252	748,840
Non-funded Interest				0	0	0	0	0	0	0	0	0	0	0	0
Principal Portion of Funding Due				0	0	0	0	598,023	644,218	166,685	171,852	175,079	178,366	181,715	185,127
Principal Portion of Funding Paid				0	0	0	0	598,023	644,218	166,685	171,852	175,079	178,366	181,715	185,127
Non-funded Principal				0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance				0	0	0	0	41,401,977	40,757,759	40,589,074	40,417,222	40,242,143	40,063,776	39,882,061	39,696,933

Deferred Third Additional Land Rental Balance:				
Beginning Balance		0	3,842,414	7,924,008
Deferred Third Additional Land Rental		3,735,871	3,735,871	0
Interest Earnings on Quarterly Deferred Rentals		106,542	106,542	0
Interest Earnings on Deferred Balance		0	239,180	0
Ending Balance		3,842,414	7,924,008	
Assumed Spcl Proj Bond Rate + 150 Basis Pts.	7.72%			

Notes:

1. "Interest Earnings on Deferred Balance" is computed using the Special Project Bond Rate, assumed to be approximately 6.22%.
2. The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

LEASE NO. AYC-685: EXHIBIT 8.5

(Reference Section 4(D)(4)(ii)(3))

Third Additional Land Rental Funding and Balance: Extended Mode - Assumed Conversion Date of Jan. 1, 2003: Funding deficiencies assumed in 2004 and 2007

	2004 Q3	2004 Q4	2004	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005	2006 Q1	2006 Q2	2006 Q3	2006 Q4
Available Net Cash Flow after Twelfth Priority Level	$775,878	$2,525,678	$9,353,512	$2,515,030	$2,515,030	$2,515,030	$2,515,030	$10,060,119	$3,746,438	$3,746,438	$3,746,438	$3,746,438
Third Additional Land Rental	$775,878	$1,095,026	$3,738,840	$933,968	$933,968	$933,968	$933,968	$3,735,871	$933,968	$933,968	$933,968	$933,968
Available Net Cash Flow after Thirteenth Priority Level	$0	$1,430,652	$5,614,672	$1,581,062	$1,581,062	$1,581,062	$1,581,062	$6,324,248	$2,812,470	$2,812,470	$2,812,470	$2,812,470

				15	16		17	18	19	20		21	22	23	24
Third Additional Land Rental Balance:	Investment	Interest	Amort.												
Beginning Balance	$42,000,000	7.72%	25	39,696,933	39,666,420		39,316,185	39,120,433	38,921,005	38,717,832		38,510,845	38,299,971	38,085,138	37,866,270
Funding Due with respect to Current Period				933,968	933,968		933,968	933,968	933,968	933,968		933,968	933,968	933,968	933,968
Funding Due with respect to Previous Period				0	158,090		0	0	0	0		0	0	0	0
Interest due on Previous Period Funding				0	2,958		0	0	0	0		0	0	0	0
Funding Paid				775,878	1,095,026		933,968	933,968	933,968	933,968		933,968	933,968	933,968	933,968
Interest Portion of Funding Due				745,354	744,792		738,215	734,540	730,795	726,980		723,094	719,135	715,101	710,991
Interest Portion of Funding Paid				745,354	744,792		738,215	734,540	730,795	726,980		723,094	719,135	715,101	710,991
Non-funded Interest				0	0		0	0	0	0		0	0	0	0
Principal Portion of Funding Due				188,603	350,235		195,752	199,428	203,173	206,987		210,874	214,833	218,867	222,977
Principal Portion of Funding Paid				30,514	350,235		195,752	199,428	203,173	206,987		210,874	214,833	218,867	222,977
Non-funded Principal				158,090	0		0	0	0	0		0	0	0	0
Ending Balance				39,666,420	39,316,185		39,120,433	38,921,005	38,717,832	38,510,845		38,299,971	38,085,138	37,866,270	37,643,294

Deferred Third Additional Land Rental Balance:	
Beginning Balance	
Deferred Third Additional Land Rental	
Interest Earnings on Quarterly Deferred Rentals	
Interest Earnings on Deferred Balance	
Ending Balance	
Assumed Spcl Proj. Bond Rate + 150 Basis Pts:	7.72%

Notes:

1 "Interest Earnings on Deferred Balance" is computed using the Special Project Bond Rate, assumed to be approximately 6.22%

2. The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

LEASE NO. AYC-685: EXHIBIT 8.5

(Reference Section II(I)(d)(ii)(3))

Third Additional Land Rental Funding and Balance: Extended Mode - Assumed Conversion Date of Jan. 1, 2003; Funding deficiencies assumed in 2004 and 2007

	2006	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2007	2008	2009	2010	2011	2012	2013
Available Net Cash Flow after Twelfth Priority Level	$14,985,753	$1,906,426	$1,906,426	$1,906,426	$406,426	$6,125,706	$14,202,155	$19,564,961	$21,704,355	$21,792,550	$22,323,121	$23,198,570
Third Additional Land Rental	$3,735,871	$933,968	$933,968	$933,968	$406,426	$3,208,330	$3,789,560	$3,789,560	$3,789,560	$3,789,560	$3,789,560	$3,789,560
Available Net Cash Flow after Thirteenth Priority Level	$11,249,881	$972,459	$972,459	$972,459	$0	$2,917,376	$10,412,596	$15,775,402	$17,914,795	$18,002,991	$18,533,562	$19,409,011

				25	26	27	28		29	33	37	41	45	49
Third Additional Land Rental Balance:														
	Investment	Interest	Amort.											
Beginning Balance	$42,000,000	7.72%	25		37,643,294	37,416,131	37,184,702	36,948,928		37,236,268	36,215,040	35,114,925	33,929,829	32,653,187	31,277,928
Funding Due with respect to Current Period					933,968	933,968	933,968	933,968		3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560
Funding Due with respect to Previous Period					0	0	0	0		0	0	0	0	0	0
Interest due on Previous Period Funding					0	0	0	0		0	0	0	0	0	0
Funding Paid					933,968	933,968	933,968	406,426		3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560
Interest Portion of Funding Due					706,805	702,539	698,194	693,767		2,768,332	2,689,444	2,604,463	2,512,918	2,414,301	2,308,065
Interest Portion of Funding Paid					706,805	702,539	698,194	406,426		2,768,332	2,689,444	2,604,463	2,512,918	2,414,301	2,308,065
Non-funded Interest					0	0	0	287,340		0	0	0	0	0	0
Principal Portion of Funding Due					227,163	231,429	235,774	240,201		1,021,228	1,100,115	1,185,096	1,276,642	1,375,259	1,481,494
Principal Portion of Funding Paid					227,163	231,429	235,774	0		1,021,228	1,100,115	1,185,096	1,276,642	1,375,259	1,481,494
Non-funded Principal					0	0	0	240,201		0	0	0	0	0	0
Ending Balance					37,416,131	37,184,702	36,948,928	37,236,268		36,215,040	35,114,925	33,929,829	32,653,187	31,277,928	29,796,433

Deferred Third Additional Land Rental Balance:	
Beginning Balance	
Deferred Third Additional Land Rental	
Interest Earnings on Quarterly Deferred Rentals	
Interest Earnings on Deferred Balance	
Ending Balance	
Assumed Spcl Proj Bond Rate + 150 Basis Pts.	7.72%

Notes:

1 "Interest Earnings on Deferred Balance" is computed using the Special Project Bond Rate, assumed to be approximately 6.22%

2 The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

LEASE NO. AYC-685: EXHIBIT 8.5

(Reference Section 8(I)(d)(ii)(3))

Third Additional Land Rental Funding and Balance: Extended Mode - Assumed Conversion Date of Jan. 1, 2003: Funding deficiencies assumed in 2004 and 2007

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Available Net Cash Flow after Twelfth Priority Level	$24,734,479	$25,981,618	$26,856,859	$28,710,610	$30,873,538	$33,347,795	$36,136,741	$39,243,943	$42,673,194	$46,428,525	$50,514,227	$133,929,592
Third Additional Land Rental	$3,789,560	$3,789,560	$3,789,560	$3,789,560	$3,789,560	$3,789,560	$3,789,560	$3,789,560	$3,789,560	$3,789,560	$3,789,560	$3,789,560
Available Net Cash Flow after Thirteenth Priority Level	$20,944,920	$22,192,059	$23,066,300	$24,921,051	$27,083,977	$29,558,236	$32,347,182	$35,454,384	$38,883,635	$42,638,966	$46,724,668	$130,140,033

				53	57	61	65	69	73	77	81	85	89	93	97
Third Additional Land Rental Balance:															
	Investment	Interest	Amort.												
Beginning Balance	$42,000,000	7.72%	25	29,796,433	28,200,497	26,481,279	24,629,256	22,634,169	20,484,967	18,169,744	15,675,677	12,988,949	10,094,678	6,976,832	3,618,141
Funding Due with respect to Current Period				3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560
Funding Due with respect to Previous Period				0	0	0	0	0	0	0	0	0	0	0	0
Interest due on Previous Period Funding				0	0	0	0	0	0	0	0	0	0	0	0
Funding Paid				3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560	3,789,560
Interest Portion of Funding Due				2,193,624	2,070,342	1,937,537	1,794,473	1,640,357	1,474,337	1,295,492	1,102,832	895,289	671,714	430,869	171,418
Interest Portion of Funding Paid				2,193,624	2,070,342	1,937,537	1,794,473	1,640,357	1,474,337	1,295,492	1,102,832	895,289	671,714	430,869	171,418
Non-funded Interest				0	0	0	0	0	0	0	0	0	0	0	0
Principal Portion of Funding Due				1,595,936	1,719,218	1,852,023	1,995,087	2,149,202	2,315,223	2,494,068	2,686,728	2,894,271	3,117,846	3,358,691	3,618,141
Principal Portion of Funding Paid				1,595,936	1,719,218	1,852,023	1,995,087	2,149,202	2,315,223	2,494,068	2,686,728	2,894,271	3,117,846	3,358,691	3,618,141
Non-funded Principal				0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance				28,200,497	26,481,279	24,629,256	22,634,169	20,484,967	18,169,744	15,675,677	12,988,949	10,094,678	6,976,832	3,618,141	(0)

Deferred Third Additional Land Rental Balance:	
Beginning Balance	
Deferred Third Additional Land Rental	
Interest Earnings on Quarterly Deferred Rentals	
Interest Earnings on Deferred Balance	
Ending Balance	
Assumed Spcl Proj Bond Rate + 150 Basis Pts	7 72%

Notes:

1 "Interest Earnings on Deferred Balance" is computed using the Special Project Bond Rate, assumed to be approximately 6 22%

2 The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

INITIALED:

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FOR THE PORT AUTHORITY

FOR THE LESSEE

LEASE NO. AYC-685: EXHIBIT 8.6

(Reference Section 8(I)(d)(v))

Deferred Balance Rental: Conversion to Extended Mode (2025) - Assumed Conversion Date as of Jan. 1, 2003

	1997 Q2	1997 Q3	1997 Q4	1997	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1998	1999 Q1	1999 Q2
Beginning Balance	0	16,425,944	25,600,164	0	34,913,935	44,903,132	55,044,276	65,339,679	0	75,791,689	86,495,635
Deferred Initial Payment	10,000,000	0	0	10,000,000	0	0	0	0	0	0	0
Pre-DBO Building Rental:	4,177,177	5,888,985	5,888,985	15,955,147	6,281,584	6,281,584	6,281,584	6,281,584	25,126,335	6,281,584	6,281,584
Ground Rent:	1,792,009	2,526,374	2,526,374	6,844,758	2,802,591	2,802,591	2,802,591	2,802,591	11,210,366	2,914,655	2,914,655
Subordinated Management Funds	361,957	509,002	509,002	1,379,961	373,936	373,936	373,936	373,936	1,495,746	354,821	354,821
PA Development Savings Refund	0	0	0	0	0	0	0	0	0	0	0
Second Add'l Land Rental	0	0	0	0	0	0	0	0	0	0	0
Third Add'l Land Rental	0	0	0	0	0	0	0	0	0	0	0
Interest Due	94,801	249,859	389,410	734,070	531,084	683,033	837,292	993,898	3,045,307	1,152,886	1,315,706
Ending Balance / Annual Total	16,425,944	25,600,164	34,913,935	34,913,935	44,903,132	55,044,276	65,339,679	75,791,689	40,877,754	86,495,635	97,362,402

Assumed Effective Date:	15-May-97
Assumed DBO:	1-Dec-00

Assumed Annual SPB Rate:	6.22%
Assumed Quarterly SPB Rate:	1.52%
Assumed Monthly SPB Rate:	0.50%

Notes:

1. Subordinated Management Funds amounts are estimated and assumed to equal actual funding amounts.
2. All Assumed periodic Special Project Bond (SPB) Rates are calculated on an Annual Basis.
3. Pre-DBO Building Rental and Ground Rental amounts include interest accrued based on monthly payments.

LEASE NO. AYC-685: EXHIBIT 8.6

(Reference Section 8(I)(d)(v))

Deferred Balance Rental: Conversion to Extended Mode (2025) - Assumed Conversion Date as of Jan. 1, 2003

	1999 Q3	1999 Q4	1999	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2000	2001 Q1	2001 Q2
Beginning Balance	97,362,402	108,394,465	0	119,594,340	131,726,344	144,042,891	156,546,788	0	169,437,375	173,557,146
Deferred Initial Payment	0	0	0	0	0	0	0	0	0	0
Pre-DBO Building Rental:	6,281,584	6,281,584	25,126,335	6,281,584	6,281,584	6,281,584	4,198,250	23,043,002	0	0
Ground Rent:	2,914,655	2,914,655	11,658,620	3,031,241	3,031,241	3,031,241	2,025,908	11,119,631	0	0
Subordinated Management Funds	354,821	354,821	1,419,286	1,000,000	1,000,000	1,000,000	666,667	3,666,667	0	0
PA Development Savings Refund	0	0	0	0	0	0	3,618,491	3,618,491	0	0
Second Add'l Land Rental	0	0	0	0	0	0	0	0	608,450	608,450
Third Add'l Land Rental	0	0	0	0	0	0	0	0	933,968	933,968
Interest Due	1,481,003	1,648,815	5,598,411	1,819,179	2,003,722	2,191,072	2,381,272	8,395,245	2,577,354	2,640,021
Ending Balance / Annual Total	108,394,465	119,594,340	43,802,651	131,726,344	144,042,891	156,546,788	169,437,375	49,843,035	173,557,146	177,739,585

Assumed Effective Date:	15-May-97
Assumed DBO:	1-Dec-00

Assumed Annual SPB Rate:	6.22%
Assumed Quarterly SPB Rate:	1.52%
Assumed Monthly SPB Rate:	0.50%

Note:

1. Subordinated Management Funds amounts are estimated and assumed to equal actual funding amounts.
2. All Assumed periodic Special Project Bond (SPB) Rates are calculated on an Annual Basis.
3. Pre-DBO Building Rental and Ground Rental amounts include interest accrued based on monthly payments.

LEASE NO. AYC-685: EXHIBIT 8.6

(Reference Section 8(l)(d)(v))

Deferred Balance Rental: Conversion to Extended Mode (2025) - Assumed Conversion Date as of Jan. 1, 2003

	2001 Q3	2001 Q4	2001	2002 Q1	2002 Q2	2002 Q3	2002 Q4	2002	2003 Q1
Beginning Balance	177,739,585	181,985,643	0	186,296,289	190,672,506	195,115,290	199,625,654	0	204,204,627
Deferred Initial Payment	0	0	0	0	0	0	0	0	0
Pre-DBO Building Rental:	0	0	0	0	0	0	0	0	0
Ground Rent:	0	0	0	0	0	0	0	0	0
Subordinated Management Funds	0	0	0	0	0	0	0	0	0
PA Development Savings Refund	0	0	0	0	0	0	0	0	0
Second Add'l Land Rental	608,450	608,450	2,433,799	608,450	608,450	608,450	608,450	2,433,799	0
Third Add'l Land Rental	933,968	933,968	3,735,871	933,968	933,968	933,968	933,968	3,735,871	0
Interest Due	2,703,641	2,768,226	10,689,243	2,833,799	2,900,366	2,967,947	3,036,555	11,738,667	0
Ending Balance / Annual Total	181,985,643	186,296,289	16,858,914	190,672,506	195,115,290	199,625,654	204,204,627	17,908,338	-

Assumed Effective Date:	15-May-97
Assumed DBO:	1-Dec-00

Assumed Annual SPB Rate:	6.22%
Assumed Quarterly SPB Rate:	1.52%
Assumed Monthly SPB Rate:	0.50%

Note:
1. Subordinated Management Funds amounts are estimated and assumed to equal actual funding amounts.
2. All Assumed periodic Special Project Bond (SPB) Rates are calculated on an Annual Basis.
3. Pre-DBO Building Rental and Ground Rental amounts include interest accrued based on monthly payments.

INITIALED:

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FOR THE PORT AUTHORITY

FOR THE LESSEE

EXMEPTION (4)

DRAWINGS OF NON-PUBLIC AREAS

EXHIBIT 49.1 OPERATING EQUIPMENT ITEMS

MOBILE LOUNGES

NAME	MANF. SERIAL NO.	MANUFACTURER
ALPHA	183	AIRSIDE INC.
BRAVO	184	AIRSIDE INC.
CHARLIE	185	AIRSIDE INC.
DELTA	186	AIRSIDE INC.
ECHO	178	AIRSIDE INC.
FOXTROT	177	AIRSIDE INC.
GOLF	176	AIRSIDE INC.
HOTEL	175	AIRSIDE INC.
JULIET	173	AIRSIDE INC.
KILO	174	AIRSIDE INC.
LIMA	172	AIRSIDE INC.
MIKE	171	AIRSIDE INC.

LOADING BRIDGES

GATE 10	37101	FMC- JETWAY SYSTEMS, INC.
GATE 11	37102	FMC- JETWAY SYSTEMS, INC.
GATE 12	37103	FMC- JETWAY SYSTEMS, INC.
GATE 18	37104	FMC- JETWAY SYSTEMS, INC.
GATE 19	37105	FMC- JETWAY SYSTEMS, INC.
GATE 20	37106	FMC- JETWAY SYSTEMS, INC.
GATE 21	37113	FMC- JETWAY SYSTEMS, INC.
GATE 24	37114	FMC- JETWAY SYSTEMS, INC.
GATE 25	37107	FMC- JETWAY SYSTEMS, INC.
GATE 26	37108	FMC- JETWAY SYSTEMS, INC.
GATE 27	37109	FMC- JETWAY SYSTEMS, INC.

GATE 32	37110	FMC- JETWAY SYSTEMS, INC.
GATE 33	37111	FMC- JETWAY SYSTEMS, INC.
GATE 34	37112	FMC- JETWAY SYSTEMS, INC.

PORTABLE GENERATOR

PORT AUTHORITY VEHICLE NO. 66911, KOHLER, INC. MODEL 250ROZD71

SERIAL NO. 276563

DOMESTIC BAGGAGE CLAIM DEVICE

STEARN'S AIRPORT EQUIPMENT, INC.

SERIAL NO. 63900 - CCW-5

INITIALED

FOR THE PORT AUTHORITY

FOR THE LESSEE

EXMEPTION (4)

DRAWINGS OF NON-PUBLIC AREAS

Section 75. Terminal Service Standards

Subject to and without limiting or affecting any other term or provision of this Agreement, the Lessee agrees to provide services at the Premises for the benefit of the traveling public in a manner consistent with generally accepted airline industry standards for airport terminals and will cooperate with the Port Authority and other passenger terminal operators serving the traveling public at the Airport in maintaining these standards through organized airport service improvement working groups; the foregoing provision to be binding as well on each Sublessee.

Section 76. Airport Operator Limitations

(a) In the Port Authority's operation of the Airport, including, without limitation, the formulation of the policies and procedures respecting such operation and/or the specific application of such policies and procedures and the allocation of costs, the Port Authority agrees that it will not unjustly discriminate against the Lessee or the Premises.

(b) (i) During the Term, for so long as the Lessee makes available Terminal FIS Premises (as hereinafter defined) on a twenty-four (24) hour basis, the Port Authority will not itself construct or operate an airline terminal which includes premises to be made available to the United States for inspection of airline passengers and their baggage by United States Customs and Immigration (such premises to be so used by the United States being called "Federal Inspection Service Premises" or "FIS Premises") or enter into an agreement at the Airport with any Person that is not either (i) a Scheduled Aircraft Operator, or (ii) wholly owned by one or more Scheduled Aircraft Operators and formed to provide air terminal operation services predominantly to such Scheduled Aircraft Operators; for the construction or operation of an airline terminal which includes FIS Premises, unless (i) the operation of such FIS Premises is necessary for the Port Authority to comply with United States Government requirements or (ii) the number of deplaned passengers entering the FIS Premises to be constructed by the Lessee as a portion of the Premises hereunder pursuant to Section 18 of this Agreement (the "Terminal FIS Premises") has exceeded the Design Capacity

(as the Design Capacity may be increased from time to time with the written acknowledgment of the Port Authority as to the extent of any such increase, such acknowledgment not to be unreasonably withheld.) For purposes of this Section, the utilization of the Terminal FIS Premises shall be deemed to have exceeded Design Capacity (such event, a "Capacity Deficiency") if the Design Capacity is exceeded in accordance with subparagraph (iii) below.

(ii) In the event of a Capacity Deficiency, the Port Authority may by notice, annexing thereto appropriate supporting documentation, inform the Lessee that the Port Authority shall thereafter not be subject to the restrictions set forth above in this paragraph (b.

(iii) There shall be a Capacity Deficiency upon the occurrence of all of the following events:

(A) The Average Peak Hourly Passenger Volume exceeds the Design Capacity in an Annual Period; and

(B) The Average Peak Waiting time for an Annual Period exceeds Forty-five (45) minutes; and

(C) The events described in subparagraphs (A) and (B) above occur for two successive Annual Periods.

(iv) (A) "Peak Day(s)" shall mean the three (3) busiest days during each of the eight consecutive calendar weeks (Sunday through Saturday) commencing with the calendar week during which July 1st occurs; and January 2nd, Good Friday, the Friday prior to Memorial Day, the Friday prior to Labor Day, Labor Day, the Wednesday prior to Thanksgiving, the Friday after Thanksgiving and December 22nd, 23rd and 24th for a total of 34 Peak Days during each Annual Period.

(B) "Peak Hours Period" shall mean the continuous two hundred forty (240) minute period on each Peak Day during which the highest volume of arriving international passengers enters the Terminal FIS Premises.

(C) The "Average Peak Hourly Passenger Volume" for each Annual Period shall be determined as follows: The number of arriving international passengers entering the Terminal FIS Premises during the Peak Hours Period on each Peak Day shall be ascertained; then, the sum total volume of such passengers during the Peak Hours Periods on all Peak Days in an Annual Period shall be ascertained. Such total number of passengers shall then be divided by one hundred thirty-six (136) and such quotient shall be the Average Peak Hourly Passenger Volume for such Annual Period.

(D) The "Average Peak Waiting Time" for each Annual Period shall mean the average of the time periods, expressed in minutes per passenger, that ten (10) randomly selected arriving international passengers entering the Terminal FIS Premises during each hour of each Peak Hours Period on each Peak Day in an Annual Period take to clear the Terminal FIS Facilities.

Section 77. Itinerant Aircraft

(a) The Port Authority hereby grants to the Lessee the privilege of permitting the occasional use of the Premises by air taxi, corporate and private aircraft (sometimes hereinafter called the "Itinerant Aircraft") for the sole purpose of discharging or picking up passengers of the Sublessees, business guests and other invitees of the Lessee. All operations of such Itinerant Aircraft shall be in compliance with all the terms and provisions of this Agreement and with the Port Authority Rules and Regulations. The Lessee shall be responsible for all acts and omissions of said Itinerant Aircraft arising out of or resulting from or in connection with the use of the Premises as if said acts and omissions were the acts or omissions of Sublessee, as provided in Section 5.

(b) The Port Authority shall have the right to cancel the privilege granted to the Lessee as set forth in paragraph (a) hereof in whole or in part or with respect to any particular Itinerant Aircraft at any time and from time to time and without cause upon thirty (30) days' written notice to the Lessee, and upon the effective date of such notice the Lessee shall no longer have the right to permit all or any specific Itinerant Aircraft

as specified in the notice to use the Premises as hereinabove provided, but the same shall not affect this Agreement or any of the terms, rentals, fees, provisions or agreements hereof, all of which shall continue in full force and effect.

Section 78. Airport Air Traffic Control Tower

(a) For the purposes of this Section the following terms shall have the respective meanings given below:

(1) "Control Tower" shall mean the building in which the air traffic control tower for the Airport is located, known as Building No. 156.

(2) "Control Tower Space Fixtures" shall mean all Port Authority fixtures, equipment and personal property located from time to time in the Control Tower Space or located outside of the Control Tower Space and exclusively serving the Control Tower Space, including without limitation, the mechanical and electrical equipment located on the Ramp Control Level Roof, the radio base station located on the twentieth level of the Control Tower and the radio antenna located on the Cable Access Level of the Control Tower.

(3) "Control Tower Space" shall mean the ramp control level shown on the exhibit attached hereto, hereby made a part hereof and marked "Exhibit 78.1" on the seventh (7th) level of the Control Tower and shall include without limitation the interior building walls, partitions, floors, ceilings, doors and interior glass and the electrical, mechanical, plumbing, heating, steam, communications and other systems located within, and exclusively serving, the Control Tower Space, and their pipes, wires, mains, lines, tubes, conduits, equipment and fixtures.

(4) "Effective Period" shall mean the period during which the Lessee shall have the right to use and occupy the Control Tower Space.

(5) "FAA Agreement" shall collectively mean the agreements entered into between the Port Authority and the FAA (x) entitled "Agreement On Air Traffic Control Tower" identified

by Port Authority Agreement No. AYC-103 and government contract number DTFA05-93-L-62314 made as of the 31st day of August, 1993 covering the granting to the FAA of certain property interests and rights with respect to the Control Tower and the operation of the air traffic control tower for the Airport by the FAA and (y) entitled "Service Contract" identified by Port Authority Agreement No. AYC-90 and government contract number DTFA05-91-L-61886 effective October 1, 1993 covering certain services and utilities to be provided to the FAA by the Port Authority.

(6) "Substantial Part" shall mean such a part of the Control Tower and/or Control Tower Space that the Lessee cannot continue to carry on its normal operations at the Control Tower Space without using such part.

(7) "Tower Utilities" shall mean the following services and utilities to be provided by the Port Authority to the Control Tower Space through, where applicable, existing wires, conduits, outlets, pipes, and mains, if any, in the Control Tower:

(i) Heat, to an even and comfortable working temperature for the period from October 15 through April 15;

(ii) Electricity not to exceed 75 KVA installed transformer capacity;

(iii) Hot and cold water, such hot water to be heated to a temperature of approximately 120 degrees F. (but not in excess thereof);

(iv) Chilled water for air cooling of the character provided to the Premises pursuant to Section 52 hereof;

(v) Exterior window washing at such frequency as shall be furnished to the FAA for its space in the Control Tower; and

(vi) Sanitary sewerage.

(8) "Utility Charge" shall mean the charges payable by the Lessee to the Port Authority pursuant to and calculated in accordance with paragraph (e) of this Section.

(b) The Port Authority hereby grants to the Lessee the exclusive right to use and occupy the Control Tower Space for the purpose of conducting operations control for the Premises and for offices and administrative activities of the Lessee incidental to the operation of the Premises, and for no other purpose. The right granted hereunder shall commence on the Effective Date and shall, unless sooner terminated in accordance with paragraph (f)(3) of this Section, terminate with the expiration or termination of this Agreement. No termination of the right granted hereunder shall relieve the Lessee of any liabilities or obligations with respect to the Control Tower Space or the Control Tower Space Fixtures which shall have accrued on or prior to the effective date of termination.

(c) In the use of the hallways, stairs, elevators and other areas constituting a means of ingress to and egress from the Control Tower Space the Lessee shall conform (and shall require its employees, invitees and others doing business with it to conform) to the Port Authority Rules and Regulations.

(d) (1) 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 Control Tower Space or the Control Tower Space Fixtures or the suitability of either for the operations permitted thereon by this Section.

(2) The Lessee shall accept the Control Tower Space in its present condition and shall take good care of the Control Tower Space, so that at the end of the Effective Period and at all times during the Effective Period, the Control Tower Space will be in as good condition as on the Effective Date, except for reasonable wear and tear which does not adversely affect the efficient or proper utilization thereof and, in addition thereto, the Lessee shall repair, replace or rebuild all or any part of the Control Tower Space and any Port Authority fixture, equipment or personal property which is located in or on the Control Tower

Space which may be damaged or destroyed by the Lessee's acts or omissions or those of its officers, employees, contractors, suppliers of materials and furnishers of services, agents, representatives, guests, invitees or other persons doing business with it. As part of the foregoing obligations of the Lessee, the Lessee shall conduct periodic inspections of the Control Tower Space, perform all necessary preventive maintenance including but not limited to painting, make all necessary repairs and replacements and do all necessary rebuilding with respect to the same, all of which shall be in quality equal to the original in materials and workmanship.

(3) The Port Authority shall have no duty of repair or maintenance as to the Control Tower Space or any Control Tower Space Fixtures, except for the exterior washing of the windows set forth in paragraphs (a)(7)(v) and (e) hereof.

(4) In the event the Lessee fails to commence in accordance with paragraph (d)(2) to maintain, clean, repair, replace or paint within a period of twenty (20) days after notice from the Port Authority so to do, or fails diligently to continue to completion the repair, replacement, rebuilding or painting of all of the Control Tower Space required to be repaired, replaced, rebuilt or painted by the Lessee under the terms of this Section, the Port Authority may, at its option, and in addition to any other remedies which may be available to it, repair, replace, rebuild or paint all or any part of the Control Tower Space included in the said notice, and the cost thereof shall be payable by the Lessee upon demand.

(5) During the Effective Period, the Lessee shall maintain the Control Tower Space Fixtures in good working order and in case of loss or theft of or damage to any Control Tower Space Fixtures the Lessee shall promptly replace or repair the same or compensate the Port Authority for the reasonable value thereof, within thirty (30) days of such loss, theft or damage.

(6) Nothing herein contained shall relieve the Lessee of its obligations under Section 19 hereof to secure the Port Authority's written approval before installing any fixtures in or upon or making any alterations, decorations, additions or

improvements in the Control Tower Space or replacing any Control Tower Fixtures.

(7) The Lessee shall immediately notify the Port Authority if any portion or all of the Control Tower Space or Control Tower Space Fixtures are destroyed, damaged or in need of repair, regardless of the Lessee's responsibility therefor.

(8) In the event of a partial or total destruction of the Control Tower Space, the Lessee shall as soon as, and to the extent, possible remove any and all of its property and debris from the Control Tower Space or portion thereof destroyed.

(e) (1) For the period from the Effective Date through the last day of the Effective Period, (x) the Port Authority shall sell, provide and supply to the Lessee for use in the Control Tower Space the Tower Utilities and (y) the Lessee agrees to take from the Port Authority the Tower Utilities and to pay to the Port Authority a Utility Charge for the Tower Utilities, which Utility Charge for the first Annual Period hereunder shall be a proratable amount in the amount of

per annum

and, for each successive Annual Period, shall be a Proratable Amount in the annual amount of the Utility Charge in effect in the immediately preceding Annual Period increased by the Annual CPI Percentage Increase; provided, however, that the Utility Charge shall be abated in the circumstances set forth in and in accordance with the proviso to Section 78(e)(4) and in accordance with Section 78(f)(1).

(2) The Port Authority shall not be obligated to perform or furnish any services whatsoever other than the Tower Utilities in connection with the Control Tower Space. The Port Authority shall not be obligated to perform or furnish any service at any time while the Lessee shall be in default under this Agreement with respect to its payment for utilization of such service after the period, if any, herein granted to cure such default shall have expired.

(3) 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.

(4) 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 claim by the Lessee for damages, consequential or otherwise, provided, however, the Lessee shall have no obligation to pay for such service during any period in which it is not supplied.

(f) (1) In the event all or any portion of the Control Tower Space shall become unusable for any period because of fire or other casualty not caused by the acts or omissions of the Lessee, or those of its officers, employees, contractors, suppliers of materials and furnishers of services, agents, representatives, guests, invitees or other persons doing business with the Lessee, then the Port Authority Ramp Control Tower Rental, if any, and to the extent not otherwise abated, the Utility Charge shall be abated forsuch period on an equitable basis giving effect to the amount, quality and character of the Control Tower Space the use of which is denied to the Lessee as compared with the total amount of Control Tower Space.

(2) In the event of total or partial damage or destruction of the Control Tower Space or the Control Tower the Port Authority shall have no obligation to repair or rebuild the Control Tower, the Control Tower Space or any portion of either.

(3) In the event that a Substantial Part of the Control Tower Space or the Control Tower is damaged or destroyed by fire or other casualty not caused by the acts or omissions of the Lessee, or those of its officers, employees, contractors, suppliers of materials and furnishers of services, agents,

representatives, guests, invitees or other persons doing business with the Lessee and the Port Authority has not commenced to repair or rebuild the Control Tower and/or the Control Tower Space, as the case shall be within one year of the occurrence of such damage or destruction, the Lessee may terminate its right to use and occupy the Control Tower Space upon thirty (30) days written notice to the Port Authority, provided, however, in the event that within such thirty (30) day period the Port Authority notifies the Lessee in writing that it will commence such repair and/or rebuilding in sixty (60) days the effectiveness of such notice shall be suspended for such sixty (60) day period and for so long thereafter as the Port Authority is diligently repairing or rebuilding the Control Tower Space and/or the Control Tower, as the case shall be, (except for circumstances beyond the Port Authority's control) until such time as the Control Tower Space and/or the Control Tower has been restored and the Control Tower Space is fit for use at which time the Lessee's notice of termination shall become null and void and of no force or effect. If the Port Authority at any time prior to such restoration ceases diligently to repair or rebuild the Control Tower Space and/or the Control Tower (except for circumstances beyond the Port Authority's control) the Lessee's notice of termination shall become effective thirty (30) days after the date of such cessation. In the event of termination pursuant to this paragraph (f)(3) the Lessee's right to use and occupy the Control Tower Space shall cease and expire as if the effective date of termination were the date originally stated herein for the expiration of this Agreement. Upon the effective date of any termination pursuant to this paragraph (f)(3), the Lessee's obligation to pay Port Authority Ramp Control Tower Rental and all other obligations with respect to the Control Tower Space arising thereafter shall cease and abate.

(g) The parties hereto recognize that the Premises surrounds the Control Tower and that the safe, efficient and continuous operation of the Control Tower is essential and of paramount importance to the safe and efficient operation of the Airport and, further, that the Port Authority and the FAA have heretofore entered into the FAA Agreement pursuant to which the Port Authority has undertaken certain obligations to the FAA which the Lessee hereby agrees, as hereinafter provided, to

perform for and on behalf of the Port Authority. In connection with the safe, efficient and the continuous use, occupancy and operation of the Control Tower and rights granted to the FAA by the FAA Agreement, the Port Authority and the Lessee hereby agree as follows:

(1) The Lessee shall, unless otherwise agreed to by the FAA, the Lessee and the Port Authority, provide at all times throughout the Term (i) covered pedestrian access and an uninterrupted right of way to and from the Control Tower and the Central Terminal Area roadway and sidewalk at least equivalent to the pedestrian access to and from the Control Tower existing on the Effective Date, provided, however, such access may be provided at ground level and (ii) vehicular access and a right of way to and from the ramp area at the base of the Control Tower and Public Aircraft Facilities at least equivalent to that existing on the Effective Date.

(2) The Lessee shall, unless otherwise agreed to by the FAA, the Lessee and the Port Authority, provide free parking privileges for five FAA emergency service vehicles at such location on the Premises on the aircraft ramp area at the base of the Control Tower as shall be designated by the Lessee from time to time.

(3) (i) For the purpose of challenging persons seeking access to the Control Tower, throughout the Term the Lessee shall, unless otherwise agreed to by the Port Authority, the Lessee and the FAA, provide an unarmed contract guard or other security screening method for aeronautical areas as shall be approved by the Port Authority and the FAA, at the entrance to the existing link to the Control Tower from the second floor of the Premises and as at such time such link or entrance shall no longer be available, then at the entrance to the replacement pedestrian link to the Control Tower. In the event that the Lessee fails to provide such security guard or other acceptable security screening method to the extent and in the manner indicated, the Port Authority or the FAA shall have the right upon notice to the Lessee to provide such security guard or other acceptable security screening method for the Control Tower and

for which expenses the Lessee hereby agrees to reimburse the FAA or the Port Authority, as the case shall be.

(ii) At any time and from time to time during the Term, the FAA and/or the Port Authority upon notice to the Lessee may instruct the Lessee's security contractor providing the unarmed security guard, if any, referred in subparagraph (3)(i) above to have such unarmed security guard using FAA procedures challenge all persons and permit admittance to the Control Tower only to authorized persons on official business.

(4) Without limiting the generality of any of the other terms and conditions of this Agreement, the Lessee shall at all times during the Term assure that, to the extent (x) such systems are subject to Lessee's control, (y) such systems are on the Premises and (z) Lessee has the obligation of construction and/or maintenance, as the case may be, with respect to such systems under this Agreement, the utility systems to the Control Tower, including without limitation domestic water, sanitary sewerage, hot and chilled water, electricity, fire safety systems and communications systems are at least equivalent in all respects, including without limitation capacity and redundancy, to those existing on the Effective Date and that utility service to the Control Tower is not at any time interrupted for any reason whatsoever except for reasons beyond the Lessee's control and for which the Lessee can not provide substitute service in accordance with the plan described in paragraph (g)(5) below.

(5) Within sixty (60) days after the Effective Date the Lessee shall submit to the Port Authority for the Port Authority's approval a plan to assure continuous utility service described in subparagraph (4) above to the Control Tower. Such plan shall, among other things, include contingency measures in the event one or more of the existing utilities is temporarily interrupted. In the event that the Port Authority disapproves such plan, the Port Authority shall state the reasons therefor in reasonable detail. The Lessee shall diligently resubmit such plan until approved by the Port Authority. In the event that during the Term such plan is no longer acceptable to the Port Authority, upon notice to the Lessee, the Lessee shall promptly amend and update the plan for the Port Authority's approval and

shall continue to diligently resubmit such amended and updated plan until approved by the Port Authority.

(h) Upon request of the General Manager of the Airport, the Port Authority and such Aircraft Operators as shall be designated from time to time and at any time by such General Manager shall have the right to temporarily use the Control Tower Space at no charge and without an abatement in the Port Authority Ramp Control Tower Rental in an emergency, as determined by the Port Authority, at the Airport requiring a view of the Public Aircraft Facilities, such as during weather related emergencies or when an aircraft has been taken hostage, provided, however, such use shall not unreasonably interfere with the use and occupancy of the Control Tower Space by the Lessee.

(i) (1) The Lessee, its officers, employees, invitees, contractors, suppliers of materials and furnishers of services shall have the right of ingress and egress between the Premises and the Control Tower Space by means of existing hallways and stairs and shall have the right of access to the Ramp Control Level Roof for the purpose of maintaining, repairing and replacing the mechanical and electrical equipment located thereon which exclusively serves the Control Tower Space and to the twentieth level of the Control Tower to maintain, repair and replace the radio base station with the radio frequency of 130.77 MHZ located therein and, to the extent permitted by the FAA, to the Cable Access Level of the Control Tower to maintain, repair and replace the radio antennas used to transmit on radio frequency 130.77 MHZ.

(2) At all times throughout the Effective Period the Port Authority by its officers, employees, agents, representatives, contractors and suppliers of materials and furnishers of services shall have the right to enter upon the Control Tower Space to gain access to and from the Control Tower Space to other portions of the Control Tower and to maintain, repair, alter, rebuild and replace the Control Tower. The Port Authority shall, except in emergencies, provide reasonable prior notice of such entry by the Port Authority into the Control Tower Space.

(j) The use and occupancy of the Control Tower Space by the Lessee shall be subject to all the terms and provisions of this Agreement except for Sections 2, 6, 8, 36, 38 I, 39 (a) through (d), 42 (a) through (g), (j), (m) and (o) (it being understood and agreed the Lessee shall not hereby be relieved from complying with Environmental Requirements), 43, 44, 45, 51, 52, 53 and 54 thereof (which Sections are hereinafter collectively called the "Excluded Sections") and, with the exception of the Excluded Sections, in each and every instance the term Premises is used this Agreement it shall mean and include the Control Tower Space. Further, with respect to the Control Tower Space, in the event of any inconsistency between the terms and conditions of this Agreement exclusive of this Section 78 and the terms and conditions of this Section 78, the terms and conditions of this Section 78 shall in all respects be determinative, effective and controlling.

Section 79. Chapels

The Lessee shall, by separate agreement with the Catholic Diocese of Brooklyn, the New York Board of Rabbis and the Queens Protestant Council of Churches make available to each free of charge a Chapel. The Lessee shall also make available one additional Chapel for other religious use. The construction of such Chapels is provided for in Section 18. The Lessee may charge each such congregation or other users of the chapels for goods and services (including, without limitation, maintenance and utilities used at or by the respective chapel).

Section 80. 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 offices of such officer or representative during regular business hours, or forwarded to him or her 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 its General Manager as their officer or representative 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 Terminal Four, JFK International Airport, Jamaica Queens, New York as their respective offices where notices and requests may be served. If mailed, the notices herein required to be served shall be deemed effective and served as of the date of the registered or certified mailing thereof.

Section 81. Miscellaneous

(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 this Agreement stated, shall have the same force and effect as if herein set forth in full.

(c) The parties agree that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be applicable to the interpretation of this Agreement or any amendments, addenda or supplements hereto or any Exhibits hereto.

(d) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto, whether so expressed or not.

Section 82. Entire Agreement

This Agreement consists of the following: Sections 1 through 82, inclusive, and the Exhibits listed on the Table of Exhibits to this Agreement. It constitutes the entire agreement

of the parties on the subject matter hereof and may not be changed, modified, discharged or extended except by written instrument duly executed by the Port Authority and the Lessee. The Lessee and the Port Authority agree that no representations or warranties shall be binding upon the other unless expressed in writing in this Agreement.

REMAINDER OF THIS PAGE INTENTIONALLY NOT USED.

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

ATTEST:

Name:
Title:

APPROVED
Form | Terms

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

Name: Robert J Kelly
Title: Director, Aviation Dept.

(Seal)

ATTEST:

Name: Robert J. Gibbons
Title: Attorney

JFK INTERNATIONAL AIR TERMINAL LLC

By

Name: Kurt Eichler
Title: Executive Committee Member

ATTEST:

Name: Robert J. Gibbons
Title: Attorney

By

Name: Johannes Mohrmann
Title Executive Committee Member

ATTEST:

Name: Robert J. Gibbons
Title: Attorney

By

Name: Christopher S McKenna,
Title duly authorized delegate of Brian F. Prince, Executive Committee Member

EXHIBIT 1.1 **COMPLETED ITEMS OF CONSTRUCTION THAT CONSTITUTE DATE OF BENEFICIAL OCCUPANCY**

(A) MAIN TERMINAL BUILDING IS COMPLETED ON ALL LEVELS. ACTIVATE ALL NEW ROADS.

(B) CONSTRUCTION OF NEW EAST FINGER SUBSTANTIALLY COMPLETE.

(C) DEMOLITION OF TEMPORARY MEETER/GREETER HALL COMMENCES.

(D) COMMENCE DEMOLITION OF EXISTING WING BUILDINGS.

(E) COMMENCE DEMOLITION OF EXISTING CUSTOMS HALL AND REMAINING FINGER STRUCTURES. RETAIN REDUNDANT SERVICE CONNECTIONS TO THE CONTROL TOWER.

(F) ABATEMENT/DEMOLITION ACCELERATED TO ALLOW STAIR TOWERS TO BE BUILT.

(G) TEMPORARY EGRESS CORRIDOR LINK TO EXISTING STAIRS.

(H) CONNECTOR TO TOWER PARTIALLY MAINTAINED. CONSTRUCTION OF ELEVATOR AND STAIRS BEGINS.

(I) ACTIVE CONTACT GATES 10

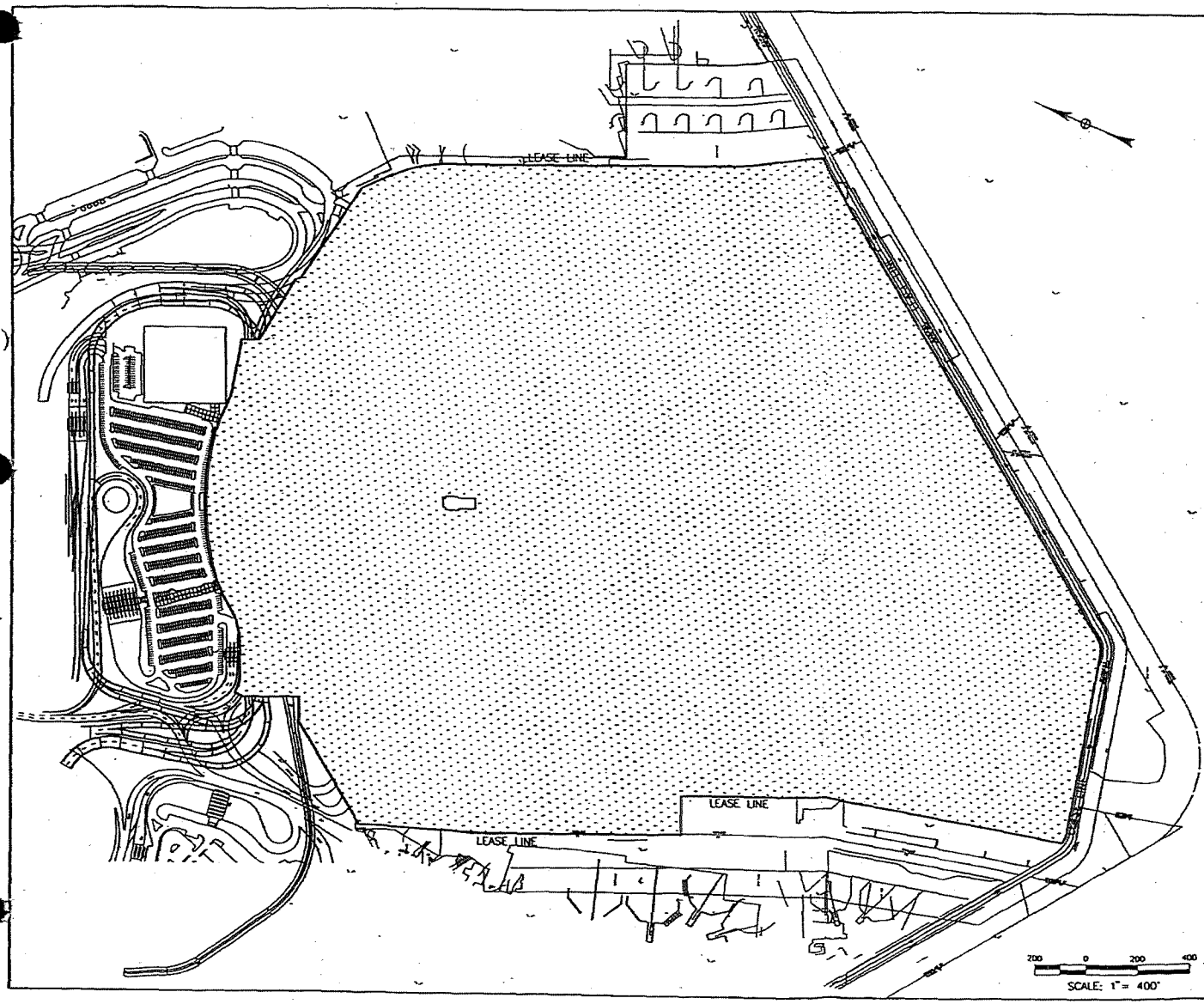
(J) ACTIVE HARDSTANDS 12

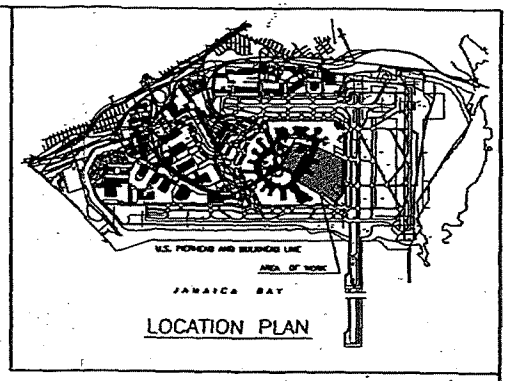
(K) ACTIVE MOBILE LOUNGE DOCKING POSITIONS 8

INITIALED:

FOR THE PORT AUTHORITY

FOR THE LESSEE





THE PORT AUTHORITY OF
NEW YORK AND NEW JERSEY

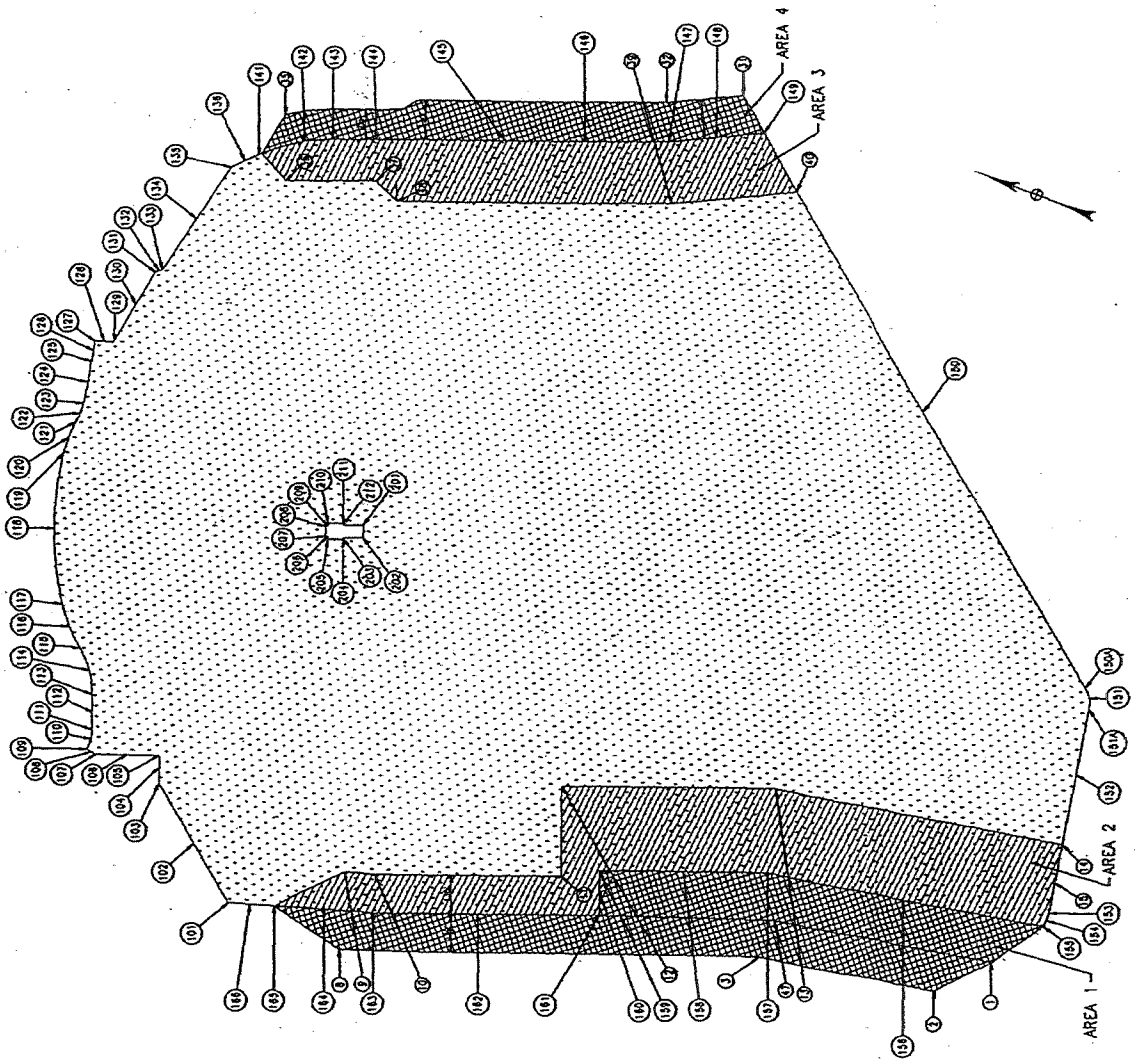
JOHN F. KENNEDY
INTERNATIONAL AIRPORT

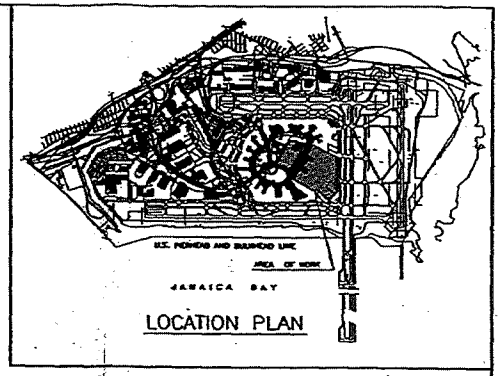
INITIALLED:

FOR THE PORT AUTHORITY

FOR THE LESSEE

EXHIBIT 2.1 PAGE 1 OF 3





THE PORT AUTHORITY OF
NEW YORK AND NEW JERSEY

JOHN F. KENNEDY
INTERNATIONAL AIRPORT

INITIALLED:

FOR THE PORT AUTHORITY

FOR THE LESSEE

DATA TABLE
(COORDINATES, BEARINGS, ETC.)

NO.	DESCRIPTION
1	S 59,334.600 E 73,703.700
2	S 59,315.616 E 73,490.103
3	S 58,910.513 E 73,046.517
4	NOT USED
5	NOT USED
6	S 58,075.851 E 71,817.042
7	NOT USED
8	S 58,175.732 E 71,863.126
9	S 57,963.358 E 72,013.117
10	S 58,020.074 E 72,093.423
11	S 58,342.156 E 72,617.875
12	S 58,086.773 E 72,775.292
13	S 58,464.642 E 73,388.719
14	S 59,120.199 E 74,106.550
15	S 59,216.193 E 74,018.884
16	S 58,763.350 E 73,523.025
17	S 57,742.849 E 71,874.622
18	NOT USED
19	NOT USED
20	NOT USED
21	NOT USED
22	NOT USED
23	NOT USED
24	NOT USED
25	NOT USED

NO.	DESCRIPTION
26	NOT USED
27	NOT USED
28	NOT USED
29	NOT USED
30	NOT USED
31	S 56,441.430 E 74,507.245
32	S 56,330.617 E 74,277.453
33	NOT USED
34	NOT USED
35	S 55,704.139 E 73,170.047
36	S 55,891.064 E 73,055.532
37	S 56,048.403 E 73,310.784
38	S 56,140.440 E 73,352.411
39	S 56,623.981 E 74,116.861
40	S 56,807.156 E 74,496.709
41	S 56,624.293 E 74,501.977
42	S 56,477.300 E 74,197.158
43	S 56,353.539 E 73,996.381
44	S 56,020.962 E 73,456.851
45	S 55,947.425 E 73,223.312
46	S 55,927.540 E 72,879.045
47	S 58,835.324 E 73,156.996
48	NOT USED
49	S 58,781.827 E 74,415.568
50	S 58,717.271 E 74,441.685

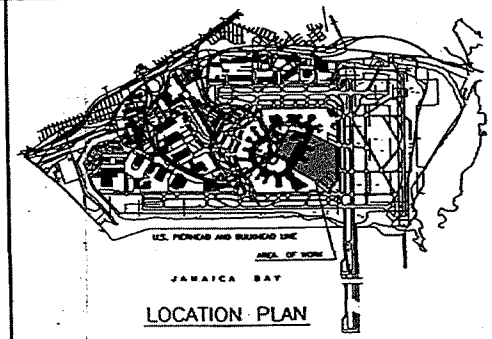
NO.	DESCRIPTION
101	S 57,851.6858 E 71,629.6514
102	459.923' N 1°-27'-43.7" E
103	S 57,391.9178 E 71,641.3869
104	93.243' N 31°-46'-34.0" E
105	S 57,312.6462 E 71,690.4886
106	213.189' N 58°-13'-26.0" W
107	S 57,200.3808 E 71,509.2543
108	36.027' N 30°-19'-02.0" W
109	S 57,169.2809 E 71,491.0685
110	R= 130.000' Δ= 29°-52'-18.7" L= 67.777' C= 67.012' CC= S 57054.8749 E 71429.3331
111	S 57,123.3331 E 71,539.8477
112	117.360' N 31°-46'-34.0" E
113	S 57,023.5636 E 71,601.6498
114	R= 295.000' Δ= 31°-30'-45.6" L= 162.250' C= 160.213' CC= S 56868.2162 E 71350.8666
115	S 56,869.5725 E 71,645.8635
116	R= 505.000' Δ= 18°-13'-12.2" L= 160.590' C= 159.914' CC= S 56871.8942 E 72150.8582
117	S 56,711.7935 E 71,671.9085
118	R= 1103.000' Δ= 26°-46'-09.6" L= 515.336' C= 510.662' CC= S 57061.4789 E 72718.0104
119	S 56,278.1062 E 71,941.5207

NO.	DESCRIPTION
120	R= 455.000' Δ= 13°-52'-11.5" L= 110.144' C= 109.875' CC= S 56601.2563 E 72261.8315
121	S 56,210.7443 E 72,028.3248
122	R= 345.000' Δ= 16°-33'-21.7" L= 99.690' C= 99.344' CC= S 55914.6418 E 71851.2703
123	S 56,148.0162 E 72,105.3597
124	169.927' N 42°-34'-00.0" E
125	S 56,072.8665 E 72,220.3064
126	R= 95.000' Δ= 9°-10'-12.0" L= 15.204' C= 15.188' CC= S 55958.6040 E 72150.3398
127	S 56,010.8850 E 72,229.6534
128	67.650' S 56°-36'-12.0" E
129	S 56,048.1317 E 72,286.1329
130	271.547' N 62°-42'-20.0" E
131	S 55,923.6102 E 72,527.4461
132	24.021' S 75°-59'-43.9" E
133	S 55,929.4232 E 72,550.7530
134	413.715' N 65°-43'-07.9" E
135	S 55,759.2976 E 72,927.8706
136	99.385' S 82°-17'-26.03" E

NO.	DESCRIPTION
141	S 55,772.630 E 73,026.357
142	R= 600.000' Δ= 23°-54'-35.79" L= 250.384' C= 99.344' CC= S 56367.163 E 72945.550
143	S 55,856.402 E 73,260.387
144	437.400' S 58°-21'-00" E
145	S 56,085.918 E 73,632.731
146	683.938' S 58°-21'-00" E
147	S 56,444.800 E 74,214.946
148	319.958' S 64°-15'-18.6" E
149	S 56,583.778 E 74,503.144
150	2134.383' S 1°-39'-00" W
150a	S 58,717.271 E 74,441.685
151	R= 100.000' Δ= 40°-45'-13.7" L= 71.129' C= 69.636' CC= S 58716.392 E 74341.727
151a	S 58,781.827 E 74,415.568
152	693.706' S 42°-24'-13.81" W
153	S 59,294.067 E 73,947.766
154	R= 100.000' Δ= 26°-26'-52.44" L= 46.160' C= 45.751' CC= S 59226.632 E 73873.925
155	S 59,319.896 E 73,910.003
156	935.309' S 47°-35'-46.28" E
157	S 58,689.169 E 73,219.361
158	564.113' S 58°-21'-00.30" E
159	S 58,393.163 E 72,739.148

NO.	DESCRIPTION
160	150.000' N 31°-38'-57.99" E
161	S 58,520.854 E 72,660.440
162	749.415' S 58°-26'-41.00" E
163	S 58,128.669 E 72,021.836
164	327.654' S 54°-46'-05.06" E
165	S 57,939.649 E 71,754.200
166	152.479' S 54°-46'-05.16" E

NO.	ATCT COORDINATES
201	S 57,005.4700 E 72,668.5900
202	S 57,041.1700 E 72,646.4100
203	S 57,006.7345 E 72,591.2811
204	S 57,011.8233 E 72,588.1024
205	S 56,985.4316 E 72,545.1186
206	S 56,976.3900 E 72,550.6700
207	S 56,971.9500 E 72,543.5100
208	S 56,944.1500 E 72,560.6900
209	S 56,948.4300 E 72,568.0300
210	S 56,939.6033 E 72,573.5374
211	S 56,966.3205 E 72,616.3567
212	S 56,971.4320 E 72,613.2148



LOCATION PLAN

THE PORT AUTHORITY OF
NEW YORK AND NEW JERSEY

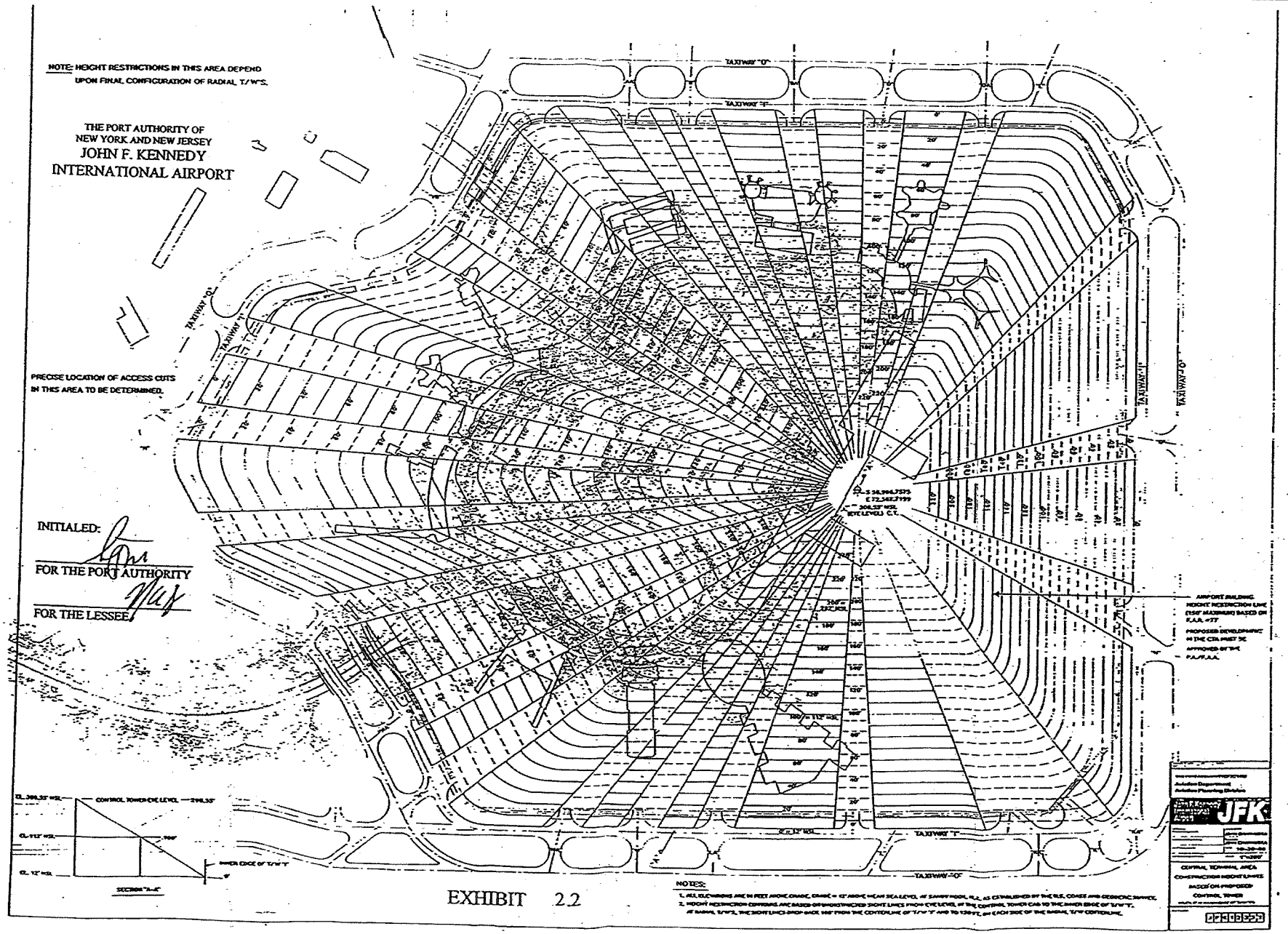
JOHN F. KENNEDY INTERNATIONAL AIRPORT

INITIALLED:

FOR THE PORT AUTHORITY

FOR THE LESSEE

NOTE: COORDINATES, EXPRESSED IN FEET, AND BEARINGS REFER TO THE GRID SYSTEM OF THE BOROUGH OF QUEENS TOPOGRAPHICAL BUREAU.


NOTE: HEIGHT RESTRICTIONS IN THIS AREA DEPEND UPON FINAL CONFIGURATION OF RADIAL T/W'S.
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
JOHN F. KENNEDY INTERNATIONAL AIRPORT
PRECISE LOCATION OF ACCESS CUTS IN THIS AREA TO BE DETERMINED.
INITIALED:
FOR THE PORT AUTHORITY
FOR THE LESSEE
TAXIWAY "O"
TAXIWAY "T"
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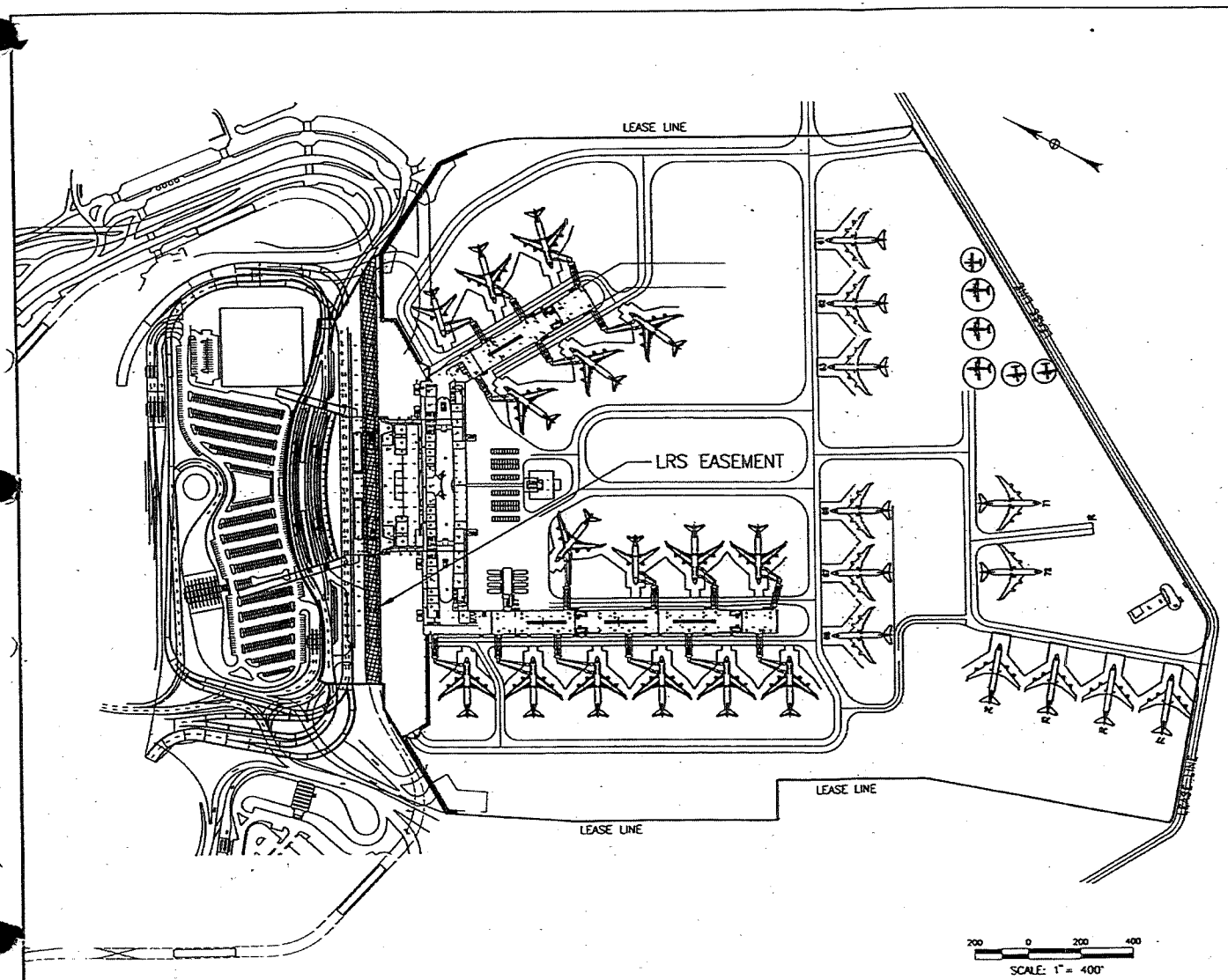
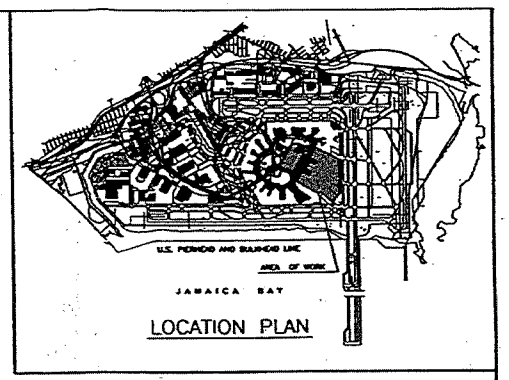
CONTROL TOWER EYE LEVEL
SECTION "A-A"
NOTES:
JFK

EXHIBIT 2.2





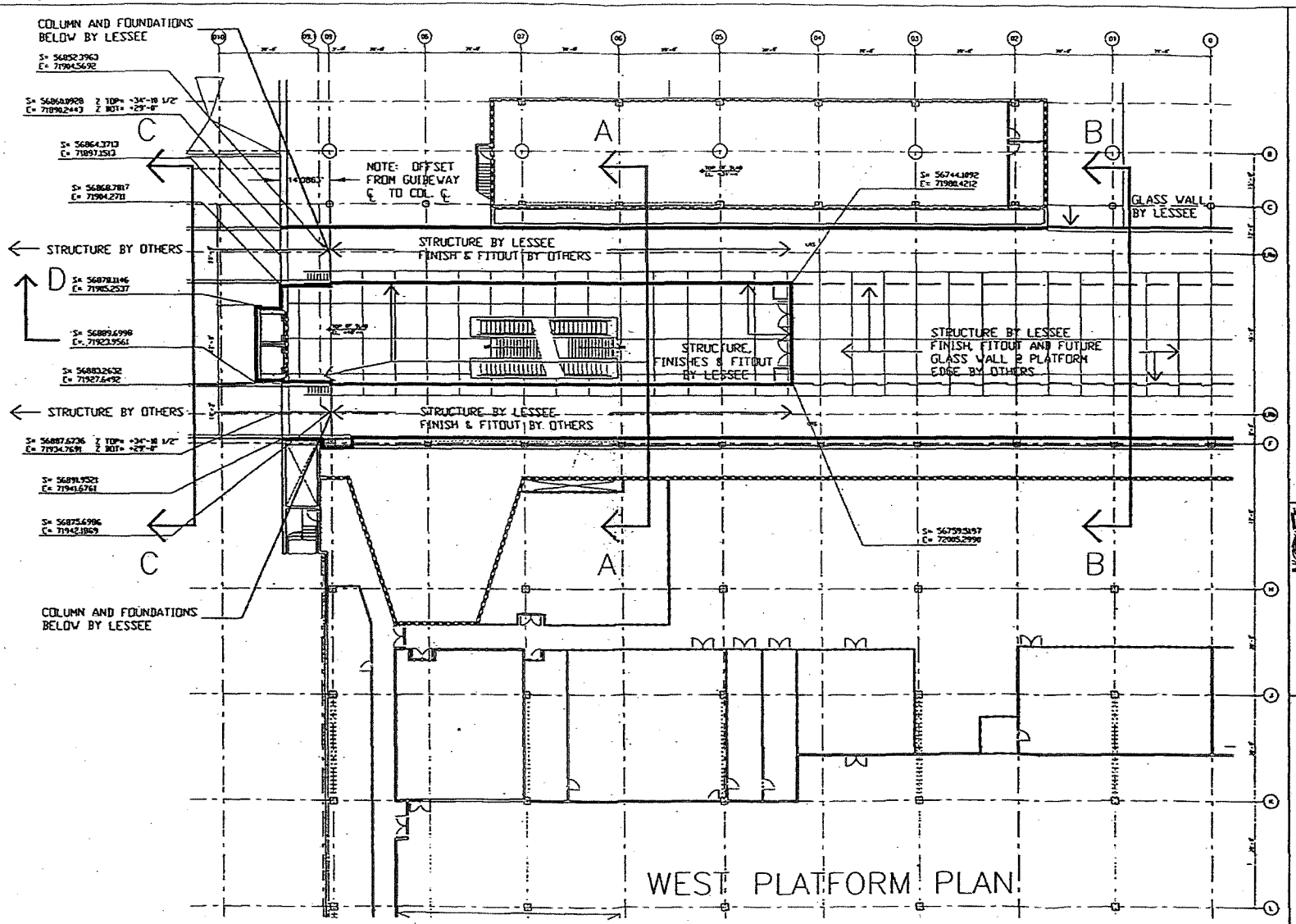
THE PORT AUTHORITY OF
NEW YORK AND NEW JERSEY

JOHN F. KENNEDY
INTERNATIONAL AIRPORT

INITIALLED:

FOR THE PORT AUTHORITY

FOR THE LESSEE



THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
JOHN F. KENNEDY INTERNATIONAL AIRPORT

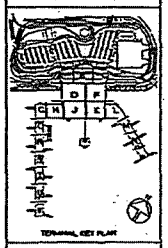


EXHIBIT 2.3
PAGE 2 of 7

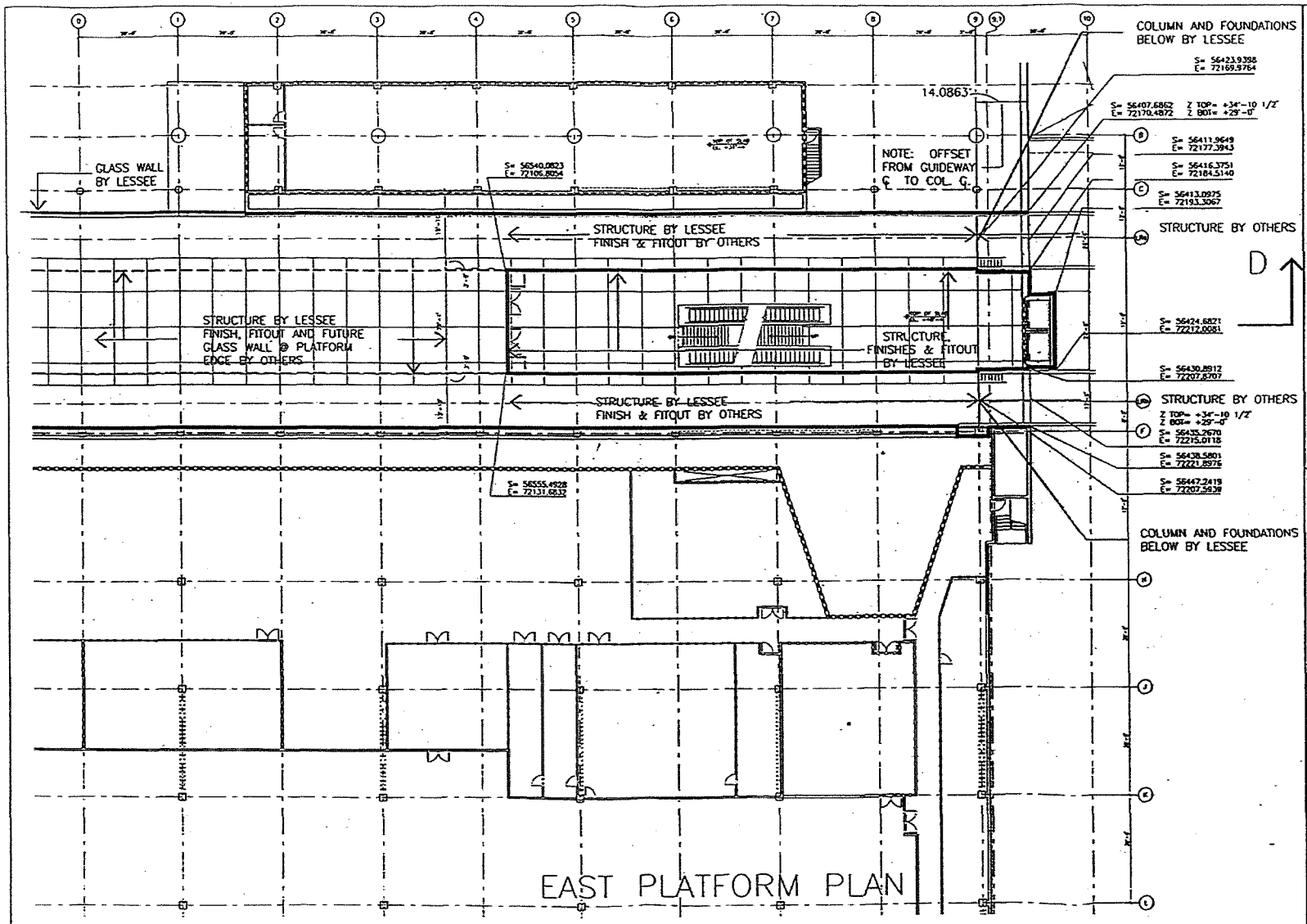
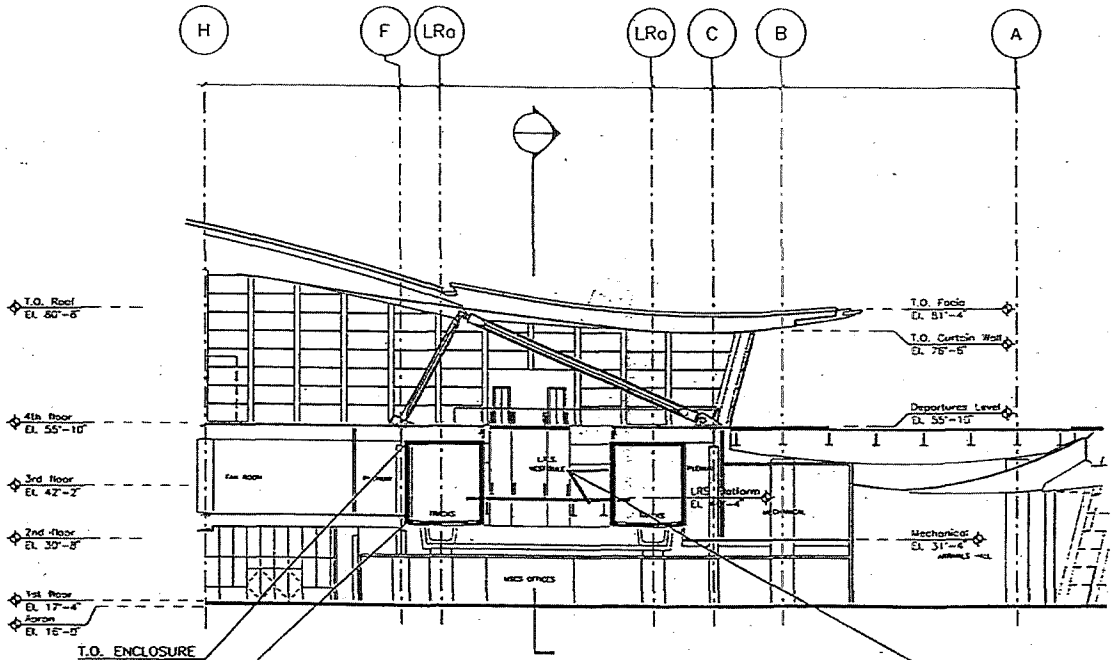


EXHIBIT 2.3
PAGE 3 of 7



SECTION A–A

STRUCTURE BY LESSEE
FINISHES AND FITOUT BY LESSEE

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
JOHN F. KENNEDY INTERNATIONAL AIRPORT

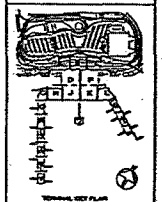
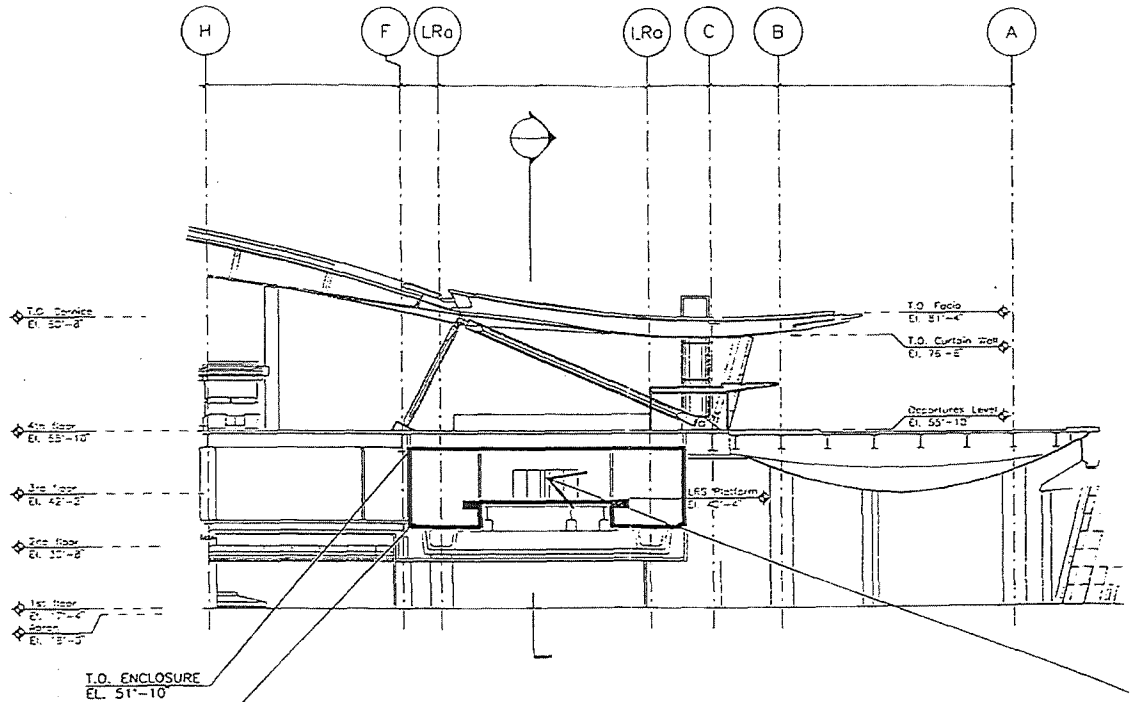


EXHIBIT 2.3
PAGE 4 of 7



SECTION B–B

STRUCTURE BY LESSEE
FINISHES AND FITOUT BY OTHERS

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
JOHN F. KENNEDY INTERNATIONAL AIRPORT

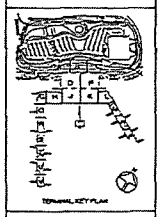
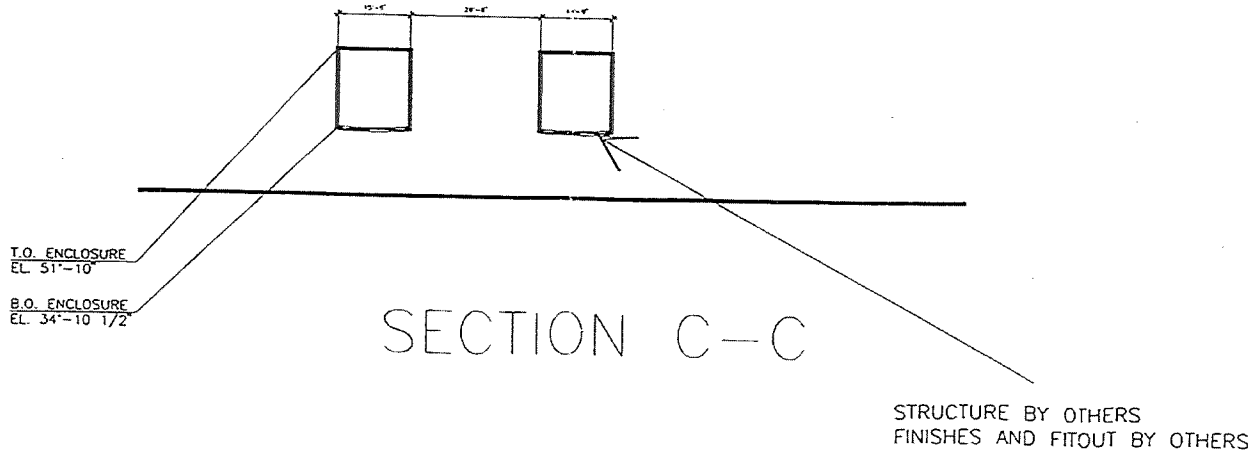


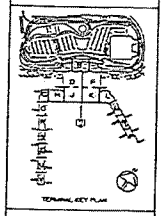
EXHIBIT 2.3
PAGE 5 of 7

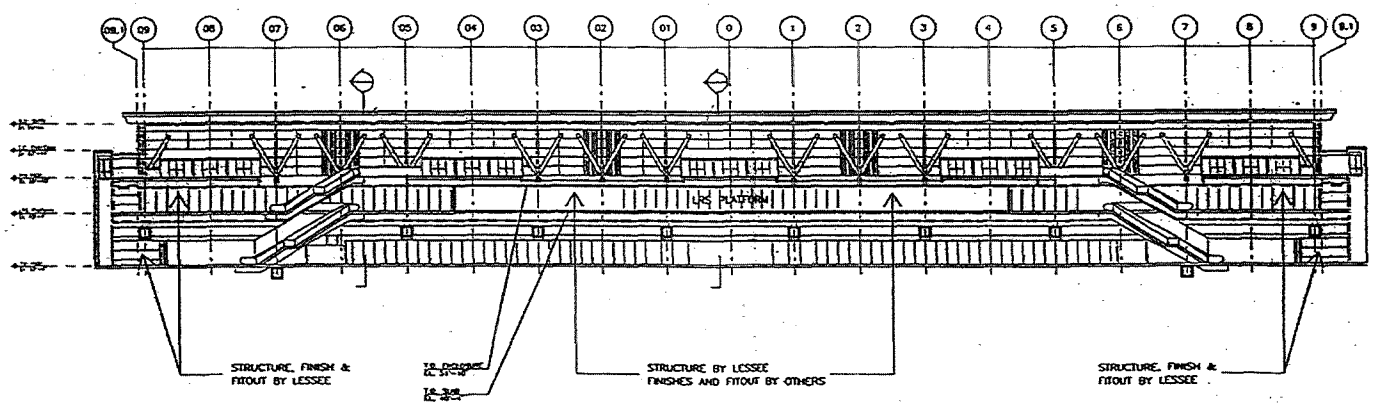


SECTION C-C

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

JOHN F. KENNEDY INTERNATIONAL AIRPORT





SECTION D–D

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
JOHN F. KENNEDY INTERNATIONAL AIRPORT

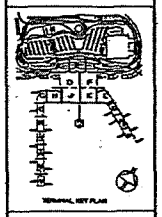


EXHIBIT 2.3
PAGE 7 of 7

EXHIBIT 2.4

EXISTING OCCUPANTS

PORT AUTHORITY NUMBER	COMPANY
Counterspace Permits	
AYB-611	Aer Lingus Shannon Limited
AYB-763	Air India
AYB-273	Alia, The Royal Jordanian Airlines Corp.
AYC-068	Alitalia Linee Aerree Italiane S.P.A.
AY-671	American Airlines, Inc.
AYC-578	Asiana Airlines, Inc.
AYB-996	British Airways, PLC
AY-670	Compagnie Nationale Air France
AY-683	Deutsche Lufthansa Aktiengesellschaft
AYC-067	El Al Israel Airlines, Ltd.
AY-680	Flugleider H.F.
AYC-087	Iberia Lineas Aereas De Espana SA
AYC-086	Japan Airlines Company., Ltd.
AY-681	KLM Royal Dutch Airlines
AYC-192	Korean Airlines
AYC-101	Northwest Airlines, Inc.
AYC-060	Pakistan International Airlines Corp.
AYC-287	Tower Air, Inc.
AYC-002	Trans World Airlines
AYB-997	United Airlines, Inc.
Leases & Permits	
AYB-267	Aer Lingus Shannon Limited
AYA-903	American Express Travel Related Services Company, Inc.

PORT AUTHORITY NUMBER	COMPANY
AYB-661	American Express Travel Related Services Company, Inc.
AYA-874	Anthony & Frank Airport Enterprises
AYA-978	At the Airport, LLC
AY-731	Avis Rent-A-Car System, Inc.
AYB-291	Budget Rent A Car Corporation
AYB-492	Canyon Trading Company, Inc.
AYA-922	Citibank, N.A.
AYC-336	Concordia Worldwide Hotel Reservations, Inc.
AYC-227	Design America Limited Partnership
AYB-292	Dollar Rent-A-Car Systems, Inc.
AYB-891	DynAir Services, Inc.
AYB-615	DynAir Services, Inc.
AYC-591	Erwin Pearl, Inc.
AYC-679	Erwin Pearl, Inc.
AYC-601	Faber, Inc.
AYB-421	Faber, Inc.
AYC-308	Fan Fair at JFK, Inc.
AYC-579	Fan Fair at JFK, Inc.
AY-732	Hertz Corporation, The
AYA-700	Host Services of NY, Inc.
AYC-595	I Santi JFK, Inc.
AYC-777	I Santi JFK, Inc.
AYC-655	International Shoppes, Inc.
AYB-156	International Shoppes, Inc.
AYB-044	International Shoppes, Inc.
AYA-943	International Shoppes, Inc.
AYA-563	National Car Rental System, Inc.
AYC-604	Natural Energy Unlimited, Inc.

PORT AUTHORITY NUMBER	COMPANY
AYC-110	Natural Energy Unlimited, Inc.
AYB-481	Rogers of New York, Inc.
AYC-605	SATA, LLC
AYB-795	Société Intérnationale de Télécommuications Aéronautiques
AYC-277	Spellbound Music, Ltd.
AYC-614	Spellbound Music, Ltd
AYC-686	Summit Security Services, Inc.
AYC-582	Sunglass Hut Trading Corp.
AYC-123	Tele-Trip Company, Inc.
AYC-035	Thomas Cook Currency Services, Inc.
AYC-571	Tie Rack Aviation Partners, Tie Rack (US), Inc., and Fenton Hill American, Limited
AYB-484	Trager, Dr. Robert M.
AYC-706	Trans World Amusement, Inc.
AYC-034	Travelex America, Inc
AYC-499	Tri-Way Security & Escort Service, Inc.
AYB-616	Triangle Aviation Services, Inc.
AYA-435	U.S. Weather Bureau
AYA-160	U.S. Weather Bureau

PORT AUTHORITY NUMBER	COMPANY
Airline Use Agreements	
AYA-648	Aerolineas Argentinas
AYA-463	Iberia Lineas Aereas De Espana SA
AYA-457	Iberia Lineas Aereas De Espana SA
AYB-436	Kuwait Airlines

INITIALED:

FOR THE PORT AUTHORITY

FOR THE LESSEE

EXHIBIT 2.5

PRIOR OCCUPANCY AGREEMENTS

PORT AUTHORITY NUMBER	COMPANY
AYA-459	Aer Lingus Shannon Limited
AYA-454	Air India
AYC-619	Air Jamaica, Ltd.
AYC-661	Air Afrique
AYB-275	Alia, The Royal Jordanian Airlines Corp.
AYA-455	Alitalia Linee Aerree Italiane S.P.A.
AYA-467	Alitalia Linee Aerree Italiane S.P.A.
AYC-653	APA International Air, S.A.
AYA-468	Asiana Airlines, Inc.
AYC-377	Balkan Bulgarian Airlines
AYC-662	Biman Bangladesh Airlines
AYA-453	Compagnie Nationale Air France
AYB-006	Compagnie Nationale De Transports Aeriens Royal Air Maroc
AYC-620	Czech Airlines A.S.
AYA-462	Deutsche Lufthansa Aktiengesellschaft
AYC-617	Egyptair
AYA-456	El Al Israel Airlines, Ltd.
AYC-589	EVA Airways Corporation
AYA-458	Flugleider H.F.
AYC-666	Ghana Airways Corp.
AYB-468	Guyana Airways Corporation
AYA-460	Japan Airlines Company, Ltd.
AYA-461	KLM Royal Dutch Airlines
AYC-176	Korean Airlines

EXHIBIT 5.1

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

Lease No. AYC-685
John F. Kennedy International Airport

CONSENT TO SUBLEASE AGREEMENT

THIS AGREEMENT, made as of _____ by and among THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (the "**Port Authority**"), a body corporate and politic created by Compact between the States of New York and New Jersey with the consent of the Congress of the United States of America, having an office for the transaction of business at One World Trade Center in the Borough of Manhattan, City, County and State of New York, JFK INTERNATIONAL AIR TERMINAL LLC (the "**Lessee**"), a New York limited liability company, having an office for the transaction of business at Terminal 4 at John F. Kennedy International Airport in the Borough and County of Queens, City and State of New York and ***[Name of Sublessee]*** (the "**Sublessee**"), a ***[Entity/Jurisdiction of Formation]***, having an office for the transaction of business at ***[Business Address of Sublessee]***,

W I T N E S S E T H:

WHEREAS, the Port Authority and the Lessee have entered into that certain Agreement of Lease, dated May 13, 1997 and identified by Port Authority Lease No. AYC-685 (the "**Lease**") covering certain premises (the "**Premises**") and rights and privileges at and in respect of Terminal 4 at John F. Kennedy International Airport (the "**Airport**"); and

WHEREAS, in accordance with the terms of the Lease, the Lessee and the Sublessee are entering into an agreement (the "**Sublease**"), a copy of which is attached hereto, under which the Lessee grants to the Sublessee the right to use and/or occupy certain areas and facilities (the "**Subleased Premises**") for the purposes set forth in

the Sublease, subject to the consent of the Port Authority and the execution of this Agreement by and among the Lessee, the Sublessee and the Port Authority;

NOW, THEREFORE, in consideration of the covenants and mutual agreements of all the parties hereto, the parties hereby agree as follows:

1. Consent to Sublease. On the terms and conditions contained in this Agreement, the Port Authority consents to the Sublease.

2. Subject to Lease. This Agreement is subject to the terms of the Lease and nothing contained herein shall be deemed to alter the rights, powers, privileges and obligations of either the Lessee or the Port Authority under the Lease. Nothing contained herein shall be deemed to grant to the Sublessee any rights not granted to the Lessee under the Lease.

3. No Waiver. The granting of the consent hereunder by the Port Authority shall not be deemed a waiver of its required consent to any other subleasing (including any subleasing by the Lessee or the Sublessee) or other transaction, or the use and occupancy of all or part of the Subleased Premises by any person other than the Sublessee. Any assignment of the Sublease, whether direct or indirect, shall separately require the Port Authority's prior written consent. Except as expressly stated herein, this Agreement shall not constitute a waiver of any right of the Port Authority, under the Lease or otherwise.

4. Changes to Sublease. The Sublease shall not be changed, discharged or extended except by written instrument duly executed by the parties thereto and only with the express prior written consent of the Port Authority, except as expressly set forth in the Lease.

5. Expiration without Notice. Notwithstanding anything contained in the Sublease, unless the Sublease shall have terminated or expired earlier in accordance with its terms, the Sublease and this Agreement shall expire without notice to the Sublessee on the day preceding the date of expiration or termination of the Lease.

6. Compliance with Lease. The Sublessee hereby agrees, to the extent applicable, to assume, observe, be bound by, comply with and be subject to all the terms, provisions, covenants and conditions of the Lease, to the same extent as if it were the Lessee under the Lease, including the obligations of the Lessee under the Lease dealing with use of the Premises, compliance with laws, compliance with Port Authority Rules and Regulations, refraining from prohibited activities and operations, rights of entry and non-discrimination, affirmative action, and ongoing affirmative action equal-opportunity commitment.

7. No Consent to Construction. Nothing contained in this Agreement or the Sublease shall constitute a consent to the erection of any structures or the making of any improvements, alterations, modifications, additions, repairs or replacements to the Premises, including without limitation the installation of any signs at the Airport. No such construction or installation shall be performed without the prior written approval of the Port Authority in accordance with the provisions of the Lease.

8. Indemnification. (a) The Sublessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and representatives, as third party beneficiaries under this Agreement, from and against (and shall reimburse the Port Authority for its costs and expenses including legal expenses incurred in connection with the defense of) all claims and demands (including claims and demands in respect of death, personal injury or property damage) arising out of the use or occupancy of the Premises by the Sublessee, or by others with its consent, or out of any other acts or omissions of the Sublessee, its officers, representatives, agents and contractors and employees on the Premises or elsewhere at the Airport and its guests, invitees and business visitors on the Premises, or out of the acts or omissions of others on the Premises with the Sublessee's consent, 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 of New York.

(b) If so directed, the Sublessee shall at its own expense defend any suit based upon any such claim or demand (even if such claim or demand is groundless, false or fraudulent), and shall not, without obtaining express advance permission from the

General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority.

9. Insurance. [*For Subleases other than Airline Subleases:* (a) The Sublessee shall maintain insurance coverage in such types and amounts as are provided in the Sublease.]

[*For Airline Subleases only:* (a) The Sublessee shall maintain the following insurance coverages:

(1) Public Liability Insurance, including contractual liability, premises-operations, products, completed operations and liquor liability, and covering bodily injury, including death, and property damage liability, and broadened to include (or equivalent separate policies covering) aircraft liability, none of the foregoing to contain care, custody and control exclusions, with a combined single limit of $100 million per occurrence for bodily injury and property damage liability; and

(2) Commercial Automobile Liability Insurance (if motor vehicles are being used by the Sublessee) covering owned, non-owned and hired vehicles, including automatic coverage for newly acquired vehicles, with a combined single limit of $25 million per occurrence for bodily injury and property damage liability.]

(b) Each policy shall be issued by a company or companies approved by the Port Authority and shall provide, or contain an endorsement providing, (x) that the protection afforded the Sublessee thereunder with respect to any claim or action by a third person shall pertain and apply with like effect with respect to any claim or action against the Sublessee by the Port Authority, but such endorsement shall not limit or otherwise change the protection afforded the Port Authority thereunder as an additional insured, and (y) that the protection afforded the Port Authority thereunder with respect to any claim or action against the Port Authority by the Sublessee shall be the same as the protection afforded the Sublessee thereunder with respect to any claim or

action against the Sublessee by a third person, as if the Port Authority were the named insured thereunder. Each policy shall also contain a contractual liability endorsement covering the obligations assumed by the Sublessee under Section 8 above.

(c) The Port Authority shall have the right to review all insurance coverages and policies required by the Port Authority for adequacy of terms, conditions and limits and, upon notice to the Sublessee given from time to time and at any time, to require the Sublessee (x) to amend or modify the insurance coverage or (y) to obtain such other or additional insurance, in such amounts and against such other insurable hazards, as the Port Authority may reasonably deem necessary. The Sublessee shall promptly comply with such requirements and shall promptly submit to the Port Authority a certificate or certificates evidencing such compliance.

(d) (i) The Sublessee shall deliver to the Port Authority, upon execution and delivery of this Agreement, a certificate evidencing the existence of each policy or a binder, in each case accompanied by evidence of payment of the premium for the policy. Any binder delivered shall be replaced within thirty (30) days by a certified copy of the policy or a certificate. Any renewal policy, or evidence thereof, as provided above, shall be delivered to the Port Authority prior to the expiration of the expiring policy. In addition, a certified copy of each policy shall be delivered to the Port Authority promptly upon the Port Authority's request at any time.

(ii) Each such copy or certificate shall contain a valid provision or endorsement that the policy may not be cancelled, terminated, changed or modified without giving thirty (30) days' advance written notice to the Port Authority. Each such copy or certificate required shall contain a provision that the insurer shall not, without the express advance written permission of the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority.

10. Payments upon Lessee's Default. If (a) an Event of Default with respect to the Lessee's monetary obligations under the Lease has occurred and is continuing, (b) there are no longer any Passenger Terminal Bonds outstanding and (c) either (x) the Lessee is not pursuing dispute resolution procedures under Section 25 of the Lease or (y) the Lessee has not submitted a claim to a tribunal with jurisdiction over the matter, the Sublessee shall on demand of the Port Authority pay directly to the Port Authority any rental, fee or other amount due to the Lessee in the amount of such default. No such payment shall relieve the Lessee from any obligations under the Lease or under this Agreement, but all such payments shall be credited against the obligations of the Lessee and the Sublessee.

11. Activities Requiring Permit. The Sublessee is prohibited from performing any activities or services for others at the Subleased Premises or any other area at the Airport with respect to which a Port Authority permit is required, unless the Sublessee obtains the appropriate Port Authority permit and pays the relevant fees to the Port Authority and the Lessee, as applicable.

12. Late Charges. (a) If the Sublessee should fail to pay when due any amount required under this Agreement to be paid to the Port Authority, including any payment of fees, or any other amounts or charges and if any such amount is found as the result of an audit to have been due, then 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 (described below) during the entirety of which such amount remains unpaid.

(b) Each such late charge shall not 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 during each calendar year; 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 to payment of any late charges payable under the provisions of this Section, with respect to such unpaid amount.

(c) Nothing in this Section 12 shall be deemed to modify in any way (x) any rights of the Port Authority under this Agreement or (y) any obligations of the Sublessee under this Agreement. In the event that any late charge imposed pursuant to this Section shall exceed a legal maximum applicable to such late charge, then in such event, each such late charge payable under this Agreement shall be payable instead at such legal maximum.

13. Affirmative Action. The Sublessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall 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 Sublessee 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 Sublessee assures that it will require that its covered suborganizations provide assurances to the Sublessee that they similarly will undertake affirmative action programs and that they will require assurances from their organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

14. No Personal Liability. No commissioner, director, officer, agent, owner, member or employee of any party to this Agreement shall be personally charged or held contractually liable by or to any 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 hereof, or because of its or their execution or attempted execution hereof.

15. Governing Law. This Agreement and its interpretation, validity and enforceability shall be governed by the laws of the State of New York.

16. Lease Controlling. In any conflict between the terms of the Lease, the Sublease and this Agreement, the terms of the Lease shall control.

17. Interpretation. References herein to the Sublessee shall mean and include the Sublessee and its officers, agents, employees and also others on the Premises or the Subleased Premises or the Airport with the consent of the Sublessee. The words "include" or "including" herein are not intended as words of limitation. The captions used in this Agreement are for convenience of reference only, and shall not be construed in any manner to define, limit or describe the scope or intent of the terms and provisions of this Agreement.

18. Revocation. If any one or more of the following events shall occur:

(1) The Sublessee 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, including, without limitation, 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 Sublessee shall be adjudged a bankrupt or an order shall be made approving a petition filed by any of its creditors 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 and any such judgment or order is not stayed or vacated within sixty (60) days after the entry thereof; 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 Sublessee and such possession or control shall continue in effect for a period of sixty (60) days; or

(4) The Sublessee shall voluntarily abandon, desert or vacate the Subleased Premises or discontinue its operations at the Subleased Premises, or after exhausting or abandoning any right of further appeal, the Sublessee shall be prevented for a period of sixty (60) days by action of any governmental authority from conducting its operations at the Airport, regardless of the fault of the Sublessee; or

(5) The interest or estate of the Sublessee under the Sublease shall be transferred directly by the Sublessee or shall pass to or devolve upon, by operation of law or otherwise, any other person or entity without the prior written approval of the Port Authority, or the Sublessee shall become a constituent or possessor or merged or surviving entity in a merger, a constituent or resulting entity in a consolidation, or an entity in dissolution, in termination or in liquidation; or

(6) The Sublessee 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 notice from the Port Authority;

then upon the occurrence of any such event and at any time thereafter during the continuance thereof, the Port Authority may upon thirty (30) days' notice revoke this Agreement and the Port Authority's consent hereunder.

19. Entire Agreement. This Agreement contains the entire agreement between the parties regarding the Port Authority's consent to the Sublease, and all prior oral or written representations, warranties and discussions among the parties relating to the subject matter of this Agreement are merged herein.

EXHIBIT 5.1

Exhibit 8.1 – Permitted O&M Expenses

I. Permitted O&M Expenses shall mean, with reference to any Annual Period, the sum of the following items of cost:

(a) Wages, salaries, fringe benefits and other payroll costs or remuneration (including reimbursement of employee expenses) paid to or for employees employed for the benefit of Project Operations.

As used in this paragraph (a):

(i) "Fringe benefits" shall mean the items of cost which the Lessee is obligated to pay or incur pursuant to applicable collective bargaining agreements or which the Lessee otherwise agrees to pay to employees as compensation for employment including, without limitation:

(1) paid time off, including, without limitation, for vacations, sick leave, holidays, birthdays, jury duty, medical checkup, lunch time and relief time;

(2) bonuses, including, without limitation, incentive compensation and profit sharing plans;

(3) costs related to training, relocation, severance or expatriation costs as provided for in paragraph (i) below , professional or trade organization memberships, subscriptions to trade publications, over-time meals or transportation, uniforms, business travel expenses; pension plans, welfare and training funds, and health, life, accident, or other such types of insurance; and

(4) any other payment made or cost incurred by agreement with such employees and personnel or pursuant to the Lessee's policy with respect to such employees and personnel.

(ii) "Other payroll costs" shall mean taxes and other payments payable pursuant to law upon the basis of wages paid to employees, including, without limitation, F.I.C.A., State Unemployment Insurance, Disability Insurance and Federal Unemployment Insurance.

(b) The cost of ordinary maintenance, repairs, improvements, alterations and changes related to the areas in the Central Terminal Area of the Airport set forth in the definition of Project Operations including, without limitation, payments to third party contractors for cleaning, rubbish removal, snow removal, facility maintenance, equipment maintenance, extermination and other cleaning and maintenance services furnished by contractors for the benefit of Project Operations other than any cost which is funded by subordinated debt or from the Major Maintenance and Renewal Fund.

(c) Payments for electricity, water, sewer rents and other fuel, utilities and services required for the benefit of Project Operations.

(d) The cost of provision, maintenance, repair and replacement of fixtures, furniture, furnishings, operating supplies, equipment and tools used for the benefit of Project Operations.

(e) (i) The cost of any insurance carried by the Lessee with respect to Project Operations or with respect to any accident or casualty occurring with respect thereto.

(ii) The cost of any such accident or casualty with respect to Project Operations paid for by the Lessee to the extent such accident or casualty is not reimbursed by insurance proceeds and such accident or casualty was not caused by the gross negligence or willful neglect of the Lessee.

(f) The costs of:

(i) telephone, telegraph, postage, messenger service and other communications services; and

(ii) trucking and other shipping services

incurred for the benefit of Project Operations.

(g) Payments for rental of leased equipment and supplies.

(h) Professional fees paid to third parties, for the benefit of Project Operations and payments to third parties for

legal, accounting, architectural, engineering, space planning and other professional services for the benefit of Project Operations.

(i) Amounts payable to Schiphol USA Inc. in satisfaction of the terms of the Technical Cooperation and Construction Services Agreement, dated December 16, 1996 between Schiphol USA Inc. and the Lessee other than costs payable as Project Costs.

(j) Advertising and promotional expenses paid to third parties for the benefit of Project Operations.

(k) Taxes actually paid by the Lessee including, without limitation, excise taxes, New York City sales and use tax and taxes on utilities or on the provision of utility services but excluding New York State Corporation Franchise tax, New York City General Corporation tax and New York City Unincorporated Business tax.

(l) Costs and fees incurred in connection with the obtaining and maintaining in effect of any consent, permit, license or approval from any Governmental Authority. Any fees, charges, penalties, judgments or other amounts assessed against the Lessee by any Governmental Authority except as provided in II(f) of this Exhibit.

(m) Costs and fees incurred in the development, implementation and operation of computer systems, including, without limitation, hardware, software and peripheral devices excluding those amounts to be paid to Schiphol USA Inc. pursuant to paragraph (I)(i) above.

(n) Costs of both the Port Authority and the Lessee of dispute resolution of disputes between the Port Authority and the Lessee, including reasonable attorney's fees (whether those of the Port Authority's Law Department or otherwise) of both parties. Costs incurred by the Lessee, including reasonable attorney's fees, for adjudication, arbitration, mediation or other dispute resolution mechanisms used to resolve disputes between the Lessee and third parties.

(o) Amounts payable to third parties for services provided for the benefit of Project Operations including, without

limitation, financial services and any other services.

(p) Amounts refunded to sublessees and other third parties with respect to amounts overpaid by such Persons.

(q) (i) Amounts paid to the Trustee or any registrar, securities depository or paying agent (other than any such amount paid as a Project Cost) in accordance with the Lease, Trust Administration Agreement, Trust Indenture or other document relating to the financing of the Project (including, without limitation, (x) all costs and expenses incurred in connection with the preservation and enforcement of the Trustee's or the Bondholders' rights and remedies under the Security Documents (including, without limitation, reasonable fees and expenses of counsel) and (y) any amounts owed to the Trustee with respect to any indemnity provided by the Lessee, but not including any payments with respect to Debt Service) and (ii) amounts paid to securities rating agencies in connection with providing or maintaining the ratings on the Passenger Terminal Bonds (other than any such amount paid as a Project Cost).

(r) Amounts payable in respect of the Lessee's indemnification obligations to the Port Authority or third parties unless such obligation results from the gross negligence or wilful act or omission of the Lessee.

(s) Any other amounts specified in this Agreement to constitute or be payable as "Permitted O&M Expenses".

(t) Any expenditure not itemized or referred to above which would be customarily and properly included as an operation and maintenance cost, and as would reasonably be incurred by a prudent operator in the conduct of or relating to the operation of a first-class international airline terminal.

Each of the items of cost enumerated in this Exhibit above shall be treated as a current expense. In no event shall any cost or expenditure be included in Permitted O&M Expenses more than once even though fitting under more than one category provided for in this Exhibit.

II. Notwithstanding the above provisions of this Exhibit, and without otherwise limiting the generality thereof, there shall be

excluded from the Permitted O&M Expenses, or be deducted therefrom, as appropriate:

(a) Except as set forth in I(k) of this Exhibit, transfer, gains, franchises, inheritance, estate and income taxes imposed upon any Direct or Indirect Owner, Affiliate or any other Person than the Lessee.

(b) Legal, accounting, tax-related and other professional fees, charges and disbursements paid or incurred by the Lessee or any Direct or Indirect Owner or Affiliate in connection with the legal, accounting, tax-related (excluding taxes set forth in I(k) of this Exhibit) or other interests of any Direct or Indirect Owner or Affiliate of the Lessee, including any expenses in connection with the meeting or operation of the executive committee of the Lessee.

(c) Except as set forth in I(i) of this Exhibit, salaries, fringe benefits, bonuses, and other payroll costs or compensation paid to or for salaried employees or principals of any Direct or Indirect Owner or Affiliate of the Lessee, who is not also a full-time direct employee of the Lessee, including, without limitation, any expenses incurred by such employee or principal of a Direct or Indirect Owner or Affiliate of the Lessee; and any allocation of overhead, charges, fees or disbursements for goods or services provided by any Direct or Indirect Owner or Affiliate of the Lessee.

(d) Any other payment, disbursement, fee or emolument to a Direct or Indirect Owner or Affiliate of the Lessee other than those expressly allowed in paragraph (I)(i) above. It is expressly understood that the payments referred to in this paragraph and the immediately preceding two paragraphs are to be considered liquidated by the Lessee Terminal Management Funds.

(e) Any charges, fees or disbursements to any consultants or other third parties unless the goods and services provided by such consultants or other third parties benefit the Project Operation and do not separately benefit any Direct or Indirect Owner or Affiliate of the Lessee.

(f) Penalties assessed against the Lessee for the failure to cure a violation of any law, statute, rule or requirement in

circumstances in which Lessee's violation, or failure to cure such violation, was caused by the gross negligence or wilful or omission of the Lessee (unless the violation or the failure cure such violation was commercially reasonable).

(g) Any costs for goods or services collected from a Retail Sublessee or other sub-tenant or permittee as part of a "Common Area Maintenance (CAM)" charge or "Retail Marketing Fee" or for which the Lessee has otherwise received direct reimbursement from a Retail Sublessee or other sub-tenant or permittee as a separate item of additional rent or fee, except to the extent the revenues associated with such charge are included in Gross Revenues.

(h) Any payment, fee, disbursement or other cost, or part thereof, to any third party contractor, agent, supplier, or other party whatsoever, that is above the fair market value under the circumstances for the good or service that is being provided to, except to the extent incurred pursuant to an arrangement previously entered into at fair market value.

Exhibit E

AFFIRMATIVE ACTION-EQUAL OPPORTUNITY-MINORITY BUSINESS ENTERPRISES-WOMEN-OWNED BUSINESS ENTERPRISES REQUIREMENTS

PART I. Affirmative Action Guidelines - Equal Employment Opportunity

I. As a matter of policy the Port Authority hereby requires the Lessee and the Lessee shall require the Contractor, as hereinafter defined, to comply with the provisions set forth in this Exhibit E and in Section 2(d) (xviii) of Port Authority Agreement No. AYC-685 (herein called the "Lease") with JFK International Air Terminal LLC 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 (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 Lessee's Contractor's aggregate workforce at the construction site are as follows:

Minority, All Skilled Trades	30%
Minority, Laborers	40%
Female, All Skilled Trades	6.9%
Female, Laborers	6.9%

In the event that during the performance of any contract the Office of Federal Contract Compliance establishes different goals for the New York City area, the Lessee/Contractor shall be deemed bound to such different goals and this Section shall be deemed amended to substitute such goals for the goals set forth above. These goals are applicable to all the Lessee's/ contractor's construction work performed in and for the Premises. The term "contractor" hereinafter shall include the Lessee should the Lessee or an affiliate thereof be the contractor.

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 goals shall be a violation of the contract and where the Contractor is the Lessee, this Agreement. Compliance with the goals will be measured against the total work hours performed.

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

(c) As used in these specifications:

(1) "Employer identification number" means the Federal Social Security number used on the Employer's

Quarterly Federal Tax Return, U.S.Treasury Department Form 941:

(2) "Minority" includes:

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

(ii) Hispanic (all persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American culture or origin, regardless of race);

(iii) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and

(iv) (i) 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 U.S. 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 selection requirements shall comply with 41 C.F.R. 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 this Agreement, 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 Exhibit 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 Exhibit E. "Meaningful participation" shall mean that at least seventeen percent (17%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work

are for the participation of Minority Business Enterprises and Women-owned Business Enterprises. Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following:

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

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

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

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

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

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

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

Certification of MBEs and WBEs hereunder shall be made by the Office of Business and Job Opportunity of the Port Authority. If the Contractor wishes to utilize a firm not already certified by the Port Authority, it shall submit to the Port Authority a written request for a determination that the proposed firm is eligible for certification. This shall be done

by completing and forwarding such form as may be then required by the Port Authority.

All such requests shall be in writing addressed to the Office of Business and Job Opportunity, the Port Authority of New York and New Jersey, One World Trade Center, 63 East, New York, New York 10048 or such other address as the Port Authority may specify by notice to the Lessee. Certification shall be effective only if made in writing by the Director in charge of the Office of Business and Job Opportunity. The determination of the Port Authority shall be final and binding.

The Port Authority has compiled a list of the firms that the Port Authority has determined satisfy the criteria for MBE and WBE certification. This list may be supplemented and revised from time to time by the Port Authority. Such list shall be made available to the Contractor upon request. The Port Authority makes no representation as to the financial responsibility of such firms, their technical competence to perform, or any other performance-related qualifications. Only MBEs and WBEs certified by the Port Authority will count toward the MBE and WBE goals.

Please note that only sixty percent (60%) of expenditures to MBE/WBE suppliers will count towards meeting MBE and WBE goals. However, expenditures to MBE or WBE manufacturers (i.e., suppliers that produce goods from raw materials or substantially alter them before resale) are counted dollar for dollar.

For the Port Authority

Initialed:

For the Lessee

LEASE NO. AYC-685: EXHIBIT 8.2.A

EXHIBIT FOR SECTION 8 - RENTAL: EXAMPLE OF CASH FLOW - 2015 MODE

		1997	1998	1999 Q1	1999 Q2	1999 Q3	1999 Q4	1999	2000	2001	2002
Gross Revenues		74,444,014	110,343,260	27,294,325	27,294,325	27,294,325	27,294,325	109,177,300	129,679,301	178,413,557	174,579,285
Expenses...											
	Permitted O&M's	36,466,667	52,738,000	13,155,500	13,155,500	13,155,500	13,155,500	52,622,000	52,525,000	48,434,000	51,880,000
	Pre-DBO Building Rental	15,625,000	25,000,000	6,250,000	6,250,000	6,250,000	6,250,000	25,000,000	22,916,667	-	-
	Ground Rent	6,703,125	11,154,000	2,900,000	2,900,000	2,900,000	2,900,000	11,600,000	12,064,000	12,546,560	13,048,422
	Ground Rent	-	-	-	-	-	-	-	1,005,333	12,546,560	13,048,422
Total Expenses		36,466,667	52,738,000	13,155,500	13,155,500	13,155,500	13,155,500	52,622,000	53,530,333	60,980,560	64,928,422
Net Revenues Available For Facility Rental		37,977,347	57,605,260	14,138,825	14,138,825	14,138,825	14,138,825	56,555,300	76,148,967	117,432,997	109,650,863
Facility Rental		22,328,125	36,154,000	9,150,000	9,150,000	9,150,000	9,150,000	36,600,000	38,982,290	69,190,495	73,247,746
Major Maintenance & Renewal		-	-					-	-	1,162,416	1,245,120
Subordinated Fundings...											
Priority Level											
First	First Additional Land Rental	-	-					-	-	2,000,000	2,000,000
Second	PA Development Savings Distribution									7,236,981	
	Lessee Development Savings Funds									7,236,981	
Third	PA True-up Penalty Distribution										
	Lessee True-up Penalty Funds										
	Basic Lease Extension Adjustment										
Fourth	Subordinated Debt Service										
Fifth	Building Carry Rental										
	Lessee Additional Funds	-	-					-	-	250,000	250,000
Sixth	Lessee Terminal Management Funds	1,562,500	2,562,500	666,250	666,250	666,250	666,250	2,665,000	2,771,600	2,882,464	2,997,763
	PA Consumer Service Concession Fee	5,488,000	7,520,000	1,480,000	1,480,000	1,480,000	1,480,000	5,920,000	6,471,000	8,316,000	10,364,000
Seventh	Deferred Balance Rental	-	-	-	-	-	-	-	-	-	-
Eighth	Port Authority Handling Fees	2,368,500	2,933,000	659,875	659,875	659,875	659,875	2,639,500	2,918,500	3,109,000	3,326,630
	Lessee Retail Management Fee	-	-	166,250	166,250	166,250	166,250	665,000	731,100	1,034,000	1,270,750
	Lessee Contribution to PA O&M Expense Rental	1,125,000	1,800,000	450,000	450,000	450,000	450,000	1,800,000	675,000	-	-
	PA Ramp Control Tower Rental	258,750	414,000	103,500	103,500	103,500	103,500	414,000	414,000	414,000	414,000
	PA Parking Concession Rental	-	-	-	-	-	-	-	-	165,000	172,000
Ninth	Lessee Handling Fees	2,368,500	2,933,000	659,875	659,875	659,875	659,875	2,639,500	2,918,500	3,109,000	3,326,630
Sub-Total: Cash Flow after Ninth Priority Level		2,477,972	3,288,760	803,075	803,075	803,075	803,075	3,212,300	20,266,977	11,326,659	11,036,224

LEASE NO. AYC-685: EXHIBIT 8.2.A

EXHIBIT FOR SECTION 8 - RENTAL: EXAMPLE OF CASH FLOW - 2015 MODE

Priority Level			1997	1998	1999 Q1	1999 Q2	1999 Q3	1999 Q4	1999	2000	2001	2002
Tenth:	Equity Capital Investment		1,120,634	1,793,014	448,254	448,254	448,254	448,254	1,793,014	1,793,014	$4,212,811	$4,212,811
Eleventh:	Second Additional Land Rental										$0	$0
Twelfth:	Subordinated Management Funds		1,357,338	1,495,746	354,821	354,821	354,821	354,821	1,419,286	4,000,000	$4,000,000	$4,000,000
Thirteenth.	Third Additional Land Rental										$0	$0
	Pre-DBO Residual Cash Flow		-	-	-	-	-	-	-	14,473,963		
	Post-DBO Residual Cash Flow		-	-	-	-	-	-	-	-	3,113,849	2,823,414
Fourteenth	Post-DBO Distribution: 60% PA, 40% Lessee											
	PA Residual Rental	60%							-	-	1,868,309	1,694,048
	Lessee Residual Funds	40%							-	-	1,245,539	1,129,365

Assumed Effective Date	15-May-97
Assumed DBO	1-Dec-00

Notes:

1. "Equity Capital Investment" amounts for years 2001 and beyond are annual representations, and for this exhibit do not reflect properly computed funding on an Annual Basis.

LEASE NO. AYC-685: EXHIBIT 8.2.A

EXHIBIT FOR SECTION 8 - RENTAL: EXAMPLE OF CASH FLOW - 2016 MODE

		2003 Q1	2003 Q2	2003 Q3	2003 Q4	2003	2004	2005	2006	2007	2008
Gross Revenues		46,259,904	46,259,904	46,259,904	46,259,904	185,039,617	192,736,591	199,911,344	208,231,403	217,099,187	226,120,455
Expenses...											
	Permitted O&M's	13,498,500	13,498,500	13,498,500	13,498,500	53,994,000	55,919,000	78,097,000	60,831,000	63,219,000	65,678,000
	Pre-DBO Building Rental	-	-	-	-						
	Ground Rent	3,392,590	3,392,590	3,392,590	3,392,590	13,570,359	14,113,174	14,677,701	15,264,809	15,875,401	16,510,417
	Ground Rent	3,392,590	3,392,590	3,392,590	3,392,590	13,570,359	14,113,174	14,677,701	15,264,809	15,875,401	16,510,417
Total Expenses		16,891,090	16,891,090	16,891,090	16,891,090	67,564,359	70,032,174	92,774,701	76,095,809	79,094,401	82,188,417
Net Revenues Available For Facility Rental		29,368,815	29,368,815	29,368,815	29,368,815	117,475,258	122,704,417	107,136,643	132,135,595	138,004,786	143,932,038
Facility Rental		19,499,171	19,499,171	19,499,171	19,499,171	77,996,683	81,338,549	84,299,138	89,460,640	93,232,636	97,074,907
Major Maintenance & Renewal		323,964	323,964	323,964	323,964	1,295,856	1,342,056	1,394,328	1,459,944	1,517,256	1,576,272
Subordinated Fundings...											
Priority Level											
First	First Additional Land Rental	500,000	500,000	500,000	500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Second	PA Development Savings Distribution										
	Lessee Development Savings Funds										
Third	PA True-up Penalty Distribution										
	Lessee True-up Penalty Funds										
	Basic Lease Extension Adjustment										
Fourth	Subordinated Debt Service										
Fifth	Building Carry Rental										
	Lessee Additional Funds	62,500	62,500	62,500	62,500	250,000	250,000	250,000	-	-	-
Sixth	Lessee Terminal Management Funds	779,418	779,418	779,418	779,418	3,117,673	3,242,380	3,372,075	3,506,958	3,647,237	3,793,126
	PA Consumer Service Concession Fee	2,851,500	2,851,500	2,851,500	2,851,500	11,406,000	12,063,000	12,683,000	13,432,000	14,230,000	15,046,000
Seventh	Deferred Balance Rental	-	-	-	-	-	-	-	-	-	-
Eighth	Port Authority Handling Fees	889,874	889,874	889,874	889,874	3,559,494	3,737,469	2,023,912	4,120,559	4,326,587	4,542,917
	Lessee Retail Management Fee	349,750	349,750	349,750	349,750	1,399,000	1,478,100	801,140	1,643,000	1,738,350	1,836,100
	Lessee Contribution to PA O&M Expense Rental	-	-	-	-	-	-	-	-	-	-
	PA Ramp Control Tower Rental	103,500	103,500	103,500	103,500	414,000	414,000	213,513	414,000	414,000	414,000
	PA Parking Concession Rental	44,500	44,500	44,500	44,500	178,000	186,000	99,536	201,000	209,000	217,000
Ninth	Lessee Handling Fees	889,874	889,874	889,874	889,874	3,559,494	3,737,469	(0)	4,120,559	4,326,587	4,542,917
Sub-Total: Cash Flow after Ninth Priority Level		3,074,765	3,074,765	3,074,765	3,074,765	12,299,058	12,915,395	-	11,776,933	12,363,133	12,888,799

LEASE NO. AYC-685: EXHIBIT 8.2.A

EXHIBIT FOR SECTION 8 - RENTAL: EXAMPLE OF CASH FLOW - 2015 MODE

Priority Level			2003 Q1	2003 Q2	2003 Q3	2003 Q4	2003	2004	2005	2006	2007	2008
Tenth:	Equity Capital Investment		1,053,203	1,053,203	1,053,203	1,053,203	4,212,811	$4,212,811	$0	$4,739,412	$0	$0
Eleventh:	Second Additional Land Rental						-	$0	$0	$4,000,000	$4,000,000	$4,000,000
Twelfth:	Subordinated Management Funds		1,000,000	1,000,000	1,000,000	1,000,000	4,000,000	$4,000,000	$0	$3,037,521	$4,000,000	$4,000,000
Thirteenth	Third Additional Land Rental						-	$0	$0	$0	$0	$0
	Pre-DBO Residual Cash Flow		-	-	-	-						
	Post-DBO Residual Cash Flow		1,021,562	1,021,562	1,021,562	1,021,562	4,086,248	4,702,584	-	-	4,363,133	4,888,799
Fourteenth	Post-DBO Distribution: 60% PA, 40% Lessee											
	PA Residual Rental	60%	612,937	612,937	612,937	612,937	2,451,749	2,821,551	-	-	2,617,880	2,933,279
	Lessee Residual Funds	40%	408,625	408,625	408,625	408,625	1,634,499	1,881,034	-	-	1,745,253	1,955,520

Assumed Effective Date	15-May-97
Assumed DBO:	1-Dec-00

Notes:

1. "Equity Capital Investment" amounts for years 2001 and beyond are annual representations, and for this exhibit do not reflect properly computed funding on an Annual Basis.

LEASE NO. AYC-685: EXHIBIT 8.2.A

EXHIBIT FOR SECTION 8 - RENTAL: EXAMPLE OF CASH FLOW - 2015 MODE

		2009	2010	2011	2012	2013	2014	2015
Gross Revenues		235,483,769	208,447,487	253,784,754	263,465,217	272,775,505	283,008,257	394,584,503
Expenses...								
	Permitted O&M's	68,251,000	70,952,000	73,715,000	76,625,000	79,647,000	82,794,000	86,066,000
	Pre-DBO Building Rental							
	Ground Rent	17,170,834	17,857,667	18,571,974	19,314,853	20,087,447	20,890,945	21,726,582
	Ground Rent	17,170,834	17,857,667	18,571,974	19,314,853	20,087,447	20,890,945	21,726,582
Total Expenses		85,421,834	88,809,667	92,286,974	95,939,853	99,734,447	103,684,945	107,792,582
Net Revenues Available For Facility Rental		150,061,936	119,637,820	161,497,780	167,525,364	173,041,059	179,323,312	286,791,920
Facility Rental		101,199,485	105,376,530	108,312,578	111,788,915	115,329,342	118,886,200	207,915,784
Major Maintenance & Renewal		1,638,024	1,702,848	1,769,160	1,839,000	1,911,528	1,987,056	2,065,584
Subordinated Fundings...								
Priority Level								
First	First Additional Land Rental	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Second	PA Development Savings Distribution							
	Lessee Development Savings Funds							
Third	PA True-up Penalty Distribution							
	Lessee True-up Penalty Funds							
	Basic Lease Extension Adjustment							
Fourth	Subordinated Debt Service							
Fifth	Building Carry Rental							
	Lessee Additional Funds	-	-	-	-	-	-	-
Sixth	Lessee Terminal Management Funds	3,944,851	2,068,488	4,266,751	4,437,421	4,614,918	4,799,514	4,991,495
	PA Consumer Service Concession Fee	15,971,000	8,489,954	17,751,000	18,687,000	19,736,000	20,816,000	21,925,000
Seventh	Deferred Balance Rental	-	-	-	-	-	-	-
Eighth	Port Authority Handling Fees	4,770,063	-	5,258,994	5,521,944	5,798,041	6,087,943	6,392,340
	Lessee Retail Management Fee	1,946,050	-	2,160,150	2,273,500	2,399,100	2,528,900	2,662,050
	Lessee Contribution to PA O&M Expense Rental	-	-	-	-	-	-	-
	PA Ramp Control Tower Rental	414,000	-	414,000	414,000	414,000	414,000	414,000
	PA Parking Concession Rental	226,000	-	244,000	254,000	264,000	275,000	286,000
Ninth	Lessee Handling Fees	4,770,063	-	5,258,994	5,521,944	5,798,041	6,087,943	6,392,340
Sub-Total: Cash Flow after Ninth Priority Level		13,182,401	-	14,062,154	14,787,641	14,776,089	15,440,756	31,747,327

MAINMITH XLS

LEASE NO. AYC-685: EXHIBIT 8.2.A

EXHIBIT FOR SECTION 8 - RENTAL: EXAMPLE OF CASH FLOW - 2015 MODE

Priority Level			2009	2010	2011	2012	2013	2014	2015
Tenth:	Equity Capital Investment		$0	$0	$0	$0	$0	$0	$0
Eleventh:	Second Additional Land Rental		$4,000,000	$0	$4,800,000	$4,800,000	$4,800,000	$4,800,000	$4,800,000
Twelfth:	Subordinated Management Funds		$4,000,000	$0	$4,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000
Thirteenth:	Third Additional Land Rental		$0	$0	$0	$0	$0	$0	$0
	Pre-DBO Residual Cash Flow								
	Post-DBO Residual Cash Flow		5,182,401	-	5,262,154	5,987,641	5,976,089	6,640,756	22,947,327
Fourteenth	Post-DBO Distribution: 60% PA, 40% Lessee								
	PA Residual Rental	60%	3,109,440	-	3,157,292	3,592,585	3,585,654	3,984,454	13,768,396
	Lessee Residual Funds	40%	2,072,960	-	2,104,861	2,395,057	2,390,436	2,656,303	9,178,931

Assumed Effective Date	15-May-97
Assumed DBO:	1-Dec-00

INITIALED:

DAK

FOR THE PORT AUTHORITY

FOR THE LESSEE

LEASE NO. AYC-685: EXHIBIT 8.2.B

EXHIBIT FOR SECTION 8 - RENTAL: EXAMPLE OF CASH FLOW - EXTENDED MODE WITH ASSUMED CONVERSION DATE OF JAN. 1, 2003

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Gross Revenues		74,444,014	110,343,260	109,177,300	129,601,483	177,432,587	173,675,596	184,135,928	191,832,902	199,007,655	207,327,714
Expenses...											
	Permitted O&M's	38,466,667	52,738,000	52,622,000	52,525,000	48,434,000	51,880,000	53,994,000	55,919,000	78,097,000	60,831,000
	Ground Rent	-	-	-	1,005,333	12,546,560	13,048,422	13,570,359	14,113,174	14,677,701	15,264,809
Total Expenses		38,466,667	52,738,000	52,622,000	53,530,333	60,980,560	64,928,422	67,564,359	70,032,174	92,774,701	76,095,809
Net Revenues Available For Facility Rental		37,977,347	57,605,260	56,555,300	76,071,150	116,452,027	108,747,174	116,571,569	121,800,728	106,232,954	131,231,906
Facility Rental		22,328,125	36,154,000	36,600,000	38,981,754	67,827,844	72,049,751	61,911,715	65,444,860	76,480,025	77,660,784
Major Maintenance & Renewal		-	-	-	-	1,162,416	1,245,120	1,295,856	1,342,056	1,394,328	1,459,944
Subordinated Fundings...											
Priority Level											
First	First Additional Land Rental	-	-	-	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Second	PA Development Savings Distribution					7,198,341					
	Lessee Development Savings Funds					7,198,341					
Third	PA True-up Penalty Distribution										
	Lessee True-up Penalty Funds										
	Basic Lease Extension Adjustment										
Fourth	Subordinated Debt Service										
Fifth	Building Carry Rental										
	Lessee Additional Funds	-	-	-	-	250,000	250,000	250,000	250,000	250,000	-
Sixth	Lessee Terminal Management Funds	1,562,500	2,562,500	2,665,000	2,771,600	2,882,464	2,997,763	3,117,673	3,242,380	3,372,075	3,506,958
	PA Consumer Service Concession Fee	5,488,000	7,520,000	5,920,000	6,471,000	8,316,000	10,364,000	11,406,000	12,063,000	12,683,000	13,432,000
Seventh	Deferred Balance Rental	-	-	-	-	-	-	16,429,705	16,429,705	10,053,526	16,995,795
Eighth	Port Authority Handling Fees	2,368,500	2,933,000	2,639,500	2,918,500	3,109,000	3,326,630	3,559,494	3,737,469	-	4,120,559
	Lessee Retail Management Fee	-	-	665,000	731,100	1,034,000	1,270,750	1,399,000	1,478,100	-	1,643,000
	Lessee Contribution to PA O&M Expense Rental	1,125,000	1,800,000	1,800,000	675,000	-	-	-	-	-	-
	PA Ramp Control Tower Rental	258,750	414,000	414,000	414,000	414,000	414,000	414,000	414,000	-	414,000
	PA Parking Concession Rental	-	-	-	-	165,000	172,000	178,000	186,000	-	201,000
Ninth	Lessee Handling Fees	2,368,500	2,933,000	2,639,500	2,918,500	3,109,000	3,326,630	3,559,494	3,737,469	-	4,120,559
Sub-Total: Cash Flow after Ninth Priority Level		2,477,972	3,288,760	3,212,300	20,189,696	11,785,622	11,330,530	11,050,631	11,475,690	-	5,677,306

LEASE NO. AYC-685: EXHIBIT 8.2.B

EXHIBIT FOR SECTION 8 - RENTAL: EXAMPLE OF CASH FLOW - EXTENDED MODE WITH ASSUMED CONVERSION DATE OF JAN. 1, 2003

Priority Level			1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Tenth:	Equity Capital Investment		1,120,634	1,793,014	1,793,014	1,793,014	$4,212,811	$4,212,811	$4,212,811	$4,212,811	$0	$4,739,412
Eleventh:	Second Additional Land Rental						$0	$0	$2,489,896	$2,489,896	$0	$937,894
Twelfth:	Subordinated Management Funds		1,357,338	1,495,746	1,419,286	4,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000	$0	$0
Thirteenth:	Third Additional Land Rental						$0	$0	$347,924	$772,983	$0	$0
	Pre-DBO Residual Cash Flow		-	-	-	14,396,681						
	Post-DBO Residual Cash Flow		-	-	-	-	3,572,811	3,117,720	-	-	-	-
Fourteenth	Post-DBO Distribution: 60% PA, 40% Lessee											
	PA Residual Rental	60%			-	-	2,143,687	1,870,632	-	-	-	-
	Lessee Residual Funds	40%			-	-	1,429,124	1,247,088	-	-	-	-

Assumed Effective Date:	15-May-97
Assumed DBO:	1-Dec-00
Conversion Date:	1-Jan-03

Notes:

1 "Equity Capital Investment", "Second Additional Land Rental" and "Third Additional Land Rental" amounts for years 2001 and beyond are annual representations, and for this exhibit do not reflect properly computed funding on an Annual Basis. Accurately calculated amounts are shown in Exhibits 8.3, 8.4 and 8.5

LEASE NO. AYC-685: EXHIBIT 8.2.B

EXHIBIT FOR SECTION 8 - RENTAL: EXAMPLE OF CASH FLOW - EXTENDED MODE WITH ASSUMED CONVERSION DATE OF JAN. 1, 2003

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gross Revenues		216,195,498	225,216,766	234,580,080	207,679,352	252,881,065	262,561,528	271,871,816	282,104,568	303,129,159	343,849,763
Expenses...											
	Permitted O&M's	63,219,000	65,678,000	68,251,000	70,952,000	73,715,000	76,625,000	79,647,000	82,794,000	86,066,000	83,756,000
	Ground Rent	15,875,401	16,510,417	17,170,834	17,857,667	18,571,974	19,314,853	20,087,447	20,890,945	21,726,582	22,595,646
Total Expenses		79,094,401	82,188,417	85,421,834	88,809,667	92,286,974	95,939,853	99,734,447	103,684,945	107,792,582	106,351,646
Net Revenues Available For Facility Rental		137,101,097	143,028,349	149,158,246	118,869,685	160,594,091	166,621,675	172,137,370	178,419,623	195,336,577	237,498,117
Facility Rental		77,613,936	77,473,717	77,337,014	77,294,490	77,236,809	77,254,634	77,432,401	77,363,887	77,345,979	77,172,453
Major Maintenance & Renewal		1,517,256	1,576,272	1,638,024	1,702,848	1,769,160	1,839,000	1,911,528	1,987,056	2,065,584	2,010,144
Subordinated Fundings...											
Priority Level											
First	First Additional Land Rental	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Second	PA Development Savings Distribution										
	Lessee Development Savings Funds										
Third	PA True-up Penalty Distribution										
	Lessee True-up Penalty Funds										
	Basic Lease Extension Adjustment										
Fourth	Subordinated Debt Service										
Fifth	Building Carry Rental										
	Lessee Additional Funds	-	-	-	-	-	-	-	-	-	
Sixth	Lessee Terminal Management Funds	3,647,237	3,793,126	3,944,851	4,102,645	4,266,751	4,437,421	4,614,918	4,799,514	4,991,495	5,191,155
	PA Consumer Service Concession Fee	14,230,000	15,046,000	15,971,000	16,839,000	17,751,000	18,687,000	19,736,000	20,816,000	21,925,000	24,912,010
Seventh	Deferred Balance Rental	16,995,795	16,995,795	16,995,795	16,930,701	17,002,596	17,002,596	17,002,596	17,002,596	17,002,596	17,002,596
Eighth	Port Authority Handling Fees	4,326,587	4,542,917	4,770,063	-	5,258,994	5,521,944	5,798,041	6,087,943	6,392,340	9,849,000
	Lessee Retail Management Fee	1,738,350	1,836,100	1,946,050	-	2,160,150	2,273,500	2,399,100	2,528,900	2,662,050	3,038,050
	Lessee Contribution to PA O&M Expense Rental	-	-	-	-	-	-	-	-	-	-
	PA Ramp Control Tower Rental	414,000	414,000	414,000	-	414,000	414,000	414,000	414,000	414,000	-
	PA Parking Concession Rental	209,000	217,000	226,000	-	244,000	254,000	264,000	275,000	286,000	297,000
Ninth	Lessee Handling Fees	4,326,587	4,542,917	4,770,063	-	5,258,994	5,521,944	5,798,041	6,087,943	6,392,340	9,849,000
Sub-Total: Cash Flow after Ninth Priority Level		10,082,349	14,590,506	19,145,388	-	27,231,637	31,415,638	34,766,745	39,056,784	53,859,193	86,176,709

LEASE NO. AYC-685: EXHIBIT 8.2.B

EXHIBIT FOR SECTION 8 - RENTAL: EXAMPLE OF CASH FLOW - EXTENDED MODE WITH ASSUMED CONVERSION DATE OF JAN. 1, 2003

			2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Priority Level												
Tenth:	Equity Capital Investment		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Eleventh:	Second Additional Land Rental		$4,030,840	$4,030,840	$4,030,840	$0	$4,451,983	$4,451,983	$4,451,983	$4,451,983	$4,451,983	$4,451,983
Twelfth:	Subordinated Management Funds		$4,000,000	$4,000,000	$4,000,000	$0	$4,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000
Thirteenth:	Third Additional Land Rental		$2,051,509	$5,824,100	$5,824,100	$0	$6,493,134	$6,493,134	$6,493,134	$6,493,134	$6,493,134	$6,493,134
	Pre-DBO Residual Cash Flow											
	Post-DBO Residual Cash Flow		-	735,566	5,290,447	-	12,286,521	16,470,521	19,821,629	24,111,668	38,914,076	71,231,593
Fourteenth	Post-DBO Distribution: 60% PA, 40% Lessee											
	PA Residual Rental	60%	-	441,339	3,174,268	-	7,371,912	9,882,313	11,892,977	14,467,001	23,348,446	42,738,956
	Lessee Residual Funds	40%	-	294,226	2,116,179	-	4,914,608	6,588,208	7,928,652	9,644,667	15,565,631	28,492,637

Assumed Effective Date:	15-May-97
Assumed DBO:	1-Dec-00
Conversion Date:	1-Jan-03

Notes:

1 "Equity Capital Investment", "Second Additional Land Rental" and "Third Additional Land Rental" amounts for years 2001 and beyond are annual representations, and for this exhibit do not reflect properly computed funding on an Annual Basis. Accurately calculated amounts are shown in Exhibits # 3, # 4 and # 5

LEASE NO. AYC-685: EXHIBIT 8.2.B

EXHIBIT FOR SECTION 8 - RENTAL: EXAMPLE OF CASH FLOW - EXTENDED MODE WITH ASSUMED CONVERSION DATE OF JAN. 1, 2003

		2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross Revenues		356,830,443	370,298,163	373,991,403	399,039,963	414,243,403	430,172,683	446,701,723	463,930,033	557,939,009
Expenses...										
	Permitted O&M's	87,067,000	90,510,000	94,091,000	97,816,000	101,689,000	105,717,000	109,907,000	114,264,000	118,795,000
	Ground Rent	23,499,472	24,439,450	25,417,028	26,433,710	27,491,058	28,590,700	29,734,328	30,923,701	32,160,650
Total Expenses		110,566,472	114,949,450	119,508,028	124,249,710	129,180,058	134,307,700	139,641,328	145,187,701	150,955,650
Net Revenues Available For Facility Rental		246,263,971	255,348,712	254,483,374	274,790,253	285,063,345	295,864,983	307,060,395	318,742,331	406,983,360
Facility Rental		76,940,196	76,642,983	76,371,478	76,016,342	75,571,352	75,320,946	67,101,663	67,204,167	66,198,142
Major Maintenance & Renewal		2,089,608	2,172,240	2,258,184	2,347,584	2,440,536	2,537,208	2,637,768	2,742,336	2,851,080
Subordinated Fundings...										
Priority Level										
First	First Additional Land Rental	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Second	PA Development Savings Distribution									
	Lessee Development Savings Funds									
Third	PA True-up Penalty Distribution									
	Lessee True-up Penalty Funds									
	Basic Lease Extension Adjustment									
Fourth	Subordinated Debt Service									
Fifth	Building Carry Rental									
	Lessee Additional Funds									
Sixth	Lessee Terminal Management Funds	5,398,801	5,614,753	5,839,343	6,072,917	6,315,834	6,568,467	6,831,206	7,104,454	7,388,632
	PA Consumer Service Concession Fee	26,187,930	27,530,680	28,944,360	30,432,660	31,999,270	33,648,700	35,385,870	37,214,880	39,064,390
Seventh	Deferred Balance Rental	17,002,596	17,002,596	17,002,596	17,002,596	17,002,596	17,002,596	17,002,596	17,002,596	-
Eighth	Port Authority Handling Fees	10,338,000	10,851,000	11,391,000	11,961,000	12,555,000	14,088,000	14,781,000	15,510,000	16,272,000
	Lessee Retail Management Fee	3,193,650	3,357,400	3,529,800	3,711,300	3,902,350	4,103,500	4,315,350	4,538,400	4,763,950
	Lessee Contribution to PA O&M Expense Rental	-	-	-	-	-	-	-	-	-
	PA Ramp Control Tower Rental	-	-	-	-	-	-	-	-	-
	PA Parking Concession Rental	309,000	321,000	334,000	348,000	362,000	376,000	391,000	407,000	423,000
Ninth	Lessee Handling Fees	10,338,000	10,851,000	11,391,000	11,961,000	12,555,000	14,088,000	14,781,000	15,510,000	16,272,000
Sub-Total: Cash Flow after Ninth Priority Level		92,466,191	99,005,060	95,421,614	112,936,854	120,359,407	126,131,566	141,832,942	149,508,499	251,750,166

LEASE NO. AYC-685: EXHIBIT 8.2.B

EXHIBIT FOR SECTION 8 - RENTAL: EXAMPLE OF CASH FLOW - EXTENDED MODE WITH ASSUMED CONVERSION DATE OF JAN. 1, 2003

Priority Level			2017	2018	2019	2020	2021	2022	2023	2024	2025
Tenth:	Equity Capital Investment		$0	$0	$0	$0	$0	$0	$0	$0	$0
Eleventh:	Second Additional Land Rental		$4,451,983	$4,451,983	$4,451,983	$4,451,983	$4,451,983	$4,451,983	$4,451,983	$4,451,983	$4,451,983
Twelfth:	Subordinated Management Funds		$4,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000
Thirteenth:	Third Additional Land Rental		$6,493,134	$6,493,134	$6,493,134	$6,493,134	$6,493,134	$6,493,134	$6,493,134	$6,493,134	$6,493,134
	Pre-DBO Residual Cash Flow										
	Post-DBO Residual Cash Flow		77,521,074	84,059,944	80,476,497	97,991,738	105,414,291	111,186,450	126,887,826	134,563,382	236,805,049
Fourteenth	Post-DBO Distribution: 60% PA, 40% Lessee										
	PA Residual Rental	60%	46,512,644	50,435,966	48,285,898	58,795,043	63,248,574	66,711,870	76,132,695	80,738,029	142,083,030
	Lessee Residual Funds	40%	31,008,430	33,623,978	32,190,599	39,196,695	42,165,716	44,474,580	50,755,130	53,825,353	94,722,020

Assumed Effective Date:	15-May-97
Assumed DBO:	1-Dec-00
Conversion Date:	1-Jan-03

Notes:

1 "Equity Capital Investment", "Second Additional Land Rental" and "Third Additional Land Rental" amounts for years 2001 and beyond are annual representations, and for this exhibit do not reflect properly computed funding on an Annual Basis. Accurately calculated amounts are shown in Exhibits 8.3, 8.4 and 8.5

INITIALED:

DAK

FOR THE PORT AUTHORITY

FOR THE LESSEE

LEASE NO. AYC-685: EXHIBIT 8.3.A

(Reference Section 8(1)(d)(i))

Equity Capital Investment Funding and Balance: **Sufficient Funds for all Payments**

	1997 Q2	1997 Q3	1997 Q4	1997	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1998	1999 Q1	1999 Q2	1999 Q3
Available Net Cash Flow after Ninth Priority Level	$1,240,946	$1,240,946	$1,240,946	$3,722,837	$812,815	$812,815	$812,815	$812,815	$3,251,260	$793,325	$793,325	$793,325
Equity Capital Investment Funding	$280,158	$448,254	$448,254	$1,176,666	$448,254	$448,254	$448,254	$448,254	$1,793,014	$448,254	$448,254	$448,254
Available Net Cash Flow after Tenth Priority Level	$960,787	$792,692	$792,692	$2,546,171	$364,561	$364,561	$364,561	$364,561	$1,458,246	$345,071	$345,071	$345,071

Equity Capital Investment Balance

	Investment	Interest	Amort.											
Beginning Balance	$15,000,000	12.50%	5	15,000,000	15,000,000	15,000,000		15,000,000	15,000,000	15,000,000	15,000,000		15,000,000	15,000,000	15,000,000
Funding Due with respect to Current Period				280,158	448,254	448,254		448,254	448,254	448,254	448,254		448,254	448,254	448,254
Funding Due with respect to Previous Period				0	0	0		0	0	0	0		0	0	0
Interest due on Previous Period Funding				0	0	0		0	0	0	0		0	0	0
Funding Paid				280,158	448,254	448,254		448,254	448,254	448,254	448,254		448,254	448,254	448,254
Interest Portion of Funding Due				280,158	448,254	448,254		448,254	448,254	448,254	448,254		448,254	448,254	448,254
Interest Portion of Funding Paid				280,158	448,254	448,254		448,254	448,254	448,254	448,254		448,254	448,254	448,254
Non-funded Interest				0	0	0		0	0	0	0		0	0	0
Principal Portion of Funding Due (1)				0	0	0		0	0	0	0		0	0	0
Principal Portion of Funding Paid (1)				0	0	0		0	0	0	0		0	0	0
Non-funded Principal (1)				0	0	0		0	0	0	0		0	0	0
Ending Balance				15,000,000	15,000,000	15,000,000		15,000,000	15,000,000	15,000,000	15,000,000		15,000,000	15,000,000	15,000,000

Notes:

(1). Amount shown (Funding Portion) is Interest during Pre-DBO payment periods (Interest Only periods).

(2). The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

LEASE NO. AYC-685: EXHIBIT 8.3.A
(Reference Section 8(I)(d)(i))
Equity Capital Investment Funding and Balance: **Sufficient Funds for all Payments**

	1999 Q4	1999	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2000	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2001	2002 Q1
Available Net Cash Flow after Ninth Priority Level	$793,325	$3,173,300	$5,034,126	$5,034,126	$5,034,126	$5,034,126	$20,136,503	$2,747,383	$2,747,383	$2,747,383	$2,747,383	$10,989,530	$2,641,790
Equity Capital Investment Funding	$448,254	$1,793,014	$448,254	$448,254	$448,254	$448,254	$1,793,014	$1,007,151	$1,007,151	$1,007,151	$1,007,151	$4,028,603	$1,007,151
Available Net Cash Flow after Tenth Priority Level	$345,071	$1,380,286	$4,585,872	$4,585,872	$4,585,872	$4,585,872	$18,343,488	$1,740,232	$1,740,232	$1,740,232	$1,740,232	$6,960,928	$1,634,639

										1	2	3	4		5
Equity Capital Investment Balance															
	Investment	Interest	Amort.												
Beginning Balance	$15,000,000	12.50%	5	15,000,000		15,000,000	15,000,000	15,000,000	15,000,000		15,000,000	14,441,103	13,865,504	13,272,704		12,662,189
Funding Due with respect to Current Period				448,254		448,254	448,254	448,254	448,254		1,007,151	1,007,151	1,007,151	1,007,151		1,007,151
Funding Due with respect to Previous Period				0		0	0	0	0		0	0	0	0		0
Interest due on Previous Period Funding				0		0	0	0	0		0	0	0	0		0
Funding Paid				448,254		448,254	448,254	448,254	448,254		1,007,151	1,007,151	1,007,151	1,007,151		1,007,151
Interest Portion of Funding Due				448,254		448,254	448,254	448,254	448,254		448,254	431,552	414,351	396,636		378,391
Interest Portion of Funding Paid				448,254		448,254	448,254	448,254	448,254		448,254	431,552	414,351	396,636		378,391
Non-funded Interest				0		0	0	0	0		0	0	0	0		0
Principal Portion of Funding Due (1)				0		0	0	0	0		558,897	575,599	592,800	610,515		628,759
Principal Portion of Funding Paid (1)				0		0	0	0	0		558,897	575,599	592,800	610,515		628,759
Non-funded Principal (1)				0		0	0	0	0		0	0	0	0		0
Ending Balance				15,000,000		15,000,000	15,000,000	15,000,000	15,000,000		14,441,103	13,865,504	13,272,704	12,662,189		12,033,430

Notes:
(1). Amount shown (Funding Portion) is interest during Pre-DBO payment periods (Interest Only periods).
(2). The assumed Effective Date is May 15, 1997, and the assumed DBO is January 1, 2001

"tenant" shall not be unreasonably withheld by the Lessee so long as an air carrier assumes obligations substantially similar to those already imposed on tenant air carriers;

(2) each air carrier using the Premises shall have the right to service itself or to use any provider of handling services approved by the Lessee to serve the Premises and authorized by the Port Authority, by permit or otherwise, to serve any air carrier at the Airport;

(3) in any agreement, contract, Sublease or other arrangement under which a right or privilege at the Premises is granted to any Person to conduct or engage in any aeronautical activity for furnishing services to the public at the Premises, the Lessee will insert provisions requiring such Person:

(A) to furnish said services on a fair, equal and not unjustly discriminatory basis to all users thereof, and

(B) to charge fair, reasonable and not unjustly discriminatory prices for each unit of service; provided, that the contractor may be allowed to make reasonable and not unjustly discriminatory discounts, rebates or other similar types of price reductions to volume purchasers;

(4) the Lessee shall not exercise or grant any right or privilege which operates to prevent any Person operating aircraft at the Premises from performing any services on its own aircraft with its own employees (including without limitation maintenance and repair) that it may choose to perform; and

(5) in exercising any right or privilege under this Agreement, the Lessee shall provide services on the same conditions as would apply to the furnishing of such services by the Lessee's subtenants.

(ii) Notwithstanding the foregoing, the Lessee may establish such fair, reasonable and not unjustly discriminatory conditions to be met by all users of the Premises as may be necessary for the safe and efficient operation of the Premises; and the Lessee may prohibit or limit any given type, kind or class of aeronautical use of the Premises if such action is necessary for the safe operation of the Premises or necessary to service the civil aviation needs of the public.

(d) The Lessee may permit Signatory Carriers to handle other carriers at the Premises in accordance with the provisions of Section 62 below.

(e) To the extent that goods or services are sold to passengers or other members of the public, whether in Club Rooms or elsewhere on the Premises, the Lessee shall without exception charge a percentage rent or fee, to be included in Gross Revenues, on the revenues from such sales.

(f) In addition to any other rental, fee, or charge, the Lessee may charge Airline Sublessees a fee for use of the Apron Fueling Facilities on a per gallon basis or on any other basis not inconsistent with Section 43(c).

Section 44. Retail Subleases.

(a) The Lessee shall use its best efforts to develop and operate at the Premises a premier world-class retail program that will support and advance the role of the Premises in providing a grand and gracious arrival and a convenient and comfortable departure from the Airport, consistent with the image and status of New York City as America's foremost international gateway. The Lessee's retail program shall embody the Lessee's full commitment to quality, value and customer service as well as the maximum financial return to the Lessee and the Port Authority. A "premier world-class" retail program is one that consistently scores within the top ten percent (10%) of industry-recognized surveys, including without limitation the International Airline Transport Association (IATA) Airport Monitor and Port Authority-sponsored surveys, which contain evaluations or ratings of

passenger terminal retail programs, or specific components thereof, of the same type or class.

(b) (i) The Lessee has submitted, and the Port Authority has approved, a comprehensive plan for the development and operation of the retail program for the Premises (the "Comprehensive Retail Plan"), setting forth, *inter alia*: (1) the types of Concessions to be placed there and the number of each type and the size and designated location and configuration of each Concession, as well as the overall plan of the portions of the Premises designated for retail operations (the "Concession Areas"); (2) the minimum rentals required for each type of Concession; (3) the structure and level of any common area maintenance fees, marketing fees, retail management fees and utility recoveries to be charged to the Retail Sublessees; (4) the Lessee's plans to provide retail opportunities for Disadvantaged Business Enterprises; (5) the Lessee's quality and service standards and required hours of operation; and (6) the Lessee's specific plans to monitor and enforce its "Street Pricing" policy, quality and service standards and required hours of operation.

(ii) The Comprehensive Retail Plan shall be subject to the approval of the Port Authority, as provided in this Section. The Lessee shall submit to the Port Authority for its written approval at annual intervals during the Term (or more frequently if desired by either party) a revised Comprehensive Retail Plan, which shall contain the items of information enumerated in subparagraph (i) above. The Port Authority shall, within thirty (30) days after its receipt of a proposed revised Comprehensive Retail Plan, advise the Lessee in writing of the Port Authority's approval, conditional approval or disapproval. In the event of disapproval or conditional approval, the reasons therefor shall be stated, and the Lessee may thereafter submit for Port Authority approval an appropriately modified proposed revised Comprehensive Retail Plan. Unless and until a revised Comprehensive Retail Plan shall have been approved by the Port Authority in the foregoing manner, the Comprehensive Retail Plan previously approved and then in effect shall continue in effect.

(iii) Subject to the Port Authority's prior written consent, to the extent required pursuant to Section 5 hereof, the Lessee, throughout the Term, shall enter into Subleases with providers of consumer goods and services to conduct retail operations (any such Sublease, a "Retail Sublease") in all parts of the Concession Areas in accordance with the Comprehensive Retail Plan.

(c) (i) In the event necessary to fill a particular consumer need in the Concession Areas, the Lessee shall have the right directly, or through a third-party pursuant to a fee-based management contract, to conduct temporary retail operations at the Premises, any such retail operation to be for a duration or durations of up to ninety (90) days in the aggregate; provided that the Lessee shall first have used, and shall continue to use, its best efforts to identify and enter into a Sublease with a retail operator to conduct the said retail operations. The Lessee shall notify the Port Authority at least thirty (30) days prior to commencing any such temporary retail operations.

(ii) The Lessee shall have the right (x) directly to conduct temporary retail operations at the Premises, or (y) to do so through a third-party pursuant to a fee-based management contract, as the case may be, if the Comprehensive Retail Plan then in effect specifically provides so.

(iii) The Lessee's operating revenues from any retail operation provided in subparagraphs (i) and (ii) above, net of all reasonable direct costs but without any charge for space occupied, shall constitute Gross Revenues.

(d) (i) The Port Authority hereby reserves exclusively to itself and its designees the right on the Premises to implement, conduct, control and receive any rents or profits with respect to any of the following uses, operations or installations (collectively, the "Reserved Uses"):

(1) advertising (including, without limitation, static display, broadcast and other), provided that the Lessee shall retain the right to control the placement of

particular advertising and the right to reject any or all proposed advertising at the Premises,

(2) pay telephones, provided that the Lessee shall retain the right to control the placement of telephones, phone banks and kiosks and the right to deny the placement of any particular pay phone facility,

(3) vending machines (except in non-public areas of the Premises), provided that the Lessee shall retain the right to control the placement of vending machines and the right to reject any or all vending machines at the Premises,

(4) ground transportation (including vehicle rentals) reservations, as provided in Section 55 hereof, and

(5) provision of on-airport baggage carts (other than shopping carts made available free of charge to retail shoppers within the Concession Areas), provided that the Lessee shall retain the right to control the placement of baggage cart stations and the right to reject any or all on-airport baggage carts at the Premises.

(ii) The Port Authority (and any party specifically authorized thereby) may engage in the Reserved Uses, and install, operate, maintain and repair the property used in connection therewith, in such locations and to such extent, as may be determined by the Lessee. The Lessee, at its expense (payable as a Permitted O&M Expense), shall provide the necessary wires and conduits for the supply of electricity and telephone and other communications interconnections for the Reserved Uses.

(iii) The Port Authority shall pay over to the Lessee for credit to Gross Revenues, if and when collected by the Port Authority, the fees collected by the Port Authority through items (1), (2) and (3) of subparagraph (i) above. Additionally, on the Effective Date, the Port Authority shall pay over to the Lessee for credit to Gross Revenues any prepaid fees received by the Port Authority prior to the Effective Date in connection with items (1), (2) and (3) of subparagraph (i) above to the extent

allocable to the Terminal for the period subsequent to the Effective Date.

(iv) If and when the Port Authority elects to share with the other unit terminal operators at the Airport the revenues from the activities set forth in items (4) and (5) of subparagraph (i) above, the Port Authority shall likewise share such revenues with the Lessee.

(v) The Port Authority shall make available to the Lessee, at the Lessee's request, the Port Authority's audit reports, if any, relating to the operations of the Port Authority's contractors for the Reserved Uses with respect to which the revenues are shared with the Lessee.

(e) Except to the extent modified by and in accordance with an effective Comprehensive Retail Plan, the Lessee shall require in its Retail Subleases the following with respect to hours and days of operation:

(i) Retail food and beverage service shall be made available to the public at one or more locations within the Central Court continuously during the hours commencing no later than one hour prior to the first scheduled aircraft departure from the Premises and continuing until at least the completion of boarding for the last actual departure from the Premises of a flight scheduled for departure therefrom the same day. Such service also may be offered elsewhere in the Premises if in accordance with a currently effective Comprehensive Retail Plan. At least fifty percent (50%) of the Concessions in the Food Court at any one time shall operate continuously throughout the hours specified above with respect to the minimum service to be offered at the Central Court.

(ii) Certain retail food and beverage services shall be made available to the public "around-the-clock" (*i.e.*, twenty-four (24) hours each and every day without exception) at the Central Court.

(iii) Commencing no later than one hour prior to the first scheduled aircraft arrival at the Premises and continuing

until at least the last actual arrival at the Premises of a flight scheduled for arrival thereat the same day, at least one retail newsstand shall be continuously open for business within the Central Court and in an area accessible to "meeters and greeters".

(iv) Certain foreign currency exchange services, through a staffed location or an automated currency exchange machine, shall be continuously provided to the public on a twenty-four (24) hour basis, in the Arrival Hall and at least one other central location in the Premises.

(v) In each of the Arrival Hall and one other central location in the Premises, there shall be at least one automated teller machine fully operational and accessible to the public twenty-four (24) hours a day with cash in quantities sufficient to meet reasonably anticipated demand and providing access to at least one of the two largest networks available in the Port District.

(vi) In any instance in which no minimum hours have been set forth above and as to all other Retail Sublessees, the Retail Sublessees shall be required to be open for business and operate their respective businesses as provided in the Comprehensive Retail Plan.

(vii) The Lessee shall require all Retail Sublessees to operate their respective businesses so as to maximize their revenues in accordance with business standards observed generally by well-run business enterprises of regional or national scope and to be open for and conduct business serving the public each and every day during the term of their respective subtenancies, there being no exceptions or modifications of such standards on account of holidays or other circumstances.

(f) (i) Each Retail Sublease shall provide that the Retail Sublessee in its operations pursuant to the Sublease shall not charge prices to its customers in excess of "Street Prices", defined as follows:

(1) If the Retail Sublessee conducts a similar business in off-airport location(s) in the Greater New York City-Northern New Jersey Metropolitan Area (the "Metro Area") "Street Prices" shall mean the price regularly charged by the Retail Sublessee for the same or similar item in the Metro Area;

(2) If the Retail Sublessee does not conduct a similar business in off-airport location(s) in the Metro Area, "Street Prices" shall mean the average price regularly charged in the Metro Area by similar retailers for the same or similar item; and

(3) If neither the Retail Sublessee nor other similar retailers sell a particular item in the Metro Area, "Street Prices" shall mean the price regularly charged by the Retail Sublessee or similar retailers for the same or similar item in any other geographic area, with a reasonable adjustment for any cost-of-living variance between such area and the Metro Area.

(ii) Notices in form and substance reasonably satisfactory to the Port Authority shall be conspicuously displayed in each Retail Sublessee's space to the effect that the Retail Sublessee adheres to the foregoing "Street Pricing" policy.

(g) Each Retail Sublease shall also provide, in addition to the provisions required under Section 5 above, elsewhere in this Section and elsewhere in this Agreement, that the Retail Sublessee shall:

(1) use its best efforts in every proper manner to develop and increase the business conducted by it under the Sublease;

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

(3) maintain, in accordance with generally accepted accounting practice, during the term of the

subletting under the Sublease and for three (3) years after the expiration or earlier termination thereof, records and books of account recording all transactions of the Retail Sublessee at, through, or in any way connected with its operations at the Premises or elsewhere at the Airport, which records and books of account shall be made available within the Port of New York District;

(4) permit in ordinary business hours during the term of the subletting under the Sublease and for three (3) years thereafter, the examination and audit by both the officers, employees and representatives of the Port Authority and those of the Lessee of such records and books of account and also any records and books of account of any company which is owned or controlled by the Retail Sublessee, or which owns or controls the Retail Sublessee if said company performs services similar to those performed by the Retail Sublessee anywhere in the Port of New York District, provided, however, that the Port Authority shall give the Lessee prior notice of such examination and audit;

(5) permit the inspection by the officers, employees and representatives of the Port Authority and those of the Lessee of any equipment used by the Retail Sublessee, including but not limited to cash registers, provided, however, that the Port Authority shall give the Lessee prior notice of such inspection;

(6) install and use such cash registers, point-of-sale equipment, sales slips, invoicing machines and any other equipment or devices for recording orders taken, or services rendered as may be appropriate to the Retail Sublessee's business and necessary or prudent to keep accurate records of its receipts; and

(7) furnish good, prompt and efficient service hereunder, 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, without being construed in derogation of Section 44(e) above, charge fair, reasonable and non-discriminatory prices for each unit

of sale or service, provided that the Retail Sublessee may make reasonable and non-discriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

Notwithstanding the provisions of this Section 44(g), if the Port Authority should consent to a Retail Sublease, such Retail Sublease shall be deemed to have satisfied the requirements of Section 5, of this Section 44 and of this Agreement.

(h) (i) The Lessee shall employ a full time trained professional staff at all times during the Term of sufficient size, expertise, ability, suitability and experience to carry out its responsibilities under this Section.

(ii) In addition, throughout the Term, the Lessee shall employ at the Premises on a full-time basis a retail manager and one or more assistant retail managers of the retail operations at the Premises, with sufficient authority and support, staff and appropriate equipment, supplies and means to manage and administer those Retail Subleases and other agreements with the Retail Sublessees and other entities to which the Lessee is a party or by which it is bound relating to the retail program at the Premises, to monitor and compel performance by such Retail Sublessees and other entities and to serve as on-site liaison with the Port Authority. The retail manager and assistant retail manager(s) shall each have the power and authority on behalf of the Lessee to resolve all operational issues short of executing any amendment of this Lease. In all events, an employee of the Lessee with managerial authority shall be available for a minimum time span of sixteen hours each day to meet with Port Authority representatives in person at the Premises and available at other times by telephone, with the ability in an emergency situation to arrive at the Airport by car within two hours after being called.

(iii) The Lessee shall not knowingly either employ or permit the employment of any management, supervisory or other personnel of the Lessee (including without limitation such retail manager and assistant retail manager(s)) or of any contractor or subcontractor, representative or agent of the Lessee, whose employment constitutes a conflict of interest or whose actions

are inconsistent with the highest level of honesty, ethical conduct or public trust or are adverse to the public interest. Notwithstanding the foregoing, the Lessee shall be under no obligation to refrain from hiring any Person if to do so would be a violation of Law, or to terminate any Person if to do so would be a violation of Law or of any applicable right of such Person, contractual or otherwise.

(i) On a continuing basis through the end of the Term, the Lessee shall undertake and execute through a variety of media, in a manner acceptable to the Port Authority, such advertising and promotional programs as shall bring to the attention of the public, generally, and actual and potential enplaning passengers and their escorts and guests and the aviation and tourist industries, in particular, the positive features of the retailing program managed by the Lessee as provided in this Lease and such other information to be presented in such style and format as shall project, consistent with the truth, a desirable image of such retailing program, the Premises and the Airport. The Port Authority shall not have any responsibility for, and shall not bear any of the costs of, the foregoing (such costs to constitute Permitted O&M Expenses).

(j) If requested by the Port Authority, the Lessee shall furnish to the Port Authority:

(1) on or before the twentieth (20th) day of each month following the commencement date of any Retail Sublease a statement, certified by an authorized officer of the Sublessee, of all receipts arising out of operations of the Sublessee under such Retail Sublease for the preceding month,

(2) within thirty (30) days after the expiration or sooner termination of any Retail Sublease, a statement of all receipts arising out of such operations during (x) the term of such Retail Sublease or (y) the three (3) years directly preceding such expiration or sooner termination, whichever is shorter, and

(3) within one hundred twenty (120) days after the expiration or sooner termination of any Retail Sublease, the statement referred to in the preceding subdivision (2) certified, at the Retail Sublessee's expense, by a certified public accountant.

Section 45. Federal Inspection

The Lessee will make available to the United States a portion or portions of the Premises (the "FIS Facilities") together with appurtenant services to the United States, Aircraft Operators and air passengers on a twenty-four (24) hour per day, seven (7) days per week basis for the inspection of air passengers and their baggage by the United States for United States immigration, customs, public health and other governmental purposes, if the United States will accept and use the same. The Port Authority shall have no obligation or responsibility of any kind with respect to the foregoing or the arrangements that must be made by the Lessee with the United States and any agencies thereof having jurisdiction. The Lessee shall maintain the capacity of the FIS Facilities existing as of the Effective Date at all times from the Effective Date to DBO so as to accommodate the processing of passengers and their baggage in such volumes as shall be required by demand for such FIS Facilities and as the Premises shall be capable of supporting given the design capacity of the FIS Facilities on the Effective Date which the parties agree is Three Thousand (3000) passengers per hour and the overall age and obsolescence of such FIS Facilities. From and after DBO the FIS Facilities shall initially be designed to accommodate a maximum volume level of Three Thousand Two Hundred (3200) passengers per hour (the "Design Capacity").

Section 46. Facilities Non-Discrimination

(a) Without limiting the generality of any of the provisions of this 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 (i) 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, (ii) that in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon, no person on the grounds of race, color, creed, national origin, or sex shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (iii) that the Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as such requirements may be amended, and any other present or future Laws 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 on the Premises providing services to the public and shall also include therein a provision granting the Port Authority a right to take such action as the United States may direct to enforce such provisions.

(c) The Lessee's noncompliance with the provisions of this Section shall constitute a material breach of this Agreement. In the event of the breach by the Lessee of any of the above non-discrimination provisions, the Port Authority may take any appropriate action to enforce compliance; including, without limitation, delivery of written notice to the Lessee specifying non-compliance of the Lessee with the provisions of this Section, 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) 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 47. Affirmative Action

In addition to and without limiting the provisions of Section 46 and Exhibit E hereof or 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 (a) 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 and (b) 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 48. The Lessee's Ongoing Affirmative Action/Equal Opportunity Commitment

(a) In addition to and without limiting any other term or provision of this Agreement, 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 46 and 47 and Exhibit E hereof, it is hereby agreed that the Lessee in connection with its continuing operation, maintenance and repair of the Premises, or any portion thereof, and in connection with

every award or agreement for concessions or consumer services at the Airport, shall throughout the term of this Agreement commit itself to and use, and shall insure that each sublessee approved pursuant to Sections 43 or 44 commits itself to and uses, good faith efforts to implement an extensive program of affirmative action, including specific affirmative action steps to be taken by the Lessee and sublessees approved pursuant to Sections 43 or 44, to ensure maximum opportunities for employment and contracting by minorities and women. In meeting the said commitment the Lessee agrees to submit such affirmative action program, including the specific affirmative action steps to be taken by the Lessee and the sublessees approved pursuant to Sections 43 and 44 to meet such commitment. The Lessee shall incorporate in such program such revisions and changes which the Port Authority initially or from time to time may reasonably require. The Lessee throughout the term of this Agreement hereunder shall document its efforts in implementing such program, shall keep the Port Authority fully advised of the Lessee's progress in implementing such 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) (i) "Minority" as used herein shall be as defined in paragraph II(c) of Part I of Exhibit E.

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

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

(iv) Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following:

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

(2) 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.

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

(4) 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.

(5) 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.

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

(7) 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; including, without limitation, delivery of written notice to the Lessee specifying non-compliance of the Lessee with the provisions of this Section, 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 or 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 such law, the Port Authority may waive the applicability of the provisions of this Section to the extent that such duplication exists. Under no circumstances shall the Lessee be required to take any action, or omit to take any action, under this Section, Sections 46 or 47 or Exhibit E to the extent such action or omission would be in conflict with, or in violation of, any applicable Law.

(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 49. Removal of Property

(a) Except as otherwise provided in Section 18 and to the extent not inconsistent with the tax-exempt nature of the Passenger Terminal Bonds, all personal property (including trade fixtures but excluding items owned by third parties (such as property used under license, or leased, from a third party)) removable without material damage to the Premises, which is installed by the Lessee in or on the Premises leased to the Lessee pursuant to this Agreement and which is not owned by the City of New York or the Port Authority pursuant to Section 12, shall be deemed to be and remain the property of the Lessee (the "Lessee's Personal Property"). All of the Lessee's Personal Property, provided the Lessee shall install suitable replacements therefor if such property is necessary to operate the Premises in accordance with the terms and provisions hereof and in accordance

with the best practices of the airport and air transportation industries, may at the Lessee's option be removed by the Lessee from the Premises at any time during the Term. Furthermore, notwithstanding the previous sentence, all of the Lessee's Personal Property shall, unless otherwise agreed in writing by the parties hereto, be removed by the Lessee on or before the expiration or other termination of the Term. If the Lessee shall fail to remove such property on or before the termination or expiration of this Agreement, the Port Authority may remove the Lessee's Personal Property to a public warehouse for deposit or retain the same in its own possession, and in either event may dispose of the same as waste material or 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. Without limiting any other term or provision of this Agreement, the Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents, employees and contractors from all claims of third persons arising out of the Port Authority's removal and disposition of property pursuant to this Section, including claims for conversion, claims for loss of or damage to the Lessee's Personal Property, claims for injury to persons (including death), and claims for any other damages, consequential or otherwise.

(b) (i) The items of personal property listed on Exhibit 49.1 (the "Operating Equipment Items") shall be available to the Lessee for use on the Premises during the Term. While in the possession of the Lessee pursuant hereto, the Operating Equipment Items shall be subject to all the applicable terms and provisions of this Agreement including, without limitation, with respect to maintenance, indemnity, insurance and casualty.

(ii) From and after DBO and on reasonable notice to the Lessee, the Port Authority shall have the right from time to time to direct the Lessee to deliver to the Port Authority one or more of the mobile lounges which comprise part of the Operating Equipment Items (the "Mobile Lounges") other than any Mobile

Lounges purchased by the Lessee pursuant to subparagraph (iii) below and upon such delivery, the same shall no longer be part of the Operating Equipment Items hereunder.

(iii) In the event the Lessee wishes to purchase one or more of Mobile Lounges (not including Nos: 183, 184, 185 and 186, as listed on Exhibit 49.1) the Lessee shall so notify the Port Authority. The Port Authority shall thereupon determine the fair market value price of such Mobile Lounge(s) and notify the Lessee thereof. The Lessee shall have thirty (30) days to notify the Port Authority whether or not it wishes to purchase such Mobile Lounge(s) for such price. In the event the Lessee wishes so to purchase such Mobile Lounge(s), the Port Authority shall transfer title thereto in return for payment of such price.

(iv) The Lessee shall have the right during the Term to notify the Port Authority that it no longer desires to use one or more of the Operating Equipment Items. The Port Authority shall promptly thereafter notify the Lessee to deliver such item or items to the Port Authority to a location in the Port District, the cost of delivery to be a Permitted O&M Expense, or to dispose of the same.

Section 50. Purchase of Property

(a) 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 Term, to purchase all, or such part as the Port Authority elects, of the Lessee's Personal Property (including trade fixtures but excluding ground vehicles and excluding the Lessee's furniture, office supplies, maintenance tools, telecommunications equipment, personal computers and computer software (except software used to operate the Premises, including accounting, gate management and other management functions)) 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 the Premises, subject in each case to the rights of the Lessee to transfer such property and the Personal Property Security

Interest. 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 reasonable value of the Lessee's Personal Property 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, except to the extent any such encumbrance may be extinguished in a commercially viable manner, 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 Lessee's interest in 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.

(b) The Lessee shall use commercially reasonable efforts to assure that any of the Lessee's Personal Property which is leased and any of the Lessee's Personal Property which is or is subject to an intellectual property license, is assignable to the Port Authority.

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 Lessee agrees to take from the Port Authority and pay for electricity of the same voltage, phase and cycle as supplied to the Premises by the public utility in the vicinity, but limited, however, to serve a maximum of 10,000 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 any event an amount sufficient to reimburse the Port Authority for its costs 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 from any other person, firm or corporation after the expiration of said fifteen (15) days. The Port Authority shall install and maintain the appropriate meters provided, however, that such meters shall be subject to inspection and testing by the Lessee at any time.

(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 existing 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, but in any event an amount sufficient to reimburse the Port Authority for its costs of obtaining and supplying water to the Lessee hereunder. 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 and maintain the appropriate meters, provided, however, that such meters shall be

subject to inspection and testing by the Lessee at any time. 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.

(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 Premises or the 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 the 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 the use and occupancy thereof.

(d) If and in the event the Port Authority shall provide extermination service for the enclosed areas of the Premises, the Lessee agrees to utilize the same and to pay its pro rata share of 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 other than as expressly provided in this Agreement. The Port Authority shall not be obligated to perform or furnish any service at any time while the Lessee shall be in default under this Agreement with respect to its payment for utilization of such service 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 and if the Port Authority deems it in the public interest to comply therewith, even though such

Law 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 claim by the Lessee for damages, consequential or otherwise.

Section 52. Hot Water and Chilled Water Requirements

(a) (i) The Port Authority has entered into agreements consisting of an Energy Purchase Agreement, dated as of April 28, 1993, a Construction and Operations Agreement, dated as of April 28, 1993, and an Agreement of Lease, dated as of April 28, 1993, (hereinafter as the same may be supplemented, amended and extended from time to time collectively and individually called the "Cogeneration Agreement") with KIAC Partners, a New York general partnership (hereinafter called "KIAC"), for the construction, installation and operation of a cogeneration facility at the Airport which includes portions of the central heating and refrigeration facility previously operated by the Port Authority at the Airport and which cogeneration facility produces electricity, hot water (hereinafter called "Hot Water") and chilled water (hereinafter called "Chilled Water") and which cogeneration facility is hereinafter called the "Cogeneration Facility". The Cogeneration Facility shall include a thermal distribution system (the "Thermal Distribution System" or the "TDS") including distribution lines extending to the Premises as provided in paragraph (f) below.

(ii) The Lessee acknowledges that it has received a copy of the Cogeneration Agreement and agrees that the supply by KIAC of Hot Water and Chilled Water to the Premises is subject to all of the terms and provisions of the Cogeneration Agreement. The Lessee agrees that the Port Authority may grant waivers, consents and approvals to KIAC from time to time and the Port Authority and KIAC may supplement, amend or extend the

Cogeneration Agreement, except to the extent provided in paragraph (i) below, from time to time and that the Lessee shall be subject to any such waivers, consents and approvals and supplements, amendments, and extensions as part of the Cogeneration Agreement. Copies of any such supplements, amendments and extensions will be made available to the Lessee upon request by the Lessee therefor.

(b) (i) The Cogeneration Agreement provides, among other things, that the Port Authority will purchase from KIAC for resale to the Lessee, and the Lessee hereby agrees that it will accept and purchase from the Port Authority subject to all of the terms and conditions of the Cogeneration Agreement, for use on the Premises, to the extent the same is delivered by KIAC to the Port Authority and by the Port Authority to the Lessee, all of the Lessee's requirements at the Premises for Hot Water and Chilled Water (excluding requirements exclusively for aircraft and loading bridges leading to aircraft); and the Lessee hereby agrees to pay the Port Authority therefor as follows:

(1) The Lessee acknowledges and agrees that the charge to the Lessee by the Port Authority for the Lessee's consumption of Hot Water and Chilled Water at the Premises and Chilled Water makeup water and chemical treatment of makeup water (due to system leakage at the Premises or otherwise) shall be the sum of (a) the amount payable by the Port Authority to KIAC therefor pursuant to the Cogeneration Agreement, plus (b) Five percent (5%) of the foregoing and plus (c) all applicable taxes.

(2) The Lessee acknowledges that pursuant to the Cogeneration Agreement KIAC will furnish the Port Authority with measurements of the Lessee's consumption of (a) Hot Water based upon energy drawn by the Lessee from KIAC's Hot Water distribution lines, (b) Chilled Water based upon the energy absorbed from the Lessee by KIAC's Chilled Water distribution lines and (c) Chilled Water makeup water and chemical treatment of makeup water consumed on the Premises, and the Lessee agrees that the provisions of the Cogeneration Agreement with respect to the accuracy of such measurements, the redetermination of such measurements in the event of inaccurate registration by metering devices, and the use of estimates in the event of the failure of

such metering devices shall all be applicable to the Lessee under this Agreement as though set forth in full herein.

(3) The Lessee acknowledges that the Cogeneration Agreement provides that KIAC shall provide estimated bills to the Port Authority for consumption of Hot Water and Chilled Water on a monthly basis commencing approximately ten (10) days after the Cogeneration Effective Date for the first calendar month or portion thereof and on or about the tenth day of the month for each calendar month thereafter. KIAC is then to render a final bill with respect to each estimated bill approximately ten (10) days after the conclusion of the said month together with the estimated bill for the then current month.

(4) Notwithstanding such arrangement between KIAC and the Port Authority, the Port Authority shall, with respect to each calendar year or fraction thereof, establish estimated unit rates, subject to change from time to time by the Port Authority, for the consumption on the Premises of Hot Water and Chilled Water and shall render an estimated bill to the Lessee for the Lessee's consumption at such estimated rates monthly on the last day of the calendar month following each full or partial calendar month during the term hereof which bill shall be payable on receipt.

(5) As soon as practicable after the expiration of each calendar year, the Port Authority shall determine the amounts payable by the Lessee in accordance with the provisions of subparagraphs (1), (2) and (3) of this paragraph (b)(i). A corrected billing 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 promptly credited to it. In the event the Term expires or is sooner terminated on a date other than the last day of a calendar year, the Port Authority shall have no obligation to immediately make the computations as hereinabove provided which would determine the amounts payable by the Lessee in accordance with subparagraphs (1), (2) and (3) of this paragraph (b)(i) for the period during said year when this

Agreement was in effect. In the event this Agreement expires on a day other than the last day of a calendar month and the actual consumption of and charges to the Lessee for such portion of the calendar month are not available, the charge to the Lessee shall be equitably prorated. Said computations shall be made subsequent to the end of the calendar year as hereinabove provided, and, if any monies are due to the Port Authority, they shall be paid by the Lessee and, if any monies are due to the Lessee, they shall be paid to it by the Port Authority, less such amounts, if any, then due and owing to the Port Authority from the Lessee.

(6) The Port Authority shall render a bill to the Lessee from time to time for the Lessee's Chilled Water distribution gallonage which shall be payable upon receipt. The charge therefor shall be based on KIAC's charge to the Port Authority for makeup water and chemical treatment of makeup water and shall be determined in accordance with subparagraphs (1) and (2) of this paragraph (b)(i).

(7) In the event that the Lessee disputes any item of an estimated or final bill, the Lessee shall promptly pay the bill in full and the Port Authority shall make any necessary adjustments only after resolution of such dispute.

(ii) The Lessee agrees that in order that KIAC or any successor thereto may maintain the status of the Cogeneration Facility as a "qualifying cogeneration facility" under applicable Federal laws, rules and regulations ("QF Status") including the Public Utility Regulatory Policies Act of 1978 as the same may be amended and any successor statute thereto, the Lessee shall, at all times it is operating the Premises for the purposes permitted in this Agreement, purchase from the Port Authority and use on an annual basis a minimum amount of thermal energy contained in Hot Water and Chilled Water produced by use of steam from the Cogeneration Facility equivalent to the lesser of (1) an amount that, together with all thermal energy contained in Hot Water and Chilled Water purchased and used by the Port Authority and all other lessees of Premises in the Central Terminal Area, is sufficient to maintain the QF status of the Cogeneration Facility and (2) the product of (x) 167,379 mm BTUs of thermal energy,

which is one-third of the use of thermal energy contained in Hot Water and Chilled Water in the Central Terminal Area of the Port Authority and the lessees of Premises in the Central Terminal Area in the year ended December 31, 1989, and (y) a fraction, the numerator of which is the amount of the Lessee's use of thermal energy contained in Hot Water and Chilled Water at the Premises in the most recent complete calendar year preceding the applicable date of determination and the denominator of which is the amount of all use in the Central Terminal Area of thermal energy contained in Hot Water and Chilled Water in such calendar year.

(c) THE LESSEE HEREBY WAIVES AND RELINQUISHES for itself, its successors and assigns any right it may have, and further agrees that it, its successors and assigns shall have no right, to manufacture or produce, to cause to be manufactured or produced, or to purchase or receive from any third party, Hot Water or Chilled Water for use on the Premises (except for use exclusively in loading bridges or on aircraft) or to use any other manner of air cooling or air heating at the Premises except to purchase, receive and use Hot Water and Chilled Water from the Port Authority pursuant to this Agreement. In the event it is projected that KIAC Partners will not be able to supply the Premises with sufficient quantities of Hot Water or Chilled Water pursuant to the Cogeneration Agreement on a continuing basis, the Port Authority shall, expeditiously after such projections have been released, either (i) inform the Lessee that the Port Authority will make arrangements for the supply of same on the same terms as are provided herein or (ii) release the Lessee in whole or in part from its obligations under the previous sentence and permit the Lessee to make its own arrangements for the supply of the same at its own cost (such cost to be includible as a Permitted O&M Expense) but without any surcharges or other payments with respect thereto to the Port Authority. If the Port Authority should choose option (i) above, the Port Authority shall make the necessary arrangements for the supply of such services no later than the time the supply of Hot Water or Chilled Water from KIAC Partners is projected to fall short. If at any time KIAC Partners is unable to supply the Premises with sufficient quantities of Hot Water or Chilled Water on a temporary basis, the Lessee may make arrangements to supply such

deficiency itself (and only for the period thereof) provided that the Lessee shall bear the full cost of such arrangements (such cost to be includible as a Permitted O&M Expense) but without any surcharges or other charges levied thereon by the Port Authority and shall remove any facilities once the insufficiency has been remedied or otherwise resolved. In no event may such supply by the Lessee interfere with efforts by KIAC or the Port Authority to restore the supply of Hot Water or Chilled Water.

(d) There shall be no obligation to the Lessee by either KIAC or the Port Authority to furnish the goods and services covered by this Section at any time (i) while any component necessary therefor shall be prohibited or rationed by any federal, state or municipal Law or while the Port Authority deems it in the public interest to comply therewith even though such Law may not be mandatory on the Port Authority as a public agency, (ii) while the same are curtailed or stopped because of the need to repair, replace, rebuild or alter the Cogeneration Facility, (iii) during the continuance of any event of force majeure, as such term is defined in the Cogeneration Agreement or (iv) that the Lessee shall be in default under this Agreement with respect to its payment for the goods and services covered by this Section after the period, if any, herein granted to cure such default shall have expired. No failure, delay or interruption in supplying said goods and services 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, nor shall any such failure, delay or interruption be grounds for any claim by the Lessee for damages, consequential or otherwise, against the Port Authority or KIAC.

(e) Without limiting any other provision of this Section, any supply of Hot Water or Chilled Water to the Premises from the Cogeneration Facility shall be limited by the safe and efficient operating capacity of the Cogeneration Facility as determined by KIAC and as approved by the Port Authority.

(f) (i) The Lessee has installed or shall install all machinery, equipment and facilities including heat exchangers required to be installed in the Premises in order to utilize Hot Water and Chilled Water to be distributed and shall tie into the

TDS with respect to Hot Water at the heat exchangers, in the mechanical equipment rooms constructed by the Lessee on the Premises and shall tie into the TDS with respect to Chilled Water in the said mechanical equipment rooms.

(ii) The Lessee hereby agrees that the Port Authority, KIAC and the contractors or suppliers of either of them each shall have the right to enter upon the Premises to install, operate and maintain any part of the Cogeneration Facility located thereon including but not limited to the aforesaid TDS.

(g) In the event the Cogeneration Agreement is terminated and the facilities for the production of Hot Water and Chilled Water at the Airport exist and are, in the opinion of the Port Authority, economically operable, the Port Authority itself or pursuant to agreement with a contractor or permittee shall supply Hot Water and Chilled Water to the Premises and the Lessee shall take and pay therefor at the same charge to the Lessee which would be applicable as if the Cogeneration Agreement had been in full force and effect, provided, however, that notwithstanding any other provision of this Section, the charge therefor to the Lessee shall in any event be an amount sufficient to reimburse the Port Authority for its capital and operating costs in connection therewith determined in a manner consistent with the Port Authority's determination of its capital and operating costs of supplying Hot Water and Chilled Water to other premises in the Central Terminal Area and in accordance with the Port Authority's normal accounting practice. In addition, the Port Authority may, in its discretion, make or consent to arrangements on one or more occasions with a third party or parties to succeed to KIAC's operation of all or any part of the Cogeneration Facility and the Lessee shall continue to be obligated to purchase Hot Water and Chilled Water from the Port Authority pursuant to this Agreement, at the rates provided for in the Cogeneration Agreement.

(h) The Port Authority shall have no liability to the Lessee for any facilities installed by the Lessee on the Premises in connection with the use of Hot Water and Chilled Water

hereunder or for any investment made in connection with the use of Hot Water and Chilled Water.

(i) The Port Authority shall have the right to grant waivers, consents and approvals with respect to the Cogeneration Agreement and to enter into amendments, supplements or extensions of the Cogeneration Agreement with KIAC or any similar agreement with any successor operator of the Cogeneration Facility or other provider of Hot Water and Chilled Water at the Airport provided, however, that the Port Authority will not enter into any amendment, supplement or extension of the Cogeneration Agreement which will result in a change in the formula used to calculate the Hot Water and Chilled Water rates payable by the Lessee which change results in an increase in the rates payable by the Lessee pursuant to such formula (the Lessee hereby acknowledging that such formula may, according to its terms, provide for such rates to be adjusted from time to time) without the consent of the lessees (including the Port Authority as and to the extent that the Port Authority uses Hot Water and Chilled Water) of premises that purchased and used at least Fifty-one percent (51%) of the aggregate Hot Water and Chilled Water purchased and used in the Central Terminal Area during the last full calendar year preceding the effective date of such amendment, supplement or extension.

(j) Nothing in this Section shall limit the Lessee's rights against KIAC under applicable Law including, without limitation, with respect to the quality of the Hot Water and Chilled Water supplied by KIAC.

Section 53. <u>Additional Rights of the Port Authority as to Portions of the Premises</u>

(a) It is hereby agreed that for the purpose of this Section the term the "Lessee's Commencement Basic Schedules" shall be based on the schedules of the Scheduled Aircraft Operators that are sublessees approved pursuant to Section 43, as described in paragraph (e) hereof and shall be and mean a "Revenue Seats Daily Average for the Premises" (as said term is defined in paragraph (f) hereof) for the first full calendar year after DBO.

(b) Commencing with the second full calendar year after DBO and for each and every calendar year thereafter, the Port Authority may ascertain the Revenue Seats Daily Average for the Premises for the preceding calendar year in accordance with the provisions of paragraph (f) hereof, which Revenue Seats Daily Average for the Premises shall constitute the "Lessee's Basic Schedules" for the preceding calendar year and shall be referred to as such.

(c) As of January 1 of each succeeding calendar year (i) commencing with the third full calendar year after DBO in the event that the Lessee's Basic Schedules for the immediately preceding calendar year for the Airport are less than of the Lessee's Commencement Basic Schedules unless such loss occurred for reasons beyond the control of the Lessee or (ii) commencing with the fourth full calendar year after DBO 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) of the Lessee's Commencement Basic Schedules, then in either of such events and without limiting each and every other right the Port Authority has under this Agreement or otherwise, the Port Authority shall have the right, upon six (6) months' written notice to the Lessee, to require the Lessee and the Lessee hereby agrees to make available Accommodations (as hereinafter defined) at the Premises in accordance with the Airline Leasing Plan as directed by the Port Authority to Scheduled Aircraft Operators (together with Scheduled Commuter Aircraft Operators, collectively, the "Scheduled and Commuter Aircraft Operators"). The Lessee shall make such Accommodations available from time to time during the entire period commencing on the effective date set forth in the aforesaid notice and ending when the Lessee's Basic Schedule for a calendar year, determined in accordance with the foregoing shall have been or more of the Lessee's Commencement Basic Schedule (hereinafter called a "Period of Underutilization"). The term "Accommodations" as used in this Section shall mean aircraft ramp and gate position capacity and related Passenger Terminal Facilities including, but not limited to passenger ticketing, passenger check-in, baggage handling and flight information systems, passenger lounge and waiting areas and appropriate signage and public identification.

Such Accommodations may be accomplished by the Lessee by making available and providing non-exclusive use of gate positions and other related facilities to Scheduled Aircraft Operators pursuant to handling agreements between the Lessee and any such Scheduled Aircraft Operator (hereinafter called the "Handled Airline"). Each such handling agreement shall be subject to Section 43 and Section 62 of this Agreement, and without limiting the foregoing, the Lessee will at all times keep the Port Authority informed and advised and will consult with the Port Authority from time to time as to all aspects of its Accommodation of Scheduled Aircraft Operators hereunder.

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

(e) The failure of the Port Authority to exercise its rights 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 rights in any subsequent year.

(f) In the event the Port Authority decides to ascertain the Revenue Seats Daily Average for the Premises for the preceding calendar year, it shall do so as follows: based upon the "ABC International Airline Guide" (herein called the "Guide"), or in the event that the Guide shall not list the schedules of any Scheduled Aircraft Operator, then based upon the generally accepted United States aviation industry standard published airline schedule reference which shall include the published schedules of that Scheduled Aircraft Operator, the Port Authority shall ascertain the total number of revenue seats that were accommodated on the aircraft equipment scheduled to have been used by each Scheduled Aircraft Operator 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 the fifteenth (15th) day of February of the prior calendar year fell and the second being the one during which the fifteenth (15th) day of August of the said prior calendar year fell, and shall total the said number of revenue seats of all of the Civil Aircraft Operators which are hereinafter called the "Total Revenue Seats" for the Premises. In determining the Total Revenue Seats for the Premises, the Total Revenue Seats as defined above of those Handled Airlines, if any, of the Lessee who were Handled Airlines as during the period of such determination and sublessees of the Lessee at the Premises who were sublessees on the date of such determination, with respect to the aircraft of the Handled Airlines and aircraft of the sublessees operating at the Premises, shall be included. In making said determination, the Port Authority shall use the most recent configurations as shall be 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 each of the Civil Aircraft Operators at the Airport. The Total Revenue Seats for the Premises shall then be divided by 14, the resulting quotient being herein called the "Revenue Seats Daily Average for the Premises."

(g) In the event the ABC International Airline Guide shall no longer be published or shall not be available then the parties agree that the Port Authority shall have the right to use any other successor or similar publication or the actual aircraft arrivals at the Airport as determined by reports to the Port Authority and records of the Lessee and Scheduled Aircraft Operators, tower logs and other suitable records and information.

Section 54. <u>Requesting Airlines at the Airport</u>

(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, 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 at the rates and charges from time to time set forth in the Airline Leasing Plan. 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 but in no event at rates and charges less than those set forth in the Airline Leasing Plan and if so, whether there are any limitations on the nature, extent or duration 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 the then existing operations at the Premises, 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 in accordance with Section 43.

(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 Agreement and shall not in any manner affect, waive or change any of the provisions thereof.

Section 55. Ground Transportation Services

(a) The Lessee shall make available within the Premises at reasonable rental rates, such counter spaces and at such 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 an agreement only with Ground Transportation Operators designated or approved by the Port Authority, covering the occupancy of said counter space, which agreement may provide for the payment of a basic rental (but no other rental, charge or fee of any kind) to the Lessee for the counter space, provided that such basic rental shall

represent a fair and reasonable rental for the counter space. 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 operations 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.

(b) (i) In lieu of the provisions of paragraph (a) of this Section obligating the Lessee to make available counter spaces and wall telephone installations with respect to limousine, bus and other Ground Transportation Operators at the Airport (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 contractor, 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.

(ii) 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 counter and the accommodation of the users thereof; and to permit the installation of such telephone and other communication lines, cables and conduits on and across the Premises as may be required for the operation of the Consolidated Counter. The Lessee acknowledges and agrees that the Consolidated Counter shall at all times be a part of the Premises under this Agreement and subject to all the terms and provisions thereof including, but not limited to indemnity, the payment of rentals, repair and maintenance (it being understood that this shall not be deemed to limit the liability of any independent contractor providing such service). The Lessee shall be responsible for the original construction of the Consolidated Counter in accordance with Section 18 and shall have the right to refurbish or replace the

Consolidated Counter from time to time subject to and in accordance with Section 19. The Lessee shall, at its sole cost and expense, 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 twenty-four (24) hour, seven (7) day a week basis. The Lessee shall not be required to provide telephone service to the Consolidated Counter hereunder.

(iii) The Port Authority shall have the right at any time, without cause, on One Hundred Eighty (180) days' notice to the Lessee to terminate and discontinue 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) of this Section and the Lessee's obligations as set forth therein with respect to limousine, bus, car rental and other ground transportation operators shall be deemed reinstated and in full force and effect.

Section 56. Ground Transportation

(a) The Lessee and its sublessees and others using the Premises may arrange for the transportation to and from the Airport of employees and their baggage (and such employees and baggage only) either directly or by contract with a surface carrier or carriers (hereinafter called the "Employee Surface Carrier or Carriers") of its choice, provided, that such Employee Surface Carrier or Carriers are at all times Ground Carrier Permittees of the Port Authority as defined in paragraph (b) hereof and provided, further, that ten percent (10%) or such lesser percentage as may be set pursuant to paragraph (e) hereof of the gross receipts received from the ground transportation of employees and their baggage by the Employee Surface Carrier providing such service, or by the Lessee or its sublessees or others using the Premises, 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

the passengers and are directly payable to the taxing authority by the Lessee or by the Employee Surface Carrier) shall be paid to the Port Authority. No fee shall be paid by the Lessee, its sublessees or other users of the Premises to the Port Authority in connection with the ground transportation of employees and their baggage if the Lessee or a sublessee or other user of the Premises operates the service itself and if the Lessee, its sublessees or other users of the Premises makes no charge to its or their respective employees therefor.

(b) The Port Authority shall endeavor to issue permits to at least twelve (12) qualified surface carriers (herein called the "Ground Carrier Permittees") which permits shall grant to said Ground Carrier Permittees the privilege of providing a service for the transportation to and from the Airport of employees and their baggage of all Aircraft Operators at the Airport. Each permit shall provide that the Port Authority shall have the right at any time to revoke the permit granted to any Ground Carrier Permittee with or without cause and regardless of whether any such Ground Carrier Permittee is an Employee Surface Carrier of the Lessee, its sublessees or others using the Premises and regardless of any agreement between the Lessee, its sublessees or others using the Premises and such Employee Surface Carrier. Without limiting the foregoing right, if the Ground Carrier Permittee selected by the Lessee shall at any time fail to pay the Port Authority ten percent (10%) or such other percentage of its gross receipts as established pursuant to paragraph (e) hereof as required under the permit, the Port Authority shall have the right in addition to all other rights and remedies, to deny such Ground Carrier Permittee entrance upon the Airport for the purpose of transporting employees and their baggage as aforesaid to and from the Airport and the Lessee shall no longer use the same. In the event that there should at any time during the Term be less than twelve (12) Ground Carrier Permittees in operation at the Airport the Lessee shall have the right to engage an Employee Surface Carrier of its choice to provide the service set forth in paragraph (a) hereof, <u>subject, however</u>, to the prior and continuing approval of the Port Authority, and provided that such Employee Surface Carrier agrees to become a permittee of the Port Authority and to pay a percentage of its gross receipts to the Port Authority in

accordance with paragraphs (a) and (e) hereof and only for so long as such permittee observes and complies with the terms of its permit, it being understood that said Employee Surface Carrier may be restricted to serving the Lessee at the Airport. At such time thereafter as there is in operation at the Airport at least twelve (12) Ground Carrier Permittees, the permit with the said Employee Surface Carrier may be revoked by the Port Authority and the Lessee shall thereupon select an Employee Surface Carrier from the Ground Carrier Permittees of the Port Authority. Nothing contained hereunder shall be deemed to preclude the Port Authority from issuing from time to time during the Term permits to more than twelve (12) Ground Carrier Permittees. The permits with the Ground Carrier Permittees may contain privileges other than those set forth in this paragraph (b), including but not limited to the privilege to transport passengers and baggage of Aircraft Operators. All permits shall contain such terms or provisions as the Port Authority may deem from time to time necessary or desirable.

(c) The Port Authority hereby states its intention to attempt to incorporate, into all existing leases and into all new leases with all Scheduled Aircraft Operators covering Passenger Terminal Facilities within the Central Terminal Area, provisions having the same effect as the provisions of paragraphs (a) and (b) of this Section. The provisions of this Section shall be applicable as well to Aircraft Operators who may be occupying space within the Central Terminal Area pursuant to a sublease, subuse or handling agreement with any Unit Terminal Lessee or with the Lessee hereunder or with any sublessee thereof (the foregoing not to waive the requirement for Port Authority consent).

(d) The Lessee and its sublessees may arrange for the transportation to and from the Airport of passengers, and their baggage (and such passengers and their baggage only) either directly or by contract with a surface carrier or carriers (hereinafter called "Passenger Surface Carrier or Carriers") of its choice, <u>subject</u>, <u>however</u>, to the prior and continuing approval of the Port Authority and <u>provided</u>, that such Passenger Surface Carrier or Carriers agree to become permittees of the Port Authority and <u>provided</u>, <u>further</u>, that ten percent (10%) or

such lesser percentage as may be set pursuant to paragraph (e) hereof of the gross receipts received from the ground transportation of passengers and their baggage by the Passenger Surface Carrier providing such service or by the Lessee and its sublessees, 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 Lessee and its sublessees or by the Passenger Surface Carrier) shall be paid to the Port Authority. If the Passenger Surface Carrier designated by the Lessee or any of its sublessees shall at any time fail to pay to the Port Authority ten percent (10%) or such lesser percentage as may be set pursuant to paragraph (e) 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 and their baggage as aforesaid to and from the Airport and the Lessee and its sublessees shall no longer use the same.

(e) It is recognized that the Port Authority has established a five percent fee with respect to the service covered by paragraphs (a) and (d) 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 (5%) shall not constitute a waiver by the Port Authority of its right to impose a percentage fee of ten percent as provided in paragraphs (a) and (d). It is hereby specifically agreed that the Port Authority shall have the right at any time and from time to time during the Term to revise the percentage fee it shall charge the Employee Surface Carriers; other permittees and the Lessee as provided in paragraphs (a) and (d) hereof but in no event shall said fee be greater than ten percent (10%). The Port Authority shall notify the Lessee of any such revision.

(f) The right of the Lessee to arrange transportation to and from the Airport of airline passengers as hereinabove provided shall not be construed as being applicable to any establishment or operation by the Lessee and its sublessees of facilities outside the Airport for the handling of airline

passengers of the Lessee or of any of the sublessees arriving at or departing from the Airport.

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

(h) The Ground Carrier Permittee of the Lessee's choice, its Passengers Surface Carrier or any other contractor used by it or anySublessee shall not solicit business on the public areas of the Airport and the Lessee shall prohibit any such activity on the Premises or on any other area at the Airport occupied by the Lessee or any of the sublessees. The use, at any time, either on the Premises or elsewhere on the Airport of hand or standard megaphones, loudspeakers 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.

(i) Effective as of January 1, 1972, the provisions of this Section 76 superseded the provisions of Section 4.11 of Title IV of the General Airport Agreement, as defined elsewhere in this Agreement and from and after said date said provisions of said Section 4.11 of Title IV were no longer of any force or effect.

Section 57. <u>Ground Transportation Within the Central Terminal Area</u>

(a) The Port Authority has established at the Airport a Central Terminal Area generally as described in Exhibit 57.1, attached hereto and hereby made a part hereof (the "Central Terminal Area" or the "CTA"). If at any time and from time to time during the term, the Port Authority substantially revises the Central Terminal Area, it shall thereafter forward to the Lessee a revised Exhibit showing the revised Central Terminal Area which revised Exhibit shall replace Exhibit 57.1 and shall become a part of this Agreement.

(b) (i) The Lessee hereby agrees that it will not directly, indirectly or by arrangement with any independent third party, operate any surface vehicles for the transportation of airline passengers including without limitation passengers of its sublessees to or from the Premises and the various other Passenger Terminal Facilities or other locations within the Central Terminal Area. The prohibition hereinabove set forth shall be in effect only during such periods as there is in operation at the Airport a CTA Ground Transportation Service as hereinafter defined to be provided by an independent third party contractor. The "CTA Ground Transportation Service" shall consist of the following: a ground transportation service for the transportation of airline passengers and other persons between the various passenger terminal facilities, including the Premises, within the Central Terminal Area including the service of transporting a group of passengers where the Aircraft Operator must accommodate the group as a whole (hereinafter called the "CTA Omnibus Service") and a Ground Transportation Service for the transportation of passengers of Aircraft Operators within the Central Terminal Area, but only when a passenger is disabled, the passenger must take a direct connection and where time is critical, and in the very limited instance where an Aircraft Operator must accommodate a particular passenger, the foregoing service being hereinafter called the "CTA Supplementary Service". It is understood furthermore that, notwithstanding the prohibition hereinabove set forth in this paragraph (b), the Lessee may directly, indirectly or by arrangement with an independent third party, operate surface vehicles for the transportation of passengers of its Airline Sublessees to or from the Premises and any other passenger terminal facility, if any, located outside the Central Terminal Area, provided, that the Lessee has the prior and continuing approval of the Port Authority to operate such passenger terminal facility outside the Central Terminal Area, that the aforesaid service shall not serve any passenger terminal facility or location within the Central Terminal Area other than the Premises and that if the Lessee utilizes a third party to provide the service, said third party shall be subject to the prior and continuing approval of the Port Authority, shall agree to become a permittee of the Port Authority and shall pay the percentage of its gross receipts to the Port Authority with respect to said service as specified in

said permit and shall comply with all the terms and conditions of its permit.

(ii) Nothing contained in this paragraph (b) or paragraph (c) hereof shall impose or be construed as imposing an obligation on the Port Authority to operate or cause to be operated the CTA Ground Transportation Service for the transportation of passengers and other persons between the various passenger terminal facilities, including the Premises, within the Central Terminal Area.

(c) (i) (1) It is hereby agreed that it is in the best interests of the Port Authority and all Participants as hereinafter defined that the CTA Omnibus Service be a good, proper and efficient service, able to adequately, timely and properly handle the ground transportation needs of airline passengers and other persons between the various passenger terminal facilities including the Premises within the Central Terminal Area. The parties recognize furthermore that the CTA Supplementary Service should be a service that would transport those persons authorized to be carried thereon in an adequate, proper and timely manner so as to meet their flight connections.

(2) The Port Authority agrees that it shall meet and consult from time to time with the Participants with respect to the procedures, schedules, fares, prices and operations of the CTA Omnibus Service and shall, except in case of emergency, give the Participants prior written notice of any substantive changes with respect thereto. Notwithstanding the foregoing, it is hereby understood and agreed that the procedures, schedules, fares, prices, operations and other matters affecting the CTA Omnibus Service shall be determined by the Port Authority.

(3) The Port Authority agrees that it shall meet and consult from time to time with the Participants with respect to the procedures, schedules, fares, prices and operations of the CTA Supplementary Service. Before adopting any initial procedures or schedules covering the operation of the CTA Supplementary Service and before putting into effect any modifications to any procedures or schedules then in effect with

respect to the CTA Supplementary Service, except in case of emergency, the Port Authority shall submit the initial or the changed procedures and schedules (hereinafter called the "Submissions") to the Participants for their approval. If Participants representing more than fifty percent (50%) of the effective published passenger flight schedules to and from the Airport of all Participants for the calendar year prior to the year in which the submissions are made to the Participants for their approval, approve the same, the Submissions shall be deemed to be approved for all purposes hereunder and said approval shall be deemed binding as well upon all other Aircraft Operators who may use or pay for the CTA Supplementary Service, notwithstanding the fact that said Submissions had not been submitted to them for their approval. Notwithstanding anything herein provided and without limiting the provisions of paragraph (b) hereof, it is hereby understood and agreed that the Port Authority shall have no obligation hereunder to itself operate the CTA Ground Transportation Service nor any obligation to operate said service through an independent contractor unless and until the Submissions with respect to the CTA Supplementary Service submitted as aforesaid to the Participants have been approved by the Participants in accordance with the foregoing provisions. The failure of any Participant to disapprove the Submission within twenty (20) days after its submission to it for approval shall constitute such Participant's approval hereunder to said Submissions.

(4) It is hereby understood and agreed that the amount to be charged for the CTA Supplementary Service shall consist of an initial price and, if the Port Authority so elects from time to time during the term of this Agreement, an excess price. The initial price shall be based upon the cost of the CTA Supplementary Service. The Lessee, unless the Port Authority shall elect to charge the Airline Sublessees directly therefor, shall pay to the Port Authority as and representing the initial price its pro rata share of the cost to the Port Authority of providing the CTA Supplementary Service. The Lessee's or the Airline Sublessees' pro rata share of the cost to the Port Authority of providing the CTA Supplementary Service shall be that proportion of said cost as the number of passengers of the Airline Sublessees in the aggregate or individually as the case

may be who actually used the CTA Supplementary Service bears to the total number of passengers using the CTA Supplementary Service. Except as provided in subparagraph (5) (D) hereof, there will be no charge to the Lessee or the Airline Sublessees as the case may be of either an initial price or an excess price if the Airline Sublessees do not have any passengers using the CTA Supplementary Service.

(5) (A) The initial price payable to the Port Authority pursuant to subparagraph (4) hereof is for each calendar year, but in the event the term of this Agreement expires or the provisions covering the CTA Ground Transportation Services are terminated on a day other than the last day of a calendar year, then in any such event the initial price payable to the Port Authority pursuant to subparagraph (4) hereof shall, for the year during which such event occurs, be for such portion of said year during which the Port Authority provides the CTA Supplementary Service. In determining the initial price, the cost of the CTA Supplementary Service shall be computed, determined and ascertained for each calendar year (or portion thereof upon the occurrence of any of the events mentioned in the first sentence hereof) of the Term.

(B) Notwithstanding the foregoing and for current monthly or other periodical billing purposes as may from time to time be selected by the Port Authority, the Port Authority shall establish interim billing rates to cover the initial price for the CTA Supplementary Service. Such billing rates shall be based on determinations by the Port Authority of its estimate of the cost of the CTA Supplementary Service for the calendar year and the number of passengers to be using the CTA Supplementary Service for said calendar year. Such determinations shall be based upon the prior calendar year's experience, if any, and upon such other reasonable basis as the Port Authority may determine. The Port Authority may prospectively revise its billing rates during any calendar year. On the 20th day of each calendar month, the Lessee, unless the Port Authority shall elect to charge the Airline Sublessees directly therefor, shall pay to the Port Authority the amount due as the initial price for the preceding calendar month, which shall be determined by multiplying the interim billing rate per

passenger for the initial price established by the Port Authority as aforesaid by the number of passengers of the Airline Sublessees in the aggregate or individually as the case may be carried on the CTA Supplementary Service for the previous calendar month.

(C) As soon as practicable after the expiration of each calendar year, the Port Authority shall determine the cost of the CTA Supplementary Service and the initial price payable therefore. Corrected billings based upon such determination shall thereupon be rendered by the Port Authority 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 promptly credited to it.

(D) In the event and only in the event that the CTA Supplementary Service for all or any portion of a calendar year has been provided by the Port Authority but there has been no use thereof by any of the Participants, then the initial price and the excess price shall be payable by all Participants and each Participant's share shall be based on the number of passengers on its outbound and inbound aircraft of the sublessees at the Airport compared to the total number of passengers on all inbound and outbound aircraft using the Airport of all Participants. The Port Authority agrees that, if as of the commencement of any calendar year there appears to be no use by the Participants of the CTA Supplementary Service, it will use all reasonable efforts to limit its payments to the Contractor for the CTA Supplementary Service for such period where there appears to be no use.

(6)(A) The Port Authority shall have full discretion in awarding a contract for the CTA Ground Transportation Service and may award the same to a Contractor who has not proposed the lowest price for the CTA Supplementary Service or the CTA Omnibus Service. As stated in subparagraph (iv) hereof the Port Authority shall have the right to charge the Lessee, in addition to the initial price for the CTA Supplementary Service, an additional amount herein called the "excess price", which amount shall be applied to offset any deficit in the CTA Omnibus Service.

(B) The amount representing the excess price shall be an amount payable only by the Lessee if it or the sublessees use the CTA Supplementary Service and shall be an amount fixed for each passenger using the CTA Supplementary Service. The Port Authority shall advise the Participants prior to the beginning of each calendar year of the amount per passenger which shall constitute the excess price for said calendar year. On the 20th day of the calendar month following the month upon which the Commencement Date hereunder falls and on the 20th day of each and every calendar month thereafter the Lessee shall pay to the Port Authority the amount due as the excess price for the preceding calendar month, which shall be determined by multiplying the amount per passenger for the excess price established by the Port Authority as aforesaid by the number of passengers of sublessees carried on the CTA Supplementary Service for the previous calendar month. As soon as practicable after the expiration of each calendar year, the Port Authority shall determine the cost of the CTA Omnibus Service for said calendar year. If there is no deficit or if the deficit is less than the amount received by the Port Authority from users of the CTA Omnibus Service, then the total amount of the excess price if there is no deficit or the amount of the excess price which is over and above any deficit on the CTA Omnibus Service shall be refunded or credited to the Participants based on the portion of each Participant's payments of the excess price for said calendar year as compared to the total amount received as the excess price from all Participants. In determining whether or not there is a deficit or in determining the amount of the deficit, revenues from the CTA Omnibus Service shall be deemed to be 87.5% of the cost of the CTA Omnibus Service whether or not the revenues actually received add up to 87.5%, but if said revenues exceed 87.5% of the cost, the actual amount of revenues received shall be used.

(7)(i) The Port Authority shall determine for each calendar year (or portion thereof, where applicable) the cost to the Port Authority of providing the CTA Omnibus Service and the cost to the Port Authority of providing the CTA Supplementary Service. Each such cost shall be determined in accordance with the Port Authority's normal accounting practice

and shall consist of those of the following items, which are applicable to each such service:

(A) All payments made by the Port Authority to the independent contractor for providing the CTA Supplementary Service or the CTA Omnibus Service, as the case may be (it being understood that the Port Authority shall not impose any percentage charge or fee on the Contractor for such services);

(B) On-the-job payroll costs of Port Authority employees to the extent working in any aspect of the CTA Supplementary Service or the CTA Omnibus Service, as the case may be, including but not limited to contributions to any retirement system or the cost of participation in any pension plans or the like, social security, old age, survivors, disability and employment 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;

(C) The cost (including rental charges) to the Port Authority of providing space, equipment, materials, facilities or services to or in connection with the CTA Omnibus Service or the CTA Supplementary Service, as the case may be;

(D) Payments or premiums (or to the extent of self-insurance an amount equivalent to what the premiums would have been) for insurance with respect to the CTA Omnibus Service or the CTA Supplementary Service, as the case may be, including without limitation thereto, fire and extended coverage, workmen's compensation and comprehensive general liability;

(E) Other direct costs as charged under the Port Authority's normal accounting practice;

(F) With respect to the CTA Omnibus Service, ten percent (10%) of the amounts paid to the contractor providing said service under item (A) hereof and with respect to the CTA Supplementary Service, twenty percent (20%) of the amount paid to the contractor providing said service under item (A) hereof.

In the event that any specific cost incurred or any specific amount expended for any of the items hereinabove set forth covers both the CTA Omnibus Service and the CTA Supplementary Service, then the Port Authority shall divide and allocate any such cost or amount as between the CTA Omnibus Service and the CTA Supplementary Service in accordance with its normal accounting principles.

(ii) If at any time during the Term the Port Authority receives a written notice from at least two Participants (as hereinafter defined) representing more than thirty percent (30%) of the effective published passenger flight schedules to and from the Airport of all Participants for the calendar year prior to the year during which the notice is given, which notice shall be either (1) to the effect that the service being provided by the Contractor furnishing the CTA Ground Transportation Service does not satisfy the standards set forth in item (1) of subparagraph (i) hereof and specifying whether it is the CTA Omnibus Service or the CTA Supplementary Service, or both, which is at fault, and further specifying the nature and extent of the failure or (2) to the effect that the Participants serving the notice are dissatisfied for any reason with the service, the Port Authority shall endeavor in the case of item (1) above to rectify the conditions complained of either by the existing Contractor doing so or by engaging a new Contractor to provide the CTA Ground Transportation Service or by a combination of both.

(iii) If the Port Authority receives, by a date no earlier than one hundred twenty (120) days and no later than one hundred eighty (180) days after its receipt of either notice covered by subparagraph (ii) hereof, a written notice during the period described above from at least two Participants representing more than fifty percent (50%) of the effective

published passenger flight schedules to and from the Airport of all the Participants for the year prior to the year during which the notice is given, which notice is to the effect that the Participants sending the notice continue to be dissatisfied with the CTA Ground Transportation Service whether provided by the old contractor, or if said Contractor has been replaced, by the new contractor, then the Port Authority agrees that, effective no later than sixty (60) days after its receipt of said notice (said date to be established by written notice to the Participants) the provisions of this Section covering the CTA Ground Transportation Service shall be terminated and shall no longer be in effect and from and after said date, the Lessee shall have the right directly or by arrangement with an independent third party to operate surface vehicles for the transportation of passengers of its Airline Sublessees to and from the Premises and the various other passenger terminal facilities or other locations within the Central Terminal Area, provided, however, that the same shall be used exclusively for the transportation of the disabled passengers of its sublessees, passengers who must make a direct connection and where time is critical, in the very limited instances where any of said sublessees must accommodate particular passengers, and for the transportation of passengers traveling as a group where any of said sublessees must accommodate the group as a whole, it being understood that the foregoing limitation on the right of the Lessee shall be in effect only during such periods as there is in operation at the Airport a CTA Omnibus Service as defined in paragraph (b) hereof (the Port Authority having no obligation so to do), excluding the transportation of passengers traveling as a group, and <u>provided, however</u>, that if the Lessee utilizes a third party to provide said service, that said third party shall be subject to the prior and continuing approval of the Port Authority, shall agree to become a permittee of the Port Authority and shall pay the percentage of its gross receipts to the Port Authority with respect to its service as specified in said permit and shall comply with all the terms and conditions of its permit.

(d) (i) (1) The Port Authority hereby states its intention to attempt to incorporate into all new leases and into all existing leases which may not already include the same with all Persons covering passenger terminal facilities within the

Central Terminal Area provisions having the same effect as the provisions of this Section. The term the "Participants" shall mean all Persons (including, for purposes hereof, the Lessee) who have executed leases with the Port Authority covering passenger terminal facilities within the Central Terminal Area containing provisions having the same effect as the provisions of this Section.

(ii) All Aircraft Operators who may be occupying space within the Central Terminal Area pursuant to a sublease, subuse or handling agreement with any Participant (including the Lessee hereunder) or shall be obligated to comply with all obligations of this Section which are applicable to the Participants, but said Aircraft Operators shall not be or be deemed to be Participants within the meaning of subparagraph (i) of this paragraph (d), but their activities, operations and payments hereunder shall be deemed to be those of the Participants whose space they are using.

(e) This Agreement by the Lessee under paragraph (b) hereof as well as the agreement by the Lessee under paragraph (c)(iii) hereof, in the event the provisions covering the CTA Ground Transportation Service are terminated and are no longer in effect, are of the essence of this Section and the Lessee agrees that the Port Authority shall be entitled to a decree against the Lessee requiring the specific performance thereof in any court of equity having jurisdiction. The aforesaid remedy shall not constitute the exclusive or sole remedy which may be available to the Port Authority hereunder in the event the Lessee breaches its agreement.

Section 58. <u>Future Airport Transportation Facilities and Operations and Use of Portions of the Premises</u>

(a) The Lessee understands that the Port Authority at present is planning to construct certain ground transportation facilities at the Airport including, but not limited to, a light rail passenger distribution system ("LRS"). It is presently contemplated that the LRS will include a rail transportation system circulating around the CTA, generally aligned along the roadway frontage of the passenger terminal buildings and with stations to serve the passenger terminal buildings in the CTA at

various locations. At the discretion of the Port Authority, stations may be located to serve one or more passenger terminal buildings in the CTA, Airport parking areas, Airport rent-a-car facilities, other areas of the Airport and off Airport transit systems. Pedestrian access between the LRS stations and the passenger terminal buildings will be provided as part of the LRS. Vertical circulation areas, if needed, including stairs, escalators, ramps and elevators at the passenger terminal building on the Premises will be the responsibility of the Lessee and shall be appropriate to the operation of the LRS. The Port Authority expects to commence planning and design for the LRS and upon completion of such planning and design, to implement the construction of the LRS and after the completion of such construction, to maintain and operate the LRS for the accommodation and transportation of persons desiring to use the same, and their baggage. The Lessee acknowledges and agrees that the LRS will be a benefit and enhancement to the Airport and to the Lessee's operations thereon.

(b) (i) The Port Authority agrees that, if an LRS is constructed, it will construct and operate a passenger station or stations (including pedestrian access between it and the passenger terminal building, collectively, the "LRS Station") on the Premises. The Lessee consents to such construction and operation and agrees to permit the Port Authority the use of such portion or portions of the Premises for and in connection with the construction, maintenance and operation of the LRS as have been set forth on Exhibit 2.5 (Pages 1 through 7) hereto. Without limiting the foregoing, the Lessee shall comply with the provisions of Section 18(a)(xiv) and Section 18(a)(xv) with respect to the design and construction of facilities for the LRS and the installation of the LRS on the Premises, such design and Construction Work as defined in Section 18 being the "LRS Right-of-Way".

(ii) Upon completion of the portion of the Premises comprising the LRS Right-of-Way, the Port Authority shall have the sole right to use and occupy the same for the purpose of constructing, installing, operating and maintaining the LRS and shall have the right, at any and all times, to enter upon any portion of the Premises for any purpose in connection

therewith, including the performance of maintenance, repairs, additional construction, aiding or assisting passengers or otherwise for the purpose of doing anything necessary or convenient for the operation of the LRS. The Lessee shall have no responsibility for the operation or maintenance of the LRS including but not limited to the LRS Station (other than the vertical circulation areas associated therewith), the utilities servicing the LRS and the supporting structure beneath the LRS as further set forth in Exhibit 58.1. Furthermore, the Lessee shall have no obligation to indemnify or hold harmless the Port Authority with respect to claims and demands, just or unjust, of third persons arising without negligence or affirmative misconduct on the part of the Lessee from or in connection with the operation and maintenance of the LRS.

(iii) In connection with the activities described in this Section, the Lessee agrees to cooperate with the Port Authority and the Port Authority agrees to minimize interference with the Lessee's construction activities and its ongoing operation of the Premises.

(c) The Lessee understands that the Port Authority considers the construction, operation and maintenance of the LRS of the utmost importance to the efficient operation of the Airport and to the fulfillment of the Port Authority's governmental function to provide, maintain, develop and operate the Airport; that the efficient use and operation of the LRS will require that the Lessee in the operation and use of its Passenger Terminal Facilities hereunder utilize and cooperate in the operation of the LRS to the end that the LRS shall be utilized to the fullest extent possible so that its advantages and efficiencies can be fully realized; and that the Port Authority does not by this Agreement intend to enter into any agreement, understanding or commitment which will interfere with, limit, restrict, hinder or prevent in any way the development, construction, maintenance, operation or efficient use of the LRS.

(d) The Lessee also understands and acknowledges that the Port Authority's cost of planning, design, construction, maintenance and operation of the LRS will be accorded the same cost recovery treatment as the similar elements of the Air

Terminal Highway System are accorded in the General Airport Agreement for calculation of the flight fees under the General Airport Agreement and the same cost recovery treatment as the Air Terminal Highway System is accorded for the calculation of other fees and charges under other existing agreements and policies at the Airport, and under any agreements or policies which may be entered into or implemented in the future including agreements or policies to replace such existing agreement(s) or the General Airport Agreement.

(e) Without limiting any other provisions of this Section, the Lessee understands and agrees that changes and modifications to the provisions of this Agreement with respect to ingress and egress, ground transportation within the Central Terminal Area and related terminal and roadway frontage management may be required or appropriate to conform such provisions to the operation of the LRS and the Lessee agrees upon the presentation to it of a form of supplemental agreement to this Agreement which sets forth such modifications (but only such modifications required or appropriate to effectuate the implementation of the LRS as contemplated by this Section) it will execute and return the same to the Port Authority. The Port Authority and the Lessee agree that each will consult with the other, from time to time, and will provide information to the other, from time to time, with respect to the study, planning, design, construction, maintenance and operation of the LRS and its interconnection with the passenger terminal facilities.

Section 59. Restrictions on Use of Passenger Terminal Frontage Roadways—Use of Airport Taxi Dispatchers and Roadway Frontage Management

(a) The Lessee understands that the Port Authority presently has in effect and has planned various physical improvements and policies concerning and affecting the use of vehicular roadways in the CTA) for the limitation and control of traffic thereon including the limitation and control of vehicular traffic on the Premises and vehicular traffic moving between the Air Terminal Highways, as designated from time to time by the Port Authority in the CTA of the Airport, and the vehicular roadways on the Premises connecting to the said Air Terminal

Highways. These improvements and policies, both in existence and planned, generally include the following:

(i) Restrictions on the use of roadways in the CTA as set forth in Section 56 and Section 57 of this Agreement.

(ii) The use of Airport Taxi Dispatching Services (as generally set forth in paragraph (b) hereof) where the Port Authority, either itself or through its contractor, utilizes at passenger terminals under the control of the Port Authority and makes available to passenger terminals at the Airport operated by others, the services of Taxi Dispatchers to assist in the expeditious and orderly flow of taxicabs to and from passenger terminals at the Airport.

(iii) The use of a central taxi holding and dispatching system for the Airport in conjunction with the use of Taxi Dispatchers at the passenger terminals at the Airport.

(iv) The designation of specified portions of the vehicular roadways on the Premises for limited use exclusively by certain types of ground transportation vehicles and/or certain types of ground transportation carriers for the loading and unloading of passengers and their baggage.

(b) The Lessee agrees to restrict from the Premises during the time period or time periods, as may be specified by the Port Authority from time to time (each such period being herein referred to as a "Taxi Dispatcher Period" or "TDP"), all taxicabs except those taxicabs which are discharging passengers at the Premises and those taxicabs which are requested by a Taxi Dispatcher stationed on the Premises and dispatched through the airport central taxi holding and dispatching facility (herein called the "Airport Central Taxi Stack") to the Premises. Further, during any TDP the Lessee agrees to take and accept from the Port Authority, and permit the stationing at an appropriate location or locations on the Premises, of a Taxi Dispatcher or Taxi Dispatchers and the establishment of a taxicab waiting line on the Premises of such number of vehicles as shall be specified by the Port Authority from time to time. A Taxi Dispatcher or Taxi Dispatchers when located on the Premises shall provide the

sole and exclusive dispatch of taxicabs to air passengers and others desiring the use of a taxicab from the Premises and shall perform such other duties and functions in connection therewith as may be specified by the Port Authority from time to time. The Lessee agrees to permit the installation on the Premises by the Port Authority, at no expense to the Lessee, or at the Lessee's option the installation by the Lessee, at the Lessee's expense (payable as a Permitted O&M Expense), of such fixtures, equipment and improvements including, but not limited to, a taxi dispatcher shelter, telephone, radio transceiver and transponder receiving device as may be necessary or reasonably desired by the Port Authority in connection with the activities and operations of the Taxi Dispatchers. The Lessee understands and agrees that all expenses of the Port Authority associated with the implementation and operation of the Taxi Dispatchers on the Airport including, but not limited to, the Taxi Dispatchers on the Premises and the construction, maintenance and operation of the Airport Central Taxi Stack shall be included in and payable through the aircraft flight fees at the Airport and will be accorded the same cost recovery treatment as the Air Terminal Highway System is accorded for such purposes under the General Airport Agreement and the calculation of other fees and charges under other existing agreements and policies at the Airport, and under any agreements which may be entered into and any policies which may be implemented, in the future, including agreements and policies to replace such existing agreements and policies or the General Airport Agreement.

(c) In connection with and furtherance of the Port Authority's policies concerning ground transportation on the Airport, the operation of the Consolidated Counter as set forth in Section 55, the operation of Taxi Dispatchers and the Airport Central Taxi Stack as set forth in this Section and the provisions governing CTA Ground Transportation as set forth in Section 57, the Lessee hereby agrees that, from time to time, the Port Authority may request that the Lessee, and upon such request the Lessee shall, giving appropriate weight to the importance of high occupancy vehicles in promoting efficient passenger access to the Airport, designate and specify areas of roadways and curbs located on the Premises, for the purpose of segregated and exclusive use by separate categories of vehicles, including but

not limited to buses, taxicabs, private automobiles and other vehicles, and use by separate categories of ground transportation carriers (including but not limited to Port Authority permittees), as may be designated by the Port Authority, from time to time, for the purpose of loading and unloading passengers and their baggage. The Lessee shall prohibit the operation of all other types of vehicular traffic on the roadways on the Premises used for the loading and unloading of passengers and their baggage and shall prohibit parking or stopping except in the areas designated as aforesaid. Designated areas shall be clearly indicated by the Lessee by such reasonable and appropriate signing and marking on the Premises as shall be directed or approved from time to time by the Port Authority. The Lessee shall permit the installation on the Premises by the Port Authority at no expense to the Lessee of such fixtures, equipment and improvements, including, but not limited to, transponder receiving devices and other vehicular tracking and monitoring devices; and the Lessee shall, through the use of appropriate and sufficient means including, but not limited to, removing unauthorized parked vehicles from the Premises, security guards and other personnel stationed on the Premises in the area of the said roadways, require that the limitations and restrictions established hereunder by the Port Authority on the use of the said roadways are complied with and enforced on a 24-hour basis, during any TDP and at other times as may be directed by the Port Authority.

(d) The Lessee understands that the Port Authority presently has a contract with a firm providing Frontage Management services for the purpose of monitoring and controlling the usage of passenger terminal frontage roadways in the CTA in accordance with the principles set forth in this Section, and that the Port Authority has made the services of this contractor available to the lessees of passenger terminals in the CTA at the Airport. The Lessee understands that the proper limitation and control of traffic on passenger terminal frontage roads has an impact on the proper and efficient operation of the Air Terminal Highway System of the Airport and the Lessee agrees, for so long as the same is made available by the Port Authority, to either accept from the Port Authority or from the Port Authority contractor providing such service from time to time and to pay

for the frontage management services at the rate and in a manner which shall be applicable uniformly throughout the Airport or to provide substantially similar services itself.

(e) The Lessee understands that the Port Authority considers the provisions of this Section and the use of the Lessee's passenger terminal roadway areas of the utmost importance to the efficient operation of the Air Terminal Highway System on the Airport and to the fulfillment of the Port Authority's governmental function to provide, maintain, develop, and operate the Airport; that the efficient use and operation of the Air Terminal Highway System requires that the Lessee, in the operation and use of the passenger Terminal Facility shall utilize and cooperate fully in all respects in the operation and implementation of the provisions of this Section to the end that the Air Terminal Highway System, including ingress thereto and egress therefrom, will operate in the most efficient manner; and that the Port Authority does not by this Agreement intend to enter into any agreement, understanding, or commitment which will interfere with, limit, restrict, hinder or prevent in any way, the efficient development, implementation and operation of the Air Terminal Highway System and the rights and discretion of the Port Authority with respect thereto.

Section 60. <u>Access to Records; Audit Rights</u>

(a) (i) The Lessee shall itself and shall require:

(1) Each of its Affiliates other than the Direct or Indirect Owners of Lehman JFK LLC, including without limitation, each of its Direct or Indirect Owners other than the Direct or Indirect Owners of Lehman JFK LLC and each Airline Sublessee, Retail Sublessee and Handling Permittee; and

(2) Each contractor, subcontractor or other Person furnishing services or materials to the Lessee in excess of $25,000 in the aggregate with respect to each such contractor subcontractor or other Person during any Annual Period, the cost of which is includible as Permitted O&M Expenses or Project Costs except for the General Contractor and its subcontractors, the Program Manager and the Project Engineer; (the General

Contractor, the Program Manager and the Project Engineer being subject to Section 18(q) of this Agreement.

(each of the foregoing a "Recordkeeping Person"), to maintain in accordance with accepted accounting practice, books and records (the "Records"), of all transactions of the Recordkeeping Person at, through, or in any way connected with Project Operations, including, without limitation, with respect to the Construction Work but not including with respect to distributions of Lessee Unrestricted Funds. The Records shall include all books and records required to permit the Recordkeeping Person to make all certifications to the Port Authority required under this Agreement.

(ii) Without limiting the generality of any other requirement of this Section, the Records shall show:

(1) The basis for each and every statement (where such statement is based upon such Records whether such statement is expressed on paper or in electronic format) required to be furnished in connection with this Agreement by the Recordkeeping Person, together with all supporting materials, electronic or otherwise;

(2) All revenues of whatever kind or nature received or receivable by the Recordkeeping Person from its operations in connection with Project Operations;

(3) Time cards and records of all expenditures with respect to (x) the Project Costs and the Construction Work and (y) Permitted Operations and Maintenance Expenses; and

(4) Such other information as the Port Authority may reasonably request from time to time.

(iii) The Lessee shall include in any sublease, contract, permit or other agreement with any Recordkeeping Person a provision regarding such Recordkeeping Person to:

"Maintain in accordance with accepted accounting practice, books and records (the "Records"), of all transactions

of [Insert Name of Sublessee, contractor or permittee] (a "Recordkeeping Person") at, through, or in any way connected with John F. Kennedy International Airport for [Insert periods required under paragraph (b) below] and permit the examination and audit of the same by Port Authority representatives. The Records shall include all books and records required to permit JFK International Air Terminal LLC ("JFKIAT") to make all certifications to the Port Authority required under any agreement between JFKIAT and the Port Authority. If the Records of the Recordkeeping Person are kept outside of the Port of New York District described in the Compact establishing the Port Authority, the Recordkeeping Person shall reimburse the Port Authority for the reasonable costs of travel, meals and lodging of any Port Authority representative auditing and examining the same."

(b) (i) All Records with respect to the Construction Work shall be preserved by the Recordkeeping Person for at least three (3) years following the Completion Date.

(ii) All Records other than Records related to the Construction Work shall be preserved by the Recordkeeping Person for at least three (3) years and four (4) months following the end of the Annual Period during which the Records were created.

(iii) Any Records material to litigation initiated within the above-stated retention periods shall be preserved until the final determination of the controversy.

(c) (i) The Records of the Lessee shall be kept at all times within the Port of New York District.

(ii) If the Records of a Recordkeeping Person that is an Affiliate of the Lessee are kept elsewhere, the Lessee shall reimburse the Port Authority for the reasonable costs of travel, meals and lodging of any authorized officer, employee or representative of the Port Authority auditing or examining the same (such costs payable as Permitted O&M Expenses) to the extent permitted under this Agreement.

(d) (i) Each Recordkeeping Person shall install and use such computerized recordkeeping systems respecting, among other things, revenues, expenses, work orders and time records (the "Computerized Recordkeeping Systems") as may be appropriate to the Recordkeeping Person's business and necessary or prudent in order that accurate records are kept.

(ii) Each Recordkeeping Person shall permit the inspection by the officers, employees and representatives of the Port Authority, during ordinary business hours during the Term and as often as it may consider necessary, of any equipment used by the Recordkeeping Person, including, but not limited to, its Computerized Recordkeeping System and any services being rendered and/or merchandise being sold or held for sale by the Recordkeeping Person, and upon the request of the Port Authority, the Recordkeeping Person shall demonstrate any activity being carried on by it.

(e) (i) Each Recordkeeping Person (unless such Recordkeeping Person is a Person described in paragraph (f) below) shall permit during ordinary business hours during the Term and for four (4) years thereafter the examination and audit by the officers, employees and representatives of the Port Authority authorized to perform the same of the Records including, without limitation, the Computerized Recordkeeping System, required to be preserved under this Agreement It is expressly understood and agreed that the Port Authority's audit and examination shall include any agreement or contract between the Lessee and any Parent or Affiliate including the Records with respect thereto of the Recordkeeping Person which is the subject of the examination and audit.

(ii) As between the Lessee and the Port Authority, any audit finding shall be reconciled between the parties with reference only to the Annual Period in which the underlying event occurred.

(f) In lieu of the examination and audit by the Port Authority provided for in paragraph (e) above, the Lessee hereby covenants and warrants that any Recordkeeping Person which is not a member of the Lessee and which is a Direct or Indirect Owner of

the Lessee (except as further provided in paragraph (g) below) shall permit the examination and audit during ordinary business hours and for four (4) years thereafter of its Records including, without limitation, the Computerized Recordkeeping System, required to be preserved under this Agreement, in accordance with the following:

(i) Prior to the conduct of any such examination and audit, a responsible senior financial official of the Port Authority shall certify to the Lessee and to such Recordkeeping Person that there is reasonable cause for the Port Authority to require the conduct of such an examination and audit of the scope specified in such certification.

(ii) Such audit and examination will be performed by a nationally recognized independent firm of certified public accountants engaged by the Port Authority which has no direct conflicts of interest with such Recordkeeping Person, the Lessee or the Port Authority.

(iii) The cost of such audit and examination shall be paid by the Lessee to the Port Authority and shall be deemed a Permitted O&M Expense of the Lessee under this Agreement.

(iv) The Port Authority will review any internal or other audit and examination of such Recordkeeping Person which has already been completed and furnished to the Port Authority prior to its final determination to require an audit and examination pursuant to subparagraph (i) above.

(v) The audit and examination shall be limited to Records which are reasonably related to the scope of the audit.

(g) (i) The Lessee hereby covenants and warrants with respect to the Direct or Indirect Owners of Lehman JFK LLC (the "Lehman Group") and in lieu of the rights of the Port Authority under paragraphs(e) and (f) above, that the Lehman Group shall not receive revenues of any sort from Project Operations except from Lehman JFK LLC.

(ii) In the event Lehman Brothers Holdings Inc. is no longer a publicly-held corporation or is a corporation whose only significant asset is an interest in Lehman JFK LLC or in JFK International Air Terminal LLC and the Port Authority has reasonable cause to believe that any Person in the Lehman Group is receiving revenues of any sort from Project Operations except from Lehman JFK LLC, such Person shall meet with the Port Authority and discuss the matter in good faith with the Port Authority.

(h) (i) If and when service segment data now or formerly supplied by a Recordkeeping Person to the United States Department of Transportation pursuant to Economic Regulation 586 or Schedule T-9 traffic data are no longer available to the Port Authority from a government source, the Lessee shall use good faith efforts to require each Airline Sublessee to provide the following data to the Port Authority, on request: for each of the Airline Sublessee's non-stop city-pair markets involving the Port District: total scheduled flights operated, seats available, revenue passengers carried and similar data for charter flights.

(ii) The Lessee shall use good faith efforts to collect such statistical information from Retail Sublessees and third party contractors as may be requested by the Port Authority.

(i) There shall be a quarterly meeting with representatives of the Port Authority and with a principal representative of the Lessee on the last business day of the second calendar month following the end of each Quarter or on such other day as may, from time to time, be agreed upon by the Lessee and the Port Authority to review the operating and financial performance of the Lessee. 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) Current and available financial statements whether on an audited or unaudited basis of the Lessee, the Airline Sublessees and the Retail Sublessees

(2) Monthly traffic data including passengers and aircraft departures of the Airline Sublessees

(3) Monthly performance indicators of the Retail Sublessees

(j) The Lessee shall make available to the Port Authority a true copy of any amendment or modification to the Lessee's Operating Agreement or other equivalent basic governing documents.

(k) (i) The Lessee shall engage a nationally recognized firm of certified public accountants (the "Project Accountant") reasonably acceptable to the Port Authority to prepare an annual certified financial statement of the Lessee certified to the Port Authority and the Lessee detailing inter alia the amounts of Subordinated Fundings, the calculation of such amounts and all other calculations required by Sections 8 and 18 of this Agreement, a copy of which shall be delivered to the Port Authority on or before April 1 following the Annual Period to which it relates.

(ii) The Lessee shall use reasonable efforts to facilitate an arrangement whereby the Project Accountant will make available source documents and other supporting documentation to the Port Authority for its review. Such arrangement may include the execution of a letter of understanding by the Port Authority with the Project Accountant. The Project Accountant shall not be obligated to make copies of such documents and documentation available to the Port Authority.

(iii) If the Lessee or any certified public accountant (the "Subuse Accountant") engaged by the Lessee shall audit any Person, including, without limitation, any Airline Sublessee, Retail Sublessee, Handling Permittee, contractor, subcontractor or other Person furnishing services or materials to the Lessee, the Lessee shall deliver a copy of such audit to the Port Authority.

(iv) The Lessee shall use reasonable efforts to facilitate an arrangement whereby the Subuse Accountant will make available source documents and other supporting documentation to the Port Authority for its review. Such arrangement may include

the execution of a letter of understanding by the Port Authority with the Subuse Accountant. The Subuse Accountant shall not be obligated to make copies of such documents and documentation available to the Port Authority.

(l) The Lessee shall deliver to the Port Authority a copy of all reports and correspondence of a financial nature delivered to the Trustee, including, without limitation, the Lessee's annual operating budget, reports of any consultant to the Lessee and certifications with respect to any Lessee rate covenants.

Section 61. Accounting Disputes

(a) All disputes, differences or questions arising between the parties regarding the preparation of statements regarding financial matters which are the basis for determining the existence, extent or timing of obligations for payment by either party (including, without limitation, under Sections 8 and 18) (an "Accounting Dispute") under the terms of this Agreement, with respect to:

(i) The determination of whether or not (x) any sum is properly includible in Gross Revenues, (y) any item of cost was actually incurred and is properly includible as a Permitted Operations and Maintenance Expense or (z) any specified amount is due to or from the Lessee or the Port Authority under this Agreement; or

(ii) The determination of whether or on what basis any item of cost was actually incurred and properly attributed to Project Cost or a specified category of Project Cost under this Agreement shall be submitted for arbitration promptly after written notice executed if from the Lessee, by a member of its Executive Committee, or if from the Port Authority, by its Chief Financial Officer or its Comptroller or, in either case, if such offices cease to exist, a person of equivalent authority (a "Dispute Notice") served by either party to this Agreement upon the other demanding that such Accounting Dispute be so submitted for arbitration. Notwithstanding the foregoing, no dispute, difference or question regarding any charge by the Port Authority for any utility or other service rendered to other Unit Terminal

Operators in the Central Terminal Area as well as to the Lessee shall be subject to arbitration pursuant to this Section.

(b) There shall be three (3) arbitrators in any such arbitration, selected under the following procedure:

(i) Within fifteen (15) days after receipt of a Dispute Notice, the Port Authority and the Lessee shall each separately select as one of the three arbitrators a certified public accountant retired from a nationally recognized independent accounting firm with experience in the airport industry who has not herself or himself provided services to the Port Authority or the Lessee (or its Affiliates) in the past ten (10) years and does not otherwise pose a conflict of interest concern to either the Port Authority or the Lessee, and;

(ii) The third arbitrator shall be selected as follows: The two arbitrators selected under clause (i) above shall each prepare a separate list of ten (10) accountants meeting the qualifications set forth above. Prior to the selection of such third accountant, neither the parties nor the arbitrators previously selected shall contact any of the accountants set forth on either of the lists, except that the arbitrators previously selected may jointly prepare a brief statement as the exclusive description of the matter to be arbitrated regarding the proposed arbitration and use such statement to contact accountants to determine their availability for the arbitration described in such statement. The list shall include biographical information with respect to the professional background and experience of each accountant listed thereon. The parties shall then combine these two (2) lists and then each rank the accountants from most preferred to least preferred. Ratings shall be assigned to each accountant on the ranked list prepared by each party in order from twenty (20) points to one (1) point, with twenty (20) points being assigned to the first-listed accountant, nineteen (19) points to the second-listed accountant, etc. The listed accountant that is available and receives the highest combined score from the parties shall be the third arbitrator. In the event more than one listed accountant is available and receives the highest score, the two arbitrators previously selected shall select the third arbitrator by lot from

such highest scoring accountants. The three certified public accountants so selected as arbitrators (the "Arbitrators") shall arbitrate the Accounting Dispute.

(c) In any arbitration hereunder, each party may be represented by counsel, shall have the right to reasonable discovery including the right (x) to serve written interrogatories and demands for documents and (y) to depose witnesses. In the event of a dispute concerning any discovery issue, the Arbitrators shall resolve any discovery dispute. Each party shall have the right to fully present its case to the Arbitrators including the right to cross examine witnesses against it. A stenographic record of the proceedings shall be maintained. The Arbitrators shall conduct the arbitration proceedings at a time and place of their choosing so long as the site of such proceedings is within the Port of New York District.

(d) The Arbitrators shall, as promptly as practicable and in no event later than forty-five (45) days following the date the matter is fully submitted to the Arbitrators by the parties, deliver to the Lessee and the Port Authority a report (the "Accounting Dispute Report"), in which the Arbitrators shall, after considering all matters set forth in the Dispute Notice, determine what adjustments, if any, should be made to the matters in dispute in order that statements regarding financial matters complying with the terms of this Agreement may be prepared. The Accounting Dispute Report shall include an explanation, in reasonable detail, of the Arbitrators' determination with respect to each of the issues specified in the Dispute Notice, including the necessary adjustments in the amounts set forth in such statements, if any, together with supporting calculations.

(e) The reasonable costs and expenses including legal fees, disbursements and other legal expenses of each party and the fees and disbursements of the Arbitrators shall be included in the Permitted O&M Expenses as provided in Exhibit 8.1. Such inclusion shall be in lieu of any award by the Arbitrators for costs, expenses or other sums related to the conduct of the arbitration. The Accounting Dispute Report shall be final and binding upon the Port Authority and the Lessee, and shall be deemed a final arbitration award. Judgment upon the award may be

entered by any court having jurisdiction over the relevant party or its assets.

(f) Any disagreement between the parties as to whether a dispute, difference or question is subject to arbitration pursuant to this question shall be decided by a court of competent jurisdiction.

Section 62. Handling Services

(a) As used in this Agreement, the term "Handling Services" shall mean and include, collectively, those services commonly known as "Ramp Services" which include, but are not limited to, aircraft ground handling, interior and exterior aircraft cleaning, baggage loading and unloading from aircraft, the transportation of passengers to and from aircraft for the purpose of enplanement and deplanement and the performance of ground services incidental to flight, such as pre-flight briefing of air crews, and those service commonly known as "Passenger Handling Services", which include, but are not limited to, passenger ticketing, passenger assistance and passenger information services.

(b) Except as may otherwise be agreed to by the Port Authority, it is expressly understood and agreed that the Lessee shall have no right, permission, approval or consent hereunder to perform Handling Services for any Person at the Premises, and further, that although each of the Airline Sublessees may perform the Handling Services for itself at the Premises, such Airline Sublessee may choose to retain a contractor to provide Handling Services to it, provided that the Airline Sublessee shall use only as a Ramp Services contractor or a Passenger Handling Services contractor, a Person which both at all times (x) holds a privilege permit from the Port Authority therefor (a "Handling Permittee") and (y) is designated by the Lessee to provide such services at the Premises. Subject to Section 62(c), the Lessee may permit any Airline Sublessee designated as a "Signatory Carrier" pursuant to Section 43 hereof to perform Handling Services at the Premises under and pursuant to its Consent Agreement and subject to such additional terms as the Lessee may impose. Such Consent Agreement shall provide that the Port

Authority and the Lessee shall have the right upon the mutual convenience of the Lessee and the Port Authority to revoke separately such right to perform Handling Services, such right not to be revoked except in conformance with such Consent Agreement.

(c) The performance of Handling Services by any Handling Permittee or any Signatory Carrier at the Premises may be conditioned by the Lessee on the payment by each Handling Permittee or Signatory Carrier of Lessee Handling Funds not in excess of the Port Authority Handling Fee.

(d) The Port Authority shall remit to the Lessee fees received from Handling Permittees with respect to the Premises.

Section 63. Signs

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

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

Section 64. Obstruction Lights

The Lessee shall furnish such obstruction lights as the Port Authority shall direct, of the type and design approved by the Port Authority, and shall install said lights in the locations on the Premises designated by the Port Authority and shall maintain them in first class operating condition at all times. The Lessee shall furnish and install the bulbs and furnish the electricity necessary for the operation of said lights, and shall operate the same in accordance with the directions of the Port Authority. The Port Authority hereby directs that all said obstruction lights shall, until further notice be operated daily for a period commencing thirty (30) minutes before sunset and ending thirty (30) minutes after sunrise (as sunset and sunrise may vary from day to day throughout the year) and for such other periods as may be directed or requested by the control tower at the Airport.

Section 65. Termination by the Lessee

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

(i) If all the Airline sublessees shall be prevented from operating their air transportation system to and from the Airport by reason of their inability to use a substantial part or all of the runways and taxiways, as hereinafter defined:

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

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

(3) for a period of longer than ninety (90) 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 said Sublessees

with which the said Sublessees are unable to comply at reasonable cost or expense; or

(ii) The Port Authority shall fail to perform any of its obligations under this Agreement 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 such 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 provided that the Lessee shall not have the right to terminate this Agreement without the consent of the Trustee so long as the Passenger Terminal Bonds are outstanding.

Section 66. Effect of Termination by the Lessee

(a) If the Lessee terminates the letting pursuant to the provisions of Section 65(a)(i) then the Port Authority may at its option, pay to the Lessee the Unamortized Capital Investment, if any. Such option shall be evidenced by notice in writing to the Lessee by the Port Authority within sixty (60) days after the Lessee has given notice of termination. The failure of the Port Authority to exercise the said option will impose no obligation upon it to relet the Premises.

(b) If the Lessee terminates the letting pursuant to the provisions of Section 65(a)(ii) then the Port Authority may, at its option, pay to the Lessee the Unamortized Capital Investment, if any. Such option shall be evidenced by notice in writing to the Lessee by the Port Authority within sixty (60) days after the Lessee has given notice of termination. If the Port Authority fails to exercise such option, then the Port Authority shall use commercially reasonable efforts to relet the Premises.

(c) If the Port Authority relets the Premises prior to the date upon which this Agreement would have expired but for such termination, then the net rent paid by the new tenant to the Port Authority (after deducting any costs or expenses incurred by the Port Authority in securing said new tenant and in complying with the terms of this Agreement to such tenant, including but not limited to costs of alteration and decoration of such Premises, in the event of termination pursuant to the provisions of Section 65(a)(i), and after deducting any costs or expenses incurred by the Port Authority for the maintenance of said Premises or for services furnished to the new tenant and after deducting the amounts which would have been payable as rent by the Lessee but for such termination) shall be paid over by the Port Authority to the Lessee until said amounts paid over equal the Unamortized Capital Investment of the Lessee in the Premises as of the date of termination. The obligation of the Port Authority to pay over to the Lessee any net rent received from such new tenant shall endure only while such new tenant continues to pay rent and occupy such Premises, and only while the Unamortized Capital Investment of the Lessee in such Premises is

unamortized, and in no event is such obligation to pay over to endure beyond the date upon which this Agreement would have expired but for such termination.

Section 67. Brokerage

The Port Authority and the Lessee each represent and warrant that no broker has been concerned on its behalf in the negotiation of this Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Port Authority and the Lessee shall indemnify and save harmless the other party 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 (i) the negotiation and execution of this Agreement, or (ii) the negotiation and execution of any Subleases or the Consent Agreements applicable thereto; or both.

Section 68. Non-liability of Individuals; Limitations on Recourse

(a) Notwithstanding any other provision of this Agreement to the contrary, no (x) Commissioner, director, employee, committee member, manager, managing director, officer, agent, representative, nor any (y) owner, shareholder, member, partner, controlling Person, principal or ultimate beneficial owner, in each case whether direct or indirect, of the Port Authority or of the Lessee, or any Affiliate of the Port Authority or the Lessee or of any of the foregoing, shall be charged personally or held contractually liable by or to the other party, or any third-party beneficiary hereof, under, or in connection with, 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.

(b) Notwithstanding any other provision of this Agreement to the contrary, and as a material consideration for the Lessee's entry into this Agreement, it is acknowledged and agreed that: (x) neither the Port Authority (or any of its successors or assigns), nor any third party beneficiary hereof, shall have any recourse or shall make any claim under or in connection with this

Agreement, against (i) any member of the Lessee, or (ii) any of the Affiliates of the Lessee or of any such member, or (iii) any (A) officer, committee member, director, manager, managing director, employee, agent, representative or (B) owner, shareholder, member, partner, principal, controlling person or ultimate beneficial owner, in each case whether direct or indirect, of any of the Persons mentioned in clauses (i) or (ii) above, under, or in connection with, this Agreement and the sole recourse of the Port Authority (or its successors or assigns) and any third party beneficiary hereof shall be against the Lessee's assets irrespective of any failure of the Lessee to comply with applicable Law or any provision of this Agreement, and (y) neither the Port Authority (or its successors or assigns) nor any third party beneficiary hereof shall be subrogated, or have any right of subrogation, to any claim of the Lessee for any capital contributions to the Lessee from any member of the Lessee. The acknowledgments and agreements set forth in this Section are made expressly for the benefit of the Persons referred to in clauses (i), (ii) and (iii) above, individually or collectively.

(c) For the purposes of this Section, the protections afforded to the Lessee and its related persons or entities under this Section 68 shall also apply to and be deemed to protect (x) the Trustee, nominee of the Trustee, any successor to the Lessee, any Interim Terminal Operator or any Qualified Terminal Operator and (y) any (i) officer, committee member, director, manager, managing director, employee, agent or representative or (ii) controlling Person, shareholder, member, partner, principal or ultimate beneficial owner, in each case whether direct or indirect, of any of the Persons mentioned in clauses (x) or (y) above in respect of any obligations hereunder or under any of the Security Documents.

Section 69. <u>Rotary Wing and Tilt-Rotor Operations</u>

The Lessee hereby acknowledges that this Agreement 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 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 this Agreement, which is duly executed by the Lessee and the Port Authority.

Section 70. Force Majeure

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; and, provided, however that this provision shall apply neither to failures by the Lessee to pay the rentals specified in Section 8 nor to any other payments under this Agreement; and provided, further, that this provision shall not prevent either party from exercising its right of termination under Sections 25 or 65 hereof except to the extent the basis for such termination arises by virtue of the circumstances specifically set forth above in this Section.

Section 71. Relationship of the Parties

(a) The Lessee shall:

(i) Use its best efforts in every proper manner to develop and increase the business conducted by it under this Agreement;

(ii) Use reasonable efforts to operate the Premises on an economic and efficient basis; and

(iii) Not divert or cause or allow to be diverted, any business from the Airport.

(b) Except as provided in Section 12, this Agreement does not constitute the Lessee as the agent or representative of the Port Authority for any purpose whatsoever. Neither a partnership nor any joint venture is hereby created, notwithstanding the fact that certain payments to the Port Authority pursuant to Section 8 hereof are to be determined on the basis of a percentage of the Lessee's net revenues and specified portions of the Lessee's Gross Revenues and notwithstanding the fact certain other payments to the Port Authority pursuant to Section 8 hereof may be determined on the basis of revenues payable to the Lessee.

(c) Neither the mention of, description of or reference to any member of the Lessee or to any other Person, including without limitation any Sublessee shall grant or be deemed to grant to such person any rights or remedies hereunder or otherwise.

Section 72. In-Flight Meals

(a) If any Sublessee desires to prepare, for its exclusive use, In-Flight Meals for consumption by passengers and crew on board aircraft operated by a Sublessee 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 any Sublessee does so directly, it shall do so only on space located outside the CTA. The foregoing, however,

shall create no obligation on the part of the Port Authority to provide such space and shall in no way be deemed a commitment by the Port Authority that any such space shall be available. If any Sublessee 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. The Lessee shall have no right hereunder to charge any separate fee to any In-Flight Meal Operator in connection with the preparation and delivery of In-Flight Meals to the Premises.

(b) Any Sublessee shall have the further right, either directly or through an independent contractor of its choice, satisfactory to the Port Authority, or by arrangements, jointly with one or more other users at the Airport, to employ a contractor satisfactory to the Port Authority, to prepare outside the Airport and to deliver at the Airport to aircraft operated by a Sublessee, in-flight meals for consumption by passengers and crew on board such aircraft, provided, however, that if a Sublessee employs a contractor either alone, or, by arrangement, jointly with one or more other users at the Airport for the preparation, outside the Airport, of In-Flight Meals, then such Sublessee 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.

(c) (i) The Lessee has advised that one or more of its Airline Sublessees may use more than one independent contractor to furnish its In-Flight Meals at the Airport but may not wish to have all of said contractors become permittees of the Port Authority under permits which require, as aforesaid, the permittees to pay fees at the rates imposed on the Port Authority's In-Flight Meal Operators upon gross receipts based on amounts the Airline Sublessees pay said contractors.

(ii) Should any Airline Sublessee elect not to have all its independent contractors be Port Authority permittees as aforesaid, such Airline Sublessee shall serve a written notice on

the Port Authority to such effect which notice shall state that it elects the method of additional payment as hereinafter set forth and thereupon the Port Authority shall consent thereto provided that, in addition to the amounts payable to the Port Authority under paragraphs (a) and (b) above, such Airline Sublessee shall pay directly to the Port Authority an amount determined by applying the rates referred to in subparagraph (i) above to the amounts payable by such Airline Sublessees to said independent contractors for In-Flight Meals or any part thereof delivered to a Airline Sublessee's aircraft at the Airport (whether such delivery be by said independent contractor, or another). The foregoing payments by such Airline Sublessees shall be made monthly on the 20th day of the month commencing with the first month immediately following the Airline Sublessee's notice and continuing each month thereafter up to and including the 20th day of the month following the Expiration Date. Any such Airline Sublessee at any time on at least thirty (30) days' prior written notice to the Port Authority may change from its selection above and any such Airline Sublessee may at any time advise the Port Authority that this paragraph (c) no longer applies to it based upon its representation, that it then shall make, that all payments made by it for In-Flight Meals shall be made to its contractors who are permittees of the Port Authority as In-Flight Meal Operators.

(iii) It is hereby expressly recognized that the procedures allowed under this paragraph (c) are not included within the contemplation of the provisions of paragraphs (a) and (b) above and that the inclusion of the same within this paragraph (c) shall not constitute or be deemed to constitute any concession or agreement by the Port Authority that said procedures are not in violation of paragraphs (a) and (b) hereof.

Section 73. <u>Waiver of Depreciation</u>

(a) The Lessee hereby irrevocably elects in accordance with Section 142(b)(1)(B)(I) of the Internal Revenue Code of 1986 not to claim for purposes of federal, state or local taxation of income any depreciation deductions or investment credits, for which it may be eligible with respect to the Project and shall execute such an election on the Effective Date and furnish an

original counterpart thereof to the Port Authority. The Lessee further agrees that this irrevocable election shall be binding upon its successors in interest, if any, under this Agreement, and as a condition of any permitted sale or assignment of Lessee's interest under this Agreement any successor in interest shall furnish an irrevocable election to the Port Authority in the form executed by the Lessee on the Effective Date. 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 this Agreement.

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

Section 74. General Airport Agreement

It is recognized that the General Airport Agreement, and the principles and formulae set forth therein for the calculation of flight fees, including the costs recovery accounting principles, have by agreement or policy been the basis for determining flight fees payable by various Aircraft Operators at the Airport in addition to the Aircraft Operators who are the actual signatory lessees to the General Airport Agreement. In the event of the expiration and non-extension or non-renewal of the General Airport Agreement, the same formula, accounting principles and costs recovery methodology now set forth in the General Airport Agreement for the calculation of flight fees shall continue to be utilized for the calculation of flight fees at the Airport for the Sublessees until such time as the General Airport Agreement is formally replaced by a new agreement or agreements or by a new policy or policies. The Port Authority has advised the Lessee that it is the intention of the Port Authority that with respect to the formulae, accounting principles and the costs recovery methodology for the calculation of flight fees upon the expiration and non-extension or non-renewal of the General Airport Agreement all Aircraft Operators at the Airport which are similarly situated will be treated in a similar manner.

equal to the market rental value of the Premises during such period (discounted to reflect the then present value thereof). If at the time of such action the Port Authority has used and occupied or relet the Premises, the rental for the Premises obtained through such use and occupancy or reletting shall be deemed to be the market rental value of the Premises or be deemed to be the basis for computing such market rental value if less than the entire Premises were used or occupied or relet. In no event shall any credit allowed to the Lessee against its damages for any period exceed the then present value of the annual rental which would have been payable under this Agreement during such period if a termination or cancellation had not taken place.

(d) In addition to and without limiting the foregoing or any other right, claim or remedy of the Port Authority, in the event this Agreement shall be terminated pursuant to Section 25 hereof and the Lessee shall not have completed the Construction Work, as defined in Section 18 hereof, or any portion thereof within the time period specified in Section 18 (d)(i)(1) hereof, the Lessee shall and hereby agrees to pay to the Port Authority any and all amounts, costs or expenses of any type whatsoever paid or incurred by the Port Authority (out of funds other than those available pursuant to Sections 18 and 22) by reason of the failure of the Lessee so to complete the Construction Work, or any portion thereof, including all interest costs, damages, losses, and penalties, and all of the same shall also be deemed treated as survived damages hereunder in addition to the foregoing.

(e) The indemnification obligations of the Lessee and the Port Authority under this Agreement shall survive any termination or expiration of this Agreement.

Section 29. Reletting by the Port Authority

The Port Authority, upon the effective date of termination pursuant to Section 25 hereof, may occupy the Premises or may relet the Premises, and shall have the right to permit any Person 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 pursuant to the said Section 25 or upon its re-entry, regaining or resumption of possession pursuant to Section 26, have the right to repair or to make structural or other changes in the Premises including changes which alter the character of the Premises and the suitability thereof for the purpose of the Lessee under this Agreement, without affecting, altering or diminishing the obligations of the Lessee hereunder. In the event either of any reletting or of any actual use and occupancy by the Port Authority (the mere right of the Port Authority to use and occupy not being sufficient however) there shall be credited to the account of the Lessee against its survived obligations under Section 28 hereof solely with respect to Ground and Building Rental as referred to in Section 28(b)(i) and Port Authority expenses as referred to in Section 28 (b)(ii), 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 in effect immediately preceding such termination, regaining or resumption of possession of 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 30. <u>Remedies to be Non-Exclusive</u>

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. Notwithstanding the foregoing, without the consent of the Trustee, the Port Authority shall not have the right to terminate this Agreement or the Term hereof except in accordance with

Section 25 and the Lessee shall not have the right to terminate this Agreement on account of any breach by the Port Authority of any covenant or agreement hereunder or otherwise, without the prior written consent of the Trustee so long as any Passenger Terminal Bonds remain outstanding.

Section 31. Restriction on Transfer

(a) (i) The Lessee represents as of the Effective Date that (x) the organization chart shown in Exhibit 31.1 is a true, correct and complete representation of the ownership structure of the Lessee and its parent entities (each such parent entity, including without limitation each member of the Lessee, a "Designated Entity") (except for the ownership interest of less than one percent (1%) in Schiphol Management Services B.V. ("SMS") that is owned by N.V. Luchthaven Lelystad (the "Lelystad Interest")) and (y) the shareholders of LCOR Incorporated ("LCOR") and LCOR Investment Corporation ("LIC") are Eric Eichler, Kurt Eichler, Peter DiLullo and J. Patrick Armstrong.

(ii) The requirements contained in the following items (1) and (2) of this subparagraph (ii) (the "Ownership Requirements") shall be true at all times, and it shall be a material default under this Agreement if the Ownership Requirements are violated:

(1) Schiphol USA LLC ("SUSA") shall directly own and control a membership interest in the Lessee that is greater than or equal to the membership interest of each other member of the Lessee. For purposes of the foregoing, separate membership interests in the Lessee held directly or indirectly by related entities shall be deemed to constitute a single membership interest in the Lessee, as illustrated by the following examples:

Example 1. SUSA owns a 50% membership interest in the Lessee and the other membership interests in the Lessee are 30% and 20% (irrespective of whether held by related or unrelated entities, because SUSA's membership percentage would, in either case, be greater than or equal to, but not

less than, the largest single percentage membership interest in the Lessee).

Example 2. SUSA owns a 35% membership interest in the Lessee and the other membership interests in the Lessee, held by entities unrelated to SUSA and to each other, are 35% and 30%.

(2) N.V. Luchthaven Schiphol ("Schiphol")(or any successor entity) shall:

(A) prior to the third anniversary of DBO, (x) Directly or Indirectly Own and control at least one hundred percent (100%) of SUSA (except for the Lelystad Interest) and (y) Directly or Indirectly Own and control at least one hundred percent (100%) of, and be (or own and control one hundred percent (100%) of, or be under one hundred percent (100%) common ownership and control with or by) the operator of, a principal international airport serving the city of Amsterdam ("Amsterdam Airport"), and

(B) on and after the third anniversary of DBO,(x) Directly or Indirectly Own and control at least fifty-one percent (51%) of SUSA and (y) Directly or Indirectly Own and control at least fifty-one percent (51%) of, and be (or own and control fifty-one percent (51%) of, or be under fifty-one percent (51%) common ownership and control with or by) the operator of, Amsterdam Airport.

(iii) "Direct or Indirect Owner" or to "Directly or Indirectly Own" shall refer to ownership on a cumulative basis, whether or not through subsidiaries, and "Direct or Indirect Ownership" shall mean the percentage of such cumulative ownership. For example, if Schiphol's 80% directly-owned subsidiary directly owns 80% of SUSA, Schiphol is the Direct or Indirect Owner of 64% of SUSA, and Schiphol's Direct or Indirect Ownership in SUSA is 64%.

(iv) The breach of the requirements contained above in subparagraph (ii) of this paragraph (a) shall constitute a

material default under this Agreement, giving rise to a right of termination by the Port Authority under Section 25(a) hereof, subject to the provisions of Section 25, including paragraph (b) thereof.

(b) (i) No Transfer (as defined in subparagraph (ii) below) may be made without the prior written consent of the Port Authority, and any Transfer made without such consent shall constitute a material default under this Agreement, giving rise to a right of termination by the Port Authority under Section 25(a) hereof, subject to the provisions of Section 25, including paragraph (b) thereof.

(ii) "Transfer" shall mean the sale, assignment, pledge, hypothecation or other voluntary transfer of any interest in the Lessee or any Designated Entity, and shall include *but not be limited to* (1) the sale, assignment, redemption or transfer of outstanding stock of or membership interest in, respectively, any corporation or any limited liability company that is the Lessee or a Designated Entity or that is the general partner of any partnership that is the Lessee or a Designated Entity, (2) the issuance of additional stock or membership interest in, respectively, any corporation or limited liability company that is the Lessee or a Designated Entity or that is the general partner of any partnership that is the Lessee or a Designated Entity, and (3) the sale, assignment, redemption or transfer of any general or limited partner's interest in, or the admission of a new partner to, a partnership that is the Lessee or a Designated Entity or that is a general or limited partner of any partnership that is the Lessee or a Designated Entity (provided, however, that a voluntary bankruptcy of Lehman JFK LLC ("LB JFK"), Lehman JFK MM Inc. ("LB MM"), Lehman JFK Non-MM Inc. ("LB Non-MM"), Lehman Brothers Holdings Inc. ("Lehman Brothers"), LCOR JFK Airport, L.L.C. ("LCOR JFK"), LCOR or LIC (or any Person (x) under one hundred percent (100%) common ownership and control with LB JFK or LCOR JFK and (y) deemed a Designated Entity under paragraph (c)(ii) of this Section 31 shall not constitute a Transfer).

(iii) Notwithstanding any other provision of this Section 31 or this Agreement, any pledge or hypothecation by

Schiphol of any or all of its assets in connection with financing from one or more third parties (a "Schiphol Pledge") shall not constitute a Transfer hereunder, provided, however, that this sentence shall not apply to a financing for which a pledge of the portion of Schiphol's assets consisting of its indirect interest in SUSA is a substantial part of the collateral, which pledge shall constitute a Transfer hereunder; provided, further, that it is expressly understood and agreed that any violation of the Ownership Requirements resulting from a foreclosure upon a Schiphol Pledge shall constitute a material breach of this Agreement, as provided above in this Section 31; provided, further, that the term "any successor entity" in the definition of "Ownership Requirements" shall include a foreclosing lender and a purchaser in foreclosure. The Lessee shall give notice to the Port Authority of a pledge or hypothecation by Schiphol which includes its indirect interest in SUSA, setting forth the identity of the pledgee and the general nature of the transaction, and stating that such transaction is not a financing for which a pledge of the portion of Schiphol's assets consisting of its indirect interest in SUSA is a substantial part of the collateral. Failure to give such notice shall not constitute such transaction a Transfer, shall not constitute a material breach of this Agreement and shall be subject to the notice and cure provisions of Section 25(a)(x), as further provided in the remaining provisions of Section 25. No notice shall be required with respect to any transaction which does not involve a direct or indirect interest in SUSA.

(iv) Notwithstanding any other provision of this Section 31 or this Agreement, any pledge or hypothecation by SMS of all (but not less than all) of its general revenues in connection with financing from one or more third parties, to the extent that the amount of such financing does not exceed the fair market value of SMS's assets other than its assets consisting of its Direct or Indirect Ownership in SUSA, shall not constitute a Transfer hereunder, provided, however, that it is expressly understood and agreed that any violation of the Ownership Requirements resulting from a foreclosure upon such pledge or hypothecation shall constitute a material breach of this Agreement, as provided above in this Section 31. The Lessee shall give notice to the Port Authority of a pledge or

hypothecation by SMS (while it remains a Designated Entity) of all of its general revenues, setting forth the identity of the pledgee and the general nature of the transaction, and stating that the amount of such financing did not exceed the fair market value of SMS's assets other than its assets consisting of its Direct or Indirect Ownership in SUSA. Failure to give such notice shall not constitute such transaction a Transfer, shall not constitute a material breach of this Agreement and shall be subject to the notice and cure provisions of Section 25(a)(x), as further provided in the remaining provisions of Section 25. No notice shall be required with respect to any transaction which does not involve a direct or indirect interest in SUSA.

(v) Notwithstanding any other provision of this Section 31 or this Agreement, any pledge or hypothecation by LCOR and/or LIC of all (but not less than all) of their respective general revenues in connection with financing from one or more third parties, to the extent that the amount of such financing does not exceed, on a fair market basis as certified by the Chief Financial Officer (or equivalent) of such company, the value of the assets of LCOR and/or LIC, as the case may be, other than their respective assets consisting of their respective Direct or Indirect Ownership interests in LCOR JFK, shall not constitute a Transfer hereunder; provided, however, that any foreclosure on such pledge or hypothecation shall constitute a Transfer and shall require Port Authority consent unless it meets the requirements of paragraph (e)(i)(2) below, in which event Port Authority consent shall not be required.

(vi) Notwithstanding any other provision of this Section 31 or this Agreement, there shall be at all times not more than three members of the Lessee, unless the Port Authority shall consent otherwise.

(c) Notwithstanding the prohibition contained in paragraph (b) of this Section, or any other provision of this Agreement, but subject always and in all events to the Ownership Requirements, the prior written consent of the Port Authority shall not be required with respect to any Exempt Transfer effected in accordance with the terms and conditions of this Section. "Exempt Transfer" shall mean any of the Transfers set

forth below in subparagraphs (i) through (viii) of this paragraph (c).

(i) Any Transfer where the transferee is a Designated Entity (including without limitation Transfers between or among members of the Lessee, subject always to the Ownership Requirements); provided, however, that any Designated Entity shall cease being a Designated Entity for purposes of this Section 31 if its Direct or Indirect Ownership of the Lessee becomes zero, it being understood that, for example, if Schiphol transfers its interest in SMS to a third party and, prior to or contemporaneous with such transfer, all of SMS's direct or indirect interest of any kind in SUSA is transferred by SMS to Schiphol, then in such event such third-party transfer shall not constitute a Transfer hereunder; provided, further, that no Transfer shall be permitted under this subparagraph (i) if the result of such Transfer would be to effect indirectly a Transfer that, if made directly, would require the Port Authority's consent, as exemplified by the following Transfer, which would *not* be permitted and would *not* constitute an Exempt Transfer pursuant to this subparagraph (i):

> A 95% interest in Schiphol USA Inc. is transferred to a newly created entity wholly owned and controlled by SMS (an Exempt Transfer under subparagraph (ii) of this paragraph (c)). After the third anniversary of DBO, the entire interest in Schiphol North American Holding Inc. ("North American"), which now retains only a 5% Direct or Indirect Ownership interest in SUSA, is then transferred to an unrelated entity ("Third Party") (pursuant to paragraph (e)(i)(3) of this Section). At this point, a Transfer to North American, notwithstanding that North American is still a Designated Entity, would not be permitted as an Exempt Transfer, because such Transfer would in substance be a Transfer to Third Party, otherwise subject to the provisions of paragraphs (e) and (f) of this Section. The foregoing percentages are intended to be illustrative and not limiting.

(ii) Any Transfer where the transferee or transferees are each Persons under one hundred percent (100%) common ownership and control with the transferor, provided that such

Person, and each Person that is a Direct or Indirect Owner (excluding any Direct or Indirect Owner of an interest in Schiphol, provided that such exclusion shall not cause any existing Designated Entity to cease being a Designated Entity) of such Person, shall thereupon be deemed a Designated Entity under, and subject to the restrictions of, this Section 31.

(iii) Any Transfer of any interest in Schiphol.

(iv) Any Transfer of any interest in Lehman Brothers Holdings Inc.

(v) Any Transfer or Transfers of Economic Interests in LB JFK, LB MM, LB Non-MM or any Designated Entity affiliated with LB JFK, corresponding, in the aggregate, to Direct or Indirect Ownership (not counting more than once all or any portion of such Direct or Indirect Ownership interest that is transferred more than once) of a twenty percent (20%) membership interest in the Lessee, provided, however, that all such Transfers closing prior to the third anniversary of DBO shall not, in the aggregate, exceed an Economic Interest corresponding to a Direct or Indirect Ownership (not counting more than once all or any portion of such Direct or Indirect Ownership interest that is transferred more than once) of a fifteen percent (15%) membership interest in the Lessee. For purposes of the foregoing, "Economic Interest" shall mean a participation in cash flow and/or profits and losses, where no vested or contingent voting or management rights are acquired by the participant in such cash flow and/or profits and losses.

(vi) Any Transfer or Transfers of ownership interests in LCOR or LIC to individuals who are bona fide current or future key employees of LCOR or LIC, provided, that at all times one or more of Eric Eichler, Kurt Eichler, Peter DiLullo and J. Patrick Armstrong and transferees pursuant to Section 31(c)(vii) below shall (x) own not less than an aggregate of 51% of the total ownership interests in LCOR or LIC, as the case may be, calculated on a post-Transfer basis and (y) maintain management control of LCOR and LIC.

(vii) Any Transfer of an ownership interest in LCOR or LIC (x) by will or the laws of descent and distribution to any immediate family member of the owner of such interest, (y) to any immediate family member of such owner or (z) to a trust for the benefit of an immediate family member of such owner. "Immediate family member" shall mean parent, spouse, sibling, child or grandchild.

(viii) Any Transfer or series of Transfers the only effect of which is a change in the form of legal entity of a Designated Entity.

(d) (i) The Lessee shall notify the Port Authority not later than five (5) business days following the occurrence of an Exempt Transfer, giving full particulars of the Exempt Transfer, and shall promptly furnish such further information and documentation relating to the Transfer as the Port Authority may reasonably require; provided, however, that (x) with respect to the Exempt Transfers described in paragraph (c)(v) above, the information to be provided by the Lessee to the Port Authority, with respect to both initial sales and resales other than on a public market, shall consist only of the identity of the transferee and the percentage of the total Economic Interests transferred, and no notification shall be required as to resales of such Economic Interests on a public market, and (y) no notification shall be required with respect to the Exempt Transfers described in paragraph (c)(iv) above or with respect to such of the Exempt Transfers described in paragraph (c)(iii) above as are resales of shares or other securities on a public market.

(ii) It is understood and agreed that while a failure to provide the foregoing notification shall constitute a breach under this Agreement (subject to the notice and cure provisions hereof), any such failure shall not invalidate or otherwise vitiate the effectiveness of such Exempt Transfer.

(e) (i) Notwithstanding the prohibition contained in paragraph (b) of this Section, or any other provision of this Agreement, but subject always and in all events to the Ownership Requirements, commencing upon the third anniversary of DBO, the

Port Authority's consent to the Transfers set forth below in this subparagraph (i) of paragraph (e) shall not be unreasonably withheld so long as such Transfers comply with the conditions set forth in subparagraph (ii) and (iii) below.

(1) Any Transfer or Transfers of ownership interests in LB JFK, LB MM, LB Non-MM or any Designated Entity affiliated with LB JFK, provided, that all such Transfers shall not in the aggregate exceed Direct or Indirect Ownership (not counting more than once all or any portion of such Direct or Indirect Ownership interest that is transferred more than once) of a twenty percent (20%) membership interest in the Lessee.

(2) Any Transfer or Transfers aggregating up to forty-nine percent (49%) of the total Direct or Indirect Ownership (not counting more than once all or any portion of such Direct or Indirect Ownership interest that is transferred more than once) in LCOR JFK, calculated on a post-Transfer basis, such percentage limitation to include Transfers to employees of LCOR and LIC pursuant to subparagraph (vi) of paragraph (c) above, provided, that at all times one or more of Eric Eichler, Kurt Eichler, Peter DiLullo and J. Patrick Armstrong and transferees pursuant to Section 31(c)(vii) above shall (x) own not less than an aggregate of 51% of the total ownership interests in LCOR or LIC, as the case may be, calculated on a post-Transfer basis and (y) maintain management control of LCOR and LIC.

(3) Any Transfer or Transfers aggregating up to forty-nine percent (49%) of the total Direct or Indirect Ownership (not counting more than once all or any portion of such Direct or Indirect Ownership interest that is transferred more than once) in SUSA.

(ii) All transferees of Transfers pursuant to the foregoing subparagraph (e)(i) shall:

(1) in the reasonable opinion of the Port Authority, have a reputation for honesty, integrity and reliability and be creditworthy,

(2) have, or be a wholly-owned subsidiary of an entity or entities that has or have, a substantial net worth in relation to the magnitude of the Transfer,

(3) not be an existing terminal operator at a Port Authority airport,

(4) disclose the full identity of each beneficial owner of a ten percent (10%) interest in the transferee, and

(5) make the certification provided in the following paragraph (iii).

(iii) The proposed transferee shall, with respect to itself and each officer that is (or would be, if the proposed transferee were a publicly held company) required to file for purposes of Sec. 16(a) of the Securities Exchange Act of 1934, each director and each Affiliate (other than an Affiliate that the proposed transferee does not actually control) of the proposed transferee, and each beneficial owner of a ten percent (10%) or more interest in the proposed transferee (a "10% Owner")(other than any 10% Owner that is a public company that does not actually control the proposed transferee)(the proposed transferee and any such officer, director, Affiliate or 10% Owner, "It"), make the disclosures and certifications numbered 1 through 9 below; provided, however, that if the proposed transferee has failed to obtain the information necessary to make the following disclosures and certifications with respect to 10% Owner(s) owning up to twenty percent (20%) of the proposed transferee in spite of the proposed transferee's having used its best efforts to obtain such information, and the proposed transferee so certifies to the Port Authority, then the "conditions set forth in subparagraph (ii) and (iii)", as provided in paragraph (e)(i) above, shall be deemed to have been complied with; provided, further, that if the Port Authority withholds its consent to the Transfer then being proposed, such withholding of consent shall not be deemed to be unreasonable solely by reason of such deemed compliance.

(1) disclose every name, trade name or abbreviated name or federal taxpayer identification number ever used by It;

(2) disclose whether it has, within the five (5) years preceding the date of the disclosure, been party to an agreement which was terminated by the Port Authority, for any reason, prior to its expiration date (other than any such party with which the Port Authority has subsequently entered into another agreement relating to similar subject matter, and other than IAB tenants as of the date hereof);

(3) certify that It is not, as of the effective date of the Transfer, in default under any agreement with the Port Authority and has not been, within the five years preceding the date of the certification, in default, beyond any applicable grace period, under any agreement with the Port Authority;

(4) certify that currently It is not suspended, debarred, found not responsible or otherwise disqualified from entering into any contract with any governmental agency or been denied a government contract for failure to meet standards related to integrity; and disclose whether, within the five (5) years preceding the date of the disclosure, it has been suspended, debarred, found not responsible or otherwise disqualified from entering into any contract with any governmental agency or been denied a government contract for failure to meet standards related to integrity;

(5) disclose whether within the five (5) years preceding the date of the disclosure It has had a contract terminated by any governmental agency for breach of contract or for any cause based in whole or in part on indictment or conviction;

(6) disclose whether within the five (5) years preceding the date of the disclosure It has had any business or professional license suspended or revoked or had any single sanction imposed in excess of $500,000 as a result of any judicial or administrative proceeding with respect to

any license held or with respect to any violation of a federal, state or local environmental law, rule or regulation;

(7) disclose whether within the twenty-five (25) years preceding the date of the disclosure It has ever had any sanction imposed as a result of a judicial or administrative proceeding related to material fraud (and within the preceding ten (10) years, with respect to fraud that is not material), extortion, bribery, bid rigging, embezzlement, material misrepresentation or material anti-trust violation regardless of the dollar amount of the sanctions or the date of their imposition;

(8) disclose whether It is currently the subject of a criminal investigation by any federal, state or local prosecuting or investigative agency and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency; and

(9) disclose whether it has during the five (5) years preceding the date of the disclosure been indicted or convicted of any crime or material offense in any jurisdiction.

(f) All Transfers (including Transfers specifically referred to in this Section, as well as all other Transfers of any kind, but excluding Exempt Transfers and Transfers of ownership interests in LB JFK, LB MM, LB Non-MM and any Designated Entity under 100% common ownership and control with or by LB JFK pursuant to item (1) in subparagraph (i) of paragraph (e) above) shall be subject to the conditions set forth below in subparagraphs (i) and (ii) of this paragraph (f).

(i) There shall be paid to the Port Authority, not later than the closing of such Transfer, an amount (the "Port Authority Transfer Participation") equal to ten percent (10%) of (x) the Adjusted Gross Proceeds relating to such Transfer or, if the Transfer is of interests representing assets in addition to a direct or indirect interest in the Lessee (such direct or indirect interest, the "Lessee Interest"), (y) the IAT Percentage

of such Adjusted Gross Proceeds. "Adjusted Gross Proceeds" shall mean Gross Proceeds net of an amount equal to the lesser of (x) total arm's-length transaction costs paid to third parties, including without limitation appraisal fees but not including taxes or other governmental fees and charges of any kind, and (y) one percent (1%) of Gross Proceeds. "Gross Proceeds" shall mean all value given as consideration for such Transfer, and shall include, without limitation, all cash proceeds, the fair market value of any property, any indebtedness assumed or forgiven and any purchase money note or debt obligation made in connection with such Transfer. "IAT Percentage" shall mean the percentage that equals the ratio, calculated on a fair market value basis, of (x) the value of the Lessee Interest to (y) the Gross Proceeds. References in this paragraph (f) to "fair market value" shall mean the fair market value as established by an independent appraisal by a nationally recognized firm, appropriately experienced in the valuation of the types of assets in question, acceptable to both parties.

(ii) Not later than the closing of such Transfer, the Port Authority shall be furnished with a statement, certified by the Lessee (or an officer, general partner or member of the Lessee, as the case may be), setting forth the amount of Adjusted Gross Proceeds, appropriately broken down. There shall be promptly provided to the Port Authority such further information and documentation relating to such Transfer as the Port Authority may reasonably require.

(iii) Notwithstanding the foregoing (but subject always and in all events to the Ownership Requirements), if a Transfer is a Strategic Transfer, the Port Authority Transfer Participation shall not be paid as provided in subparagraph (i) above, but shall instead be paid at the time and in the manner provided in subparagraph (iv) below. "Strategic Transfer" shall mean a Transfer of a Direct or Indirect Ownership interest in SUSA in a merger or consolidation with a third party in the airport industry for the principal purpose of enhancing the potential of SUSA and/or its Direct or Indirect Owners with respect to such matters as increasing market share or ability to do business internationally and/or combining complementary skills (as distinguished from a Transfer whose principal purpose is to

realize a profit derived from SUSA's direct or indirect interest in the Lessee and in the Project).

(iv) At the time of a Strategic Transfer, the Port Authority Transfer Participation shall be calculated in the manner set forth in subparagraph (i) above, and shall be paid as follows:

(1) if any portion of the Gross Proceeds is cash or cash equivalents (including without limitation any indebtedness assumed or forgiven and any purchase money note or debt obligation), then the corresponding portion of the Port Authority Transfer Participation shall be paid at the closing of the Strategic Transfer, and

(2) the balance of the Port Authority Transfer Participation (the "Deferred Port Authority Transfer Participation") shall bear interest at the rate of six and one-half percent (6½%), calculated on an Annual Basis, and shall be paid, on a preferred basis, as and when distributions of cash or cash equivalents in respect of ownership interests in the merged or other entity resulting from the Strategic Transfer (the "Merged Entity") are to be received by the owners of any Merged Entity, until the Deferred Port Authority Transfer Participation, together with accrued interest at the rate provided above, has been reduced to zero.

(g) Notwithstanding this Section 31 or any other provision of this Agreement, a loan or deemed loan from one or more members in the Lessee to one or more other such members (payable from distributions otherwise payable by the Lessee to such other member(s)) in a case in which such other member(s) do not exercise a right to make certain contributions to the Lessee, shall not be deemed a Transfer and therefore shall not be subject to the Port Authority's consent hereunder, provided, however, that any associated transfer of management rights shall constitute a Transfer under, and subject to the provisions of, this Section 31.

(h) In all events, and notwithstanding any other provision of this Section, no Transfer shall be permitted that would entail a violation of the Port Authority Code of Ethics or the relevant conflict of interest rules.

Section 32. 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 excepting (x) reasonable wear and tear that does not affect water tightness or structural integrity arising from the use of the Premises to the extent such use is permitted elsewhere in this Agreement and (y) conditions due solely to the aging of the Premises. Notwithstanding the foregoing, the Environmental Condition of the Premises shall be as set forth in Section 42. On the date of such cessation, the Lessee shall turn over to the Port Authority all plans and specifications, operating manuals and spare parts and equipment used in operating the Premises to the extent that such items are part of the Lessee's Personal Property or are otherwise available for transfer to the Port Authority (excluding all other portions of the Lessee's Personal Property).

Section 33. 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 and the Trustee so long as any Passenger Terminal Bonds are outstanding. 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 34. Condemnation

(a) Definitions

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

(ii) As used in this Section with reference to any Premises or facilities leased to the Lessee for its exclusive use or with reference to the Public Landing Area, the phrase "Material Part" shall mean such a part of the said Premises or said Public Landing Area that the Lessee cannot continue to operate the Premises for the purposes set forth or mentioned in Section 6 hereof without using such part.

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

(i) Upon the acquisition by condemnation or the exercise of the power of eminent domain by any body having a superior power of eminent domain of a Permanent Interest in all or any part of the Premises or of a Permanent Interest in all or a Material Part of the Public Landing Area (any such acquisition under this Section hereinafter referred to as a "Taking"), the Port Authority shall purchase from the Lessee, and the Lessee shall sell to the Port Authority, the Lessee's leasehold interest (excluding any personal property whatsoever) in the Premises except that in the event of a Taking of less than all of the said Premises, the Port Authority shall purchase and the Lessee shall sell only so much of the Lessee's leasehold interest in the Premises as are taken. The sole and entire consideration to be

paid by the Port Authority to the Lessee shall be an amount equal to the Unamortized Capital Investment or, in the event of a Taking of less than all of the said Premises, an amount equal to the portion of the Unamortized Capital Investment properly allocable to the portion of the Premises so taken. However, the Port Authority shall purchase and the Lessee shall sell only if the consideration paid by the Port Authority therefor will constitute either an "amount required to redeem the Port Authority bonds issued for municipal air terminal purposes" within the meaning of said phrase as used in Section 23 I, A of the Basic Lease or "unamortized Port Authority funds other than bond proceeds or Federal or State grants expended for capital improvements at the municipal air terminals", within the meaning of said phrase as used in Section 23, I, D of the Basic Lease or if an amount not less than such consideration can otherwise be retained by the Port Authority (and not be required to be paid to the City of New York) out of the damages or award in respect to such Taking without violation of any obligation of the Port Authority to the City of New York under the Basic Lease provided, however, that in no event shall the full amount payable to the Lessee be in excess of the compensation paid to the Port Authority by such body having superior power of eminent domain properly allocable to the Premises or the portion thereof so taken, as the case may be. Such purchase and sale shall take effect as of the date upon which such body having superior power of eminent domain obtains possession of any such permanent interest in the demised Premises or in the Public Landing Area, as the case may be, and in that event, the Lessee (except with respect to its personal property), shall not have any claim or right to claim or be entitled to any portion of the amount which may be awarded as damages or paid as a result of such Taking, and all rights to damages, if any, of the Lessee (except for damages to its personal property) by reason thereof are hereby assigned to the Port Authority.

(ii) If, however, the amount to be paid by the Port Authority for such leasehold interest will not constitute either an "amount required to redeem the Port Authority bonds issued for municipal air terminal purposes" within the meaning of said phrase as used in Section 23 I, A of the Basic Lease or "unamortized Port Authority funds other than bond proceeds or

Federal or State grants expended for capital improvements at the municipal air terminals", within the meaning of said phrase as used in Section 23, I, D of the Basic Lease or if an amount properly allocable to the Premises not less than such consideration cannot otherwise be retained by the Port Authority (and not be required to be paid to the City of New York) out of the damages or award in respect to such Taking without violation of any obligation of the Port Authority to the City of New York under the Basic Lease, then the aforesaid agreement to purchase and sell said leasehold interest shall be null and void; and in any such event, the Lessee shall have the right to appear and file its claim for damages in the condemnation or eminent domain proceedings, to participate in any and all hearings, trials and appeals therein, and to receive such amount as it may lawfully be entitled to receive as damages or payment as a result of such Taking, because of its leasehold interest in the Premises, up to but not in excess of an amount equal to the Unamortized Capital Investment in the Premises or the portion of the Unamortized Capital Investment properly allocable to the portion of the Premises so taken. The Port Authority and the Lessee hereby agree that as full and final settlement of any sum that may be due as rent or otherwise with respect to the Premises or the portion thereof so taken for the balance of the term of this Agreement, the Lessee will pay to the Port Authority the excess, if any, which the Lessee may be entitled to receive over the foregoing sum. If there be no excess, any sum that may be due as rent or otherwise with respect to the Premises or the portion thereof so taken for the balance of the term of this Agreement shall abate.

(iii) In the event of the Taking of all of the Premises and if the Unamortized Capital Investment equals zero (0) dollars at the time of the Taking, then the aforesaid agreement to purchase and sell said leasehold interest shall be null and void; and in that event, this Agreement and all rights granted by this Agreement to the Lessee to use or occupy the Premises for its exclusive use or for its use in common with others at the Airport and all rights, privileges, duties and obligations of the parties in connection therewith or arising thereunder shall terminate as of the date of the Taking, and in that event, the Lessee (except with respect to its personal

property) shall not have any claim or right to claim or be entitled or paid as a result of such Taking, and all rights to damages, if any, of the Lessee (except for damages to its personal property) by reason thereof are hereby assigned to the Port Authority.

(iv) In the event that the Taking covers only a Material Part of the Premises, then the Lessee and the Port Authority shall each have an option exercisable by notice given within ten (10) days after the effective date of such Taking to terminate the letting hereunder with respect to the portion of the Premises not taken, as of the date of such Taking and such termination shall be effective as if the date of such taking were the original date of expiration hereof. If the Port Authority exercises this option, it shall purchase from the Lessee the Lessee's leasehold interest (excluding any personal property whatsoever) in the Premises not taken for a consideration equal to the the Unamortized Capital Investment in the portion of the Premises not taken. If the letting of the entire Premises is not terminated, the rentals after the date possession is taken by the body having a superior power of eminent domain shall be abated.

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

Upon the acquisition by condemnation or the exercise of the power of eminent domain by a body having a superior power of eminent domain of a Permanent Interest in less than a Material Part of the Public Landing Area, the Port Authority and the Lessee each shall have the right to appear and file claims for damages, to the extent of their respective interests, in the condemnation or eminent domain proceedings, to participate in any and all hearings, trials and appeals therein, and receive and retain such amount as they may lawfully be entitled to receive as damages or payment as a result of such Taking. However, if at the time of such Taking the Unamortized Capital Investment equals zero (0) dollars, in that event, the Lessee (except with respect to its personal property) shall not have any claim or right to claim or be entitled to any portion of the amount which may be awarded as damages or paid as a result of such Taking, and all rights to damages, if any, of the Lessee

(except for damages to its personal property) by reason thereof are hereby assigned to the Port Authority.

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

(i) Upon the acquisition by condemnation or the exercise of the power of eminent domain by a body having a superior power of eminent domain of a Temporary Interest in all or any part of the Premises or of a Temporary Interest in all or a Material Part of the Public Landing Area, there shall be no abatement of any rental payable by the Lessee to the Port Authority under the provisions of this Agreement but the Lessee shall have the right to claim and in the event of an award thereof shall be entitled to retain the amount which may be awarded as damages or paid as a result of the condemnation or other Taking of such Temporary Interest, provided, that the Lessee shall be obligated to pay over to the Port Authority all such payments as may be made to the Lessee as damages or in satisfaction of such claim, after deduction of (1) reasonable expenses incurred by the Lessee in the prosecution of such claim; (2) an amount equal to the Unamortized Capital Investment or in the event of a Taking of less than all of the said Premises, an amount equal to the Unamortized Capital Investment properly allocable to the portion of the Premises so taken, to the extent that the same is to be amortized over the period of the Taking; and (3) the then present capitalized value of the Lessee's obligation for rentals thereafter payable during the period of the Taking in respect to the Premises, or, in the event of a Taking of less than all of the said Premises, in respect of the Premises so taken.

(ii) In the event that the Taking covers a Material Part but less than all of the Premises, then the Lessee and the Port Authority shall each have an option, exercisable by notice given within ten (10) days after the effective date of such Taking, to suspend the term of the letting of the portion of the Premises as are not so taken during the period of the Taking, and, in that event, the rentals for such Premises shall abate for the period of the suspension pursuant to Section 8(I)(h). If the

Port Authority exercises the option, it shall purchase from the Lessee the Lessee's leasehold interest (excluding any personal property whatsoever) in the Premises not taken for the period of suspension for a consideration equal to the Unamortized Capital Investment which is to be amortized over the period of such suspension.

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

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

Section 35. 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. The Port Authority shall, except in emergencies, provide reasonable prior notice to the Lessee of such entry by the Port Authority into areas of the Premises not open to the general public or to air passengers.

(b) Without limiting the generality of the foregoing, the Port Authority, by its officers, employees, agents, representatives, contractors and furnishers of utilities and other services, shall have the right, 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 including, without

limitation, the Thermal Distribution System and the Distribution Portion of the Underground Fuel Distribution System (all such systems collectively, the "Utility Systems") and to enter upon the Premises at all reasonable times to make such repairs, replacements or alterations with respect to such Utility Systems 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 Utility Systems or parts thereof, and to use the Premises for access to other parts of the Airport otherwise not conveniently accessible (any such repairs, replacements, installation, construction, alterations or use for access, a "Utility Servicing"); provided, however, that in the conduct of such Utility Servicing the Port Authority shall (i) not unreasonably interfere with the use and occupancy of the Premises by the Lessee or its sublessees or invitees, (ii) provide reasonable notice of any Utility Servicing (except in cases of emergency), (iii) restore or cause the restoration of any excavation, demolition or other disruption of the Premises conducted as part of the Utility Servicing to its original state (the "Utility Restoration") and (iv) not hold the Lessee responsible for the cost of any Utility Servicing or Utility Restoration.

(c) In the event that any personal property or trade fixtures of the Lessee shall obstruct the access of the Port Authority, its officers, employees, agents, representatives, contractors or furnishers of utilities and other services to any of the Utility Systems, and thus shall interfere with the inspection, maintenance or repair of any Utility System, the Lessee shall move such personal property or trade fixtures, as directed by the Port Authority, in order that access may be had to the Utility System or part thereof for its inspection, maintenance or repair, and, if the Lessee shall fail to so move such property after direction from the Port Authority to do so, the Port Authority may move it and the Lessee hereby agrees to pay the cost of such moving upon demand (payable as a Permitted O&M Expense).

(d) Nothing in this Section shall or shall be construed to impose upon the Port Authority any obligation so to construct or maintain or to make repairs, replacements,

alterations or additions, or shall create any liability for any failure so to do. As against the Port Authority, the Lessee is and shall be in exclusive control and possession of the Premises and, except as expressly provided in this Agreement, 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 or to any property of the Lessee or of any other person located in or thereon caused by or related to the Utility Systems (other than those occasioned by the affirmative acts of the Port Authority, its employees, agents and representatives).

(e) At any time and from time to time during ordinary business hours within the six (6) months immediately preceding the Expiration Date, 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.

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

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

Section 36. <u>Care, Maintenance, Rebuilding and Repair by the Lessee</u>

(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 of any sublessee or of any member of the Lessee or of those of the officers or employees of the Lessee or of any Sublessee or of any member of the Lessee or of other persons on or at the Premises with the consent of the Lessee or of any sublessee or of any

member of the Lessee (but, as to areas outside of the Premises, only by the acts or omissions of the Lessee or its officers or employees).

(b) The Lessee shall, throughout the term of this Agreement, assume the entire responsibility for, shall perform and shall relieve the Port Authority from all responsibility for all repair, replacement, rebuilding and maintenance (any such repairing, replacing, rebuilding or maintaining, the "Terminal Maintenance") whatsoever in the Premises, whether such Terminal Maintenance be ordinary or extraordinary, partial or entire, inside or outside, foreseen or unforeseen, structural or otherwise, such Terminal Maintenance to be in quality, class, materials and workmanship not inferior to the original and without limiting the generality of the foregoing, the Lessee shall, as part of its obligations to perform the Terminal Maintenance:

(i) Keep at all times in a clean and orderly condition and appearance, the Premises and all the Lessee's fixtures, equipment and personal property which are located in any part of the Premises which is open to or visible by the general public;

(ii) Remove all snow and ice and perform all other activities and functions necessary or proper to make the Premises available for use;

(iii) Take good care of the Premises and maintain the same at all times in good condition in view of the age of the portion of the Premises under consideration and whether the same is to be demolished in connection with the Construction Work to be performed pursuant to Section 18 hereof, except for reasonable wear and tear which does not adversely affect the efficient or the proper utilization thereof;

(iv) 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 Law (including the New York City Code as provided in Section 14). The Lessee shall enter

into and keep in effect throughout the Term 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;

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

(vi) Be responsible for the maintenance and repair of all Utility Systems located upon the Premises, or adjacent to the Premises and serving the Premises exclusively. The Port Authority agrees to cooperate with the Lessee in arranging for access by the Lessee to all such Utility Systems;

(vii) Be responsible for appropriate lighting of all Ramp and Apron Areas and for the maintenance and repair of all access roadways, Taxiways and Ramp and Apron Areas located upon the Premises or located adjacent to the Premises and used exclusively by those operating at or occupying the Premises.

Notwithstanding the generality of the foregoing, the Lessee understands and agrees that the Lessee shall be responsible for all paving, lighting, signage, storm drains, culverts, cables, supporting structures, cleaning and snow removal of the ground level and elevated roadways existing and to be constructed on access roadways on Area 2 which serve the Premises exclusively.

(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 Taxilane or where safety of operations is involved, the Lessee

agrees that it will at its own expense, post guards or take such other appropriate measures as may be directed by the General Manager of the Airport to insure the safety of the work performed thereat.

(d) In the event the Lessee fails to commence to perform any portion of the Terminal Maintenance required by this Agreement within a period of twenty (20) days after notice from the Port Authority so to do in the event that the required work to be accomplished by the Lessee includes Terminal Maintenance other than preventive maintenance, or within a period of one hundred eighty (180) days if Terminal Maintenance to be accomplished by the Lessee involves preventive maintenance only, or fails diligently to continue to completion the Terminal Maintenance required 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, perform the Terminal Maintenance as set forth in said notice, and the cost thereof determined in accordance with the Port Authority's usual accounting procedures shall be payable by the Lessee upon demand as a Permitted O&M Expense; provided, however, the Lessee may contest said notice pursuant to the dispute resolution procedures set forth in Section 25 as though, for such purpose only and in no other respect, it were a Notice of Default as set forth in Section 25(b)(i)(3) hereof and shall be liable for the payment of such cost to the Port Authority only if the Terminal Maintenance set forth in the notice and performed by the Port Authority was reasonably required as determined by such dispute resolution procedures.

Section 37. Labor Transition

(a) The Lessee shall have no obligation to employ any former, present or future employee of the Port Authority.

(b) Except at set forth in Section 37(c), the Lessee shall have no obligation to the Port Authority or any other party for any payment related to Port Authority employees at the Premises including, without limitation, the cessation or other modification of the employment, or the relocation of such employees. The Lessee shall have no indemnity obligation under

Section 41 with respect to, and the Port Authority shall indemnify and hold harmless the Lessee from and against (and shall reimburse the Lessee for the Lessee's costs and expenses including legal expenses incurred in connection with the defense of), all claims and demands of third persons related to the employment of Port Authority employees at the Premises including, without limitation, the cessation or other modification of the employment, or the relocation, of such employees.

(c) The Lessee agrees to pay the Port Authority on the Effective Date as the liquidated costs related to severance of Port Authority employees.

(d) The Port Authority agrees to make available to the Lessee at no expense to the Lessee from time to time for a period of not more than six (6) months after the Effective Date, Port Authority mechanical and electrical personnel that have knowledge of the mechanical and electrical systems installed at the Premises, to the extent ongoing Port Authority staff requirements permit and the same are otherwise available, to provide training in the maintenance of the Premises as it exists on the Effective Date to the employees, contractors and other representatives of the Lessee.

Section 38. Insurance

PART I: PROPERTY INSURANCE

(a) The Lessee shall at its expense, during the term of this Agreement, insure and keep insured, to the extent of the full cost of replacement in like kind and quality, all buildings, structures, improvements, installations, facilities and fixtures now or in the future located on the Premises (including, but not limited to, the Construction Work set forth in Section 18(b) upon completion thereof) against all hazards and risks of physical loss or damage, including (i) such risks as may now or in the future be included under an all risk policy form of real property insurance (subject to standard policy terms, conditions and exclusions) as may now or in the future be prescribed by the State of New York as of the effective date of the policy under which such insurance is provided and including, but not limited

to, damage or loss by fire, windstorm, cyclone, tornado, hail, explosion, riot, flood, earthquake, civil commotion, aircraft, vehicles and smoke and (ii) 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 standard form as may now or in the future be prescribed by the State of New York as of the effective date of the policy under which such insurance is provided. Notwithstanding the foregoing, coverage for damage or loss due to flood or earthquake may be limited by the Lessee to an amount of not less than $50 million and coverage for damage or loss due to transit or off-site storage may be limited by the Lessee to an amount of not less than $5 million. The Lessee shall furthermore provide additional insurance with respect to the Premises covering any other peril of loss or damage 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, provided that such insurance for this peril is available within the commercial insurance marketplace at the time of the Port Authority's request.

(b) The Lessee shall, during the Term, procure at its expense comprehensive fire, theft and property damage all risk insurance coverage for, and keep insured to the extent of the full replacement value thereof (if replaceable; otherwise, the value thereof) all personal property of the Port Authority in the care, custody and control of the Lessee, including, but not limited to, equipment, trade fixtures and art work.

(c) The insurance coverages described in paragraph (a) above shall insure the Lessee, the Port Authority and the City of New York, as their interests may appear, and shall provide that the loss, if any, shall be adjusted with the Port Authority, and that the proceeds shall be payable to the Port Authority to be held in trust by the Port Authority for the benefit of the Lessee. All said proceeds shall be used for the repair, replacement or rebuilding of the Premises. Said proceeds shall be disbursed by the Port Authority upon the Lessee's request, or upon the request of an entity obligated to repair, replace or rebuild, provided that the Lessee or such entity has obtained the

necessary approvals to repair, replace or rebuild from the Port Authority in accordance with Section 19 of this Agreement. The insurance described in paragraph (b) above shall insure the Lessee and the Port Authority as their interests may appear and shall provide that the loss, if any, shall be adjusted with and payable solely to the Port Authority.

(d) In addition to the foregoing the Lessee shall procure and maintain builder's risk (all risk) completed value insurance covering the Construction Work as set forth in Section 18 during the performance thereof, including material delivered but not attached to the realty. Such builder's risk (all risk) completed value insurance shall be in compliance with and subject to the applicable provisions set forth herein and shall name the Lessee, the Port Authority, the City of New York and the Lessee's contractors and subcontractors (as their interests may appear) and such policy shall provide that the loss shall be adjusted with and payable to the Lessee. The proceeds of such builder's risk (all risk) completed value insurance shall be used by the Lessee for the repair, replacement or rebuilding of the Construction Work, including material delivered but not attached to the realty with any excess not so used paid to and to be the property of the Port Authority.

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

(f) Regardless, however, of the Persons whose interests are insured, the proceeds of all policies covered by this Part I shall be applied with respect to the Premises (not including any personal property of the Port Authority) as provided in Section 39; and the word "Insurance" and all other references to insurance in said Section 39 shall be construed to refer to the insurance which is the subject matter of this Part I, and to refer to such insurance only.

II. <u>Public Liability Insurance</u>

(a) In addition to the obligations set forth in Section 41, and all other insurance required under this Agreement, the Lessee during the term of this Agreement in its own name as insured and including the Port Authority and, for so long as the Passenger Terminal Bonds are outstanding, the Trustee as additional insureds shall maintain and pay the premiums on a policy or policies of (i) public liability insurance, including premises-operations, products liability, host liquor liability, completed operations, explosion, collapse, and underground property damage and independent contractors coverage and with a contractual liability endorsement covering the obligations assumed by the Lessee in Section 41 and covering bodily injury, including death, and property damage liability, common to air terminal operations; none of the foregoing to contain care, custody or control exclusions, and providing for coverage in the limits set forth below; and (ii) commercial automobile liability insurance covering owned, non-owned and hired vehicles and providing for coverage in the limits set forth below. As to the said public liability insurance, in lieu of the foregoing requirement with respect to care, custody and control exclusions, the Lessee may elect, in its own name as insured and including the Port Authority as an additional insured to maintain and pay the premiums on a baggage legal liability and a cargo legal liability policy or policies in the limits set forth below.

(b) (i) During the performance of the Construction Work as set forth in Section 18 the Lessee may provide for public liability insurance in connection with the performance of the Construction Work by requiring each contractor engaged by it for the Construction Work to participate in an owner-controlled insurance program to be arranged by the Lessee for, or procure and maintain, public liability insurance including contractual liability insurance.

(ii) Any public liability insurance maintained during the performance of the Construction Work as set forth in Section 18 hereof, whether procured by the Lessee or by a contractor engaged by it as aforesaid, shall not contain any exclusion for bodily injury 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; further, the Lessee shall provide and maintain or shall require each contractor engaged by it for the said Construction Work, or any portion thereof, to provide and maintain contractor's property and equipment insurance coverage for the full value of such property and equipment with the Port Authority insured thereunder (as its interests may appear).

(c) The aforesaid public liability insurance at all times shall have a limit of not less than $100 million combined single limit per occurrence for bodily injury and property damage liability. The aforesaid commercial automobile liability insurance at all times shall have a limit of not less than $25 million combined single limit per occurrence for bodily injury and property damage liability provided, however, that at all times during the performance of the Construction Work as provided in Section 18 if the aforesaid public liability insurance is subject to an aggregate limit, such aggregate shall not be less than $200 million.

(d) The minimum limits as to the aforesaid baggage legal liability and cargo legal liability policy or policies shall be as follows:

Baggage Legal Liability	$10 Million
Cargo Legal Liability	$10 Million

without limiting the provisions hereof, in the event the Lessee maintains the foregoing insurance in limits greater than aforesaid, the Port Authority shall be included therein as an additional insured to the full extent of all such insurance in accordance with all the terms and provisions hereof.

(e) All of the foregoing policy or policies of public liability insurance shall contain an endorsement providing that the insurance carrier shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the Person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits

against the Port Authority and also contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority and shall also provide or contain an endorsement providing that the protections afforded the Port Authority thereunder and with respect to any claim or action against the Port Authority by the Lessee shall be the same as the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person as if the Port Authority were the named insured thereunder, but such endorsement shall not limit, vary, change, or affect the protection afforded the Port Authority thereunder as an additional insured. All of the foregoing policy or policies of public liability insurance shall also provide or contain a contractual liability endorsement covering the obligations assumed by the Lessee under Section 41 of this Agreement.

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

III. Other Insurance

(a) In addition to all other insurance required under this Agreement, the Lessee shall procure and maintain throughout the Term, business interruption insurance at least sufficient to cover, and applicable to, payments of Ground Rental, Building Rental and Permitted O & M Expenses that are payable to the Port Authority under the terms of this Agreement for a period of not less than eighteen (18) months, for losses in business revenue that occur when the Premises, or any portion thereof, is unusable due to a casualty caused by any of the risks required to be covered by the property casualty insurance set forth in this Section.

(b) In addition to all other insurance required under this Agreement, the Lessee shall procure and maintain, throughout the Term, if available on a commercially reasonable basis, insurance covering liability for environmental damage and environmental liability containing terms, conditions and exclusions common to such coverages for both gradual and sudden accidental occurrences in a limit of not less than $4 million per occurrence with a deductible of not more than $50,000 per occurrence; provided, however, that coverage for gradual pollution (including seepage and spillage) shall not be required prior to the determination of the Initial Existing Condition for the entire Premises in accordance with Section 42 and, thereafter, such coverage shall only be required to the extent that it is available on the basis set forth above. The Port Authority and the Lessee acknowledge that, as of the Effective Date, gradual pollution coverage is not available on a commercially reasonable basis. The insurance coverage hereunder may be provided by the Lessee on a claims made and/or an occurrence basis.

(c) The Lessee shall also procure and maintain in effect, or cause to be procured and maintained in effect, Workers' Compensation Insurance and Employer's Liability Insurance in accordance with and as required by Law.

IV. General Insurance Requirements

(a) The policies or certificates representing insurance covered by this Section shall be delivered by the Lessee to the Port Authority prior to the Effective Date except for the builder's risk (all risk) completed value insurance provided for in paragraph I (d) above which shall be delivered at least ten (10) days prior to the commencement of the Construction Work and each policy or certificate delivered shall include a valid provision obligating the insurance company to furnish the Port Authority and the City of New York not less than thirty (30) days' advance notice of the cancellation (except in the event of nonpayment of premium, in which case ten (10) days' advance notice of cancellation will be provided), termination, change or modification of the insurance evidenced by said policy or certificate. Notwithstanding the foregoing, evidence of payment of any insurance coverage obtained as of or prior to the

Effective Date shall be furnished to the Port Authority promptly thereafter. Renewal policies or certificates shall be delivered to the Port Authority prior to the expiration of the insurance which such policies are to renew.

(b) The insurance covered by this Section shall be written by companies approved by the Port Authority, the Port Authority agreeing to provide written notice to the Lessee, upon the Lessee's request, of the reasons it finds such policies unsatisfactory and further covenanting and agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If the Port Authority at any time so requests, the Lessee shall make available to the Port Authority at a location in the Port of New York District, during normal business hours, the original or a certified copy of the entirety of each of the said policies and shall, upon request, deliver to the Port Authority a certified copy of such portions of said policies pertaining to the coverage hereunder as the Port Authority shall request.

(c) As to the insurance covered by this Section, the Lessee expressly agrees that the Port Authority shall have the right at any time and from time to time to pay directly to the insurance company the premium or premiums on such insurance if the Lessee shall have failed to pay such premium or premiums when due, with notice to the Lessee of the same given concurrently or within a reasonable period of time thereafter, and the Lessee hereby further agrees to reimburse to the Port Authority the amounts of any and all such premium payments made by the Port Authority promptly and no later than thirty (30) days from the date of the Port Authority's submission to the Lessee of a bill or bills for said amounts; further, and to effectuate the foregoing, the Lessee agrees that each policy of insurance shall, without limiting any other term or provision hereof, contain a valid provision obligating the insurance company (i) to submit duplicate copies to the Port Authority of all premium notices,

including without limitation notices of non-payment of premium, said insurance company sends to or is required to send to the Lessee and (ii) to accept payment of any such premium directly from the Port Authority in the event the Port Authority elects to make such payment, upon failure of the Lessee to make any such premium payment prior to its termination or cancellation of such insurance for non-payment of premium. It is further understood and agreed that neither the foregoing sentence, nor any payment made by or not made by the Port Authority hereunder shall or shall be deemed to release or relieve the Lessee from any of the terms, covenants, provisions and conditions under this Agreement or under the Lessee's insurance policy, or to constitute or create any obligation on the part of the Port Authority to the Lessee or the insurance company to make such payment or any other or further payment or payments or to constitute or create any claim or right in the Lessee or any other person to have any such payment or any other or further payment or payments made by the Port Authority.

Section 39. Damage to or Destruction of the Premises

(a) Removal Of Debris. If the Premises, or any part thereof shall be damaged by fire, the elements, the public enemy or other casualty, the Lessee shall promptly remove all debris resulting from such damage from the Premises, and to the extent, if any, that the removal of debris under such circumstances is covered by insurance as provided in Section 38 hereof, the proceeds thereof shall be made available by the Port Authority to and be used by the Lessee for such purpose. Any portion of the cost of such removal not covered by insurance proceeds made available to the Lessee shall be payable as a Permitted O&M Expense or may be funded out of appropriate reserves.

(b) Minor Damage. If the Premises, or any part thereof, shall be damaged by fire, the elements, the public enemy or other casualty but not rendered untenantable or unusable for a period of at least ninety (90) days, the Premises shall be repaired with due diligence in accordance with the plans and specifications for the Premises as they existed prior to such damage and at the expense of the Lessee and if such damage is covered by insurance as provided in Section 38 hereof, the

proceeds thereof shall be made available by the Port Authority 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 shall be destroyed or so damaged by fire, the elements, the public enemy of other casualty as to be untenantable or unusable for at least ninety (90) days, or if within ninety (90) days after such damage or destruction the Lessee notifies the Port Authority in writing that in its opinion said Premises will be untenantable or unusable for at least ninety (90) days then: The Lessee shall proceed with due diligence to make the necessary repairs or replacements to restore such Premises in accordance with the plans and specifications for the Premises as the same existed prior to such damage or destruction; or, with the approval in writing of the Port Authority, make such other repairs, replacements or changes as may be desired by the Lessee. If such destruction was covered by insurance as provided in Section 38 hereof, the proceeds thereof shall be made available by the Port Authority to and used by the Lessee for such restoration.

(d) Damage to Existing IAB. To the extent any repairs or replacements otherwise required by paragraphs (b) or (c) of this Section are to damage to any part of the Premises not constructed as part of the Construction Work hereunder the Lessee may request that the Port Authority waive the requirement that such repairs or replacements be performed and instead that any insurance proceeds thereof be made available for the performance of the Construction Work hereunder. The Port Authority shall grant the Lessee's request if it is reasonable under the circumstances.

(e) Notwithstanding anything else herein to the contrary, the obligation of the Lessee to remove, repair or replace shall be limited to the amount of the insurance proceeds made available to it for such purposes, provided the Lessee has carried insurance to the extent and in accordance with Section 38 hereof. Notwithstanding any provision herein above to the contrary, both parties agree that all insurance proceeds hereunder shall be expended for the costs of restoration and building on the Premises.

(f) The parties hereby stipulate that neither the provisions of Section 227 of the Real Property Law of New York nor those of any other similar statute shall extend or apply to this Agreement.

Section 40. Joint Periodic Condition Survey

In addition to and without limiting Sections 13, 14, 16, 17, 24, 32, 35, 36, 38, 39, 42 and 64 hereof or any other term, provision, covenant or condition of this Agreement, the Lessee and the Port Authority hereby agree that, in addition to any other inspection of the Premises which may be made under any other Section of this Agreement or otherwise, a Condition Survey (as hereinafter defined) of the Premises shall be conducted by the Condition Survey Contractor (as hereinafter defined) at each of the time periods specified below subject to and in accordance with the following terms and conditions:

(a) As used herein the following terms shall have the following meanings:

(i) "Condition Survey" shall mean an inspection by the Condition Survey Contractor of the Premises, including without limitation the then current state of cleaning, maintenance, janitorial services, painting, structural and nonstructural conditions, surface and subsurface conditions, environmental conditions, lighting of building areas, ramp and apron areas, and the condition of utilities and utility systems, fire-fighting and fire protection equipment and systems, communications and communications systems, antipollution systems and devices, fuel facilities and systems, and the Lessee's fixtures, equipment and personal property, and also including the items mentioned or covered by Sections 13, 14, 16, 17, 36, 42 and 64 of this Agreement;

(ii) "Condition Survey Contract" shall mean and refer to a contract awarded to a Condition Survey Contractor, or entered into between the Port Authority and a Condition Survey Contractor, for the performance by such Condition Survey Contractor of a Condition Survey at any of the applicable times as specified in subparagraph (b) hereof;

(iii) "Condition Survey Contractor" shall mean and refer to the contractor to whom the Condition Survey Contract is awarded pursuant to subparagraph(b) hereof which Condition Survey Contractor shall be a fair, impartial and reputable engineering firm, licensed or authorized to do business in the State of New York;

(iv) "Costs of the Condition Survey" shall mean and include with respect to each Condition Survey all amounts paid or to be paid to the Condition Survey Contractor under the terms of its Condition Survey Contract for, relating to or in connection with Condition Survey work to be performed under the Condition Survey Contract;

(v) "Condition Survey Report" shall mean the report prepared by the Condition Survey Contractor under its Condition Survey Contract after its completion of the Condition Survey work under its Condition Survey Contract including without limitation findings of repair, maintenance, rebuilding and cleaning of the Premises otherwise required pursuant to the terms of this Agreement;

(vi) "Report Date" shall mean the date of the Port Authority's written notice to the Lessee by which the Port Authority delivers to the Lessee the Condition Survey Report.

(b) No earlier than sixty (60) days preceding the expiration of each period consisting of five (5) consecutive years occurring during the Term, beginning with the first such five-year period which commences on DBO and ends on the fifth anniversary of DBO and no earlier than sixty (60) days preceding the last day of the month which constitutes the twelfth month preceding the Expiration Date, the Port Authority may advise the Lessee of a proposed Condition Survey Contract including the name of the proposed Condition Survey Contractor who will perform a Condition Survey. Within thirty (30) days after the Port Authority's notice to the Lessee, the Lessee shall advise the Port Authority in writing of its concurrence or objection to the proposed Condition Survey Contract. In the event the Lessee fails to respond during the said time period, said nonresponse shall be deemed a concurrence and the Port Authority shall

proceed with the said Condition Survey Contract for purposes of performing a Condition Survey. In the event the Lessee notifies the Port Authority of its objections to the proposed Condition Survey Contract or Condition Survey Contractor, the parties hereby agree to consult with each other in good faith to resolve such dispute. If following such consultation the Port Authority and the Lessee do not agree on the terms of a proposed Condition Survey Contract and on a proposed Condition Survey Contractor, the Port Authority may proceed to enter into a Condition Survey Contract with a Condition Survey Contractor.

(c) It is hereby expressly understood and agreed that the selection of each Condition Survey Contractor for the purposes of a Condition Survey and including the award of any Condition Survey Contract to such Condition Survey Contractor shall be subject to and consistent with the Port Authority's policies and practices for the selection and award of similar contracts and the Port Authority shall have as full a right to require the use of competitive bidding and award, or other basis of award, for any such contract as if the work on such contract were being performed solely for the Port Authority; and further that the contract shall contain terms and conditions which are standard to Port Authority contracts or consistent with such standard provisions.

(d) With respect to each Condition Survey, all Costs of the Condition Survey shall be shared equally between the Port Authority and the Lessee. Accordingly, the Lessee hereby agrees to pay to the Port Authority fifty percent (50%) of the Costs of the Condition Survey with respect to each Condition Survey as follows:

(i) The Lessee shall pay to or reimburse the Port Authority for the Costs of the Condition Survey as follows: The Port Authority shall after the completion of the Condition Survey work under a Condition Survey Contract and, if it elects, also from time to time during the course of the performance of the Condition Survey work under such Condition Survey Contract, submit to the Lessee a certificate or certificates setting forth the Costs of the Condition Survey at the date of each such certificate. Within thirty (30) days after the delivery of each

such certificate, the Lessee shall pay to the Port Authority an amount representing fifty percent (50%) of said Costs of the Condition Survey as such amount is set forth in said certificate. Upon its final determination of the Costs of the Condition Survey, the Port Authority shall submit to the Lessee a certificate marked "Final" setting forth the final determination of the Costs of the Condition Survey with respect to each Condition Survey Contract as reduced by any previous payment with respect to such Condition Survey Contract, and the Lessee shall and hereby agrees to pay to the Port Authority within thirty (30) days of such certificate an amount representing fifty percent (50%) of said Costs of the Condition Survey as such amount is set forth in said certificate; provided, however, that neither the foregoing nor any certificate delivered by the Port Authority, nor any payment made by the Lessee shall waive, affect, or impair any right of the Port Authority or the Lessee of review and audit with respect to the Costs of the Condition Survey and with respect to each Condition Survey Contract and provided, further, however, that in the event any such review or audit by the Port Authority or the Lessee requires an adjustment of the Costs of the Condition Survey the Lessee shall be promptly credited with or shall pay to the Port Authority all amounts required by such adjustment.

(ii) Any and all amounts required to be paid by the Lessee hereunder 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, payable to the Port Authority by the Lessee as a Permitted O&M Expense as set forth in Section 8 hereof.

(e) Within forty-five (45) days after the Report Date, the Port Authority and the Lessee shall consult with one another with respect to the Condition Survey Report and shall ascertain which of the items and actions set forth in the Condition Survey Report, if any, are required to be performed by the Lessee to satisfy its obligations pursuant to Section 36. If the Port Authority and the Lessee fail to agree on the foregoing, the Port Authority may direct the Lessee to perform the items set forth in the Condition Survey Report that in the Port Authority's opinion are so required. The Lessee shall perform the items and actions

which were agreed upon or concerning which the Port Authority issued a direction within the time periods set forth in Section 36 unless otherwise agreed by the parties, it being understood that nothing contained herein shall alter or affect the maintenance and repair standards set forth elsewhere in this Agreement or prevent the Lessee from disputing the need for the performance of such item or action. Notwithstanding the foregoing, any and all items, action or work related to or affecting or involving fire safety, health, structural integrity, life safety, security and other emergency response systems shall be promptly commenced.

(f) The Lessee hereby agrees that the Condition Survey Contractor shall have all rights of entry to the Premises during all reasonable times on reasonable prior notice to the Lessee as appropriate or required to perform or complete the Condition Survey and the Condition Survey Report under the Condition Survey Contract.

(g) It is expressly understood and agreed that neither the provisions of this Section including the right of the Port Authority to have the Lessee perform and complete the work required by the Condition Survey Report, the obligation of the Lessee so to perform and complete such work, or any such performance thereof by the Lessee, any failure of the parties to select a Condition Survey Contractor, any failure of any Condition Survey Contractor to perform and complete a Condition Survey Contract, nor any failure by the Lessee or the Port Authority to pay the Costs of the Condition Survey with respect to any Condition Survey Contract, or any portion thereof, shall or shall be deemed to release, waive, affect, restrict or impair any of the obligations duties, responsibilities or liabilities of the Lessee under any term, provision, covenant or condition of this Agreement nor to limit, waive, affect, restrict or impair any right or remedy of the Port Authority. Without limiting the foregoing, it is expressly understood and agreed that the Lessee shall not postpone or delay any action, maintenance, rebuilding or repair or other item or thing required to be taken by the Lessee under any other section of this Agreement.

Section 41. Indemnity

(a) The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents, employees and representatives, from and against (and shall reimburse the Port Authority for the Port Authority's reasonable costs and expenses including legal fees, whether those of the Port Authority Law Department or otherwise, disbursements and other legal expenses incurred in connection with the defense of) all claims and demands, just or unjust, of third persons (including employees, officers and agents of the Port Authority) including, but not limited to, claims and demands for death or personal injuries, or for property damages direct or consequential arising or alleged to arise out of (i) a breach or default of any term or provision of this Agreement by the Lessee, (ii) the use or occupancy of the Premises by the Lessee or by others with its consent, (iii) any other acts or omissions on the Premises of the Lessee or the officers and employees, guests and invitees of the Lessee or of any sublessee or (iv) the acts or omissions of the Lessee elsewhere at the Airport, including as to the foregoing (i), (ii), (iii) and (iv) claims and demands of the City of New York for indemnification arising by operation of law or under the Basic Lease and excepting only claims and demands arising solely from the negligent acts or omissions or the affirmative misconduct of the Port Authority.

(b) The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents, employees and representatives from and against (and shall reimburse the Port Authority's reasonable costs and expenses, including legal fees, whether those of the Port Authority Law Department or otherwise, disbursements and other legal expenses involved in connection with the defense of) all claims and demands, just or unjust, of third persons (including employees, officers and agents of the Port Authority) including, but not limited to, claims and demands for death or personal injuries or for property damages direct or consequential arising or alleged to arise out of the performance of the Construction Work (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 arising solely from the negligent acts or omissions or affirmative misconduct of the Port Authority with respect to the Construction Work, provided, however, that the Lessee shall not be required to indemnify the Port Authority in connection with the Construction Work as set forth in Section 18 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.

(c) The Lessee shall have no indemnity obligation under Section 41 with respect to, and the Port Authority shall indemnify and hold harmless the Lessee and its directors, employees, managers and managing directors from and against (and shall reimburse the Lessee for the Lessee's reasonable costs and expenses including legal fees, disbursements and other legal expenses incurred in connection with the defense of) all claims and demands, just or unjust, of third persons arising from or in connection with any occurrence on or related to the Premises taking place during the period prior to the Effective Date except if due to the sole negligence or affirmative misconduct of the Lessee.

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

Section 42. Environmental Obligations

(a) (i) Attached hereto, hereby made a part hereof is an exhibit marked "Exhibit 42.1" constituting Volumes IV through XVII of this Agreement which consists of two reports setting forth the results of soil and water samples taken from the Premises on various dates and setting forth the levels of various

Hazardous Substances in the soil and upper aquifer of the Premises. The first report consists of three (3) volumes dated September 1994 entitled "Aircraft Apron Area Supplemental Subsurface Investigation Summary Report" and was conducted by the Environmental Unit of the Engineering/Architecture Design Division of the Port Authority's Engineering Department and the second report consists of one (1) volume dated January 13, 1997, identified by Job No. 33585-001-175 and entitled, "Preliminary Environmental Baseline Investigation Report JFK: IAB Redevelopment, Jamaica, New York", and was performed for the Lessee by Dames & Moore, all of the aforesaid Hazardous Substances for which the said samples were tested as set forth in Exhibit 42.1 and all of the additional Hazardous Substances which the Lessee shall have tested for in accordance with subparagraph (iii) below and the test results thereof shall have become part of the Lessee's Test Results are hereinafter collectively referred to as the "Analyzed Items".

(ii) Each party hereby represents to the other party that the aforesaid Exhibit 42.1 as attached hereto contains and sets forth test results and reports of subsurface environmental investigations performed at the Premises by or on behalf of such party prior to the execution of this Agreement and for purposes of establishing the Initial Existing Condition as hereinafter defined.

(iii) Further, the Lessee may, subject to the terms and conditions of Section 18 hereof and subject to the coordination requirements of paragraph (b) (iii) below, take other samples from various locations on the Premises so as to produce a fair and representative sampling of the Premises, which samples shall be analyzed by a New York State approved independent laboratory, mutually acceptable to the Port Authority and the Lessee, for petroleum and/or Hazardous Substance characterization and the results thereof shall be set forth in a report prepared by such laboratory and upon delivery of such report and test results to the Port Authority, such report and test results shall become part of Exhibit 42.1 (such test results and reports as and when they shall from time to time become part of Exhibit 42.1 being hereinafter called the "Lessee's Test Results") and of the Initial Existing Condition (as hereinafter

defined in paragraph (a)(iv) hereof) on condition and provided, however that: (1) the said sampling and testing were done in accordance with a methodology approved by the Port Authority, it being understood and agreed that no ground water test results obtained from hydro punches shall become a part of Exhibit 42.1; (2) no part of such test results nor any such report shall become part of Exhibit 42.1 or of the Initial Existing Condition unless all such samples, test results and reports based on such samples are completed and delivered to the Port Authority as soon as practicable but no later than the "Testing Deadline" which, for the purposes of this Section, shall be defined as the last day of the twelfth (12th) full calendar month occurring after the Effective Date with respect to areas of the Premises on which there are no buildings on the Effective Date and with respect to each area of the Premises on which a building exists on the Effective Date, no later than 185 days after such building has been demolished; (3) should such test results and reports list one or more Hazardous Substances not now set forth in Exhibit 42.1 as attached hereto on the Effective Date or indicate a higher level of any of the Analyzed Items set forth in said Exhibit 42.1 then each such Hazardous Substance and each such higher level shall become part of Exhibit 42.1 only if such Hazardous Substances and such higher level were not caused by or did not result from any act or omission of the Lessee or of any of its agents, contractors, sublessees, representatives, or others on the Premises with the Lessee's consent (excluding, however, use by third parties of any right of way through the Premises granted by this Agreement) or over whom the Lessee has control (each of the foregoing acts and omissions being hereinafter called a "Lessee's Act"), the Port Authority having the burden of proof that any such Hazardous Substance and higher level were caused by or resulted from any Lessee's Act; it being expressly understood and agreed that each such newly discovered Hazardous Substance and each such higher level not so made a part of Exhibit 42.1 shall be included within the Lessee's sole responsibilities for Hazardous Substances and remediation under paragraph (c) hereof. The Lessee shall deliver to the Port Authority that portion of the Lessee's Test Results constituting the test results within five (5) working days after receipt thereof by the Lessee from the independent laboratory providing such test results and shall deliver a report based thereon

describing sample locations and procedures within thirty (30) days after the Lessee's receipt of such test results.

(iv) The said reports and test results set forth in Exhibit 42.1 including the Lessee's Test Results and using (1) for ground water a straight line interpolation methodology utilizing principles of hydrogeologic interpretation, and (2) for soil, GEOPACK, an EPA geostatistical software system, for the establishment and interpolation of the levels of the Analyzed Items for all portions of the Premises shall, notwithstanding any other evidence to the contrary, set forth and constitute for all purposes the levels of the Analyzed Items in the soil and upper aquifer in the Premises and are hereinafter called the "Initial Existing Condition", and said reports and test results and the results of any subsequent reports and tests which are made supplemental to or which may supersede those in Exhibit 42.1 or of the applicable portions thereof as provided for in paragraph (f) below as applied by the aforesaid methodology to all portions of the Premises are hereinafter called the "Existing Condition."

(v) Notwithstanding the terms and provisions of paragraph (c) below, with respect to any area of the Premises, until the earlier to occur of (i) the delivery of the Lessee's Test Results to the Port Authority for such area or (ii) the Testing Deadline for such area, the Lessee shall not be responsible for remediation of any Hazardous Substance on such area not caused by nor resulting from any Lessee's Act (subject to the Port Authority's burden of proof described in paragraph (a)(iii) above), it being understood and agreed that, with respect to any area of the Premises, upon the earlier to occur of (i) the delivery of the Lessee's Test Results to the Port Authority or (ii) the Testing Deadline for such area, the Lessee's responsibility for any Hazardous Substance in or on such area shall no longer be as set forth in this subparagraph. It is understood that the Testing Deadline is not a single date for the entire Premises and that the change in responsibility for Hazardous Substances established by this subparagraph will occur on different days in different areas of the Premises.

(vi) It is hereby agreed that notwithstanding anything to the contrary in this Agreement that any test results set forth

in Exhibit 42.1 on the Effective Date, and any of the Lessee's Test Results which shall become a part of Exhibit 42.1 subsequent to the Effective Date, which are based on soil or water samples taken from an area of the Premises in which free product existed at the time such samples were taken shall not constitute a part of the Initial Existing Condition and, notwithstanding the terms and provisions of paragraph (c) below, the Lessee shall not be responsible for remediation of any Hazardous Substance on such area not caused by or resulting from any act or omission of the Lessee or any of its agents, contractors, sublessees, representatives or others on the Premises with the Lessee's consent or over whom the Lessee has control (subject to the Port Authority's burden of proof described in paragraph (a)(iii) above) prior to the delivery to the Lessee of the report and test results for such area provided for in paragraph (f)(i) below. Upon the delivery of such report and test results provided for in paragraph (f)(i) below for any such area, the Lessee's responsibility for any Hazardous Substance in or on such area shall no longer be as set forth in this subparagraph (vi).

(b) (i) It is hereby recognized by the parties hereto that pursuant to an Administrative Consent Order ("ACO") entered into with the New York State Department of Environmental Conservation (herein called the "DEC") on February 22, 1994, remediation of the Initial Existing Condition, including all appropriate borings and wells required for said remediation, is required (which remediation is hereinafter called the "Current Remediation"). Neither the provisions of this Section nor any reference herein to the DEC or any other Environmental Authority as defined in subparagraph (v) below or to the Port Authority's Current Remediation shall be construed as waiving any statutory, regulatory or other rights of the Port Authority or the Lessee under applicable law(s); provided, however, nothing in this paragraph (b) (i) shall or shall be deemed to have altered or affected any of the rights and obligations under this Agreement as between the Lessee and the Port Authority.

(ii) As between the Lessee and the Port Authority, and based on the Lessee's comprehensive plan and design of the Construction Work under Section 18 hereof (as and when approved by the Port Authority), and as further described in and subject

to paragraph (c) below, the Lessee shall not be responsible for the Current Remediation, except that the Lessee shall be responsible for any and all increased expenses including without limitation all costs and expenses relating thereto necessary, required, or appropriate as a result of, caused by, incidental to or triggered by any change in the said Lessee's comprehensive plan or any change in the design, method or scope of the Construction Work required under Section 18 hereof unless such change had theretofore received the prior review and written approval of the Port Authority including the Port Authority's express written consent in a writing signed by the Port Authority's Director of Aviation to the impact of such change on the Current Remediation (which remediation costs and expenses for which the Lessee is so responsible is hereinafter called the "Lessee's Incremental Costs of the Current Remediation"). The Port Authority shall maintain such documentation as is necessary to demonstrate to the reasonable satisfaction of the Lessee the amount of the Lessee's Incremental Costs of the Current Remediation.

(iii) The Port Authority hereby recognizes that the Lessee may be performing the Construction Work, or portions thereof as the case may be, under Section 18 hereof and operating the Premises as permitted under this Agreement concurrently with the performance of the Current Remediation and the Lessee hereby likewise recognizes that the performance of the Current Remediation may occur concurrently with the Lessee's performance of the Construction Work under Section 18, as aforesaid, and its permitted operations on the Premises as a passenger terminal facility. The Port Authority agrees to consult with the Lessee in the scheduling of the Current Remediation and to coordinate such scheduling with the Lessee's scheduling of the Construction Work subject to the requirements of the DEC for the Current Remediation, as aforesaid, so as to provide minimum interference with the Lessee's scheduling of the Construction Work and operation of the Premises and the Lessee likewise agrees to consult with the Port Authority in the Lessee's scheduling of the Construction Work and use of the Premises and to coordinate such scheduling with the Port Authority's (or the DEC's) scheduling of the Current Remediation so as to provide minimum interference with the Current Remediation and to maintain scheduled levels of

remediation activity. Further, the Port Authority and the Lessee hereby agree to cooperate with each other, and to cause each of their respective contractors to cooperate with each other, in the coordination of the scheduling of the Current Remediation by the Port Authority and the performance by the Lessee of the Construction Work under Section 18 hereof and the Lessee's operation of the Premises as provided under this Agreement. Solely for purposes of the foregoing (and not for any right of review or approval by the Lessee) the Port Authority will provide to the Lessee a copy of the remedial work plan or plans, including the scheduling, for the Current Remediation as and when the same are available, at which time the Port Authority will notify the Lessee of the estimated completion dates (if there are phased completion dates) and the estimated completion date of the entire Current Remediation.

(iv) (1) The following terms, when used in paragraph (b)(iv), shall have the respective meanings given below:

(A) "Accelerated Remediation Costs" shall mean Costs incurred for the Accelerated Remediation Work.

(B) "Accelerated Remediation Work" shall mean remediation, other than the Current Remediation, using methodologies to enhance and expedite the Current Remediation in order to reduce or eliminate the need for the Construction Work to be performed using personnel protection equipment pursuant to a health and safety plan that meets applicable OSHA standards.

(C) "Costs" shall mean, when incurred by the Port Authority, the project costs and expenses of the Port Authority as determined by standard Port Authority accounting practices and when incurred by the Lessee 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 practice:

(x) Amounts paid by the Lessee to independent contractors for work actually performed and

labor actually furnished and material actually delivered; and

(y) Payments made by the Lessee for engineering, architectural, professional and consulting services and supervision, it being understood that payments under this item (y) shall not exceed ten percent (10%) of the amount paid under item (x) above.

(D) "Environmental Cost Advance" shall mean each payment made by the Port Authority pursuant to this Section 42 to the Lessee or any contractor, supplier, subcontractor or any other person engaged by the Lessee or its General Contractor in the performance of any part of the Environmental Work.

(E) "Environmental Costs" shall mean Environmental Dewatering Costs, OSHA Compliance Costs, Accelerated Remediation Costs and Environmental Productivity Costs.

(F) "Environmental Dewatering Costs" shall mean Costs incurred for the Environmental Dewatering Work.

(G) "Environmental Dewatering Work" shall mean transporting and treating ground water that has been dewatered as part of the Construction Work which transporting and treatment is required solely because of the Initial Existing Condition.

(H) "Environmental Productivity Costs" shall mean Costs incurred for the Environmental Productivity Work.

(I) "Environmental Productivity Work" shall mean additional shifts required, or numbers of workers added to a shift, solely as the result of productivity losses due to personnel protection equipment being worn by workers pursuant to a health and safety plan that meets applicable OSHA standards and is required solely by the Initial Existing Condition.

(J) "Environmental Work" shall mean the Environmental Dewatering Work, OSHA Compliance Work, Accelerated Remediation Work and Environmental Productivity Work.

(K) "OSHA Compliance Costs" shall mean Costs incurred for the OSHA Compliance Work.

(L) "OSHA Compliance Work" shall mean personnel protection equipment worn by the Lessee's construction workers to comply with OSHA requirements under a health and safety plan that meets applicable OSHA standards and is required solely because of the Initial Existing Condition.

(2) The Lessee shall undertake to avoid having its Construction Work interfere with the Current Remediation by way of all reasonable precautions, efforts and measures (including planning, scheduling, rescheduling, and including the cooperation and coordination called for under subparagraph (iii) of this paragraph (b) and performing the sampling and testing provided for in subparagraph (iii) of paragraph (a) hereof as soon as practicable to identify areas of the Premises requiring Accelerated Remediation Work), it being understood that the Lessee shall not be obligated to undertake any rescheduling which will result in increased construction costs unless such increased construction costs do not materially increase the total cost of the Construction Work; provided that nothing in this subparagraph shall prevent any such increased construction costs from being treated as Environmental Costs if such increased construction costs are otherwise eligible to be treated as Environmental Costs.

(3) (A) In the event that, notwithstanding such undertakings by the Lessee required by subparagraph (2) above, the Lessee's Construction Work must be performed in an area of the Premises where the Current Remediation is being performed, the Lessee shall notify the Port Authority not less than sixty (60) days prior to the date it will commence its Construction Work in such area of its intent to

commence performance of the Construction Work in such area. The Port Authority, subject to any required approval of the DEC (which the Port Authority shall expeditiously seek to obtain), shall then adjust its schedule for the Current Remediation being performed in such area by discontinuing the Current Remediation when the Lessee commences its Construction Work in such area of the Premises and, as and if required by any Environmental Requirement, resuming such Current Remediation when the Construction Work permits such resumption or install a remediation system that can continue such Current Remediation during or after the Construction Work as the case shall permit or require. The Current Remediation is scheduled to be complete on (i) September 1, 1997 in the area to the west of the West Finger of the existing terminal on the Premises as shown in diagonal hatching on the Exhibit attached hereto, hereby made a part hereof and marked "Exhibit 42.2" and (ii) June 1, 1999 on the remainder of the Premises as shown in diagonal hatching on Exhibit 42.3 (each date in (i) and (ii) being hereinafter called a "Remediation Completion Date"). In the event that the Current Remediation is discontinued in any area of the Premises pursuant to this subparagraph (3) prior to the Remediation Completion Date for such area, the Lessee at its cost and expense shall detach such equipment used in the Current Remediation as is necessary to allow the Construction Work to proceed and, as soon as practicable in light of the progress of the Construction Work, shall reattach or reinstall such equipment as is necessary to resume the Current Remediation; provided that this sentence shall not apply to the interference with the Current Remediation that is anticipated due to the Lessee's excavation of a trench for sewer and utility lines on the western portion of the Premises. In the event that the Current Remediation in any area of the Premises is to be discontinued pursuant to this subparagraph (3) on or after the Remediation Completion Date for such area or as a result of the Lessee's excavation of a trench for sewer and utility lines on the western portion of the Premises prior to the Remediation Completion Date for such area, the Port Authority at its cost and expense shall detach such equipment used in the Current Remediation as is necessary to

allow the Construction Work to proceed. When the Construction Work has been completed to the extent it would permit resumption of the Current Remediation in such area, the Port Authority shall then have the right to reinstall its remediation equipment and systems (to the extent the Lessee is not required to do so) and/or continue the Current Remediation in such area.

(B) In addition to subparagraph (2) above, the Lessee agrees to cooperate with the Port Authority and coordinate the Construction Work with the Port Authority so that, if the Port Authority determines that any remediation equipment or systems must be installed under, prior to or in connection with any Construction Work, such systems and equipment can be installed by the Port Authority before, during and/or in connection with, as appropriate, the performance of the Construction Work over such area.

(4) The Lessee and the Port Authority anticipate that Environmental Costs in an unknown amount will be incurred during the Construction Work and hereby agree that they shall be approved and paid for, and that the work corresponding thereto shall be performed, as follows:

(A) Without limiting the terms and conditions of Section 18 hereof and the application thereof to Environmental Work, in the event that Environmental Costs are required to be incurred or the Lessee desires that they be incurred, the Lessee shall request that the General Manager of the Airport approve such costs pursuant to this Section. Such request shall set forth a description of the proposed work in sufficient detail so that the Port Authority can estimate the cost of and schedule for such work, and shall include a lump sum proposal to perform the work, a detailed, documented statement of the reason that the incurring of such cost is being requested, including, without limitation, the effect on the schedule for the Construction Work and on the cost of the Construction Work, the alternatives that have been considered and why they have been rejected by the Lessee, and what the Lessee has done to avoid having to incur such costs. Such requests for

Accelerated Remediation Work shall be made with respect to any area of the Premises upon the later to occur of (x) at the time of delivery by the Lessee to the Port Authority of the Lessee's Test Results for such area which first indicate the presence of volatiles, free product or Hazardous Substances that would require OSHA Compliance Work in such area or (y) one year prior to the commencement of Construction Work on such area; and such request for OSHA Compliance Work and Environmental Productivity Work shall be made not less than thirty (30) days prior to a contract or change order for such work being entered into by the Lessee; and such request for Environmental Dewatering Work shall be made not less than ninety (90) days prior to the commencement of the proposed Environmental Dewatering Work. The Port Authority shall have thirty (30) days from the receipt of any such request to approve or disapprove the proposed work as Environmental Work hereunder and, at the same time, to advise the Lessee with respect to Accelerated Remediation Work and Environmental Dewatering Work whether the Port Authority shall perform the work or whether the work is to be performed by the Lessee, it being understood and agreed that all OSHA Compliance Work and Environmental Productivity Work shall be performed by the Lessee. All requests made hereunder shall be in writing and no amount shall be included in Environmental Costs unless the General Manager of the Airport has approved in writing that such amount be included in Environmental Costs, it being understood and agreed that the approval of any work pursuant to Section 18 hereof shall not be and not be deemed approval pursuant to this paragraph or approval that the cost of such work shall be included in Environmental Costs hereunder and that in the event that the Port Authority does not approve any proposed Environmental Work and the Lessee has proceeded or proceeds with such work, none of the costs thereof shall be included in Environmental Costs.

(B) It is hereby agreed that the Port Authority shall pay for the first OSHA Compliance Costs and the first Environmental Dewatering Costs up to and including a combined total of

and that the Lessee shall pay for (i) the

first Accelerated Remediation Costs, (ii) the first Environmental Productivity Costs, and (iii) OSHA Compliance Costs and Environmental Dewatering Costs totaling in excess of , up to and including a combined total of
for the costs set forth in (i), (ii) and (iii) as the cost of the construction work; and that the Port Authority shall pay for the next Five Million Dollars of Environmental Costs; and that any remaining Environmental Costs shall be paid for by the Lessee as the cost of the construction work.

(C) Environmental Costs which are to be paid for by the Port Authority for Environmental Work performed by the Lessee shall be paid to the Lessee by the Port Authority within thirty (30) days after receipt by the Port Authority of an application for payment that includes a bill therefor, which bill shall separately state Accelerated Remediation Costs, OSHA Compliance Costs, Environmental Productivity Costs and Environmental Dewatering Costs, provided, however, that such payment shall not in any event be required until the work covered by the bill has been completed, and Environmental Costs which are to be paid for by the Lessee for Environmental Work performed by the Port Authority shall be paid to the Port Authority by the Lessee within thirty (30) days after receipt by the Lessee of the bill therefor, which bill shall separately state Accelerated Remediation Costs, OSHA Compliance Costs, Environmental Productivity Costs and Environmental Dewatering Costs, provided, however, that such payment shall not in any event be required until the work covered by the bill has been completed, provided further, however, the obligation of the Lessee and the Port Authority hereunder to pay the other for Environmental Costs shall be limited in time to Applications for Payment and invoices duly submitted to the other party on or prior to the Final Date. The terms and provisions set forth in paragraphs (m)(C) and (q) of Section 18 hereof regarding auditing and documentation of costs and expenses shall be incorporated into this Section 42 by reference and apply and pertain to Environmental Work performed by the Lessee and Environmental Costs incurred by the Lessee, provided, however, as incorporated into this Section 42, the

term "Environmental Work" shall be substituted for the term "Area 2 Work" and the term "Environmental Cost Advance" shall be substituted for the term "Area 2 Construction Advance" in each and every instance such terms appear therein and, provided, further, however, none of the foregoing shall have any effect on the terms and provisions of said paragraphs (m)(C) and (q) of Section 18 or on the Area 2 Work or on the applicability of said terms and conditions to the Area 2 Work or any Area 2 Construction Advance.

(v) Without limiting the generality of Section 70 hereof, it is agreed that if, upon the occurrence of either of the events set forth in items (x) and (y) of sub-subparagraph (1) below, the Lessee is actually and necessarily delayed, in the sole and reasonable opinion of the Chief Engineer of the Port Authority, in completing the Construction Work under Section 18 hereof by the date set forth in subparagraph (i) (1) of paragraph (d) of said Section 18, then the said required date for completion of the Construction Work shall be extended by the Port Authority to a new date to be set forth in an agreement supplement signed by the Port Authority and the Lessee (the "New Completion Date Agreement Supplement") provided and subject, however, to all of the following terms and conditions:

(1) The cause of the delay (including, but not limited to, a work stoppage) must meet the following conditions: (x) the cause of the delay (including, but not limited to, a work stoppage) must arise, in the sole and reasonable opinion of the Chief Engineer of the Port Authority, from the performance of the Current Remediation; or (y) the cause of the delay (including, but not limited to, a work stoppage) must arise, in the sole and reasonable opinion of the Chief Engineer of the Port Authority, from a new requirement of, or enforcement action arising out of the Existing Condition by, the DEC (or such other applicable governmental agency or agencies, if any, succeeding to or having concurrent jurisdiction with the DEC and which has jurisdiction over the operations of the Port Authority at the Airport or with whose governmental requirements the Port Authority has agreed to conform) (all of the foregoing being hereunder collectively called the "Environmental Authorities") for the Current

Remediation. Notwithstanding any other provision of this Agreement, the period of time granted in any such extension shall be sufficient to allow the Lessee to perform the delayed Construction Work without incurring overtime charges or any other obligation to accelerate the performance of the Construction Work.

(2) In any event, even though a cause of delay (including, without limitation, a work stoppage) meets all the above conditions, an extension shall be granted only to the extent that (x) the performance of the Construction Work is actually and necessarily delayed and (y) the effect of such cause cannot be anticipated and avoided or mitigated by the exercise of all reasonable precautions, efforts and measures (including, without limitation, planning, scheduling and rescheduling and the cooperation and coordination called for under subparagraphs (iii) and (iv) (2) of this paragraph (b)), whether before or after the occurrence of the cause of delay; and an extension shall not be granted for a cause of delay which would not have affected the performance of the Construction Work, or portion thereof, were it not for the fault of the Lessee or any contractor or subcontractor (at any tier) of the Lessee or for other delay for which the Lessee or any contractor or subcontractor (at any tier) of the Lessee is not entitled to an extension of time.

(3) The period of any extension of time shall be that necessary to make up the time actually lost, subject to the provisions of this subparagraph (v), and shall be only for the portion of the Construction Work actually delayed. The Chief Engineer of the Port Authority may defer all or part of its decision on an extension and any extension may be rescinded or shortened if it subsequently is found that the delay can be overcome or reduced by the exercise of reasonable precautions, efforts and measures (including, without limitation, the coordination and cooperation called for under subparagraph (iii) of this paragraph (b) and those set forth in sub-subparagraph (2) of this subparagraph).

(4) Except as expressly provided in sub-subparagraph (iv)(4)(B) of this paragraph (b), the Port Authority shall not in any event have any liability or obligation to the

Lessee or to any other person, party or entity, including without limitation any contractor or subcontractor (at any tier) of the Lessee, for any increase in the costs of the Construction Work, or any portion thereof, or for any remedy or damages, monetary or otherwise, at law or in equity, arising from, relating to or in any way in connection with any such delay (including stoppage); nor shall any such cause, delay or stoppage result in or entitle the Lessee to any abatement, reduction, diminution or suspension of any rental or other payment obligation hereunder.

(5) (x) As a condition precedent to an extension of time, the Lessee shall give written notice to the Chief Engineer of the Port Authority promptly after the time when the Lessee knows of any cause which might result in delay for which it claims an extension of time (including those causes which the Port Authority is responsible for or has knowledge of), specifically stating that an extension is or may be claimed, identifying such cause and describing, as fully as practicable at the time, the nature and expected duration of the delay and its effect on the various portions of the Construction Work. Since the possible necessity for an extension of time may materially alter the scheduling, plans and other actions of the Port Authority, and since, with sufficient opportunity, the Port Authority might, if it so elects, attempt to mitigate the effect of a delay for which an extension of time might be claimed, and since merely oral notice may cause disputes as to the existence or substance thereof, the giving of written notice as above required shall be of the essence of the Lessee's rights and obligations hereunder and failure of the Lessee to give written notice as above required shall be a waiver of an extension of time unless the ability of the Chief Engineer of the Port Authority to evaluate whether the conditions set forth in sub-subparagraphs (1) and (2) have been met and the period of the extension, if any, has not been actually prejudiced by such failure.

(y) It shall in all cases be presumed that no extension of time is due unless the Lessee shall affirmatively demonstrate to the satisfaction of the Chief Engineer of the Port Authority that it is. To this end, and in addition to and without limiting any other term or

provision of this Agreement, the Lessee shall maintain adequate records supporting any claim for an extension of time, and in the absence of such records, the foregoing presumption shall be deemed conclusive.

(6) In the event the Lessee is granted an extension of the time required for the completion of the Construction Work pursuant to and under this subparagraph (v), the extended date for the completion of the Construction Work shall be set forth in a New Completion Date Agreement Supplement which New Completion Date Agreement Supplement shall be effective only upon full execution and delivery by the parties hereto.

(c) (i) Without limiting the generality of Section 2 or of paragraph (b) hereof or any other term or provision of this Agreement, the Lessee agrees to accept the Premises "as is" and, except as set forth in sub-subparagraphs (1) through (5) below, to be solely responsible for any and all Hazardous Substances, and any and all soil and ground water or other contamination and remediation (including without limitation the Lessee's Incremental Costs of the Current Remediation) thereof, in and on the Premises including without limitation all risks, claims, penalties, costs and expenses of any kind whatsoever relating thereto, and all Environmental Requirements and all Environmental Damages. Except as set forth in and subject to paragraph (d) hereof, the Lessee shall not be responsible for the following remediation of Hazardous Substances or any Environmental Requirements relating thereto in and on the Premises:

(1) the Existing Condition except for the Lessee's Incremental Costs of the Current Remediation and except as set forth in paragraphs (b)(iv)(4)(B),(d) and (m) hereof;

(2) Hazardous Substances in the soil and ground water caused by the acts and omissions of the Port Authority;

(3) Hazardous Substances on the Premises to the extent caused solely by the flow of ground water or the leaching of soil from outside the Premises;

(4) Levels of Analyzed Items above the Existing Condition and remediation of Hazardous Substances which are not Analyzed Items existing in or on the Premises prior to the Effective Date which are discovered subsequent to the establishment of the Initial Existing Condition which the Lessee has been able to prove to the reasonable satisfaction of the Port Authority in fact existed in or on the Premises prior to the Effective Date except that if the Lessee proceeds with a Future Project without a Future Remediation Supplement (as such terms are defined in and more fully described in subparagraph (d) below) and Hazardous Substances which are not Analyzed Items or level(s) of Analyzed Items above the Existing Condition are discovered in the course thereof the Lessee shall be solely responsible for each such Hazardous Substance and increased level including without limitation remediation thereof and Environmental Requirements relating thereto; or

(5) remediation of soil excavated by the Lessee in order for it to perform the Construction Work pursuant to and under Section 18 hereof and during the course of the Construction Work under Section 18 hereof and which soil is not used at the Site (as described in Section 18 hereof); provided that (i) the Lessee shall deliver such soil at its expense to an on-Airport location as designated by the Port Authority and (ii) the Lessee shall be responsible for any Hazardous Substance in such soil that was caused by or resulted from any act or omission of the Lessee or of any of its agents, contractors, sublessees, representatives or others on the Premises with the Lessee's consent or over whom the Lessee has control (subject to the Port Authority's burden of proof described in (a)(iii) above).

(ii) In addition to sub-subparagraphs (1) through (5) above, the Lessee shall not be responsible for any personal injury, including death, or injury to human health or the environment, or property damages which occurred prior to the Effective Date arising out of any Hazardous Substances in or on the Premises.

(d) Without limiting any other term or provision of this Agreement, if the Lessee wishes to perform any construction or alteration work on or in the Premises other than the Construction

Work under and as defined in Section 18 hereof, each such construction or alteration project or work exclusive of the Construction Work under Section 18 hereof being herein called a "Future Project", (it being expressly understood and agreed that this paragraph (d) shall not apply to the said Construction Work under Section 18 of this Agreement) and to request that the Port Authority share in the cost and obligation of remediation of the Analyzed Items at or below the Existing Condition to be performed as part of or in connection with such Future Project (which remediation is hereinafter called the "Future Work Remediation"), the Lessee shall so notify the Port Authority, such notice to be given in accordance with the terms and provisions of Section 80 of this Agreement, prior to or upon its submission to the Port Authority of its alteration or construction application covering such Future Project. After receipt of such notice the Lessee and the Port Authority shall meet and discuss what remediation is to be performed as part of and in connection with such Future Project and how such remediation of the Analyzed Items at or below the Existing Condition will be accomplished and paid for. The Lessee and the Port Authority understand and agree that it is not the intention of the Port Authority to hereby approve any Future Project nor to agree or imply agreement or obligate itself to approve any Future Project or to perform, pay or reimburse the Lessee for the cost of any remediation of the Existing Condition or any portion thereof and that any such agreement and obligation on the part of the Port Authority can arise only upon specific acceptance thereof and agreement thereto by the Port Authority in writing in an agreement supplemental to this Agreement (which supplemental agreement to this Agreement is herein called a "Future Work Remediation Supplement"). The Lessee understands that the agreement of the Port Authority to pay for or perform any remediation for a Future Project and to enter into a Future Work Remediation Supplement shall be at its sole and complete discretion; that the Port Authority may approve a Future Project without agreeing to assume any obligation with respect to the remediation associated therewith; and that any agreement of the Port Authority to assume any obligations with respect to any remediation may be subject to the specific approval of the Board of Commissioners of the Port Authority and the veto of either the Governor of the State of New York or the Governor of the State of New Jersey. If there is a Future Work Remediation Supplement for

a Future Project, then the performance of and payment for the Future Work Remediation performed as part of and in connection with such Future Project shall be as set forth therein. However, if the Lessee proceeds with any Future Project pursuant to an agreement supplemental to this Agreement or an approved Tenant Alteration Application or otherwise without a Future Work Remediation Supplement, the Lessee shall be responsible for the performance, payment and costs of any and all of the remediation for or in connection with such Future Project. Without limiting the terms and provisions of Section 18 or Section 19 of this Agreement, nothing in this paragraph (d) is intended to or shall obligate the Lessee to proceed with any Future Project.

(e) Without limiting the generality of the provisions of Section 35 of this Agreement, the Port Authority and its contractors, representatives and designees (including without limitation representatives of the Environmental Authorities) shall have the right but not the obligation to enter upon the Premises upon forty-eight (48) hours' notice (or such shorter notice period as may be required by the DEC or such Environmental Authorities) to the Lessee to conduct testing and related activities from the wells made by borings referred to in paragraph (a) above, to make additional borings and wells outside the structures on the Premises unless required by law to be inside a structure and to conduct testing and related activities therefrom, and to perform such activities as shall be necessary to perform the Current Remediation as and to the extent set forth in paragraph (b) above and to otherwise remediate the Premises to the extent the Lessee is not required to do so by this Section including, but not limited to, conducting pumping from the wells referred to in this Section. Without limiting the terms and conditions of paragraphs (b)(iii) and (b)(iv)(2) hereof, in the exercise of the foregoing rights the Port Authority shall not unreasonably interfere with the use and occupancy of the Premises by the Lessee. Except as set forth in paragraphs (b) (ii) and (b)(iv)(4)(B), the Port Authority shall be solely responsible for any cost or expense of any work performed by it on the Premises under this paragraph. At the conclusion of such entry upon the Premises pursuant to this paragraph, all equipment, drill cuttings, produced waters and other materials and wastes used or

generated during entry upon the Premises shall be removed from the Premises by the Port Authority.

(f) (i) At the conclusion of each phase of the Current Remediation, the Port Authority shall take soil and groundwater samples from various locations on the Premises so as to produce a fair and representative sampling of the area of the Premises where the Current Remediation has been conducted and these samples shall be tested for all Analyzed Items and the results of such samples and tests shall be set forth in a report and delivered to the Lessee.

(ii) After any Person performs any remediation on the Premises, other than the Current Remediation, such Person, the Lessee or the Port Authority may but shall not be obligated to, subject to the terms and provisions of Section 19 hereof, sample and test the soil and/or aquifer of the Premises in the area that was remediated for any or all Analyzed Items and set forth the results of such samplings and tests in a report. Any such report and test results, or any report and test results delivered to the Lessee pursuant to subparagraph (i) above, shall be referred to for purposes of this subparagraph as a "Remediation Completion Report". Upon delivery of a Remediation Completion Report to the Lessee and the Port Authority, such Remediation Completion Report shall (A) supersede and replace Exhibit 42.1 or the applicable portions thereof if such test or tests results and reports are of samples of Analyzed Items taken from the same well or boring or a new well or boring which is immediately adjacent to such well or boring and shall (B) supplement Exhibit 42.1 or the applicable portions thereof if the test or tests results and reports would not supersede any test or tests results and reports in Exhibit 42.1 as aforesaid, and the said results of such report setting forth the levels of the Analyzed Items in the soil and/or aquifer of the Premises together with those portions of Exhibit 42.1 which have not been replaced shall upon such delivery to the Lessee and the Port Authority be and be deemed to be the "Existing Condition" under this Section; provided, however, and notwithstanding the foregoing, in no event except as set forth in paragraph (c) (i) (4) above shall the level of any Analyzed Item in any Existing Condition be above the level for such Analyzed Item as set forth in any previous Existing Condition or the

lowest level to which such Analyzed Item has been remediated, and, provided further, any such test results and report covering Analyzed Items for which the Lessee is responsible pursuant to and in accordance with this Agreement shall not become a part of or supplement Exhibit 42.1

(g) Without limiting the generality of the provisions of Section 14 of this Agreement but subject to the Lessee's right to commence the Construction Work in accordance with subparagraph (b)(iv)(3) above, the Lessee agrees to protect and maintain the wells referred to in paragraphs (a) and (e) above and made as part of the Current Remediation or the Accelerated Remediation Work and shall repair any damage thereto not caused by the activities of the Port Authority or its designees, if any, pursuant to the provisions of this Section. If in connection with the Construction Work under Section 18 hereof it is necessary to fill any of the said wells but subject to the Lessee's right to commence the Construction Work in accordance with paragraph (b) (iv)(3) above, then, provided that such filling is permitted or approved by the Port Authority and provided that the Current Remediation may in the determination of the Port Authority proceed with a replacement well or wells, the Lessee shall perform all work (other than the filling of the well or wells) necessary or required for a replacement well or wells in accordance with the terms and provisions of this Agreement and the related Construction Application(s) to be submitted by the Lessee covering such work in accordance with Section 18 hereof, as the same may be approved by the Port Authority. The obligation of the Lessee to protect and maintain the wells as set forth in the first sentence of this paragraph (g) shall be deemed to also pertain and apply to any and all such replacement wells.

(h) Nothing in this Section shall limit, modify or otherwise alter the rights and remedies which the Port Authority or Lessee may have against third parties at law, equity or otherwise.

(i) Without limiting or affecting any other term or provision of this Agreement, the terms and provisions of this Section shall survive the expiration or termination of this Agreement.

(j) Without limiting the Lessee's obligations elsewhere under this Agreement to comply with all laws, ordinances, governmental rules, regulations and orders and as part of the Lessee's fulfillment of the foregoing obligations, the Lessee understands and agrees that, except as set forth in sub-subparagraphs (1) through (5) of paragraph (c)(i) of this Section, it shall be obligated, at its cost and expense, to comply with all Environmental Requirements which are applicable to or which affect (i) the Premises, (ii) the operations of the Lessee at the Premises or others at the Premises with the consent of the Lessee or over whom it has control, (iii) the Lessee's operations at the Airport, (iv) the occupancy and use of the Premises by the Lessee or by others with its consent or over whom it has control, or (v) any Hazardous Substance which has migrated from the Premises.

(k) Without limiting any other of the Lessee's obligations under the Lease, the Lessee agrees, unless otherwise directed by the Port Authority, to provide the General Manager of the Airport, at the cost and expense of the Lessee and at any time during or subsequent to the term of this Agreement, with such information, restrictions, permits, documentation, records, correspondence, notices, reports, test results, certifications and any other information as the Port Authority shall request in connection with any Environmental Requirements or Environmental Damages. In addition, in the event the Lessee shall not have submitted any information, permits, documents, records, correspondence, notices, reports, test results, certifications or other submissions required to be submitted to a Government Agency in connection with any Environmental Requirements or Environmental Damages for which the Lessee is responsible hereunder and continues such failure for five (5) working days after notice from the Port Authority, then the Lessee shall promptly acknowledge, swear to, sign or otherwise fully execute any of the foregoing when and as directed by the Port Authority and the Lessee agrees that in such event any of the foregoing may be filed by the Port Authority with the appropriate Governmental Agency on behalf of the Lessee at the Lessee's cost and expense. Further, the Lessee agrees, unless otherwise directed by the Port Authority, to provide the General Manager of the Airport with copies of all information, documentation, records,

correspondence, notices, certifications, reports, test results and all other submissions provided by the Lessee to a Governmental Authority and by a Governmental Authority to the Lessee within two (2) business days that the same are made available to or received by the Lessee with respect to any Environmental Requirements.

(l) Without limiting the generality of any provision of this Agreement, in the event that any Environmental Requirement sets forth more than one compliance standard, the Port Authority shall have the right at any time and from time to time, acting in its sole discretion and without any obligation whatsoever to the Lessee or otherwise to do so, to designate any level or levels or standard or standards of remediation permitted or required under any Environmental Requirement, and such designation shall be binding upon the Lessee with respect to its obligations under this Agreement with respect to Environmental Requirements, provided, however, that in the event that any Environmental Requirement or Government Agency would permit one or more Analyzed Item to remain in the soil or upper aquifer of the Premises above the levels set forth in the Existing Condition, the Lessee shall remediate each such Analyzed Item down to the Existing Condition promptly upon receipt of knowledge of such increase, provided, further, however, nothing in this paragraph (l) shall require or be construed to require the Lessee to remediate any Analyzed Item below the Existing Condition except as otherwise required by this Agreement.

(m) It is hereby understood and agreed that the Lessee's obligations under this Agreement shall not be nor be deemed to be affected in any way whatsoever if any Hazardous Substance for which by the terms of this Agreement the Lessee is not responsible for remediating or cleaning-up, is or will be remediated or cleaned-up by the Lessee in whole or in part in the fulfillment of the Lessee's obligations under this Agreement, whether due to the fact the Lessee cannot clean-up or remediate one or more Hazardous Substances for which it is responsible to remediate or clean-up without remediating one or more Hazardous Substances for which it is not responsible for remediating or cleaning-up or due to cost or expedience or for any other reason, and in no event shall the Port Authority have any responsibility

for such clean-up or remediation including without limitation any obligation to share in the cost of such clean-up or remediation.

(n) The Lessee shall not dispose of, release or discharge nor permit anyone to dispose of, release or discharge any Hazardous Substance on the Premises or at the Airport except that the Lessee may release or discharge de-icing fluids utilized in the ordinary course of business so long as such release or discharge is not a violation of any Environmental Requirement or the Port Authority Rules and Regulations Port Authority. Any Hazardous Substance disposed of, released or discharged by the Lessee (or permitted by the Lessee to be disposed of, released or discharged) at the Airport shall, upon notice by the Port Authority to the Lessee and subject to the provisions of Section 19 hereof, be completely removed and/or remediated by the Lessee, provided, however, the foregoing shall not apply to releases and discharges which are in compliance with Environmental Requirements and the Port Authority Rules and Regulations of de-icing fluids utilized in the ordinary course of business in connection with a permitted use on the Premises or the Airport and the obligation to remove and remediate such de-icing fluids shall be as required by and in accordance with Environmental Requirements and the Port Authority Rules and Regulations instead of as set forth in the foregoing. In addition to the foregoing and the Lessee's obligations pursuant to paragraph (j) above and notwithstanding the terms and provisions of Section 32, upon the cessation of the letting hereunder or any portion thereof, whether such cessation be by termination, expiration or otherwise, no level of any Analyzed Item shall exceed the level of such Analyzed Item as set forth in the Existing Condition (the amount of the increase, if any, of each and every Analyzed Item above the Existing Condition being hereinafter collectively called "Analyzed Item Increases"). The Lessee covenants and agrees on or before the cessation of the letting and subject to the provisions of Section 19 hereof and the relative responsibilities of the Lessee and the Port Authority set forth in paragraph (c) above, to remove and/or remediate all Analyzed Item Increases down to the Existing Condition and to completely remove and/or remediate all Hazardous Substances which are not Analyzed Items and for which the Lessee is responsible pursuant to paragraph (c) above.

(o) Attached hereto, hereby made a part hereof and identified as "Exhibit 42.4" is a copy of Long Island Well Permit No. 2-6308-00019/00005-0 effective for the period November 2, 1995 through December 31, 2000 issued by the DEC to the Port Authority covering the installation and operation of temporary dewatering systems associated with the Central Terminal Area redevelopment program at the Airport (which permit as the same may be extended or superseded or replaced by another dewatering permit, is hereinafter called the "Dewatering Permit"). The Lessee has requested that it be permitted to conduct dewatering performed by it in connection with the Construction Work to be performed by the Lessee under Section 18 hereof under and pursuant to the Dewatering Permit. The Port Authority hereby grants its permission for the Lessee to perform dewatering performed by it in connection with the Construction Work under and pursuant to the Dewatering Permit on the following terms and conditions, provided, however, the permission granted hereunder with respect to any extension of or replacement or succeeding permit to Permit No. 2-6308-00019/00005-0 shall not be effective if the conduct of dewatering thereunder by the Lessee would be a violation of such permit:

(1) The Lessee shall comply with all the terms and conditions of the Dewatering Permit and with all additional requirements of the DEC in connection with dewatering performed by the Lessee under the Dewatering Permit, provided, however, the Lessee shall not dewater more than 600,000 gallons per day under the Dewatering Permit for the duration of the permit.

(2) The Lessee agrees to assume all risks arising out of its performance of dewatering under the Dewatering Permit and, without limiting the generality of any other term or provision contained in this Agreement, shall indemnify, hold harmless and reimburse 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, without limitation, legal costs and expenses incurred in connection with the defense of) all claims and demands, penalties, fines, liabilities (including, without limitation, strict liability), settlements, attorney and

consultant fees, investigation and laboratory fees, cleanup and remediation costs, court costs and litigation expenses, damages, judgements, losses, costs and expenses, including, without limitation, claims for personal injury, including death, and property damage, of whatsoever kind or nature and whether known or unknown, contingent or otherwise, just or unjust, groundless or foreseeable or otherwise arising or alleged to arise out of, or any way related to the use of the Dewatering Permit by the Lessee. If so directed, the Lessee shall at its own expense defend any suit based upon the foregoing, and in handling such it shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority.

(3) Notwithstanding special condition No. 3 of the Dewatering Permit, the Lessee shall submit to the Supervisor, Permits and Government Approvals of the Port Authority's Environmental Engineering Division all information required by special condition No. 3 of the Dewatering Permit at least 60 (sixty) days prior to commencement of construction under each individual contract pursuant to which dewatering shall be performed by the Lessee.

(4) The Lessee shall obtain all laboratory analyses and maintain all volume logs required by the Dewatering Permit or by the DEC in connection with dewatering performed by the Lessee pursuant to the Dewatering Permit.

(5) Monthly volume logs, water quality results, visual inspection logs and photographs required by special conditions Nos. 8 and 9 of the Dewatering Permit are to be submitted by the Lessee to the Supervisor, Permits and Government Approvals of the Port Authority's Environmental Engineering Division by the 10th (tenth) day of the month following the month in which the foregoing are recorded or obtained.

(6) The permission granted pursuant to this paragraph (o) for the Lessee to perform dewatering pursuant to the Dewatering Permit may be revoked by the Port Authority upon twenty-four (24) hours' notice to the Lessee if the Lessee fails, within seven (7) days after receipt by the Lessee of notice of default from the Port Authority identifying the breach or breaches of this paragraph (o), to cure any default of the terms and conditions of this paragraph (o) so identified.

Section 43. Airline Subleases.

(a) (i) The Lessee has submitted, and the Port Authority has approved, a comprehensive plan for the subleasing of the Premises for passenger air transportation-related uses (the "Airline Leasing Plan"), setting forth, *inter alia*, the types of services the Lessee will provide and providing for a pricing structure based on the following categories of Aircraft Operators and operations:

(1) "Signatory Carriers", which are air carriers guaranteeing a minimum annual payment and/or a minimum level of passenger traffic, and executing use agreements for a term of the lesser of

(x) fifteen (15) years and

(y) the period remaining in the Term (less one day), if such period is less than fifteen (15) but more than three (3) years;

"Contract Carriers", which are air carriers guaranteeing a minimum annual payment and/or a minimum level of passenger traffic, and executing use agreements for a term of the lesser of

(x) three (3) years and

(y) the period remaining in the Term (less one day), if such period is less than three (3) years but more than one (1) month;

"Independent Carriers", which are air carriers executing agreements on a month-to-month or per use basis; and

"Occasional Arrivals", which are air carriers not having agreements with the Lessee;

with Contract Carriers being charged a premium over Signatory Carriers, Independent Carriers being charged a premium over Contract Carriers and Occasional Arrivals being charged a premium over Independent Carriers; and

(2) "Peak" and "Off-Peak" periods, with discounts to all carriers, irrespective of carrier category, with respect to operations during Off-Peak periods on a per enplaned passenger basis; and

(3) "Domestic" service and "International" service; and

(4) "Arrivals Only" service, which is service in which passengers are disembarked at the Premises, and "Arrivals and Departures" service, which is service in which passengers are both embarked from and disembarked at the Premises.

(ii) The Airline Leasing Plan shall be subject to the approval of the Port Authority, as provided in this Section. The Lessee shall submit to the Port Authority for its written approval at annual intervals during the Term (or more frequently if desired by either party) a revised Airline Leasing Plan, which shall contain the information enumerated in subparagraph (i) above. The Port Authority shall, within thirty days after its receipt of a proposed revised Airline Leasing Plan, advise the Lessee in writing of the Port Authority's approval, conditional approval or disapproval. In the event of disapproval, the reasons therefor shall be stated, and the Lessee may thereafter submit for Port Authority approval an appropriately modified proposed revised Airline Leasing Plan. Unless and until a revised Airline Leasing Plan shall have been approved by the Port

Authority in the foregoing manner, the Airline Leasing Plan previously approved and then in effect shall continue in effect.

(iii) Subject to the Port Authority's prior written consent, if required pursuant to Section 5 above, the Lessee, throughout the Term, shall enter into Subleases with Signatory, Contract and Independent Carriers (any such Sublease, an "Airline Sublease") in accordance with the Airline Leasing Plan.

(b) The Lessee shall, prior to entering into any Airline Sublease or furnishing any services hereunder, prepare and furnish to the Port Authority a schedule, consistent with the Airline Leasing Plan, of rates and charges for the services the Lessee will perform. All subsequent changes in the schedule shall be submitted to the Port Authority prior to the effective date or dates thereof. The Port Authority shall have the right to disapprove or otherwise reject or require modifications to such schedule of rates and charges only to the extent that the rates and charges set forth therein are not fair and reasonable and unjustly discriminate between Aircraft Operators. The Lessee covenants and agrees to adhere to the charges shown on the schedule, and to refund promptly to the customer, upon demand of the Port Authority, any charge or charges made in excess of those shown on the schedule as a Permitted O&M Expense.

(c) (i) The Premises shall be made available as an air terminal for public use, on fair and reasonable terms, at fair and reasonable prices and without unjust discrimination, to all types, kinds and classes of aeronautical users, to the extent permitted herein. Specifically, but without limitation, the following shall be required:

(1) each air carrier using the Premises shall be subject to such substantially comparable and not unjustly discriminatory rates, fees, rentals and other charges and such substantially comparable and not unjustly discriminatory rules, regulations and conditions as are applicable to all such air carriers making similar use of the Premises and using similar facilities, subject to reasonable classifications such as "tenants" and "nontenants", and any classification or status such as

design and make such changes or modifications in the New Airport Roads and Parking Improvements Work and the Area 2 Utility Line Construction as may be required by the Port Authority, from time to time during construction, which changes and modifications will become a part of the Construction Application. Furthermore, the New Airport Roads and Parking Improvements Work and the Area 2 Utility Line Construction will be performed in accordance with and subject to any procedures which may be imposed by the General Manager of the Airport consistent with Airport-wide procedures. The Port Authority shall have the right to approve in writing such work or services. With respect to such work or services, the Port Authority shall have the right to disapprove the costs of any portion of such work or services, if such costs exceed the amounts set forth in the Project Cost Plan specified in paragraph (o) hereof for such portion of work or services. It being understood and agreed that (i) the Port Authority shall be responsible for all additional cost including applicable soft costs and actual costs for schedule delay, to the On-Premises Work which are directly impacted by any changes and modifications in the New Airport Roads and Parking Improvements Work required by the Port Authority, provided that the Lessee shall have prepared and submitted to the Port Authority a proposed change order covering such changes and modifications and the additional costs thereof, and the Port Authority shall have approved such proposed change order; and (ii) the Lessee shall be responsible for all additional costs, including applicable soft costs and actual costs for schedule delay, to the New Airport Roads and Parking Improvements Work which are directly impacted by any changes and modifications in the On-Premises Work required by the Lessee and not relating to the recommendations of the Port Authority, provided that the Lessee shall have prepared and submitted to the Port Authority a proposed change order covering such changes and modifications and the additional costs thereof, and the Port Authority shall have approved such proposed change order.

(f) The Lessee wishes to commence construction of portions of the Construction Work prior to the approval by the Port Authority of the Lessee's complete Contract Documents (other than Change Orders after the final approval of the plans and specifications by the Port Authority which is anticipated to

occur in April, 1998) and plans and specifications pursuant to paragraph (c) hereof and the Port Authority has no objection thereto. The Lessee agrees all such work shall be performed subject to and in accordance with the following terms and conditions:

(i) The performance by the Lessee of the work 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 (the Port Authority agrees that its review shall be consistent with the design assumptions of previously approved plans and specifications) or if the approval thereof calls for modifications or changes in the work undertaken by the Lessee, the Lessee will, as directed by the Port Authority, either restore the area affected to the condition existing prior to the commencement of any such work or make such modifications and changes in any such work as may be required by the Port Authority.

(ii) Nothing contained hereunder shall constitute a determination or indication by the Port Authority that the Lessee has complied with applicable Law, including but not limited to those of The City of New York, which may pertain to the work to be performed.

(iii) The work will be performed in accordance with and subject to the terms, indemnities and provisions of this Agreement covering the Construction Work and with the terms and conditions of any Construction Application approved by the Port Authority.

(iv) In the event that the Lessee shall at any time during the construction of any portion of the Construction Work under this paragraph (f) fail, in the opinion of the General Manager of the Airport, to comply with all of the provisions of this Agreement with respect to the Construction Work or the Construction Application or be, in the opinion of the General Manager, in breach of any of the provisions of this Agreement or the Construction Application, the Port Authority shall have the right, acting through said General Manager to cause the Lessee to cease all or such part of the Construction Work as is being

performed in violation of this Agreement or the Construction Application. 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 (a) 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 Agreement and the Construction Application; or (b) the dispute to the Chief Engineer of the Port Authority for final determination. The Lessee shall not commence construction of the portion of the Construction Work that has been halted until such written approval has been received or the dispute has been determined by the Chief Engineer of the Port Authority.

(v) It is hereby expressly understood and agreed that neither the field engineer covered by paragraph (g) hereof nor the Resident Engineer of the Port Authority at the Airport has any authority to give any directions to the Lessee or 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 Agreement or the Construction Application. Should the field engineer or the Resident Engineer give any directions or approvals with respect to the Lessee's performance of any portion of the Construction Work which are contrary to the provisions of this Agreement or the Construction Application, the Lessee shall have no obligation to comply with such directions and said directions or approvals shall not affect the obligations of the Lessee as set forth herein nor release or relieve the Lessee from the compliance herewith. 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 this Agreement or the Construction Application nor shall such fact be or be deemed to be a waiver by the Port Authority from the requirement of compliance by the Lessee with the provisions of this Agreement and the Construction Application with respect to the Construction Work.

(g) (i) The Lessee will give the Port Authority not less than sixty (60) days' notice prior to the commencement of construction. The Port Authority will assign to the Construction Work not more than two (2) full time field engineers. The Lessee shall pay to the Port Authority for the services of said engineer or engineers, the sum of

per engineer for each day or part thereof that the engineer or engineers are so assigned during the 1997 calendar year, and for each and every calendar year thereafter, the rate that the Port Authority shall charge Aircraft Operators at the Airport for the services of such engineer or engineers during such calendar year for each day or part thereof that the engineer or engineers are so assigned for such calendar year. Nothing contained herein shall affect any of the provisions of paragraph (j) hereof or the rights of the Port Authority hereunder. The foregoing provisions of this paragraph (g) 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 the foregoing provisions of this paragraph (g) for the services of said field engineer shall continue during the period that construction pursuant to paragraph (f) hereof is performed.

(ii) In addition to the foregoing, the Lessee shall prepare and submit to the Port Authority as part of the schedule of submission by the Lessee of specified "Packages" of Design Development Documents under subparagraph (iv) of paragraph (c) above, not less than sixty (60) days prior to the commencement of any portion of the Construction Work and the implementation of each construction stage, for its prior approval, a temporary construction program (including, but not limited to, drawings, sketches, schedules and narrative descriptions) which sets forth plans for the continuing provision of all patron services for roadway frontages, in-terminal, airside and landside operations.

Without limiting any other term or provision hereof, any temporary construction is subject to Section 18 (j) (iii), including, but not limited to, certifications of the Lessee and on behalf of the Project Engineer by a licensed architect or engineer on its staff as set forth therein and the issuance of a certificate of completion therefor by the Port Authority.

(h) 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 the Construction Work it affects and all of the foregoing shall be covered under the Comprehensive Plan of the Lessee submitted under paragraph (a) hereof and shall be part of the Construction Work hereunder.

(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 Passenger Terminal Facilities shall be and become part of the Premises if located within the Site.

(j) (i) 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] a certificate signed by an authorized officer of the Lessee certifying that the Construction Work has been constructed in accordance with the approved plans and specifications (including but not limited to all Change Orders) and the provisions of this Agreement and in compliance with all applicable Law; [b] a certificate signed and sealed on behalf of the Project Engineer by a New York State licensed architect on its staff certifying

that the approved plans and specifications (including but not limited to all Change Orders) are in compliance with all applicable Law; and [c] a certificate signed and sealed on behalf of the Project Engineer by a New York State licensed engineer on its staff certifying that the Construction Work has been constructed in accordance with the approved plans and specifications (including but not limited to all Change Orders). Thereafter, the Port Authority shall promptly commence inspection of the Construction Work and if the same has been completed as certified by the Lessee and on behalf of the Project Engineer by a licensed architect or engineer on its staff, 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. Subject to subparagraph (j) (iii) below, the Lessee shall not use or permit the use of the Construction Work or any portion thereof for the purposes set forth in this Agreement until such certificate is received from the Port Authority.

(ii) The term "Completion Date" for the purposes of this Agreement shall mean the date appearing on the certificate issued by the Port Authority pursuant to subparagraph (i) of this paragraph (j) after the completion of the Construction Work.

(iii) Notwithstanding the provisions of subparagraph (i) above, when a discrete, 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] a certificate signed by an authorized officer of the Lessee certifying that such portion of the Construction Work has been constructed in accordance with the approved plans and specifications (including but not limited to all Change Orders) and the provisions of this Agreement and in compliance with all applicable Law; [b] a certificate signed and sealed on behalf of the Project Engineer by a New York State licensed architect on its staff certifying that the approved plans and specifications (including but not limited to all Change Orders) are in compliance with all applicable Laws;and [c] a certificate signed and sealed on behalf of the Project Engineer by a New York State licensed engineer on

its staff certifying that such portion of the Construction Work has been constructed in accordance with the approved plans and specifications (including but not limited to all Change Orders). The Lessee shall also certify 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 permit the Lessee to use such portion for the purpose set forth in this Agreement taking into consideration that one purpose of the construction staging and scheduling is to permit the continuous operation of the Premises as an air terminal facility and to minimize disruption to passengers, tenant airlines and concessionaires while proceeding as promptly as possible to completion of the construction of the Passenger Terminal Facility. Accordingly, the Port Authority shall take into consideration the said purpose in reviewing any request by the Lessee for the issuance of a certificate to the Lessee with respect to each discrete, integral and material portion of the Construction Work permitting the Lessee to use such portion thereof for the purposes set forth in this Agreement. In the event the Port Authority issues such certificate, the Lessee may use such discrete, integral and material portion subject to the condition that all risks thereafter with respect to the construction and installation of the same and any liability therefor for negligence or other reason shall be borne by the Lessee, and subject to the risks as set forth in paragraph (f) hereof in the event that the Port Authority shall not have then approved the complete plans and specifications for the Construction Work.

(k) In addition to all work specified in subparagraphs (a) (v) and (vii) above, 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, 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 and to restore all affected areas (such work being hereinafter collectively called the "Relocation Work"), the Port Authority agreeing not to act unreasonably herewith. The Lessee shall perform the Relocation Work subject to and in accordance with all the terms and provisions of this Section 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 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.

(m) Costs incurred for the design, construction, and management of the activities associated with the Area 2 Work shall be payable by the Port Authority to the Lessee as follows:

(A) Prior to the submission of its first application for an Area 2 Construction Advance (as hereinafter defined), the Lessee shall furnish to the Port Authority for the Port Authority's approval trade payment breakdowns for all subcontractors, which shall be carefully examined by the Lessee in order to ensure that no "front-end loading" takes place.

(B) The following terms used in this paragraph (m) shall have the respective meanings given below:

(1) Each payment made by the Port Authority to the Lessee or any contractor, supplier, subcontractor or any other person engaged by the Lessee or its General Contractor in the performance of any part of the Area 2 Work is herein referred to as an "Area 2 Construction Advance."

(2) The term "Final Date" as used herein shall mean the 365th day following the Completion Date, as hereinbefore defined.

(3) The term "Area 2 Construction Advance Amount" shall mean the sum of the first Area 2 Construction Advance and each subsequent Area 2 Construction Advance paid by the Port Authority to the Lessee or any contractor, supplier, subcontractor or any other person engaged by the Lessee or its

General Contractor in the performance of any part of the Area 2 Work pursuant to subparagraphs (B) and (C) hereof.

(4) The term "Cost of the Area 2 Work" shall mean the sum of the following amounts and costs, and such amounts and costs only, actually paid or incurred by the Lessee:

(i) Subject to subparagraph (D) below, amounts equal to the portion of the GMC (as hereinafter defined in paragraph (n)) plus contingency applicable to Area 2 Work incurred by the Lessee or the General Contractor for work actually performed and labor and materials actually furnished in connection with the performance of the Area 2 Work, plus

(ii) Fourteen and one half percent (14.5%) (the "Mark-up") of the amounts in subitem (i) above. It being understood that the Mark-up may be adjusted from time to time by mutual agreement between the Port Authority and the Lessee.

(C)(i) The Lessee shall submit each month (but no more than once a month) an application for payment ("Application for Payment") together with appropriate waivers, affidavits and waivers of mechanic's liens, bills of sale, UCC-1 financing statements, evidence that all materials and all equipment stored at off-Site storage locations approved by the Lessee are adequately protected and all other documentation that the Port Authority may request in order to determine the actual costs of the Area 2 Work incurred which are the subject of such Application for Payment. In addition, for each Application for Payment which includes materials and/or equipment stored at off-Site storage locations, the Lessee shall furnish to the Port Authority evidence satisfactory to the Port Authority that title to all such materials and/or equipment has vested in the Lessee or the Port Authority free and clear of any security interests, or other encumbrances, an inventory schedule control schedule, satisfactory evidence that such materials and/or equipment (as well as any shop drawings required by the Port Authority) have been approved by the Port Authority, and any other documentation as may be reasonably required by the Port Authority.

(ii) Within thirty (30) days of the receipt by Port Authority of an Application for Payment, together with all back-up documentation that the Port Authority may request as set forth in subparagraph (i) above, the amount in the Application or such lesser amount as the Port Authority shall have approved, shall be due and payable by the Port Authority to the Lessee.

(iii) Prior to the submission of the second and each subsequent Application for Payment, the Lessee shall deliver to the Port Authority a certificate, signed by an officer designated by the Lessee and acceptable to the Port Authority, accounting for the payment and disbursement of all sums received by the Lessee under the prior month's Application for Payment. Each such certificate shall certify that (a) the partial payment paid by the Port Authority has been incurred by the Lessee on account of the Area 2 Work, (b) the materials, supplies and equipment for which payment has been paid pursuant to the prior month's Application for Payment have been installed or incorporated into the Area 2 Work or have been stored at the Site or at such off-Site storage locations as shall have been approved by the Lessee, (c) the materials, supplies and equipment are not subject to any liens or encumbrances, (d) no mechanic's, laborer's, vendor's, materialman's or other liens have been filed in connection with the Area 2 Work or any of the materials, supplies or equipment incorporated therein or purchased in connection therewith, (e) waivers from the General Contractor and all subcontractors have been obtained for the portion of the Area 2 Work which is the subject of such certificate in such form as to constitute effective waivers of applicable Law and (f) such portion of the Area 2 Work which is the subject of such certificate has been performed in accordance with the terms of this Agreement.

(iv) The Port Authority shall have the right to make direct payment to the General Contractor or a subcontractor of the General Contractor for any portion of Area 2 Work which has been performed by the General Contractor or such subcontractor and for which the Lessee has furnished the required certificate (but the Lessee has not been paid therefor by the Port Authority). Such direct payment shall be deemed to have been made in accordance herewith and to the extent of such payment by

the Port Authority, the Port Authority shall be released from any further obligation with respect to such payment, and the Port Authority shall send to the Lessee at the time of making such direct payment a notice thereof setting forth the name of the General Contractor or subcontractor to whom payment was made and the amount of such payment.

(v) Except as otherwise provided with respect to Change Orders, in the event a dispute shall arise in connection with payments to be made on any application for Area 2 Construction Advance, or otherwise, the Lessee shall, or shall require the General Contractor to, continue during the pending of such dispute to perform its duties and responsibilities pursuant to this Agreement in accordance with the Port Authority's directives and shall maintain the GMC (as hereinafter defined in paragraph (n)), the progress schedule and the scheduled completion date for the Project and the Lessee shall perform all other obligations required to be performed by it under this Agreement as if no dispute shall have arisen. During the pendency of any such dispute, and except as otherwise provided in this Agreement, the Lessee shall be entitled to receive payments from the Port Authority only on account of amount claimed for items not subject to a bona fide dispute and the amount in dispute shall be deferred until the final resolution of the dispute. It is expressly understood by the Lessee that any Area 2 Construction Advance made by the Port Authority hereunder on account of non-disputed items and payments on account of disputed items shall in no way be deemed a waiver by the Port Authority of any of its rights hereunder, with respect to any disputed items. The Lessee shall mark as "Final" its final certificate covering the Area 2 Work. After submitting the said final certificate, the Lessee shall submit no further certificate hereunder.

(D) Subject to a Change Order set forth in subparagraph (E) below, the entire obligation of the Port Authority under subparagraph (C) above to make Area 2 Construction Advances to respective claimants for the Cost of the Area 2 Work shall be limited to an amount of

: provided, however, that such obligation shall be further limited in time to construction work covered by certificates or invoices as set forth in said

subparagraph (C) duly submitted to the Port Authority on or prior to the Final Date.

(E) The Port Authority may require a Change Order to the New Airport Roads and Parking Improvements Work and Area 2 Utility Line Construction and the Lessee shall comply with such requirement; provided that if such Change Order requires changes in the scope of said work as set forth in Exhibit 18.2 by increasing the scope of the same and such changes result in an increase in excess of Five Million Eight Hundred Ninety-three Thousand Four Hundred Fifty Dollars and No Cents ($5,893,450.00), which amount is included in the amount of Eighty-Two Million Dollars and no Cents ($82,000,000.00) set forth in subparagraph (D) above, to the cost of said work, then the Port Authority shall be responsible for such increase. Work performed under such Change Order, upon completion, will become part of the New Airport Roads and Parking Improvements Work and Area 2 Utility Line Construction.

(F) It is understood and agreed that subject to the provisions of subparagraph (E) above, the Lessee shall be responsible for the Cost of Area 2 Work in excess of the Area 2 Construction Advance Amount to be advanced by the Port Authority as set forth in subparagraph (D) hereof.

(n) The Lessee has entered into an agreement (the "Contract") with the General Contractor, whereby the General Contractor will act as the general manager/general contractor of the Construction Work for a certain agreed upon guaranteed maximum cost (the "GMC"), which, when finally established pursuant to the terms of the Contract, shall represent a comprehensive statement of all the costs of the Project, including, but not limited to, all subcontract costs, general conditions costs, construction and escalation contingencies and General Contractor's lump sum fee. The Lessee shall not reject the GMC proposed by the General Contractor pursuant to the terms of the Contract without prior notice to and consultation with the Port Authority.

(o) The Lessee agrees that the Project Cost Plan attached hereto, hereby made a part hereof and marked "Exhibit 18.8" shall

include itemized schedules of the costs related to the Construction Work of which certain items shall be fixed as of the date of this Agreement ("Capped Items"). The Capped Items are marked with an asterisk as shown on Exhibit 18.8. The capped Items shall not be modified without the prior written approval of the Port Authority. With respect to other items of the Project Cost Plan, the Lessee agrees that it shall attempt not to exceed the target amounts as set forth in the Project Cost Plan.

(p) The Lessee has submitted to the Port Authority for its approval a program management plan ("Program Management Plan"). The Port Authority has approved Sections 3.4; 3.5; 3.6.1; 3.6.2; and 9 of the Program Management Plan which are attached hereto, hereby made a part hereof and marked "Exhibit 18.9". The remaining Sections of the Program Management Plan shall be submitted to the Port Authority by the Lessee within thirty (30) days after the Effective Date. The Port Authority will provide approval or comments within fifteen (15) days thereafter. Failure to obtain final approval of the entire Program Management Plan within sixty (60) days after the Effective Date (if the Lessee has failed to respond appropriately to the Port Authority's comments) will result in no further draw against the line item "Project Management" of the Project Cost Plan until the entire Program Management Plan is approved.

(q) (i) In addition to and without limiting any other term or provision of this Agreement, the Port Authority shall have the right from time to time and at any time by its agents, employees and representatives to audit and inspect during regular business hours the books, records and other data of the Lessee and its General Contractor relating to the costs of the Construction Work for the Project, or any other portion thereof, including, but not limited to, the Area 2 Work or any portion thereof, and any and all invoices covering or relating to the Construction Work, or any portion thereof; it being understood that the Port Authority shall not be bound by any prior audit connected with it. The Lessee agrees to keep such books, records and other data within the Port of New York District, but the Lessee shall not be required to maintain any of such books, records and other data for more than seven (7) years after the Lessee has delivered the

certificate marked "Final" called for under subparagraph (C) of paragraph (m) above.

(ii) In the event that a Port Authority audit shall disclose that amounts paid by the Port Authority exceed amounts incurred by the Lessee or the payments actually paid by the Lessee to the General Contractor for work actually performed and labor and material actually furnished in connection with the performance of the Area 2 Work, the Lessee shall immediately pay to the Port Authority an amount equal to the excess amount paid by the Port Authority.

(r) The Port Authority shall make available to the Lessee, during the performance of the Construction Work, at no additional rental to the Lessee, a three (3)-acre material and staging area as shown on Exhibit 18.10 (the "Staging Area") which may be changed and/or moved by the Port Authority at any time and from time to time on ninety (90) days' notice to the Lessee. The Lessee shall have the exclusive use of the Staging Area in connection with the completion of all Construction Work until sixty (60) days after the completion of all Construction Work (the "Staging Area Termination Date"). The Lessee shall be responsible for constructing any necessary improvements to the Staging Area including but not limited to utilities, fencing and lighting and the demolition and removal of same prior to the Staging Area Termination Date and for security and any other services at the Staging Area. The Staging Area and the use thereof by the Lessee for the purposes set forth above shall be subject to all of the appropriate terms and provisions of this Agreement including, but not limited to, indemnity and insurance.

(s) The Lessee has been advised and understands that the LRS Work (as defined in clause (xv) of subsection (a) hereof) is an integral part and important portion of the LRS which the Port Authority plans to construct and operate for the transportation of passengers and others to and from the Airport; and that the completion and operation of the LRS for the benefit of the Airport requires the timely completion of the LRS Work. From time to time, the Port Authority shall keep the Lessee apprised of the progress of the construction of the LRS. The LRS Work is

expected to be completed by the Lessee in stages and by the following projected completion dates:

Trackway		April 1, 1999
Platform		July 31, 1999
Trackway		
East		
	Piles/Pile Caps & Columns	March 1, 1999
	Girders	July 31, 1999
West		
	Piles/Pile Caps & Columns	May 1, 1999
	Girders	September 30, 1999

Each of the aforesaid projected completion dates shall be modified to be the actual date (the "LRS Contractor's Commencement Date"), set forth in the contract (the "LRS Contract") with the contractor (the "LRS Contractor") engaged by the Port Authority to build the LRS, for the LRS Contractor to commence that portion of the LRS Contractor's work (which portion is hereinafter referred to as the "LRS Contractor's Work") at the Premises which is to be performed upon the substantial completion of the applicable stage of the LRS Work, provided the LRS Contractor's Commencement Date is later than the applicable projected completion date set forth above. The Port Authority shall endeavor to include in the LRS Contract that the LRS Contractor will commence its work at the Premises in accordance with the stages (but not necessarily by the project completion dates) set forth above. In addition, each of the aforesaid projected completion dates shall be extended for each day after the LRS Contractor's Commencement Date that the LRS Contractor shall fail, for whatever reason (other than the failure of the Lessee to substantially complete the applicable stage of the LRS Work by the projected completion date, as the same may be modified as provided in this paragraph), to commence the LRS Contractor's Work.

In the event that any stage of the LRS Work is not substantially completed by the Lessee and available to the Port Authority or the LRS Contractor for the LRS Contractor to commence the LRS Contractor's Work within sixty (60) days after

the projected completion date therefor, as modified and extended as aforesaid (such projected completion date as so modified and extended being hereinafter referred to as the "LRS Work Completion Date"), then, upon ninety (90) days' prior notice from the Port Authority to the Lessee (which notice may be given prior to the occurrence of the LRS Work Completion Date if the Port Authority believes in good faith that the Lessee will not be able to substantially complete the applicable portion of the LRS Work by the LRS Work Completion Date), the LRS Contractor shall have the right to enter and use that portion of the Premises as shall be reasonably necessary, in the opinion of the Port Authority, for the LRS Contractor to perform that portion of the LRS Work which the Lessee has failed to complete by the LRS Work Completion Date; provided, however, that the LRS Contractor shall not have such right if the Lessee shall substantially complete the applicable portion of the LRS Work by the sixtieth (60th) day after the applicable LRS Work Completion Date. The aforesaid right of the LRS Contractor to enter and use said portion of the Premises is intended to insure the continuous and timely performance of the construction of the LRS. Any performance by the LRS Contractor of the LRS Work shall be done (1) in accordance with the approved Design Development Documents and Contract Documents prepared by the Lessee hereunder, which will be made available to the Port Authority and/or the LRS Contractor by the Lessee (without obligating the Project Engineer in any manner therefor unless the Project Engineer's grants its prior approval or enters into agreement with respect thereto) for such purpose, and (2) in such manner so as to minimize interference with other portions of the Construction Work and the continuous operation of the Premises as an air terminal facility. In the event that the LRS Contractor performs any portion of the LRS Work, the Lessee will be relieved of the obligation, set forth in clauses (xiv) and (xv) of subsection (a) hereof, to build that portion to be performed by the LRS Contractor. Such portion of the LRS Work performed by the LRS Contractor, upon completion, will be turned over to the Lessee and will become part of the Construction Work, subject to all of the terms and conditions hereof.

The Port Authority acknowledges and agrees that the Port Authority shall cause the LRS Contractor to (a) be responsible,

as provided in this paragraph, for relocating the current bus and taxi staging area (the "Current Ground Transportation Staging Area") at the east side entrance to the Premises to a temporary bus and taxi staging area (the "Temporary Ground Transportation Staging Area") in connection with the performance by the LRS Contractor of the work under the LRS Contract and (b) perform such relocation work during off peak hours and off season. The Lessee shall not be obligated to incur any direct cost or expense in connection with the relocation of the Current Ground Transportation Staging Area to the Temporary Ground Transportation Staging Area. The Port Authority and the Lessee agree to cooperate in good faith and to use reasonable efforts to minimize and mitigate any impact that the construction of the LRS may have on the location, design, construction methods and construction timing of the Temporary Ground Transportation Staging Area, the timing and coordination of the transition from the Current Ground Transportation Staging Area and the Temporary Ground Transportation Staging Area and all other matters relating thereto which may adversely affect the Construction Work and/or the efficient operation of the Premises.

Without limiting the generality of any other provisions of this Section, the Lessee acknowledges and agrees that it shall be responsible for coordinating the proposed column locations for the On-Premises Work (and any currently-contemplated future expansion thereof) with utilities located on or outside the Site, as such utilities may be relocated by the Lessee as part of the Construction Work. The Port Authority shall cause the LRS Contractor to be responsible under the LRS Contract for the coordination of the locations of the columns and other structural and mechanical elements of the LRS with the utilities located on or outside the Site, as such utilities may be relocated by the Lessee as part of the Construction Work (such utilities as so relocated being hereinafter referred to as the "LRS Relocated Utilities"). The parties hereto acknowledge and agree that the Design Development Documents and/or the Contract Documents, to the extent then available, may be used by the LRS Contractor for purposes of coordinating the locations of the columns and other structural and mechanical elements of the LRS with the LRS Relocated Utilities, and for such purpose the Design Development

Documents and/or the Contract Documents, as the case may be, shall be considered "as-built" conditions.

Section 19. Other Construction by the Lessee

(a) The Lessee shall not erect any structures, make any improvements or do any construction on the Premises or alter, modify, or make additions, improvements or repairs to or replacements of any structure existing at the commencement of the Term or built at any time during the Term, or install any fixture (other than trade fixtures, removable without material damage to the Premises, any such damage to be immediately repaired by the Lessee) without the prior written approval, which may include inter alia the submission of a tenant alteration application in the form prescribed by the Port Authority (the "Tenant Alteration Application") 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 Exhibit 2.1 to this Agreement 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 Term or install any fixtures on the Premises, including, but not limited to, paving, and that the provisions of this Section shall be read and construed as if there were no Notes and associated reference lines on Exhibit 2.1 and that any which were placed on such

Exhibit are solely and exclusively for the benefit of the Port Authority.

(c) Notwithstanding the obligation of maintenance imposed upon the Lessee by the provisions of Section 36 hereof, the Lessee shall not make any repairs or replacements (except emergency repairs or replacements) unless and until it has first complied with Section 19(a).

Section 20. FAR 107—Security Program Obligations

(a) (i) The Lessee has been advised that the Port Authority is obligated to have in effect and does now have in effect an airport security plan in accordance with Federal Aviation Regulations, 14 C.F.R. Part 107 ("FAR 107") for the Airport and approved by the FAA thereunder which includes, as a portion thereof, the Port Authority's obligations under FAR 107 to provide Airport security within the Premises (as the said airport security plan pertains to the Premises and may be modified, amended and supplemented from time to time, the "Security Plan"). The Security Plan outlines law enforcement requirements of the airport operator and physical barriers and access procedures to monitor and restrict access for the Aeronautical Area of the Premises and the Aeronautical Operations Area. The Lessee understands and agrees that the implementation, maintenance and operation of the Premises pursuant to the requirements of the Security Plan is essential to the operation of the Premises and of the Airport.

(ii) The Port Authority and the Lessee have agreed that the Lessee should formally petition the FAA to permit the Lessee to assume full responsibility for the Security Plan as though the Lessee were a regulated party under an exclusive area agreement as set forth in FAR 107. The Port Authority agrees to cooperate with the Lessee in the filing of this petition. The parties acknowledge that FAA approval for the Lessee to assume full security responsibilities with respect to the Premises has not yet been obtained, and that the Port Authority shall continue to have responsibility as the airport operator under the Security Plan until such time as (x) the Lessee is authorized to administer the Security Plan under FAR 107 as a regulated party

or (y) another Person designated by the Lessee and approved by the Port Authority is authorized to administer the Security Plan under FAR 107 and such Person assumes such responsibilities. Upon the occurrence of either of the events set forth in clauses (x) or (y) above, and for so long as either such event shall continue in effect, the remainder of this Section shall be of no force or effect.

(iii) The Lessee acknowledges that it has been provided with a copy of the Security Plan and agrees to properly secure and safeguard the Security Plan as required by Law, including but not limited to the regulations set forth in FAR 107 and Federal Aviation Regulations, 14 C.F.R. Part 191, and understands the need to restrict access to the Security Plan strictly to authorized persons in accordance with such regulations.

(b) (i) The Lessee hereby agrees to and shall assume and fulfill all of the Port Authority's obligations and responsibilities under the Security Plan and shall take all measures required, necessary or appropriate to implement and carry out the requirements of the Security Plan. The Lessee shall report immediately to the Port Authority, as required by Law or the Security Plan, any unauthorized or otherwise improper attempt to gain access to the Security Plan; any unauthorized or improper disclosure of the Security Plan, deliberate or inadvertent; any malfunctions of equipment or other inability to meet the requirements of the Security Plan; any and all security violations or breaches of security; and any other matter which may compromise the security of the Premises or the ability of the Lessee to fulfill the requirements of the Security Plan. The Lessee shall investigate each and every security violation or breach with respect to the Premises, determine the cause thereof and take appropriate and timely action in response thereto. The Lessee shall make available to the Port Authority and the FAA, as required, any and all material necessary to conduct security reviews, both scheduled and non-scheduled security inspections and security audits. The Lessee shall also respond and provide to the Port Authority records and access to personnel as required to respond to all complaints, letters of investigation and requests from the FAA.

(ii) The Port Authority agrees to provide the Lessee with copies of all correspondence, letters of investigation or other documents related to possible or alleged violations of the Federal Aviation Regulations ("FAR") with respect to the Premises in a timely manner so as to permit the Lessee fully and meaningfully to participate in any response to such correspondence or other documents. To the extent permitted by Law and the FAA, the Port Authority may, in its sole discretion, allow the Lessee to participate in all meetings and negotiations with the FAA regarding alleged violations of the FAR with respect to the Premises.

(c) The Lessee will apply to the Port Authority for the issuance of Airport Identification Cards for its employees as may be required generally for employees at the Airport or under the Security Plan. In this connection, the Lessee will conduct or cause to be conducted all investigations and background checks which may be required and shall prepare and submit to the Port Authority all forms and applications and other material as the Port Authority may require. The Lessee shall be responsible for all personnel training with respect to persons employed by the Lessee in connection with requirements of the Security Plan, including but not limited to, security guards. The Lessee shall tie into and use such Airport-wide security systems and programs including those that may be applicable only to passenger terminals as may be required under the Security Plan or otherwise by the Port Authority.

(d) (i) Without limiting any term or provision hereof, during the performance of the Construction Work or any modification of the Premises or any other change in conditions at the Premises during the Term which shall require or make desirable a change in the Security Plan, the Lessee shall seek appropriate or necessary amendment to the Security Plan from the Port Authority to accommodate such changes, and the Port Authority shall seek FAA approval of such amendments in a timely manner. Upon approval of an amendment or supplement to the Security Plan by the FAA, the Lessee shall implement the same and in any event shall maintain, at all times, the required level of security under the Security Plan and comply with all requirements of the Security Plan.

(ii) From time to time, as may be required pursuant to the FAR, Law, FAA directive, or applicable changes in circumstances, the Port Authority shall notify the Lessee of the actions so required and the Lessee shall prepare and shall submit to the Port Authority, in a timely manner, any revisions or updates to the Security Plan that may be required.

(e) Without limiting the generality of any other term or provision of this Agreement, the Port Authority at any time, and from time to time, shall have the right to enter upon the Premises and to take over the operation, implementation, maintenance or any other aspects of the Security Plan, in whole or in part, and with or without cause. Upon notice from the Port Authority of its intention to do so, the Lessee will immediately turn over to the Port Authority access to and control of all material, equipment, supplies, personnel and records necessary for the implementation of the Security Plan and shall accord the Port Authority complete access to the Premises and cooperation for the purpose of taking over and carrying out the Security Plan provided, however, that the Port Authority shall use its best efforts to minimize any disruption to the Lessee's operations on the Premises. The Port Authority's cost of operation, implementation and maintenance of the Security Plan shall be paid by the Lessee to the Port Authority and shall be deemed a Permitted O&M Expense.

(f) The Lessee shall indemnify and hold harmless the Port Authority from and against all claims, and demands for death, personal injuries, property damages, fines, penalties, liquidated damages or other monies arising out of any act or omissions of the Lessee with respect to the operation, maintenance and implementation of the Plan it being understood that the foregoing may be a Permitted O&M Expense unless arising out of the gross negligence or deliberate act of the Lessee; provided, however, the Lessee shall have no obligation to the Port Authority and the Port Authority shall assume responsibility for (x) any claims or demands in connection with the Security Plan, (i) arising because the Port Authority has failed to provide to the Lessee notice regarding material information concerning the Security Plan and about which the Lessee is otherwise unaware (ii) arising after the Port Authority has taken over and shall be implementing the

Security Plan except to the extent the same arises from the Lessee's negligent acts or omissions, affirmative misconduct or other conduct of the Lessee inconsistent with the Security Plan.

Section 21. Additions to Gross Revenue

(a) Without limiting any of the requirements for Port Authority approval under this Agreement, if the Lessee conducts any service, operation or any other activity under this Agreement through the use of a contractor which is not a Port Authority permittee when another contractor holds a permit from the Port Authority covering such service, operation or activity and where the payments for any of the foregoing are made to such contractor rather than to the Lessee, there shall be included in Gross Revenues hereunder a sum equal to the fee otherwise payable to the Port Authority by the contractor.

(b) No Designated Affiliate shall receive any revenue from activities arising out of Project Operations other than through a distribution of Lessee Unrestricted Funds. Notwithstanding the prohibition contained in the previous sentence, any such revenue received by any Designated Affiliate shall be included in Gross Revenues.

(c) The Lessee shall not provide any goods or services to any Designated Affiliate except as authorized pursuant to Section 6(d) or as a distribution of Lessee Unrestricted Funds. Notwithstanding the prohibition contained in the foregoing sentence, the fair market value of any such goods or services shall be includible in Gross Revenues and no associated expense shall constitute a Permitted O&M Expense.

Section 22. Project Financing

(a) The Port Authority shall have no obligations with respect to the sale of the Passenger Terminal Bonds unless and until it shall have accepted an offer to purchase such Passenger Terminal Bonds by execution of a contract of purchase with the proposed purchaser thereof, in which event the Port Authority obligations with respect to the sale of the Passenger Terminal Bonds shall be as set forth in such contract of purchase.

(b) (i) The Lessee and the Port Authority each agree to promptly execute and deliver all consents, agreements, statements and other documents as may be deemed necessary or desirable from time to time from either the Port Authority or the Lessee in connection with the preparation, sale and delivery of the Passenger Terminal Bonds.

(ii) It is understood and agreed that the purchasers of the Passenger Terminal Bonds on original issuance (including any member of an underwriting group or syndicate participating with such purchasers) shall be subject to the approval of the Port Authority. Any contract of purchase to be entered into by the Port Authority shall only be entered into upon the prior request of and the consent of the Lessee to such contract.

(iii) Nothing contained herein shall or shall be deemed to limit, in any way, the right and discretion of the Board of Commissioners, a committee thereof or any authorized officer of the Port Authority to take any action or fail to take any action in connection with the Passenger Terminal Bonds, provided that such action is not inconsistent with the Resolutions, the terms of the Passenger Terminal Bonds, any such contract of purchase or this Agreement.

(iv) Debt Service shall be payable by the Port Authority solely and only to the extent of and from the Facility Rental and the Accelerated Facility Rental actually paid under this Agreement by the Lessee as provided in Sections 8 and 24 of this Agreement and any amounts in the Construction Fund (to the extent not otherwise disbursed or disbursable), the Bond Fund and the Debt Service Fund, if any, all to the extent set forth in the Resolutions and the Trust Indenture, and the Port Authority shall have no other obligations, either legal, equitable or moral, to pay Debt Service.

(v) As a condition to the sale of the Passenger Terminal Bonds, among other items, the Lessee shall, subject to the terms of this Agreement, execute a Leasehold Mortgage, a Personal Property Security Interest, a Trust Administration Agreement and the other Security Documents.

(vi) The consent of the Port Authority shall be required prior to any optional calls of the Passenger Terminal Bonds.

(vii) The consent of the Port Authority shall be required prior to any funding of reserve funds under the Trust Administration Agreement in excess of required minimum levels.

(viii) The Lessee shall not utilize a Reserve Fund Credit Facility to fund the Debt Service Fund (A) if such funding could reasonably be expected to lead to a transfer of monies from the Debt Service Fund to the Construction Fund or (B) to replenish the Debt Service Fund as a result of any withdrawal to pay Debt Service on Passenger Terminal Bonds unless (1) in the case of both clauses (A) and (B) above, the Trustee shall receive a written opinion from nationally recognized bond counsel (which may include the General Counsel of the Port Authority), reasonably satisfactory to the Trustee, to the effect that such utilization does not adversely affect the tax exempt status of the Passenger Terminal Bonds, (2) in the case of (A), the Port Authority shall have given its prior written consent, and (3) in the case of (B), the Lessee shall pay all costs in connection with such Reserve Fund Credit Facility and such costs shall not constitute Permitted O&M Expenses.

(c) (i) The Port Authority shall establish the Construction Fund, the Bond Fund and the Debt Service Fund as part of the Trust Estate. The Port Authority shall establish the Section 148(f) Payment Fund and the Reserve Fund Credit Facility Fund pursuant to Section 13 of the Series Resolution.

(ii) The Lessee shall establish the Lessee Funds pursuant to the Trust Administration Agreement. As provided in the Trust Indenture and the Trust Administration Agreement, upon the sale of the Passenger Terminal Bonds, the Trustee shall disburse from the Construction Fund and pay to the Port Authority the amount of the Port Authority Bond Expenses set forth in the second sentence of paragraph (d) of this Section. Each disbursement from the Construction Fund shall be made only in accordance with the Trust Administration Agreement.

(d) The Lessee shall promptly pay to the Port Authority on demand of the Port Authority given at any time and from time to time the Port Authority Bond Expenses, incurred as of the date of demand, except to the extent that the Port Authority Bond Expenses are paid by the Trustee in accordance with Section 22 (c)(ii) of this Agreement. As of the date of this Agreement, the Lessee agrees that the Port Authority Bond Expenses are . At all times hereunder the Lessee shall have the right to pay directly to the Trustee, the Paying Agent and the Registrar, and not to the Port Authority, all payments required to be made to the Trustee, the Paying Agent and the Registrar, in accordance with the Trust Indenture, the Trust Administration Agreement, the Paying Agent's Agreement and the Registrar's Agreement.

(e) (i) Notwithstanding Section 41 of this Agreement and without limiting the provisions of paragraph (g) of this Section, the Lessee shall indemnify and hold the Port Authority, its Commissioners, officers, agents and employees free and harmless from and will pay and discharge or cause to be paid and discharged from time to time, when the same shall become due and payable, together with interest and penalties thereon, if any, all taxes, assessments, levies, fees and other governmental charges (including without limitation those arising under Section 148 (f) of the Code), general and special, ordinary and extraordinary and whether or not within the contemplation of the parties hereto, which are at any time levied upon, assessed against or applicable by application of law to the Port Authority or the Passenger Terminal Bonds, or applicable, as a result of the election of the Port Authority, to the Port Authority or the Passenger Terminal Bonds, arising out of, in connection with or relating to the Financing Arrangement (all such foregoing obligations, the "Tax Obligations"); provided, however, that the Lessee shall have no obligation to the Port Authority, its Commissioners, officers, agents or employees to the extent such Tax Obligations resulted from the Port Authority's gross negligence, wilful misconduct or breach of Section 22(k) hereof. Notwithstanding Section 41 of this Agreement, furthermore, the Lessee shall indemnify and hold the Port Authority, its Commissioners, officers, agents and employees free and harmless from any actions, claims, demands and proceedings arising out of,

in connection with or relating to the Financing Arrangement (all such foregoing obligations, the "Financing Claims"); provided, however, that the Lessee shall have no obligation to the Port Authority, its Commissioners, officers, agents or employees to the extent such Financing Claims resulted from the Port Authority's gross negligence, wilful misconduct or breach of this Agreement. Upon demand made at any time and from time to time the Lessee shall pay to the Port Authority such legal expenses in connection with the foregoing as may be incurred reasonably by the Port Authority, including for services rendered by the Port Authority's Law Department. If so directed by the Port Authority, the Lessee shall at its own expense defend against any such taxes, assessments, levies, fees, or other governmental charges, actions, claims, demands or proceedings. The Port Authority within ten (10) business days after receipt of notice of any such taxes, assessments, levies, fees, other governmental charges, actions, claims, demands or proceedings will notify the Lessee in regard thereof; the Lessee will have the right to investigate, compromise and defend any of the foregoing, subject to the provisions of Section 22 (e) (ii) and (iii) of this Agreement in reference to any of the foregoing; and the Port Authority and the Lessee will cooperate in regard thereto, and the Port Authority and the Lessee shall at all times keep each other advised of the status thereof.

(ii) The Lessee shall not, without obtaining express advance approval of the General Counsel of the Port Authority, raise or take any action concerning any issues involving in any way the jurisdiction of any tribunal over the person of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, and the provisions of any statutes respecting suits against the Port Authority or the immunity from taxes of the Port Authority or its obligations. Regardless of whether any action, claim, demand or proceeding in which such issue is raised or is proposed to be raised is defended on behalf of the Port Authority by the Lessee or by the Port Authority itself, or by both, no action with respect to such issue and no settlement thereof proposed by the Lessee shall be taken or effected without the prior consent of the General Counsel of the Port Authority to each such action or settlement.

(iii) Subject to the foregoing provisions, but with respect to any action, claim, demand or proceeding where the issues set forth in Section 22 (e) (ii) of this Agreement have not been raised or proposed by the Lessee, whether at commencement or during the pendency of such proceeding, including all appeals therefrom, the Lessee shall have full and complete control of the defense against any such action, claim, demand or proceeding including all appeals therefrom. The Lessee agrees that it shall raise such defenses in any such action, claim, demand or proceeding, or appeal therefrom, as the General Counsel of the Port Authority may request in addition to those as may be raised by the Lessee.

(f) The Lessee agrees that upon the occurrence of and during the continuance of (w) the failure to provide sufficient monies for deposit into the Bond Fund to pay Debt Service, when due, (x) the failure of the Lessee to provide sufficient monies for deposit into the Debt Service Fund to replenish any withdrawal from the Debt Service Fund within one year after such withdrawal, (y) any of the Events of Default set forth in Section 25(a)(i), ii) or (iii) or (z) the issuance of a Notice of Termination by the Port Authority pursuant to Section 25 (the occurrence of any of such events being herein referred to as a "Trigger Event"), then to the extent set forth in the Trust Indenture, the Trustee may and upon the written request or direction of the Bondholders representing not less than a majority in aggregate principal amount of all Passenger Terminal Bonds then outstanding (excluding any of the Bonds held by or for the account of the Port Authority or the Lessee), the Trustee shall, by written notice given to the Port Authority and the Lessee, declare the principal amount of all Passenger Terminal Bonds then outstanding and the interest accrued thereon to be immediately due and payable, and said principal and interest shall thereupon become immediately due and payable (subject to the Trustee's rights of rescission and annulment set forth in the Trust Indenture), anything contained in this Agreement, in the Trust Indenture, in the Resolutions or in any of the Passenger Terminal Bonds to the contrary notwithstanding, and the Accelerated Facility Rental shall thereupon become immediately due and payable by the Lessee without other or further notice from the Port Authority.

(ii) The Trust Administration Agreement shall provide that the determination as to whether sufficient monies for deposit into the Bond Fund to pay Debt Service, when due, have been provided shall be made by the Trustee on each date for the payment of Debt Service. Subject to the provisions of Section 4(b)(2) of the Appendix A of the Trust Administration Agreement, the Lessee shall be deemed, but only as to its obligation to pay Facility Rental or Accelerated Facility Rental to the Port Authority and not as to any obligation it has pursuant to the Trust Administration Agreement, to have satisfied its obligation to pay Facility Rental or Accelerated Facility Rental to the extent that the Trustee determines that sufficient monies have been made available on such date to pay Debt Service in accordance with the preceding sentence. If, as a result of a Trigger Event, the Trustee shall elect, with the consent of or at the direction of the Bondholders representing not less than a majority in aggregate principal amount of all Passenger Terminal Bonds (excluding any of such Bonds held by or for the account of the Port Authority or the Lessee), to exercise any or all of its remedies under any of the Security Documents, the Trustee shall not be under any obligation to accept any subsequent performance or cure by the Lessee in respect of any such Trigger Event, any such right to cure and/or otherwise rectify such Trigger Event being hereby expressly waived by the Lessee. If the Trustee's declaration of acceleration of the Passenger Terminal Bonds is rescinded, with the consent of or at the direction of the Bondholders representing not less than a majority in aggregate principal amount of all Passenger Terminal Bonds (excluding any of such Bonds held by or for the account of the Port Authority or the Lessee), the acceleration of the Facility Rental shall be deemed rescinded as well.

(g) Without limiting the generality of paragraphs (d) or (e) of this Section, the Lessee shall pay to the Trustee, the Paying Agent and the Registrar, if any, from time to time reasonable compensation for all services rendered under, and shall reimburse the Trustee, Paying Agent and Registrar, if any, upon their request for all reasonable expenses, disbursements and advances incurred or made by each of them in connection with the exercise or performance of any of their powers, duties or remedies under, the Resolutions, this Agreement, the Leasehold

Mortgage, the Personal Property Security Interest, the Guaranty, the Trust Indenture, the Trust Administration Agreement, any other Security Documents, the Paying Agent's Agreement, and the Registrar's Agreement (including the reasonable compensation and the expenses and disbursements of each of their agents and counsel), and the Lessee shall indemnify the Trustee, the Paying Agent and the Registrar, if any, for, and hold them harmless against, any loss, liability or expense incurred without wilful misconduct, negligence or bad faith on their part, arising out of or in connection with the exercise or performance of each of their powers, duties and remedies hereunder and under the Resolutions, this Agreement, the Leasehold Mortgage, the Personal Property Security Interest, the Guaranty, the other Security Documents, the Paying Agent's Agreement, the Trust Indenture, the Trust Administration Agreement and the Registrar's Agreement, if any, including the costs and expenses of any defense against any claim or liability in connection with such exercise or performance (all such costs payable as Permitted O&M Expenses).

(h) The Port Authority agrees that, without the consent of the Lessee, the Port Authority will not amend the Special Project Bond Resolution, the Special Project Bond Series Resolution, the terms of the Passenger Terminal Bonds, the Contract of Purchase or the Trust Indenture, to the extent any such amendment would have a material or adverse effect on rights or obligations of the Lessee in connection with the Passenger Terminal Bonds. The Port Authority further agrees to give the Lessee fifteen (15) days' notice prior to any amendment to the Special Project Bond Resolution, the Special Project Bond Series Resolution or the Trust Indenture.

(i) (i) It is understood that the Port Authority will be issuing the Passenger Terminal Bonds subject to and in accordance with the provisions of Sections 103 and 141 through 150 of the Code. It is the intention of the parties hereto that the interest on the Passenger Terminal Bonds not be includible, for Federal income tax purposes, in the gross income of the recipients thereof under Section 103(a) of the Code except for any period that any such bond or bonds shall be held by a "substantial user" or "related person" of facilities provided from the proceeds of the Passenger Terminal Bonds, within the

meaning of Section 147(a) of the Code, and to that end the Lessee covenants with the Port Authority and for the benefit of the Bondholders that (1) the Lessee shall take any and all actions under the Code to assure that no portion of the proceeds of the Passenger Terminal Bonds will be used in a manner, and that (2) the Lessee shall neither take any actions nor fail to take any actions under the Code with respect to the use of the Project, the revenues therefrom and the proceeds of the Passenger Terminal Bonds, in either case as would cause interest on the Passenger Terminal Bonds to be includible, for Federal income tax purposes, in the gross income of the recipients thereof (except as aforesaid) under Section 103(a) of the Code.

(ii) The Lessee agrees that without the consent of the Port Authority the Lessee will not amend the Trust Administration Agreement or the Leasehold Mortgage.

(j) Prior to execution of the Personal Property Security Interest, the Assignment of Leases and Rents and the other Security Documents, the Lessee shall obtain all necessary and appropriate consents, if any, to permit the Lessee to pledge all right, title and interest of the Lessee in, to and under the collateral covered by the Personal Property Security Interest, the leases and/or the rents in the Assignment of Leases and Rents and the other security covered by the other Security Documents to permit the Trustee to exercise its rights and remedies under the Personal Property Security Interest, the Assignment of Leases and Rents and the other Security Documents, and to permit any purchaser of the collateral to exercise the right, title and interest of the Lessee in, to and under the collateral, the leases and/or the rents and the other security to effectuate the transaction contemplated by the Personal Property Security Interest, the Assignment of Leases and Rents and the other Security Documents respectively.

(k) Assuming compliance with the provisions of the Trust Administration Agreement by the Trustee and the Lessee, and subject to the Resolutions, the Trust Indenture and the Trust Administration Agreement, the Port Authority will neither take any action nor fail to take any action as will cause interest on the Passenger Terminal Bonds to be includible, for Federal income

tax purposes, in the gross income of the recipients thereof under Section 103(a) of the Code except for any period that any such bond or bonds shall be held by a "substantial user" or a "related person" of facilities provided from the proceeds of the Passenger Terminal Bonds within the meaning of Section 147(a) of the Code under Section 103(a) of the Code.

(l) The Lessee may enter into leveraged lease or other similar transactions with respect to all or any portion of the Project; subject to the prior consent of the Port Authority, which consent shall not be unreasonably withheld, provided that such leveraged lease or other similar transactions are not inconsistent with the pledges, mortgages, security interests and assignments applicable to the Passenger Terminal Bonds or the Security Documents.

Section 23. Leasehold Mortgage and Lease Assignment

(a) (i) (1) Notwithstanding the provisions of Section 5 hereof and without otherwise limiting the generality thereof, for the purposes set forth herein, and as a condition to the sale of the Passenger Terminal Bonds, the Lessee shall grant to the Trustee a leasehold mortgage of all its leasehold interest under this Agreement, as provided in the Leasehold Mortgage.

(2) In addition, notwithstanding the provisions of Section 5 hereof, and without otherwise limiting the generality thereof, for the purposes set forth herein, and as a further condition to the sale of the Passenger Terminal Bonds, the Lessee shall assign to the Trustee all of its right, title and interest in, to and under this Agreement pursuant to a lease assignment (the "Lease Assignment") which Lease Assignment shall be subject and subordinate to the Leasehold Mortgage.

(3) The Port Authority, the Trustee, the Lessee and the insurer pursuant to a policy of bond insurance with respect to the Passenger Terminal Bonds Series 6 shall enter into a separate Port Authority Financing Consent and Agreement (the "Port Authority Financing Consent and Agreement") pursuant to which, among other things, the Port Authority consents to the

Leasehold Mortgage, the Lease Assignment and the other Security Documents to the extent applicable to the Port Authority.

(4) The parties acknowledge and agree that it is the intent of the provisions of this Section, the Leasehold Mortgage and the Lease Assignment to allow the Trustee, subject to the terms and provisions of this Agreement, either (x) to foreclose under the Leasehold Mortgage in accordance with the terms thereof and of this Agreement (the "Foreclosure") or (y) to effectuate the assignment of the Lessee's interest under this Agreement pursuant to the Lease Assignment in accordance with the terms thereof and of this Agreement (the "Future Assignment"). The Trustee shall be free to elect either of these remedies, and the election of any such remedies shall not preclude the Trustee from subsequently exercising any other remedies.

(5) The parties acknowledge and agree that it is the intent of the provisions of the Lease Assignment and this Section 23 to assure that, upon the election of the Trustee, this Agreement and the tenancy by the Lessee and its successors and assigns hereunder, shall not be deemed terminated for any purpose, including, without limitation, for purposes of the Special Project Bond Resolution and the Special Project Bond Series Resolution and that it is the further intention of the parties that in the event that the Lessee shall cease to be entitled to the rights of possession, occupancy and its other rights hereunder, at the election of the Trustee, a successor or assignee of the Lessee shall be appointed for whose benefit this Agreement shall continue in full force and effect, except as otherwise specifically set forth in this Agreement. The Port Authority agrees for the benefit of the Trustee and any such successor or assignee of the Lessee to enter into any document, instrument or other agreement as may be necessary or appropriate to evidence the continuation of this Agreement, and any modification of the terms hereof that are necessary to implement or reflect the provisions hereof as set forth herein. Such provisions are a material inducement to the Trustee and the Bondholders in purchasing the Passenger Terminal Bonds to assure them that, at their election, the Lessee shall not terminate or cause the termination of this Agreement so as to make impossible the continuation of the Leasehold Mortgage and the preservation

of the rights of the Bondholders to Facility Rental for the repayment of the Passenger Terminal Bonds.

(ii) If a Foreclosure Purchaser shall acquire title to the leasehold and this Agreement, such Foreclosure Purchaser shall be bound (except as otherwise specifically set forth in this Agreement) by all of the terms and provisions of this Agreement including the provisions (x) respecting the rights and obligations of the Foreclosure Purchaser set forth in paragraph (k) below to, among other things, cure the defaults of the Lessee and (y) restricting the right of the Lessee to transfer, sell or assign the leasehold and its rights under this Agreement including, without limitation, the provisions of Section 5 and this Section. It is understood and agreed that the provisions of Section 31 shall be modified appropriately in conjunction with such Foreclosure so as to reflect the ownership structure of the Foreclosure Purchaser.

(iii) (1) If an assignee (the "Assignee") under any Future Assignment shall become the Lessee under this Agreement, such Lessee shall be subject to all the provisions of the Leasehold Mortgage and the other Security Documents and shall be bound (except as otherwise specifically set forth in this Agreement) by all of the terms and provisions of this Agreement including the provisions (w) concerning the payment of Facility Rental, (x) respecting the rights and obligations of the Assignee set forth in paragraph (k) below to, among other things, cure the defaults of the Lessee, and (y) restricting the right of the Lessee to transfer, sell or assign the leasehold and its rights under this Agreement including, without limitation, the provisions of Section 5 and this Section. It is understood and agreed that the provisions of Section 31 shall be modified appropriately so as to reflect the ownership structure of the Assignee.

(2) Upon the consummation of any Future Assignment, the Assignee shall execute in favor of the Trustee a subsequent Lease Assignment substantially in the form of the Lease Assignment entered into on the Effective Date and shall execute or continue to be bound by the other Security Documents. Upon the consummation of any such Future Assignment, the

Leasehold Mortgage entered into in favor of the Trustee shall continue in full force and effect and any lease assignment in the form of the Lease Assignment entered into on the Effective Date entered into in substitution for the original Lease Assignment shall for all purposes of this Agreement and the Port Authority Financing Consent and Agreement be deemed to be the Lease Assignment.

(iv) (A) The Trustee may effectuate any Future Assignment upon the occurrence and during the continuance of a Trigger Event by giving to the Lessee and the Port Authority an Assignment Notice (as defined in the Lease Assignment) in accordance with the Lease Assignment. Upon the occurrence of a Trigger Event and the giving of an Assignment Notice and without further action on the part of the Trustee, the parties agree that as between the Port Authority and either (x) the Trustee or (y) a Qualified Terminal Operator, the Lessee shall be deemed irrevocably to have assigned its rights hereunder to the Trustee or a Qualified Terminal Operator, the Trustee or such Qualified Terminal Operator shall be deemed to have assumed the Lessee's obligations hereunder as set forth in this Section 23 and, except as modified or waived to the extent provided below, this Agreement shall remain in full force and effect as between the Trustee or such Qualified Terminal Operator and the Port Authority. Upon the Trustee's election pursuant to this subparagraph (iv) (as evidenced by the giving of the Assignment Notice), the Port Authority, in any action seeking enforcement of the termination provisions of this Agreement pursuant to Section 25, shall, instead, seek a judgment compelling the assignment of the Lessee's rights hereunder to the Trustee or such Qualified Terminal Operator, and any rejection or deemed rejection of this Agreement under the U.S. Bankruptcy Code shall not constitute a termination of this Agreement as between the Trustee or such Qualified Terminal Operator and the Port Authority, and the Lessee shall for all purposes be deemed to have assigned its rights hereunder to the Trustee or such Qualified Terminal Operator without any need of any further instrument of assignment or transfer from the Lessee. At the option of the Port Authority, or of the Trustee or such Qualified Terminal Operator, the Trustee and the Port Authority shall confirm such Future Assignment by the execution of a written assignment and

assumption agreement and the Port Authority and the Trustee or such Qualified Terminal Operator, shall enter into any document or instrument that may be appropriate to amend, supplement, or otherwise effectuate the continuation of this Agreement and any appropriate modifications of the terms hereof to implement such assignment, including any modifications to the provisions relating to the payment of Facility Rental authorized by the Trustee.

(B) Any action that the Trustee may take under this Section 23 may be taken by the Trustee or a nominee designated by the Trustee. No designation of a nominee shall afford the Trustee any greater rights under this Agreement with respect to Interim Terminal Operators or Qualified Terminal Operators than otherwise provided in this Agreement with respect to the Trustee itself.

(v) (1) In the event of the foreclosure upon, and the sale or other conveyance of, the leasehold interest under this Agreement, to any Person (such Person being herein referred to as the "Foreclosure Purchaser") pursuant to the exercise of remedies by the Trustee in accordance with the Leasehold Mortgage and this Agreement, the Foreclosure Purchaser shall have the right to pledge its interest as Lessee hereunder to any Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act of 1933) of debt issued by the Foreclosure Purchaser, to any purchasers of debt publicly issued by the Foreclosure Purchaser or to any other lenders to or purchasers of debt issued by the Foreclosure Purchaser that are reasonably satisfactory to the Port Authority (any such lenders or purchasers being herein referred to as the "Replacement Financing Party") and the Port Authority consents to such Foreclosure Purchaser granting a security interest of its leasehold interest in this Agreement to such Replacement Financing Party. Such security interest shall be in form and substance substantially equivalent to the Leasehold Mortgage. Additionally, such Foreclosure Purchaser may also grant security interests to such Replacement Financing Party in form and substance substantially equivalent to the Personal Property Security Interest, the Assignment of Leases and Rents and the other Security Documents, with appropriate changes to reflect that the Special Project

Bonds shall have been accelerated and discharged in full and are no longer issued and outstanding. Such Replacement Financing Party shall have substantially the same rights and benefits relating to the exercise of remedies, including cure periods and notice provisions with respect to defaults, which are afforded to the Trustee under this Agreement and the applicable Security Documents.

(2) Any such new security documents referred to in clause (1) above, including a Leasehold Mortgage (the "Replacement Leasehold Mortgage"), shall constitute "Security Documents" for purposes of this Agreement. No subsequent foreclosure of such new Leasehold Mortgage or exercise of similar rights under any other Security Document by the Replacement Financing Party shall entitle any subsequent foreclosure purchaser to another Replacement Leasehold Mortgage or other Security Documents.

(b) (i) Notwithstanding anything contained in the Leasehold Mortgage or the Lease Assignment, it is understood and agreed that as between the Trustee and the Port Authority, all rights of the Trustee under the Leasehold Mortgage and the Lease Assignment shall be subject and subordinate to the terms, covenants, conditions and provisions of this Agreement which benefit the Port Authority. Notwithstanding any provisions of the Leasehold Mortgage or the Lease Assignment to the contrary, the Lessee shall be deemed to be the tenant under this Agreement unless and until termination of the leasehold interest of the Lessee pursuant to a Notice of Termination hereunder, effectuation of a Future Assignment, or foreclosure and sale or other conveyance of such leasehold interest to a Foreclosure Purchaser.

(ii) (1) The Lessee shall have full and complete control of the operation and use of the Premises, and, except as set forth in this Agreement, the Trust Administration Agreement, the Leasehold Mortgage, the Lease Assignment or the other Security Documents or as otherwise agreed by the Lessee in writing with the consent of the Port Authority, the Lessee shall have full power and authority to give waivers of, and to consent to variations from, the rights of the Lessee under this

Agreement, and to negotiate and enter into supplements and amendments to this Agreement, and except as aforesaid the Port Authority may deal directly with the Lessee in the negotiation and procurement of such waivers, variations, supplements and amendments and in all other matters involving the Lessee under this Agreement or the operation and use of the Premises, without any consultation with or approval by the Trustee or the Bondholders.

(2) Notwithstanding subparagraph (1) above, so long as any Passenger Terminal Bonds remain outstanding, the Lessee shall not, without the prior written consent of the Trustee, (x) take any action or omit any action the effect of which would be to (A) terminate or reduce the Lessee's obligation to pay Facility Rental (including the Accelerated Facility Rental), (B) reduce or terminate the Term, or (C) increase the amount of the annual fixed rentals payable by the Lessee under this Agreement, except for any increase in Facility Rental on account of additional Passenger Terminal Bonds authorized pursuant to the Resolutions and this Agreement and except for any increase in the annual fixed rentals which are junior in priority and right to payment to the payment of Facility Rental, (y) enter into, obtain or otherwise consent to or effectuate any waiver, variation, supplement or amendment of Sections 22, 23, 24, 25 (except waivers of immaterial defaults), 27, 28, 29, 30, 33, 34, 39, 65 or 68; or (z) enter into any written supplement or amendment to this Agreement which, at the time of such supplement or amendment, could reasonably be expected to have a material adverse affect on the rights, interests and/or security of the Trustee and/or Bondholders; provided, however, that the foregoing shall not be construed or deemed to prohibit or restrict the Lessee's rights, without the consent of the Trustee, to enter into an agreement (including a supplement or amendment to this Agreement) with the Port Authority to pay reasonable increases in Ground Rental with respect to Parcel Z previously identified by the parties and with respect to adjustments to the lease line to accommodate design modification or operational factors so long as such modifications or operational factors and such related increases in Ground Rental do not materially adversely affect the Bondholders. None of the following actions shall constitute or be deemed written supplements or amendments to this Agreement

under clause (z) above (but the Lessee agrees not to request or consent to any such action that, at the time of the request or consent, could reasonably be expected to have a materially adverse effect on the Bondholders): (A) the Port Authority may approve construction/alteration applications with respect to the Premises, (B) the Port Authority may enter into, terminate or amend arrangements with the Lessee for the provision of services by the Port Authority which are provided to other unit terminal operators in the Central Terminal Area on the same or a similar basis, (C) the Port Authority may grant, terminate or amend its consent to subleases under Sections 5, 43 or 44 of this Agreement and the plans of the Lessee with respect thereto and (D) the Lessee may enter into, terminate or amend such other separate operational arrangements with the Port Authority as may be necessary or appropriate in connection with the Premises.

(3) In addition, the Lessee, for the benefit of the Trustee, agrees to deliver to the Trustee upon the execution and delivery thereof, true and certified copies of any and all written waivers, variations, supplements or amendments of this Agreement.

(4) The Lessee hereby agrees for the benefit of the Trustee and the Port Authority to perform any obligations and to discharge any liabilities of the Lessee under this Agreement, and the Lessee further agrees to indemnify and save the Port Authority and the Trustee harmless from any loss in connection with the Lessee's failure to discharge any such obligation and liability.

(5) Nothing contained in this Agreement, the Resolutions or any Security Document shall require the Port Authority to exercise any remedy or restrict the Port Authority from waiving any default or alleged default of the Lessee under this Agreement or otherwise, provided, however, that any such waiver by the Port Authority of any default or alleged default by the Lessee or any other waiver by the Port Authority of any covenant or agreement by the Lessee under this Agreement, the Resolutions or any of the Security Documents shall not constitute a waiver of such covenants or defaults by the Trustee, and the Trustee shall be entitled to exercise its applicable remedies

under the Trust Administration Agreement and any other available remedies under any of the other Security Documents.

(c) So long as the Leasehold Mortgage shall be and remain in effect, this Agreement shall be deemed amended in the following respects:

(i) Section 38 (I)(c) shall be amended by adding the words "the Trustee," immediately preceding the words "the Port Authority" in the second line thereof.

(ii) Section 38 (I)(d) shall be amended by adding the words "the Trustee," immediately preceding the words "the Port Authority" in the eighth line thereof.

(iii) Section 38(II)(a) shall be amended by adding the words "and the Trustee" immediately following the words "the Port Authority" in said section.

(iv) Upon full satisfaction and discharge of the Leasehold Mortgage, this Agreement shall be read without reference to the amendments under this paragraph (c).

(d) In the event that pursuant to the terms of Section 34 hereof the Lessee shall sell to the Port Authority and the Port Authority shall purchase from the Lessee so much of the Lessee's leasehold interest in the Premises which are taken, such purchase pursuant to Section 34 shall be free and clear of any lien on such portion of the Lessee's leasehold interest created under the Leasehold Mortgage, the Lease Assignment and the other Security Documents and any interest of the Trustee in this Agreement and the leasehold. The Lessee and the Port Authority hereby agree that the Port Authority shall pay to the Trustee, as the sole and entire consideration for such purchase by the Port Authority, the amount as provided under Section 34. Any amount paid by the Port Authority to the Trustee shall be applied by the Trustee in accordance with the Trust Administration Agreement. It is understood that in the event of termination of this Agreement or transfer of this Agreement based upon condemnation in accordance with Section 34, the Port Authority would accelerate the payment of the Facility Rental and the Lessee would thereby become

obligated to pay the Accelerated Facility Rental as set forth in Section 24 below, it being further understood, however, that the Lessee's obligation hereunder to pay the Accelerated Facility Rental in such event shall be limited to payment of the difference, if any, between the amount paid by the Port Authority in accordance with Section 34 and the amount of the Accelerated Facility Rental, as aforesaid, payable by the Lessee. The Lessee hereby assigns to the Trustee for deposit in the Bond Fund any monies which the Lessee is entitled to retain as a result of a temporary taking pursuant to paragraph (d) of Section 34.

(e) The Port Authority Financing Consent and Agreement shall require the Trustee to send to the Port Authority a copy of each notice of default or delinquency under the Passenger Terminal Bonds, the Leasehold Mortgage, the Lease Assignment or the other Security Documents, or any of them, promptly whenever any such notice of default or delinquency shall have been sent to the Lessee. The Port Authority Financing Consent and Agreement shall also require the Lessee to send to the Trustee a copy of each such Notice of Default, Notice of Intention to Terminate or Notice of Termination given to the Lessee by the Port Authority, as well as any notice of default given by the Port Authority to the Lessee under any other document, promptly whenever any such notice of default shall have been sent by the Port Authority to the Lessee.

(f) (i) Subject to subparagraph (ii) hereof, notwithstanding any other term or provision hereof or of the Leasehold Mortgage or the Lease Assignment or any other Security Document, no Person, other than a Qualified Terminal Operator or the Trustee (provided that the Trustee shall have at all times retained an Interim Terminal Operator from and after any Foreclosure or Future Assignment) shall be or be entitled to become the owner of the leasehold estate hereunder, or acquire any interest in this Agreement as the Foreclosure Purchaser or the Assignee, or to acquire any interest in this Agreement pursuant to any other Security Document or otherwise. The foregoing provision is of the essence of this Agreement, the Leasehold Mortgage and the Lease Assignment and it is only upon this basis that the Port Authority has agreed to enter into this

Agreement and to consent to the Leasehold Mortgage and the Lease Assignment.

(ii) Nothing herein shall be deemed to preclude either the Port Authority or the Trustee (provided that the Trustee shall have at all times retained an Interim Terminal Operator from and after any Foreclosure) from bidding for or from becoming the owner of the Lessee's rights under this Agreement and the leasehold free from any claims, equities or rights of redemption of the Lessee, and, in the case of the Port Authority, the Bondholders and the Trustee. The Port Authority and the Trustee shall have the right to bid for the Lessee's rights under this Agreement and the leasehold at any sale, public or private, whether held pursuant to a judgment of foreclosure, assignment or otherwise.

(g) (i) If the Port Authority shall elect to terminate the letting under Section 25 of this Agreement, then, at the time of service of a Notice of Termination upon the Lessee, the Port Authority shall give a copy of such Notice of Termination to the Trustee as contemplated in Section 25(b)(i)(3) of this Agreement. The Trustee shall have the right to extend the effective date of termination specified in any such Notice of Termination, for a period of sixty (60) days or such lesser period as may be specified by the Trustee (the "Initial Trustee Extension Period"), provided the Trustee shall give notice (the "Trustee Extension Notice") of such extension to the Port Authority at any time on and after the date of the Notice of Termination but not later than the effective date of termination stated in the Notice of Termination.

(ii) The Port Authority and the Lessee agree that in the event that the Port Authority's Notice of Intention to Terminate or Notice of Default is postponed as provided in Section 25(b)(ii), the Port Authority shall give prompt notice to the Trustee of such postponement and to the extent known at the time, the effective date to which any such notice has been postponed. Upon the final completion of any dispute resolution procedure pursuant to Section 25(b), the Port Authority and the Lessee shall promptly notify the Trustee of the results thereof. In the event of any such postponement, the Trustee shall only

have the right to give the Trustee Extension Notice during the sixty (60) day period following receipt by the Lessee and the Trustee of a Notice of Termination from the Port Authority after the end of any period of postponement pursuant to Section 25(b).

(iii) (1) The Trustee shall exercise all reasonably available legal remedies to permit the Trustee through the retention of an Interim Terminal Operator during the Initial Trustee Extension Period referred to in Section 23(g)(i) and any Second Trustee Extension Period referred to in Section 23(g)(iv)(1) to keep the Premises open for business and to cure any defaults by the Lessee in the performance of any covenants under this Agreement the non-performance of which would threaten the life, safety or security of any of the tenants, occupants or invitees using the Premises or the operation of the Airport generally.

(2) Simultaneously with the giving of the Trustee Extension Notice, the Trustee shall apply all Default Available Cash in accordance with the definition of such term.

(iv) (1) At the end of the sixty (60) day period following receipt by the Port Authority of a Trustee Extension Notice, this Agreement and the letting hereunder shall be terminated and the Port Authority shall be entitled to institute summary or other legal proceedings to effectuate the same, unless within such time the Trustee shall have given the Port Authority notice (the "Trustee Election Notice") of its intention to foreclose the Leasehold Mortgage and/or to seek or effectuate a Future Assignment, in which case the Port Authority shall not have the right to terminate this Agreement so long as the Trustee is in compliance with the terms set forth below. During the Initial Trustee Extension Period, and any further period (the "Second Extension Period") up to the Foreclosure pursuant to the Leasehold Mortgage or the Future Assignment pursuant to the Lease Assignment, the Trustee for the purposes of protecting and preserving its security under the Leasehold Mortgage and the Lease Assignment and for meeting the obligations of the Lessee for the operation, care and maintenance of the Premises to the extent provided below, shall (x) continue to perform its obligations to the Port Authority in accordance with subparagraph

(iii) above, and (y) have appointed an Interim Terminal Operator to perform the operating responsibilities of the Lessee for the operation, care and maintenance of the Premises to the extent the Lessee shall fail to do so, but only to the extent of Default Available Cash and to the extent that the Interim Terminal Operator has access to the Premises.

(2) Nothing herein shall be construed to require the Trustee to take any action that would constitute breach of peace or otherwise be unlawful, and the Trustee's obligations hereunder which require access to or possession of the Premises shall be suspended and relieved to the extent that the Trustee shall not be lawfully granted the right of access or possession for such purposes. Any fees payable to and any costs and expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by the Trustee and the Interim Terminal Operator in connection with the foregoing shall be reimbursable to the Trustee or to the Interim Terminal Operator, as the case may be, as Permitted O&M Expenses.

(h) (i) If, in the event this Agreement is terminated pursuant to Section 25 by reason of the occurrence of any Event of Default, and the Port Authority within sixty (60) days after the effective date of such termination receives notice from the Trustee that the Trustee requests a new lease of the Premises (the "New Lease"), and naming as proposed tenant thereof a Qualified Terminal Operator (the "New Lessee"), the Port Authority shall, within sixty (60) days following its receipt of such request or within ten (10) days following the expiration of such longer period during which any decree or order of any court having jurisdiction over the Lessee shall have the effect of preventing the Port Authority, as lessor, from executing or delivering the New Lease, prepare and deliver to the New Lessee, a New Lease, the provisions of which shall be substantially the same as those of this Agreement except for the effective date thereof but with the same expiration date and, with respect to Sections 22, 23 and 24 of this Agreement and except as otherwise provided in this Agreement, affording the New Lessee only those rights which would be applicable to a Foreclosure Purchaser. In the event the Trustee for and on behalf of the New Lessee shall not deliver an executed copy of such New Lease to the Port

Authority within thirty (30) days of its receipt thereof, together with payment for all expenses, including reasonable attorney's fees, incidental to the preparation, printing, execution, delivery and recording of the New Lease, the Trustee shall have no further right or interest in or to the Premises under the Leasehold Mortgage and the New Lease shall be deemed null and void and of no further force and effect except that the Trustee shall on demand return all copies thereof to the Port Authority. The granting of a New Lease to the New Lessee shall not affect the survival of the Lessee's obligations as provided in Section 28 of this Agreement.

(ii) In the event of the termination of this Agreement and the execution and delivery of a New Lease to the Trustee for and on behalf of a Qualified Terminal Operator as the New Lessee pursuant to this paragraph (h) nothing contained in this Agreement or the Leasehold Mortgage shall be deemed to impose any obligation on the part of the Port Authority to deliver personal possession of the Premises to the New Lessee; provided, however, that the obligation of the New Lessee to pay rent and to perform its covenants and obligations under the New Lease shall not apply to the extent that the performance thereof by the Lessee is prohibited or prevented by lack of possession of the Premises. The Port Authority agrees, however, that the Port Authority will, at the sole cost and expense of the New Lessee, cooperate in the prosecution of summary proceedings to evict the Lessee in the event of such termination.

(i) If the Lessee defaults under this Agreement and fails to cure the same within the time allotted therefor, if any, then the Lessee directs that the Port Authority accept and permit, and the Port Authority agrees to accept and permit, the curing of any default under this Agreement by the Trustee as if and with the same force and effect as though cured by the Lessee; provided, however, the curing of any such default by the Trustee shall not be deemed to cure any default by the Lessee under the Leasehold Mortgage or the other Security Documents and shall not relieve the Lessee from any obligation to reimburse the Trustee for any costs and expenses incidental to the curing of such defaults; and provided, further, that, so long as a Trigger Event shall not have occurred and be continuing, the Trustee shall not have the

right to enter the Premises to cure or prevent any default by the Lessee or otherwise take any action that interferes with the Lessee's construction, operation or maintenance of the Project or the Premises except as otherwise provided in Sections 2 and 7(a) of the Assignment of Leases and Rents.

(j) No sale, transfer or assignment by the Lessee of its interest in this Agreement to the Port Authority or the Trustee (or its designee) shall create a merger between the estates of the Port Authority and the Lessee or that of the Lessee and the Trustee unless the Port Authority, the Lessee and the Trustee shall specifically consent to such merger in writing.

(k) In the event of a permitted transfer to a Foreclosure Purchaser or a Future Assignment to an Assignee or the execution of a New Lease with a New Lessee, such Foreclosure Purchaser, Assignee or New Lessee, as the case may be, shall assume or shall have, as the case may be, all of the Lessee's obligations hereunder arising from and after the date of such Foreclosure or Future Assignment or execution of a New Lease (except as otherwise expressly provided in this Agreement). In addition, such Foreclosure Purchaser, Assignee or New Lessee shall agree to immediately cure any non-monetary defaults which would threaten the life, safety or security of any of the tenants, occupants or invitees using the Premises or the operation of the Airport generally and to cure all other past non-monetary defaults by the Lessee hereunder which have an effect on an ongoing basis not later than six months following the later to occur of (x) the effective date of such Foreclosure, Future Assignment or New Lease or (y) the date on which such Foreclosure Purchaser, Assignee, or New Lessee legally obtains possession of the Premises, except where Deferred Compliance is applicable. From and after the date the Foreclosure Purchaser, Assignee, or New Lessee legally obtains possession of the Premises, it shall operate the Premises. Any past due payments to the Port Authority representing (x) Ground Rental or Building Rental, (y) any Subordinated Fundings payable to the Port Authority in respect of any prior periods to the extent that the same are due and payable and have not been paid and (z) any past due amounts payable to the Port Authority which are includible as Permitted O&M Expenses (such amounts being collectively referred to herein

as the "Defaulted Payments") at the effective date of the Foreclosure, Future Assignment or New Lease shall be payable by such Foreclosure Purchaser, Assignee or New Lessee as set forth in the definition of Default Available Cash prior to the payment of any Subordinated Fundings, provided, however, that such Defaulted Payments shall be paid in full no later than one year from the later to occur of (x) the effective date of the Foreclosure, Future Assignment or the New Lease or (y) the date on which the Foreclosure Purchaser, Assignee, or New Lessee legally obtains physical possession of the Premises. In conjunction therewith, the terms of this Agreement shall be deemed amended and modified to grant relief to such Foreclosure Purchaser, Assignee or New Lessee from the performance of the Lessee's obligations to the extent set forth above, and no default shall be deemed to have occurred by or may be enforced by the Port Authority on account thereof.

(l) In the event the Trustee requests that the Port Authority approve any Person as a Qualified Terminal Operator or an Interim Terminal Operator, the Port Authority shall within ten (10) days following its receipt of such request (together with appropriate supporting information) notify the Trustee as to whether the Person is acceptable as a Qualified Terminal Operator or an Interim Terminal Operator. In the event the Port Authority notifies the Trustee that the Person does not qualify as a Qualified Terminal Operator or an Interim Terminal Operator, the Trustee shall be given a reasonable additional time to either resolve any differences with the Port Authority or to locate a different Person to be a Qualified Terminal Operator or Interim Terminal Operator. With respect to any differences as to an Interim Terminal Operator, the requirements of this Agreement with respect to performance by the Trustee shall be extended, and as to any differences with respect to a Qualified Terminal Operator, the time for the implementation, effectuation or completion of a Future Assignment, the foreclosure of a Leasehold Mortgage or the execution of a New Lease shall be reasonably extended.

(m) The Trustee shall have the right to be a Foreclosure Purchaser in connection with a Foreclosure or an Assignee under a Future Assignment provided that it shall at all times during such

period engage an Interim Terminal Operator to operate the Premises and the parties further acknowledge and agree that the Trustee shall have the right to continue to remain such Lessee throughout the balance of the Term, it being understood that the Trustee shall be obligated to perform all the obligations of the Lessee under this Agreement until such time as it shall have assigned this Agreement to a Qualified Terminal Operator.

(n) The Port Authority hereby further agrees, that during any period following the issuance by the Port Authority of any Notice of Intention to Terminate, Notice of Default or Notice of Termination, it shall, to the extent requested by the Trustee (but subject to customary confidentiality and nondisclosure requirements to protect the interests of the Lessee, the Port Authority and the Trustee, subject to the Port Authority's Freedom of Information Policy, which confidentiality requirements shall not unreasonably restrict the Interim Terminal Operator or the Qualified Terminal Operator from evaluating any material or information and sharing such material or information with its advisors to further the intents and purposes hereof), extend cooperation to any proposed Interim Terminal Operator or any proposed Qualified Terminal Operator in connection with the review by any such Person of documents, instruments, records, reports, including all financial information, drawings, leases, and other documents and agreements related to the Premises, to facilitate the assumption by such Person of its duties and responsibilities contemplated hereunder, including, in the case of a Qualified Terminal Operator, the assumption of the Lessee's rights and obligations under this Agreement.

(o) The Trustee and the Port Authority shall be entitled to reimbursement for all of their reasonable costs and expenses in connection with the exercise of any of the rights of the Trustee hereunder (including reasonable fees and disbursements of counsel). The Trustee shall have the right to make such reimbursements from any Gross Revenues received by or available to or controlled by the Trustee and such expenses shall be deemed Permitted O&M Expenses. In addition, the Trustee shall have the right to reimburse the Interim Terminal Operator for any of its costs, expenses and damages, including reasonable fees to such Interim Terminal Operator, as Permitted O&M Expenses.

(p) Any assignment to or assumption by any Person (including the Trustee) of any of the Lessee's rights or obligations hereunder shall be expressly subject to the non-recourse provisions of Section 68 of this Agreement, which provisions shall apply to any such assignee and its officers, directors, shareholders, partners and other principals.

(q) The notice, cure and contest periods and provisions set forth in Section 25 as to any defaults by the Lessee hereunder shall apply equally to any obligations of the Trustee hereunder, including in the exercise of the rights and remedies hereunder.

Section 24. Additional Rental Obligations

(a) In the event this Agreement expires, or in the event this Agreement is terminated or by the Port Authority pursuant to Section 25, or in the event the Trustee shall declare all outstanding Passenger Terminal Bonds to be immediately due and payable in accordance with the Resolutions, the Security Documents and this Agreement, then in any such event the Facility Rental shall be accelerated and the Lessee shall, in lieu of the Facility Rental heretofore provided, pay an amount (the "Accelerated Facility Rental") in the aggregate sufficient, together with any other monies which may be available therefor in the Bond Fund, the Construction Fund (to the extent not disbursed or otherwise disbursable as provided herein) and the Debt Service Fund, if any, to retire all of the outstanding Passenger Terminal Bonds, including accrued and unpaid interest and the premium or premiums, if any, and any other fees, charges, costs and expenses in connection with the Passenger Terminal Bonds then due and owing or incurred or to be incurred or paid or to become due and owing as a result of the retirement thereof; provided, however, if the Trustee's declaration of acceleration of the Passenger Terminal Bonds shall be rescinded, the acceleration of the Facility Rental shall be deemed rescinded as well.

(b) The Port Authority shall irrevocably mortgage, assign and set over to the Trustee for the benefit of the Bondholders all of the Port Authority's right, title and interest in and to the Facility Rental and the Accelerated Facility Rental and all payments of the Facility Rental and the Accelerated Facility

Rental shall be paid directly by the Lessee to the Trustee and the Trustee shall have the right to enforce, in an action for monetary damages, the payment thereof.

(c) Notwithstanding any other provision of this Agreement, or otherwise, neither the Facility Rental nor the Accelerated Facility Rental shall be subject to abatement, suspension, set-off or defense for any reason whatsoever. Without limiting the foregoing, nothing contained in this paragraph shall be construed to release the Port Authority from the performance of any of the agreements on its part contained in this Agreement.

(d) The Accelerated Facility Rental has not been incorporated in the provisions of Section 28 of this Agreement setting forth the damages of the Port Authority in the event of termination of this Agreement or the re-entry, regaining or resumption of possession by the Port Authority as therein set forth. In lieu thereof it is hereby expressly understood and agreed that the provisions of paragraph (c) of this Section including the Lessee's obligations to pay the Facility Rental and the Accelerated Facility Rental as stated therein shall be in effect. If, however, these provisions are not given full and complete effect by any court of competent jurisdiction, then and at the election of the Port Authority and if not otherwise paid, all unpaid installments of Facility Rental and the Accelerated Facility Rental shall be and be deemed to be a part of the damages of the Port Authority under Section 28 of this Agreement and all of the provisions of said Section 28 shall apply and pertain thereto.

(e) In the event the Trustee shall receive a payment of Facility Rental or Accelerated Facility Rental from the Lessee which is insufficient in amount, the Lessee agrees that the Trustee shall apply said payment of Facility Rental, equally and ratably, first to the payment of interest, then to the payment of premium, if any, and then to unpaid principal on the Passenger Terminal Bonds and favoring any such Bond over any other such Bond.

(f) Notwithstanding anything to the contrary contained herein, including, but not limited to, Section 25 (a)(ix), the

Port Authority shall not issue a Notice of Default or Notice of Termination for the failure of the Lessee to pay all or any portion of the Facility Rental or to otherwise provide sufficient monies for deposit into the Bond Fund to pay Debt Service, when due, unless and until the Trustee consents in writing to the issuance of any such notice by the Port Authority. Notwithstanding the foregoing, the Trustee shall have all other remedies available to it, in law or equity (including, without limitation, the Leasehold Mortgage or the Lease Assignment) for failure to make such payments by the Lessee, subject, however, to the provisions of this Agreement, the Resolutions and the Security Documents.

(g) Notwithstanding any other provisions of this Agreement to the contrary, in the event the Lessee fails to pay all or any part of the Facility Rental or otherwise provide sufficient monies for deposit into the Bond Fund to pay Debt Service, when due, the Trustee may, with the written consent of the Bondholders representing not less than a majority in aggregate principal amount of all Passenger Terminal Bonds (excluding any of the Bonds held by or for the account of the Port Authority or the Lessee), and upon written request or direction of the Bondholders representing not less than a majority in aggregate principal amount of all Passenger Terminal Bonds then outstanding (excluding in each case any of the Bonds held by or for the account of the Port Authority or the Lessee), the Trustee shall, by written notice given to the Port Authority and the Lessee, declare (i) that all or any portion of such deficiency be waived, excused, accrued or otherwise deferred to later periods under this Agreement; and/or (ii) that the Lessee in lieu of making a direct payment of all or a portion of the Facility Rental to the Bond Fund shall make payments as directed by the Trustee to third parties, including, but not limited to, an Interim Terminal Operator or a Qualified Terminal Operator.

(h) Notwithstanding anything to the contrary contained herein, in the event the Trustee shall declare all outstanding Passenger Terminal Bonds to be immediately due and payable pursuant to the Resolutions, the Security Documents and this Agreement and the Trustee forecloses under the Leasehold Mortgage, or in the event a New Lease is executed with a

Qualified Terminal Operator, then the Foreclosure Purchaser or successor lessee under a New Lease (the "Purchaser") of the Project shall be entitled, in lieu of any deduction for Facility Rental, to deduct in computing Subordinated Fundings, prior to the payment of any Subordinated Fundings, for any Annual Period and retain for its own account (or for the account of any Person providing financing to such entity) an amount that equals the Purchaser's Acquisition Cost Return. For purposes hereof, the "Purchaser's Acquisition Cost Return" shall mean, for any Annual Period the amount required to amortize over the remaining Term of this Agreement the amount paid by such Purchaser (whether financed with debt or equity or both), together with interest on such total purchase price at the weighted-average rate determined on an arm's-length basis on all debt incurred by the Purchaser to acquire the Lessee's interest under this Agreement in any foreclosure sale or in consideration of the execution of a New Lease. If no debt is incurred in connection therewith, an interest rate shall be reasonably determined by the Port Authority and the Trustee for such purpose, on the basis of the current interest rates prevailing at the time of such Foreclosure or New Lease in connection with debt, having a weighted average life equal to that which would have been applicable to the Passenger Terminal Bonds at such time had the Passenger Terminal Bonds not been accelerated and discharged in full, issued by corporations having a debt rating of BBB or equivalent. In no event shall the amounts deducted in any fiscal year exceed the annual amount of Facility Rental equal to Debt Service on the Passenger Terminal Bonds determined with respect to all installments thereof and the mandatory sinking fund redemption requirements or special mandatory redemption requirements (without any carryforward provided for in the special mandatory redemption provisions) which would be in effect at that time had the Passenger Terminal Bonds remained outstanding. Upon the foreclosure, sale or other conveyance under the Leasehold Mortgage, or the delivery of a New Lease to the Purchaser, the amount of Accelerated Facility Rental shall, as to the Purchaser only, be deemed null, void and of no further force or effect for purposes of this Agreement and no amount thereof shall be due and payable by the Purchaser after the effective date of such foreclosure sale or other conveyance, the Purchaser shall acquire the Lessee's interest free of the obligation to pay Facility

Rental or any Debt Service with respect to the Passenger Terminal Bonds, and the lease provisions shall otherwise be substantially the same (except as expressly provided herein).

Section 25. Termination by the Port Authority

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

(i) 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, including, without limitation, 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

(ii) By order or decree of a court the Lessee shall be adjudged a bankrupt or an order shall be made approving a petition filed by any of its creditors 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 and any such judgment or order is not stayed or vacated within sixty (60) days after the entry thereof; or

(iii) 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 sixty (60) days; or

(iv) The Lessee shall voluntarily abandon, desert or vacate the Premises or discontinue its operations at the Premises, or after exhausting or abandoning any right of further

appeal, the Lessee shall be prevented for a period of sixty (60) days by action of any Governmental Authority from conducting its operations at the Airport, regardless of the fault of the Lessee, unless the same (x) shall be or would, with the passage of time, become an event on the basis of which the Lessee may terminate this Agreement under Section 65 (without reference to any agreement by the Lessee not to so terminate while any Passenger Terminal Bonds are outstanding) or (y) shall be the result of damage, destruction, or other causes beyond the Lessee's control; or

(v) Any lien is filed against the Premises or the Lessee's interest therein or thereunder because of any act or omission of the Lessee which has not been removed, discharged or bonded within ninety (90) days after the Lessee has received notice thereof; or

(vi) Except as otherwise provided in Sections 5, 43 or 44, or in the Leasehold Mortgage or the Lease Assignment, 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; or

(vii) Except as otherwise provided in Section 31, control of the Lessee or any member thereof shall be transferred or the Lessee or any member thereof shall, without the prior written approval of the Port Authority, become a constituent or possessor or merged or surviving entity in a merger, a constituent or resulting entity in a consolidation, or an entity in dissolution, in termination or in liquidation; or

(viii) The Lessee shall fail to comply (or, where compliance requires activity over a period of time, shall fail to commence and diligently to continue such compliance) with the directions contained in the written notice from the Port Authority pursuant to Section 46(c) or Section 48(c) within thirty (30) days of receipt thereof by the Lessee (a notice under this subparagraph or subparagraph (ix)(a) or (x) below being referred to herein as a "Notice of Default").

(ix) The Lessee shall fail (a) to pay when due the rentals or fees or to make any other payment required hereunder when due to the Port Authority or (b) to provide sufficient monies for deposit into the Debt Service Fund to reimburse any withdrawal from the Debt Service Fund within one year after such withdrawal and, in either case, any such failure shall continue for a period of thirty (30) days after receipt of Notice of Default by it from the Port Authority to make such payment or reimbursement; or

(x) 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 Notice of Default from the Port Authority to the Lessee except where Deferred Compliance is applicable;

then upon the occurrence of any Event of Default and at any time thereafter during the continuance thereof, the Port Authority may upon sixty (60) days' notice (such notice, a "Notice of Termination") terminate the rights of the Lessee and the letting hereunder, such termination to be effective upon the date specified in such notice to the Lessee; such notice to be given only in accordance with this paragraph and paragraph (b) below. Such right of termination and the exercise thereof shall be and operate as a conditional limitation.

(b) The following provisions shall apply to the rights of the Port Authority to terminate this Agreement as provided in subparagraphs (i) through (x) of paragraph (a) above:

(i) (1) The Port Authority shall send to the Lessee and the Trustee, at least (30) days and not more than sixty (60) days prior to service of a Notice of Termination on the Lessee, a notice of the Port Authority's intention to terminate this Agreement under subparagraphs (i), (ii), (iii), (iv), (v), (vi) and or (vii) of paragraph (a) above (a "Notice of Intention to Terminate").

(2) The Port Authority shall send to the Trustee a copy of each Notice of Default required to be given to the

Lessee under subparagraphs (viii), (ix) or (x) of paragraph (a) above, at the same time as any such Notice of Default shall have been sent to the Lessee.

(3) No Notice of Termination shall be deemed to have been validly given by the Port Authority to the Lessee unless and until a copy thereof shall be sent to the Trustee at the same time as sent to the Lessee and, in addition, a Notice of Default or a Notice of Intention to Terminate, whichever is applicable, shall have been sent to the Lessee and the Trustee previously in accordance with this Section 25.

(ii) If the Lessee shall in good faith dispute the basis of (x) any Notice of Intention to Terminate by the Port Authority or (y) any Notice of Default by the Port Authority other than any Notice of Default respecting an Event of Default which threatens the life, safety or security of the tenants, occupants or invitees using the Premises or the operation of the Airport generally, then:

(1) Prior to the completion of the notice period provided for in any Notice of Intention to Terminate, the Lessee may serve a notice of claim upon the Port Authority with respect to such disputed matter provided that the same is effective, timely and otherwise pursuant to and in accordance with the provisions of Section 7101 et seq. of the Unconsolidated Laws of the State of New York, and upon the service of such notice, the effective date set forth in the Notice of Intention to Terminate shall be deemed postponed for seventy-five (75) days and the Port Authority shall not send a Notice of Termination during such period of postponement. Thereafter, if within such seventy-five (75) day period the Lessee has commenced a suit, action or proceeding of any form or nature, as specified in Section 7101 of the Unconsolidated Laws of the State of New York (a "Section 7101 Action") against the Port Authority based upon the claim set forth in such notice of claim, the effective date set forth in the Notice of Intention to Terminate shall be further postponed, and the Port Authority shall not send a Notice of Termination, until fifteen (15) days after such legal action with respect to that claim is resolved;

(2) Prior to the completion of the notice period applicable to any Notice of Default by the Port Authority provided for in subparagraph (ix) of paragraph (a) above, the Lessee may, with respect to any Notice of Default under such subparagraph, submit such dispute for resolution in accordance with Section 61 and for so long as the Lessee diligently pursues the dispute resolution provisions set forth therein, the effective date of such Notice of Default shall be suspended, and the Port Authority shall not send a Notice of Termination, until a date fifteen (15) days after a final, unappealable resolution in such dispute (including a determination that such dispute is inappropriate for treatment under Section 61); or

(3) Prior to the completion of the notice period applicable to any Notice of Default by the Port Authority provided for in subparagraph (viii) or (x) or, to the extent that resolution of such dispute pursuant to Section 61 is inappropriate, subparagraph (ix) of paragraph (a) above, the Lessee may, with respect to alleged Events of Default under subparagraph (viii), (ix) or (x) as the case may be, serve a notice of claim upon the Port Authority with respect to such disputed matter provided that the same is effective, timely and otherwise pursuant to and in accordance with the provisions of Section 7101 et seq. of the Unconsolidated Laws of the State of New York, and upon the service of such notice the effective date set forth in the Notice of Default shall be deemed postponed for seventy-five (75) days, and the Port Authority shall not send a Notice of Termination during such period of postponement. Thereafter, if within such seventy-five (75) day period the Lessee has commenced a Section 7101 Action against the Port Authority based upon the claim set forth in such notice of claim, the effective date set forth in such Notice of Default shall be further postponed, and the Port Authority shall not send a Notice of Termination, until fifteen (15) days after such Section 7101 Action with respect to that claim is resolved.

(iii) (1) If any such resolution pursuant to Section 25(b)(ii)(1) determines that the Event of Default alleged to have occurred in the Notice of Intention to Terminate did in fact occur, the Port Authority may not serve a Notice of Termination on the Lessee on the basis of such occurrence prior to fifteen

(15) days after such determination. If the Lessee shall have taken action or caused action to be taken which will, notwithstanding the fact that the event occurred, reverse the event on an ongoing basis within such fifteen (15) day period, the Notice of Intention to Terminate shall be deemed to have been withdrawn by the Port Authority.

(2) If any such resolution pursuant to Section 25(b)(ii)(2) or (3) determines that any part of the disputed matter alleged in a Notice of Default constitutes an Event of Default under this Agreement, the Port Authority shall not serve a Notice of Termination on the Lessee on the basis of such Event of Default prior to fifteen (15) days after such determination. If the Lessee shall have cured the Event of Default theretofore in dispute within such fifteen (15) day period, such Notice of Default shall be deemed withdrawn with the same force and effect as if it had never been served; or, where Deferred Compliance is applicable, the Port Authority's right to serve a Notice of Termination based thereon shall be stayed for so long as Deferred Compliance is applicable and, at such time as such Event of Default is cured, such Notice of Default shall be deemed withdrawn with the same force and effect as if it had never been served. If the Lessee shall fail to cure such Event of Default and Deferred Compliance is not applicable, the Port Authority shall have the right to serve a Notice of Termination of this Agreement based thereon without regard to any right of the Lessee set forth above, and the Lessee shall have no right to stay the effectiveness thereof, by notice of claim or otherwise, except as provided by law with respect to the determination of the adequacy of such cure.

(3) If any such resolution pursuant to Section 25(b)(ii) should determine that (x) the event alleged to have occurred in the Notice of Intention to Terminate did not, in fact, occur or (y) the Lessee is not in default as alleged under the Notice of Default, then the Notice of Intention to Terminate or Notice of Default, as the case may be, shall be deemed to have been withdrawn by the Port Authority and the Port Authority shall not send any Notice of Termination.

(c) It is expressly understood that nothing contained in this Section shall be deemed to waive any rights of the Port Authority under the provisions of Section 7101 et seq. of the Unconsolidated Laws of the State of New York, and the Lessee hereby covenants and agrees that it shall diligently and in good faith prosecute any notice of claim hereunder, and any ensuing Section 7101 Action with respect to that claim, to resolution.

(d) No acceptance by the Port Authority of rentals, fees, charges or other payments in whole or in part for any period or periods after an Event of Default shall be deemed a waiver of any right on the part of the Port Authority to terminate the letting.

(e) No waiver by the Port Authority of any Event of Default shall be or be construed to be a waiver by the Port Authority of any other or subsequent Event of Default in performance of any of the said terms, covenants and conditions.

(f) Without derogation from the rights granted to the Lessee to stay the terminations provided for in Section 25 (a) under Section 25(b), the rights of termination described above shall be in addition to any other rights and remedies (other than termination) 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 such right of termination provided for under Section 25(a) shall be without prejudice to any other such rights and remedies.

(g) "Deferred Compliance" shall mean and be deemed applicable only in circumstances where fulfillment of an obligation would require activity over a period of time or within a specified period of time or by a specified date and the Lessee shall have commenced to perform whatever may be required for fulfillment over a reasonable period of time (notwithstanding the specified period of time or specified date otherwise applicable) and shall continue such performance diligently and without interruption except for causes beyond its control.

(h) In the event the Port Authority withdraws any Notice of Intention to Terminate or any Notice of Default or if any such

notice is deemed withdrawn pursuant to Section (25)(b)(iii), such notice shall not be effective for any purpose hereunder.

Section 26. Right of Re-Entry

The Port Authority shall, upon the effective date of termination, as an additional remedy upon the giving of a Notice of Termination as provided in Section 25 hereof, have the right to re-enter the Premises and every part thereof 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 27. 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 28. Survival of Obligations

(a) In the event that the letting shall have been terminated in accordance with a Notice of Termination as provided in Section 25 hereof, all the monetary obligations of the Lessee under this Agreement shall survive such termination or re-entry, regaining or resumption of possession and shall remain in full force and effect for the full Term, 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, 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 present value

discount, as set forth in Section 28(b) and (d) 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:

(i) On account of (1) Ground Rental and (2) Building Rental, the Lessee's rental obligation shall be the amount of the total of all such rentals for each Annual Period less the amount attributable to the installments of any of the said rentals payable prior to the effective date of termination except that the credit to be allowed for the amount attributable to 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 the month; and

(ii) An amount equal to all expenses reasonably incurred by the Port Authority in connection with regaining possession and restoring and reletting the 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) Without limiting any of the foregoing, the Port Authority may at any time bring an action to recover all the damages as set forth above not previously recovered in separate actions, or it may bring separate actions to recover the items of damages set forth in subparagraph (i) and (ii) of paragraph (b) above and separate actions periodically to recover from time to time only such portion of the damages set forth in subparagraph (i) of paragraph (b) above as would have accrued as rental up to the time of the action if there had been no termination. In any such action the Lessee shall be allowed a credit against its survived damages obligations equal to the amounts which the Port Authority shall have actually received from any tenant, licensee, permittee or other occupier of the Premises or a part thereof during the period for which damages are sought, and if recovery is sought for a period subsequent to the date of suit a credit

(7) has had any sanction imposed as a result of a judicial or administrative proceeding related to fraud, extortion, bribery, bid rigging, embezzlement, misrepresentation or anti-trust regardless of the dollar amount of the sanctions or the date of their imposition;

(8) has been, or is currently, the subject of a criminal investigation by any federal, state or local prosecuting or investigative agency and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency; or

(9) has been indicted or convicted of any crime or material offense in any jurisdiction.

(xi) The Sublessee shall assure that it will undertake an affirmative action program as required by 14 C.F.R. Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 C.F.R. Part 152, Subpart E and shall assure 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 Sublessee shall assure that it will require that its covered suborganizations provide assurances to the Sublessee that they similarly will undertake affirmative action programs and that they will require assurances from the suborganizations, as required by 14 C.F.R. Part 152, Subpart E, to the same effect.

(xii) Each Sublease shall contain the following language:

(1) "The Port Authority has applied for and received a grant or grants of money from the Administrator of the Federal Aviation Administration pursuant to the Airport and Airways Development Act of 1970, as the same has been amended and supplemented or superseded by similar federal legislation, and under prior federal statutes which said Act superseded and the Port Authority may in the future apply for and receive further such grants. In connection therewith, the Port Authority has undertaken and may in the

future undertake certain obligations respecting its operation of the Airport and the activities of its contractors, lessees and permittees thereon. The performance by [the Sublessee] of the covenants, promises and obligations contained in this [Sublease] is therefore a special consideration and inducement to the Port Authority's consent to this [Sublease], and if the Administrator of the Federal Aviation Administration or any other governmental officer or body having jurisdiction over the enforcement of the obligations of the Port Authority in connection with the Federal Airport Aid, shall make any orders, recommendations or suggestions respecting the performance by [the Sublessee] of such covenants, promises and obligations, [the Sublessee] will promptly comply therewith, at the time or times when and to the extent that the Port Authority may direct.

(2) "Without limiting the generality of the preceding material of this subdivision, this [Sublease] is subject to the requirements of the U.S. Department of Transportation's regulations, 49 C.F.R. Part 23, Subpart F. [The Sublessee] agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement covered by 49 C.F.R. Part 23, Subpart F.

(3) "[The Sublessee] agrees to include the above statements in any subsequent concession agreements that it enters and cause those businesses similarly to include the statements in further agreements, the foregoing not to be construed as approval by [the Lessee] or the Port Authority of any such agreements as required."

(xiii) The Sublessee shall maintain commercially reasonable levels of property and liability insurance in accordance with industry standards; provided, however, that in any event each Sublessee under an Airline Sublease shall maintain the following:

(1) Public Liability Insurance, including contractual liability, premises-operations, products,

completed operations and liquor liability, and covering bodily injury, including death, and property damage liability, and broadened to include (or equivalent separate policies covering) aircraft liability, none of the foregoing to contain care, custody and control exclusions, with a combined single limit of $100 million per occurrence for bodily injury and property damage liability; and

(2) Commercial Automobile Liability Insurance (if motor vehicles are being used by the Sublessee) covering owned, non-owned and hired vehicles, including automatic coverage for newly acquired vehicles, with a combined single limit of $25 million per occurrence for bodily injury and property damage liability.

(e) Each policy of insurance required to be maintained by a Sublessee shall designate the Port Authority and The City of New York as additional insureds. The Lessee shall deliver to the Port Authority, at least ten (10) days prior to the start of any operations by the Sublessee and prior to the expiration of each insurance policy, respectively, original or renewal certificates for such policy.

(f) The provisions of this Section shall not apply to the sale or transfer of the Lessee's interest in this Agreement pursuant to or under the Leasehold Mortgage or to any assignment of the Lessee's interest in this Agreement pursuant to the Lease Assignment as provided in Section 23 of this Agreement.

Section 6. Use of Premises

(a) The Lessee hereby agrees to and shall use and operate the Premises as an airline passenger terminal for (i) the subleasing of the Premises by the Lessee to (x) Scheduled Aircraft Operators who are Airline Sublessees, (y) Retail Sublessees and (z) Additional Sublessees for airline passenger terminal-related purposes, (ii) use and occupancy by religious congregations as provided in Section 79 and (iii) use and occupancy of Federal Inspection Services and other governmental agencies in each instance in accordance with, pursuant to and

subject to the terms of this Agreement, including without limitation Sections 43, 44, 45 and 79 hereof.

(b) It is understood and agreed that the Premises shall be used by Scheduled Aircraft Operators who are Airline Sublessees pursuant to Section 43, solely in connection with their business of transportation by aircraft, for the following purposes and for activities reasonably required for such purposes and for such purposes and activities only:

(i) For the reservation of space and the sale of tickets for transportation by aircraft operated by the Airline Sublessee.

(ii) For the reservation of space and the sale of tickets for transportation by other Scheduled Aircraft Operators but only as an incident to or in connection with transportation performed or to be performed by an Airline Sublessee 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 Airline Sublessees at the Airport. The occasional reservation of space and the sale of tickets for transportation by other Scheduled Aircraft Operators shall not be deemed to be prohibited by this subparagraph.

(iii) For the clearance, checking and rendering of service by the Airline Sublessee to its passengers and for the furnishing of information service to its passengers and the general public.

(iv) For providing rooms or space for the special handling of or the furnishing of special services by the Airline Sublessee to its passengers, guests, or invitees, subject to and except as otherwise provided in Section 43 hereof.

(v) For the handling of baggage by the Airline Sublessee of its passengers, including baggage and parcels such passengers decide to send as air cargo.

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

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

(viii) For the preparation, packaging and storage of food, beverages and commissary supplies to be consumed on aircraft operated to and from the Premises by the Airline Sublessee.

(ix) For the storage of repair parts, supplies and other personal property owned or leased by the Airline Sublessee and for the performance of minor repairs to personal property of the Airline Sublessee.

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

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

(xii) For the loading and unloading of passengers, baggage, mail, air cargo and commissary supplies of the Airline Sublessee, provided, however, that the use of the Premises for the unloading and loading of passengers and their baggage from ground transportation vehicles shall be subject to limitation and restriction, from time to time, as set forth in Section 57 hereof.

(xiii) For the parking and storage of aircraft and ramp equipment operated by the Airline Sublessee.

(xiv) For the fueling and routine servicing of aircraft and ramp equipment operated by the Airline Sublessee and for the maintenance of said ramp equipment.

(xv) For the performance of emergency or turn-around aircraft maintenance on aircraft operated by the Airline Sublessee.

(xvi) For the training of personnel employed or to be employed by the Airline Sublessee or other persons engaged in commercial transportation by aircraft, provided, that unless consented to by the Port Authority, neither the Lessee nor any Airline Sublessee shall 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).

(xvii) For the temporary storage of baggage and mail.

(xviii) For the occasional and temporary storage of air cargo.

(c) It is understood and agreed that the Premises shall be used by Retail Sublessees solely in connection with retail sales of goods and services at the Premises and for activities reasonably required for such purposes and for such purposes and activities only.

(d) It is understood and agreed that the Premises may be used by the Lessee for its operational and administrative offices. The Lessee may conduct airport-related training programs for its employees at the Premises. Such programs may occasionally include employees of the Lessee's Affiliates.

(e) The Lessee may use the Premises for any other purpose or activity, in addition to those specified in this Section, for which the Premises are expressly authorized to be used by any other provision of this Agreement.

(f) 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.

(g) Neither this Agreement, nor anything contained herein, including, without limitation, this Section, shall or shall be deemed to grant to the Lessee any right, privilege or permission to perform any sale, service or any other activity other than as is expressly provided herein and upon the terms and conditions hereof, including, without limitation, the obligation to make the payments called for in this Agreement.

Section 7. Ingress and Egress

(a) The Lessee, its Sublessees, officers, employees, customers, patrons, invitees, contractors, suppliers of material and furnishers of services, shall have the right of ingress and egress between the Premises and city streets or public ways outside the Airport by means of existing roadways 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 as provided in Section 7(c) and provided, further, however, that the Lessee hereby expressly understands and agrees that the Lessee shall have no right of ingress and egress or access hereunder or otherwise for its employees, customers, patrons, invitees and their baggage between the Premises and the city streets or public ways outside the Airport by means of any mode of transportation or any vehicle which may be limited or restricted in accordance with Section 57 hereof except as provided in Section 57, it being understood that access to the Premises for emergency response for reasons of safety or health shall not be deemed a breach hereof.

(b) The Lessee and its Airline Sublessees 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 as provided in Section 7 (c).

(c) The use of all roadways and Taxiways shall be subject to Port Authority Rules and Regulations. 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 concerning the adequacy of ingress or egress 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.

Section 8. Rental

(I) In consideration of the rights granted to the Lessee under this Agreement, the Lessee agrees to pay, fund or apply rentals and other amounts as provided below:

(a) (i) Permitted O&M Expenses. The Lessee shall pay Permitted O&M Expenses (as such term is defined in Exhibit 8.1) or cause the Trustee to pay Permitted O&M Expenses pursuant to Sections 7, 8 and 9 of Appendix A to the Trust Administration Agreement.

(ii) Ground Rental and Building Rental. The Lessee shall pay Ground Rental and Building Rental, or cause the Trustee to make such payment in accordance with the applicable provisions of Section 7 of Appendix A to the Trust Administration Agreement, on the following basis:

(1) Ground Rental. On the First Monthly Funding Date following the earlier to occur of DBO and the fourth anniversary of the Effective Date and on each Monthly Funding Date thereafter, Ground Rental ("Ground Rental") shall be payable monthly as a Proratable Amount in an amount equal to one-twelfth of the Base Rental Amount for the applicable Annual Period. On the First Monthly Funding Date following such fourth anniversary of the Effective Date or DBO (whichever occurred earlier), the

Lessee shall also pay a prorated amount of any Ground Rental for the days from and including such respective date to (but excluding) such First Monthly Funding Date.

(2) Building Rental in the Pre-DBO Period. (A) If the fourth anniversary of the Effective Date shall occur prior to DBO, on the First Monthly Funding Date thereafter and on each subsequent Monthly Funding Date until DBO, Building Rental ("Building Rental") shall be payable monthly as a Proratable Amount in an amount equal to one-twelfth of ; provided that such Building Rental shall be paid only out of the excess, if any, of the estimated amount of Gross Revenues with respect to such Month over the sum of (w) the estimated payments of Permitted O&M Expenses with respect to such Month (including deposits for such purposes into the Operations and Maintenance Expense Fund), (x) the amount of any Ground Rental payable pursuant to Section 8(I)(a)(ii)(1) with respect to such Month, (y) an amount equal to one-sixth of any Facility Rental payable from Gross Revenues within six Months after such Monthly Funding Date, and (z) an amount equal to the sum of the amounts to be deposited as Reserve Amounts with respect to such Month. On the First Monthly Funding Date following such fourth anniversary of the Effective Date, Lessee shall also pay a prorated amount of any Building Rental for the days from and including such fourth anniversary to (but excluding) such First Monthly Funding Date. If DBO occurs any day other than the first day of a Month, the prorated amount of Building Rental paid for the days of such Month following DBO shall be credited against any outstanding Building Carry as of DBO, with any excess credited against the Lessee's future obligations to pay Ground Rental pursuant to Section 8(I)(a)(ii)(1) above.

(B) The amount, if any, of Building Rental not paid by reason of the proviso in Section 8(I)(a)(ii)(2)(A) above with respect to any Month shall be carried forward to and be due on the next Monthly Funding Date together with an amount equivalent to interest at the Special Project Bond Rate on such amount. The amount of such unpaid Building Rental for all previous periods together with the interest equivalent thereon calculated at the Special Project Bond Rate each month (the "Building Carry") shall be carried to each subsequent Monthly

Funding Date prior to DBO and shall be payable on the same basis as Building Rental with respect to such subsequent Month until such Building Carry has been paid in full or is converted into Building Carry Rental pursuant to Section 8(I)(a)(ii)(2)(C) below.

(C) Beginning on the Quarterly Funding Date with respect to the Quarter in which DBO occurs, a Contingent Obligation shall be created and calculated (the "Building Carry Rental") equal to the Building Carry as of DBO (less any credits applied pursuant to Section 8(I)(a)(ii)(2)(A)) plus interest at the Special Project Bond Rate from DBO through the end of such Quarter. Any unpaid amount of Building Carry Rental from any Quarter shall be carried forward to the subsequent Quarter and be payable as Building Carry Rental together with interest thereon at the Special Project Bond Rate from and including the first day of such subsequent Quarter through and including the last day of such subsequent Quarter.

(b) Facility Rental. In all events, the Lessee shall be obligated to pay facility rental (the "Facility Rental") on each date (such date, a "Semi-Annual Funding Date") that is three days prior to a date for the payment of Debt Service (such date for the payment of Debt Service, a "Debt Service Payment Date") in an amount that, when combined with all other funds available for the payment of Debt Service, shall be equal to the amount due for the payment of Debt Service on such Debt Service Payment Date. Such amount shall be further determined and paid as follows:

(i) The Lessee shall pay Facility Rental in consideration of the use and occupancy of the existing IAB during the Pre-DBO Period (such Facility Rental, "Facility Rental A") as follows:

(A) on each Monthly Funding Date (except a Debt Service Payment Date), in an amount equal to (x) the amount due on the next succeeding Debt Service Payment Date after taking into account other funds available for such payment in the Construction Fund and the Bond Fund divided by (y) the number of Monthly Funding Dates and Semi-Annual Funding Dates (including the current Monthly Funding Date) remaining

prior to the next succeeding Debt Service Payment Date; provided, however, that Facility Rental A payable under this paragraph (A) shall be paid only out of the excess, if any, of the estimated amount of Gross Revenues with respect to the Month preceding the Month in which the Monthly Funding Date occurs over the sum of (x) the payments of Permitted O&M Expenses with respect to such prior Month (including deposits for such purposes into the Operations and Maintenance Expense Fund) and (y) the amount of any Ground Rental payable with respect to such prior Month; plus

(B) on each Quarterly Funding Date with respect to each Quarter from the Effective Date to the Quarter in which the earlier of DBO and the fourth anniversary of the Effective Date occurs, in an amount equal to, for the period from the later of the Effective Date and the previous Semi-Annual Funding Date to the current Semi-Annual Funding Date, the excess of (1) the sum of (A) a Proratable Amount equal to $25 million per year, (B) a Proratable Amount equal to the Base Rental Amount for the applicable Annual Period per year, and (C) any amounts of Pre-DBO Residual Cash Flow made available as Subordinated Fundings over (2) any amounts of Facility Rental A paid in accordance with Section 8(I)(b)(i)(A) subsequent to the last Debt Service Payment Date (including concurrently with such Quarterly Funding Date); provided, however, that Facility Rental A payable under this paragraph (B) shall be paid only out of the excess, if any, of the estimated amount of Gross Revenues of the Quarter with respect to which such payment is made over the sum of (x) the payments of Permitted O&M Expenses with respect to such Quarter (including deposits for such purposes into the Operations and Maintenance Expense Fund) and (y) the amount of any Ground Rental payable with respect to such Quarter; plus

(C) on each Semi-Annual Funding Date, in an amount equal to the amount due on the next succeeding Debt Service Payment Date after taking into account other funds available in the Bond Fund, or to be transferred to the Bond Fund on or before such Debt Service Payment Date; and

(ii) The Lessee shall pay Facility Rental in consideration of the use and occupancy of the Terminal during the Post-DBO Period (such Facility Rental, "Facility Rental B"):

(A) on each Monthly Funding Date (except a Debt Service Payment Date), in an amount equal to (x) the amount of interest due as Debt Service on the next succeeding Debt Service Payment Date after taking into account other funds available for the payment of Debt Service in the Bond Fund or to be transferred to the Bond Fund on or before such Debt Service Payment Date divided by (y) the number of Monthly Funding Dates and Semi-Annual Funding Dates (including the current Monthly Funding Date or Semi-Annual Funding Date) remaining prior to the next succeeding Debt Service Payment Date; provided, however, that Facility Rental B payable under this paragraph (A) shall be paid only out of the excess, if any, of the estimated amount of Gross Revenues with respect to the Month preceding the Month in which the Monthly Funding Date occurs over the sum of (x) the payments of Permitted O&M Expenses with respect to such prior Month (including deposits for such purposes into the Operations and Maintenance Expense Fund) and (y) the amount of any Ground Rental payable pursuant to Section 8(I)(a)(ii)(1) with respect to such prior Month; and

(B) on each Monthly Funding Date, in an amount equal to (x) the amount of principal expected to be due as Debt Service (including with respect to Special Mandatory Redemptions) on the next Debt Service Payment Date on which a principal payment is to be made after taking into account other funds available to pay such Debt Service in the Bond Fund or to be transferred to the Bond Fund on or prior to the next Debt Service Payment Date on which a principal payment is to be made pursuant to the Trust Administration Agreement divided by (y) the number of Monthly Funding Dates (including the current Monthly Funding Date) remaining prior to the next succeeding Debt Service Payment Date on which a payment of principal is to be made; provided, however, that Facility Rental B payable under this paragraph (B) shall be paid only out of the excess, if any, of the estimated amount of Gross Revenues with respect to the Month preceding the

Month in which the Monthly Funding Date occurs over the sum of (x) the payments of Permitted O&M Expenses with respect to such prior Month (including deposits for such purposes into the Operations and Maintenance Expense Fund) and (y) the amount of any Ground Rental payable pursuant to Section 8(I)(a)(ii)(1) with respect to such prior Month; and

(C) on each Semi-Annual Funding Date, in an amount equal to the amount due on the next succeeding Debt Service Payment Date after taking into account other funds available in the Bond Fund or to be transferred to the Bond Fund on or before such Debt Service Payment Date for the payment of Debt Service.

(iii) "Pre-DBO Residual Cash Flow" shall mean, in the Pre-DBO Period, the amount of Available Net Cash Flow, if any, remaining after payment in full of the First through the Thirteenth Priority Levels in accordance with Section 8(I)(c) which shall be made available for payment as part of Facility Rental A in accordance with this Section 8(I)(b).

(iv) Any payment of Facility Rental shall be made in accordance with the applicable terms of the Trust Administration Agreement, and any use of funds held pursuant to the Trust Administration Agreement to pay (or provide for payment of) Debt Service or Facility Rental as provided thereunder, shall satisfy Lessee's obligations hereunder; except to the extent that the Trustee shall, by use of any amount in the Debt Service Fund, be subrogated to the Port Authority's right to receive Facility Rental as provided in Section 4(B)(1) of Appendix A to the Trust Administration Agreement.

(v) The Lessee shall make payments or cause the Trustee to make transfers to the Debt Service Fund in accordance with Section 6(B)(4) of Appendix A to the Trust Administration Agreement.

(c) Subordinated Fundings. The Lessee shall pay or provide for:

First Additional Land Rental,

Lessee Development Savings Funds,
Port Authority Development Savings Distribution,
Port Authority True-up Penalty Distribution,
Lessee True-up Penalty Funds,
Basic Lease Extension Adjustments,
Subordinated Debt Service,
Lessee Additional Funds,
Building Carry Rental,
Lessee Terminal Management Funds,
Port Authority Consumer Service Concession Fee,
Deferred Balance Rental,
Lessee Retail Management Funds,
Port Authority Handling Fee,
Lessee Contribution to Port Authority O&M Expense Rental,
Port Authority Ramp Control Tower Rental,
Port Authority Parking Concession Rental,
Lessee Handling Funds,
Equity Capital Investment Pre-DBO Funds,
Equity Capital Investment Post-DBO Funds,
Second Additional Land Rental,
Subordinated Management Funds,
Third Additional Land Rental,
Port Authority Residual Rental, and
Lessee Residual Funds.

(each, a "Contingent Obligation") by making or providing Subordinated Funding for such Contingent Obligations in accordance with the provisions of this subsection (c).

(i) Calculation of Subordinated Fundings. (1) Calculation of Available Net Cash Flow. With respect to any period, available net cash flow ("Available Net Cash Flow") shall be an amount equal to (x) Gross Revenues with respect to such period plus (y) the sum of (A) amounts on deposit as Reserve Amounts that are utilized to pay Permitted O&M Expenses in such period and (B) amounts held as reserves in the Subordinated Payments and Lessee Reserve Fund pursuant to subclause (F) in clause (z) below to the extent released to make payments or fundings permitted hereunder, minus (z) the sum of (A) the amount of Permitted O&M Expenses expended for such period, (B) payments

of Building Rental with respect to such period, (C) Ground Rental with respect to such period, (D) the sum of any payments (or fundings) of Facility Rental A and Facility Rental B with respect to such period, (E) amounts deposited as Reserve Amounts with respect to such period, (F) subject to Port Authority consent, amounts held in the Subordinated Payments and Lessee Reserve Fund as reserves in anticipation of projected shortfalls in subsequent Annual Periods in the funding of Permitted O&M Expenses, Ground Rental, Building Rental, Facility Rental and/or required deposits into the Operations and Maintenance Reserve Fund, Lessee Contingency Fund, Major Maintenance and Renewal Fund and Debt Service Fund and (G) payments directly from the Revenue Fund into the Section 148(f) Payment Fund as directed by the Lessee pursuant to the Trust Administration Agreement.

(2) Priority of Subordinated Fundings. Available Net Cash Flow shall be applied to the following Contingent Obligations in the order of priority specified below (each, a "Priority Level"); and to the extent Available Net Cash Flow is used to fund any Contingent Obligation, it shall constitute a "Subordinated Funding".

(A) **First Priority Level:** First Additional Land Rental;

(B) **Second Priority Level:** Lessee Development Savings Funds and Port Authority Development Savings Distribution,

(C) **Third Priority Level:** Port Authority True-up Penalty Distribution, Lessee True-up Penalty Funds, and Basic Lease Extension Adjustment;

(D) **Fourth Priority Level:** Subordinated Debt Service;

(E) **Fifth Priority Level:** Building Carry Rental and Lessee Additional Funds;

(F) **Sixth Priority Level:** Lessee Terminal Management Funds and Port Authority Consumer Service Concession Fee;

(G) **Seventh Priority Level:** Deferred Balance Rental;

(H) **Eighth Priority Level:** Lessee Retail Management Funds, Port Authority Handling Fee, Lessee Contribution to Port Authority O&M Expense Rental, Port Authority Ramp Control Tower Rental, and Port Authority Parking Concession Rental;

(I) **Ninth Priority Level:** Lessee Handling Funds;

(J) **Tenth Priority Level:** Equity Capital Investment Pre-DBO Funds and Equity Capital Investment Post-DBO Funds;

(K) **Eleventh Priority Level:** Second Additional Land Rental;

(L) **Twelfth Priority Level:** Subordinated Management Funds;

(M) **Thirteenth Priority Level:** Third Additional Land Rental; and

(N) **Fourteenth Priority Level:** with respect to any portion of the Post-DBO Period, Port Authority Residual Rental and Lessee Residual Funds.

(3) Priority Levels. Contingent Obligations on any Priority Level are to be funded for any period only to the extent of Available Net Cash Flow after completely funding each higher Priority Level. Where multiple Contingent Obligations exist at a single Priority Level, each such obligation shall be funded on a *pari passu* basis. Except as specifically provided in this Agreement with respect to Lessee Additional Funds, Basic Lease Extension Adjustments, First Additional Land Rental,

Subordinated Debt Service, Building Carry Rental, Deferred Balance Rental, Equity Capital Investment Pre-DBO Funds, Equity Capital Investment Post-DBO Funds, Second Additional Land Rental and Third Additional Land Rental, unfunded Contingent Obligations expire and are not carried from one Annual Period to a subsequent Annual Period. Notwithstanding the foregoing and with no exceptions, Contingent Obligations at the end of the Term shall cease and expire.

(ii) Quarterly Fundings. (1) Calculation of Quarterly Fundings. On each Quarterly Funding Date, the Lessee shall make Subordinated Fundings on an actual (but unaudited) basis reflecting the Available Net Cash Flow and Contingent Obligations, in each case, as aggregated over the current Quarter and the preceding Quarters in the same Annual Period and as adjusted by amounts previously funded to either the Port Authority or the Lessee in preceding Quarters in the same Annual Period. The Lessee shall calculate such Subordinated Fundings as provided below:

(A) Aggregate Available Net Cash Flow. The Lessee shall calculate the aggregate Available Net Cash Flow for the current Quarter and the preceding Quarters in the same Annual Period (the "Aggregate Available Net Cash Flow"); provided, however, that the Aggregate Available Net Cash Flow for such Quarters may be adjusted downward in reasonable anticipation of projected shortfalls in revenue in subsequent Quarters in the same Annual Period; then

(B) Aggregate Contingent Obligations. For each category of Contingent Obligation, the Lessee shall aggregate the amount of such Contingent Obligation applicable to the current Quarter and applicable to preceding Quarters in the same Annual Period (each, an "Aggregate Contingent Obligation"); then

(C) Application of Funds. In accordance with Section 8(I)(c)(i)(2) and (3), the Lessee shall apply the Aggregate Available Net Cash Flow to fund each such Aggregate Contingent Obligation in the order of priority set forth for the respective Contingent Obligations under

Section 8(I)(c)(i)(2) to the extent of such Aggregate Available Net Cash Flow (included in this calculation is the possibility that categories of Contingent Obligations funded in earlier Quarters of an Annual Period may later be deemed to have not been funded in the earlier Quarters except as set forth in the proviso in Section 8(I)(c)(ii)(F)); then

(D) Aggregate Fundings. The Lessee shall calculate (x) the sum of Aggregate Contingent Obligations payable to the Port Authority which are to be funded in accordance with clause (C) above (the "Port Authority Aggregate Fundings") and (y) the sum of Aggregate Contingent Obligations which are to be funded as Lessee Unrestricted Funds in accordance with clause (C) above (the "Lessee Aggregate Fundings"); then

(E) Quarterly Fundings. The Lessee shall (x) pay to the Port Authority the *difference of* Port Authority Aggregate Fundings *less* the sum of Port Authority Quarterly Fundings with respect to any previous Quarters in the same Annual Period (such difference, the "Port Authority Quarterly Funding" with respect to the current Quarter) and (y) make available as Lessee Unrestricted Funds the *difference of* Lessee Aggregate Fundings *less* the sum of Lessee Quarterly Fundings with respect to any previous Quarters in the same Annual Period (such difference, the "Lessee Quarterly Funding" with respect to the current Quarter; together with the Port Authority Quarterly Funding, the "Quarterly Fundings").

(F) Equity Capital Investment Pre- and Post-DBO Funds, Second Additional Land Rental, Third Additional Land Rental, Deferred Balance Rental. In connection with the foregoing, the parties understand that the Contingent Obligations for Equity Capital Investment Pre- and Post-DBO Funds, Second Additional Land Rental, Third Additional Land Rental and Deferred Balance Rental shall be calculated for the first Quarter of an Annual Period and each succeeding Quarter within an Annual Period in accordance with the definitions as later detailed in this Section, for each such respective Contingent Obligation. In the calculation of

these categories of Contingent Obligations, the Contingent Obligation within the same category, for preceding Quarters in the same Annual Period, shall only be deemed to be amounts actually funded to either the Lessee or the Port Authority, provided, however, in accordance with subparagraph (C) above, in instances where amounts were funded in a Quarter or Quarters and in a later Quarter within the same Annual Period deemed to have not been funded in the earlier Quarter or Quarters, then the Aggregate Contingent Obligation for the later Quarter shall (strictly for purposes of calculating additional interest due arising from shortfalls in Available Net Cash Flow) be calculated as if the Contingent Obligation for the earlier Quarter or Quarters had been funded.

(2) Financial Statements. Each time Quarterly Fundings are made, the Lessee shall deliver to the Port Authority the cash basis unaudited financial statements for the period covered by such Subordinated Fundings together with a certificate signed by one or more authorized officers of the Lessee stating that such Subordinated Fundings have been made in accordance with this Agreement, including an explanation of any downward adjustments made with respect to the proviso in 8(I)(c)(ii)(A).

(3) Non-Interference. The Port Authority and the Lessee agree that neither party shall intentionally interfere with or manipulate the receipt of Gross Revenues or the payment of Permitted O&M Expenses so as to unfairly disadvantage the other party.

(4) Quarterly Funding Dates. The first day of the second Month following any Quarter shall be a "Quarterly Funding Date", such that May 1 is the Quarterly Funding Date for the Quarter commencing on the January 1 directly preceding such May 1 and ending on the March 31 directly preceding such May 1, August 1 is the Quarterly Funding Date for the Quarter commencing the April 1 directly preceding such August 1 and ending on the June 30 directly preceding such August 1, November 1 is the Quarterly Funding Date for the Quarter commencing the July 1 directly preceding such November 1 and ending on the September 30

directly preceding such November 1 and February 1 is the Quarterly Funding Date for the Quarter commencing the October 1 directly preceding such February 1 and ending the December 31 directly preceding such February 1; provided, however, that if a Quarterly Funding Date falls on a day that is not a Business Day, it shall be deemed to occur on the next Business Day thereafter.

(5) Relationship of Quarterly Funding Dates to Quarters. Wherever in this Agreement a Quarterly Funding Date, or any actions taken thereon, shall be said to be "with respect to" or otherwise connected with a Quarter or a "current" Quarter, such Quarter or current Quarter shall be the Quarter directly preceding the Quarterly Funding Date (for example, the Quarter commencing January 1 and ending March 31 is the current Quarter with respect to the Quarterly Funding Date on May 1).

(iii) Annual Adjustments. (1) On April 1 following each Annual Period (the "True-up Date"), the Lessee shall determine the actual Available Net Cash Flow for the preceding Annual Period based on the Audited Financial Statements for such Annual Period, and on the same basis, the Lessee shall recalculate the amount of Subordinated Fundings that should have been made with respect to such Annual Period (the "Annual Subordinated Fundings") in accordance with Section 8(I)(c)(i).

(2) In the event the aggregate amount of Annual Subordinated Fundings exceeds the aggregate amount of the Quarterly Fundings made with respect to such Annual Period to either or both parties, within three Business Days after the True-up Date, the Lessee shall make additional funds available or cause such funds to be made available in accordance with Appendix A to the Trust Administration Agreement to make additional fundings ("True-up Fundings") so that the sum of the Quarterly Fundings and the True-up Fundings is equal to the amount of the Annual Subordinated Fundings. If the aggregate amount of all Quarterly Fundings made with respect to such Annual Period exceeds the aggregate amount of Annual Subordinated Fundings, the Lessee shall deduct the amount of such excess (the "True-up Deduction") from funds that are to be made available by it or cause the Trustee to make appropriate adjustments to funds held under the Trust Administration Agreement so that the sum of all

Quarterly Fundings after deducting such True-up Deduction is equal to the Annual Subordinated Fundings. For purposes of this Section 8, True-up Deductions and True-up Fundings shall be deemed made as of the last day of the Annual Period to which they apply. No True-up Deduction may be applied to reduce the amount of Facility Rental payable during any Annual Period. If there are no opportunities for such True-up Fundings or True-up Deductions, any unpaid amount shall constitute an amount owed by the respective party to the other party until paid.

(3) If the amount of the True-up Fundings to the Port Authority for the Annual Period with respect to which such True-up Fundings are made exceeds 10% (ten percent) of the aggregate amount of Quarterly Subordinated Fundings to the Port Authority for such Annual Period, there shall be a Contingent Obligation for payment to the Port Authority ("Port Authority True-up Penalty Distribution") on the Quarterly Funding Date with respect to the Quarter in which the True-up Date occurs in an amount equal to one-half of one year's interest on such True-up Fundings to the Port Authority at the Special Project Bond Rate. If the amount of the True-up Fundings to the Lessee for the Annual Period with respect to which such True-up Fundings are made exceeds 25% (twenty-five percent) of the aggregate amount of Quarterly Subordinated Fundings to the Lessee for such Annual Period, there shall be a Contingent Obligation for Lessee Unrestricted Funds ("Lessee True-up Penalty Funds") on the Quarterly Funding Date with respect to the Quarter in which the True-up Date occurs in an amount equal to one-half of one year's interest on such True-up Fundings to the Lessee at the Special Project Bond Rate.

(d) Calculation of Certain Contingent Obligations. (i) Equity Capital Investment. The Lessee's "Equity Capital Investment" shall be an amount equal to which shall be an expenditure for the Project by the Lessee paid or appropriately evidenced as having been paid or expended on the Effective Date. If after the Effective Date it is determined that such amount is less than , the Lessee shall be required to expend amounts equal to such shortfall and proper adjustment shall be made to interest or any other amount calculated with respect to such Equity Capital

Investment. If such amount is more than $15,000,000, any excess shall be subject to requisition for payment to the Lessee pursuant to the Trust Administration Agreement.

(1) Calculation of the Equity Capital Investment Balance. With respect to the last day of each Quarter, the Lessee shall calculate its "Equity Capital Investment Balance", which for each Quarter, beginning in the Quarter in which the Effective Date falls, shall be equal to (A) the Equity Capital Investment Balance on the last day of the preceding Quarter or the Effective Date, whichever is later, plus (B) an amount equal to interest on such Equity Capital Investment Balance from and including the later of the Effective Date and the first day of the current Quarter through and including the last day of the current Quarter at an annual interest rate of Twelve and One-Half percent (12½%) (computed on an Annual Basis, the "Equity Capital Investment Interest Rate"), minus (C) all Subordinated Fundings of Equity Capital Investment Pre-DBO Funds or Equity Capital Investment Post-DBO Funds made with respect to such current Quarter.

(2) Calculation of the Equity Capital Investment Funds. The fundings with respect to the Equity Capital Investment shall be calculated and made available as Lessee Unrestricted Funds on the following basis. The fundings under this subparagraph (2) shall be deemed to have been made on the last day of the Quarter to which such fundings apply.

(A) With respect to each Quarter prior to the Quarter in which DBO occurs, the Contingent Obligation for Lessee Unrestricted Funds with respect to "Equity Capital Investment Pre-DBO Funds" shall be an amount equal to interest at the Equity Capital Investment Interest Rate on the Equity Capital Investment Balance existing on the last day of the previous Quarter or Effective Date, whichever is later, for such Quarter, plus any previously unpaid Equity Capital Investment Pre-DBO Funds from preceding Quarters in the same Annual Period.

(B) With respect to each Quarter after and including the Quarter in which DBO occurs, the Contingent Obligation for Lessee Unrestricted Funds with respect to "Equity Capital Investment Post-DBO Funds" shall be equal to:

i) with respect to the Quarter in which DBO occurs and with respect to each Quarter thereafter up to and including the Quarter prior to the Quarter in which the fifth anniversary of DBO occurs (the last day of such prior Quarter, the "Fifth Anniversary"), an annual amount equivalent to the sum of (1) the quarterly installment of principal and interest that would be required to amortize, on an Annual Basis, a principal balance equal to the Equity Capital Investment Balance as of the last day of the later of the prior Annual Period or the last day of the Quarter preceding the Quarter in which DBO occurs on a Level Payment Basis over the period from the day after such day to the Fifth Anniversary at an interest rate equal to the Equity Capital Investment Interest Rate plus (2) interest at the Equity Capital Investment Interest Rate on the aggregate amount of any Equity Capital Investment Post-DBO Funds from preceding Quarters in the same Annual Period which were not funded, if any, from and including the day after such funding was deemed scheduled through and including the last day of the current Quarter; plus (3) any previously unpaid Equity Capital Investment Post-DBO Funds for preceding Quarters in the same Annual Period; or

ii) with respect to each Quarter following the Quarter in which the Fifth Anniversary occurs, an amount equal to the entire Equity Capital Investment Balance on the last day of the preceding Quarter for such Quarter plus an amount equivalent to interest on such balance at the Equity Capital Investment Interest Rate from and including the first day through and including the last day of the current Quarter.

(ii) First, Second and Third Additional Land Rentals. (1) First Additional Land Rental. With respect to each Quarter or part thereof, from and after DBO, there shall be a Proratable Amount and Contingent Obligation for payment to the Port Authority (the "First Additional Land Rental") in an amount equal to one-quarter of the annual rate, which annual rate shall be equal to $2,000,000 (except as set forth in the proviso below); provided, however, that, in the event First Additional Land Rental is not fully paid to the Port Authority with respect to any Annual Period due to insufficient Available Net Cash Flow, the First Additional Land Rental for the subsequent Annual Period shall be increased by the amount of any such unpaid First Additional Land Rental with respect to such prior Annual Period plus interest thereon from and including the first day of such subsequent Annual Period through the last day of the Quarter with respect to which payment is made at the Special Project Bond Rate.

(2) Second Additional Land Rental. The "Initial Second Additional Land Rental Balance" shall be deemed to be an aggregate amount equal to $40 million as of DBO and $0 prior to that time.

(A) Calculation of the Second Additional Land Rental Balance. With respect to the last day of each Quarter, the Lessee shall calculate its "Second Additional Land Rental Balance" which shall be equal to (x) the Initial Second Additional Land Rental Balance for the Quarter within which DBO occurs or the Second Additional Land Rental Balance on the last day of the preceding Quarter for subsequent Quarters plus (y) an amount equal to interest on such Second Additional Land Rental Balance from and including the later of DBO and the first day of the current Quarter through and including the last day of the current Quarter at an annual interest rate equal to the Special Project Bond Rate (computed on an Annual Basis), minus (z) all Subordinated Fundings of Second Additional Land Rental made and Deferred Second Additional Land Rental occurring with respect to such current Quarter.

(B) Calculation of Second Additional Land Rental. All Contingent Obligations funded and Deferred Amounts

occurring under this subparagraph (2) will be deemed to have been funded or to have occurred as of the last day of the Quarter to which such Contingent Obligation or Deferred Amounts apply. "Second Additional Land Rental" shall mean and comprise the Contingent Obligations payable to the Port Authority under this subparagraph (2). "Deferred Second Additional Land Rental" shall mean and comprise the Deferred Amounts occurring under this subparagraph (2).

(i) During 2015 Mode, with respect to each Quarter (a) beginning with the Quarter in which DBO occurs and continuing through the Quarter ending on December 31, 2005, the Lessee shall compute a Deferred Amount equivalent to interest at the Special Project Bond Rate on the Second Additional Land Rental Balance as of the end of the previous Quarter for the period from and including the later of DBO and the first day of the current Quarter through and including the last day of the current Quarter, and (b) beginning with the Quarter that starts on January 1, 2006 and continuing through the end of the Term, the Lessee shall have (x) a Contingent Obligation for the Quarter equal to one fourth of an amount equal to the Second Additional Land Rental Balance as of the last day of the previous Annual Period divided by the number of years from the start of the current Annual Period through the end of the Term together with any previously unpaid Second Additional Land Rental for preceding Quarters in the same Annual Period plus (y) an obligation for a Deferred Amount equivalent to the interest on the Second Additional Land Rental Balance as of the last day of the previous Quarter from the first day of the current Quarter through and including the last day of the current Quarter at the Special Project Bond Rate.

(ii) During Extended Mode, with respect to each Quarter, as applicable, (a) starting with the Quarter in which the Conversion Date occurs, and continuing through the Quarter ending on December 31, 2005, the Lessee shall have a Contingent Obligation for payment to the Port Authority in an amount equal to the interest on the Second Additional Land Rental Balance existing on the last day of the previous Quarter, plus any previously unpaid Second Additional Land Rental from preceding Quarters in the same Annual Period at the Special Project Bond

Rate, (b) beginning with the Quarter that starts on the later of January 1, 2006 and the Conversion Date and continuing through the last day of the last full Quarter preceding the 25th anniversary of DBO, the Lessee shall have a Contingent Obligation for payment to the Port Authority for each Quarter in an amount equal to (x) the quarterly installment of principal and interest that would be required to amortize on an Annual Basis a principal balance equal to the Second Additional Land Rental Balance as of the later of the last day of the prior Annual Period and the day prior to the Conversion Date on a Level Payment Basis over the period from the day after such day to the last day of the last full Quarter preceding the 25th anniversary of DBO at an interest rate equal to the Special Project Bond Rate plus (y) interest at the Special Project Bond Rate on the aggregate amount of any Second Additional Land Rental from preceding Quarters in the same Annual Period which were not funded, if any, from and including the day after such funding was deemed scheduled through the last day of the Current Quarter plus (z) any previously unpaid Second Additional Land Rentals for preceding Quarters in the same Annual Period, and (c) with respect to each Quarter or part thereof following the last full Quarter preceding the 25th anniversary of DBO, the Lessee shall have a Contingent Obligation for payment to the Port Authority in an amount equal to the entire Second Additional Land Rental Balance.

(3) Third Additional Land Rental Balance. The "Initial Third Additional Land Rental Balance" shall be deemed to be an aggregate amount equal to $42 Million as of the day prior to the first day of the Quarter in which DBO occurs and $0 prior to that time.

(A) Calculation of the Third Additional Land Rental Balance. With respect to the last day of each Quarter, the Lessee shall calculate its "Third Additional Land Rental Balance", which shall be equal to (x) the Initial Third Additional Land Rental Balance as of the last day of the Quarter prior to the Quarter within which DBO occurs or for subsequent Quarters, the Third Additional Land Rental Balance on the last day of the preceding Quarter, plus (y) an amount equal to interest on such balance from and including the first day of the current Quarter through and including the last day of the current

Quarter at an annual interest rate equal to the Special Project Bond Rate plus 150 basis points minus (z) all Subordinated Fundings of Third Additional Land Rental made and Deferred Third Additional Land Rentals occurring with respect to such current Quarter.

(B) Calculation of the Third Additional Land Rental. All Contingent Obligations funded and Deferred Amounts occurring under this subparagraph (3) will be deemed to have been funded or to have occurred as of the last day of the Quarter to which such Contingent Obligations or Deferred Amounts apply. "Third Additional Land Rental" shall mean and comprise the Contingent Obligations payable to the Port Authority under this subparagraph (3). "Deferred Third Additional Land Rental" shall mean and comprise the Deferred Amounts occurring under this subparagraph (3).

i) The Lessee shall have a Contingent Obligation for payment to the Port Authority with respect to the Third Additional Land Rental equal to; with respect to the Quarter in which DBO occurs and with respect to each Quarter thereafter up to and including the last full Quarter of the Term, an annual amount equivalent to the sum of (x) the quarterly installment of principal and interest that would be required to amortize, on an Annual Basis, a principal balance equal to the Third Additional Land Rental Balance as of the last day of the later of the prior Annual Period or the last day of the Quarter preceding the Quarter in which DBO occurs on a Level Payment Basis over the period from the day after such day to the last day of the last full Quarter preceding the twenty-fifth anniversary of DBO at the Special Project Bond Rate plus 150 basis points plus (y) interest at the Special Project Bond Series Rate plus 150 basis points on the aggregate amount of any Third Additional Land Rentals from preceding Quarters, in the same Annual Period, which were not funded, if any, from and including the first day after such funding was deemed scheduled through and including the last day of the current Quarter plus (z) any previously unpaid Third Additional Land Rentals for preceding Quarters in the same Annual Period.

ii) With respect to each Quarter or part thereof following the last full Quarter preceding the 25th anniversary of DBO, the Lessee shall have a Contingent Obligation for payment to the Port Authority in an amount equal to the entire Third Additional Land Rental Balance.

iii) Nothwithstanding the foregoing, during 2015 Mode the Contingent Obligation described in subparagraphs i) and ii) above shall be a Deferred Amount only and clauses (y) and (z) of subparagraph i) above shall not apply thereto.

(iii) Calculation of Post-DBO Residual Cash Flow. (1) Definition of Post-DBO Residual Cash Flow. In the Post-DBO Period, an amount shall be computed (the "Post-DBO Residual Cash Flow") equal to the amount of Available Net Cash Flow, if any, remaining after payment in full of the First through the Thirteenth Priority Levels in accordance with Section 8(I)(c).

(2) Calculation of Port Authority Residual Rental and Lessee Residual Funds. There shall be Contingent Obligations (A) for Lessee Unrestricted Funds (the "Lessee Residual Funds") equal to of the Post-DBO Residual Cash Flow and (B) for payment to the Port Authority (the "Port Authority Residual Rental") equal to of the Post-DBO Residual Cash Flow.

(iv) Development Savings. (1) Adjusted Pre-DBO Residual Cash Flow. "Adjusted Pre-DBO Residual Cash Flow" shall mean Pre-DBO Residual Cash Flow plus interest accruing thereon at the Special Project Bond Rate from the respective dates on which Pre-DBO Residual Cash Flow was paid to the Trustee as Facility Rental A in accordance with Section 8(I)(b)(i)(B) through DBO as reduced, as of DBO, by any amounts expended on scope changes, approved costs in excess of the estimated total costs set forth in the "Total" Column on line 94 of Exhibit 18.8, and other items determined pursuant to the mutual agreement of the Port Authority and Lessee, after applying line item savings and contingency monies otherwise available for such purposes.

(2) Development Savings Balance. The "Development Savings Balance", shall be, for the last day of the

Quarter in which DBO occurs, an amount equal to Adjusted Pre-DBO Residual Cash Flow on DBO plus interest at the Special Project Bond Rate from and including DBO through and including the last day of such Quarter, and, for the last day of each subsequent Quarter, an amount equal to (a) the Development Savings Balance on the last day of the preceding Quarter, plus (b) an amount equivalent to interest on the Development Savings Balance as of the last day of the preceding Quarter from and including the later of DBO and the first day of the current Quarter through and including the last day of the current Quarter at the Special Project Bond Rate, minus (c) the sum of any Subordinated Fundings of Lessee Development Savings Funds and Port Authority Development Savings Distributions with respect to such current Quarter, minus (d) any amounts expended, subsequent to DBO and not previously included in subparagraph (1) above, on scope changes, approved costs in excess of the estimated total costs set forth in the "Total" column on line 94 of Exhibit 18.8, and other items determined pursuant to the mutual agreement of the Port Authority and the Lessee, after applying line item savings and contingency monies available for such purposes.

(3) Development Savings. Under the Trust Administration Agreement, certain funds on deposit in the Construction Fund shall be used to pay Debt Service on the Passenger Terminal Bonds (such funds to the extent so used in the period after and including DBO, the "Development Savings Base Amount"). With respect to the Quarter within which DBO occurs and each Quarter thereafter, there shall be an amount computed (the "Development Savings") equal to the lesser of the Development Savings Base Amount with respect to such Quarter and either (x) with respect to the Quarter within which the first Debt Service Payment Date after DBO occurs, 75% of the Development Savings Balance or (y) with respect to each Quarter thereafter in which a Debt Service Payment Date occurs, 100% of the remaining Development Savings Balance with respect to such Quarter. In any event, there shall be no Development Savings subsequent to the date that is the second anniversary of DBO. Except to the extent otherwise provided in this subparagraph (3), in the event that the Investment Proceeds (as defined in the Trust Administration Agreement) other than any such Investment Proceeds that are required to be rebated to the United States

Treasury pursuant to Section 148 of the Code exceed the Lessee shall not requisition any such excess from the Construction Fund for the purpose of paying interest on the Passenger Terminal Bonds accruing during any period after DBO and prior to the final disbursement of the Construction Fund without the prior written consent of the Port Authority.

(4) Development Savings Fundings. With respect to each Quarter in which there is Development Savings, there shall be (A) a Contingent Obligation for Lessee Unrestricted Funds equal to (x) in 2015 Mode 50% and (y) in Extended Mode 25% of such Development Savings (the "Lessee Development Savings Funds") and (B) a Contingent Obligation for payment to the Port Authority equal to (x) in 2015 Mode 50% and (y) in Extended Mode 75% of such Development Savings (the "Port Authority Development Savings Distribution"). With respect to each Quarter in 2015 Mode only, one-half of Lessee Development Savings Funds funded in such Quarter shall be computed as a Deferred Amount (the "Deferred Port Authority Development Savings Refund"). All Contingent Obligations funded and Deferred Amounts occurring under this paragraph (iv) shall be deemed to have been made or to have occurred as of the last day of the Quarter to which such Contingent Obligations or Deferred Amounts apply.

(v) Calculation of Deferred Balance. (1) The Lessee shall have an obligation to the Port Authority for the following amounts (each to the extent occurring hereunder, a "Deferred Amount") in accordance with this paragraph (v).

(A) an amount of Ten Million Dollars ($10,000,000) which shall arise as a Deferred Amount on the Effective Date;

(B) Deferred Ground Rental;

(C) Deferred Building Rental;

(D) Subordinated Management Refund, if any;

(E) Deferred Port Authority Leveraged Leasing Distribution, if any;

(F) Deferred Port Authority Development Savings Refund, if any;

(G) Deferred Second Additional Land Rental, if any; and

(H) Deferred Third Additional Land Rental, if any.

(2) On the day prior to the Conversion Date, a balance shall be calculated (the "Initial Deferred Balance") equal to the sum of (x) the Deferred Amounts (if any) and (y) an amount equivalent to interest at the Special Project Bond Rate computed on an Annual Basis on each Deferred Amount from the date such Deferred Amount occurred to the day prior to the Conversion Date.

(3) The "Deferred Balance" shall be, for the last day of the Quarter prior to the Quarter in which the Conversion Date occurs, the Initial Deferred Balance and, for the last day of each subsequent Quarter, (A) the Deferred Balance as of the last day of the previous Quarter plus (B) an amount equal to interest on the Deferred Balance as of the last day of the preceding Quarter from and including the first day of the current Quarter through and including the last day of the current Quarter at the Special Project Bond Rate, minus (C) the sum of any Subordinated Fundings of Deferred Balance Rental made with respect to such current Quarter.

(4) Calculation of Deferred Balance Rental. The fundings under this paragraph (v) shall be deemed to have been made on the last day of the Quarter to which such fundings apply. (A) During Extended Mode, with respect to each Quarter, beginning with the Quarter that starts on the Conversion Date and continuing through the last full Quarter preceding the 25th anniversary of DBO, the Lessee shall have a Contingent Obligation for payment to the Port Authority for each Quarter in an amount equal to (1) the quarterly installment of principal and interest that would be required to amortize on an Annual Basis a principal balance equal to the Deferred Balance as of the later of the last day of the prior Annual Period and the day prior to the

Conversion Date on a Level Payment Basis over the period from the day after such day to the last day of the last full Quarter of the Term, without regard to any extension of the Term beyond the Base Term Expiration Date, at an interest rate equal to the Special Project Bond Rate plus (2) interest at the Special Project Bond Rate on the aggregate amount of any Deferred Balance Rentals from preceding Quarters in the same Annual Period which were not funded, if any, from and including the day after such funding was deemed scheduled through and including the last day of the current Quarter plus (3) any previously unpaid Deferred Balance for preceding Quarters in the same Annual Period.

(B) With respect to each Quarter or part thereof following the last full Quarter preceding the 25th anniversary of DBO, without regard to any extension of the Term beyond the Base Term Expiration Date, the Lessee shall have a Contingent Obligation for payment to the Port Authority in an amount equal to the entire Deferred Balance.

(5) So long as it will not be detrimental to either party, as determined by each party with respect to itself in its sole discretion, the Lessee may prepay all or any portion of the Deferred Balance from time to time on or after the Conversion Date on a Quarterly Funding Date, in which case the amount prepaid shall be deducted from the Deferred Balance.

(e) Pro Rata Treatment of Proratable Amounts. If a Proratable Amount is not due for the entire stated period to which it applies (a "Fixed Period") but rather for only a part thereof (an "Actual Period"), the Proratable Amount shall be prorated (on a prospective basis, if possible and if not possible, then retroactively):

(i) if the Fixed Period is a year and the Actual Period is an entire Month, by dividing the Proratable Amount by 12;

(ii) if the Fixed Period is a year and the Actual Period is six entire Months, by dividing the Proratable Amount by 2;

(iii) if the Fixed Period is a year and the Actual Period is an entire Quarter, by dividing the Proratable Amount by 4;

(iv) in any other circumstance, by multiplying the Proratable Amount by a fraction the numerator of which is the number of days in the Actual Period and the denominator of which is the number of days in the Fixed Period.

(f) Basic Lease Extension Adjustment. The Lessee shall have a Contingent Obligation each Quarter for distribution to the Port Authority of an amount (the "Basic Lease Extension Adjustment") equal to the quarterly installment of any or all of the Port Authority's increased costs under the Basic Lease Extension directly or proportionally attributable or related to the Premises, this Agreement or the Lessee but only to the extent such increased costs (i) are incurred by the Port Authority after December 31, 2015 and (ii) are allocated in a non-discriminatory manner; provided, however, that, in the event the Basic Lease Extension Adjustment is not fully funded with respect to any Quarter due to insufficient Available Net Cash Flow, the Basic Lease Extension Adjustment for the subsequent Quarter shall be increased by the amount of any such unpaid Basic Lease Extension Adjustment plus interest thereon from and including the first day through the last day of such subsequent Quarter at the Special Project Bond Rate.

(g) Leveraged Leasing Revenues. Leveraged Leasing Revenues, to the extent realized, shall be treated on the following basis: (A) in 2015 Mode, of Leveraged Leasing Revenues shall constitute Lessee Unrestricted Funds and of Leveraged Leasing Revenues shall be paid to the Port Authority (the "2015 Mode Port Authority Leveraged Leasing Distribution") on the Quarterly Funding Date for the Quarter in which the Leveraged Leasing Revenues are available for distribution or (B) in Extended Mode, of Leveraged Leasing Revenues shall constitute Lessee Unrestricted Funds and of Leveraged Leasing Revenues shall be paid to the Port Authority on the Quarterly Funding Date for the Quarter in which the Leveraged Leasing Revenues are available for distribution. Additionally,

an amount equal to the 2015 Mode Port Authority Leveraged Leasing Distribution multiplied by one-and-one-half (1½) shall simultaneously with payment of the Port Authority 2015 Mode Leveraged Leasing Distribution, become a Deferred Amount (the "Deferred Port Authority Leveraged Leasing Distribution").

(h) If at any time the Lessee shall become entitled to an abatement of rent pursuant to the provisions of this Agreement or otherwise, only Ground Rental, Building Rental and Additional Term Building Rental or, under Section 78, Port Authority Ramp Control Tower Rental or shall be abated. Such abatement shall be determined on an equitable basis. There shall be no abatement of any other rental or Subordinated Funding payable under this Agreement.

(i) By way of example and for illustrative purposes only, the following Exhibits demonstrate certain calculations contemplated under this Section 8: Exhibit 8.2 A and B illustrates the flow of funds after the collection of Gross Revenues, and in particular a distribution of Subordinated Fundings in accordance with paragraph 8(I)(c); Exhibit 8.3 A and B illustrates a calculation of the Equity Capital Investment Funds, in accordance with Section 8(I)(d)(i); Exhibit 8.4 A and B illustrates a calculation of the Second Additional Land Rental, in accordance with Section 8(I)(d)(ii)(2); Exhibit 8.5 illustrates a calculation of the Third Additional Land Rental, in accordance with Section 8(I)(d)(ii)(3); and Exhibit 8.6 illustrates a calculation of the Deferred Balance, in accordance with Section 8(I)(d)(v)(1) and (2).

(II) In consideration of the right granted by the Port Authority to use certain schematic design and preliminary design development documents and for certain preliminary design development documents and for certain preliminary architectural, engineering and design services previously provided by the technical staff of the Port Authority, the Lessee shall pay to the Port Authority an amount of
as follows:

(a) shall be paid on the Effective Date; and

(b) Ten Million Dollars and No Cents ($10,000,000.00) shall be deferred and occur as a Deferred Amount on the first Annual Period as specified in item (1)(A) of subparagraph (I)(d)(v) of this Section.

(III) The Lessee agrees to pay the Port Authority $4,000,000 on the Effective Date, without duplication, as provided in Section 37(c) of this Agreement.

Section 9. Additional Rent

If the Port Authority is required or elects to pay or incur any obligation or expense (including payments to third parties and internal Port Authority expenses) either 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 in either case after final resolution of any dispute with respect thereto, in accordance with Section 25 or 61, the Lessee agrees to pay to the Port Authority an amount equal to the expense so incurred including all costs, damages and penalties, and the same shall be a Permitted O&M Expense.

Section 10. 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 other than amounts contested in good faith pursuant to Section 25 or 61, including, without limitation, any payment due pursuant to Section 8 or other fees or any payment of utility or other charges or if any such amount is found to be due as the result of an audit, then, in such event, the Port Authority may impose (by statement, bill or otherwise) a late charge with respect to each such unpaid amount for each late charge period (hereinbelow described) during the entirety of which such amount remains unpaid, each such late charge not to exceed an amount equal to eight tenths of one percent of such unpaid amount for each late charge period. There shall be twenty-four late charge periods on a calendar year basis; each late charge period shall be for a period of at least fifteen (15) calendar days except one

late charge period each calendar year may be for a period of less than fifteen (but not less than thirteen) calendar days. Without limiting the generality of the foregoing, late charge periods in the case of amounts found to have been owing to the Port Authority as the result of Port Authority audit findings shall consist of each late charge period following the date the unpaid amount should have been paid under this Agreement. Each late charge shall be payable immediately upon demand made at any time therefor by the Port Authority. No acceptance by the Port Authority of payment of any unpaid amount or of any unpaid late charge amount shall be deemed a waiver of the right of the Port Authority of payment of any late charge or late charges payable under the provisions of this Section with respect to such unpaid amount. Each late charge shall be and become additional rent, recoverable by the Port Authority in the same manner and with like remedies as if it were originally a part of the rental. Nothing in this Section is intended to, or shall be deemed to, affect, alter, modify or diminish in any way (i) any rights of the Port Authority under this Agreement, including without limitation the Port Authority's rights to terminate set forth in Section 25 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. Notwithstanding the foregoing, it is understood and agreed that, in the absence of gross and manifest non-compliance with the terms of Section 8, no Subordinated Funding or other amount which is subject to calculation based on cash flows under Section 8 shall be deemed due and payable until the fourth Business Day after the True-up Date with respect to the Annual Period for which such amounts are due as provided in the respective Audited Financial Statements.

Section 11. <u>Place of Payments</u>

All payments to the Port Authority required of the Lessee by this Agreement shall be made by Federal wire transfer to PNC Bank, New Jersey, ABA No. 0312 07607, Account No. 810 1105967, to the credit of the Port Authority or by check mailed to the Port Authority, P.O. Box 17309, Newark, New Jersey 07194, or by using such other wiring instruction, address, office or location as may

be substituted therefor by the Port Authority by written notice to the Lessee from time to time.

Section 12. Limited Appointment as Agent

Notwithstanding anything else to the contrary in this Agreement, the Port Authority hereby appoints the Lessee as agent solely for the purpose of purchasing, on behalf of the Port Authority in connection with the development and construction of the Project, furnishings, fixtures and equipment for use on the Premises. Legal title to any such purchased property shall immediately pass to the Port Authority or the City of New York, as appropriate. The Port Authority will execute and provide to the Lessee any forms required to permit the Lessee and its contractors to qualify for exemption from New York State and City sales taxes with respect to such purchases to the extent permitted by applicable law.

Section 13. Rules and Regulations

(a) The Lessee covenants and agrees to observe and obey (and to require its officers, employees, guests, invitees, and its Sublessees and their officers, employees, guests, invitees, and those doing business with it to observe and obey) the Airport Rules and Regulations of the Port Authority revised as of September 1, 1991 and such reasonable future Airport Rules and Regulations of the Port Authority and amendments and supplements for the government of the conduct and operations of the Lessee and others on the Premises as may from time to time during the term of this Agreement be promulgated by the Port Authority for reasons of safety, health, noise, sanitation or good order (all such Airport Rules and Regulations of the Port Authority as in effect at any particular time as provided in this Section shall be the "Port Authority Rules and Regulations"). The obligation of the Lessee to require such observance and obedience on the part of its guests, invitees, and those doing business with it shall obtain only while such Persons are on the Premises. The Port Authority agrees that except in cases of emergency, it will give notice to the Lessee of every such future rule or regulation adopted by it at least ten (10) days before the Lessee shall be required to comply therewith.

(b) The use by the Lessee and its officers, employees, guests, invitees, Sublessees, and those doing business with it, of the Public Aircraft Facilities and any and all other portions of the Airport which it may be entitled to use under this Agreement (other than space leased to the Lessee for its exclusive use) shall be subject to the Airport Rules and Regulations revised as of September 1, 1991 and such reasonable future rules and regulations (including amendments and supplements to such 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, noise, 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 further or substitute rules and regulations the adequacy, capacity and suitability of (i) aircraft using the Airport, (ii) passenger handling facilities at the Airport including, but not limited to, the Light Rail System, (iii) the Public Aircraft Facilities, (iv) the roadways and (v) the parking facilities. In the event the Port Authority promulgates rules and regulations pursuant to this paragraph (b), 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. 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) Notwithstanding the foregoing, the failure of the Lessee, its officers, employees, guests, invitees and those doing business with it or its Sublessees and their officers, employees, guests, invitees and those doing business with them to observe and obey the Port Authority Rules and Regulations shall not be a breach of this Agreement as and to the extent compliance therewith would constitute non-compliance with any Law.

Section 14. Compliance with Law

(a) Except as provided in paragraph (d) of this Section, the Lessee shall comply with all Laws now or at any time during the Term which are applicable to or which affect the operations of the Lessee at the Premises hereunder and the Airport or the use or occupancy of the Premises. The Lessee shall make any and all structural or non-structural improvements, alterations or repairs of the Premises that may be required at any time hereafter by any such Law.. The Lessee shall have the right and obligation to perform structural or non-structural improvements, alterations or repairs that are required by Law; provided, however, that the same shall be performed in compliance with the procedures set forth in Section 19 hereof.

(b) The Lessee hereby agrees that it shall, procure and obtain from all Governmental Authorities having jurisdiction over the operations of the Lessee hereunder and shall maintain in full force and effect throughout the Term all consents, licenses, certificates, permits or other authorization which may be necessary for the conduct of such operations ("Governmental Authorizations"). The Port Authority agrees to cooperate with the Lessee in the procurement of all such Governmental Authorizations. Such cooperation by the Port Authority shall be limited to furnishing the Lessee and Governmental Authorities with appropriate information and assistance.

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

(d) (i) Since the Port Authority has agreed in the Basic 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 (all such enactments, ordinances, resolutions

and regulations, the "New York City Code") to the extent that the Port Authority finds it practicable so to do, the Lessee shall comply with all such enactments, ordinances, resolutions and regulations which would be applicable to its operations at the Premises if the Port Authority were a private corporation except in cases where the Port Authority either notifies the Lessee that it need not comply with or directs it not to comply with any such enactments, ordinances, resolutions or regulations which are applicable only because of the Port Authority's agreement in the Basic Lease. The Lessee shall, for the Port Authority's information, deliver to the Port Authority promptly after receipt of any notice, warning, summons, or other legal process for the enforcement of any such enactment, ordinance, resolution or regulation a true copy of the same. Any direction by the Port Authority to the Lessee not to comply with any such enactment, ordinance, resolution or regulation (any such direction, a "Directed Non-Compliance") 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 the Lessee shall have no indemnity obligation under Section 41 with respect to any claims or damages arising therefrom.

(ii) 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 compliance with the Law.

(iii) 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 Directed Non-Compliance. Furthermore, notwithstanding the provisions of Section 41, the Lessee shall have no obligation to indemnify or hold harmless the Port

Authority with respect to claims or damages arising from Directed Non-Compliance.

(e) The Lessee shall have such time within which to comply with the Law as the Governmental Authorities enforcing the same shall allow.

Section 15. Federal Airport Aid

The Port Authority has applied for and received a grant or grants of money from the Administrator of the Federal Aviation Administration pursuant to the Airport and Airways Development Act of 1970, as the same has been amended and supplemented or superseded by similar federal legislation, and under prior federal statutes which said Act superseded and the Port Authority may in the future apply for and receive further such grants. In connection therewith the Port Authority has undertaken and may in the future undertake certain obligations respecting its operation of the Airport and the activities of its contractors, lessees and permittees thereon. The performance by the Lessee of the covenants and obligations contained in this Agreement is therefore a special consideration and inducement to the making of this Agreement by the Port Authority, and the Lessee further covenants and agrees that if the Administrator of the Federal Aviation Administration or any other governmental officer or body having jurisdiction over the enforcement of the obligations of the Port Authority in connection with Federal Airport Aid shall make any orders, recommendations or suggestions respecting the performance by the Lessee of its covenants and obligations under this Agreement, the Lessee will promptly comply therewith at the time or times, when and to the extent that the Port Authority may direct. Notwithstanding anything to the contrary in this Section, the Lessee, in connection with obligations imposed upon the Port Authority by the Federal Aviation Administration with respect to grants for expenditure on the Premises or the Airport, shall have no obligation to the Port Authority and the Port Authority shall assume responsibility for any claims or demands with respect to such grant agreements (including, without limitation, any repayments of any grants) arising, in whole or in part, (i) from the violation of assurances made in connection with such grants by the Port Authority, (ii) for claims and

demands arising because the Port Authority has failed to provide to the Lessee notice regarding material information concerning such grants about which the Lessee is otherwise unaware or (iii) in connection with the execution of this Agreement or the Construction Work (including the related demolition) to be performed by the Lessee under this Agreement.

Section 16. Various Obligations of the Lessee

(a) The Lessee shall conduct its operations hereunder in an orderly and proper manner, considering the nature of such operations so as not to annoy, disturb or be offensive to others at or off the Airport. The Lessee shall take all commercially reasonable measures 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.

(b) The Lessee shall use reasonable efforts to conduct all operations at the Premises in a safe and careful manner, following in all respects high quality practices of the airport and air transportation industries in the United States.

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

(d) The Lessee shall have the right and the obligation to exercise reasonable control over the vehicular traffic (including, but not limited to, vehicles operated by Port Authority contractors and permittees) on the roadways or other areas within the Premises and shall take all precautions reasonably necessary to promote the safety of all Persons thereon. The Lessee shall employ such means as may be reasonably necessary to direct the movement of vehicular traffic within the

Premises in order that traffic congestion on the public roadways leading to the Premises is minimized.

(e) The Lessee shall remove from the Airport or otherwise dispose of in a manner approved by the General Manager of the Airport, all garbage, debris and other waste materials (whether liquid or solid) arising out of the occupancy or use of the Premises or out of its operations at the Airport. Any such garbage, debris and other waste materials (whether liquid or solid) which may be temporarily stored in the open shall be kept in suitable garbage and waste receptacles, the same to be made of metal or other suitable material, and equipped with tight-fitting covers, and to be of a design safely and properly to contain whatever material may be placed therein. The Lessee shall use extreme care when effecting removal of all such waste materials and shall effect such removal at such times and by such means as approved by the Port Authority. No such garbage, debris or other waste materials shall be or be permitted to be thrown, discharged or deposited into or upon the waters at or bounding the Airport.

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

(g) It is the intention of the parties hereto that noise shall be held to a minimum, considering the nature of operations at the Premises. To this end, the Lessee will require Aircraft Operators or any others operating on the Premises to conduct their operations in such a manner as to keep the noise produced to a minimum, and where appropriate, shall employ suitable noise arresting and noise reducing devices. Aircraft testing and

aircraft runups will be conducted only in such areas as shall meet with the approval of the Port Authority.

(h) In the use of the Premises, the Lessee shall use its commercially reasonable efforts to minimize jet or propeller blast interference to aircraft operating on, or to buildings and structures on, areas adjacent to the Premises. In the event the Port Authority determines at any time and from time to time that the Lessee or Aircraft Operators, or any of them, or any others operating on the Premises have not so minimized the jet or propeller blast interference, it may serve a notice to the Lessee to such effect. The Lessee hereby covenants and agrees to erect in compliance with the procedures set forth in Section 19 hereof, and maintain at its own expense, such structure or structures as may be necessary to minimize the said jet or propeller blast interference.

(i) The Lessee agrees that it will not erect, construct or maintain or otherwise create or continue any obstacle or so park or store, or permit or allow to be parked or stored, 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 parts of aircraft of any type, nature or description, while such vehicle is operating or such aircraft is taxiing or being transported or towed along any runways, taxiways or roads outside of and adjacent to the Premises.

(j) (i) In addition to compliance by the Lessee with the Law in accordance with Section 14, the Lessee agrees that it shall conduct all its operations under this Agreement and shall operate, use and maintain the Premises in such manner that there will be at all times a minimum of air pollution, water pollution or any other type of pollution 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 Lessee agrees to design and construct 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. In making a judgment as to whether any particular structures, fences, equipment, devices or other facilities (each such facility, an "Environmental Facility") may be so necessary or appropriate, the Port Authority shall take into account the cost of such Environmental Facility in comparison to the expected benefits to be derived from the construction thereof.

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

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

(l) The Lessee shall at all times during the term of this Agreement on a twenty-four (24) hour basis maintain sufficient personnel at the Premises who shall be qualified to respond to emergencies.

Section 17. <u>Prohibited Acts</u>

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

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

(c) The Lessee shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of the drainage and sewerage system, water system, communications system, electrical system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, or any other part of utility, electrical, mechanical or other systems installed or located from time to time at the Airport.

(d) The Lessee shall not do or permit to be done any act or thing at the Airport (i) 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 (ii) which may constitute an extra hazardous condition, so as to increase the risks normally attendant upon the operations permitted by this Agreement. The Lessee shall promptly observe, comply with and execute the provisions of any and all present and future rules and regulations, requirements, orders and directions of the Insurance Services Office of New York and the National Fire Protection Association, 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 or any Aircraft Operator at the Airport and the Lessee shall, subject to and in accordance with the provisions of Section 19 hereof, make any and all structural and non-structural improvements, alterations or repairs to the Premises required at any time hereafter by any such present or future rule, regulation, requirement, order or direction. If by reason of any failure on the part of the Lessee to comply with the provisions of this paragraph, any fire insurance rate, extended coverage or rental insurance rate on the Premises or any part thereof, or on the Airport or any part thereof, shall at any time be higher than it would otherwise be then the Lessee shall pay to the Port Authority, as an item of additional rental, that

part of all insurance premiums paid by the Port Authority which shall have been charged because of such violation or failure by the Lessee.

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

(f) The Lessee shall not keep or store during any twenty-four (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 twenty-four (24) hour period. Any such liquids having a flash point of less than 110 degrees Fahrenheit shall be kept and stored in safety containers of a type approved by the Underwriters Laboratories or the Factory Mutual Insurance Association.

(g) The Lessee shall prevent access by Persons or vehicles (unless duly authorized by the Port Authority) to the Public Landing Area from the Premises except for vehicles or aircraft, equipped with radio receivers tuned to control tower frequencies, adequately manned and operated in accordance with applicable Port Authority Rules and Regulations. Such vehicles or aircraft shall have received appropriate clearance from the control tower of the Airport. The Lessee shall control access by aircraft passengers and patrons from and to aircraft ramp, apron and parking areas on the Premises and shall maintain control of such passengers and patrons while they are upon said areas by proper measures to insure that the highest standards of safety are maintained.

(h) (i) The Lessee shall furnish adequate security and guard service or such comparable means as approved by the Port Authority from time to time, on a twenty-four (24) hour, seven (7) 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. Without limiting the generality of Section 14 and Section 20 hereof, the

Lessee acknowledges and agrees that it shall comply with all the requirements of Federal Aviation Regulation 107 and any succeeding or superseding regulations.

(ii) Subparagraph (i) above shall be of no force or effect unless and until Section 20 shall cease to be effective in accordance with its terms.

(i) The Lessee shall not use or permit the use of any structural supporting member of the building or roof or any part thereof for the storage of any material or equipment, or hoist, lift, move or support any material or equipment or other weight or load, by means of said trusses or structural supporting members, without prior approval of the Port Authority, if such use will cause or is likely to cause damage to the Premises.

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

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

(l) The Lessee shall not fuel or defuel any equipment in the enclosed portions of the Premises without prior approval of the General Manager of the Airport except in accordance with Port Authority Rules and Regulations.

(m) The Lessee shall not start or operate any engine or any item of automotive equipment in any enclosed space at the Airport unless such space is adequately ventilated and unless such engine is equipped with a proper spark-arresting device.

(n) The Lessee shall not operate or cause or allow to be operated aircraft engines in any areas 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 on the Premises. The Lessee shall not perform any

aircraft maintenance on the Premises other than emergency or turn-around maintenance.

(o) 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.

(p) The loading or unloading on the Premises of any aircraft used principally for cargo is expressly prohibited.

(q) 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 18. Construction by the Lessee

A comprehensive plan for the development of the Site and Area 2, including, but not limited to, renderings, layouts, locations, models, estimated commencement and completion dates, and preliminary functional plans, has been submitted to the Port Authority by the Lessee (the "Site" is shown in stipple on Exhibit 18.1 and "Area 2" is shown in diagonal hatch on Exhibit 18.1 attached hereto and hereby made a part hereof). Said comprehensive plan is annexed hereto, hereby made a part hereof and marked Exhibit 18.2, including the "Summary Basis of Design" as submitted by the Lessee and approved by the Port Authority, together with the further design development documents (the "Design Development Documents") based thereon which shall be prepared by the Lessee and submitted to the Port Authority for its approval and shall, upon approval by the Port Authority, constitute the "Comprehensive Plan" hereunder. If the Port Authority disapproves the Design Development Documents or any portion thereof, or any submittals in connection with the Comprehensive Plan, it shall set forth, in writing, in reasonable detail the reasons for such disapproval.

(a) Without limiting the above, the Lessee agrees that the Comprehensive Plan shall include the construction on and under the Site of:

(i) A three (3) level passenger terminal building consisting of approximately 1,500,000 square feet of floor space, together with all associated and related areas and facilities, including, but not limited to, stairwells, stairways, escalators, elevators, and United States government inspection areas (as described in Section 45 hereof);

(ii) Not less than 22 aircraft loading and unloading positions, including 16 aircraft building gate positions (of which 14 will be capable of handling Group V aircraft and two (2) will be capable of handling Group IV aircraft; and of the 14 aircraft building gate positions capable of handling Group V aircraft, four (4) positions will also be capable of handling Group VI aircraft) together with all associated and related areas and facilities including, without limitation, passenger boarding gate lounges (said aircraft building gate positions being herein collectively called the "Aircraft Gate Positions");

(iii) All appropriate work for the construction of general utility and mechanical equipment rooms and spaces and crawl spaces within the Passenger Terminal Facility (as hereinafter defined);

(iv) All appropriate work for the construction of the Concession Areas to be made available for consumer services as more fully described and set forth in Section 44 including without limitation the construction and installation of utility lines which are to serve the said Concession Areas;

(v) Construction, installation and tie in of all appropriate utility lines, pipes, mains, drains, cables, manholes, wires, conduits, and other facilities required in connection with or relating to the mechanical, water, electrical, storm sewer, sanitary sewer, communications, security, fire alarm, fire protection, gas, aircraft fueling and other systems or facilities including all necessary relocations, including but not limited to all necessary pipes, valves, materials and other

equipment and accessories necessary to the use and operation of the heating, cooling, electrical, water, communications and other utility systems which are to serve the Premises;

(vi) The construction and installation of additions and modifications to the underground fuel distribution system, including but not limited to additions and modifications to the Apron Fuel Facilities located within the Site, underground pipelines, fuel mains and stubs necessary or required to tie into the Distribution Portion of the Underground Fuel System (as such terms are defined in Section 4.021 of the General Airport Agreement as defined in Section 1 hereof) at the Airport to accommodate and serve the Premises and all 16 Aircraft Gate Positions and six (6) hardstand positions located or to be located at the Premises;

(vii) (1) To the extent permitted by KIAC, all work necessary or required to construct lateral mains to tie into the Central Terminal Area ring supply lines for hot water for heating and domestic use purposes only and chilled water for air conditioning purposes only, in accordance with the requirements and specifications as set forth in Section 52 hereof;

(2) To the extent permitted by KIAC, the work specified in subparagraph (1) above, upon completion, will become the property of the Port Authority or its designee and will not be part of the Premises;

(viii) Upper level and lower level roadways and certain other necessary or appropriate ramps, sidewalks, vehicular service areas, vehicular staging areas and pedestrian circulation areas associated therewith together with certain other areas and facilities related to or associated therewith (the foregoing being herein sometimes called the "Circulation Areas");

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

(x) All grading and paving of ground areas and appropriate landscaping together with all related and associated work;

(xi) The demolition of Building Nos. 50, 51 and 52 and all other demolition associated with the Construction Work (as hereinafter defined), including, but not limited to, all appropriate, required or necessary work for the removal of all asbestos, lead, other contaminants and hazardous materials (subject to the provisions of Section 42) and including the handling, transporting and off-Airport disposal thereof in accordance with applicable Law (including, if required, disposal of asbestos in a long-term asbestos-only disposal facility);

(xii) All taxilanes, taxiway access stubs, and associated and related areas and facilities including, without limitation, all appropriate or necessary work for the construction of an aircraft taxilane on the areas shown in stipple-hatch on Exhibit 2.1 (Page 2 of 3);

(xiii) All necessary or required blast fences and other fencing;

(xiv) All work necessary or required to provide operating space (other than operating rooms), suitable supporting structure and passenger platforms and access facilities for the LRS (based upon information relating to design specifications of the LRS existing as of the date of approval by the Port Authority of the Design Development Documents), including, but not limited to, the following: (a) two track beds, one on each side of a 32'-wide station platform; (b) the shell of the LRS station consisting of piles and foundations, concrete support columns, concrete slab rail bed and station platform, concrete block walls and construction lighting; (c) space for the electrical and thermal feeds and metering for the LRS station; (d) vertical circulation elements (escalators, stairs, elevators) required to serve the LRS station; and (e) architectural skylights in the ticketing hall or windows in the arrivals hall that penetrate the LRS station enclosure (the foregoing being referred to as the "LRS Station Construction" on Exhibit 18.3, Pages 1-3);

(xv) The design criteria of the portion of the LRS supporting structure to the specifications required for installation within a building on that portion of the Premises designated for possible future building expansion ("LRS Preliminary Design Criteria", Exhibit 18.4, Pages 1-7) and then to the next suitable isolation joint, based upon information existing as of the date of approval by the Port Authority of the Design Development Documents (the foregoing together with the work specified in subparagraph (xiv) above being herein sometimes collectively called the "LRS Work"). The Lessee and the Port Authority acknowledge and agree that the preliminary designs prepared by the Lessee for the LRS Work shall be used by the LRS Contractor to prepare the final construction documents for that portion of the LRS which shall be located on or relate to the Premises (such construction documents being hereinafter referred to as the "LRS Construction Documents"). Accordingly, the Port Authority agrees that the LRS Construction Documents shall be subject to the prior approval of the Lessee within ten (10) days after the LRS Construction Documents are submitted to the Lessee, which approval shall not be unreasonably withheld or delayed and shall be limited to matters relating to esthetics, consistency and coordination with the Construction Work. If the Lessee does not respond within such ten (10) day period, the Lessee shall be deemed to have approved the LRS Construction Documents;

(xvi) (1) Design and construction of a separate enclosed space for religious services with an aggregate floor area of approximately nine thousand (9,000) square feet, including a common administrative area;

(2) In addition, the Lessee shall design, construct and install within such space four chapels (the "Chapels") of approximately equal sizes, including all interior finishes, interior partitions, ceiling, flooring, doors, glazing, hardware, mechanical and electrical distribution systems, appropriate HVAC, lighting, sound proofing, and security systems; installation and modification of fixtures, furnishings and equipment; and re-installation of certain artifacts and stained glass panels salvaged from the three original Airport chapels and to be delivered to the Site by the Port Authority; and

(xvii) 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 testing and also including all other tie-ins, temporary and otherwise, to utility lines and roadway access stubs.

Except as otherwise provided in this Agreement, all of the foregoing work shall be constructed by the Lessee on the Site and shall be and become a part of the Premises under this Agreement. All of the foregoing work and any other work which the Lessee includes in the Comprehensive Plan and which is consented to by the Port Authority and is constructed by the Lessee on the Premises is sometimes herein collectively referred to as the "Passenger Terminal Facility" or the "On-Premises Work." The Lessee shall keep the Comprehensive Plan covered by this paragraph (a) up to date and shall submit to the Port Authority for its approval all amendments, supplements or modifications to the Comprehensive Plan, which amendments, supplements or modifications shall not become effective until the same have been approved by the Port Authority.

(b) In addition to all the hereinabove mentioned, the Lessee shall include as part of the Comprehensive Plan submitted in accordance with paragraph (a) hereof the construction of the following work in Area 2, which construction, however, shall not be part of the Premises under this Agreement. The Lessee, its contractor, subcontractors, suppliers of materials and furnishers of services shall at all reasonable times have access to Area 2 and such other areas immediately adjacent thereto under the control of the Port Authority as necessary to perform the construction obligations set forth in this Section 18. The exercise of such right of access shall at all times be done in a lawful manner and in accordance with the rules and regulations of the Port Authority. Said work shall include:

(i) Upper level and lower level roadways and certain other necessary or appropriate ground and elevated roadways, ramps, sidewalks, together with certain other areas and facilities related to or associated therewith (the foregoing

being herein sometimes referred to as the "Off-Premises Roadway Work," as shown in cross hatch on Exhibit 18.5 (Page 1 of 2));

(ii) New Airport roads and parking and landscaping improvements on the areas shown generally in diagonal hatch on Exhibit 18.5 (Page 2 of 2), attached hereto, hereby made a part hereof, to which certain portions of the Circulation Areas would connect as well as any and all associated and related extensions, widenings, relocations, and rehabilitation of existing Airport roads directly affected by the foregoing, including maintenance of traffic control, temporary roads, parking lots and parking revenue control systems, signage, together with all appropriate ground lighting, lines, pipes, drains, wires, cables, manholes and conduits and other facilities and structures; all of the foregoing being sometimes hereinafter collectively called the "New Airport Roads and Parking Improvements Work;"

(iii) Relocation of all appropriate utility lines, pipes, mains, drains, manholes, wires, cables, conduits, and other facilities located on or under the Premises or Area 2 required to provide utility services to the other Central Terminal Area Facilities including water, electrical, storm sewer, sanitary sewer, gas, communications, security, fire alarm, fire protection and other systems including, but not limited to, all necessary pipes, valves, materials and other equipment and accessories, to a location as the Port Authority may reasonably designate; and

(iv) Construction of all appropriate utility lateral mains, pipes, mains, drains, manholes, wires, cables, conduits, and other facilities required in connection with or relating to the water, electrical, storm sewer, sanitary sewer, gas, communications, security, fire alarm, fire protection, and other systems or facilities necessary to tie the Passenger Terminal Facility and/or Area 2 into the service lines specified in subparagraph (iii) above, including, but not limited to, all necessary pipes, valves, materials and other equipment and accessories located on, under or off the Site, the foregoing being respectively called "the water lines", "the electric lines", "sewer lines", "gas lines", and "communication lines" (all of the foregoing together with the items specified in

subparagraph (iii) above being hereinafter called the "Area 2 Utility Line Construction", as shown on Exhibits 18.6 (Pages 1-2).
All of the foregoing in this paragraph (b) shall be constructed by the Lessee off the Site (except as otherwise specifically provided in this Section 18) and shall not be or become a part of the Premises under this Agreement and is hereinafter collectively referred to as the "Area 2 Work". The Lessee shall be responsible for developing a set of Design Development Documents which shall clearly delineate the Area 2 Work and to provide a separate construction cost estimate for the Area 2 Work no later than the Effective Date. For purposes of coordination with the On-Premises Work, consolidated drawings clearly depicting the limits of each shall also be developed. The Lessee shall be responsible for developing Contract Documents including a separate detailed construction cost estimate for the Area 2 Work. For purposes of coordination and review with contiguous On-Premises Work, consolidated documents depicting the limits of each shall be included.

(c) (i) Unless otherwise provided in subparagraphs (c)(iii) and (e)(ii) below, the Lessee agrees to design and to construct the Passenger Terminal Facility on the Premises as described in paragraph (a) above and the Area 2 Work as described in paragraph (b) above, such design and construction of the said work and both the Passenger Terminal Facility and the Area 2 Work being sometimes hereinafter collectively referred to as the "Construction Work".

(ii) Subject to the provisions of subparagraph (c) (iv) and paragraph (f) below, 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 which may be part of the Contract Documents and all required supporting information to review and verify, including, but not limited to, drawings, reports, calculations, computer printout of analysis, etc., therefor. The Port Authority may refuse to grant approval with respect to the plans and specifications 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 at the time such plans and specifications are submitted to the Port Authority:

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

(2) Not comply with the Port Authority's requirements for harmony of external architecture of similar existing or future improvements at the Airport except as otherwise approved in the Comprehensive Plan, or

(3) Not comply with the Port Authority's requirements with respect to exterior and interior building materials and finishes of similar existing or future improvements at the Airport except as otherwise approved in the Comprehensive Plan, or

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

(5) Be designed for use for purposes other than those authorized under this Agreement, or

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

(7) Not provide adequate and proper Circulation Areas, or

(8) Not be at locations or not be oriented in accordance with the Comprehensive Plan, or

(9) 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

(10) Permit aircraft to overhang the boundary of the Premises, except when entering or leaving the Premises, or

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

(12) Not comply with all applicable Law , and Port Authority technical standards, or

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

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

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

(16) Not comply with the construction scheduling set forth in Exhibit 1.1, if any, or

(17) Without limiting any other term or provision hereof, not comply with the Americans With Disabilities Act of 1990 and all federal rules, regulations and guidelines pertaining thereto, or

(18) Not comply with the "Summary Basis of Design," or

(19) Not properly coordinate construction staging with other ongoing Airport construction projects.

(iii) In addition to and without limiting the foregoing, with respect to the portion of the Construction Work representing the Area 2 Work, 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 any changes and modifications to the said design, plans and specifications as may be required by the Port Authority. Notwithstanding the foregoing, it being understood and agreed that (i) the Port Authority shall be responsible for all additional costs, including applicable soft costs and actual costs for schedule delay, to the On-Premises Work which are directly impacted by any changes and modifications to the design, plans and specifications of the Area 2 Work required by the Port Authority, provided that the Lessee shall have prepared and submitted to the Port Authority a proposed change order covering such changes and modifications and the additional costs thereof, and the Port Authority shall have approved such proposed change order; and (ii) the Lessee shall be responsible for all additional costs (as part of the cost of the Construction Work), including applicable soft costs and actual costs for schedule delay, to the Area 2 Work which are directly impacted by any changes and modifications to the design, plans and specifications of the On-Premises Work required by the Lessee and not relating to the recommendations of the Port Authority, provided that the Lessee shall have prepared and submitted to the Port Authority a proposed change order covering such changes and modifications and the additional costs thereof, and the Port Authority shall have approved such proposed change order.

(iv) The Lessee and the Port Authority shall establish a design and construction working group to review the development of the Project and all drawings, specifications, calculations and reports, etc. prior to the submission of any drawings or plans to the Port Authority. The working group shall meet on a regular basis in order that the Port Authority will generally be informed of all areas of the design of the Project and be aware of all construction or approval dates. The meetings shall be on an informal basis to encourage a full discussion of all appropriate issues and will not supersede the review or approval process of the Design Development Documents and the Contract Documents (as hereinafter defined) set forth in this Section. The meetings shall continue until the Project is completed. Attached hereto as Exhibit 18.7 is a schedule of the submission by the Lessee to the Port Authority of specified "Packages" of Design Development

Documents and plans and specifications covering the Construction Work. The Lessee agrees to use its best efforts to adhere to the said submission schedule and the Port Authority agrees to use its best efforts to review said "Packages" when submitted on schedule within ten (10) business days of receipt, provided that such packages are prepared in accordance with the highest professional standards, complete, of uniformly high quality and well coordinated with respect to all engineering and architectural disciplines. If the Port Authority disapproves the Contract Documents or any portion thereof, the reasons for such disapproval shall be set forth, in writing, in reasonable detail.

(d) All Construction Work shall be done in accordance with the following terms and conditions:

(i) (1) Prior to engaging or retaining an architect or engineer for the Construction Work, the name or names of said architect or engineer shall be submitted to the Port Authority for its approval. The Port Authority shall have the right to disapprove any architect or engineer who may be unacceptable to it. The Lessee has retained TAMS Consultants Inc. (TAMS Consultants Inc., or its successor(s) which the Port Authority shall have approved, being hereinafter referred to as the "Project Engineer") to act as the Project Engineer. The Port Authority has approved the Project Engineer. The Lessee has submitted to the Port Authority the agreement between the Lessee and the Project Engineer. The Port Authority has approved such agreement. Such agreement shall not be modified, supplemented or amended without the prior approval of the Port Authority. 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, including but not limited to plans and specifications covering changes to previously approved plans and specifications. Until such approval has been obtained, the Lessee shall continue to resubmit plans and specifications as required. Upon approval of such plans and specifications by the Port Authority (such approved plans and specifications as modified by a Change Order (as hereinafter defined) being herein sometimes called the "Contract Documents"), the Lessee shall proceed diligently to perform the Construction Work. All Construction Work, including

workmanship and materials, shall be of first-class quality. The Lessee shall re-do, replace or construct any Construction Work not done in accordance with the Contract Documents and the provisions of this Section. The Port Authority acknowledges that pursuant to the terms of the Contract (as defined in paragraph (2) hereof) between the Lessee and the General Contractor under certain circumstances the Lessee shall reimburse the General Contractor (as hereinafter defined) the costs of correcting or remedying any non-conforming or defective work to the extent of funds available in the construction contingency contained in the Contract. The Lessee shall complete the Construction Work no later than May 13, 2002, subject to extensions for force majeure, Change Orders and as otherwise expressly provided in this Agreement.

For purposes of this Agreement, a "Change Order" shall mean (i) any material change to the Contract Documents which has been approved by the Port Authority or (ii) any immaterial change to the Contract Documents which does not require the approval of the Port Authority. The following proposed change orders shall be deemed to be material changes requiring the prior written approval of the Port Authority:

(A) a proposed change order which increases or reduces the scope of, or the design intent of, the Project from the project described in the Design Development Documents;

(B) a proposed change order which after the Port Authority has approved the Contract Documents results in the issuance of a new or revised drawing by the Project Engineer;

(C) a proposed change order which adversely affects the quality of the Project so that the Project will not deliver a level of service "C" as defined by IATA Standards during peak operation or the Project will not be a first class terminal as defined by generally accepted airline industry standards; or

(D) a proposed change order the performance of which would require an extension of the scheduled completion date beyond May 13, 2002 (as such date may be extended by the express

provisions of this Agreement) other than by reason of force majeure.

In the event of any dispute as to whether a change is a material or an immaterial change to the Contract Documents, such dispute shall be referred to and determined by the Chief Engineer of the Port Authority. The Lessee will not start the work described in any proposed change order requiring the prior written approval of the Port Authority until such proposed change order has been so approved.

(2) Prior to entering into a contract for the Construction Work, the Lessee shall submit to the Port Authority for its approval the name of the contractor to whom the Lessee proposes to award said contract. The Port Authority shall have the right to disapprove any contractor who may be unacceptable to it. The Lessee has retained Morse Diesel International, Inc. (Morse Diesel International, Inc. or its successor(s) which the Port Authority shall have approved, being herein referred to as the "General Contractor") to act as the General Contractor for the Project and has submitted to the Port Authority a copy of its contract with Morse Diesel International, Inc. The Port Authority has approved Morse Diesel International, Inc. and the said contract. Said contract shall not be modified, supplemented or amended (other than by Change Orders) without the prior approval of the Port Authority. At such times as the Lessee and the General Contractor determine the identity of the proposed subcontractors or potential bidders for the Project, the Lessee shall submit to the Port Authority the names of the proposed subcontractors or potential bidders and the portion of the Construction Work which the Lessee anticipates such subcontractors or bidders shall perform, the Port Authority may, within ten (10) business days of submission of a list of proposed subcontractors or bidders, comment on the proposed subcontractors or bidders and subcontracts. The Lessee shall not employ or approve any subcontractor or bidder to which the Port Authority has a reasonable objection. The Lessee shall include in all such subcontracts such provisions and conditions which have been advised in writing and reasonably required by the Port Authority prior to the execution of such contracts. Without limiting the generality of the foregoing, all of the Lessee's construction

contract and subcontracts shall provide as follows: "If (i) the contractor fails to perform any of its obligations under the contract, including its obligation to the Lessee or to the General Contractor, as the case may be, to pay any claims lawfully made against it 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 the General Contractor, as the case may be, or (iii) any subcontractor under the contract fails to pay any claims, lawfully made against it by any materialman, subcontractor, workman or other third person 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 person. Until actual payment is made to the contractor, his or her 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."

(3) Prior to entering into a contract with a program manager to monitor and supervise the Construction Work, the Lessee shall submit to the Port Authority for its approval the name of the said program manager. The Port Authority shall

have the right to disapprove any program manager who may be unacceptable to it. The Lessee has retained Fluor Daniel, Inc. (Fluor Daniel, Inc., or its successor(s) which the Port Authority shall have approved, being hereinafter referred to as the "Program Manager".) The Port Authority has approved the Program Manager. The Lessee has submitted to the Port Authority the agreement between the Lessee and the Program Manager. The Port Authority has approved such agreement. Such agreement shall not be modified, supplemented or amended without the prior approval of the Port Authority.

(4) The Lessee represents that it has provided the Port Authority with true and complete copies of its contracts with the General Contractor, the Project Engineer and the Program Manager.

(5) If requested by the Port Authority, the Lessee shall file with the Port Authority copies of its General Contractor's contracts with the subcontractors prior to the start of the Construction Work by said entities.

(ii) The Lessee or the Program Manager shall, or shall require the Project Engineer to, furnish a full time resident architect or engineer during the construction period. The Lessee shall require certification, by a licensed engineer on the staff of the Project Engineer or by an independent testing firm, of all pile driving data and of all concrete tests and such other certifications as may be requested by the Port Authority to satisfy any controlled inspection requirements and such other requirements as may be reasonably required by the Port Authority from time to time. The Lessee shall also require certification, on behalf of the Project Engineer by a licensed architect or engineer on its staff or by the independent testing firm, of all controlled inspections required by the New York City Building Code.

(iii) As between the Lessee and the Port Authority, the Lessee agrees to be solely responsible for any plans and specifications used by it and for any loss or damages resulting from the use thereof, notwithstanding that the same have been approved by the Port Authority and notwithstanding the

incorporation therein of Port Authority recommendations or requirements. There shall be no third party beneficiaries of this paragraph. 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 contractual liabilities or obligations of any kind to any such contractors engaged by the Lessee or for any other matter in connection therewith. 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 (to the extent the Port Authority succeeds to the interest of the Lessee) as well as the Lessee, and the contract shall so provide.

(iv) 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. In exercising its right under this paragraph, the Port Authority shall coordinate and schedule with the Lessee so as to minimize any interference or delay in the Construction Work.

(v) The Lessee agrees that it shall deliver to the Port Authority upon completion of the Project two (2) sets of "as built" microfilm drawings of the Construction Work mounted on aperture cards, an electronic CADD data file in a format to be designated by the Port Authority, 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 Agreement being hereby acknowledged by the Lessee), all engineering reports, engineering analysis, boring logs, survey information and engineering design calculations and operation and maintenance manuals in a comprehensive, coordinated package. The Lessee shall during the term of this Agreement maintain a set of Construction Documents current showing thereon any changes or modifications which have been made.

(vi) 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 and arising from the performance of the Construction Work, including, but not limited to, the fencing of the Premises, Area 2 or portions thereof or other areas and the covering of open areas with asphaltic emulsion or similar materials as the Port Authority may direct.

(vii) Subject to and in accordance with the provisions of Section 42 (c), any soil, dirt, sand or other matter (hereinafter in this subparagraph (vii) collectively called the "Matter") excavated by the Lessee during the course of the Construction Work and not used at the Site shall be delivered and deposited by the Lessee to any location on the Airport or to any location off the Airport within the Port of New York District as may be designated by the Port Authority. The entire proceeds, if any, of the sale or other disposition of the Matter shall belong to the Lessee to be used solely for the benefit of the Project.

(viii) The Lessee shall pay or cause to be paid (as part of the costs of the Construction Work) all claims lawfully made against it by its General Contractor, the General Contractor's 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 General Contractor and the General Contractor's 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 diligently seek to resolve any such claims and shall keep the Port Authority 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, Area 2 or any other part of the Airport nor to create any rights in said third persons against the Port Authority.

(ix) The Lessee shall prior to the commencement of construction and at all times during construction submit to the Port Authority all engineering studies and inspection reports with respect to the Construction Work which have been performed by the Lessee, and samples of construction materials as may be required at any time and from time to time by the Port Authority.

(x) 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 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 reasonably be required as aforesaid as the Port Authority shall from time to time and at any time request. The Port Authority acknowledges that the forecasts are estimates and may change from time to time.

(xi) The Lessee shall prepare, execute and submit for the Port Authority's approval a tenant alteration application or applications in the form prescribed by the Port Authority covering the Construction Work or portions thereof (each such application, a "Construction Application"). The Lessee shall comply with all the terms and provisions of the approved Construction Applications and this Agreement. In the event of any inconsistency between the terms of any Construction Application and this Agreement, the terms of this Agreement shall prevail and control.

(xii) The Port Authority shall not be responsible to any contractor, architect, supplier, subcontractor or any other person engaged by the Lessee or its General Contractor in the performance of any part of the Construction Work for any payments due or alleged to be due thereto for any work performed or materials purchased in connection with the Construction Work.

(xiii) (1) Without limiting any of the terms and conditions of this Agreement, the Lessee understands and agrees that it shall put into effect prior to the commencement of any

Construction Work an affirmative action program and Minority Business Enterprise (MBE) program and Women-owned Business Enterprise (WBE) program in accordance with the provisions of Exhibit E, attached hereto and hereby made a part hereof. The provisions of said Exhibit E of this Agreement shall be applicable to the Lessee's contractor and subcontractors at any tier of construction as well as to the Lessee itself and the Lessee shall include the provisions of said Exhibit E within all of its construction contracts so as to make said provisions and undertakings the direct obligation of the construction contractor and subcontractors at any tier of construction. The Lessee shall and shall require its said contractor and subcontractors to furnish to the Port Authority such data, including, but not limited to, compliance reports relating to the operation and implementation of the affirmative action, MBE and WBE programs called for hereunder as the Port Authority may request at any time and from time to time regarding the affirmative action, MBE and WBE programs of the Lessee and its contractor and subcontractors at any tier of construction, and the Lessee shall and shall also require that its contractor 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 Exhibit E to effectuate the goals of affirmative action and MBE and WBE programs.

(2) In addition to and without limiting any terms and provisions of this Agreement, the Lessee shall provide in its contract and all subcontracts covering the Construction Work or any portion thereof, that:

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

compensation, and selections for training or retraining, including apprenticeships and on-the-job training;

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

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

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

(E) "Contractor" as used in this subparagraphs (1) and (2) shall include the General Contractor and each subcontractor of the General Contractor at any tier of construction.

(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 Area 2 Work shall be done in accordance with the following further terms and conditions:

(i) In addition to the submission of the names of the architect, engineer, contractor and program manager for Port Authority approval as required by subparagraphs (i)(1), (2) and

(3) of paragraph (d) of this Section, the proposed contract (other than the Contract) covering the portion of the Construction Work representing the New Airport Roads and Parking Improvements Work, or any portion thereof, or the Area 2 Utility Line Construction, or any portion thereof, submitted for Port Authority approval shall be subject to disapproval. With respect to such work, the Port Authority shall have the right to disapprove the costs of any portion of such work, if such costs exceed the amounts set forth in the Project Cost Plan specified in paragraph (o) hereof for such portion of work. The Lessee shall include in all such contracts such provisions and conditions which have been advised in writing and required by the Port Authority prior to the execution of such contracts. It is expressly understood and agreed that in the event any proposed contract covers the construction of both the Passenger Terminal Facility, or any portion thereof, as well as Area 2 Work, or any portion thereof, then the contract shall contain an allocation of costs between the Passenger Terminal Facility and the Area 2 Work, 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 and the Lessee shall jointly determine the costs thereof that are applicable to the Area 2 Work, the Off-Premises Roadway Work, the New Airport Roads and Parking Improvements Work, the Area 2 Utility Line Construction, or any portion thereof. It is further understood and agreed that the Port Authority shall have the right to require, with respect to subcontracts only, the use of competitive bidding and award, or other basis of award, for the construction of the New Airport Roads and Parking Improvements Work, or any portion thereof, and Area 2 Utility Line Construction, or any portion thereof. The Lessee shall not enter into any proposed contract covering the New Airport Roads and Parking Improvements Work, or any portion thereof, or the Area 2 Utility Line Construction, or any portion thereof, without the prior written approval of the Port Authority, in accordance with the foregoing.

(ii) 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,

JFK IAT

JFK INTERNATIONAL AIR TERMINAL LLC

October 30, 2012

To: The Bank of New York Mellon, as Trustee

Sixth Supplemental Agreement to Lease No. AYC-685

Reference is made to that certain *(i)* Trust Administration Agreement, dated as of May 13, 1997, between JFK International Air Terminal LLC, a New York limited liability company (the "Company"), and The Bank of New York Mellon (f/k/a The Bank of New York), as trustee (the "Trustee") (as the same may be amended from time to time, including as amended by the Sixth Supplemental Trust Administration Agreement (defined below), the "Trust Administration Agreement"), *(ii)* Amended and Restated Port Authority Financing Consent and Agreement, dated as of December 9, 2010, among The Port Authority of New York and New Jersey (the "Port Authority"), National Public Finance Guarantee Corporation, ("National"), the Company and the Trustee (as the same may be amended from time to time, the "Port Authority Financing Consent and Agreement"), *(iii)* Sixth Supplemental Trust Administration Agreement, dated as of December 9, 2010, between the Company and the Trustee (the "Sixth Supplemental Trust Administration Agreement"), including the Amended and Restated Appendix A thereto, and *(iv)* Sixth Supplemental Agreement to Lease No. AYC-685 between the Port Authority and the Company, an executed copy of which is attached hereto as Exhibit A, to be effective as provided therein ("Lease Supplement No. 6"). Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Trust Administration Agreement.

Pursuant to Section 16(a)(iv) of the Port Authority Financing Consent and Agreement, National, as deemed owner of a principal amount of the Series 6 Bonds equal to the amount of the Insured Bonds, has given a Direction (as defined in the Port Authority Financing Consent and Agreement) to the Trustee consenting to the execution and delivery by the Port Authority and the Company of Lease Supplement No. 6. An executed copy of the Direction from National is attached hereto as Exhibit B.

Pursuant to Section 10.9 of the Sixth Supplemental Trust Administration Agreement, the Series 8 Bondholders (by their acceptance of the Series 8 Bonds) are deemed to have consented to the execution and delivery by the Port Authority and the Lessee of Lease Supplement No. 6, and thereby have given the requisite Direction to the Trustee, subject only to the Trustee's receipt of a certification by the Lessee that Lease

Supplement No. 6 (contemplated by Section 22 of Supplemental Lease Agreement No. 5) could not reasonably be expected to have a material adverse effect on the Series 8 Bondholders. Accordingly, the Company hereby certifies to the Trustee that Lease Supplement No. 6 could not reasonably be expected to have a material adverse effect on the Series 8 Bondholders.

The Company hereby requests that the Trustee acknowledge its receipt of Lease Supplement No. 6 and consent to the execution and delivery by the Port Authority and the Company of Lease Supplement No. 6, as and to the extent such consent may be required under the Lease or the Financing Documents, by delivery to the Company of a counterpart of this letter executed by the Trustee in the space provided below.

Very truly yours,

JFK International Air Terminal LLC

By: Michael E. Sibilia
Name: Michael E. Sibilia
Title: Chief Financial Officer

Acknowledged and agreed:

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Name:
Title:

Supplement No. 6 (contemplated by Section 22 of Supplemental Lease Agreement No. 5) could not reasonably be expected to have a material adverse effect on the Series 8 Bondholders. Accordingly, the Company hereby certifies to the Trustee that Lease Supplement No. 6 could not reasonably be expected to have a material adverse effect on the Series 8 Bondholders.

The Company hereby requests that the Trustee acknowledge its receipt of Lease Supplement No. 6 and consent to the execution and delivery by the Port Authority and the Company of Lease Supplement No. 6, as and to the extent such consent may be required under the Lease or the Financing Documents, by delivery to the Company of a counterpart of this letter executed by the Trustee in the space provided below.

Very truly yours,

JFK International Air Terminal LLC

By: _____
Name: Michael E. Sibilia
Title: Chief Financial Officer

Acknowledged and agreed:

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Name: DAVID J. O'BRIEN
Title: VICE PRESIDENT

EXHIBIT A

Lease Supplement No. 6

[*attached separately*]

SIXTH SUPPLEMENTAL AGREEMENT

To

LEASE NO. AYC-685

Between

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

And

JFK INTERNATIONAL AIR TERMINAL LLC

Dated as of October 30, 2012

JFK INTERNATIONAL AIR TERMINAL LLC

LEASE NO. AYC-685

SIXTH SUPPLEMENTAL AGREEMENT

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ATTACHMENTS

Exhibit A Memorandum of Agreement Relating to Baggage Screening Projects for John F. Kennedy International Airport ("***JFK***")

Exhibit B Letter of Credit

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.AYC-685
Supplement No. 6
John F. Kennedy International Airport

THIS SUPPLEMENTAL AGREEMENT (this "Agreement" or this "Supplemental Agreement"), made as of the 30th day of October, 2012 by and between the **PORT AUTHORITY OF NEW YORK AND NEW JERSEY** (hereinafter referred to as the "Port Authority"), and **JFK INTERNATIONAL AIR TERMINAL LLC**, (hereinafter called the "Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee heretofore entered into an agreement of lease dated May 13, 1997, bearing Port Authority Lease number AYC-685 and covering the letting by the Port Authority to the Lessee of certain premises at the John F. Kennedy International Airport (the "***Airport***"), as more fully described therein, (said agreement of lease as amended, supplemented and extended referred to herein as the "***Lease***", and said premises referred to herein as the "***Premises***").

WHEREAS, the Lease has been supplemented and amended by a First Supplemental Agreement, dated as of August 10, 2001 ("Supplement No. 1"), a Second Supplemental Agreement, dated as of December 20, 2002 ("Supplement No. 2"), a Supplemental Lease Agreement No. 3, dated as of January 1, 2004 ("Supplement No. 3"), a Supplemental Lease Agreement No. 4, dated as of December 1, 2004 ("Supplement No. 4"), and a Fifth Supplemental Agreement, dated as of December 9, 2010 ("Supplement No. 5"), together with the Lease, as so supplemented and amended, the "Lease"; and

WHEREAS, pursuant to Supplement No. 5, the Lessee undertook a project, to expand, renovate and modify the terminal building on the Premises (the "2010 Expansion Project"), by constructing *inter alia*, new international aircraft gates, hold rooms and retail facilities, all more specifically as set forth therein; and

WHEREAS, simultaneously with the execution of Supplement No. 5, the Lessee and Delta Air Lines, Inc. ("Delta") entered into an Airline Sublease dated as of December 9, 2010, and denominated "Anchor Tenant Agreement" (the "ATA"), subletting to Delta certain portions

of the Premises, including the improvements to be constructed pursuant to the 2010 Expansion Project; and

WHEREAS, the Port Authority and the United States Department of Homeland Security, acting through the Transportation Security Administration (the "***TSA***") entered into a Memorandum of Agreement Relating to Baggage Screening Projects for John F. Kennedy International Airport ("***JFK***") effective September 10, 2008 (Reference No. HSTS04-08-H-CT1236), as modified by Modification No. 1 to Memorandum of Agreement, dated September 10, 2008, between the Port Authority and the TSA (collectively, the "***MOA***") (a copy of which MOA is attached hereto as Exhibit A), setting forth the terms and establishing the respective cost-sharing obligations and responsibilities of the TSA and the Port Authority with respect to the performance of the engineering, design and integration of baggage Explosive Detection Systems ("***EDS***") projects and baggage screening system improvements at JFK (the "***JFK TSA Project***").

WHEREAS, the Port Authority and the TSA also entered into a (i) Memorandum of Agreement Relating to Baggage Screening Projects for Newark Liberty International Airport ("***EWR***") on or about September 10, 2008 (Reference No.HSTS04-08-H-CT1235), as modified by Modification No. 1 to Memorandum of Agreement, dated September 10, 2008, between the Port Authority and the TSA, setting forth the terms and establishing the respective cost-sharing obligations and responsibilities of the TSA and the Port Authority with respect to the performance of EDS projects and baggage screening system improvements at EWR (the "***EWR TSA Project***"), and (ii) Memorandum of Agreement Relating to Baggage Screening Projects for LaGuardia Airport ("***LGA***") on or about September 10, 2008 (Reference No.HSTS04-08-H-CT1094) as modified by Modification No. 1 to Memorandum of Agreement, dated September 10, 2008, between the Port Authority and the TSA, setting forth the terms and establishing the respective cost-sharing obligations and responsibilities of the TSA and the Port Authority with respect to the performance of EDS projects and baggage screening system screening improvements at LGA (the "***LGA TSA Project***").

WHEREAS, because the Lessee is responsible for the operation, maintenance and management of the Premises pursuant to the Lease, the Lessee agrees to perform portions of the JFK TSA Project, and the scope of work as it relates directly to Terminal 4 (the "Terminal 4 TSA ***Project***"), as set forth in the MOA subject to and in accordance with all of the terms and provisions and conditions of the MOA, the Lease and of this Agreement.

WHEREAS, it is hereby acknowledged and agreed that the Lessee shall perform the Work (as defined in Section 2 below) at its sole cost and expense, subject to the terms and conditions set forth in the MOA and in this Agreement for reimbursement by TSA to the Port Authority covering, among other matters, the release by the Port Authority to the Lessee of sums, if any, paid to the Port Authority by the TSA for the Work; and

WHEREAS, the Port Authority and the Lessee desire to supplement and amend the Lease in certain respects; and

WHEREAS, unless the context clearly indicates otherwise, any capitalized term not defined herein shall have the same meaning given thereto in the Lease.

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby covenant and agree, effective as of the date hereof, as follows:

Section 1. The Terminal 4 TSA Project Work: Performance by Delta

(a) The parties hereby acknowledge and agree that the 2010 Expansion Project, as defined in Section 18A (a)(1) appearing in Supplement No. 5 of the Lease includes the Work, as hereinafter defined in Section 2.

(b) Pursuant to Article V.B of the MOA, the obligations set forth therein shall be assumed by the Port Authority, or its designee. The parties hereby agree and acknowledge that, for purposes of the MOA, the Lessee is the designee of the Port Authority with respect to the Terminal 4 TSA Project, but that, in accordance with paragraph (c) below, the obligations set forth in the MOA insofar as such obligations relate to the Terminal 4 TSA Project, shall be performed by Delta, as the designee of the Lessee.

(c) The Port Authority hereby acknowledges that, although the obligations set forth in Section 18A and other provisions of the Lease that expressly reference or are deemed to reference Section 18A are the obligations of the Lessee, the 2010 Expansion Project (including the Work) will be developed, constructed and funded by Delta in accordance with the provisions of the ATA, as the Lessee's anchor tenant under the ATA. The Port Authority further acknowledges that the ATA incorporates by reference, to the extent they relate to the 2010 Expansion Project, the terms and provisions of such Section 18A and the other provisions of the Lease that expressly reference or are deemed to reference Section 18A or the construction and implementation of the 2010 Expansion Project, and the Port Authority shall accept due performance by Delta of such obligations. Accordingly, it is understood that the obligations of the Lessee set forth herein with respect to the Terminal 4 TSA Project may be fulfilled either by the Lessee's performance of such obligations or by the Lessee causing Delta to perform such obligations.

Section 2. Performance of the Work

The Lessee hereby agrees to perform the entire scope of the Terminal 4 TSA Project as set forth in Article III of the MOA, as more particularly set forth in the Comprehensive Plan, as defined in Section 18A of the Lease (the "***Work***"). The Lessee shall perform the Work in accordance with the Tenant Alteration Application(s), as approved by the Port Authority in accordance with the Port Authority's Tenant Alteration Application requirements as they exist as of the date hereof, or, if approved for the Terminal 4 TSA Project by the Port Authority in connection with the Comprehensive Plan, as of the effective date of Supplement No. 5. The Work shall be performed and completed by the Lessee strictly in accordance with the Lease, the MOA and with the terms

and conditions contained herein.

Section 3. Approvals and Modifications of the Plans and Specifications for the Work

In connection with the Work to be performed hereunder, the Lessee shall submit to the Port Authority for its approval one or more Tenant Alteration Application or Applications, in the form supplied by the Port Authority and containing such terms and conditions as the Port Authority may include, setting forth in detail and by appropriate plans and specifications the Work, and the manner of and time periods for performing the same. In the event of any inconsistency between the terms of any Tenant Alteration Application covering the Work (or portion thereof) and the terms of the Lease, including, but not limited to Sections 18 and 18A, as herein amended, the terms of the Lease shall prevail and control. The Lessee shall also comply with all applicable governmental laws, ordinances, orders, enactments, resolutions, rules and directives including, but not limited to, all requirements of the TSA. The data to be supplied by the Lessee shall describe in detail the Work. All of the Work hereunder shall be done in accordance with the said Tenant Alteration Application(s) and final plans and specifications approved by the Port Authority and reviewed by the TSA; shall be subject to inspection by the Port Authority and the TSA during the progress of the said Work and after the completion thereof; and the Lessee shall redo or replace at its own expense any of said work not done in accordance therewith, or as otherwise required to be redone or replaced by the TSA. Upon approval of such plans and specifications by the Port Authority and review thereof by the TSA, the Lessee shall proceed diligently at its sole cost and expense to perform and complete the Work. Notwithstanding the foregoing or anything contained herein to the contrary, the Port Authority shall not require Lessee to (i) make modifications to the plans and specifications for the Terminal 4 TSA Project, which plans and specifications form a part of the Comprehensive Plan, defined in Section 18A (b) of the Lease (x) so long as the plans and specifications are comparable in size, location and general scope as established by the concept drawings and specifications shown in the Comprehensive Plan, and approved by the Port Authority, TSA and the Lessee or (y) if the costs of the Terminal 4 TSA Project, other than Allowable Costs, as hereinafter defined, reimbursable by the TSA under the MOA, taking into account such modifications, would exceed $1,000,000.00, or (ii) engage technical consultants and services for developing, completing and submitting detailed plans and specifications for the Work if the costs of the Terminal 4 TSA Project, other than Allowable Costs reimbursable by the TSA under the MOA, taking into account the Port Authority's requirement for Lessee to engage such consultants and services, would exceed $100,000.00.

Section 4. Requirements Upon Completion of the Work

Upon completion of the Work, including successful completion of the TSA EDS systems test under Article VII of the MOA and acceptance by the TSA pursuant thereto, the Lessee shall supply the Port Authority with (i) as-built plans and drawings in form and number requested by the Port Authority, and (ii) an additional duplicate set of such "as built" drawings to be attached to the final Certificate, as hereinafter defined, in accordance with the provisions of Section 11(a)(xv) of this Agreement and Section 18A(n)(3) of the Lease.

Section 5. TSA Acceptance of the Work

The Lessee shall be solely responsible for obtaining the acceptance of the TSA of the Work pursuant to Article VII of the MOA.

Section 6. Funds Appropriated for the JFK TSA Project; Invoice Threshold Amount

(a) The Port Authority hereby represents that (i) the TSA has appropriated a total sum of Four Hundred Million Dollars and No Cents ($400,000,000.00) (the "***Total TSA Funding***") for the EWR TSA Project, the JFK TSA Project, and the LGA TSA Project, of which (ii) One Hundred Sixty Three Million Dollars and No Cents ($163,000,000.00) ("JFK TSA Funding") of the Total TSA Funding has been allocated by the TSA for the JFK TSA Project at this time, and (iii) Eighty Million Dollars and No Cents ($80,000,000.00) (the "Terminal 4 TSA Project TSA Funding") of the JFK TSA Funding has been allocated by the TSA for the Terminal 4 TSA Project. During the period prior to October 1, 2012, the Port Authority agrees that it shall not agree to an allocation or reallocation of the JFK TSA Funding such that less than the Terminal 4 TSA Project TSA Funding would be available for the Lessee for the TSA's portion of the Allowable Costs hereunder, *provided, however*, at any time from and after October 1, 2012, the Port Authority may request that it be permitted to reallocate any unused portion of the Terminal 4 TSA Project TSA Funding. The Lessee shall then promptly demonstrate to the Port Authority the amount it requires to complete the Terminal 4 TSA Project. At such time, the Port Authority shall reduce the allocation for the Terminal 4 TSA Project to the amount required by the Lessee, as so demonstrated, but in no event shall the amount of the Terminal 4 TSA Project TSA Funding be reduced below Fifty Five Million Dollars and No Cents ($55,000,000.00).

(b) In accordance with and pursuant to the provisions of Section 11 of this Agreement, and provided that the Cost of the Work, as hereinafter defined in Section 10, performed by the Lessee is in excess of Two Hundred Fifty Thousand Dollars and No Cents ($250,000.00) ("the Invoice Threshold Amount") during one or more months, the Lessee hereby agrees and acknowledges that it shall have the right to submit with respect to such Work, Invoices, as defined in subparagraph (a) of said Section 11, for each month (or combination of months) for which the Cost of the Work for such Work exceeds the Invoice Threshold Amount; *provided, however*, with respect to the last Invoice for the Work, the Invoice Threshold Amount shall not apply and the Lessee's last Invoice for the Work may be less than the Invoice Threshold Amount.

(c) When a portion of the Work for which the Lessee is submitting an Invoice has been completed, the Lessee shall deliver to the Port Authority an Invoice to such effect signed by an authorized representative of the Lessee and also signed by the Lessee's licensed architect or engineer certifying that each such portion of the Work has been performed substantially in accordance with the approved Tenant Alteration Application(s) for the Terminal 4 TSA Project, and the approved plans and specifications, data and materials forming a part thereof, and the design documents, all of which are a part of the Comprehensive Plan. Within

thirty (30) days after the Port Authority's receipt of an Invoice, each such portion of the Work will be inspected by the Port Authority and if the same has been completed as certified by the Lessee and the Lessee's licensed architect or engineer, as aforesaid, an invoice to such effect shall be delivered to the TSA by the Port Authority subject to the condition that, as between the Port Authority and the Lessee, all risks thereafter with respect to each such portion of the Work and any liability therefor for negligence or other reason shall be borne by the Lessee, as herein provided.

(d) When the final Invoice has been submitted by the Lessee, the Terminal 4 TSA Project shall be deemed complete only upon the successful completion of the TSA EDS systems test conducted by the TSA under Article VII of the MOA, and acceptance of the TSA in accordance therewith.

Section 7. Costs Eligible for Reimbursement

Without limiting Section 8 hereof or any other term or provision of this Agreement or of the Lease or the MOA, the Lessee hereby expressly acknowledges and agrees that:

(a) the total maximum of the Costs of the Work eligible for reimbursement to the Lessee under the MOA for federal funds is that amount equivalent to the Project Reimbursement Amount, as hereinafter defined, paid to the Port Authority by the TSA for Work accepted by the TSA pursuant to Articles IV and IX of the MOA, all of which shall be computed based on the eligibility of the project costs as set forth in Article IV of the MOA and Section 9 hereof; that the Project Reimbursement Amount includes the costs of acquisition, delivery and installation of a Checked Baggage Inspection System ("CBIS") in at the Premises and/or modifications to existing CBISs as well as the items listed in Article III (2) of the MOA that the TSA will not be responsible for under the MOA; the TSA has agreed to reimburse the Port Authority ninety percent (90%) of the actual allowable, allocable and reasonable Costs of the Work incurred by the Lessee in the performance and completion of the Work, including the cost of all necessary design, supervision and construction management associated therewith, (the "***Project Reimbursement Amount***") but such Project Reimbursement Amount shall not exceed the eligible cost of the TSA's Performance Guidelines and Design Standards, as reviewed and approved by the TSA; the determination of allowable and allocable costs will be made by the TSA in accordance with the Common Rule and 49 CFR Part 18, and the TSA will determine the costs that will be eligible for reimbursement in accordance with the Common Rule and 49 CFR Part 18; the TSA will reimburse the Port Authority on an actual expense basis supported by one or more invoices submitted by the Port Authority in accordance with the MOA; all costs in excess of the Project Reimbursement Amount, as well as any costs that do not comply with the Common Rule, shall not be borne by the TSA, unless otherwise agreed by the TSA in a modification to the MOA in accordance with Article XII of the MOA; and should the TSA contributions for the Terminal 4 TSA Project represent more than the Project Reimbursement Amount, the Port Authority will refund TSA the difference to achieve the Project Reimbursement Amount. To the extent such amount, or portion of such amount, in excess of

the Project Reimbursement Amount has been remitted to the Lessee by the Port Authority, the Lessee shall have the obligation to refund such difference to the Port Authority;

(b) the TSA will provide maintenance, repair, and refurbishment of EDS and Explosives Trace Detection ("ETD") equipment throughout its life cycle at no cost to the Port Authority or the Lessee; that to the extent that equipment can no longer be used at the end of its life cycle, the TSA will provide for the removal and disposition of the equipment at no cost to the Port Authority or the Lessee, subject to the availability of funds; the Lessee shall, subject to this Agreement and the Lease, have the obligation to provide full ingress and egress to the TSA and its contractors for the installation, operation, testing, maintenance, and repair of EDS and *ETD* equipment at all times during the term of the letting under the Lease;

(c) that except for the EDS and ETD security equipment owned by the TSA and separately provided for use at the Airport (the "***Security Equipment***"), the City of New York or the Port Authority, as applicable, shall own and have title to all personal property, improvements to real property, or other assets which are acquired under the MOA, subject to and in accordance with the provisions of the Lease, and that it shall be the responsibility of the Lessee, pursuant to and in accordance with the provisions of the Lease, as herein amended, to operate, maintain, and if it becomes necessary, replace, such property to support the efficient use of the Security Equipment;

(d) title to equipment that is not Security Equipment, such as ancillary equipment or infrastructure that was purchased or reimbursed using Federal funds, or installed by the TSA, or its agents or contractors at the TSA's expense, or by the Port Authority or its agents or contractors or the Lessee or its agents or contractors (including Delta or its agents or contractors), will vest in the City of New York or the Port Authority, as applicable, upon acceptance of the Terminal 4 TSA Project in accordance with Article VII of the MOA, and Section 6 of this Agreement, subject to and in accordance with the provisions of the Lease;

(e) except for the responsibilities of the TSA as outlined in Article V (A) of the MOA, the Terminal 4 TSA Project will be managed by the Lessee, who will oversee, perform and complete the Work, including, but not limited to, the responsibilities outlined in Article V(B) of the MOA as they relate to the Terminal 4 TSA Project, subject to the provisions of the MOA, the Lease and of this Agreement;

(f) the Lessee shall have the obligation to use its commercially reasonable efforts to have the Work completed within the prescribed costs and schedule contained in the MOA.

Section 8. Lessee's Obligations under the MOA

(a) Without limiting any term or provision hereof, it is expressly understood and agreed that certain obligations, duties, requirements, and responsibilities of the Port Authority recited, stated or otherwise described in Appendices B, C and D of the MOA (which are additional to the obligations, duties, requirements and responsibilities set forth in the

MOA) and, which relate solely to the Terminal 4 TSA Project, are obligations, duties, requirements and responsibilities of the Lessee hereunder solely as they relate to the Terminal 4 TSA Project (the "MOA Obligations"). The Lessee hereby agrees that it will perform the Work in compliance with the MOA Obligations and that the Lessee will not take any actions that could reasonably be expected to result in a breach of the MOA Obligations, or otherwise be found in noncompliance with the MOA Obligations. The Lessee further agrees that the MOU Obligations include, but are not limited to the following: the obligation to perform the obligations set forth in Article V(B) of the MOA; the obligation to refund to the Port Authority the amount of any and all payments required by the TSA to be refunded to the TSA by the Port Authority pursuant Article IX of the MOA; the obligation to comply with the audit and record-keeping provisions of Article X of the MOA; the obligation under Article VIII of the MOA to contact the TSA Contracting Officer immediately in the event the Lessee receives, or the Port Authority advises the Lessee that the Port Authority has received, any communication which it interprets as a direction to change the work addressed by the MOA, or to incur costs not covered by funding obligated at that time and to refrain from taking any action as a result of that communication as described in said Article VIII of the MOA; and the obligation pursuant to Article VIII A of the MOA to inform the TSA "Contracting Officer" (as named in the MOA) in the event the Contracting Officer Technical Representative (the "COTR" as defined in the MOA) takes any action which is interpreted by the Lessee, or which the Port Authority has advised the Lessee that the Port Authority has interpreted, as a change in scope or liability of the Port Authority or the TSA. The Lessee further acknowledges that Article XI of the MOA subjects the Port Authority and/or its designees to various federal procurement provisions. The Lessee hereby agrees that such federal procurement provisions shall constitute MOA Obligations to the extent the same relate solely to the Terminal 4 TSA Project.

(b) The foregoing references to specific sections or provisions of the MOA shall not limit, or be construed as limiting, the obligations, duties, responsibilities and liabilities of the Lessee under this Agreement or the Lease.

(c) The Port Authority hereby agrees that it shall not amend, supplement or otherwise modify the MOA in any manner which could reasonably be expected to materially, adversely impact the Terminal 4 TSA Project or to increase the Lessee's obligations under this Agreement in respect of the MOA without providing the Lessee with: (i) reasonable written notice thereof, and (ii) the opportunity to consult with the Port Authority in advance of any such final action regarding the amendment, supplement or other modification of the MOA. Notwithstanding the foregoing, amendments to the MOA that only affect JFK TSA Projects other than the Terminal 4 TSA Project are not covered by this provision. All final determinations as to such amendment, supplement or other modification shall be made solely by the Port Authority without the consent or approval of the Lessee.

(d) The Port Authority and the Lessee hereby agree to cooperate fully to effectuate the Lessee's compliance with the MOA Obligations.

Section 9. Allowable Costs

As used herein the term "***Allowable Costs***" shall mean the sum of all Project Costs, as defined in Article IV of the MOA, allowable for reimbursement by the TSA under the MOA, (which Allowable Costs, will be determined by the TSA in accordance with the provisions of Article IV (D) of the MOA) and shall include those costs set forth in sub-paragraphs (a) through (c) below.

(a) Engineering costs (to include design, specifications, bid documents and contract documents) and construction supervision costs (to include project management) and Port Authority Letter of Intent Administration Costs (hereinafter collectively "Project Soft Costs") and which shall not exceed 16% of the Project Costs, unless the TSA increases such ceiling for reimbursement of all Project Soft Costs, in which case, the Project Soft Costs shall not exceed such increased ceiling of the Project Soft Costs;

(b) Design costs incurred on or after October 1, 2007;

(c) EDS in-line checked baggage construction costs, which include, but shall not be limited to:

(i) demolition (infrastructure or baggage system related, including demolition of the existing system)

(ii) Baggage Handling System ("BHS") infrastructure upgrades, platforms, catwalks located within the EDS screening matrix area;

(iii) BHS: that portion located within the EDS screening matrix area, including redesign and upgrading of conveyors to support the integration of the screening matrix only;

(iv) on-screen resolution ("OSR") Room, Checked Baggage Resolution Area ("CBRA");

(v) acoustical treatment in OSR and CBRA;

(vi) electrical infrastructure (cabling, control panels) and basic lighting fixtures for the CBIS, CBRA, and OSR:

(vii) telephone systems/pager systems for the TSA, CBRA and OSR only; and

(viii) heating, ventilation, air conditioning (HVAC) environmental requirements for CBIS, OSR Room, CBRA and EDS Network equipment room.

(d) Project costs not considered reimbursable under the MOA include:

(i) employee break rooms, administrative office space and restrooms;

(ii) aesthetic architecture enhancements;

(iii) maintenance, repair parts or spare parts for Airport Terminal improvements include the baggage handling conveyor components installed under the Terminal 4 TSA Project;

(iv) extended warranties beyond one (1) year;

(v) maintenance of baggage conveyor system;

(vi) profit or corporate G&A costs to the PANYNJ.

(viii) costs incurred by the PANYNJ and/or designee, its contractors or agents to perform work not allocable with the TSA approved design or TSA's Planning Guidelines and Design Standards for CBIS.

Notwithstanding anything contained in paragraph (d) above or elsewhere in this Agreement to the contrary, the Port Authority shall not agree with the TSA or another party that costs which are not Allowable Costs hereunder (or costs similar to those listed in the aforesaid paragraph (d), are reimbursable to a party with whom the Port Authority may enter into an agreement for the performance of the work related to any portion of the EWR TSA Project, the JFK TSA Project, or the LGA TSA Project, unless the Port Authority also agrees, at such time, to allow for such costs to be reimbursable to the Lessee under the terms of this Agreement, in which case such costs shall be considered Allowable Costs under this Agreement and deleted from paragraph (d). Further, if the Port Authority and the TSA agree that additional costs not listed in paragraphs 9(a)-(c), above, are Allowable Costs, then such costs shall be reimbursable to the Lessee and considered "Allowable Costs" under this Agreement.

Section 10. Lessee Responsibility For Cost of the Work

It is specifically understood and agreed that notwithstanding anything to the contrary herein, all costs and expenses of the Work (the "***Cost of the Work***") shall be borne fully and solely by the Lessee without reimbursement or payment by the Port Authority except to the extent federal funds have been paid to the Port Authority by the TSA and except to the extent properly includable in the Cost of the Work, and also subject to the limitations set forth in this Agreement, including, but not limited to Section 11 hereof, and Articles IV and IX of the MOA.

Section 11. Reimbursement Procedure

Except as hereinafter provided in paragraph (f) of this Section, if, and only if, and to the extent the Port Authority receives payment from the TSA for the Work, or a portion or portions thereof, pursuant to Article IX of the MOA, the Port Authority shall reimburse the Lessee for the

Cost of the Work for the applicable portion of the Work from the federal funds paid by TSA to the Port Authority pursuant to the MOA in accordance with the following:

(a) After completion of each portion of the Work for which the Lessee is seeking reimbursement in excess of the Threshold Invoice Amount, the Lessee shall deliver to the Port Authority an invoice with respect to each such portion of the Work, (each such invoice being hereinafter referred to as the "***Invoice***") and each such Invoice shall (i) be signed by a responsible fiscal officer of the Lessee; (ii) be sworn to before a notary public and; (iii) set forth a representation by the Lessee that the Lessee will apply the reimbursement payment made by the Port Authority from the federal funds received by the Port Authority from the TSA only to the Cost of the Work applicable to that portion of the Work, and for no other purpose or purposes whatsoever; and (iv) contain and have attached thereto all of the invoices and other documentation and items required to be attached thereto as described in this Section 11, and under Article IX of the MOA. The form of the Invoice shall be subject to the approval of both the Port Authority and the TSA. In the event the TSA provides an application form, such form will be provided to the Lessee. In addition, and without limiting any other requirements of this Section 11, each Invoice shall also,

(i) contain the Lessee's certification as to each of the amounts, payments and expenses and costs contained therein and that the same constitute the final statement of the Cost of the Work with respect to the portion of the Work covered by such Invoice in accordance with and as described and defined in Section 5 above;

(ii) also have attached thereto reproduction copies or duplicate originals of the invoices of the independent contractors of the Lessee (including Delta and/ or its contractors) for the Cost of the Work that has been incurred and paid by the Lessee and/or Delta, and for such invoices an acknowledgment by the said independent contractors of the receipt by them of such amounts and payments, and such invoices shall also conform with all of the requirements set forth in Article IX of the MOA;

(iii) contain the Lessee's certification that the Work or portion of the Work for which payment is requested has been accomplished and that the amounts requested have been paid to the Lessee's (and/or Delta's) contractors, and, subject to the concurrence of the Port Authority, that said work is in place and has a value of not less than the amount(s) requested to be paid to the Lessee by the Port Authority;

(iv) set forth the total cumulative payments made by the Lessee (and/or Delta) in connection with the Work as aforesaid from the commencement of the Work to the date of the Invoice;

(v) set forth by itemization and reference to each contract, and cumulatively the amounts of retainage, if any, with respect to the Work, with specific identification as to the applicable contract;

(vi) contain the Lessee's certification that the entire amount of the Cost of the Work for the portion of the Work covered by such Invoice has been paid by the Lessee (or by Delta); that there are no outstanding liens, mortgages, conditional bills of sale, or other encumbrances of any kind with respect to the Work, except as otherwise permitted under the Lease); and that to Lessee's knowledge there are no unpaid claims of any kind whatsoever with respect thereto, except any unpaid claims being contested by the Lessee or its contractors (including Delta's contractors) in good faith and by appropriate proceedings.

(vii) contain a certification by the Lessee that the portion of the Work covered by the Invoice has been performed and completed strictly in accordance with the terms of this Agreement, the Lease, the applicable Tenant Alteration Applications and the MOA;

(viii) have attached thereto accurate, readable and complete copies of all change estimates, change orders, extra work authorizations, design change authorizations, purchase orders in connection with the Work or portion of the Work, as applicable;

(ix) have attached thereto true copies of any and all reports and schedules of any type submitted or kept, or required to be submitted or kept, by the Lessee or any contractor, architect, engineer or other consultant of the Lessee (and/ or of Delta) with respect to the Work;

(x) also contain such further information and documentation with respect to the Cost of the Work, as the TSA at any time and from time to time may require;

(xi) have attached thereto true copies of all documents produced for the design and construction of the Work and each and every portion thereof, including, without limitation, drawings and specifications ;

(xii) only as it relates to Lessee's last and final Invoice for the Work, contain the Lessee's certification that the portion of the Work covered by the Invoice, together with the portions of the Work previously covered by all previous Invoices, have been successfully completed and accepted by the TSA pursuant to Article VII of the MOA, as applicable, and Section 6 of this Agreement and has been installed in accordance with the TSA's Checked Baggage Inspection System Performance Criteria and technical specifications for the EDS baggage screening equipment;

(xiii) contain the Lessee's certification that the Invoice conforms with the Common Rule and 49 CFR Part 18; and

(xiv) contain the Lessee's certification and warranty that the Invoice is complete and proper for delivery by the Port Authority to TSA for purposes of payment by TSA to the Port Authority of federal funds under Article IX of the MOA, and that the Invoice is in accordance with all of the requirements and provisions of the MOA and all applicable governmental regulations.

(xv) have attached thereto a duplicate set of "as built" drawings for the entire work, in accordance with Section 4 above, when the portion of the Work covered by the final Invoice submitted by the Lessee has been successfully completed and the Terminal 4 TSA Project has been accepted by the TSA and the Port Authority pursuant to Article VII of the MOA and this Agreement, including, but not limited to Section 10, above.

(b) In addition to and without limiting the foregoing, and in addition to any and all other information required to be submitted pursuant to Sections 18 of the Lease, amended by Supplement No. 5 of the Lease, the Lessee shall immediately furnish to the Port Authority information concerning budget, costs, costs estimates, timing and scheduling of construction of the Work and each portion of the Work (and any other information concerning the Work or any Invoice given in respect thereof), as may be reasonably requested by the Port Authority at any time and from time to time with respect to the Cost of the Work, including, but not limited to, the following:

(i) Reports of the construction manager hired by the Lessee (and/or Delta) and reports of the Lessee's or Delta's architect, which reports must contain reports as to activity conducted in connection with the Work on a continuing basis from the commencement of the Work to the date of submission;

(ii) A certification signed by the Lessee's (and/ or Delta's) licensed architects or licensed professional engineers that each portion of the Work is in compliance with the plans and specifications therefor as approved by the TSA and the Port Authority;

(iii) Accurate, readable and complete copies of all change estimates, change orders, extra work authorizations, design change authorizations, and purchase orders in connection with the Work,

(iv) True copies of any and all reports and schedules of any type submitted or kept, or required to be submitted or kept, by the Lessee or any contractor, architect, engineer or other consultant of the Lessee; and

(v) True copies of any and all of the items described in and required under this subparagraph (b).

(c) (i) Within thirty (30) days after the delivery by the Lessee to the Port Authority of a duly and properly submitted Invoice, provided that such Invoice is complete and proper in form and content for submission to TSA in accordance with Article IX of the MOA, the Port Authority will use commercially reasonable efforts to submit the Invoice to TSA, accompanied by the appropriate Port Authority invoices based on the Invoice pursuant to the MOA, and with respect to the final Invoice, together with the "as built" drawings and documentation to be provided by the Lessee. In the event the Port Authority determines that the Invoice is not in form and content complete or proper for delivery to TSA, the Port Authority

shall promptly so notify the Lessee. The Port Authority covenants and agrees that each Invoice submitted to the Port Authority by the Lessee in connection with the Terminal 4 TSA Project, shall not be combined with any other requests for reimbursement in respect of any other JFK TSA Project, any EWR TSA Project or any LGA TSA Project.

(ii) Within thirty (30) days after the Port Authority has received payment from TSA of federal funds for the portion of the Work covered by an Invoice pursuant to Article IX of the MOA, the Port Authority will make payment to the Lessee of the amounts paid by the Lessee for the Cost of the Work as certified in, and for the portion of the Work covered by, such Invoice, subject to the limitations stated in Article IX of the MOA including, but not limited to the retainage by the TSA of Ten Percent (10%) of each Invoice submitted by the Lessee until the baggage screening system has successfully passed the TSA EDS systems test and defects, if any, have been corrected, as set forth in Article VII of the MOA, and including, but not limited to, the limitations and conditions set forth in subparagraphs (a) through (c) above, in this subparagraph (d), and subparagraphs (e) and (f) below (each such amount for each portion of the Work for which an Invoice is submitted, the "***Reimbursement Amount***"). It is understood that in the event the Port Authority receives any notice or instruction from the TSA directing against all or a portion of a payment to the Lessee, the Port Authority shall not make all or a portion, as applicable, of such payment to the Lessee, of the Cost of the Work. For the avoidance of doubt, only the TSA shall withhold retainage in respect of the Invoices; provided, however, nothing contained herein shall preclude the Lessee (and/or Delta) from withholding retainage from its respective contractor(s).

(iii) It is hereby agreed and understood that in paying the Reimbursement Amount the Port Authority shall be relying on the truth and accuracy of each of the Invoices and the Lessee's certifications and representations therein. No such payment by the Port Authority of the Reimbursement Amount shall constitute any waiver of claims or release by the Port Authority against the Lessee (and/ or Delta) or any of their contractors, subcontractors, architects or others, nor any waiver of the Port Authority's rights of audit and inspection, nor any waiver of any other rights or remedies, legal or equitable, of the Port Authority.

(d) (i) Notwithstanding anything to the contrary contained herein, in the event the Lessee shall be in default under any term or provision of this Agreement with respect to the Terminal 4 TSA Project, the Port Authority shall have the right, in its discretion, which shall not be exercised in an arbitrary or capricious manner, to withhold payment to the Lessee until such default is fully cured to the satisfaction of the Port Authority, unless such withholding is prohibited by federal law or by the TSA, in which case the Port Authority shall not exercise such right to withhold; *provided, that*, if the amount to be withheld is associated with the default, such amount shall be based on a good faith estimate by the Port Authority of its exposure resulting from such default; and *provided, further*, that no payment or withholding of a payment shall be or be deemed to have waived any rights of the Port Authority with respect to the termination of the Lease or to a default by the Lessee under any term or provision thereof or to the withholding or payment of future payments.

(ii) In addition to and without limiting the foregoing provisions and without limiting or impairing or waiving any other right or remedy of the Port Authority under this Agreement or the Lease, or otherwise, the Port Authority shall have the right, in its discretion, which shall not be exercised in an arbitrary or capricious manner, to withhold from the Reimbursement Amount the amounts of any or all items contained in the Invoice in any one or more of the following events or upon any of the following bases relating to the Work (it being agreed, however, that the amount of any such withholding shall be estimated in good faith by the Port Authority to be the exposure to the Port Authority associated with such item or items and that any amount withheld shall be released to the Lessee when such item or items have been resolved to the satisfaction of the Port Authority, which determination shall not be exercised in an arbitrary or capricious manner), and the Port Authority shall notify the Lessee of the same and the basis therefor:

(1) Any contractor or other person included or covered by the Invoice is in default or under a notice of termination with respect to its contract or agreement, or has not complied with all of the applicable terms or provision of its contract or agreement;

(2) The Invoice, or any of the certifications and documentation and other items required to be contained therein, attached thereto or submitted therewith is not in accord with the terms of this Agreement, the Lease, or the applicable contract, or is not complete or is otherwise improper or inadequate, or the same fails to include or omits required items;

(3) Inadequate or defective work or work not in accordance with this Agreement, the Lease or the approved Tenant Alteration Applications or the approved plans and specifications, or materials and equipment are not properly stored or protected;

(4) Claims related to the Work made by the Port Authority, the TSA, the Government of the United States of America or a *qui tam* person (as defined in Section 16 (a)(2)(i) of this Agreement) against a contractor included in such Invoice which are outstanding;

(5) Failure of the Lessee to make payments to the contractor in connection with the Work;

(6) Work not performed but which was included in the Invoice;

(7) Any notice, claim or allegation made by any governmental authority of violation or non-compliance by the Lessee of any Environmental Requirements with respect to the Work or any portion thereof;

(8) Materials or supplies delivered to the Premises but not incorporated in the realty; and

(9) Any contents of the Certificate not substantiated by any Port Authority inspection or audit (but the Port Authority shall have no obligation to conduct any such inspection or audit).

(e) The entire obligation of the Port Authority under this Agreement to reimburse the Lessee for the Cost of the Work is conditioned upon the prior payment to the Port Authority by TSA pursuant to Article IX of the MOA of the Cost of the Work or portion of the Work to be reimbursed, and shall be limited in amount to the actual amount received by the Port Authority from the TSA under Article IV of the MOA; and the aggregate Reimbursement Amount paid to the Lessee for the Work and all portions of the Work shall not in any event exceed the Project Reimbursement Amount. The obligation of the Port Authority to pay each Reimbursement Amount and the Project Reimbursement Amount to the Lessee is also expressly conditioned on the authorization by the Lessee, hereby given, to the Port Authority for the submission by the Port Authority to the TSA of each Invoice for purposes of payment by the TSA of federal funds for the Cost of the Work and as to each portion of the Work, and on the warranty by the Lessee to the Port Authority that each such Invoice is proper and complete for such purposes. Notwithstanding anything to the contrary contained in this Agreement, other than with respect to the terms and conditions set forth in this Section 11, the Port Authority shall not have any responsibility or liability to the Lessee or any other person, and the Lessee shall not have any claim against the Port Authority for any cost or expense of or relating to the Work, or any part thereof, or for any failure or refusal of the TSA to make payment for the Work or any part thereof, or any failure of the TSA to perform or complete the Terminal 4 TSA Project or any portion thereof. The Port Authority and the Lessee agree to work in good faith in the performance of their respective obligations under this Supplemental Agreement.

(f) Without in any way limiting the foregoing, the Port Authority shall work cooperatively with the Lessee in connection with the payment by the TSA of the Reimbursement Amounts. Further, the Port Authority shall not agree to an amendment to the MOA that would materially, adversely affect the Work or the TSA's reimbursement obligation, as it relates to the Work.

Section 12. Termination of the MOA

(a) Prior to exercising its right of termination under Article XV of the MOA, the Port Authority hereby agrees that it shall resolve all disputes affecting the Lessee's right to receive payments for the Terminal 4 TSA Project with the TSA pursuant to the dispute resolution provision set forth in Article XIV of the MOA. If a dispute between the TSA and the Port Authority cannot be resolved through such negotiations, the Port Authority shall, immediately upon conclusion of such negotiations, submit the dispute to the Office of Dispute Resolution for Acquisition ("ODRA"). Following the final decision by ODRA, and, if the Lessee so requests, the Port Authority shall submit such final agency action to judicial review in accordance with 49 U.S.C. 46110. The Lessee hereby agrees to pay the Port Authority's reasonable out-of pocket expenses for such judicial review, including the reasonable costs for the Port Authority's attorneys and outside counsel, as appropriate. The Port Authority shall not terminate the MOA during the pendency of the proceedings described in this subparagraph. In the event, upon the conclusion of such proceedings, the Port Authority shall elect to terminate the MOA, pursuant to

Article XV of the MOA, the Port Authority shall provide the Lessee no less than ninety (90) days' prior written notice of its intent to terminate the MOA for cause.

(b) Without limiting the other provisions of this Section, if the MOA is terminated for any reason prior to the completion of the Terminal 4 TSA Project, or the Lessee and the Port Authority, together, reasonably expect that sufficient federal funding would not be available for completion of the Terminal 4 TSA Project, then at the Lessee's option, the Lessee may cease the performance of the Work, or proceed with the Work at Lessee's sole risk, cost and expense. In the event that the Lessee elects to cease the performance of the Work, the Lessee shall take such steps in winding down the Work as may be required by the MOA, to ensure that the Work already in place, as well as any areas affected by such Work, shall not be left in a condition unsafe so that there is possibility of injury or damage to life or property. If the Lessee chooses to proceed with the Work, as provided above, it shall notify the TSA of its intention to do so, and seek the TSA's approval, if so required, to proceed with the Work. In such case, unless otherwise directed by the TSA, the Lessee shall continue to perform the Work in accordance with the requirements set forth herein as well as with the terms and conditions of the MOA The Port Authority shall have no further responsibilities to the Lessee in connection with the payment by the TSA of Reimbursement Amounts to the Lessee, if any, or otherwise.

(c) The foregoing provisions with respect to submissions by the Port Authority to the TSA shall extend and apply only to Invoices submitted to the Port Authority by the Lessee prior to any termination of the Lease.

Section 13. Port Authority Right to Audit

(a) In addition to and without limiting any other right or remedy of the Port Authority or of TSA under this Agreement, the Lease, the MOA or otherwise, the Port Authority shall have the right by its agents, employees and representatives to audit and inspect during regular business hours after the submission of each Invoice called for in Section 11 hereof, the books and records and other data of the Lessee relating to the Cost of the Work, as aforesaid, or any portion thereof, and any and all invoices covering or relating to the Work, in accordance with the terms of Section 18A (p) of the Lease, as amended by Supplement No. 5, covering the Work or any portion thereof or any invoice or invoices with respect thereto; it being specifically understood that the Port Authority shall not be bound by any prior audit or inspection conducted by it or the TSA. The Lessee shall not be required to maintain any such books, records and other data for more than seven (7) years after it has delivered the Invoice called for under Section 11 (c); unless they are material to litigation initiated within that time, in which event they shall be preserved until the final determination of the controversy.

(b) If the Lessee has included in any portion of the Cost of the Work any item as having been incurred, but which in the opinion of the Port Authority, which opinion shall not be exercised in a capricious or arbitrary manner, (i) was not so incurred, or (ii) if so incurred is not an item properly chargeable to such element of cost under sound accounting practice or to the Cost of the Work, or does not represent an appropriate division of the costs of a particular contract which are required to be designated according to time of performance or delivery, and

the parties have been unable to resolve their differences within ninety (90) days after Port Authority gave its notice objecting to the same, the Port Authority's decision as to the nature of the item of construction cost shall be final. Without in any way limiting the Port Authority's right to make the final determination with respect to those items described in paragraph (b) (ii) of this Section, the Port Authority shall consult with the TSA prior to making such final determination. The Port Authority hereby agrees that it shall not act in an arbitrary or capricious manner when rendering its final decision with respect to such unresolved differences.

(c) In the event that a Port Authority audit shall disclose that amounts paid by the Port Authority to the Lessee exceed the Cost of the Work, or are otherwise improper or not in accord with the MOA or this Agreement, based upon certificates or otherwise, then, the Lessee shall pay to the Port Authority an amount equal to the excess amount paid by the Port Authority to the Lessee upon thirty (30) days' notice from the Port Authority. In the event that an audit by the TSA or any agency of the Government of the United States of America, shall disclose that amounts paid by the Port Authority to the Lessee exceed the Cost of the Work, or are otherwise improper or not in accord with the MOA or this Agreement, based upon certificates or otherwise, then, the Lessee shall pay to the Port Authority an amount equal to the excess amount paid by the Port Authority to the Lessee no later than ten (10) days prior to the date upon which such amount is due from the Port Authority to the TSA; and from and after the date of such payment to the Port Authority the Reimbursement Amount shall be reduced by the amount of such payment. In the event the Lessee shall fail to make such payment to the Port Authority no later than ten (10) days prior to the date upon which such amount is due from the Port Authority to the TSA, the Port Authority shall pay such amount to the TSA and thereafter, upon thirty (30) days' notice from the Port Authority to the Lessee, the Lessee shall reimburse to the Port Authority a sum equivalent to One Hundred Ten Percent (110%) of the amount paid by the Port Authority to the TSA. The foregoing shall not be or be deemed to be any limitation, impairment or waiver of any other right or remedy of the Port Authority under this Agreement, the Lease, the MOA or otherwise.

(d) Following any demand by the TSA or any agency of the Government of the United States of America, for payment by the Port Authority to the TSA, pursuant to subparagraph (c) above, the Lessee may request that the Port Authority seek to raise and resolve all disputes with the TSA, arising out of the Lessee's obligation to make the above-described payment, pursuant to the dispute resolution provisions set forth in Article XIV of the MOA. If the Port Authority so elects, which election shall be made in the sole discretion of the Port Authority, such discretion not be exercised in an arbitrary or capricious manner, the Port Authority shall commence such informal negotiations with the TSA Contracting Officer. If a dispute between the TSA and the Port Authority cannot be resolved through such negotiations, the Port Authority shall immediately upon conclusion of such negotiations, submit the dispute to the Office of Dispute Resolution for Acquisition ("ODRA"). Following the final decision by ODRA, and, if the Lessee so requests, the Port Authority may, in its sole discretion, such discretion not to be exercised in an arbitrary or capricious manner, seek judicial review of such final agency action in accordance with 49.U.S.C. 46110. The Lessee hereby agrees to pay the Port Authority's reasonable out-of-pocket expenses for such judicial review, including the reasonable costs for the Port Authority's attorneys and outside counsel, as appropriate *provided, however*, that the Port Authority shall reimburse to the Lessee any such out-of-pocket expenses

that are reimbursed or otherwise paid to the Port Authority by the TSA or any agency of the Government of the United States of America.

(e) Neither the additional Ten Percent (10%) paid by the Lessee in excess of the amount demanded by the TSA and paid by the Port Authority pursuant to subparagraph (c) above, nor the payment by the Lessee to the Port Authority for the Port Authority's reasonable out-of-pocket expenses incurred in seeking judicial review, as provided in subparagraph (d) above, shall constitute Permitted O&M Expenses, as the same is defined in Exhibit 8.1A annexed to Supplement No. 5 to the Lease.

Section 14. Environmental Requirements.

Performance by the Lessee of the Work and use by the Lessee of the EDS, the ETD and the CBIS shall be subject to the terms and conditions of this Supplemental Agreement and the Lease, and without limiting the foregoing, in conformance with all Environmental Requirements, as defined in Supplement No. 5 of the Lease.

Section 15. Labor Harmony

In the performance of the Work the Lessee shall not employ any contractor nor shall the Lessee or any of its contractors employ any persons or use or have any equipment or materials or allow any condition to exist if any such shall or, in the opinion of the Port Authority, may cause or be conducive to any labor troubles at the Airport which interfere, or in the opinion of the Port Authority are likely to interfere with the operations of others at the Airport or with the progress of other construction work thereat. The determinations of the Port Authority shall be conclusive to the Lessee. Upon notice from the Port Authority, the Lessee shall immediately remove such contractor or withdraw or cause its contractors to withdraw from the Airport, the persons, equipment or materials specified in the notice and replace them with unobjectionable contractors, persons, equipment and materials and the Lessee shall or shall cause its contractor to immediately rectify any condition specified in the notice.

Section 16. Demands by the TSA of the Government of the United States

(a) (1) (i) The Lessee hereby acknowledges and agrees that if any failure of the Lessee to comply with the terms, conditions and provisions of this Agreement and its attachments results in a demand being made by the TSA or the Government of the United States of America arising out of or relating to the MOA or the Terminal 4 TSA Project, or claims made in connection therewith, for the Port Authority to make a payment to the TSA or the Government of the United States of America, as applicable, and if the Lessee thereafter fails, no later than ten (10) days prior to the date upon which such amount is due from the Port Authority to the TSA, to make payment to the Port Authority of the amount so demanded from the Port Authority by the TSA or the Government of the United States of America (except to the extent any such demand is retracted by the TSA or the Government of the United States, as applicable, within such period, then upon such failure, the Port Authority shall pay such amount to the

TSA, and thereafter, upon thirty (30) days' notice to the Lessee from the Port Authority, the Lessee shall reimburse the Port Authority in an amount equivalent to One Hundred Ten Percent (110%) of the amount paid by the Port Authority to the TSA.

(ii) Following any demand by the TSA or the Government of the United States of America, for payment by the Port Authority, pursuant to sub-paragraph (a)(1)(i) above, the Lessee may request that the Port Authority seek to raise and resolve all disputes with the TSA, arising out of the Lessee's obligation to make of the above-described payment, pursuant to the dispute resolutions provision set forth in Article XIV of the MOA. If the MOA permits, and the Port Authority so elects, which election shall be made in the sole discretion of the Port Authority, such discretion not to be exercised in an arbitrary or capricious manner, the Port Authority shall commence such informal negotiations with the TSA Contracting Officer. If a dispute between the TSA and the Port Authority cannot be resolved through such negotiations, the Port Authority shall immediately upon conclusion of such negotiations, submit the dispute to the Office of Dispute Resolution for Acquisition ("ODRA"). Following the final decision by ODRA, and, if the Lessee so requests, the Port Authority may, in its sole discretion, such discretion not to be exercised in an arbitrary or capricious manner, seek judicial review of such final agency action in accordance with 49 U.S.C. 46110. The Lessee hereby agrees to pay the Port Authority's reasonable out-of-pocket expenses for such judicial review, including the reasonable costs for the Port Authority's attorneys and outside counsel, as appropriate, *provided, however*, that the Port Authority shall reimburse to the Lessee any such out-of-pocket expenses that are reimbursed or otherwise paid to the Port Authority by the TSA or any agency of the Government of the United States of America.

(2) (i) For the purposes of this Section and Section 11(e)(ii)(4) of this Agreement, the term "*qui tam* person" shall mean and include each "person" as described in 31 U.S.C.§ 3730 (b)(1) who may assert a claim or demand under and pursuant to the provisions of the Federal False Claims Act (31 U.S.C. §3729), or any successor or similar statute.

(ii) The Lessee hereby acknowledges and agrees that if any failure of the Lessee to comply with the terms, conditions and provisions of this Agreement and its attachments results in a demand being made by any *qui tam* person arising out of or relating to the MOA or the Terminal 4 TSA Project, or claims made in connection therewith, for the Port Authority to make a payment to any *qui tam* person, and if the Lessee thereafter fails, within ten (10) days after the Lessee's receipt of written notice from the Port Authority advising the Lessee of such demand made upon the Port Authority, to contest such demand through appropriate legal or other proceedings as determined by the Port Authority, subject to and in accordance with the provisions of subparagraphs (a)(2)(iii), (iv), (v) and (vi) of this Section (except to the extent that the Lessee satisfies such demand or portion thereof by making payment to the Port Authority in respect thereof within such ten (10 day period), and if the Lessee so contests such demand, the Lessee shall, within such ten (10) day period, either, at the election of the Port Authority (x) deposit into escrow (on terms approved, and with the escrow agent designated, by the Port Authority) the amount of such demand, or (y) cause to be delivered to the Port Authority a clean irrevocable letter of credit in the amount of such demand pursuant to the terms set forth in the

exhibit attached hereto and hereby made a part hereof as "Exhibit C," to be held by the Port Authority until the final adjudication, settlement or other resolution of such demand, and to pay the amount of such demand in accordance with such final adjudication, settlement or other resolution, then such failure shall constitute a material breach of the Lease, as herein amended, thus giving rise to all of the Port Authority's rights and remedies thereunder.

(iii) Except as set forth in sub-paragraph (a)(2)(v) of this Section, in the event the Lessee shall not have made payment to the Port Authority of the amount demanded from the Port Authority by any *qui tam* person, and elects to contest such a demand by a *qui tam* person in accordance with the provisions of sub-paragraph (a)(2)(ii) of this Section, the Lessee shall at its own cost and expense contest each and every such demand by a *qui tam* person with counsel reasonably satisfactory to the Port Authority, and in contesting such a demand by a *qui tam* person, the Lessee shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provision of any statutes respecting suits against the Port Authority, provided, however, the Port Authority shall have the right at its election to either (x) participate in such contest or settlement with its own counsel and at its sole expense except as set forth in sub-paragraph (a)(2)(v) of this Section, but the Lessee shall have the control of the contest, judgment and settlement or (y) upon notice to the Lessee relieve the Lessee from the obligation to contest such demand by a *qui tam* person and itself contest such demand at its sole cost and expense except as set forth in sub-paragraph (a)(2)(iv) of this Section, and the settlement, judgment and satisfaction thereof shall be paid by the Lessee if the Lessee has consented to such settlement, judgment or satisfaction, which consent of the Lessee will not be unreasonably withheld.

(iv) In the event the Lessee shall not have made payment to the Port Authority of the amount demanded from the Port Authority by any *qui tam* person, and having elected to contest such a demand by a *qui tam* person in accordance with the provisions of sub-paragraph (a)(2)(ii) of this Section shall not have commenced to contest such a demand by a *qui tam* person (including without limitation any defense provided by the Lessee's insurer, contractor or subcontractor) within a reasonable time period after receipt by the Lessee of notice of such demand so as to allow the Port Authority the opportunity and sufficient time to contest such a demand in a timely manner, or if the Lessee, one of its contractors or subcontractors or its insurer shall not use a counsel that is reasonably satisfactory to the Port Authority in contesting such a demand, then upon notice to the Lessee the Port Authority may contest such demand at the sole cost and expense of the Lessee.

(v) In the event the Lessee shall not have made payment to the Port Authority of the amount demanded from the Port Authority by any *qui tam* person, and shall have elected to contest such a demand by a *qui tam* person in accordance with the provisions of sub-paragraph (a)(2)(ii) of this Section, the Port Authority and the Lessee will reasonably cooperate with each other in contesting such a demand by a *qui tam* person pursuant to the provisions set forth in sub-paragraph (a)(2) of this Section.

(vi) In the event that the Lessee (including any of its insurance carriers, contractors or subcontractors involved in contesting a demand by a *qui tam* person) has a conflict of interest with the Port Authority or a defense by the Lessee (including without limitation a defense by the Lessee's insurer, contractor or subcontractor) that adversely affects the interests of the Port Authority, then the Lessee shall provide or cause to be provided separate counsel approved by the Port Authority to contest such a demand.

(3) Any payments made to the Port Authority by the Lessee as contemplated by this Section 16(a) (or pursuant to the applicable provisions of Section 11 hereof) shall be paid over by the Port Authority to the TSA, the Government of the United States, or any *qui tam* person, as applicable, unless the Port Authority has previously paid said amount to the TSA, the Government of the United States, or any *qui tam* person, as applicable, in which case the Port Authority shall retain such payment (and if any rebates of any such payment are later made by the TSA, the Government of the United States of America, or any *qui tam* person to the Port Authority, then the amount of any such rebate shall be paid by the Port Authority to the Lessee, unless the Port Authority has previously paid said amount to the Lessee, in which case the Port Authority shall retain such rebate).

(b) (i) The Lessee hereby acknowledges and agrees that if any failure of the Lessee to comply with the terms, conditions and provisions of this Agreement and its attachments results in a demand being made by the TSA or the Government of the United States of America or any *qui tam* person arising out of or relating to the MOA or the Terminal 4 TSA Project, or claims made in connection thereto, for the Port Authority to perform an obligation arising out of the MOA, solely as it relates to the Terminal 4 TSA Project (other than a demand to make a payment covered by the provisions of subparagraph (a) of this Section 16), and if the Lessee thereafter fails, within ten (10) days after the Lessee's receipt of written notice from the Port Authority advising the Lessee of such demand made upon the Port Authority, to commence such performance of such demand (and thereafter to continue diligently to perform such demand until such demand is finally resolved), then the Port Authority shall have the right to commence such performance and the Lessee shall, upon demand by the Port Authority, reimburse the Port Authority for One Hundred and Ten Percent (110%) of the Port Authority's costs and expenses incurred in the performance of such demand.

(ii) Following any demand by the TSA or the Government of the United States of America, for payment by the Port Authority, pursuant to sub-paragraph (b)(i) above, the Lessee may request that the Port Authority seek to raise and resolve all disputes with the TSA, arising out of the Lessee's obligation to perform an obligation arising out of the MOA, as described in subparagraph (i) of this paragraph (b), pursuant to the dispute resolutions provision set forth in Article XIV of the MOA. If the MOA permits, and the Port Authority so elects, which election shall be made in the sole discretion of the Port Authority, such discretion not to be exercised in an arbitrary or capricious manner, the Port Authority shall commence such informal negotiations with the TSA Contracting Officer. If a dispute between the TSA and the Port Authority cannot be resolved through such negotiations, the Port Authority shall

immediately upon conclusion of such negotiations, submit the dispute to the Office of Dispute Resolution for Acquisition ("ODRA"). Following the final decision by ODRA, and, if the Lessee so requests, the Port Authority may, in its sole discretion, such discretion not to be exercised in an arbitrary or capricious manner, seek judicial review of such final agency action in accordance with 49 U.S.C. 46110. The Lessee hereby agrees to pay the Port Authority's reasonable out-of-pocket expenses for such judicial review, including the reasonable costs for the Port Authority's attorneys and outside counsel, as appropriate, *provided, however*, that the Port Authority shall reimburse to the Lessee any such out-of-pocket expenses that are reimbursed or otherwise paid to the Port Authority by the TSA or any agency of the Government of the United States of America.

(c) Neither the (i) additional Ten Percent (10%) (x) paid by the Lessee in excess of any amount demanded by the TSA or the Government of the United States and paid by the Port Authority to the TSA or the Government of the United States pursuant to sub-paragraph (a)(1)(i) hereof, or (y) paid to the Port Authority in excess of the Port Authority's costs and expenses so incurred by the Port Authority in the performance of a demand made by the TSA or the Government of the United States pursuant to paragraph (b) above, or the (ii) payment made by the Lessee to the Port Authority for the Port Authority's reasonable out-of-pocket expenses incurred in seeking judicial review, as provided in sub-paragraph (a)(1)(ii) or subparagraph (b)(ii) above, shall constitute Permitted O&M Expenses, as the same is defined in Exhibit 8.1A annexed to Supplement No. 5 to the Lease.

Section 17. No Effect on Other Obligations

Nothing contained in this Agreement, nor any termination of this Agreement, shall release or relieve the Lessee from any of its duties, responsibilities or obligations under the Lease and neither the foregoing nor anything in this Agreement shall be deemed to limit, diminish, waive or impair the rights and remedies of the Port Authority, and the Port Authority shall have all rights and remedies, legal, equitable and otherwise, with respect to the Lease and lease matters covered by this Agreement, *provided, however*, and notwithstanding anything contained herein or in the Lease to the contrary, without limiting Lessee's obligation to perform the Work as provided herein, any failure of the Lessee to perform the Work as provided herein or to comply with the terms of this Agreement with respect to the Work shall in no event be a breach of or under the Lease.

Section 18. Amendment to Section 1 of the Lease

Section 1 of the Lease, entitled "Definitions", is hereby supplemented and amended to add in the appropriate alphabetical locations of such Section 1 each of the capitalized terms which are specifically defined in this Agreement and the corresponding definition of each such term.

Section 19. Effect of Amendments

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

Section 20. No Broker

Each party represents and warrants to the other that no broker has been concerned in the negotiation of this Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. Each party shall indemnify and save harmless the other party of and from any and all claims for commissions or brokerage made by any and all persons, firms or corporations whatsoever for services provided to or on behalf of the indemnifying party in connection with the negotiation and execution of this Agreement.

Section 21. No Personal Liability

No Commissioner, officer, agent or employee of the Port Authority shall be charged personally by the Lessee or held contractually liable under any term or provision of this Agreement or because of its execution or alleged or attempted breach thereof.

Section 22. 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) Unless otherwise expressly specified, 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.

(c) If any clause, provision or section of this Agreement shall be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining provisions hereof.

(d) The fact that certain of the terms and provisions hereunder are expressly stated to survive the expiration or termination of the letting hereunder shall not mean that those provisions hereunder which are not expressly stated to survive shall terminate or expire on the expiration or termination of the letting hereunder and do not survive such termination or expiration.

(e) Except as otherwise provided in the Lease, nothing contained herein shall be deemed or construed to be an undertaking or covenant for the benefit of any third party.

(f) The parties agree that any rule of construction to the effect that any

ambiguities are to be resolved against the drafting party shall not be applicable to the interpretation of this agreement or any amendments, addenda or supplements hereto or any Exhibits hereto.

(g) This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by the laws of the State of New York, without reference to the conflicts of law provision thereof.

Section 23. Entire Agreement

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 Lessee and the Port Authority. It is expressly agreed that any and all prior correspondence between or among the parties, or any of them, covering the Work shall be deemed superseded by this Agreement except that all written requirements of the Port Authority given in connection therewith prior to the execution of this Agreement shall continue in full force and effect. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in this Agreement.

Section 24. Execution in Counterpart

This Agreement may be executed in any number of counterparts, but not facsimile counterparts, each of which shall constitute an original agreement, and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the date above written.

ATTEST:

Deputy Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By: DAVID KAGAN

Title: Assistant Director

ATTEST:

Secretary

JFK INTERNATIONAL AIR TERMINAL LLC

By:

Title:

Port Authority Use Only:	
Approval as to Terms:	Approval as to Form:

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the date above written.

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____

Secretary

By:_____

Title:_____

~~ATTEST~~: WITNESS:

JFK INTERNATIONAL AIR TERMINAL LLC

Attorney

By: Michael E. Sibilo

Title: CFO

Port Authority Use Only:	
Approval as to Terms:	Approval as to Form:

EXHIBIT A

Copy of MOA

MEMORANDUM OF AGREEMENT

BETWEEN

UNITED STATES
DEPARTMENT OF HOMELAND SECURITY
TRANSPORTATION SECURITY ADMINISTRATION

AND

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

RELATING TO

BAGGAGE SCREENING PROJECTS FOR
John F. Kennedy International Airport (JFK)

Negotiated by the TSA pursuant to
Section 44923 of title 49, United States Code, as amended, and Division E, Department of Homeland Security Appropriations Act, 2008 of Public Law 110-161, the Consolidated Appropriations Act, 2008

HSTS04-08-H-CT1236

ARTICLE I – PARTIES

The parties to this Memorandum of Agreement (hereinafter "Agreement" or "MOA") are the United States Department of Homeland Security, acting through the Transportation Security Administration ("TSA"), and The Port Authority of New York and New Jersey ("PANYNJ").

ARTICLE II – LEGAL AUTHORITY

This Agreement is entered into under the authority of section 44923 of title 49, United States Code, as amended, and Division E, Department of Homeland Security Appropriations Act, 2008 of Public Law 110-161, the Consolidated Appropriations Act, 2008.

ARTICLE III – PURPOSE AND PROJECT SCOPE

The purpose of this Agreement is to set forth the terms and conditions, as well as establish the respective cost-sharing obligations and other responsibilities of the TSA and the PANYNJ with respect to the performance of the engineering, design, and integration of baggage Explosive Detection Systems ("EDS") Projects and baggage screening system improvements at the John F. Kennedy International Airport (the "JFK" or "Airport).The objective of the Project is to enhance baggage screening throughput and capabilities at the Airport.

The scope of the Project (the "Project") is:

1. the construction and installation of a Checked Baggage Inspection System ("CBIS") and/or modifications of or to existing CBISs for each Airport Terminal identified below; and

2. the installation of baggage conveyor components, architectural, structural, mechanical, electrical, and telecommunications infrastructure, and a baggage screening matrix (as applicable)

to support the TSA's installation of EDS machines, Explosive Trace Detection ("ETD") resolution area; remote multiplexed On Screen Resolution Room ("OSR")/control room (as applicable); and the installation of hardware and software for use with an in-line EDS application if needed. The Project Area is that area from the baggage insertion point into the EDS screening matrix to the point where screened baggage is re-inserted into baggage makeup area.

The Project description for each Airport Terminal is as follows:

Terminal	Project Description
JFK Terminal 1	New In-Line EDS System Matrix/Design/Construction Build Out
JFK Terminal 2/3	New In-Line EDS System Matrix/Design/Construction Build Out
JFK Terminal 4	New In-Line EDS System Matrix/Design/Construction Build Out
JFK Terminal 7	New In-Line EDS System Matrix/Design/Construction Build Out

ARTICLE IV – PROJECT COST AND ALLOWABLE COSTS

A. Project Cost: Project Cost are those costs related to the activities to be completed by the PANYNJ or its designee to modify the Airport infrastructure and baggage handling system(s) ("BHS") to support the TSA's installation and operation of the EDS and ETD equipment at the Airport. Project Cost does not include the costs of acquisition, delivery or installation of the EDS and ETD equipment.

B. Federal Share of Allowable Costs: The TSA, for and on behalf of the United States, shall pay as the United States share, ninety (90%) percent of the Allowable Costs (as such term is defined in Circular A-87) and identified in paragraph D of this Article incurred in accomplishing the Project described in this Agreement. The maximum obligation of the United States payable under this Agreement for Fiscal Year 2008 shall be:

Fiscal Year	TSA Funding
2008	
PR: 2108208CT1236 5CF08XB010D2008SWE041GE0132230062006622CTO-5906307200000000-252R- TSA DIRECT-DEF. TASK	$85,000,000.00

Subject to Congressional appropriation and authorization, the maximum obligation of the United States payable under this Agreement for Fiscal Year 2009 shall be:

Fiscal Year	TSA Funding
2009	$ To Be Determined

This reimbursement obligation shall not be deemed to be an obligation of the United States Government under Section 1501 of Title 31, United States Code. This Agreement is not deemed an administrative commitment for financing except until such amounts are authorized and appropriated as provided in authorization and appropriation laws.

C. The Letter of Intent attached to this Agreement as Appendix A, establishes, among other things, a funding schedule in the amount of for the inline baggage screening Projects at John F. Kennedy International, LaGuardia, and Newark Liberty International Airports. The scope and responsibilities for each Airport Project as set forth in a Memorandum of Agreement (identified below). To facilitate the strategic planning and Project priorities it is understood that the funding allocated to each Airport in its Memorandum of Agreement may be reallocated among the three airports at a later date if deemed necessary and agreed to by the TSA and the PANYNJ.

HSTS04-08-H-CT1235, Memorandum of Agreement for Newark Liberty International Airport
HSTS04-08-H-CT1236, Memorandum of Agreement for John F. Kennedy International Airport
HSTS04-08-H-CT1094, Memorandum of Agreement for LaGuardia Airport

D. Project Costs allowable for reimbursement under this Agreement: Determination of Allowable Costs, as such term is defined in the United States Office of Management and Budget

Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments," in effect on the effective date of this Agreement ("Circular A-87"), will be made by the TSA in accordance with Circular A-87. If the enabling legislation for this Project prescribes policies or requirements that differ from those in Circular A-87, or that differ from this Agreement, the provisions of the enabling legislation shall govern.

Project Costs considered Allowable Costs for reimbursement under this Agreement (which Allowable Costs, must be, as provided in Circular A-87, allocable to federal awards under the provisions of Circular A-87, and necessary and reasonable for the proper and efficient performance and administration of federal awards), include:

- Project Soft Costs, which consists of Engineering Costs (to include design, specifications, bid documents, and contract documents), Construction Supervision Costs (to include Project Management) and PANYNJ Letter of Intent Administration Costs. The ceiling for reimbursement of all Project Soft Costs is limited to sixteen percent (16%) of the Project Costs. At TSA's discretion, the ceiling for reimbursement of all Project Soft Costs may be increased to 18% at a later date pending the results of actual Terminal Project progress and review of Terminal Project construction costs.
- Design Costs incurred on or after October 1, 2007.
- EDS in-line checked baggage Construction Costs include, but are not limited to:
    - Demolition (infrastructure or BHS related)
    - BHS infrastructure upgrades, platforms, catwalks located within the EDS screening matrix area
    - BHS: That portion located within the EDS screening matrix area, including redesign and upgrading of conveyors to support the integration of the screening matrix only
    - On-Screen Resolution (OSR) Room, Checked Baggage Resolution Area (CBRA)
    - Acoustical treatment in OSR and CBRA
    - Electrical infrastructure (cabling, control panels) and basic lighting fixtures for the CBIS, CBRA, and OSR.
    - Telephone systems/pager systems for TSA CBRA and OSR only
    - Heating, Ventilation, Air Conditioning (HVAC) environmental requirements for CBIS, OSR Room, CBRA and EDS Network equipment room

E. Project Costs not considered reimbursable under this Agreement include:

- Employee break rooms, administrative office space, and restrooms
- Aesthetic architecture enhancements
- Maintenance, repair parts or spare parts for Airport Terminal improvements include the baggage handling conveyor components installed under this Project
- Extended warranties beyond 1 year
- Maintenance of baggage conveyor system
- Profit or Corporate G&A costs to the PANYNJ. Profit and G&A for PANYNJ's contractor(s) is an allowable cost

- Costs incurred by the PANYNJ and or/designee, its contractors or agents to perform work not allocable with the TSA approved design or TSA's Planning Guidelines and Design Standards for Checked Baggage Inspection Systems

ARTICLE V: PROJECT RESPONSIBILITIES

Project responsibilities for TSA and the PANYNJ are outlined below. Specific Project and technical responsibilities and performance of all parties are contained in Appendix B attached incorporated hereto by reference.

A. TSA Project Responsibilities

1. TSA will provide a proposed design package for each integrated screening system in each of the identified terminals. Each package will include a schematic design, basis for design and Rough Order of Magnitude (ROM) costing. The schematic will reflect the screening matrix, mainline feeds, take away belts, and all of the security process areas/decision points. The basis for design will outline the proposed theory of operation for the system; will contain the static modeling for each system as well as possible mechanical considerations that can be identified at this design state. The ROM costing will outline at a budgetary level the cost of the individual screening systems.
2. Review and approve each Terminal Project design (through 100%) and deployment plans and specifications regarding installation of EDS units in accordance with TSA Performance Guidelines and Design Standards for Checked Baggage Inspection Systems.
3. Confirm that the placement and installation of the EDS and ETD units in the baggage screening matrix are in accordance with the individual Terminal Project design and deployment plan.
4. Obtain or cause its contractors, consultants and agents to obtain all necessary licenses, insurance, permits and approvals.
5. Furnish, deliver, rig, install and test all necessary EDS and ETD security screening equipment.
6. Provide EDS Original Equipment Manufacturer Technical Support Advisory Services to the PANYNJ and/or designee regarding integration of the EDS units into the BHS.
7. Provide the EDS System Specific Test Plan (SSTP) to the PANYNJ and/or its designee following an EDS machine commissioning, coordination and test planning meeting.
8. Establish and conduct the integrated Site Acceptance Testing (ISAT) for EDS machine screening capabilities for each Terminal Project.
9. Observe and approve ISAT results before the EDS equipment is certified ready for operational use.
10. The TSA will provide maintenance, repair, and refurbishment of all TSA EDS and ETD equipment throughout its life cycle at no cost to the Port Authority and/or its designee.

B. PANYNJ Project Responsibilities

All work performed by the PANYNJ or its designee pursuant to this Agreement shall be accomplished in accordance with the design(s) approved by TSA and in accordance with PANYNJ's Airport Building Standards and Criteria.

1. PANYNJ shall start with a phasing process on Projects listed in Article III – Purpose, Project and Scope based on priorities or future strategic planning. This strategic planning should be presented to TSA Office of Security Technology for approval and concurrence to assure that the Projects can be completed in accordance with the constraints of cost, time, and scope.
2. Costs for each Terminal Project are to be recorded and reported on a Terminal-by-Terminal basis.
3. Except for the responsibilities of the TSA, as outlined above, the construction and installation of the individual Terminal project will be managed and overseen by the PANYNJ and/or its designee. The PANYNJ, acting through such contractors as it may choose, will provide the associated construction and baggage handling conveyor contractors to undertake the Project. The PANYNJ will provide oversight of such contractors to ensure Projects are completed within the prescribed costs and schedule.
4. Obtain or cause its contractors, consultants and agents to obtain all necessary licenses, insurance, permits and approvals.
5. Ensure the Project site will be ready to accommodate the installation of the EDS units when delivered. Project site preparation includes, but is not limited to, BHS modifications, electrical site preparation, including infrastructure to protect electrical or fiber optic cables, environmental controls, and any other Airport Terminal infrastructure work required to support the operational environment of the EDS and ETD units.
6. Facilitate the installation of the EDS units by providing a clear path during rigging and EDS installation, and provide sufficient space to allow for initial deployment activities such as uncrating the EDS equipment and devices.
7. Adhere to OSHA standards required for occupied spaces as well as the applicable EDS installation guide specifications for EDS operational environment requirements.
8. Once installed, provide reasonable measures to protect the EDS and ETD equipment from harm in the screening area.
9. The PANYNJ shall require that full ingress and egress be provided to the TSA and its contractors for the installation, operation, testing, maintenance, and repair of the EDS and ETD equipment at all times.
10. Perform and bear all cost of the operation, maintenance and repairs for the Airport Terminal installed property such as the baggage handling conveyor system, heating, air conditioning, and electrical infrastructure in support of this Project. Except for the TSA securing screening EDS and ETD equipment owned by the TSA, the PANYNJ its lessees or assigns as applicable, shall own and have title to all personal property, improvements to real property, or other assets which are acquired under this Agreement. It will be the responsibility of the PANYNJ, or its contractor or lessee to operate, maintain, and if it becomes necessary, repair or replace such property to support the efficient use of the TSA Security Screening Equipment for its useful life.

11. Title to non-TSA Security Screening Equipment such as ancillary equipment or infrastructure appurtenances purchased or reimbursed using Federal funds, or installed by the TSA, or its agents or contractors at the TSA's expense, or by the PANYNJ or its agents or contractors, or its lessees, agents or contractors, vests in the PANYNJ.
12. Submit monthly progress status reports to the TSA Project Manager and TSA Contracting Officer identified in Article VIII – Authorized Representatives. The monthly report should provide an executive summary of work performed to date, identify the events to occur within the next 90 days, identify the PANYNJ and/or designee(s) and its key contractor points of contact and use an earned value management approach to identify the cost and schedule variance incurred against work performance completed to date. Each Terminal Project is to be addressed separately in the monthly report.

C. Deliverables. The deliverables required to be submitted by the PANYNJ and/or its designee with respect to each Terminal are described in Appendix B-1; specific testing related deliverables are outlined in Appendix B.

ARTICLE VI - EFFECTIVE DATE AND TERM

The effective date of this Agreement is the date on which the authorized PANYNJ official signs it and the TSA's authorized official signs it, whichever date is later. The overall Airport Project completion is currently estimated to be on or about September 20, 2013 unless earlier terminated by the parties as provided herein or extended by mutual agreement pursuant to Article XIII. The period of performance for this effort is established in order to allow the PANYNJ time to submit a final invoice, close out each Terminal Project, and address any other issues,

Within thirty business (30) days of the PANYNJ and TSA Project Manager concurrence to begin a Terminal Project, the PANYNJ and/or its designee(s) will establish and provide Project Milestones for each Terminal to the TSA Project Manager and TSA Contracting Officer identified in Article VIII that allow objective measurement of progress toward completion.

ARTICLE VII - ACCEPTANCE AND TESTING

TSA will deem the Project complete upon successful completion of the TSA EDS systems test conducted by the TSA independent validation and verification (IV&V) contractor that confirms that the baggage screening system has been installed in accordance with the TSA Checked Baggage Inspection System Performance Criteria and technical specifications for the EDS baggage screening equipment. Successful completion requires the correction of defects identified, if any, during the EDS systems test. of each invoice submitted for each Terminal Project will be retained for the duration of the Project until the baggage screening system has successfully passed the TSA EDS systems test and defects, if any, identified during the system test have been corrected by the PANYNJ and/or its designee. The PANYNJ is not responsible for correcting any defects related to the EDS equipment. It shall be the TSA's responsibility to correct at its sole cost any TSA's EDS equipment system defects, and the 10% retained amount referred to above shall be paid to the PANYNJ if the system failure is due to defects associated with TSA equipment or installation.

ARTICLE VIII. AUTHORIZED REPRESENTATIVES

The authorized representative for each party shall act on behalf of that party for all matters related to this Agreement. Each party's authorized representative may appoint one or more others to act as authorized representative for any administrative purpose related to this Agreement, provided written notice of such appointments are made to the other party to this Agreement. The authorized representatives for the parties are as follows:

A. TSA Points of Contact:

Terry Spradlin
TSA Project Manager
Office of Security Technology, TSA-16
Transportation Security Administration
701 South 12th Street
Arlington, VA 22202
Phone: 571-227-4108
E-Mail Address: terry.spradlin@dhs.gov

John Reed
Eastern Region Deployment Manager/Contracting Officer Technical Representative
Office of Security Technology, TSA-16
Transportation Security Administration
701 South 12th Street
Arlington, VA 22202
Phone: 571-227-1563
E-Mail Address: john.reed1@dhs.gov

Connie Thornton
Contracting Officer
Transportation Security Administration
4275 Airport Road, Suite C
Rapid City, SD 57703
Phone: 605-393-8191
E-Mail Address: connie.thornton@dhs.gov

Only the TSA Contracting Officer has the authority to bind the federal government with respect the expenditure of funds. The TSA Contracting Officer Technical Representative (COTR) is responsible for the technical administration of this Agreement and technical liaison with the PANYNJ and/or its designee. The TSA COTR is not authorized to change the scope of work, to make any commitment or otherwise obligate the TSA, or authorize any changes that affect the liability of the TSA.

The PANYNJ and or its designee must notify the TSA CO and COTR in event that any TSA agent or employee takes any action which is interpreted by the PANYNJ or its designee as direction which consequently increases the individual Terminal Project cost and would cause the PANYNJ to seek reimbursement from TSA beyond TSA's liability as stated in this Agreement.

B. The PANYNJ's Points of Contact:

The PANYNJ's Point of Contact for all correspondence is:

Jeanne M. Olivier, A.A.E.
General Manager, Aviation Security and Technology
Aviation Department
The Port Authority of New York and New Jersey
233 Park Avenue South, 9th Floor, New York, New York 10003
Telephone: 212-435-3726
E-Mail: jolivier@panynj.gov

The PANYNJ's Point of Contact for invoices is:

To be provided by PANYNJ.

ARTICLE IX – PAYMENT

Should the TSA contributions represent more than 90 percent of the total final Allowable costs; the PANYNJ will refund the TSA for the difference to achieve a 90 percent level. The parties agree that all costs in excess of TSA's funding contribution as well as any costs that do not comply with Circular A-87 shall be borne solely by the PANYNJ unless otherwise agreed by the TSA in a modification in accordance with Article XIII – Changes and/or Modifications.

Reimbursement by TSA is conditioned upon submission to TSA of an invoice identifying the Project costs that have been incurred and paid. The TSA intends to make payment to the PANYNJ within 45 calendar days of receipt of each properly prepared invoice for reimbursement of incurred costs. The TSA reimbursement process consists of two steps:

a. Step 1 – "Summary" Invoice Submittal to the U.S. Coast Guard Finance Center for Payment

The United States Coast Guard Center performs the payment function on behalf of the TSA. For purposes of submission to the Coast Guard Finance Center, the PANYNJs invoice format is acceptable for the "Summary" Invoice. Central Contractor Registration is mandatory for invoice payment; for further information, please refer to http://www.ccr.gov

At a minimum the "Summary" Invoice should contain:

(1) Agreement Number HSTS04-08-H-CT1236
(2) Invoice Number and Invoice Date
(3) Complete Business Name and Remittance Address.
(4) Point of Contact with address, telephone, fax and e-mail address contact information
(5) Tax Identification Number and DUN's Number
(6) Dollar Amount of Reimbursement being requested
(7) Signature of PANYNJ's authorized representative and the following certification language: *"This is to certify that the services set forth herein were performed during the period stated and that the incurred costs billed were actually expended for the Project."*

The "Summary" Invoice may be submitted by standard email or by electronic transmission to the following address(s):

Mailing Address: TSA Commercial Invoices
USCG Finance Center
P.O. Box 4111
Chesapeake, VA 23327-4111

Email: FIN-SMB-TSAINVOICES@uscg.mil

b. Step 2 – "Summary" Invoice and Supporting Documentation Submittal to TSA for Approval of Payment

The TSA Contracting Officer and the Contracting Officer's Technical Representative are required to review and approve all invoices prior to payment. To aid in this review, the PANYNJ and/or its designee shall provide a copy of the "Summary" Invoice along with all receipts, contractor pay requests and other supporting information which specify the vendor, services provided, and products delivered as well as the appropriate identifications that the Airport has paid these obligations. The PANYNJ and/or its designee are encouraged to provide this supporting information simultaneously with Step 1 in order to expedite the payment process.

The Support Documentation should contain the following items:

- Summary Invoice from Step 1
- An executive summary Project overview with the first invoice
- Spreadsheet listing the invoices being submitted, with totals
- Individual, signed and approved contractor invoices, with scope of values or statement of work (copies of contracts and change orders provide support for the work being actual, allowable, allocable and reasonable.)
- Copies of subcontractors' invoice if listed on a prime contractor's invoice as a single amount (copies of timesheets and detailed backup not required if descriptions are clear and specific).

- Proof of payment by the PANYNJ and/or its designee for each invoice in the form of copies of checks/warrants, bank wire transfers, or accounting system transactions.

The "Summary" Invoice and supporting documentation may be submitted by mail via CD or paper documents or electronic transmission to the following address; the final closeout invoice should include proof that all required deliverables have been provided:

John Gebhart
Jacobs Carter & Burgess, Inc
2231 Crystal Drive, Suite 300
Arlington, VA 22202
Phone: 571-721-1269
Email: john.gebhart@jacobs.com

Upon completion of the review of the supporting documentation for the "Summary" Invoice, the TSA Contracting Officer and Contracting Officer Technical Representative will advise the Coast Guard Finance Center regarding payment of the "Summary" Invoice. TSA has the right to recoup any payments made to the PANYNJ if the TSA determines that the invoices exceed the actual costs incurred.

ARTICLE X – AUDITS

A. The federal government, including the Comptroller General of the United States, has the right to examine or audit financial records relevant to this Memorandum of Agreement for a period not to exceed three (3) years after expiration of the terms of this Agreement. The PANYNJ and/or its designee, their contractors must maintain an established accounting system that complies with accounting principles generally accepted in the United States. Records related to disputes arising out of this Agreement shall be maintained and made available until such disputes have been resolved to the satisfaction of the TSA.

B. As used in this provision, "records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.

C. The PANYNJ and/or its designee shall maintain all records and other evidence sufficient to reflect costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this Agreement. The TSA Contracting Officer or the authorized representative of the TSA Contracting Officer shall have the right to examine and audit those records at any time, or from time to time. The right of examination shall include inspection at all reasonable times at the offices of the PANYNJ and/or its designee or at the offices of the respective contractor(s) responsible for the Project.

D. The PANYNJ and/or its designees will be required to submit cost or pricing data and supporting information in connection with any invoice relating to this Agreement if requested by the TSA Contracting Officer.

E. This Article X shall not be construed to require the PANYNJ and/or its designee, their contractors or subcontractors to create or maintain any record that they do not maintain in the ordinary course of business pursuant to a provision of law, provided that those entities maintain records that conform to generally accepted accounting practices.

ARTICLE XI – REQUIRED FEDERAL PROCUREMENT PROVISIONS

Required Federal Procurement Provisions are provided in Appendix C.

ARTICLE XII – CHANGES AND/OR MODIFICATIONS

Changes and/or modifications to this Agreement shall be in writing and signed by the TSA Contracting Officer and the authorizing official of the PANYNJ. The modification shall state the exact nature of the change and/or modification. No oral statement by any person shall be interpreted as modifying or otherwise affecting the terms of this Agreement. The properly signed modification shall be attached to this Agreement and thereby become a part of this Agreement.

ARTICLE XIII – LIMITATION OF LIABILITY

Each party to this Agreement shall bear total responsibility for its own negligent acts, errors or omissions that arise out of this Agreement. In no event shall either Party be liable for any indirect, special, punitive, incidental or consequential damages arising out of or under this Agreement, whether under contract warranty, or tort, including loss of revenue or profits, regardless of the ability to anticipate such damages. The PANYNJ does not waive its right to pursue claims against the United States or any of its agencies under the Federal Torts Claims Act.

ARTICLE XIV – DISPUTES

When possible, disputes will be resolved by informal discussion between the appropriate PANYNJ representative and the TSA Contracting Officer. If a dispute cannot be resolved through negotiations, the dispute shall be submitted to the Office of Dispute Resolution for Acquisition ("ODRA") (see http://www.faa.gov/agc/odra/default.htm). ODRA acts on behalf of TSA, pursuant to a Memorandum of Agreement dated September 23, 2002, to manage TSA's dispute resolution process and to recommend decisions on matters concerning contract disputes. Judicial review, where available, will be in accordance with 49 U.S.C. 46110, and shall apply only to final agency decisions.

ARTICLE XV – TERMINATION

In addition to any other termination rights provided by this Agreement, either party may terminate this Agreement at any time with cause, and without incurring any liability or obligation to the terminated party (other than performance of obligations accrued on or prior to termination date) by giving the other party at lease ninety days written notice of termination. Upon receipt of notice of termination, the receiving party shall take immediate steps to stop the accrual of any additional obligations, which might require payment.

In the event of termination or expiration of this Agreement, any TSA funds that have not been spent or incurred for allowable expenses prior to the date of termination and are not reasonably necessary to cover termination expenses shall be returned and/or de-obligated from this Agreement.

ARTICLE XVI – CONSTRUCTION OF THE AGREEMENT

A. Nothing in this Agreement shall be construed as incorporating by reference or implication any provision of Federal acquisition law or regulation. It is not intended to be, nor shall it be construed as creation of a partnership, corporation, or other business entity between the parties.

B. Each party acknowledges that all parties hereto participated equally in the negotiation and drafting of this Agreement and any amendments thereto, and that, accordingly, this Agreement shall not be construed more stringently against one party than against the other.

C. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written.

D. In the event that any Article and/or parts of this Agreement are determined to be void, such Article or portions thereof shall lapse. No such lapse will affect the rights, responsibilities, and obligations of the parties under this Agreement, except as provided herein. If either party determines that such lapse has or may have a material effect on the performance of the Agreement, such party shall promptly notify the other party, and shall negotiate in good faith a mutually acceptable amendment to the Agreement if appropriate to address the effect of the lapse.

ARTICLE XVII – MEDIA AND PROTECTION OF SENSITIVE SECURITY INFORMATION

A. SENSITIVE SECURITY INFORMATION

No Sensitive Security Information (SSI), as such term is defined in 49 CFR Part 1520, shall be disclosed except in accordance with the provisions of 49 CFR 1520.

B. MEDIA

Unless otherwise required by law, PANYNJ and/or its designee shall not make publicity or public affairs activities related to the subject matter of this Agreement unless written approval has been received from the TSA Office of Security Technology or the TSA Office of Strategic Communication and Public Affairs.

ARTICLE XVIII - SURVIVAL OF PROVISIONS

The following provisions of this Agreement shall survive the termination of this Agreement: Article V– Project Responsibilities, paragraph A. 10, and paragraph B. 10; Article X – Audits; Article XIII – Limitations on Liability; Article XIV – Disputes, and Article XVIII – Survival of Provisions.

Signatures
The Parties have executed this Agreement in multiple copies, each of which is an original.

WITNESS:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____ **Date:** 9/10/08
By: Ernesto L. Butcher, Deputy Executive Director, Operations

UNITED STATES
Department of Homeland Security
Transportation Security Administration

_____ **Date:** 9/5/2008
By: Connie Thornton, Contracting Officer

MEMORANDUM OF AGREEMENT

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APPENDIX B – MEMORANDUM OF AGREEMENT DELIVERABLES

APPENDIX C – REQUIRED FEDERAL PROCUREMENT PROVISIONS

APPENDIX D – TECHNICAL SPECIFICATION REGARDING AIRPORT TERMINAL BAGGAGE SCREENING RENOVATIONS

HSTS04-08-H-CT1236
Memorandum of Agreement for JFK
Appendix A

Office of the Assistant Secretary

U.S. Department of Homeland Security
601 South 12th Street
Arlington, VA 22202-4220

Transportation
Security
Administration

LETTER OF INTENT
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

This Letter of Intent (LOI) sets forth the intention of the Transportation Security Administration (TSA), effective this date, in accordance with the provisions of *Section 44923 of title 49, United States Code, as amended; Division E, Department of Homeland Security Appropriations Act, 2008; Public Law 110-161, the Consolidated Appropriations Act, 2008;* and Memoranda of Agreement (MOAs) to which this LOI is appended, to obligate from budget authority to reimburse The Port Authority of New York and New Jersey (PANYNJ) for the United States' share of allowable costs at the John F. Kennedy International Airport (JFK), LaGuardia Airport (LGA), and Newark Liberty International Airport (EWR), collectively the PANYNJ Airports, for the airport security improvement project (Project) as summarized below:

The MOAs will establish the efforts for providing the necessary design, construction management, and construction of the PANYNJ Airports—JFK, LGA, and EWR—to develop in-line baggage system solutions that will enable TSA to install and operate explosives detection systems associated with in-line baggage screening systems at those airports.

The maximum United States obligation pursuant to this LOI for the Project summarized above shall be in an amount not-to-exceed 90 percent of the total Project costs of to a total Federal share of up to . After funds have been appropriated and obligated, TSA shall issue funds to reimburse the PANYNJ from current and Fiscal Year 2009 budget authority, according to the following schedule:

Fiscal Year (FY)	Federal Funds	
FY 2008		(current budget authority)
FY 2009	_____	future budget authority)
Total:		

If the Congressional appropriation and allocation is less than in FY 2009 for TSA baggage screening projects for the PANYNJ Airports, then the FY 2009 funding increment for the Project may be reduced accordingly.

The announcement of this intention shall not be deemed an obligation of the United States Government under Section 1501 of title 31, United States Code, and the LOI is not deemed to be an administrative commitment of financing. An obligation or administrative commitment may be made only as amounts are provided in authorization and appropriation laws.

TSA may, from time to time, following consultation with the PANYNJ, amend this LOI and the MOAs to adjust the payment schedule, and such adjustments may be made by TSA when occasioned by changes in the actual allowable costs of the Project, in the actual time required to complete the Project, in actual or estimated future obligating authority, or otherwise, when determined at the discretion of the Department of Homeland Security Assistant Secretary of the TSA to be in the best interests of the United States.

TSA will give full consideration to the aggregate amount of future obligations and the payments scheduled under all outstanding LOIs in formulating its annual budget requests. A statutory restriction on total obligating authority in a future fiscal year, however, may necessitate a reduction in funds to be reimbursed for that year.

The LOI is conditioned upon the PANYNJ's compliance with the MOAs to which this LOI is appended and of which it is made a part. Failure to comply with such requirements may lead to revocation of this LOI and termination of the MOAs in accordance with the terms of the MOAs.

United States of America
Department of Homeland Security
Transportation Security Administration

Kip Hawley

Kip Hawley
Assistant Secretary

8/20/08

Date

MEMORANDUM OF AGREEMENT

APPENDIX B

DELIVERABLES

Item	Submitted To:	Frequency or Due Date	Special Notes:
Design: 30%, 70%, 100% and associated cost estimate	TSA Project Manager	Per the approved schedule.	Port Authority shall attain written approval from TSA before moving forward on design effort stages.
Master Schedule and detailed Estimate of Costs to include Project Milestones (Design, Construction and Baggage Handling System)	TSA Project Manager TSA Contracting Officer ("CO") TSA Contracted Site Lead	Submitted within 120 business days of MOA signing to be updated and submitted with monthly report as Project is underway.	All schedules and cost estimates to be approved must have written concurrence TSA Project Manager
Schedule of Values for Design, Construction, Baggage Handling Contracts	TSA Project Manager TSA CO TSA Contracted Site Lead	PANYNJ/Designee to provide upon issuing Notice to Proceed to Contractor	All schedules and cost estimates to be approved must have written approval from TSA
Design, Construction and BHS Contracts > $500,000 including any subsequent change orders.	TSA CO	Upon Award by PANYNJ/Designee. Change Orders are to also be provided to TSA CO when issued.	Provide copy of contract to TSA Contracting Officer (CO)
Monthly Project Report: (Current and forecasted for the next period's tasks.) • Tasks completed • Schedule • Budget and actual costs spent to date • Cost Variance • Schedule Variance • Variance analysis data in excess of 10% • Identify Tasks for next 90 days	TSA Project Manager TSA CO TSA Contracted Site Lead	Monthly. Electronic submission is requested if feasible.	
Close Out Process requires the correction of testing deficiencies (if any)	Close Out Report submitted to TSA Project Manager and TSA Contracted Site Lead	Initiated after TSA completion of Integrated Site Acceptance testing and deficiencies (if any) have been corrected.	
As Built Drawings and final configuration in electronic format, .dwg (AutoCAD) or comparable format PDF	TSA Project Manager	No later than 30 days after commissioning of system(s)	
Overview of drawings of the EDS Matrix/Node, BHS systems Resolution Room, OSR Room as applicable. dwg (AutoCAD) or comparable PDF format	TSA Project Manager	30 days after commissioning of system(s)	
Final Invoice	TSAT Project Manager TSA CO	Upon correction of testing deficiencies, submission of 'as-built' drawings and closeout of *PANYNJ/Designee related* contracts	Typically occurs three to four months after ISAT.

MEMORANDUM OF AGREEMENT

APPENDIX C

REQUIRED FEDERAL PROCUREMENT PROVISIONS

Construction Contracts

Provisions for all Construction Contracts

- Buy American Preference - Title 49 U.S.C., Chapter 501 - Under Revision
- Civil Rights Act of 1964, Title VI (MS Word) - Contractor Contractual Requirements - 49 CFR Part 21
- Airport and Airway Improvement Act of 1982, Section 520 (MS Word) - Title 49 U.S.C. 47123
- Lobbying and Influencing Federal Employees (MS Word) - 49 CFR Part 20
- Access to Records and Reports (MS Word) - 49 CFR Part 18.36
- Disadvantaged Business Enterprise (MS Word) - 49 CFR Part 26
- Energy Conservation (MS Word) - 49 CFR Part 18.36
- Breach of Contract Terms (MS Word) - 49 CFR Part 18.36
- Rights to Inventions (MS Word) - 49 CFR Part 18.36
- Trade Restriction Clause (MS Word) - 49 CFR Part 30
- Veteran's Preference (MS Word) - Title 49 U.S.C 47112

Additional Provisions for Construction Contracts Exceeding $2,000

- Davis Bacon Labor Provisions (MS Word) - 29 CFR Part 5

Additional Provisions for Construction Contracts Exceeding $10,000

- Equal Opportunity Clause (MS Word) - 41 CFR Part 60-1.4
- Certification of Non-Segregated Facilities (MS Word) - 41 CFR Part 60-1.8
- Notice of Requirement for Affirmative Action (MS Word) - 41 CFR Part 60-4.2
- Equal Employment Opportunity Specification (MS Word) - 41 CFR Part 60-4.3
- Termination of Contract (MS Word) - 49 CFR Part 18.36

Additional Provisions for Construction Contracts Exceeding $25,000

- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion (MS Word) - 49 CFR Part 29

Additional Provisions for Construction Contracts Exceeding $100,000

- Contract Workhours and Safety Standards Act Requirements (MS Word) - 29 CFR Part 5
- Clean Air and Water Pollution Control (MS Word) - 49 CFR Part 18.36(i)(12)
- Back to top

Equipment Contracts

Provisions for all Equipment Contracts

- Buy American Preference - Title 49 U.S.C., Chapter 501
- Civil Rights Act of 1964, Title VI (MS Word) - Contractor Contractual Requirements - 49 CFR Part 21
- Airport and Airway Improvement Act of 1982, Section 520 (MS Word) - Title 49 U.S.C. 47123
- Disadvantaged Business Enterprise (MS Word) - 49 CFR Part 26
- Lobbying and Influencing Federal Employees (MS Word) - 49 CFR Part 20
- Access to Records and Reports (MS Word) - 49 CFR Part 18.36
- Energy Conservation (MS Word) - 49 CFR Part 18.36
- Breach of Contract Terms (MS Word) - 49 CFR Part 18.36
- Rights to Inventions (MS Word) - 49 CFR Part 18.36
- Trade Restriction Clause (MS Word) - 49 CFR Part 30

Additional Provisions for Equipment Contracts Exceeding $10,000

- Termination of Contract (MS Word) - 49 CFR Part 18.36

Additional Provisions for Equipment Contracts Exceeding $25,000

- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion (MS Word) - 49 CFR Part 29

Additional Provisions for Equipment Contracts Exceeding $100,000

- Clean Air and Water Pollution Control (MS Word) - 49 CFR Part 18.36(i)(12)
- Back to top

Professional Services (A/E) Contracts

Provisions for all A/E Contracts

- Civil Rights Act of 1964, Title VI (MS Word) - Contractor Contractual Requirements - 49 CFR Part 21
- Airport and Airway Improvement Act of 1982, Section 520 (MS Word) - Title 49 U.S.C. 47123
- Disadvantaged Business Enterprise (MS Word) - 49 CFR Part 26
- Lobbying and Influencing Federal Employees (MS Word) - 49 CFR Part 20
- Access to Records and Reports (MS Word) - 49 CFR Part 18.36
- Breach of Contract Terms (MS Word) - 49 CFR Part 18.36
- Rights to Inventions (MS Word) - 49 CFR Part 18.36
- Trade Restriction Clause (MS Word) - 49 CFR Part 30

Additional Provisions for A/E Contracts Exceeding $10,000

- Termination of Contract (MS Word) - 49 CFR Part 18.36

Additional Provisions for A/E Contracts Exceeding $25,000

- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion (MS Word) - 49 CFR Part 29

Additional Provisions for Equipment Contracts Exceeding $100,000

Clean Air and Water Pollution Control (MS Word) - 49 CFR Part 18.36(i)(12

MEMORANDUM OF AGREEMENT

APPENDIX D

John F. Kennedy International Airport (JFK)
Airport Terminal Baggage Screening Renovations
Technical Specification

A. TSA responsibilities with regard to the individual Terminal Projects are listed below in sections 1.1 to 1.7. Many responsibilities are delegated to TSA contractors such as the EDS Original Equipment Manufacturer (OEM), TSA Site Lead Contractor, and TSA Independent Validation and Verification (IV&V) Test Contractor but ultimate responsibility resides with TSA.

1.1 EDS PLACEMENT

TSA will install the EDS units, ETD screening equipment and ancillary equipment at the designated Airport Terminal at a mutually agreed upon date. TSA through the EDS OEM or other TSA contractors shall be responsible for coordinating and integrating activities regarding placement of EDS equipment with appropriate TSA Staff and the Airport Baggage Handling System (BHS) team personnel.

1.2 INSTALLATION SUPPORT

1.2.1 Project Management

The EDS OEM shall be responsible for providing technical support throughout the entire period of performance during the Terminal EDS installation Project. The OEM shall be responsible for all labor, materials, equipment, and support services required for planning, managing, and supervising all items related to the installation of the EDS units and associated ancillary equipment.

1.2.2 Technical Support

TSA will provide technical support to the Project through existing contracts with the EDS OEM, TSA Site Lead, and TSA Test Lead.

- The identified TSA Site Lead should be included in all relevant planning/project meetings relevant to TSA contributions to each Terminal Project. Project schedules and updates should be provided to the TSA Site Lead to ensure TSA has timely and sufficient notice of deliverable dates.
- The EDS OEM shall provide technical consultations to the TSA Project Team and Terminal Project Manager Team regarding Project efforts that may include, but are not limited to: teleconferences; reviews of drawings and specifications; and exchanges of technical documentation such as specifications, manuals, and guides.
- TSA Testing Contractor shall support testing of the EDS units and their integration with the BHS and will develop relevant test plans and reports that will be shared with the Project Manager.
- Support for the development and execution of the MOA in place between TSA and the PANYNJ will be provided by TSA Office of Acquisition.
- Oversight and coordination of technical aspects of the Project will be provided by the TSA Office of Security Technology, Deployment Team.
- Local TSA personnel shall support coordination of issues between TSA Headquarters and the Project Manager as directed by the applicable Federal Security Director (FSD).

Title	Name	Role	Contact Information
TSA PANYNJ Project Manager	Terry Spradlin	TSA Project Manager	Terry.Spradlin@dhs.gov 571-227-4108
TSA Eastern Region Deployment Lead	John Reed	Contracting Officer Technical Representative	John.Reed1@dhs.gov 571-227-1563
TSA Testing Coordinator	Amy Becke	TSA Test Coordinator	Amy.Becke@dhs.gov 571-227-1261
TSA Acquisition	Connie Thornton	Contracting Officer	Connie.Thornton@dhs.gov 605-393-8191
TSA JFK FSD Point of Contact	Mohammad Siddiqui	Local JFK TSA Coordinator	Mohammad.Siddiqui@dhs.gov 718-995-3964
PANYNJ Overall Project Point of Contact	Jeanne Olivier	General Manager, Aviation Security & Technology	jolivier@panynj.gov 212-435-3726

1.2.3 Commissioning Services

TSA, through the EDS OEM and other TSA contractors, shall be responsible for all labor, materials, equipment, and support services needed to assemble, power up, configure, and install the EDS machines into the required operational condition. The EDS OEM shall provide technical support, documentation, and installation of the EDS units and the associated local Baggage Viewing Stations (BVS) after confirmation that all pre-installation requirements have been met. The EDS OEM shall coordinate with the TSA Project Manager/TSA Site Lead, TSA Test Lead, and the Terminal Project Manager's contractors to perform system testing. The EDS OEM shall provide these services within two weeks of receipt of a written request from the TSA.

1.3 INDEPENDENT VERIFICATION AND VALIDATION (IV&V) TESTING

Mandatory testing for this system includes Site Acceptance Testing (SAT) for the EDS units following installation; pre-Integrated Site Acceptance Testing following the integration of the EDS units with the BHS affirmed through a Test Readiness Report (TRR); and Integrated Site Acceptance Testing (ISAT) prior to TSA acceptance of the system for operational use. See table below for minimum lead time requirements for testing activities.

Test Activity	Lead Time Needed
SSTP Input	90 days prior to projected ISAT date
SAT of EDS units	7 days prior to EDS OEM confirmation of EDS unit's readiness
SSTP Delivery	30 days prior to projected ISAT date
SSTP Review Meeting	14 days prior to projected ISAT date
TRR	3 business days (not less than) prior to projected ISAT date
ISAT	3 business days (not less than) following successful TRR

1.3.1. Site Acceptance Testing (SAT)

The EDS OEM and TSA Test Lead shall coordinate and conduct SAT testing on the EDS machines. The EDS OEM shall implement and coordinate testing by issuing a Test Readiness Notification (TRN) at least 7 days prior to the scheduled IV&V testing. Passing SAT results are required to certify equipment readiness for operational use in screening baggage. In the event that supplied EDS units cannot meet SAT test requirements, TSA will ensure that any defects are corrected or that the EDS unit is replaced.

1.3.2. Site Specific Test Plan Development (SSTP)

TSA has arranged for its Testing Contractor to develop a Site Specific Test Plan based on testing criteria outlined in the TSA Checked Baggage Inspection Systems Planning Guidelines and Design Standards to be provided by TSA. The SSTP will be based on the Terminal Project Manager responses to an SSTP questionnaire to be completed within 90 days of Integrated Site Acceptance Testing. The SSTP shall be delivered to the Terminal Project Manager 30 days in advance of projected ISAT start-up. The TSA Test Lead and Site Lead shall participate in an SSTP review meeting no less than 14 business days prior to the projected ISAT start up to ensure that all Project Team concerns and questions about the ISAT test plan are resolved and to coordinate logistical and technical needs.

1.3.3. Integrated Site Acceptance Testing (ISAT)

Scheduling and Coordination: Construction schedule including the ISAT start date(s) and duration(s) shall be shared with the TSA Site Lead at 120, 90, 60, 30, and 14 days from the anticipated ISAT start date. This schedule shall be distributed each time changes are made to the ISAT start date and/or duration. Changes made to the schedule within two weeks of the planned ISAT start date may relieve the TSA of the obligation to begin testing within three business days of the TRR. In this situation, the ISAT start date could depend on TSA's testing workload and resource allocation.

Test Results and Reports:

Testing results will be shared in hard copy format with the Terminal Project Manager and the PANYNJ Program Manager through the local TSA Point of Contact. Test results will identify any security, efficiency or safety concerns. There are three (3) possible test outcomes:

- Pass – System meets TSA P&C Requirements;
- Defects Found – TSA will staff the system but further work needed to correct defects;
- Failed – TSA will not staff the system; Contractor should resolve issues as published and prepare for re-testing.

1.4 INTEGRATION SERVICES

1.4.1. BHS Support

The EDS OEM shall assist the Terminal Project Manager's BHS contractor to establish digital and serial communication for the EDS units. Once communication between devices has been established, the EDS OEM shall provide the following support and integration services.

- Assist the BHS contractor to obtain efficient EDS operation.
- Provide on-site Integration Engineer Support Services to facilitate the entire integration effort with the BHS.
- Be available to support system testing and validation conducted by in-house staff or external contractors including Site Specific Test Plan (SSTP) for the Integrated Site Acceptance Test (ISAT) and pre-ISAT project testing and throughout the planning phases including the issuance of the ISAT TRN and TRR.
- During initial system operations run of live checked baggage, provide technical assistance as requested by TSA and/or the Terminal Project Manager.

1.4.2. Software and Hardware

Following SAT and throughout the integration effort, the EDS OEM shall install and test the required software and hardware to allow for digital and serial communication between the EDS and the BHS PLC if required. Functionality of the EDS BHS interface hardware and software shall be verified by the EDS OEM at the interface box prior to working with the BHS contractor to ensure a proper operating PLC interface and to avoid delays.

1.5 SYSTEM NETWORKING

1.5.1 *Network Infrastructure*

The EDS OEM shall provide required patch cables and miscellaneous hardware to interface between network patch panel and EDS OEM supplied networking components.

1.5.2 Network Services

The EDS OEM shall provide: training for TSA staff; coordination and support for TSA and testing certification; and resources to conduct installation, testing, and initial operational support for networking. No other network may interface with the networked airport screening solution. The implemented assigned network for operation shall be an isolated, stand-alone network.

1.6. TRAINING

TSA will provide training for TSA screening staff on the operation of the EDS and ETD equipment.

1.7. MAINTENANCE

Upon successful completion of SAT testing for each unit, TSA will maintain and repair the EDS and ETD units throughout their lifecycles.

B. PANYNJ AND DESIGNEE TERMINAL PROJECT MANAGER RESPONSIBILITIES with regard to *the Terminal Projects are listed in sections 2.1 to 2.5 below.*

2.0 DESIGN

The Terminal Project Manager will undertake completing the 100% design of a baggage screening solution for its respective Terminal(s), which meets the needs of the Airport, Airlines and TSA FSD. The Project Manager shall submit design at 30%, 60% and 100% intervals to TSA for review. The Project Manager shall respond to TSA design review comments promptly and in writing.

2.1 EDS PLACEMENT

The Project Manager shall ensure that the Project site will be ready to accommodate the installation of the EDS and associated equipment. The Project Manager shall be responsible for providing rigging oversight activities, and shall provide adequate protection to the EDS machines and to the airport infrastructure during any and all ED's movements. The Project Manager shall coordinate with the EDS OEM to integrate all activities regarding placement of ED's equipment. The Project Manager shall provide reasonable measures to protect the EDS and ETD equipment from damage in the screening area.

2.1.1 Site Readiness and Storage

The Project Manager shall confirm site readiness to receive ED's units to the TSA Site Lead no later than10 business days prior to requested delivery date. Site readiness shall address availability of permanent power; removal of obstacles to the rigging path; and adequacy of physical environmental conditions within the delivery area that meet EDS OEM standards for protecting the EDS units. The *Project Manager shall provide secure storage for the ED's units and ancillary equipment if site conditions* at the time of delivery do not provide adequate protection. The Project Manager shall provide secure storage space for hardware associated with ED's integration and multiplexing until it can be installed by EDS OEM Integration Support Staff.

2.1.2 Rigging Services

The Project Manager Team will be responsible for providing rigging path verification, ingress path, and/or structural analysis. If required, the Project Manager Team will remove and replace any walls, windows, glass, doors, or other physical barriers in support of rigging activities.

2.2 INSTALLATION SUPPORT

2.2.1 Power Requirements

The Project Manager will provide terminations to the EDS for electrical power. The Project Manager will be responsible for providing all infrastructure power requirements including separate metering. If applicable, the Project Manager will design and install all power requirements to terminal locations within the OSR room, ETD room, and at EDS locations. The Project Manager will provide cabling from terminations to EDS equipment. The Project Manager shall attest to the availability of power supply to adequately support the EDS and associated equipment in accordance with OEM specifications and be liable for damage to this equipment resulting from intentional deviations to accepted power supply conditions.

2.2.2 Commissioning Services

The Project Manager will be responsible for obtaining all other infrastructures as stated in the Memorandum of Agreement between the TSA and the PANYNJ and not mentioned in Section 2.2.1 to support EDS operations and maintenance.

2.3 INTEGRATION SERVICES

The Project Manager shall ensure that the BHS Contractor coordinates with EDS OEM in support of integration activities (e.g. installation and testing the required software and hardware to allow for digital and serial communication between the EDS and the BHS PLC) as needed. Terminations to the EDS for BHS PLC communication shall be performed by the BHS contractor.

2.4 NETWORKING

2.4.1. Network Infrastructure

The Project Manager will design and install all communication conduit, fiber, etc. as required by the EDS OEM's design criteria for the EDS and EDS networking system, including but not limited to connectivity of the remote OSR Room, ETD/Resolution area, and the Baggage Control Room as required. Exact parameters will be reviewed at Project start-up by TSA. The Project Manager will provide cabling and network patch panels in TSA control rooms, ETD search areas, and the TSA network room as determined by the network design conducted in conjunction with the Project Manager. The EDS OEM shall provide required patch cables and miscellaneous hardware to interface between network patch panel and EDS OEM-supplied networking components. The Project Manager will provide all electrical outlets to support installation and operation of a fully multiplexed explosive detection system.

2.4.2. Network Services

No other network may interface with the networked airport screening solution. The implemented assigned network for operation shall be an isolated, stand-alone network.

2.5. IV&V - TESTING SUPPORT

The Project schedule shall allow for sufficient time to conduct mandatory testing of the EDS units after installation and integration. The project schedule shall also factor in minimum lead times for notification of readiness for testing (7 days for SAT; 3 days for TRR; and 3 days for ISAT.) The Project Manager shall identify operational windows in time in which testing activities can be accomplished. Testing

activities will normally be scheduled for normal business days (Monday-Friday) and should not include holidays unless previously agreed to.

2.5.1 Site Specific Test Plan (SSTP)

The Project Manager shall ensure that information needed to develop an accurate SSTP is provided to TSA Test Lead at the earliest opportunity, but no later than 90 days prior to requested testing date. Such documentation includes:

- BHS Specifications
- Controls Description and/or Description of Operation (if both exist then provide both)
- E-Stop Zone Drawings
- BHS Drawings Plan and Elevation Views
- Phasing Plan Narrative and Phasing Plan Drawings
- Construction and Testing Schedule

All drawings shall be clearly visible and readable when plotted on Arch D Size Stock. All documents shall be submitted electronically (e.g. text documents in MS Word or PDF and drawings in AutoCAD [.dwg] or PDF.)

Any system constraints that will prevent compliance with TSA testing and performance criteria should be disclosed as far in advance as possible to allow for evaluation of applicable waivers. Any restrictions on system availability and accessibility for testing shall be disclosed. Cutover plans including any phasing plans that will affect the Testing Contractor's ability to test the full system from ticket counters through the outbound/sortation system shall also be disclosed to allow for the development of an accurate SSTP.

The Project Manager will have the opportunity to review and comment on SSTP in advance of testing. Comments and/or questions should be directed to the TSA Project Lead and the TSA Site Lead.

2.5.2. Test Readiness Report (TRR)

This pre-ISAT activity is conducted by TSA Site Lead in coordination with the Airport Project Team (typically the BHS Contractor.) The purpose of this testing activity is to assure TSA of site readiness for ISAT and is a precursor for TSA authorization for TSA Test Lead to deploy. The Project Manager Team will be provided TRR data sheets by the TSA Site Lead. BHS/CBIS configuration and operation shall be in final form intended for bag screening operations. Unless mutually agreed to, changes/improvements to BHS/CBIS between TRR and ISAT are not authorized. The Project Manager Team must address security and efficiency defects found during TRR and be prepared to implement mutually agreed upon corrective actions prior to ISAT.

Required input from the Project Team will include:

Functional Testing Documentation: Testing authentication must be clearly reported and show every test with bag ID and declared status on printed EDS FDRs (Field Data Reports) and resulting bag destination. Ledger forms should show test date, type of test, identification of bag destination location, and ID number of the bags arriving at that location. Sample ledger forms will be provided in the SSTP.

- These reports should be organized and indexed in a loose-leaf binder(s)
- Each test shall conclude with an indication of successfully passing the required criteria of BHS specification and testing criteria and if conflict or failure exists, then so indicate with an explanation.
- Presentation of completed testing and TRR required documentation to TSA Site Lead not less than 7 business days prior to anticipated Pre-ISAT date is required.

Sort and Rate Test Observation: Sufficient numbers of test bags (no less than 100 test bags per EDS) will be utilized to "stress" the BHS/CBIS as would occur during peak operating times. Test bag set profile should be similar to Battelle profile.

- A real-time observation by TSA Site Lead of a global BHS/CBIS Sort and Rate Test using clear and suspect bags is required.
- All EDS equipment must be operational.
- All baggage entry points must be utilized.
- *After a successful TRR, TSA Deployment Lead approves start of ISAT testing and TSA Testing* Contractor Team normally arrives at airport within 3 business days.

2.5.3. Logistical Support Needs: The Project Manager shall identify any logistical or support needs that will impact TRR and ISAT testing, to include:

- any process needed to obtain sufficient baggage tags should the system use IATA baggage tracking mechanisms;
- any process needed to obtain airport badges/access for TSA Testing Contractor's personnel;
- availability of baggage handling support for testing activities; and
- availability of support for delivery and secure storage of the TSA Testing Contractor's test bags for ISAT (100 bags per EDS.)

2.5.4. ISAT Testing: The TSA's Testing Contractor will meet with the Project Manager Team at least 30 days prior to testing to coordinate the conduct of ISAT testing. The TSA Test Lead and the Project Manager Team will finalize details relating to the scheduling and duration of the testing. (Generally allow 1.5 days per EDS line and 1.5 days per each system Sort Testing and Rate Testing.)

2.5.5. Test Results and Reports

In the event of a Defects Found or Failed result during TRR or ISAT testing, the Project Manager Team shall report corrective actions to be applied and the timeline associated with said corrections. If constructed system fails testing, TSA will work with the Project Manager Team to identify corrective solutions. TSA is not obligated to accept or operate a baggage screening system that does not meet the minimum test standards.

2.5.6. Post ISAT and Run-in Activities: The TSA Site lead will conduct 30-day operational run-in observations of the system following successful ISAT testing.

The airport/airline/authority shall provide a written response outlining corrective actions that will be taken due to outstanding deficiencies, issues, and action items identified in the Test Report within three (3) months.

It is essential for the continued secure and efficient operation of the CBIS that changes to the system are evaluated, reviewed and approved before they are implemented. Changes made to the system subsequent to ISAT should be coordinated and approved in advance with TSA Deployment Team. Failure to do so will lead to TSA decertification of the baggage screening system. In some cases the TSA Testing Contractor will need to evaluate proposed changes to determine if they constitute modifications sufficient to warrant the development of a new SSTP and re-testing.

The following procedure is to be followed for all changes to CBIS systems other than those required for normal routine and periodic maintenance/repairs to the system. The airport/airline/authority responsible for the system shall assemble a package of information for submittal to TSA Office of Security Technology which includes the following minimum information.

- Written description of all physical and programming changes to the system
- Reason for proposed change
- Anticipated impact to system operations (i.e. increased throughput, lowered tracking losses, elimination of bag jams)
- Drawings showing affected areas

- Any potential security, tracking or efficiency impacts, including impact on manpower or operations
- Proposed date of changes
- Willingness of the airport or airline to pay for the changes to the system

This package shall be delivered to the applicable TSA FSD who shall review the package, adding any comments that he/she may have and forward the package to TSA Office of Security Technology.

The TSA Office of Security Technology will review the package. Once the review has been completed, the Office of Security Technology shall notify the airport/airline/authority and the applicable TSA FSD of the recommendations and testing requirements for the system changes.

Modification No. 1 to
MEMORANDUM OF AGREEMENT
Dated September 10, 2008

BETWEEN

UNITED STATES
DEPARTMENT OF HOMELAND SECURITY
TRANSPORTATION SECURITY ADMINISTRATION

AND

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

RELATING TO

BAGGAGE SCREENING PROJECTS FOR
John F. Kennedy International Airport (JFK)

Negotiated by the TSA pursuant to
Section 44923 of title 49, United States Code, as amended, and Division E, Department of Homeland Security Appropriations Act, 2008 of Public Law 110-161, the Consolidated Appropriations Act, 2008

HSTS04-08-H-CT1236

Per Article XII – Changes and/or Modifications, the purposes of this modification is to; 1) add the TSA Fiscal Year 2009 funding increment to Article IV – Project Cost and Allowable Costs and 2) update the TSA Points of Contact identified in Article VIII – Authorized Representatives. **Funding for this effort is increased by $78,000,000 from $85,000,000 to $163,000,000.**

Accordingly the following changes are made to the Agreement.

1. ARTICLE IV. PROJECT COSTS AND ALLOWABLE COSTS

Paragraph B of this article is deleted and replaced with the following:

B. Federal Share of Allowable Costs: The TSA, for and on behalf of the United States, shall pay as the United States share, ninety (90%) percent of the Allowable Costs (as such term is defined in Circular A-87) and identified in paragraph D of this Article incurred in accomplishing the Project described in this Agreement. The maximum obligation of the United States payable under this Agreement for Fiscal Year 2008 shall be:

Fiscal Year TSA Funding
2008

PR: 2108208CT1236
5CF08XB010D2008SWE041GE0132230062006622CTO-5906307200000000-252R-
TSA DIRECT-DEF. TASK

Fiscal Year TSA Funding
2009

PR: 2109209CT1338
5CF09XB010D2009SWE041GE013223006200622CTO-5906307200000000-251B-
TSA DIRECT-DEF. TASK

Total:

Funding for this effort is increased by from

2. ARTICLE VIII. AUTHORIZED REPRESENTATIVES

Paragraph A. of Article VIII- Authorized Representatives, the TSA Points of Contact is deleted and replaced with the following:

A. <u>TSA Points of Contact:</u>

Terry Spradlin
TSA Project Manager/Contracting Officer Technical Representative
Transportation Security Administration Headquarters
Office of Security Technology, TSA-16
1 West Post Office Road, S-08
Washington, DC 20528-6032
Phone: 571-227-1563
E-Mail Address: terry.spradlin@dhs.gov

Matthew Ashurst
Contracting Specialist
Transportation Security Administration
Office of Acquisition, TSA-25
601 South 12th Street
Arlington, VA 20598-6025
Phone: 571-227-5376
E-Mail Address: matthew.ashurst@dhs.gov

3. All other terms and conditions of the Agreement remain unchanged.

Signatures
The Parties have executed this Agreement in multiple copies, each of which is an original.

WITNESS:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____ **DATE:** 7/12/09
By: Ernesto L. Butcher, Chief Operating Officer

UNITED STATES
Department of Homeland Security
Transportation Security Administration

_____ **DATE:** 7·27·09
By: Connie Thornton, Contracting Officer

Copy to:
Federal Security Director, JFK
Office of Security Technology

EXHIBIT B

Letter of Credit

The Port Authority of New York & New Jersey
225 Park Avenue South, 12th Floor
New York, NY 10003

Date_____

Attn: CREDIT MANAGER

CLEAN IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____(C)_____

At the request of _____(A)_____, we _____(B)_____ hereby open this CLEAN IRREVOCABLE LETTER OF CREDIT NO. _____(C)_____in your favor up to an aggregate of _____(D)_____ U.S. Dollars, available by your draft(s) on us at sight.

We warrant to you that all your drafts under this CLEAN IRREVOCABLE LETTER OF CREDIT WILL BE DULY HONORED UPON PRESENTATION OF YOUR DRAFT(S) drawn on us and presented to us at
_____(E)_____
____ on or before the expiration date set forth below or future expiration date as indicated below. Our obligation under this Letter of Credit is the individual obligation of the Bank, in no way contingent upon reimbursement thereto, or upon our ability to perfect any lien or security interest.

All drafts must be marked "Drawn Under _____(B)_____ Letter of Credit No. ___(C)____
dated _____". Partial drawings under this Letter of Credit are permitted.

This CLEAN IRREVOCABLE LETTER OF CREDIT expires at the close of business on
_____(F)_____

This CLEAN IRREVOCABLE LETTER OF CREDIT shall be automatically extended without amendment for additional periods of one (1) year from the present or each future expiration date unless we have notified you in writing not less than sixty (60) days before such date that we elect not to extend the Letter of Credit for such additional period, such notice to be sent by registered or certified mail to you at the address herein. Upon receipt by you of such notice you may draw on us at sight for the balance remaining in this Letter of Credit within the then applicable expiration date, no statement required.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.

_____
BANK OFFICER/REPRESENTATIVE

LEGEND:
A – INSERT APPLICANT NAME, I.E. TENANT OR LESSEE NAME
B – INSERT NAME OF ISSUING BANK
C – INSERT L/C IDENTIFICATION NUMBER
D – INSERT DOLLAR VALUE OF INSTRUMENT
E – INSERT EXACT ADDRESS OF LOCAL BANK BRANCH

F – INSERT EXPIRATION DATE OF LEASE PLUS 180 DAYS

*** Please instruct your Bank to have the Letter of Credit issued in the above format in "Draft" form and fax to Michael Mayurnik, Credit Manger, at (212) 435-5846 for approval **PRIOR** to issuance in "Original" form. Otherwise, the Letter of Credit can be rejected. If you are in need of further assistance, Mr. Mayurnik can be reached at (212) 435-5838. ****

DIRECTION OF NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION

The Bank of New York, as Trustee
JFK International Air Terminal LLC
The Port Authority of New York and New Jersey

Re: Sixth Supplemental Agreement to Lease No. AYC-685

Ladies and Gentlemen:

Reference is made to that certain *(i)* Trust Administration Agreement, dated as of May 13, 1997, between JFK International Air Terminal LLC, a New York limited liability company ("**IAT**"), and The Bank of New York Mellon (f/k/a The Bank of New York), as trustee (the "**Trustee**") (as the same may be amended from time to time, the "**Trust Administration Agreement**"), and *(ii)* Amended and Restated Port Authority Financing Consent and Agreement, dated as of December 9, 2010, among The Port Authority of New York and New Jersey (the "**Port Authority**"), National Public Finance Guarantee Corporation, a stock insurance corporation ("**National**"), IAT and the Trustee (as the same may be amended from time to time, the "**Port Authority Financing Consent and Agreement**"). Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Trust Administration Agreement.

The undersigned certifies that, National is duly organized and existing under the laws of the State of New York, and further certifies that *(i)* National is the reinsurer of the **Bond Insurance Policy** (as defined in the Port Authority Financing Consent and Agreement) pursuant to the Amended and Restated Quota Share Reinsurance Agreement effective as of January 1, 2009, by and between MBIA Insurance Corporation ("**MBIA**") and MBIA Insurance Corp. of Illinois, now known as National Public Finance Guarantee Corporation, and *(ii)* National is the agent of MBIA for administrative and other services with respect to the Bond Insurance Policy pursuant to an Administrative Services Agreement, dated February 17, 2009, by and between National and MBIA. In connection with the issuance of the $934,100,000 The Port Authority of New York and New Jersey, Special Project Bonds, Series 6 (JFK International Air Terminal LLC Project) (the **"Series 6 Bonds"**) by the Port Authority, MBIA issued the Bond Insurance Policy insuring principal and interest payments on the Series 6 Bonds. The undersigned, on behalf of National, hereby represents as follows:

1. MBIA issued the Bond Insurance Policy securing the scheduled payment of principal of and interest on the Series 6 Bonds.

2. The total aggregate principal amount of the Series 6 Bonds Outstanding are Insured Bonds (as defined in the Port Authority Financing Consent and Agreement), the Bond Insurance Policy is in effect, and that MBIA is not in default under the Bond Insurance Policy.

3. The Port Authority of New York and New Jersey Special Project Bonds, Series 8, (JFK International Air Terminal LLC Project) (the "**Series 8 Bonds**") were issued on or about December 9, 2010 to finance the costs of expansion of Terminal 4 (the "**Series 8 Bond Financing**"). In connection with the Series 8 Bond Financing, the Port Authority and IAT entered into a Fifth Supplemental Agreement to Lease No. AYC-685, dated as of December 9, 2010, which further supplemented and amended that certain agreement of lease, dated May 13, 1997, bearing Port Authority Lease number AYC-685, between IAT and the Port Authority (as supplemented and amended from time to time, the

"**Lease**"). The Port Authority and IAT propose to enter into a Sixth Supplemental Agreement to Lease No. AYC-685 (the "**Sixth Supplement**") to further supplement and amend the Lease, and IAT has requested that National provide a Direction (as defined in the Port Authority Financing Consent and Agreement) to the Trustee consenting to the execution and delivery of the Sixth Supplement by the Port Authority and IAT.

4. Pursuant to Section 16(a)(iv) of the Port Authority Financing Consent and Agreement, National, as deemed owner of a principal amount of the Series 6 Bonds equal to the amount of the Insured Bonds, hereby gives a Direction to the Trustee consenting to the execution and delivery of the Sixth Supplement by the Port Authority and IAT.

[signature page follows]

EXECUTION COPY

IN WITNESS WHEREOF, the undersigned has hereto caused this Direction of National Public Finance Guarantee Corporation to be duly executed as of the date set out below.

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION

By: Adam Beeny
Title: CHIEF RISK OFFICER

Effective Date: October 30, 2012