FOI #14043

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June 6, 2013

VIA FACSIMILE (212-435-7555) ONLY

Mr. Daniel Duffy
FOI Administrator
The Port Authority of New York & New Jersey
225 Park Avenue South, Seventeenth Floor
New York, New York 10003

Re: Freedom of Information Request

Dear Mr. Duffy:

Please provide a copy of the original agreement with People's Express related to operations at Newark Liberty Airport and any amendments thereto. It is believed that this agreement was entered in or about 1985.

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

Thank you for your time and assistance.

Sincerely,

Michael W. Bootier

MWB

THE PORT AUTHORITY OF NY & NJ

FOI Administrator

June 19, 2013

Mr. Michael W. Bootier
Buchanan Ingersoll & Rooney PC
Two Liberty Place, 50 S. 16th Street, Suite 3200
Philadelphia, PA 19102-2555

Re: Freedom of Information Reference No. 14043

Dear Mr. Bootier:

This is a response to your June 6, 2013 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code") for a copy of the original agreement with People's Express related to operations at Newark Liberty International Airport and any amendments thereto.

Material responsive to your request and available under the Code can be found on the Port Authority's website at http://www.panynj.gov/corporate-information/foi/14043-LPA-1.pdf, http://www.panynj.gov/corporate-information/foi/14043-LPA-2.pdf, and http://www.panynj.gov/corporate-information/foi/14043-LPA-3.pdf. Paper copies of the available records are available upon request.

Certain material responsive to your request is exempt from disclosure pursuant to exemptions (1), (2.a.) and (4) of the Code.

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

Very truly yours,

Daniel D. Duffy
FOI Administrator

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

7/27/87.

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

ASSIGNMENT OF LEASE
WITH ASSUMPTION AND CONSENT

(Lease No. ANA-170)

THIS AGREEMENT, made as of August 15, 1987 by THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority"), a body corporate and politic created by Compact between the States of New York and New Jersey, with the consent of the Congress of the United States of America, having an office for the transaction of business at One World Trade Center, in the Borough of Manhattan, in the City, County and State of New York, and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Assignor"), a corporation organized and existing under the laws of the State of Delaware with an office for the transaction of business at the North Passenger Terminal at Newark International Airport, Newark, New Jersey and CONTINENTAL AIRLINES, INC. (hereinafter called "the Assignee"), a corporation organized and existing under the laws of the State of Delaware with an office for the transaction of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4607 the representative of which is Mr. Sam E. Ashmore,

WITNESSETH, THAT:

WHEREAS, the Assignor desires to assign to the Assignee that certain Agreement of Lease dated as of January 11, 1985, made by and between the Port Authority and the Assignor, and hereinafter, as the same has been heretofore amended and supplemented, called "the Lease" covering certain premises, rights and privileges at and in respect to Newark International Airport; and

WHEREAS, the Assignee has advised the Port Authority and the Assignor that it is desirous of acquiring the Lease and becoming the tenant of the Port Authority thereunder; and

WHEREAS, the Assignee and the Port Authority have agreed, contemporaneously with the execution and delivery of thi Agreement by the Port Authority, to enter into Supplemental Agreement No. 6 to the Lease; and

WHEREAS, the Port Authority is willing to consent to such assignment on certain terms, provisions, covenants and conditions:

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

1. The Assignor does hereby assign, transfer and set over to the Assignee and its successors, to its and their own proper use, benefit and behoof forever, the Lease, to have and to hold the same unto the Assignee, its successors from the fifteenth day of August, 1987, for and during all the rest, residue, and remainder of the term of the letting under the Lease, subject nevertheless to all the terms, provisions, covenants and conditions therein contained.

2. The Port Authority hereby consents to the foregoing assignment. Notwithstanding anything herein to the contrary, the granting of such consent by the Port Authority shall not be, or be deemed to operate as, a waiver of the requirement for consent (or consents) to each and every subsequent assignment by the Assignee or by any subsequent assignee, nor shall the Assignor be relieved of liability under the terms, provisions, covenants and conditions of the Lease by reason of this consent of the Port Authority or of one or more other consents to one or more other assignments thereof.

3. The Assignor agrees that this assignment of the Lease and this consent of the Port Authority thereto shall not in any way whatsoever affect or impair the liability of the Assignor to perform all the terms, provisions, covenants and conditions, including without limitation thereto the obligation to pay rent, of the Lease on the part of the Lessee or tenant thereunder to be performed, and that the Assignor shall continue fully liable for the performance of all the terms, provisions, covenants and conditions, including without limitation thereto the obligation to pay rent, on the part of the Lessee or tenant thereunder to be performed. The liability of the Assignor as set forth in this paragraph shall remain and continue in full force and effect as to any and every renewal, modification, or extension of the Lease whether in accordance with the terms of the Lease or by a separate or additional document, and notwithstanding any such renewal, modification, or extension, whether or not the Assignor has specifically consented to such renewal, modification or extension. The liability of the Assignor hereunder shall in no way be affected by the failure of the Port Authority to obtain the Assignor's consent to any such renewal, modification or extension notwithstanding that the Port Authority had previously obtained such consent with respect to a prior renewal, modification, or extension.

4. The Assignee does hereby assume the performance of and does hereby agree to perform all the terms, provisions, covenants and conditions, including without limitation thereto the obligation to pay rent, contained in the Lease, to be performed on the part of the lessee or tenant thereunder, as though the Assignee were the original signatory to the Lease. The execution of this instrument by the Port Authority does not constitute a representation by it that the Assignor has performed or fulfilled every obligation required by the Lease; as to such matters the Assignee agrees to rely solely upon the representation of the Assignor.

5. The liability of the Assignor hereunder shall in no way be affected by:

(a) The release or discharge of the Assignee in any creditors' receivership, bankruptcy or other similar proceeding; or

(b) The impairment, limitation or modification of the liability of the Assignee or its estate in bankruptcy, or of any remedy for the enforcement of the Assignee's said liability under the Lease, resulting from the operation of any present or future provision of the Bankruptcy Code or any other statute or from the decision of any court having jurisdiction over the Assignee or its estate; or

(c) The rejection or disaffirmance of the Lease in any creditors' receivership, bankruptcy, or other similar proceeding; or

(d) Any disability or any defense of the Assignee.

6. Neither the Commissioners of the Port Authority nor any of them, nor any officers, agent or employee thereof, shall be charged personally by the Assignor or by the Assignee with any liability or held liable to either of them under any term or provision of this Agreement, or because of its execution or

attempted execution, or because of any breach or attempted or alleged breach thereof.

IN WITNESS WHEREOF, the Port Authority, the Assignor and the Assignee have executed these presents as of the date first hereinabove set forth.

ASSIGNOR:

PEOPLE EXPRESS AIRLINES, INC.

By Richard H. Shyle

(Title) Vice President
(Corporate Seal)

ATTEST:

Secretary

ASSIGNEE:

CONTINENTAL AIRLINES, INC.

By Sam Ashmore

(Title) VICE President
(Corporate Seal)

ATTEST:

Secretary

Richard B. Hirst
VP, Gen. Counsel, & Secy.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

(Title) Director of Aviation
(Seal)

ATTEST:

Secretary

APPROVED:

FORM	TERMS
RV	

Form E - Acknowledgment (N.J.); 62472

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

On this 14th day of August, 1987, before me, the subscriber, a notary public of New York, personally appeared Robert J. Aaronson the Director of Aviation of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument, and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal, and delivered the same as such officer aforesaid, and that the within instrument is the voluntary act and deed of The Port Authority of New York and New Jersey, made by virtue of the authority of its Board of Commissioners.

Jacqueline White
(notarial seal and stamp)

JAQUELINE WHITE
NOTARY PUBLIC, State of New York
No. 4737769
Qualified in Suffolk County
Commission Expires March 30, 1989

STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 30th day of July, 1987, before me, the subscriber, a Notary Public, personally appeared Richard H. Shuyler, (the Vice President of People Express Airlines, Inc.) who I am satisfied is the person who has (executed) (signed) the within instrument, and, I having first made known to (him) (her) the contents thereof, (s)he did acknowledge that (s)he signed, sealed (with the corporate seal) and delivered the same as (his) (her) (voluntary act and deed, for the uses and purposes therein expressed) (such officer aforesaid and that the within instrument is the voluntary act and deed of People Express Airlines, Inc. made by virtue of the authority of its board of directors) ~~(individually and as general partner of~~).

HELEN B. WILSON
COMMISSION EXPIRES
NOVEMBER 24, 1990

Helen B. Wilson
(notarial seal and stamp)

STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 30th day of July, 1987, before me, the subscriber, a Notary Public, personally appeared Sam E. Ashmore, (the Vice President of Continental Airlines, Inc.) who I am satisfied is the person who has (executed) (signed) the within instrument, and, I having first made known to (him) (her) the contents thereof, (s)he did acknowledge that (s)he signed, sealed (with the corporate seal) and delivered the same as (his) (her) (voluntary act and deed, for the uses and purposes therein expressed) (such officer aforesaid and that the within instrument is the voluntary act and deed of Continental Airlines, Inc. made by virtue of the authority of its board of directors) ~~(individually and as general partner of~~).

HELEN B. WILSON
COMMISSION EXPIRES
NOVEMBER 24, 1990

Helen B. Wilson
(notarial seal and stamp)

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

AGREEMENT OF LEASE

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FORM C. 185

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

Newark International Airport
Lease No. ANA-170

AGREEMENT OF LEASE

THIS AGREEMENT OF LEASE, made effective as of the 11th day of January, 1985, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority"), a body corporate and politic, established by Compact between the States of New Jersey and New York with the consent of the Congress of the United States of America, and having an office at 1 World Trade Center, in the Borough of Manhattan, City, County and State of New York, and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Lessee"), a corporation of the State of Delaware having an office and place of business at the North Passenger Terminal, Newark International Airport, Newark, New Jersey, whose representative is Harold J. Pareti, its President and Chief Operating Officer,

WITNESSETH, That:

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

Section 1. Letting

(a) The Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority at Newark International Airport (sometimes hereinafter referred to as "the Airport"), the following:

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

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

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

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

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

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

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

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

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

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

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

Section 2. Construction by the Lessee

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

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

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

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

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

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

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

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

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

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

(x) Appropriate landscaping;

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

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

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

(b) (1) The Lessee agrees at its sole cost and expense to design and construct the construction work.

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

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

(ii) Not comply with the Port Authority's requirements for harmony of external architecture of similar existing or future improvements at the Airport unless approved by the Port Authority in its consent to the Lessee's comprehensive plan pursuant to paragraph (a) hereof, or

(iii) Not comply with the Port Authority's requirements with respect to external and interior building materials and finishes of similar existing or future improvements at the Airport unless approved by the Port Authority in its consent to the Lessee's comprehensive plan pursuant to paragraph (a) hereof, or

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

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

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

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

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

(ix) Not comply with the provisions of the Basic Lease, including without limiting the generality thereof, those provisions of the Basic Lease providing that the Port Authority will conform to the enactments, ordinances, resolutions and regulations of the City of Newark and its various departments, boards and businesses in regard to the construction and maintenance of buildings and structures and in regard to health and fire protection which would be applicable if the Port Authority were a private corporation to the extent that the Port Authority finds it practicable so to do, or

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

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

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

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

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

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

(xvi) Not comply with the American National Standard Specifications for Making Buildings and Facilities Accessible to and Usable by Physically Handicapped People, ANSI A117.1-80.

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

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

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

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

(2) Prior to engaging or retaining an architect or architects for the construction work, the name or names of said architect or architects shall be submitted to the Port Authority for its approval. It is hereby understood and agreed that the Lessee has engaged The Grad Partnership, and Diversified Design Management as its architects for the construction work and that such architect has been approved by the Port Authority. The Port Authority shall have the right to disapprove any substitute or other architect who may be unacceptable to it. All construction work shall be done in accordance with plans and specifications to be submitted to and approved by the Port Authority prior to the commencement of the construction work, and until such approval has been obtained the Lessee shall continue to resubmit plans and specifications as required. With respect to said submittal by the Lessee and approval by the Port Authority of the Lessee's plans and specifications, it is agreed that the Port Authority shall make all reasonable efforts to accomplish its review of said plans and specifications as expeditiously as possible and that the Lessee will make all reasonable efforts to ensure that its submittals of said plans and specifications are made as expeditiously as possible. Upon approval

of such plans and specifications by the Port Authority, the Lessee shall proceed diligently at its sole cost and expense to perform the construction work. All construction work, including workmanship and materials, shall be of first class quality. The Lessee shall re-do, replace or construct at its own cost and expense, any construction work not done in accordance with the approved plans and specifications, the provisions of this Section 2 or any further requirements of the Port Authority under this Agreement. The Lessee shall expend not less than (2.a.) with respect to the Terminal C Passenger Facility. The Lessee shall complete the construction work no later than December 31, 1986, provided that the Executive Director of the Port Authority may in his sole discretion authorize an extension to March 31, 1987 if the Executive Director determines that the construction work has progressed with reasonable diligence.

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

exercise of, or omission to exercise such rights by the Lessee shall create any obligation of any kind to such materialmen, subcontractors, workmen or other third persons. Until actual payment is made to the Contractor, his right to any amount to be paid under the Contract (even though such amount has already been certified as due) shall be subordinate to the rights of the Lessee under this provision."

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

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

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

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

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

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

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

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

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

(i) Bodily Injury Liability

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

For injury or wrongful death to more than one person for any one occurrence .....$ 10,000,000

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

(ii) Property Damage Liability

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

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

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

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

Aggregate Contractual .....$ 10,000,000

The insurance required hereunder shall be maintained in effect during the performance of the construction work and shall be in compliance with and subject to the provisions of paragraph (c) of Section 18 hereof.

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

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

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

(14) The Lessee shall procure and maintain Builder's Risk (All Risk) Completed Value Insurance covering the construction work during the performance thereof including material delivered to the site but not attached to the realty. Such insurance shall be in compliance with and subject to the applicable provisions set forth herein and shall name the Port Authority, the City of Newark, the Lessee and its contractors and subcontractors

as additional assureds and such policy shall provide that the loss shall be adjusted with and payable to the Lessee. Such proceeds shall be used by the Lessee for the repair, replacement or rebuilding of the construction work and any excess shall be paid over to the Port Authority.

The policies or certificates representing insurance covered by this paragraph (14) shall be delivered by the Lessee to the Port Authority at least fifteen (15) days prior to the commencement date of the term of the letting, and each policy or certificate delivered shall bear the endorsement of or be accompanied by evidence of payment of the premium thereof and, also, a valid provision obligating the insurance company to furnish the Port Authority and the City of Newark ten (10) days' advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate. Renewal policies or certificates shall be delivered to the Port Authority at least ten (10) days before the expiration of the insurance which such policies are to renew.

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

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

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

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

(18) (i) Without limiting any of the terms and conditions of this Agreement, the Lessee understands and agrees that it shall put into effect prior to the commencement of any construction work an affirmative action program and minority business enterprise (MBE) program and Women-owned Business enterprise (WBE) program in accordance with the provisions of Schedule E, attached hereto and hereby made a part of this Agreement. The provisions of said Schedule E of this Agreement shall be applicable to the Lessee's contractor or contractors and subcontractors at any tier of construction as well as to the Lessee and the Lessee shall include the provisions of said Schedule E within all of its construction contracts so as to make said provisions and undertakings the direct obligation of the construction contractor or contractors and subcontractors at any tier of construction. The Lessee shall and shall require its said contractor, contractors and subcontractors to furnish to the Port Authority such data, including but not limited to compliance reports relating to the operation and implementation of the affirmative action, MBE and WBE programs called for hereunder as the Port Authority may request at any time and from

time to time regarding the affirmative action, minority business enterprises and women-owned business enterprises programs of the Lessee and its contractor, contractors, and subcontractors at any tier of construction, and the Lessee shall and shall also require that its contractor, contractors and subcontractors at any tier of construction make and put into effect such modifications and additions thereto as may be directed by the Port Authority pursuant to the provisions hereof and said Schedule E to effectuate the goals of affirmative action and minority business enterprise and women-owned business enterprise programs.

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

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

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

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

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

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

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

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

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

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

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

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

(6) In the event that the Lessee shall at any time during the construction of any portion of the construction work under the approval granted by the Port Authority pursuant to this paragraph (d) fail, in the opinion of the General Manager of New Jersey Airports of the Port Authority, to comply with all of the provisions of this Lease with respect to the construction work, the Construction Application or the approval letter covering the same or be, in the opinion of the said General Manager of New Jersey Airports in breach of any of the provisions of this Lease, the Construction Application or the approval letter covering the same, the Port Authority shall have the right, acting through said General Manager of New Jersey Airports, after providing notice to the Lessee and 48 hours to cure the breach or non-conforming work except in a situation involving an emergency or safety, to cause the Lessee to cease all or such part of the construction work as is being performed in violation of this Lease, the Construction Application or the approval letter. Upon such written direction from the General Manager of New Jersey Airports, the Lessee shall promptly cease construction of the portion of the construction work specified. The Lessee shall thereupon submit to the Port Authority for its written approval the Lessee's proposal for making modifications, corrections or changes in or to the construction work that has been or is to be performed so that the same will comply with the provisions of this Lease, the Construction Application and the approval letter covering the construction work. The Lessee shall not commence construction of the portion of the construction work that has been halted until such written approval has been received.

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

(8) Without limiting the discretion of the Port Authority hereunder, the Port Authority hereby specifically advises the Lessee that even if the Port Authority hereafter in the exercise of its discretion wishes to grant approvals under

this paragraph (d), it may be unable to do so, so as to permit the Lessee to continue work without interruption following its completion of the work covered by any prior approval hereunder. The Lessee hereby acknowledges that if it commences work pursuant to this paragraph (d), it shall do so with full knowledge that there may not be continuity by it in the performance of its construction work under the procedures of this paragraph (d).

(9) No prior approval of any work in connection with the construction work shall create or be deemed to create any obligation on the part of the Port Authority to permit subsequent work to be performed in connection with the construction work prior to the approval by the Port Authority of the Lessee's complete plans and specifications thereof. It is understood that no such prior approval shall release or relieve the Lessee from its obligation to submit complete plans and specifications for the construction work and to obtain the Port Authority's approval of the same as set forth in paragraph (b) hereof. It is further understood that in the event the Lessee elects not to continue to seek further approval letters pursuant to this paragraph (b), the obligations of the Lessee to restore the area and to make modifications and changes as set forth in subparagraph (1) above shall be suspended until the Lessee's submission of its complete plans and specifications in accordance with paragraph (b) hereof.

(e) The Lessee will give the Port Authority fifteen (15) days' notice prior to the commencement of construction. The Port Authority will assign to the construction work a full time field engineer or engineers. The Lessee shall pay to the Port Authority for the services of said engineer or engineers, the sum of Two Hundred Forty-five Dollars and No Cents ($245.00) for each day or part thereof that the engineer or engineers are so assigned. Nothing contained herein shall affect any of the provisions of paragraph (h) hereof or the rights of the Port Authority hereunder. This Agreement for the services of said field engineer may be revoked at any time by either party on thirty (30) days' written notice to the other, but if revoked by the Lessee it shall continue during the period construction under any partial approvals pursuant to paragraph (d) hereof is performed.

(f) (1) The construction work shall be constructed in such a manner that there will be at all times a minimum of air pollution, water pollution or any other type of pollution and a minimum of noise emanating from, arising out of or resulting from the operation, use or maintenance of any portion thereof by the Lessee and from the operations of the Lessee under this Agreement. Accordingly, and in addition to all other obligations imposed on the Lessee under this Agreement and without diminishing, limiting, modifying or affecting any of the same, the Lessee shall be obligated to construct as part of the construction work hereunder such structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the foregoing and each of the foregoing shall be and become a part of the construction work it affects and all of the foregoing shall be covered under the comprehensive plan of the Lessee submitted under paragraph (a) hereof and shall be part of the construction work hereunder.

(2) Notwithstanding the provisions of subparagraph (1) above and in addition thereto, the Port Authority hereby reserves the right from time to time and at any time during the term of the Lease to require the Lessee, subsequent to the completion of the construction work to design and construct at its sole cost and expense such further reasonable structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the objectives as set forth in the first sentence of said subparagraph (1). All locations, the manner, type and method of construction and the size of any of the foregoing shall be reasonably determined by the Port Authority. The Lessee shall submit for Port Authority approval its plans and specifications covering the required work and upon receiving such approval shall proceed diligently to construct the same. All other provisions of this Section 2 with respect to the construction work shall apply and pertain with like effect to any work which the Lessee is obligated to perform pursuant to this paragraph (f) and upon completion of each portion of such work it shall be and become a part of the construction work it affects.

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

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

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

(i) The Lessee understands that there may be communications and utility lines and conduits presently located on or under the premises which do not, and may not in the future, serve the premises. The Lessee agrees at its sole cost and expense, if directed by the Port Authority so to do, to relocate and reinstall such communications and utility lines and conduits on the premises or off the premises as directed by the Port Authority and to restore all affected areas (such work being hereinafter collectively called "the relocation work"). The Lessee shall perform the relocation work subject to and in accordance with all the terms and provisions of this Section 2 and the relocation work shall be and become a part of the construction work, it being understood, however, that the relocation work shall not be or become a part of the premises hereunder.

(j) The Lessee acknowledges that it intends to continue to use and occupy all or portions of the Interim Lease Premises (as hereinafter defined) during the period of time it is performing the construction work hereunder. The Lessee further acknowledges that this would involve among other things inconvenience, noise, dust, interference and disturbance to the Lessee in its use and occupancy of the Interim Lease Premises as well as to its passengers, patrons, invitees and employees and possibly other risks as well. The Lessee hereby expressly assumes all of the foregoing risks and agrees that there will be no reduction or abatement of any of the rentals, fees or charges payable by the Lessee under the Interim Lease (as hereinafter defined) on account of its performance of the construction work and that the performance of the construction work shall not constitute an eviction or constructive eviction of the Lessee nor be grounds for any abatement of rents, fees or charges payable by the Lessee under the Interim Lease nor give rise to or be the basis of any claim or demand by the Lessee against the Port Authority, its Commissioners, officers, employees or agents for damages, consequential or otherwise, under this Lease or under the Interim Lease. The Interim Lease is a separate agreement of lease dated as of June 1, 1984 entered into between the Port Authority and the Lessee bearing Port Authority Lease No. ANA-157. The Interim Lease Premises are the premises covered by the Interim Lease.

Section 3. Non-Exclusive Areas

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

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

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

Section 4. Term

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

(b) Unless sooner terminated, the term of the letting hereunder shall expire on the last day of the month during which the twenty-fifth (25th) anniversary of the Completion Date as defined in Section 2 hereof occurs, or on December 31, 2011, whichever date first occurs, or March 31, 2012 if the Executive Director has extended the date for completion as set forth in Section 2(c)(2) hereof.

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

Section 5. Rentals

(a) Section 5 Definitions:

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

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

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

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

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

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

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

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

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

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

(b) Base Annual Rental

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

(1) For the portion of the term of the Lease commencing on the Rental Commencement Date to December 31, 1998 a Base Annual Rental for the premises [illegible] rate of (2.a.) [illegible] subject to adjustment as provided in paragraph (c) hereof. The aforesaid Base Annual Rental of (2.a.) [illegible] is made up two factors, one a constant factor in the amount of (2.a.) [illegible] subject to adjustment as provided in paragraph (c) hereof and the other a variable factor in the amount of (2.a.) [illegible] The variable factor aforesaid represents the Airport Services portion of the Base Annual Rental and such variable factor of the Base Annual Rental is hereinafter referred to as the "Airport Services Factor" and is subject to adjustment as provided in paragraph (c) hereof;

(2) For the portion of the term of the Lease commencing on January 1, 1999 to the expiration date of the term of the letting hereunder, a Base Annual Rental for the premises at an annual rate consisting of two factors, one a constant factor in the amount of (2.a.) [illegible] subject to adjustment as provided in paragraph (c) hereof, and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (1) above as the same shall have been adjusted in accordance with paragraph (c) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (2), and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (2) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

(c) Base Annual Rental Adjustments

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

The Airport Services Factor set forth in subparagraphs (1) and (2) of paragraph (b) above is the final Airport Services Factor which would be in effect for the calendar year 1983 if the term of the letting hereunder commenced on the date of the execution of this Agreement (assumed to be prior to June 30, 1985) and if the Lessee commenced payment of the Base Annual Rental on such date, even though it will not. For the calendar year 1984 and for each and every calendar year thereafter the Airport Services Factor shall be adjusted in accordance with the provisions of Schedule A attached hereto and hereby made a part hereof. Except as otherwise provided in subparagraph (2) of this paragraph (c) for the portion of the term specified in subparagraph (b)(1) the constant factor of (2.a.) all remain unchanged and for the portion of the term specified in subparagraph (b)(2) above the constant factor of shall remain unchanged.

(2.a.)

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

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

(i) If the 1986-1993 CPI Average Increase exceeds six percent (6%), the constant factor of the Base Annual Rental, set forth in paragraph (b)(1) hereof payable by the Lessee for the portion of the term commencing January 1, 1994 and expiring on December 31, 1998 shall be increased and said constant factor shall be in the amount of (2.a.)

(ii) For the portion of the term commencing January 1, 1999 and expiring on December 31, 2004, the constant factor of the Base Annual Rental, as set forth in paragraph (b)(2) above, shall be adjusted so that said constant factor for the said portion of the term shall be in an amount equal to the greater of (aa) the amount of (2.a.) , or (bb) the sum obtained by adding to the constant factor of the Base Annual Rental payable by the Lessee for the portion of the term from January 1, 1994 to December 31, 1998, pursuant to paragraphs (b)(1) and (c)(2) above, the product obtained by multiplying the said constant factor by fifty percent (50%) of the 1994-1998 CPI Percentage Change; (said greater amount being hereinafter called "the Adjustment 1 Constant Factor").

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

(d)(1) The Base Annual Rental for each portion of the term as set forth in paragraph (b) above shall be payable by the Lessee in advance in equal monthly installments on the first day of each said portion of the term and on the first day of each and every calendar month thereafter during said portion of the term. In the event any said portion of the term shall commence on a day other than the first day of a month, the monthly installment due on said day shall be the monthly installment prorated on a daily basis using the actual number of days in said month. In the event any said portion of the term shall expire on a day other than the last day of a month, the monthly installment for said month shall be the monthly installment prorated on a daily basis using the actual number of days in the said month. The commencement dates of the Base Annual Rental for each portion of the term as set forth in paragraph (b) are herein each referred to as "the Base Annual Rental commencement date" with respect to the applicable portion of the term hereunder.

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

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

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

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

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

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

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

(e) The Lessee understands and agrees that, the final Airport Services Factor for the calendar year preceding the calendar year in which the date of expiration falls may not be determined for some months after the expiration date of the lease and the final Airport Services Factor for the calendar year in which the date of expiration falls will not be determined for some months after the expiration date of the Lease and that the Lessee's obligations to pay any deficiency in the Base Annual Rental for such calendar years or portions thereof or the Port Authority's obligation to pay a refund in said Base Annual Rental resulting from the determination of the final Airport Services Factor for such calendar years or portions thereof shall survive such expiration of the Lease and shall remain in full force and effect until such deficiency or refund, if any, is paid. The Lessee hereby acknowledges that neither the survival of the obligation with respect to any such deficiency or refund nor any other provision of this Agreement shall grant or shall be deemed to grant any rights whatsoever to the Lessee to have the term of the Lease extended for any period beyond the expiration date of the Lease as provided in Section 4 hereof. The Lessee further understands that the Airport Services Factor in effect for the calendar year in which the applicable Base Annual Rental commencement date falls as determined in accordance with paragraph (c)(1) hereof shall be the Airport Services Factor paid by the Lessee at the applicable Base Annual Rental commencement date.

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

(f) <u>Abatement of Base Annual Rental</u>

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

(i) With respect to interior building space of the Terminal C Passenger Facility:

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

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

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

(aa) for the portion of the term set forth in paragraph (b)(1) above, at the daily rate obtained by dividing the amount of (2.a.) by the total number of square feet of Area D at the Completion Date and then dividing the quotient thereof by 365;

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

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

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

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

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

per annum also called "the Airport Services Factor", and shall be adjusted as hereinafter provided, and which is based on the final Airport Services Factor which would be in effect for the calendar year 1983 if the term of the letting hereunder commenced on the date of the execution of this Agreement (assumed to be prior to June 30, 1985) and if the Lessee commenced payment of the Base Annual Rental on such date, even though it will not. After the close of the calendar year in which the Base Annual Rental commencement date (as set forth in subparagraph (d)(1) above) falls and after the close of each calendar year thereafter, the Port Authority will adjust the variable rate, upwards or downwards, as provided in Schedule A. The resultant variable rate shall constitute the final variable rate for the calendar year for which the adjustment is being made. It shall also constitute the tentative variable rate for the calendar year in which such rate is calculated and for the following year until the next succeeding final variable rate is calculated.

(3) If there has been an abatement during a calendar year, any excess in the amount by which the Airport Services Factor is reduced for any calendar year resulting from the adjustment of the variable rate shall be paid to the Port Authority by the Lessee within thirty (30) days after demand

therefor and any deficiency in said amount determined on the basis of an adjusted variable rate shall be credited against future Base Annual Rentals, such credit to be made within thirty (30) days following the adjustment of the variable rate.

(g) The Lessee understands that while the final variable rate for the calendar year in which the expiration date of the Lease falls will not be determined for some months after such expiration and, if in fact there was an abatement during said calendar year, that the Lessee's obligation to pay any excess in the amount by which the Airport Services Factor may have been abated for said calendar year or the Port Authority's obligation to pay any deficiency in said amount resulting from the determination of the final variable rate for said calendar year shall survive such expiration of the Lease and shall remain in full force and effect until such excess or deficiency, if any, is paid. The Lessee hereby specifically acknowledges that neither the survival of the obligation with respect to any such excess or deficiency nor any other provision of the Lease shall grant or shall be deemed to grant any rights whatsoever to the Lessee to have the term of the Lease extended for any period beyond the expiration date of the Lease as provided in Section 4 hereof.

(h) Facility Rentals

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

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

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

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

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

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

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

(ii) For purposes of this subparagraph (4), "Adjusted Rate" shall mean an annual percentage rate of (2.a.) , provided, however, that if the 1992-2001 CPI Average Increase, as hereinbefore defined, exceeds , "Adjusted Rate" shall mean an annual percentage rate of (2.a.)

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

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

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

(i) Additional Facility Rental

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

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

(j) Abatement of Facility Rental

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

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

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

Section 6. Port Authority Advances

(a) Section 6 Definitions:

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

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

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

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

(4) (a) The term the "cost of the construction work" shall mean the sum of the following actually paid by the Lessee to the extent that the inclusion of the same is permitted by generally accepted accounting practices consistently applied:

(i) amounts actually paid by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the construction of the construction work (including insurance premiums actually paid by the Lessee for the insurance required by Section 2 (c)(11) hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and

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

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

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

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

withheld amount shall have been deducted from the amount of a Construction Advance. Each such certificate shall also (a) set forth, in reasonable detail, the amounts paid or due and payable to specified independent contractors and the amounts paid or due and payable to other specified persons and third parties which have not previously been reported in certificates delivered to the Port Authority; (b) have attached thereto reproduction copies or duplicate originals of the invoices of such independent contractors and other persons (whether such invoices are paid or unpaid) and for such invoices which have been paid, an acknowledgment by such independent contractors and other persons of the receipt by them of such amounts and payments; (c) certify that the amounts, payments and expenses therein set forth constitute portions of the cost of the construction work; and (d) contain the Lessee's certification that the work for which payment is requested has been accomplished, that the amounts requested have been paid or are due and payable to the Lessee's contractors, and, subject to the concurrence of the Port Authority, that said work is in place and has a value of not less than the amount requested to be paid. Each such certificate shall also set forth the total cumulative payments made by the Lessee as aforesaid from the commencement of the construction work to the date of the certificate, and each such certificate shall also contain a certification by the Lessee that each portion of the construction work covered by said certificate has been performed strictly in accordance with the terms of the Lease.

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

respect to any determination as to the usability of any item of work as aforesaid. It is hereby understood and agreed that nothing in this Section 6 shall be or be deemed to be for the benefit of any contractor of the Lessee. It is further understood that at the election of the Port Authority no payment will be made if the Port Authority's inspection or audit does not substantiate the contents of any of said certificates and until such matters have been resolved to the satisfaction of the Port Authority, but the Port Authority shall have no obligation to conduct any such inspection or audit at such time. The certificate shall also contain such further information and documentation with respect to the Lessee's cost as the Port Authority may from time to time require, which information, documentation and certification shall be given on such forms as may be adopted by the Port Authority. The Lessee shall mark as "Final" its final certificate covering the construction work, which certificate, with respect to amounts withheld by the Lessee pursuant to subparagraph (3) of paragraph (c) of Section 2 hereof which have been deducted from a Construction Advance as aforesaid and which have subsequently been paid by the Lessee, shall have attached thereto or included thereon such verification as shall be required by the Port Authority that said withheld and deducted amounts have been paid by the Lessee and to the extent such withheld and deducted amounts have been so paid, such withheld and deducted amounts shall be included in the amount of the final Construction Advance. After submitting the said Final Certificate the Lessee shall submit no further certificate hereunder.

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

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

As used herein the term "the Port Authority Fuel System Cost" shall mean the sum of the following actually paid by the Lessee to the extent that the inclusion of the same is permitted by generally accepted accounting practices consistently applied:

(i) amounts actually paid by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the Port Authority Fuel System Work (including insurance premiums actually paid by the Lessee for the insurance required by Section 2(c)(11) hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and

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

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

hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and (ii) the amounts of actual payments made by the Lessee and the amounts due and payable from the Lessee in connection with the Port Authority Fuel System Work for engineering, architectural, professional, consulting services and supervision of construction (it being understood that payments under this item (ii) shall not exceed (2.a.) of the amount paid under item (i) above and shall only apply to payments not included in a prior certificate; provided, however, that the said limitation shall not apply to payments made by the Lessee or amounts due and payable from the Lessee as provided in this item (ii) to limit the reimbursement to the Lessee in the early stages of construction). It is understood and agreed that the Lessee shall use its best judgment in its allocation and breakdown of costs as between the Port Authority Fuel System Work and the construction work. Any payment by the Port Authority which may exceed the limitation set forth in (ii) above shall be promptly refunded to the Port Authority upon demand. Each such certificate shall also set forth all due and payable amounts included by the Lessee in previous certificates against which a reimbursement of the Port Authority Fuel System Cost has been made by the Port Authority to the Lessee and which have been paid by the Lessee since the submission of each such previous certificate and shall have attached thereto or included thereon such verification as shall be required by the Port Authority that such amounts have been paid. Notwithstanding the foregoing, no reimbursement of the Port Authority Fuel System Cost shall be made by the Port Authority to the Lessee until all due and payable amounts included on all previously submitted certificates have been paid by the Lessee and the payment thereof verified to the satisfaction of the Port Authority (unless such amounts are being withheld by the Lessee pursuant to subparagraph (3) of paragraph (c) of Section 2 hereof, and the amount of such withheld amount shall have been deducted from the amount of a reimbursement payment of the Port Authority Fuel System Cost). Each such certificate shall also (a) set forth, in reasonable detail, with respect to the Port Authority Fuel System Work, the amounts paid or due and payable to specified independent contractors and the amounts paid or due and payable to other specified persons and third parties which have not previously been reported in certificates delivered to the Port Authority; (b) have attached thereto reproduction copies or duplicate originals of the invoices of such independent contractors and other persons (whether such invoices are paid or unpaid) and for such invoices which have been paid, an acknowledgment by such independent contractors and other persons of the receipt by them of such amounts and payments; (c) certify that the amounts, payments and expenses therein set forth constitute portions of the Port Authority Fuel System Cost; and (d) contain the Lessee's certification that the work for which payment is requested has been accomplished, that the amounts requested

have been paid or are due and payable to the Lessee's contractors, and, subject to the concurrence of the Port Authority, that said work is in place and has a value of not less than the amount requested to be paid. Each such certificate shall also set forth the total cumulative payments made by the Lessee as aforesaid from the commencement of the construction work to the date of the certificate, and each such certificate shall also contain a certification by the Lessee that each portion of the construction work covered by said certificate has been performed strictly in accordance with the terms of the Lease.

Within thirty (30) days after the delivery of a duly submitted certificate by the Lessee, and at the same time the Port Authority makes a Construction Advance based on the Lessee's certificate for the construction work under paragraph (b) above the Port Authority shall pay to the Lessee the amounts paid by the Lessee and the amounts becoming due and payable from the Lessee during the period covered by such certificate, as certified in such certificate (but only to the extent that such amounts or any portion thereof have not theretofore been included in a prior certificate). It is understood that at the election of the Port Authority no payment will be made if the Port Authority's inspection or audit does not substantiate the contents of any of said certificates and until such matters have been resolved to the satisfaction of the Port Authority, but the Port Authority shall have no obligation to conduct any such inspection or audit at such time. The certificate shall also contain such further information and documentation with respect to the Port Authority Fuel System Cost as the Port Authority from time to time may require.

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

The entire obligation of the Port Authority under this paragraph (c) to reimburse the Lessee for the Port Authority Fuel System Cost shall be limited in amount to a total of (2.a.) to be paid to the Lessee pursuant to certificates of the Lessee submitted in accordance with this paragraph (c) no later than the Final Date, as defined in paragraph (b) above. Notwithstanding the fact that, as provided herein, the Port Authority's reimbursement payments to the Lessee for the Port Authority Fuel System Cost will be made at the same time that the Port Authority makes Construction Advances to the Lessee for the construction work, neither said payments nor the Port Authority Fuel System Cost shall be or become a part of the cost of the construction work or part of the Construction Advance Amount.

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

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

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

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

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

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

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

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

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

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

(i) The entire obligation of the Port Authority under paragraph (b) of this Section 6 for the cost of the construction work shall be limited in amount to a total of (2.a.) and to amounts to be paid to the Lessee pursuant to certificates of the Lessee submitted in accordance with paragraph (b) of this Section 6 no later than the Final Date and further limited to the construction of facilities of such a nature as to be usable by any Scheduled Aircraft Operator for the purposes permitted hereunder.

If the cost of the construction work exceeds (2.a.) and the Lessee would like the Port Authority to reimburse it by the amount of such excess, the Lessee shall submit a request to the Executive Director of the Port Authority asking that the amount of the cost of the construction work in excess of (2.a.) be reimbursed to it provided said request shall be submitted no later than the Final Date. The Executive Director of the Port Authority may in his sole discretion authorize reimbursement of the additional cost of the construction work in an amount up to but not exceeding (2.a.) so that the amount reimbursed the Lessee by the Port Authority would in any event not exceed

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

(k) The Port Authority shall have the right by its agents, employees and representatives to audit and inspect during regular business hours after the submission of the Final certificate called for in paragraph (b) hereof, the books and records and other data of the Lessee relating to the cost of the construction work, as aforesaid, it being specifically understood that the Port Authority shall not be bound by any prior audit or inspection conducted by it. The Lessee agrees to keep such books, records and other data within the Port of New York District, but the Lessee shall not be required to maintain any such books, records and other data for more than five (5) years after it has delivered the Final certificate called for under paragraph (b) above.

Section 7. Interim Accrued Amounts and Interim Deferred Amounts

(a) Commencing as of the first day of the month following the month in which the first Construction Advance Date occurs and on the first day of each and every month thereafter up to the date of the first payment by the Lessee of the Facility Rental, as herein provided, the Lessee, in addition to all of its other obligations under this Agreement, shall incur an obligation equal to an amount (herein called "the Interim Accrued Amount") equal to (2.a.) of the Construction Advance Amount as of the beginning of each said month. The totals of all the said monthly Interim Accrued Amounts are herein collectively called "the Total Interim Accrued Amount".

(b) Commencing as of the first day of the first month of the Deferred Period, as defined in paragraph (h)(1)(ii) of Section 5 hereof, and on the first day of each and every month thereafter up to the date of the first payment by the Lessee of the Additional Facility Rental, the Lessee, in addition to all of its other obligations under this Agreement, shall incur an obligation equal to an amount (herein called "the Interim Deferred Amount") equal to one-twelfth (2.a.) of the Deferred Amount as of the beginning of each month during the Deferred Period. The totals of all the said monthly Interim Deferred Amounts are herein collectively called "the Total Interim Deferred Amount".

Section 8. Use of Premises and Non-Exclusive Areas

I. The Premises

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

II. The Non-exclusive Areas

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

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

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

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

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

Section 9. Ingress and Egress

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

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

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

of others to space adjacent to the premises or in any streets, ways and walks near the premises.

Section 10. Compliance with Governmental Requirements

(a) The Lessee shall comply with all laws and ordinances and governmental rules, regulations and orders now or at any time during the term of this Lease which as a matter of law are applicable to or which affect the operations of the Lessee at the premises hereunder and the Airport, and the Lessee shall, in accordance with and subject to the provisions of Section 23 hereof, make any and all structural and non-structural improvements, alterations or repairs of the premises that may be required at any time hereafter by any such present or future law, rules, regulation, requirement, order or direction.

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

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

(d) Since the Port Authority has agreed in the Basic Lease to conform to the enactments, ordinances, resolutions and regulations of the City of Newark and its various departments, boards and bureaus in regard to the construction and maintenance of buildings and structures and in regard to health and fire protection which would be applicable if the Port Authority were a private corporation to the extent that the Port Authority finds it practicable so to do, the Lessee shall comply with all such enactments, ordinances, resolutions and regulations which would be applicable to its operations at the premises if the Port Authority were a private corporation except in cases where the Port Authority either notifies the Lessee that it need not comply with or directs it not to comply with any such enactments, ordinances, resolutions or regulations which are applicable only because of the Port Authority's agreement in the Basic Lease. The Lessee shall, for the Port Authority's information, deliver to the Port Authority promptly

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

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

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

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

Section 11. Rules and Regulations

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

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

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

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

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

Section 12. Various Obligations of the Lessee

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

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

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

(d) The Lessee shall control all vehicular traffic on the roadways or other areas within or serving the premises or the Non-exclusive areas, except air terminal highways the use of which is hereby granted to the Lessee, and shall take all precautions reasonably necessary to promote the safety of all persons. The Lessee shall employ such means as may be necessary to direct the movement of vehicular traffic within the premises to prevent traffic congestion on the public roadways leading to the premises.

(e) The Lessee jointly and severally with the other Airline Lessees occupying space in the Central Terminal Area Complex shall be responsible for and shall provide for security satisfactory to the Port Authority and adequate to provide for the safety of operations to and from the restricted service road designated as Area D-2 and the area designated Area D-3.

(f) The Lessee shall remove from the Airport or otherwise dispose of in a manner approved by the General Manager of the Airport, all garbage, debris and other waste materials (whether liquids which are not susceptible to ordinary sanitary sewerage disposal or solids) arising out of its occupancy or use of the premises or out of its operations at the Airport. Any such which may be temporarily

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

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

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

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

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

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

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

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

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

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

Section 13. Prohibited Acts

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

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

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

(d) The Lessee shall not do or permit to be done any act or thing at the Airport (1) which will invalidate or conflict with any fire insurance, extended coverage or rental insurance policies covering the premises or any part thereof, or the Airport, or any part thereof, or (2) which may constitute an extrahazardous condition, so as to increase the risks normally attendant upon the operations permitted by this Agreement. The Lessee shall promptly observe, comply with and execute the provisions of any and all present and future rules and regulations, requirements, orders and directions of The National Board of Fire Underwriters and The Fire Insurance Rating Organization of New Jersey, or of any other board or organization exercising or which may exercise similar functions, which may pertain or apply to the operations of the Lessee at the Airport and the Lessee shall, subject to and in accordance with the provisions of Section 23 hereof, make any and all structural and nonstructural improvements, alterations or repairs to the premises required at any time hereafter by any such present or future rule, regulation, requirement, order or direction. If by reason of any failure on the part of the Lessee to comply with the provisions of this paragraph any fire insurance rate, extended coverage or rental insurance rate on the premises or any part thereof, or on the Airport or any part thereof, shall at any time be higher than it would otherwise be then the Lessee shall pay to the Port Authority, as an item of additional rental, that part of all insurance premiums paid by the Port Authority which shall have been charged because of such violation or failure by the Lessee.

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

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

(g) (1) The Lessee shall prevent access by persons or vehicles (unless duly authorized by the Port Authority) to the Public Ramp and Apron Space, and Public Landing Area from the premises except for aircraft, which aircraft shall be equipped with radio receivers tuned to control tower frequencies and adequately manned. Such aircraft may be towed by a motor vehicle equipped with a radio receiver tuned to control tower frequency and adequately manned or such other means as may be approved by the Port Authority. The Lessee shall prevent such access by such means as the Port Authority shall approve. Such prevention shall be accomplished on a 24-hour, seven day week basis.

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

(h) The Lessee shall not use or permit the use of any structural supporting member of the building or roof or any part thereof for the storage of any material or equipment, or hoist, lift, move or support any material or equipment or other weight or load, by means of said trusses or structural supporting members.

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

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

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

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

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

space at the premises unless such space is adequately ventilated and unless such engine is equipped with a proper spark-arresting device which has been approved by the Port Authority.

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

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

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

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

Section 14. Relationship Among Airline Lessees

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

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

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

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

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

(1) Keep at all times in a clean and orderly condition and appearance, the premises and all the Lessee's fixtures, equipment and personal property which are located in any part of the premises which is open to or visible by the general public;

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

(3) Take good care of the premises and maintain the same at all times in good condition, except for reasonable wear and tear which does not adversely affect the efficient or the proper utilization thereof; including but not limited to painting (the exterior of the premises and areas visible to the general public to be painted only in colors which have been approved by the Port Authority); and make all repairs and replacements, and do all rebuilding, inside and outside, ordinary and extraordinary, partial and entire, foreseen and unforeseen, structural or otherwise, which repairs, rebuilding and replacements by the Lessee shall be in quality and class not inferior to the original in materials and workmanship; and to pay promptly the cost and expense of such repairs, replacements and maintenance;

(4) Provide and maintain all obstruction lights and similar devices on the premises, and provide and maintain all fire protection and safety equipment and all other equipment of every kind and nature required by any law, rule, ordinance, resolution or regulation of the type and nature described in Sections 10 and 11

of this Agreement. The Lessee shall enter into and keep in effect through the term of the Lease a contract or contracts with a central station alarm company acceptable to the Port Authority to provide continuous and automatic surveillance of the fire protection system on the premises. The Lessee shall insure that all fire alarm signals with respect to the premises shall also be transmitted to the Airport's police emergency alarm board or to such other location on the Airport as the General Manager of the Airport may direct. The Lessee's obligations hereunder in this Section 15 (b) shall in no way create any obligation whatsoever on the part of the Port Authority;

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

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

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

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

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

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

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

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

(f) In the event the Lessee fails to commence so to maintain, clean, repair, replace, lamp, relamp, rebuild, paint, repaint or to restore as required by this Agreement within a period of twenty (20) days after notice from the Port Authority so to do, if the said notice specifies that the required work to be accomplished by the Lessee includes maintenance or repair other than preventive maintenance, or within a period of one hundred eighty (180) days if the said notice specifies that the work to be accomplished by the Lessee involves preventive maintenance only, or in the event the Lessee fails diligently to continue to completion the maintenance, repair, replacement, lamping and relamping, rebuilding, painting, repainting or restoration of all of the premises required to be repaired, replaced, rebuilt, painted, repainted or restored by the Lessee under the terms of this Agreement, the Port Authority may, at its option, and in addition to any other remedies which may be available to it, repair, replace, lamp or relamp, rebuild, paint, repaint or restore all or any part of the premises included in the said notice, and the cost thereof shall be payable by the Lessee upon demand.

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

(h) The obligation of the Lessee as hereinbefore set forth in this Section 15 (in the event that damage or destruction caused by the acts and omissions of the Lessee or by those of its employees, guests, customers or invitees or of the employees, guests, customers or invitees of any lessee of the Central Terminal Area Complex is covered by any contract of insurance under which the Port Authority is insured) is hereby released to the extent that the loss is recouped by actual payment to the Port Authority of the proceeds of such insurance; provided, however, that if this release shall invalidate any such policy of insurance or limit or void the Port Authority's right thereunder then this release shall be void and of no effect.

Section 16. Damage to or Destruction of the Premises

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

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

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

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

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

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

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

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

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

Section 17. Property Insurance

(a) Subject to the availability of such insurance, the Port Authority in its name and for its benefit only shall insure and during the term of this Lease keep the enclosed portions of the premises and Non-exclusive areas insured to the extent of not less than eighty percent (80%) of the insurable value thereof, if such enclosed portions of the premises and Non-exclusive areas are not protected from the peril of fire by a sprinkler system, and shall keep insured to the extent of not less than ninety percent (90%) of the insurable value of such enclosed portions of the premises and Non-exclusive areas as are protected from the peril of fire by a sprinkler system, against such hazards and risks as may now or in the future be included under the Standard Form of Fire Insurance Policy of the State of New Jersey.

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

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

Section 18. Indemnity and Liability Insurance

(a) (1) The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and representatives, from and against (and shall reimburse the Port Authority for the Port Authority's costs or expenses including legal expenses incurred in connection with the defense of) all claims and demands of third persons including but not limited to claims and demands for death or personal injuries, or for property damages, or out of the use or occupancy of the premises and the Non-exclusive areas by the Lessee, or by others with its consent, or out of any other acts or omissions of the Lessee, its officers and employees, guests, invitees and business visitors on the premises or the Non-exclusive areas or out of the acts or omissions of others on the premises and the Non-exclusive areas with the consent of the Lessee or elsewhere at the Airport, including claims and demands of the City of Newark, from which the Port Authority derives its rights in the Airport, for indemnification, arising by operation of law or through agreement of the Port Authority with the said City.

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

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

policies of comprehensive general liability insurance, including automotive (covering owned, hired and non-owned vehicles), and covering personal injury, bodily injury, including death, and property damage liability, broadened to include or equivalent separate policies covering aircraft liability and airport operator's liability under an airport liability policy, none of the foregoing to contain care, custody or control exclusions, and providing for coverage in the limits set forth below. The said policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority, but such endorsement shall not limit, vary, change, or affect the protections afforded the Port Authority thereunder as an additional insured. The said policy or policies of insurance shall also provide or contain a contractual liability endorsement covering the obligations assumed by the Lessee under paragraph (a) hereof.

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

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

(c) As to the insurance required by the provision of Section 2(c)(11) hereof a certified copy of the policies or a certificate or certificates or binders, evidencing the existence thereof, or binders, shall be delivered by the Lessee to the Port Authority at least thirty (30) days prior to the commencement date of the letting. As to the insurance required by the provisions of this Section a certified copy of each of the policies or a certificate or certificates evidencing the existence thereof, or binders, shall be delivered to the Port Authority within ten (10) days after the execution of this Agreement. Each policy, certificate or binder delivered as aforesaid shall bear the endorsement of or be accompanied by evidence of payment of the premium thereon. In the event any binder is delivered, it shall be replaced within thirty (30) days by a certified copy of the policy or a certificate. Each such copy or certificate shall contain a valid provision or endorsement that the policy may not be cancelled, terminated, changed or modified without giving thirty (30) days' written advance notice thereof to the Port Authority. Each such copy or certificate shall contain an additional endorsement providing that the insurance carrier shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority. Any renewal policy shall be delivered to the Port Authority at least ten (10) days prior to the expiration of each expiring policy, except for any policy expiring after the date of expiration of the term of this Agreement. The aforesaid insurance shall be written by a company or companies approved by the Port Authority, the Port Authority agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to the form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If the Port Authority at any time so requests, a certified copy of each of the policies shall be delivered to the Port Authority.

Section 19. Signs

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

(b) Upon the expiration or termination of the letting, the Lessee shall remove, obliterate or paint out, as the Port Authority may direct, any and all signs and advertising on the premises or elsewhere on the Airport and in connection therewith shall restore the portion of the premises and the Airport affected by such signs or advertising to the same condition as existing prior to the installation of such signs and advertising. In the event of a failure on the part of the Lessee so to remove, obliterate or paint out each and every such sign or advertising and so to restore the premises and the Airport, the Port Authority may perform the necessary work and the Lessee shall pay the cost thereof to the Port Authority on demand. The term "premises" for the purpose of this Section shall include the Non-exclusive areas.

Section 20. Obstruction Lights

The Lessee shall furnish such obstruction lights as the Port Authority shall direct, of the type and design approved by the Port Authority, and shall install said lights in the locations on the premises designated by the Port Authority and shall maintain them in first-class operating condition at all times. The Lessee shall furnish and install the bulbs and furnish the electricity necessary for the operation of said lights, and shall operate the same in accordance with the directions of the Port Authority. The Port Authority hereby directs that all said obstruction lights shall, until further notice be operated daily for a period commencing thirty (30) minutes before sunset and ending thirty (30) minutes after sunrise (as sunset and sunrise may vary from day to day throughout the year) and for such other periods as may be directed or requested by the Control Tower at the Airport.

Section 21. Additional Rent and Charges

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

to pay the sum or sums so paid or the expense so incurred, including all interest, costs, damages and penalties, and the same may be added to any installment of rent thereafter due hereunder, and each and every part of the same shall be and become additional rent, recoverable by the Port Authority in the same manner and with like remedies as if it were originally a part of the rent as set forth in Section 5 hereof.

Section 22. Rights of Entry Reserved

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

(b) Without limiting the generality of the foregoing, the Port Authority, by its officers, employees, agents, representatives, contractors, and furnishers of utilities and other services, shall have the right, at its own cost and expense, for its own benefit, for the benefit of the Lessee, or for the benefit of others at the Airport, other than the Lessee, to construct and maintain existing and future utility, and other systems and to enter upon the premises at all reasonable times to make such repairs, replacements or alterations thereto as may, in the opinion of the Port Authority, be deemed necessary or advisable and, from time to time, to construct or install over, in or under the premises such systems or parts thereof for access to other parts of the Airport otherwise not conveniently accessible; provided, however, that in the exercise of such rights of access, maintenance, repair, replacement, alteration or new construction the Port Authority shall not unreasonably interfere with the use and occupancy of the premises by the Lessee pursuant to the provisions of this Agreement. As used in this paragraph (b) and the preceding paragraph (a), "premises" shall be deemed to include Non-exclusive areas.

(c) In the event that any property of the Lessee shall obstruct the access of the Port Authority, its employees, agents or contractors to any of the existing or future utility, mechanical, electrical and other systems and thus shall interfere with the inspection, maintenance or

repair of any such system, the Lessee shall move such property, as directed by the Port Authority, in order that access may be had to the system or part thereof for its inspection, maintenance or repair, and, if the Lessee shall fail to so move such property after direction from the Port Authority to do so, the Port Authority may move it and the Lessee hereby agrees to pay the cost of such moving upon demand.

(d) Nothing in this Section shall or shall be construed to impose upon the Port Authority any obligations so to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure so to do. The Lessee is and shall be in exclusive control and possession of the premises and the Port Authority shall not be liable as a result of the reservation of rights under this Section 22 or the exercise of any right under this Section 22 for any injury or damage to any property or to any person happening on or about the premises nor for any injury or damage to the premises nor to any property of the Lessee or of any other person located in or thereon (other than those occasioned by the intentional acts of the Port Authority, its officers, employees, agents and representatives).

(e) At any time and from time to time during ordinary business hours within the six (6) months next preceding the expiration of the letting, the Port Authority, for and by its agents and employees, whether or not accompanied by prospective lessees, occupiers or users of the premises, shall have the right to enter thereon for the purpose of exhibiting and viewing all parts of the same, and during such six-month period the Port Authority may place and maintain on the premises the usual "To Let" signs, which signs the Lessee shall permit to remain without molestation.

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

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

Section 23. Other Construction by the Lessee

(a) Except as otherwise expressly provided herein in Section 2 hereof, the Lessee shall not erect any structures, make any improvements or do any construction on the premises or the Non-exclusive areas or alter, modify, or make additions, improvements or repairs to or replacements of any structure now existing

or built at any time during the letting, or install any fixture (other than trade fixtures, removable without material damage to the freehold, any such damage to be immediately repaired by the Lessee) without the prior written approval of the Port Authority and in the event any construction, improvement, alteration, modification, repair, replacement or addition is made without such approval, then upon reasonable notice so to do, the Lessee will remove the same, or at the option of the Port Authority cause the same to be changed to the satisfaction of the Port Authority. In case of any failure on the part of the Lessee to comply with such notice, the Port Authority may effect the removal or change and the Lessee shall pay the cost thereof to the Port Authority.

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

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

Section 24. Termination by the Port Authority

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

(1) The Lessee shall become insolvent or shall take the benefit of any present or future insolvency statute, or shall make a general assignment

for the benefit of creditors, or file a voluntary petition in bankruptcy or a petition or answer seeking an arrangement or its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States or of any state thereof, or consent to the appointment of a receiver, trustee, or liquidator or all or substantially all of its property; or

(2) By order or decree of a court the Lessee shall be adjudged bankrupt or an order shall be made approving a petition filed by any of its creditors or by any of the stockholders of the Lessee, seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any law or statute of the United States or of any state thereof provided that if any such judgment or order is stayed or vacated within sixty (60) days after the entry thereof, any notice of cancellation shall be and become null, void and of no effect; or

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

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

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

(6) Except as provided in paragraph (a) of Section 77 hereof, the letting hereunder or any part thereof or the interest or estate or any part thereof of the Lessee under this Agreement shall be transferred directly by the Lessee or shall pass to or devolve upon, by operation of law or otherwise, to any other person, firm or corporation; or

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

(8) The Lessee shall, without the prior written approval of the Port Authority, become a possessor or merged corporation in a merger, a constituent corporation in a consolidation, or a corporation in dissolution, unless the resulting merged corporation, possessor corporation or constituent corporation has a financial standing as of the date of the merger or consolidation at least as good as that of the Lessee (by which is meant that its working capital, its current assets, its ratio of fixed assets to fixed liabilities and its net worth shall be at least as favorable as that of the Lessee) and is or is to be a Scheduled Aircraft operator; or

(9) The Lessee shall fail duly and punctually to pay the rentals or fees or to make any other payment required hereunder when due to the Port Authority and shall continue in its failure to pay rentals or fees or to make any other payment required hereunder for a period of ten (10) days after receipt of notice by it from the Port Authority to make such payments; or

(10) The Lessee shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in this Agreement on its part to be kept, performed, or observed, within thirty (30) days after receipt of notice of default thereunder from the Port Authority (except where fulfillment of its obligation requires activity over a period of time, and the Lessee shall have commenced to perform whatever may be required for fulfillment within thirty (30) days after receipt of notice and continues such performance without interruption except for causes beyond its control);

then upon the occurrence of any such event or at any time thereafter during the continuance thereof, the Port Authority may upon twenty (20) days' notice terminate the rights of the Lessee hereunder and the letting, such termination to be effective upon the date specified in such notice. Such right of termination and the exercise thereof shall be and operate as a conditional limitation.

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

(c) No acceptance by the Port Authority of rentals, fees, charges or other payments in whole or in part for any period or periods after a default of any of the terms, covenants and conditions hereof to be performed, kept or observed by the Lessee shall be deemed a waiver of any right on the part of the Port Authority to terminate the letting.

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

(e) The rights of termination described above shall be in addition to any other rights of termination provided in this Agreement and in addition to any rights and

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

Section 25. Right of Re-Entry

The Port Authority shall, as an additional remedy upon the giving of a notice of termination as provided in Section 24 hereof, have the right to re-enter the premises and every part thereof upon the effective date of termination without further notice of any kind, and may regain and resume possession either with or without the institution of summary or any other legal proceedings or otherwise. Such re-entry, or regaining or resumption of possession, however, shall not in any manner affect, alter or diminish any of the obligations of the Lessee under this Agreement, and shall in no event constitute an acceptance of surrender.

Section 26. Waiver of Redemption

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

Section 27. Survival of the Obligations of the Lessee

(a) In the event that the letting shall have been terminated in accordance with a notice of termination as provided in Section 24 hereof, or the interest of the Lessee cancelled pursuant thereto, or in the event that the Port Authority has re-entered, regained or resumed possession of the premises in accordance with the provisions of Section 25 hereof, all the obligations of the Lessee under this Agreement shall survive such termination or cancellation, or re-entry, regaining or resumption of possession and shall remain in full force and effect for the full term of the letting under this Agreement, and the amount or amounts of damages or deficiency shall become due and payable to the Port Authority to the same extent, at the same time or times and in the same manner as if no termination, cancellation, re-entry, regaining or resumption of possession had taken place. The Port Authority may maintain separate actions each month to recover the damage or deficiency then due or at its option and at any time may sue to recover the full deficiency less the proper discount, for the entire unexpired term.

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

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

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

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

amounts shall be computed using the Interim Facility Rental.

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

Section 28. Reletting by the Port Authority

The Port Authority upon termination or cancellation pursuant to Section 24 hereof, or upon any re-entry, regaining or resumption of possession pursuant to Section 25 hereof, may occupy the premises or may relet the premises, and shall have the right to permit any person, firm or corporation to enter upon the premises and use the same. Such reletting may be of part only of the premises or a part thereof together with other space, and for a period of time the same as or different from the balance of the term hereunder remaining, and on the terms and conditions the same as or different from those set forth in this Agreement. The Port Authority shall also, upon termination or cancellation pursuant to the said Section 24, or upon its re-entry, regaining or resumption of possession pursuant to the said Section 25, have the right to repair or to make structural or other changes in the premises including changes which alter the character of the premises and the suitability thereof for the purpose of the Lessee under this Agreement, without affecting, altering or diminishing the obligations of the Lessee hereunder. In the event either of any reletting or of any actual use and occupancy by the Port Authority (the mere right of the Port Authority to use and occupy not being sufficient however) there shall be credited to the account of the Lessee against its survived obligations under Section 27 hereof any net amount remaining after deducting from the amount actually received from any lessee, licensee, permittee or other occupier in connection with the use of the said premises or portion thereof during the balance of the letting as the same is originally stated in this Agreement, or from the market value of the occupancy of such portion of the premises as the Port Authority may during such period actually use and occupy, all expenses, costs and disbursements incurred or paid by the Port Authority in connection therewith. No such reletting shall be or be construed to be an acceptance of a surrender.

Section 29. Remedies to be Non-Exclusive

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

Section 30. Surrender

The Lessee covenants and agrees to yield and deliver peaceably to the Port Authority possession of the premises on the date of cessation of the letting, whether such cessation be by termination, expiration or otherwise, promptly and in good condition, reasonable wear arising from the use of the premises to the extent permitted elsewhere in this Agreement excepted.

Section 31. The Stipulated Additional Amount

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

Schedule

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

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

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

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

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

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

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

Section 32. Acceptance of Surrender of Lease

No agreement of surrender or to accept a surrender shall be valid unless and until the same shall have been reduced to writing and signed by the duly authorized representatives of the Port Authority and of the Lessee. Except as expressly provided in this Section, neither the doing of, nor any omission to do, any act or thing, by any of the officers, agents or employees of the Port Authority, shall be deemed an acceptance of a surrender of the letting or of this Agreement.

Section 33. Effect of Basic Lease

This Agreement and the letting hereunder shall, in any event, terminate with the termination or expiration of the Basic Lease with the City of Newark which covers the premises, such termination to be effective on such date and to have the same effect as if the term of the letting had on that date expired. The rights of the Port Authority in the premises are those granted to it by the Basic Lease, and no greater rights are granted or intended to be granted to the Lessee than the Port Authority has power thereunder to grant.

Section 34. Removal of Property

All personal property (including trade fixtures and passenger loading bridges) removable without material damage to the premises, which are installed by the Lessee in or on the premises leased to the Lessee pursuant to the Agreement, shall be deemed to be and remain the property of the Lessee. All such property, provided the Lessee shall install suitable replacements therefor if such personal property is necessary to operate the Terminal C Passenger Facility in a first-class manner, may at the Lessee's option be removed by the Lessee from the premises at any time during the term of this Lease. Furthermore, except for any personal property which may be purchased by the Port Authority pursuant to Section 74 hereof, all such property of the Lessee shall, unless otherwise agreed in writing by the parties hereto, be removed by the Lessee on or before the expiration or other termination of the term of this Lease. If the Lessee shall fail to remove its property on or before the termination or expiration of this Agreement, the Port Authority may remove such property to a public warehouse for deposit or retain the same in its own possession, and sell the same at public auction, the proceeds of which shall be applied first to the expenses of removal, storage and sale, second to any sums owed by the Lessee to the Port Authority, with any balance remaining to be paid to the Lessee; if the expenses of such removal, storage and sale shall exceed the proceeds of sale, the Lessee shall pay such excess to the Port Authority upon demand.

Section 35. Brokerage

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

any and all persons, firms or corporations whatsoever for services rendered to the Lessee in connection with the negotiation and execution of this Agreement.

Section 36. Limitation of Rights and Privileges Granted

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

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

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

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

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

Section 37. Notices

Except where expressly required or permitted herein to be oral, all notices, directions, requests, consents and approvals required to be given to or by either party

shall be in writing, and all such notices and requests shall be personally delivered to the duly designated officer or representative of such party or delivered to the office of such officer or representative during regular business hours, or forwarded to him or to the party at such address by registered or certified mail. The Lessee shall from time to time designate in writing an office within the Port of New York District and an officer or representative whose regular place of business is at such office upon whom notices and requests may be served. Until further notice, the Port Authority hereby designates its Executive Director, and the Lessee designates the person named on the first page hereof as their officers upon whom notices and requests may be served, and the Port Authority designates its office at One World Trade Center, New York, New York 10048, and the Lessee designates its office at the North Passenger Terminal, Newark International Airport, Newark, New Jersey as their respective offices where notices and requests may be served. If mailed, the notices herein required to be served shall be deemed effective and served as of the date of the registered or certified mailing thereof. The Port Authority shall for informational purposes send a copy of all such notices and requests to the Lessee's General Counsel, Robert E. Cohn c/o Shaw, Pittman, Potts & Trowbridge, 1800 M Street, N.W. Washington, D.C. 20036. Failure on the part of the Port Authority to send the informational copy shall not however be or be deemed to be a breach of this Agreement, or impair the validity of the notice or request actually given.

Section 38. Facilities Non-Discrimination

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

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

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

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

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

Section 39. Affirmative Action

In addition to and without limiting the provisions of Section 2(c)(18), Section 73 and Schedule E hereof, the Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on

these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

Section 40. Place of Payments

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

Section 41. Construction and Application of Terms

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

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

Section 42. Non-liability of Individuals

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

Section 43. Sightseeing Flights

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

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

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

Section 44. Incineration Services

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

Section 45. Ramp Service

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

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

Section 46. Janitorial and Cleaning Services

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

Section 47. Utility Services

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

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

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

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

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

Section 48. Porter Service

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

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

Section 49. Central Heating and Refrigeration

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

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

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

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

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

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

(d) The Lessee shall pay to the Port Authority the Port Authority charges for such high-temperature hot water and chilled water determined as provided in Schedule B, attached hereto and hereby made part hereof and in the manner and at the times provided therein. It is hereby recognized that the provisions of Schedule B covering the determination of said charges for high temperature hot water and chilled water are effective through December 31, 1998. It is hereby agreed that for the portion of the term hereunder subsequent to December 31, 1998, the Port Authority and the Lessee shall negotiate in good faith toward the establishment of provisions covering the determination of the charges for said high temperature hot water and chilled water payable by the Lessee for the portion of the term commencing January 1, 1999 through the expiration date of the term of the letting hereunder, and upon the establishment of the same the Lessee shall pay charges for said high temperature hot water and chilled water in accordance with the said provisions for said portion of the term. If the parties do not reach such agreement, the Lessee shall pay charges for said high temperature hot water and chilled water in accordance with the Port Authority's Schedule of Charges for said portion of the term commencing January 1, 1999.

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

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

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

Section 50. Common Use of the Airport

The Port Authority hereby grants to the Lessee the right to use commencing on the Completion Date at any time during the term of the letting hereunder, at any time hereunder, in common with others whom the Port Authority may authorize so to do, the Public Aircraft Facilities (as hereinafter

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

Section 51. Expansion, Maintenance and Operation of Public Aircraft Facilities

Pursuant to the Federal Airport Act and Regulations thereunder, the Port Authority has filed with the Administrator of the Federal Aviation Administration a revised Master Plan (layout) of the Airport as shown on Port Authority Drawing No. NIA-7900 (Exhibit E, attached hereto and hereby made a part hereof) dated May 10, 1973 which shows the layout of the Airport. Upon approval of the revised Master Plan (layout) by the Administrator of the Federal Aviation Administration, the Port Authority will agree with such Administrator to conform to such revised Master Plan (layout) in making any further improvements or changes at the Airport which, if made contrary to such revised Master Plan (layout) may adversely affect the aeronautical safety, utility or efficiency of the Airport.

Nothing contained herein shall be construed as a representation or agreement by the Port Authority that the Master Plan (layout) as revised will not be further changed or modified from time to time or abandoned. Exhibit E expresses the Port Authority's tentative plans only as of the date hereof and it is understood that such plans are subject to change at the discretion of the Port Authority. In addition to the facilities shown on the Master Plan (layout), the Port Authority may from time to time provide other and extended Public Aircraft Facilities, the costs of which additional and/or extended facilities and other costs shall constitute additional costs of providing the Public Aircraft Facilities (a factor in establishing the flight fees as provided in the schedule attached hereto, hereby made a part hereof and marked "Schedule C") if such additional costs result from any one or more of the following factors:

(a) Technical advances in aircraft design;

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

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

(d) All costs, expenses, damages and judgments incurred by or imposed upon the Port Authority because of or as constituting noise costs (as the words "noise costs" are defined in paragraph (r) of Section 72 hereof). The Port Authority agrees to give to the Lessee prompt notice of any claim made against it or the institution of any suit seeking or demanding noise costs damage. The Lessee shall have a right to join in the defense of any such claim or suit.

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

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

For the purposes of this Agreement, the term "Public Aircraft Facilities" shall include such of the following facilities as now exist and shall, from time to time, be constructed, provided and maintained by the Port Authority at the Airport for public and common use including without limitation thereto, use by Airline Lessees (including the Lessee) of the Central Terminal Area Complex and by Aircraft Operators, other than said Airline Lessees for the following purposes regardless of whether or not they are actually used or usable in whole or in part by the Lessee (except that such facilities shall not be deemed to include any area or areas as to which the Lessee is granted rights pursuant to Section 1 or 3 of this Agreement):

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

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

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

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

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

The designation by the Port Authority by Rules or Regulations, promulgated pursuant to Section 11 hereof, of particular portions of the Public Ramp and Apron Space for use by the aircraft of particular Aircraft Operators or for use by particular types of aircraft or for use for particular operations shall not affect the status of such Space as Public Aircraft Facilities.

In addition to anything hereinbefore contained, to the extent that the present and future air traffic needs of the New York-New Jersey Port District and economic and technical changes in transportaion by aircraft justify and subject to available land and commensurate with the reasonably prudent operation of the Airport, and so far as economically practicable in the light of the flight fees that the Lessee and the other Airline Lessees pay and subject to the ability of the Port Authority to finance such construction and maintenance, the Port Authority during the term of the letting under this Agreement shall provide reasonably suitable Public Aircraft Facilities for such traffic needs. The Port Authority shall maintain such Public Aircraft Facilities, as and when provided, in a manner consistent with the operation of the Airport by a reasonably prudent Airport Operator.

Section 52. Use of Public Aircraft Facilities

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

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

Notwithstanding any of the foregoing, the use of the Public Aircraft Facilities shall be subject to existing Port Authority Rules and Regulations and such further

reasonable rules and regulations as the Port Authority may from time to time promulgate pursuant to Section 11 hereof including, without limitation thereto, such further rules and regulations as impose other or different restrictions as to the types, weights or characteristics of aircraft which may use the same. The Port Authority by such rules and regulations may forbid or limit the use of the Public Aircraft Facilities by aircraft for reasons other than herein set forth, even though such aircraft meet the requirements of this Section with respect to Maximum Weight for Take-off.

Section 53. Payment of Flight Fees

(a)(1) Commencing on the Completion Date (hereinafter sometimes called the "Schedule C Date") and continuing up to and including December 31, 1998, the Lessee shall pay to the Port Authority the flight fees established by the Port Authority from time to time in accordance with the provisions of Schedule C, for each and every take-off of each and every aircraft operated by the Lessee. The said flight fee shall be a fee (per thousand pounds of Maximum Weight for Take-off) prorated to the nearest hundred pounds.

The said flight fee is made up to two factors, a P.A.F. Charge Factor and an Airport Services Charge Factor, as set forth in Schedule C. It is recognized that the North Terminal Lease (as defined in Section 92 hereof) includes among other things, provisions for the Lessee's payments of flight fees in accordance with the provisions thereof and Schedule C attached thereto. Upon the Schedule C Date, as defined in this Section 53, the Lessee's payments in respect of its flight fees shall be pursuant to the provisions of this Section and Schedule C attached hereto, and that any required adjustments of the flight fees and payments resulting from such adjustments as called for under Section 54 and Schedule C of the North Terminal Lease shall survive any amendment or surrender of the North Terminal Lease as called for under Section 92 hereof and be covered by the Lease.

(2) It is recognized that the flight fee provisions contained in Schedule C are effective through December 31, 1998. It is hereby agreed that for the portion

of the term hereunder subsequent to December 31, 1998, the Port Authority and the Lessee shall negotiate in good faith toward the establishment of provisions covering the determination of the flight fees payable by the Lessee for the portion of the term commencing January 1, 1999 through the expiration date of the term of the letting hereunder, and upon the establishment of the same the Lessee shall pay flight fees in accordance with said provisions for said portion of the term. If the parties do not reach such agreement, the Lessee shall pay flight fees in accordance with the Port Authority's Schedule of Charges for said portion of the term commencing January 1, 1999.

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

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

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

Section 54. Fuel Storage and Distribution System

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

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

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

The Bulk Storage Area shall include storage tanks and incidental physical facilities for the receiving, storing and dispensing of aviation fuel by pipeline including pumps and piping for unloading over-the-road fuel trucks, floating roof tanks and appurtenances within dike walls, pump suction piping and manifolds, pumps, filter separators, controls and

appurtenances for the transfer of fuel from the bulk storage tanks through the pipe distribution lines. This area shall also include such truck fuel stations as may be installed therein by the Port Authority.

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

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

As part of the Fuel System, the Port Authority has installed hydrant outlets and supply hydrant hose carts in said Area D of the Airline Lessees. Further, as part of the Fuel System the Lessee shall, as part of the construction work under Section 2 hereof, construct and install the necessary or appropriate modifications and additions to the Fuel System, including but not limited to additional underground pipelines, and Terminal Distribution units, all as set forth in said Section 2, to accommodate the Terminal C Passenger Facility, which modifications and additions shall be and become part of the Fuel System.

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

(b) The receipt, storage and distribution of aviation fuel shall mean the physical operations involved in transferring aviation fuel from trucks or pipeline connections or other types of fuel carriers to the fuel storage tanks, in storing such fuel in said tanks, and in transferring such fuel from said storage tanks to distribution trucks (if trucks are used) or to the Fuel System (if the Fuel System is used) or to both trucks and the Fuel System (if both are used) to the several Areas D of the Airline Lessees (including Area D hereunder) and of other Aircraft Operators and to other areas at the Airport designated by the General Manager of the Airport and dispensing such fuel from said trucks when delivery has been made by trucks or from the hydrant outlets or hydrant

hose carts when delivery is made by the Fuel System into the Aircraft of the Airline Lessees (including the Lessee) and other Aircraft Operators. It is understood and agreed that it shall be the responsibility of each of the Airline Lessees to deliver or cause to be delivered its aviation fuel requirement to the Bulk Storage Area by truck, pipeline or other common carrier of fuel to the connections provided in the Fuel System. The Port Authority will approve qualified fuel suppliers engaged by any of the Airline Lessees (including the Lessee) provided such fuel suppliers enter into fuel storage permits, as hereinafter defined.

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

The Lessee shall have the right to purchase its aviation fuel from suppliers of its own choice and shall not be required to commingle its aviation fuel with aviation fuel of any different grade, but it may be required to commingle aviation fuel with aviation fuel owned by others, provided that such aviation fuel is of the same grade. As used in this Section 54 the word "grade" shall be deemed to refer to octane rating, lead content and any other variable element which affects the character or quality of the fuel. Aviation fuel shall not be deemed to be of a different grade if the specifications of such fuel come within the maximum and minimum current standards

allowed in the specifications provided in the Lessee's contract for the purchase of aviation fuel or within the current standards accepted from its suppliers within the continental United States under similar circumstances. Attached hereto and hereby made a part hereof is an Exhibit marked "Exhibit Z" which sets forth grade specifications and quality standards with respect to the aviation fuel to be so stored as well as procedures for delivery and testing of aviation fuel. The Lessee shall comply with Exhibit Z and shall require each of its suppliers who may be delivering aviation fuel to the storage tanks on behalf of the Lessee to comply with Exhibit Z whether or not such supplier is a fuel storage permittee. Exhibit Z may be changed, modified or amended upon agreement of the Port Authority and a majority of the Airline Lessees as defined in Section 57 of the Lease.

Notwithstanding the foregoing, Airline Lessees (including the Lessee) shall not be required to commingle bonded aviation fuel with non-bonded aviation fuel, but may be required to commingle, in storage tanks reserved exclusively for bonded aviation fuel and designated as bonded storage tanks, bonded aviation fuel with bonded aviation fuel owned by others, provided that such bonded aviation fuel is of the same grade. As used in this Section 54 the words "bonded aviation fuel" shall mean aviation fuel imported by the Lessee or its supplier under U.S. Customs Warehouse bond and as to which the said Lessee or its supplier has delivered to the Port Authority or its independent contractor, all necessary and appropriate certifications with respect to the grade and specifications of such bonded aviation fuel.

The fuel storage tanks and incidental facilities (including underground pipelines) constructed by the Port Authority or by the Lessee as required elsewhere in this Agreement shall be of such size, capacity and number so that either alone (if such tanks constitute the sole fuel storage facilities serving the Airline Lessees, including the Lessee) or in combination with any other fuel storage tanks or facilities, including any temporary substitute or supplementary tanks or facilities, which are or may be installed elsewhere at the Airport by the Port Authority, shall be sufficient to provide at all times adequate storage capacity for a five-days' supply of aviation fuel for all Airline Lessees (including the Lessee) with commingling as hereinbefore provided.

At least ninety days prior to January 1, and ninety days prior to July 1 of each year the Lessee shall give to the Port Authority notice of the amount of aviation fuel which it expects to use at the Airport during the six months following such January 1 and July 1, respectively, specifying the estimated amount of each grade to be used and identifying each such grade which for the purposes of this Lease will be deemed to be used at a uniform rate. In determining what additional tanks and facilities, if any, are to be provided, the Port Authority shall be entitled to rely upon such estimate by the Lessee

and upon similar estimates furnished by other Airline Lessees as to their requirements; but if the Port Authority in its judgment deems that the Lessee's estimate is unreasonably high, it shall notify the Lessee accordingly within thirty days, and in such event the Port Authority in its discretion, shall decide what amount of aviation fuel constitutes a reasonable five-day supply for the Lessee.

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

Section 55. Operation and Maintenance of the Fuel Storage and Distribution System

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

The Port Authority either will operate the Fuel System directly or will obtain an independent contractor of its

choice who shall assume the entire responsibility for the operation of the Fuel System, the receipt, storage and distribution of aviation fuel stored in said storage tanks and incidental facilities and the performance of all minor and/or routine maintenance. All other maintenance of the Fuel System shall be performed by the Port Authority or, in its discretion, by its independent contractor and the costs of all such maintenance of whatsoever kind, shall be determined in accordance with the provisions of

Schedule D. The independent contractor selected for the performance of the operation and maintenance aforesaid shall be chosen either through competitive bidding from a selected list of Operators satisfactory to the Port Authority or by negotiation with an Operator satisfactory to the Port Authority. In the event that the proposed contract for the operation and maintenance of the Fuel System is put out for competitive bidding, the Port Authority nevertheless shall have no obligation to award the contract to the lowest bidder, but may select that bidder which in its sole judgment it deems best qualified to perform or it may reject all bids and select the Operator by direct negotiations as aforesaid.

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

The Lessee, not more than two hundred and ten (210) days nor less than one hundred and eighty (180) days prior to the termination date of the Port Authority's contract with the Operator, may make known to the Port Authority whether or not the performance of the Operator has been satisfactory to it. If no comment or objection is received from the Lessee within the time aforesaid, the Lessee shall be deemed to be satisfied with the performance of the Operator. If the Port Authority and a majority of the Airline Lessees (as defined in Section 57 hereof) are satisfied with the Operator's performance, the Port Authority shall proceed to negotiate with the same Operator for an extension of the original contract for an additional term of three years with the same procedure to be followed not more than two hundred ten (210) days nor less than one hundred eighty (180) days prior to the expiration of each succeeding renewal term. If, however, the Operator's performance has not been satisfactory to a majority of the Airline Lessees or to the Port Authority or if the Port Authority is unable to negotiate a satisfactory renewal of the contract with the Operator, the Port Authority may negotiate with another Operator or Operators or submit the proposed contract for the renewal term to competitive bidding among a select list of Operators satisfactory to the Port Authority. The Port Authority will not include the original Operator or the Operator for the preceding contract period in the select list for the next succeeding term of the contract if the performance of the original Operator or the Operator for the preceding contract term was not satisfactory to a majority of the Airline Lessees. Thereafter, following such intervening term, the Port Authority may again negotiate with the original Operator or the Operator for any prior contract term or may include such Operator in the select list of Operators.

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

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

Section 56. Fuel Gallonage Fees

(a) Effective as of the Completion Date up to and including December 31, 1998 the Lessee shall pay to the Port Authority, in monthly installments, for each and every gallon of fuel delivered to aircraft operated by the Lessee either through the Fuel System or by truck distribution or partly by the Fuel System and partly by truck or any combination of both a fuel gallonage fee determined in accordance with the provisions of Schedule D. It is recognized that the North Terminal Lease, as defined in Section 92 hereof, includes, among other things, provisions for the Lessee's payments of fuel gallonage fees in accordance with the provisions thereof and Schedule D attached thereto. Upon the Completion Date, the Lessee's payments in respect of its fuel gallonage fees shall be pursuant to the provisions of this Section and Schedule D attached hereto, and any required adjustments of the fuel gallonage fees and any payments resulting from such adjustments as called for under Section 61 and Schedule D of the North Terminal Lease shall survive any amendment or surrender of the North Terminal Lease as provided in Section 92 hereof and be covered under this Lease.

It is recognized that the fuel gallonage fee provisions contained in Schedule D are effective through December 31, 1998. It is hereby agreed that for the portion of the term hereunder subsequent to December 31, 1998 the Port Authority and the Lessee shall negotiate in good faith toward the establishment of provisions covering the determination of the fuel gallonage fees payable by the Lessee for the portion of the term commencing January 1, 1999 through the expiration date of the term of the letting, and upon the establishment of the same the Lessee shall pay fuel gallonage fees in accordance with said provisions for said portion of the term. If the parties do not reach such agreement, the Lessee shall pay fuel gallonage fees in accordance with the Port Authority's Schedule of Charges for said portion of the term commencing January 1, 1999.

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

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

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

(1) That the fuel storage permittee shall pay to the Port Authority gallonage fees, for each and every gallon of aviation fuel stored by it and delivered to aircraft, as such gallonage fees are determined by the Port Authority to be payable in accordance with the provisions of the fuel storage permit and this Section 56, as well as any and all defueling charges (in the case of a fuel storage permit issued to an Aircraft Operator) accruing from time to time under paragraph (c) hereof

(2) That if such permit is issued to an Airline Lessee, and if at any time thereafter the Airline Lessee ceases to use aviation fuel of any grade, or if the requirements of the Airline Lessee with respect to aviation fuel of any grade diminish, then and in such event, the amount of aviation fuel of such grade which may be stored by the Airline Lessee under its fuel storage permit or for its account under the fuel storage permit of a supplier of the Airline Lessee in such tanks or temporary substitute or supplementary tanks may be reduced pro tanto.

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

(4) That the receipt, storage and delivery of aviation fuel in and from the said tanks shall be as provided in this Section and in Section 55 hereof.

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

If for any reason a supplier of the Airline Lessee who is a fuel storage permittee shall fail to make the payments as above provided, the Airline Lessee shall pay the

gallonage fees promptly upon the delivery of the aviation fuel to aircraft operated by the Airline Lessee, for each and every gallon of aviation fuel delivered to said aircraft.

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

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

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

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

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

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

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

the Lessee elects to deliver a performance bond the bond so furnished shall be in the form attached hereto, hereby made a part hereof and marked "Exhibit U", and shall be made either by a surety company or companies qualified to carry on a surety business in the State of New York or the State of New Jersey, and satisfactory to the Port Authority or by an individual or individuals satisfactory to the Port Authority. In addition, the performance bond to be delivered by the Lessee ~~upon the execution of this Agreement~~ NO LATER than February 11, 1985 as aforesaid shall be for a term commencing on the execution thereof and expiring five (5) years from the Completion Date and shall provide for an automatic extension for additional periods of five (5) years, unless the surety gives one hundred eighty (180) days' prior written notice from the then existing expiration date to the Port Authority of its election not to extend. In the event the said performance bond is not extended the Lessee shall deliver to the Port Authority within ninety (90) days prior to the existing expiration date either a new performance bond which shall comply with the preceding provisions of this paragraph (iii) and shall be for a term of five (5) years from the expiration of the preceding performance bond, with the automatic extension and notice provisions aforesaid, or, in the alternative, a letter of credit in the amount set forth above and in accordance with the terms of this paragraph (iii). In addition to and without limiting the foregoing, the Lessee shall upon twenty-one days' written notice from the Port Authority, given at any time during the term hereunder, deliver to the Port Authority a letter of credit in the amount set forth above and in accordance with the terms of this paragraph (iii) which letter of credit, after the Port Authority has approved and accepted the same, shall replace the then existing performance bond delivered by the Lessee.

Section 57. Airline Lessees

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

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

(c) For purposes of the foregoing Sections 54, 55 and 56 only, the said terms "Airline Lessee", "Airline Lessees" and "majority of Airline Lessees" shall also mean and include any Aircraft Operator having a lease with the Port Authority covering exclusive premises at the Airport upon or into which premises the Fuel System is or is to be extended and upon which premises Terminal Distribution Units are or are to be located, as contemplated in paragraphs (a) and (b) of Section 54 hereof.

Section 58. Ground Transportation

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

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

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

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

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

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

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

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

Section 60. In-Flight Meals

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

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

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

Section 61. Termination by the Lessee

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

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

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

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

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

(2) The Port Authority shall fail to perform any of its obligations under this Lease within twenty (20) days after receipt of notice of default thereunder from the Lessee (except where fulfillment of its obligation requires activity over a period of time and the Port Authority shall commence to perform whatever may be required for fulfillment within twenty (20) days after the receipt of notice and continues such performance without interruption, except for causes beyond its control);

then, upon the occurrence of any such event or at any time thereafter during the continuance of the condition, the Lessee may by twenty (20) days' notice terminate the letting, such termination to be effective upon the date set forth in such notice and to have the same effect as if the term of the letting had on that date expired. No waiver by the Lessee of any default on the part of the Port Authority in performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the Port Authority shall be or be construed to be a waiver by the Lessee of any other or subsequent default in performance of any of the said terms, covenants and conditions.

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

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

Section 62. Abatement

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

Section 63. Reception Room and Lounge

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

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

Section 64. Force Majeure

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

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

Section 65. General Aviation

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

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

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

Section 66. Consumer Services

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Insurance Covering Air Transportation

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

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

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

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

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

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

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

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

(e) Newsstands and other Merchandise

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

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

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

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

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

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

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

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

(f) Duty-Free Shop

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

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

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

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

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

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

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

(g) Other Consumer Services

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

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

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

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

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

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

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

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

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

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

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

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

(h) Obligations in Connection with Consumer Services Agreements

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 67. Condemnation

(a) Section 67 Definitions

As used in this Section 67, the phrase, "temporary interest", when used with reference to real property, shall mean an interest in such real property entitling the owner of such interest to the possession of such property (whether or not such interest includes or is co-extensive with an interest of the Lessee therein under this Agreement), for an indefinite term or for a term terminable at will or at sufferance or for a term measured by a war or an emergency or other contingency or for a fixed term expiring prior to the expiration date of this Lease; and the phrase "permanent interest", when used with reference to real property, shall mean an interest in such real property entitling the owner of such interest to possession thereof, other than a temporary interest as above defined, including among others a fee simple and an interest for a term of years expiring on or after the expiration of this Agreement.

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

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

Upon the acquisition by condemnation or the exercise of the power of eminent domain by anybody having a superior power of eminent domain of a permanent interest in all or any part of the premises or of a permanent interest in all or a material part of the Public Landing Area (any such acquisition under this Section 67 hereinafter referred to as a "taking"), the Port Authority shall purchase from the Lessee, and the Lessee shall sell to the Port Authority, the Lessee's leasehold interest (excluding any personal property whatsoever) in the premises, except that in the event of a taking of less than all of the said premises, the Port Authority shall purchase and the Lessee shall sell only so much of the Lessee's leasehold

interest in the premises as are taken. The sole and entire consideration to be paid by the Port Authority to the Lessee shall be an amount equal to the unamortized capital investment (as defined in Section 72(z) hereof), if any, of the Lessee in the premises or, in the event of a taking of less than all of the said premises, an amount equal to the unamortized capital investment (as defined in Section 72(z) hereof), if any of the Lessee in so much of the premsies as are taken. However, the Port Authority shall purchase and the Lessee shall sell only if the consideration paid by the Port Authority therefor will constitute "unamortized Port Authority funds other than bond proceeds or Federal or State grants expended for capital improvements at the Newark Marine and Air Terminals", within the meaning of said phrase as used in Section 26, I, D of the Basic Lease or if an amount not less than such consideration can otherwise be retained by the Port Authority (and not be required to be paid to The City of Newark) out of the damages or award in respect to such taking without violation of any obligation of the Port Authority to The City of Newark under the Basic Lease. Such purchase and sale shall take effect as of the date upon which such body having superior power of eminent domain obtains possession of any such permanent interest in the premises or in the Public Landing Area, as the case may be, and in that event, the Lessee (except with respect to its personal property), shall not have any claim or right to claim or be entitled to any portion of the amount which may be awarded as damages or paid as a result of such taking, and all rights to damages, if any, of the Lessee (except for damages to its personal property) by reason thereof are hereby assigned to the Port Authority.

If, however, the amount to be paid by the Port Authority (the unamortized capital investment as defined in Section 72(z) hereof, if any, of the Lessee in the premises) for such leasehold interest will not constitute "unamortized Port Authority funds other than bond proceeds or Federal or State grants, expended for capital improvements at the Newark Marine and Air Terminals", within the meaning of said phrase as used in Section 26, I, D of the Basic Lease or if an amount not less than such consideration cannot otherwise be retained by the Port Authority (and not be required to be paid to The City of Newark) out of the damages or award in respect to such taking without violation of any obligation of the Port Authority to The City of Newark under the Basic Lease, then the aforesaid agreement to purchase

and sell said leasehold interest shall be null and void; and in any such event, the Lessee shall have the right to appear and file its claim for damages in the condemnation or eminent domain proceedings, to participate in any and all hearings, trials and appeals therein, and to receive such amount as it may lawfully be entitled to receive as damages or payment as a result of such taking, because of its leasehold interest in the premises up to but not in excess of an amount equal to the unamortized capital investment (as defined in Section 72(z) hereof), if any, of the Lessee in the premises. The Port Authority and the Lessee hereby agree that as full and final settlement of any sum that may be due as rent or otherwise for the balance of the term of this Lease, the Lessee will pay to the Port Authority the excess, if any, which the Lessee may be entitled to receive over the foregoing sum. If there be no excess, any sum that may be due as rent or otherwise for the balance of the term of this Lease shall abate.

In the event of the taking of all of the premises and if the Lessee has no unamortized capital investment (as defined in Section 72(z) hereof) in the premises at the time of the taking, then the aforesaid agreement to purchase and sell said leasehold interest shall be null and void; and in that event, this Lease and all rights granted by this Lease to the Lessee to use or occupy the premises for its exclusive use or for its use in common with others at the Airport and all rights, privileges, duties and obligations of the parties in connection therewith or arising thereunder shall terminate as of the date of the taking, and in that event, the Lessee (except with respect to its personal property) shall not have any claim or right to claim or be entitled to any portion of the amount which may be awarded as damages or paid as a result of such taking, and all rights to damages, if any, of the Lessee (except for damages to its personal property) by reason thereof are hereby assigned to the Port Authority

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

(excluding any personal property whatsoever) in the premises not taken for a consideration equal to the unamortized capital investment, as defined in Section 72(z) hereof, if any, of the Lessee in the premises not taken. If the letting of the entire premises is not terminated, the settlement or abatement of rentals after the date possession is taken by the body having a superior power of eminent domain shall be in accordance with Section 5 hereof.

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

Upon the acquisition by condemnation or the exercise of the power of eminent domain by a body having a superior power of eminent domain of a permanent interest in less than a material part of the Public Landing Area, the Port Authority and the Lessee each shall have the right to appear and file claims for damages, to the extent of their respective interests, in the condemnation or eminent domain proceedings, to participate in any and all hearings, trials and appeals therein, and receive and retain such amount as they may lawfully be entitled to receive and retain as damages or payment as a result of such taking. However, if at the time of such taking the Lessee has no unamortized capital investment (as defined in Section 72(z) hereof) in the premises, in that event, the Lessee (except with respect to its personal property) shall not have any claim or right to claim or be entitled to any portion of the amount which may be awarded as damages or paid as a result of such taking, and all rights to damages, if any, of the Lessee (except for damages to its personal property) by reason thereof are hereby assigned to the Port Authority.

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

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

or paid as a result of the condemnation or other taking of such temporary interest, provided, that the Lessee shall be obligated to pay over to the Port Authority all such payments as may be made to the Lessee as damages or in satisfaction of such claim, after deduction of (a) reasonable expenses incurred by the Lessee in the prosecution of such claim; (b) an amount equal to the unamortized capital investment (as defined in Section 72(z) hereof), if any, of the Lessee in the premises or in the event of a taking of less than all of the said premises, an amount equal to such unamortized capital investment in the premises as are taken, to the extent in either case that the same is to be amortized over the period of the taking; and (c) the then present capitalized value of the Lessee's obligation for rentals thereafter payable during the period of the taking in respect to the demised premises, or, in the event of a taking of less than all of the said premises, in respect to the premises so taken.

In the event that the taking covers a material part but less than all of the demised premises, then the Lessee and the Port Authority shall each have an option, exercisable by notice given within ten (10) days after the effective date of such taking to suspend the term of the letting of such of the premises as are not so taken during the period of the taking, and, in that event, the rentals for such premises shall abate for the period of the suspension. If the Port Authority exercises this option, it shall purchase from the Lessee the Lessee's leasehold interest (excluding any personal property whatsoever) in the premises not taken for the period of suspension for a consideration equal to the unamortized capital investment (as defined in Section 72(z) hereof), if any, of the Lessee in such premises which is to be amortized over the period of such suspension.

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

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

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

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

Section 68. Requesting Airlines at the Airport

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

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

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

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

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

Section 69. Additional Rights of Termination by the Port Authority

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

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

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

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

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

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

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

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

Section 70. General Rights and Privileges

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

Section 71. Books and Records

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

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

Section 72. Definitions

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

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

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

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

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

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

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

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

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

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

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

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

(l) "General Manager of the Airport" shall mean the person or persons from time to time designated by the Port Authority to exercise the powers and functions vested in the said General Manager by this Agreement; but until further notice from the Port Authority to the Lessee it shall mean the General Manager (or the temporary or acting General Manager) of the Airport for the time being, or his duly designated representative or representatives.

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

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

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

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

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

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

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

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

A. Construction costs

(1) payments to contractors and/or vendors and suppliers;

(2) premiums or charges for Performance Bonds;

(3) insurance premiums or charges;

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

B. Engineering services

(1) payments to outside consultants and engineering firms;

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

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

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

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

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

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

(u) "Premises" shall mean and include the land, the buildings, structures and other improvements located or to be located or to be constructed therein or thereon, the equipment permanently affixed or permanently located therein, such as electrical, plumbing, sprinkler, fire protection and fire alarm, heating, steam, sewage, drainage, refrigerating, communications, gas and other systems, and their pipes, wires, mains, lines, tubes, conduits, equipment and fixtures, and all paving, drains, culverts, ditches and catchbasins. As used herein "premises" and "Terminal C Passenger Facility" shall be synonymous.

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

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

(x) "Taxiways" shall mean the portion of the Airport used for the purpose of the ground movement of aircraft to, from and between the runways, the Public Ramp and Apron Space, the Aircraft Parking and Storage Space, aircraft maneuvering areas and other portions of the Airport (not including, however, any taxiways, the exclusive use of which is granted to the Lessee or any other person by lease, permit or otherwise.)

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

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

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

For purposes of this Agreement, the Lessee's Cost shall be determined by computing: (i) the amounts paid by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the construction of the Terminal C Passenger Facility (including insurance premiums paid by the Lessee for the insurance required by Section 2(c)(ii) hereof to the extent the same was not procured and maintained by the Lessee's contractors); and (ii) the payments made and expenses incurred by the Lessee, in connection with such construction, for engineering, architectural, professional and consulting services and the supervision of construction (including those made or incurred by the Lessee with respect to its employees), provided, however, that such payments and expenses pursuant to this item (ii) shall not exceed fifteen percent (15%) of the amounts described in item (i); in each case, as the above-mentioned amounts, payments and expenses are evidenced, from time to time, by certificates of a responsible fiscal officer of the Lessee, sworn to before a Notary Public and delivered to the Port Authority, which certificates shall (a) set forth, in reasonable detail, the amounts paid to specified independent contractors, the payments made to other specified persons and the other expenses incurred by the Lessee, which have not previously been reported in certificates delivered to the Port Authority, (b) have attached thereto reproduction copies or duplicate originals of the invoices of such independent contractors and other persons acknowledging the receipt by them of such amounts and payments, and (c) certify that the amounts, payments and expenses therein set forth constitute portions of the Lessee's Cost for the purposes of this Lease; all of the foregoing items being herein called "the Lessee's Cost".

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

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

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

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

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

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

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

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

(f) Nothing herein provided shall be construed as a limitation upon the application of any laws which establish different standards of compliance or upon the application of requirements for the hiring of local or other area residents.

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

Section 74. Purchase of Property

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

Section 75. Additional Terminal Building C Construction

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

Section 76. Late Charges

If the Lessee should fail to pay any amount required to be paid by the Lessee under this Agreement when due to the Port Authority, including without limitation any payment of Base Annual Rental, Facility Rental, Interim Facility Rental, Additional Facility Rental, or other rental or any payment of utility or other charges or if any such amount is found to be due as the result of an audit, then, in such event, the Port Authority may impose (by statement, bill or otherwise) a late charge with respect to each such unpaid amount for each late charge period (hereinbelow described) during the entirety of which such amount remains unpaid, each such late charge not to exceed an amount equal to eight-tenths of one percent of such unpaid amount for each late charge period. There shall be twenty-four late charge periods on a calendar year basis; each late charge period shall be for a period of at least fifteen (15) calendar days except one late charge period each calendar year may be for a period of less than fifteen (but not less than thirteen) calendar days. Without limiting the generality of the foregoing, late charge periods in the case of amounts found to have been owing to the Port Authority as the result of Port Authority audit findings shall consist of each late charge period following the date the unpaid amount should have been paid under this Agreement. Each late charge shall be payable immediately upon demand made at any time therefor by the Port Authority. No acceptance by the Port Authority of payment of any unpaid amount or of any unpaid late charge amount shall be deemed a waiver of the right of the Port Authority of payment of any late charge or late charges payable under the provisions of this Section with respect to such unpaid amount. Each late charge shall be and become additional rent, recoverable by the Port Authority in the same manner and with like remedies as if it were originally a part of the rental. Nothing in this Section is intended to, or shall be deemed to, affect, alter, modify or diminish in any way (i) any rights of the Port Authority under this Agreement, including without limitation the Port Authority's rights set forth in Section 24, of this Agreement or (ii) any obligations of the Lessee under this Agreement. In the event that any late charge imposed pursuant to this Section shall exceed a legal maximum such late charge payable under this Agreement shall be payable instead at such legal maximum.

Section 77. Assignment and Sublease

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

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

(c) If without prior written consent of the Port Authority, the Lessee assigns, sells, conveys, transfers, mortgages, pledges or sublets in violation of paragraphs (a) or (b) of this Section or if the premises are occupied by anybody other than the Lessee, the Port Authority may collect rent from any assignee, sublessee or anyone who claims a right under this Agreement or letting or who occupies the premises, and the Port Authority shall apply the net amount collected to the rentals herein reserved; but no such collection shall be deemed a waiver by the Port Authority of the covenants contained in paragraphs (a) and (b) of this Section or an acceptance by the Port Authority of any such assignee, sublessee, claimant or occupant as lessee, nor a release of the Lessee by the Port Authority from the further performance by the Lessee of the covenants contained herein.

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

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

(e) The Lessee shall not use or permit any person to use the premises or any portion thereof for any purpose other than the purposes stated in Section 8 hereof. Except as provided in this Agreement or otherwise permitted in writing by the Port Authority, the Lessee shall not permit the premises to be used or occupied by any person other than its own officers, employees, passengers, contractors and representatives.

Section 78. Roadways

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

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

Section 79. Termination of a Specified Portion of the Premises

(a) It is hereby understood and agreed between the Lessee and the Port Authority that the Port Authority shall have the right at any time, without cause, upon thirty (30) days' prior notice to the Lessee of its decision, to terminate this Agreement and the letting hereunder with respect to the portion of the premises shown in diagonal hatching on Exhibit D, (the said portion, being hereinafter in this Section called "the Terminated Portion"). It being understood that the Port Authority shall exercise its right to terminate hereunder only in the event that the Terminated Portion is needed for any of the following: (i) increasing the separation between the center line of Taxiways "I" and "O" from two hundred fifty-one (251) feet to any distance up to and including three hundred (300) feet because of the need to accommodate the operational characteristics of new aircraft or new versions of existing aircraft not now operating at the Airport, (ii) the requirements of the Federal Aviation Administration or any other governmental agency or governmental body having jurisdiction, or (iii) changes with respect to the Public Aircraft Facilities made in accordance with Section 51 of the Lease.

(b) Effective as of the date and time (hereinafter in this Section called the "Effective Date") stated in the notice from the Port Authority to the Lessee set forth in paragraph (a) hereof, the Lessee has terminated and does by these presents terminate its rights in the Terminated Portion and the term of years with respect thereto under this Agreement and all the rights, rights of renewal, licenses, privileges and options of the Lessee granted by this Agreement all to the intent that the same may be wholly merged, extinguished and determined on the Effective Date with the same force and effect as if said term were fixed to expire on the Effective Date.

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

(c) The Lessee hereby covenants on behalf of itself, its successors and assigns that it has not done anything whereby the Terminated Portion or the Lessee's leasehold therein has been or shall be encumbered as of the Effective Date in any way and that the Lessee is and will remain until the Effective Date the sole and absolute owner of the leasehold estate in the Terminated Portion. All promises, covenants, agreements and obligations of the Lessee with respect to the Terminated Portion, which under the provisions of this Agreement would have matured upon the date originally fixed in this Agreement for the expiration of the term thereof, or upon the termination of this Agreement prior to the said date, or within a stated period after expiration or termination shall, notwithstanding such provisions, mature upon the Effective Date. The Lessee has released and discharged and does by these presents release and discharge the Port Authority from any and all obligations on the part of the Port Authority to be performed under the Lease with respect to the Terminated Portion for that portion of the term subsequent to the

Effective Date. The Port Authority does by these presents release and discharge the Lessee from any and all obligations on the part of the Lessee to be performed under this Agreement with respect to the Terminated Portion for that portion of the term subsequent to the Effective Date it being understood that nothing herein contained shall release, relieve or discharge the Lessee from any liability for rentals or for other charges that may be due or become due to the Port Authority for any period or periods prior to the Effective Date or for breach of any other obligation on the Lessee's part to be performed under this Agreement for or during such period or periods or maturing pursuant to this paragraph.

(d) The Lessee hereby agrees to terminate its occupancy of the Terminated Portion and to deliver actual, physical possession of the Terminated Portion to the Port Authority, on or before the Effective Date, in the condition required by this Agreement upon surrender. The Lessee further agrees that it shall remove from the Terminated Portion, prior to the Effective Date, all equipment, inventories, removable fixtures and other personal property of the Lessee, except personal property purchased by the Port Authority pursuant to Section 74 hereof, for which the Lessee is responsible. With respect to any such property not so removed, (not including purchased property as aforesaid) the Port Authority may at its option, as agent for the Lessee and at the risk and expense of the Lessee remove such property to a public warehouse or may retain the same in its own possession and in either event, after the expiration of thirty (30) days, may sell or consent to the sale of the same at a public auction; the proceeds of any such sale shall be applied first to the expense of removal, sale and storage, and second to any sums owed by the Lessee to the Port Authority; any balance remaining shall be paid to the Lessee. The Lessee shall pay to the Port Authority any excess of the total cost of removal, storage and sale over the proceeds of sale.

The Lessee hereby acknowledges that each and every term, provision and condition of this Agreement shall continue to apply to the premises remaining after the termination of the Terminated Portion.

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 80. Signage

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

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

Section 81. Assignment to a Trust

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

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

Section 82. Additional Right of Termination by the Lessee

(a) In the event that

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

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

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

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

(b) In the event the Lessee terminates the Lease pursuant to this Section prior to December 31, 1999, or prior to March 31, 2000 in the event the Executive Director extends the time for the completion of the construction work pursuant to Section 2(c)(2) hereof, the Lessee shall, within thirty (30) days prior to the Effective Date, pay to the Port Authority the sum of

(c)(1) Effective from and after the Effective Date the Lessee has terminated and does by these presents terminate its rights in the Terminated Portion and the term of years with respect thereto under this Agreement yet to come and has given, granted and surrendered and by

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

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

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

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

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

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

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

(6) The Lessee has released and discharged and does by these presents release and discharge the Port Authority from any and all obligations of every kind, past, present or future on the part of the Port Authority to be performed under this Agreement*. The Port Authority does by these presents release and discharge the Lessee from any and all obligations on the part of the Lessee to be performed under this Agreement* for that portion of the term subsequent to the Effective Date; it being understood that nothing herein contained shall release, relieve or discharge the Lessee from any liability for rentals or for other charges that may be due or become due to the Port Authority for any period or periods prior to the Effective Date, or for breach of any other obligation on the Lessee's part to be performed under this Agreement for or during such period or periods or maturing pursuant to subparagraph (5) above.

(7) In consideraton of these premises and the above described release from the Port Authority, the Lessee hereby agrees to terminate its occupancy of the Terminated Portion and to deliver actual, physical possession of the premises to the Port Authority, on the Effective Date, in the condition required by this Agreement upon surrender. The Lessee further agrees that it shall remove from the premises, prior to the Effective Date, all equipment, inventories, removable fixtures and other personal property of the Lessee for which the Lessee is responsible except for any personal property purchased by the Port Authority pursuant to Section 74 hereof. With respect to any such property not so removed, (not including purchased personal property as aforesaid), the Port Authority may at its option, as agent for the Lessee and at the risk and expense of the Lessee, remove such property to a public warehouse or may retain the same in its own possession and in either event, after the expiration of thirty (30) days, may sell or consent to the sale of the same at public auction; the proceeds of any such sale shall be applied first to the expenses of removal, sale and storage, and second to any sums owed by the Lessee to the Port Authority; any balance remaining shall be paid to the Lessee. The Lessee shall pay to the Port Authority any excess of the total cost of removal, storage and sale over the proceeds of sale.

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

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

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

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

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

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

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

Section 84. Ownership of Stock

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

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

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

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

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

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

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

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

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

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

Subdivision I. Section 85 Definitions

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

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

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

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

(iii) Section 46 hereof;

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

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

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

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

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

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

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

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

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

(5) The cost of any insurance;

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

(7) (2.a.) of the sum of all of the foregoing items (1) through (6).

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

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

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

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

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

(5) The cost of any insurance;

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

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

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

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

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

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

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

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

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

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

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

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

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

Subdivision III. Performance of the Assumable Maintenance and Repair.

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

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

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

Subdivision IV. Payment for Assumable Maintenance and Repair.

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

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

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

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

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

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

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

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

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

Section 86. Interconnecting Terminal System

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

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

Section 87. Quiet Enjoyment

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

Section 88. Financial Triggers

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

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

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

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

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

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

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

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

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

Section 90. Replacement of Baggage System

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

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

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

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

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

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

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

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

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

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

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

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

Section 92. North Terminal Lease Premises

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

Section 93. Entire Agreement

This Agreement consists of the following: Sections 1 through 93, inclusive, and Exhibits A, A-1, A-2, A-3, A-4, B, C, C-1, D, E, F, U, X, Y and Z and Schedules A, B, C, D and E. This Agreement constitutes the entire agreement of the parties on the subject matter hereof and may not be changed, modified, discharged or extended except by written instrument duly executed by the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in this Agreement.

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

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

(Title) DIRECTOR OF AVIATION

(Seal)

ATTEST:

Secretary

PEOPLE EXPRESS AIRLINES, INC.

By

(Title) President

(Corporate Seal)

APPROVED:
FORM | TERMS

SCHEDULE A

The Lessee shall pay the Base Annual Rental at the rate and at the time stated in paragraph (b) of Section 5 of the Agreement to which this Schedule is attached (which Agreement is hereinafter sometimes called "the Lease"), as said rate is to be adjusted as of the Base Annual Rental commencement date, until the said rate is further adjusted, all as hereinafter provided. After the close of calendar year 1984 and after the close of each calendar year thereafter, the Port Authority will adjust the Airport Services Factor of the Base Annual Rental specified in paragraph (b) of Section 5 of the Agreement, upwards or downwards, as follows:

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

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

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

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

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

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

III. The Port Authority will multiply the Airport Services Factor as stated in (b) of Section 5 of the Agreement by a fraction the numerator of which shall be the total of the major elements of costs actually incurred or accrued as determined under Paragraph I, subparagraphs (a) through (d) above and the denominator of which shall be the total of the major elements of costs actually incurred or accrued as determined for the year prior to the year for which the adjustment is being made (for the calendar year 1984 adjustment, it is hereby agreed said denominator shall be $15,640,006; and the resulting product shall be multiplied by a fraction the numerator of which shall be the percentage determined in Paragraph II above and the denominator of which shall be the actual percentage of total developed land area occupied by the Lessee's premises determined for the year prior to the year for which the adjustment is being made (for the calendar year 1984 adjustment, it is hereby agreed said denominator shall be 4.092%.

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

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

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

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

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

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

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

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

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

A. Construction costs

(1) payments to contractors and/or vendors and suppliers;

(2) premiums or charges for Performance Bonds;

(3) insurance premiums or charges;

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

B. Engineering Services

(1) payments to outside consultants and engineering firms;

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

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

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

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

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

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

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

For the Port Authority

Initialled:

For the Lessee

SCHEDULE B

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

1. Capital Charge:

(a) A tentative monthly Heating Capital Charge of (2.a.) for and in connection with high temperature water.

(b) A tentative monthly Air Conditioning Capital Charge of (2.a.) for and in connection with chilled water.

2. Demand Charge:

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

(b) A tentative monthly Air Conditioning Demand Charge of (2.a.) for and in connection with chilled water.

3. Energy Charge:

(a) A tentative monthly Heating Energy Charge of (2.a.) for and in connection with high temperature water.

(b) A tentative monthly Air Conditioning Energy Charge of (2.a.) for and in connection with chilled water.

* Represent tentative Energy Charges for calendar year 1987.

4. Airport Services Charge:

A tentative monthly Airport Services Charges of (2.a.) for and in connection with Airport Services.

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

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

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

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

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

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

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

1. Adjustment of Heating Capital Charge:

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

2. Adjustment of Air Conditioning Capital Charge:

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

3. Adjustment of Heating Demand Charge:

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

4. Adjustment of Air Conditioning Demand Charge:

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

5. Adjustment of Airport Services Charge:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For the Port Authority

Initialled:

For the Lessee

SCHEDULE C

I. (a) Commencing on the Schedule C Date as defined in Section 53 of Port Authority Agreement No. ANA-170 (hereinafter called "the Agreement") with People Express Airlines, Inc. (hereinafter called "the Lessee") at Newark International Airport (hereinafter called "the Airport"), and continuing up to and including December 31, 1998, the Lessee shall pay to the Port Authority a flight fee for each and every take-off made by any aircraft operated by the Lessee. For calendar year 1984 a tentative flight fee has been established for each and every take-off at the rate of (2.a.) per thousand pounds of Maximum Weight for Take-Off. It is understood that this flight fee is tentative only and represents the sum of the following factors:

(1) A P.A.F. Charge Factor, which pertains to the Port Authority's snow removal operations and provision, operation, maintenance, servicing, repair and replacement of and to the Public Aircraft Facilities and Airport emergency services. (For calendar year 1984, $0.98295 of the tentative flight fee of (2.a.) per thousand pounds represents the tentative P.A.F. Charge Factor); and

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

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

(A) P.A.F. Charge Factor

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

connection with the Public Aircraft Facilities:

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

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

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

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

(B) Airport Services Charge Factor

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

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

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

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

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

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

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

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

For the Port Authority

Initialled:

For the Lessee

SCHEDULE D

I. (a) Commencing on the Schedule C Date as defined in Section 53 of Port Authority Agreement No. ANA-170 (hereinafter called "the Agreement") with People Express Airlines, Inc. (hereinafter called "the Lessee") at Newark International Airport (hereinafter called "the Airport"), and continuing up to and including December 31, 1998 the Lessee shall pay to the Port Authority a gallonage fee for each gallon of fuel delivered to aircraft operated by the Lessee. The Lessee either itself, if it is a fuel storage permittee, as defined in Section 56 of the Agreement, or through its supplier of aviation fuel, which supplier shall be a fuel storage permittee, and in the event the Lessee and its supplier are both fuel storage permittees, then solely the Lessee shall pay to the Port Authority said gallonage fee for each and every gallon of aviation fuel so delivered. For calendar year 1984 a tentative gallonage fee has been established at the rate of (2.a.) for each gallon of fuel delivered to aircraft operated at the Airport by lessees of the Port Authority. It is understood that this gallonage fee is tentative only and represents the sum of the following components:

(1) A System Charge Component, which pertains to the Port Authority's provision, operation, maintenance, servicing, repair and replacement of and to the Fuel System. For calendar year 1984, (2.a.) per gallon represents the tentative System Charge Component.

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

II. It is hereby acknowledged that the Port Authority established a tentative gallonage fee for calendar year 1973 at the rate of $0.01350 and that said fee has been adjusted each calendar thereafter as hereinafter set forth, resulting in the tentative gallonage fee set forth in Section I hereof. After the close of the calendar year 1984 and after the close of each calendar year thereafter, the Port Authority will adjust the tentative gallonage fee for the applicable calendar year, upwards or downwards, to a finalized gallonage fee for each such calendar year, as follows:

(A) System Charge Component

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

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

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

(c) 105% of the contract amounts paid or payable to any independent contractor who shall have operated the Fuel System.

(2) The Port Authority will multiply the sum of (2.a.) per gallon representing the tentative System Charge Component for calendar year 1973 by a fraction the numerator of which shall be the sum of the costs determined under paragraph (A)(1) above and the denominator of which shall be (2.a.) It will then multiply the resulting product by a fraction the numerator of which shall be (2.a.) gallons and the denominator of which shall be the actual number of gallons of fuel delivered through the Fuel System to all aircraft at the Airport during the calendar year for which the adjustment is being made; and the resulting product shall be the final System Charge Component of the finalized gallonage fee for the calendar year for which the adjustment is being made.

(B) Airport Services Charge Factor

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

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

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

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

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

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

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

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

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

For the Port Authority

Initialled:

For the Lessee

SCHEDULE E

PART I

Affirmative Action Guidelines - Equal Employment Opportuntiy

I. As a matter of policy the Port Authority hereby requires the Lessee and the Lessee shall require the Contractor, as hereinafter defined, to comply with the provisions set forth hereinafter and in Section 2(c)(18) of Port Authority Agreement No. ANA-170 (herein called "the Lease") with People Express Airlines, Inc. (herein called "the Lessee"). The provisions set forth in this Part I are similar to the conditions for bidding on federal government contracts adopted by the Office of Federal Contract Compliance and effective May 8, 1978.

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

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

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

(1) Minority participation: 32%

(2) Female participation: 6.9%

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

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

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

(c) As used in these specifications:

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

(2) "Minority" includes:

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

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

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

(iv) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining indentifiable tribal affiliations through membership and participation or community identification).

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

(e) The Contractor shall implement the specific affirmative action standards provided in subparagraphs (1) through (16) of paragraph (h) hereof. The goals set forth above are expressed as percentages of the total hours of employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each construction trade in which it has employees in the premises. The Contractor is expected to make substantially uniform progress toward its goals in each craft during the period specified.

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

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

(h) The Contractor shall take specific affirmative actions to ensure equal employment opportunity ("EEO").

The evaluation of the Contractor's compliance with these provisions shall be based upon its good faith efforts to achieve maximum results from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(15) Document and maintain a record of all solicitations of offers for subcontracts from minority and female construciton contractors and suppliers,

including circulation of solicitations to minority and female contractor associatons and other business associations.

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

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

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

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

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

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

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

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

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

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

PART II

Minority Business Enterprises/Women-Owned Business Enterprises

As a matter of policy the Port Authority requires the Lessee and the Lessee shall itself and shall require the general contractor or other construction supervisor and each of the Lessee's contractors to use every good faith effort to provide for meaningful participation by Minority Business Enterprises (MBEs) and Women-owned Business Enterprises (WBEs) in the construction work, pursuant to the provisions hereof and in accordance with Section 2(c)(18) of the Lease. For purposes hereof, Minority Business Enterprise (MBE) shall mean any business enterprise which is at least fifty-one percentum owned by or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by citizens or permanent resident aliens who are minorities and such ownership is real, substantial and continuing. For the purposes hereof, Women-owned Business Enterprise (WBE) shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by women and such ownership is real, substantial and continuing. A minority shall be as defined in paragraph II(c) of Part I of this Schedule E. "Meaningful participation" shall mean that at least ten percent (10%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of Minority Business Enterprises and that at least one percent (1%) of the total dollar value of the construction contracts (including subcontracts) are for the participation of Women-owned Business Enterprises. Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following:

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

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

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

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

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

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

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

For the Port Authority

Initialled:

For the Lessee

FORM XLD—Ack., N.J. 51380

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

On this 11th day of January, 1985, before me, the subscriber, a notary public of New York, personally appeared Robert J. Aaronson the Director of Aviation of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

Richard A. Aronow
(notarial seal and stamp)

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

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

On this 11th day of January, 1985, before me, the subscriber, a Notary Public at the State of New York, personally appeared Harold J. Pareti the President of People Express Airlines, Inc. who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

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

Richard A. Aronow
(notarial seal and stamp)

~~STATE OF~~
COUNTY OF } ss.

Be it remembered that on this _____ day of _____, 19____, before me, the subscriber, a _____, personally appeared _____ who I am satisfied is the person named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

(notarial seal and stamp)

EXHIBIT F

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

1. Financing the Lessee's airline operations.

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

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

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

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

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

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

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

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

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

For the Lessee

Initialled:

For the Port Authority

EXHIBIT U

PERFORMANCE BOND

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

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

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

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

Executed this day of 19 .

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

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

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

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

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

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

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

ATTEST: _____

_____ By _____

Title _____
(Corporate Seal)

WITNESS:

_____ _____

ATTEST: _____

_____ By _____

Title _____
(Corporate Seal)

WITNESS:

_____ _____

ADD ACKNOWLEDGMENTS AND JUSTIFICATION

_____
For the Port Authority

Initialled:

_____
For the Lessee

*In the event the Bond to be delivered to the Port Authority of New York and New Jersey replaces a preceding bond delivered by the Principal to the Port Authority of New York and New Jersey, the term of the Bond shall commence on the expiration date of the preceding bond.

EXHIBIT Y

ELECTION PURSUANT TO SECTION 103(N) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED

1. PEOPLE EXPRESS AIRLINES, INC., (hereinafter "the Lessee") pursuant to an Agreement of Lease bearing Port Authority Lease No. ANA-170 (hereinafter "the Lease") made effective as of _____ between the Lessee and The Port Authority of New York and New Jersey (hereinafter "the Port Authority") has leased the site and the structures, improvements, additions, buildings and facilities located or to be located thereon at Newark International Airport, are as described in Section 1 of the Lease (hereafter "the Leased Premises") to be used basically as an Airline Passenger Terminal for a term commencing no later than March 1, 1985 and expiring no later than March 31, 2012.

2. The Port Authority's principal office is at One World Trade Center, New York, New York 10048 and its tax payer identification number is 13-6400654W.

3. The Lessee's principal office is at North Passenger Terminal, Newark International Airport, New Jersey and its tax payer identification number is 74-2099724.

4. Capital expenditures in connection with the Leased Premises have been, or are expected to be made, in whole or in part by the Port Authority from various obligations issued by it from time to time after December 31, 1983.

5. The Lessee hereby irrevocably elects not to claim for purposes of Federal, State or local taxation of income any depreciation deductions or investment tax credits, for which it may be eligible with respect to the Leased Premises. The Lessee further agrees that this irrevocable election shall be binding upon its successors in interest, if any, under the Lease, and as a condition of any permitted sale or assignment of Lessee's interest under the Lease any successor in interest shall furnish an irrevocable election in the form of the immediately preceding sentence to the Port Authority. The foregoing shall not grant or be deemed to grant to the Lessee the right to sell or assign, in any manner, its interests under the Lease.

6. It is understood the foregoing election shall not apply t the personal property of the Lessee identified in Section 34 of the Leas

Dated:

PEOPLE EXPRESS AIRLINES, INC.

By _____

Title _____

_____
For the Lessee

Initialled:

_____
For the Port Authority

FORM XLD—Ack., N.J. 51380

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.

On this_____day of_____, 19____, before me, the subscriber, a notary public of New York, personally appeared _____the _____

_____of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

_____
(notarial seal and stamp)

STATE OF
COUNTY OF } ss.

On this_____day of _____, 19____, before me, the subscriber, a _____

_____, personally appeared _____

_____the_____President of_____

_____who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

_____
(notarial seal and stamp)

STATE OF
COUNTY OF } ss.

Be it remembered that on this_____day of _____, 19____, before me, the subscriber, a

_____, personally appeared _____

_____who I am satisfied is the person named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

_____
For the Lessee

_____
(notarial seal and stamp)

Initialled:

_____
For the Port Authority

EXHIBIT Z**

Fueling Standards, Specifications and Delivery Procedures

1. The Lessee hereby appoints the Port Authority's independent contractor (hereinafter called "the Operator") as its agent to accept delivery on its behalf of aviation fuel delivered to the Airport by the Lessee or by its supplier. The Operator's authority and responsibility in such respect shall be limited to (a) accepting only such deliveries of aviation fuel of which the Operator has been notified in advance in writing by the Lessee or its supplier, through its duly authorized officers, employees or agents, and (b) checking each delivery of aviation fuel for quantity and, as set forth in paragraph 2 hereof, examining each delivery of aviation fuel. The Lessee shall accept the Operator's determination of the quantity of any delivery, except in the case of fraud, gross negligence or willful misconduct. The Operator shall acknowledge receipt of the aviation fuel so delivered and, after each such delivery, shall promptly forward to the Lessee a copy of its or its supplier's receipt for the aviation fuel so delivered.

2. At the time of each delivery of aviation fuel, the Operator shall perform simple visual tests (and make a record thereof) to ascertain the correct grades of aviation fuel delivered to it regardless of any delivery ticket or loading certificate (or similar document), including the bright and clear test, the color test, and the specific gravity test and such other tests as may be required by current standard industry practice. The Operator shall reject any aviation fuel which fails to meet such tests. All aviation fuel meeting such tests shall be taken into storage, at which time the Operator shall send a sample to an independent testing laboratory which shall perform the "8-point test" as defined in paragraph 9 hereof.

3. At the time of, or prior to, each delivery, the Lessee or its supplier shall deliver to the Operator at the Airport, (a) its delivery ticket or loading certificate (or similar document) which shall specify (i) the kind and grade of such aviation fuel, and (ii) the quantity thereof contained in the shipment being delivered to the Operator, and (iii) which shall state that if such aviation fuel is bonded aviation fuel that it is bonded aviation fuel, and (b) a certificate which shall state that such fuel meets ASTM specification D1655, as such specification may be amended from time to time for the kind and grade of such aviation fuel.

and quantity of aviation fuel delivered, the date so delivered, the number of the aircraft and the flight number. The dispensing ticket shall be in such form as shall be prepared by the Operator and shall be provided by the Operator. The Operator shall forward to the Lessee copies of the dispensing ticket, normally on the next succeeding day but never later than five days after into-plane delivery is made.

7. Promptly after each defueling, the Operator shall complete and obtain a defueling ticket signed by an authorized employee of the Lessee, showing the quantity, as determined by the Operator, and the grade, as asserted by the Lessee, of the aviation fuel so defueled. The defueling ticket shall be in the same form as the dispensing ticket, except that when used as a defueling ticket the same shall be indicated by prominent marking. The Operator shall forward to the Lessee copies of each defueling ticket, normally on the next succeeding day but never later than five days after each defueling.

8. Once each day, at approximately the same time, the Operator shall measure the quantity, by grade, of the Lessee's aviation fuel in the storage tanks and tenders and refueling vehicles but excluding line displacements, and shall keep accu-rate records of the same. Upon the Lessee's request, the Operator shall inform it of the amount of such fuel so measured. The Operator shall notify the Lessee, at least 48 hours in advance of the time when, in its opinion, additional deliveries of aviation fuel are required, and shall assist the Lessee in scheduling deliveries but the Operator shall have no responsibility whatever by reason of any such action or for failure to take any such action.

9. The "8-point test" shall consist of the following:

		Specification
1.	Color, Saybolt, min.	Plus 16
2.	API Gravity at 60°	37° - 51°
3.	Flash Point, TCC, min.	100° F/Min.- 150° F/Max.
4.	Copper Strip Corrosion, max.	No. 1
5.	Freeze Point, ASTM D2386 max.	Jet - 40°C Jet A-1 - 47°C
6.	Water Tolerance:	
	Interface rating, max.	1(b)
	M1 Change, max.	1.0
7.	Distillation:	
	10% Evaporated, max. Temp.	400°F

50% Evaporated, max. Temp.	450°F
95% Evaporated, max. Temp.	465°F
Final Boiling Point, max. Temp.	550°F
Residue, Max. %	1.5%
Loss, Max. %	1.5%

8. Water Separometer Index, Modified Min. 85

** It is specifically understood and agreed that the contents of this Exhibit Z form a part of an agreement between the Port Authority's independent contractor and the Lessee, and, further, that neither this Exhibit nor anything contained herein shall limit, modify or alter any rights and remedies or obligations of the Port Authority or the Lessee under the Master Lease or constitute the Port Authority as a party to the said agreement between the contractor and the Lessee. It is further specifically understood and agreed that neither this Exhibit nor anything contained herein shall be deemed to impose any liability or responsibility of any type whatsoever on the part of the Port Authority for any failure of the Operator to perform or for any improper performance by the Operator of any of its obligations under the said agreement between the contractor and the Lessee.

For the Port Authority

Initialled:

For the Lessee

THIS SUPPLEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF, AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Port Authority Lease No. ANA-170
Supplement No. 1
Newark International Airport

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, made as of February 6, 1985, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Lessee");

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee as of January 11, 1985 entered into an agreement of lease (which agreement of lease is hereinafter called "the Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, the parties desire to amend the Lease in certain respects;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth, it is hereby agreed by and between the Port Authority and the Lessee to amend the Lease, effective as of February 6, 1985, as follows:

1. Subdivision (iii) of Paragraph (c) of Section 56 of the Lease shall be amended by deleting the date "February 11, 1985" wherever said date appears in said subdivision and substituting the date "February 19, 1985" in lieu thereof.

2. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be and remain in full force and effect.

3. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Agreement shall be binding upon the Port Authority unless expressed in writing herein.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By Morris Sloane

(Title) Morris Sloane-Deputy Director of Aviation

(Seal)

ATTEST:

Melrose K Dawsey

ASST Secretary

PEOPLE EXPRESS AIRLINES, INC.

By Donald Burr

(Title) President

(Corporate Seal)

APPROVED:

FORM	TERMS

FORM XLD—Ack., N.J. 51380

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.

On this 7th day of FEBRUARY, 1985, before me, the subscriber, a notary public of New York, personally appeared MORRIS SLOANE the DEPUTY DIRECTOR OF AVIATION of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

Anita E. Westrich
(notarial seal and stamp)

ANITA E. WESTRICH
Notary Public, State of New York
No. 43-4656184
Qualified in Richmond County
Commission Expires March 30, 1985

STATE OF New Jersey }
COUNTY OF Essex } ss.

On this 6TH day of February, 1985 before me, the subscriber, a notary public of New Jersey, personally appeared Donald Burke the President of People Express Airlines, Inc. who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

Maureen O. McCaffery
(notarial seal and stamp)

MAUREEN O. McCAFFERY
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Nov. 10, 1986

STATE OF }
COUNTY OF } ss.

Be it remembered that on this _____ day of _____, 19___, before me, the subscriber, a _____, personally appeared _____ who I am satisfied is the person named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

(notarial seal and stamp)

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Newark International Airport
Lease No. ANA-170
Supplement No. 2

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT made as of February 18, 1985 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and amended is hereinafter called "the Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects as hereinafter provided;

NOW, THEREFORE, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of February 18, 1985, as follows:

1. Section 56 of the Lease is hereby amended by deleting subparagraph (iii) of paragraph (c) thereof and by substituting in lieu thereof a new subparagraph (iii) as follows:

"(iii) No later than May 15, 1985 (said May 15, 1985 being hereafter called 'the security date') the Lessee shall deliver to the Port Authority as security for its obligations under subparagraph (ii)hereof in an amount as hereinafter provided either cash, a clean irrevocable letter of credit, a performance bond, or any combination of the foregoing. The amount of the security obligation shall initially be the amount of (2.a.) but it shall be increased or decreased based upon the determination after the Completion Date of the Port Authority Fuel System Cost and the Extra Taxiway Cost. The Lessee shall at all times during the term of this Agreement keep deposited with the Port Authority the amount of the security called for in the preceding sentence. The Lessee may once a year after each

anniversary of the security date during the term of this Agreement elect to vary the combination of cash, letter of credit or performance bond constituting the security required hereunder, by delivering to the Port Authority additional cash, a new clean, irrevocable letter of credit, or a new performance bond, or any combination of the foregoing, provided, however, that such election by the Lessee is made at the time and in strict compliance with the requirements set forth herein in this paragraph (iii). The Lessee may from time to time request that the Port Authority consider changing the frequency of the Lessee's election to vary the combination of cash, letter of credit or performance bond constituting the security hereunder as aforesaid.

If the Lessee chooses to deliver a letter of credit to the Port Authority, the form and terms of each such letter of credit, as well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. Such letter of credit shall provide that it shall be for a term expiring not less than twelve months following the security date or any anniversary thereof. The Lessee shall by a date ninety (90) days prior to the expiration date of any existing letter of credit advise the Port Authority by written notice that the Lessee has made arrangements for delivering to the Port Authority cash, a clean, irrevocable letter of credit, a performance bond, or any combination of the foregoing in satisfaction of its security obligations in the full amount called for under this paragraph (iii) for the next succeeding twelve-month period. The Lessee shall deliver to the Port Authority, by a date thirty (30) days prior to the expiration date of the letter of credit, said cash, letter of credit, performance bond, or any combination of the foregoing. In the event the Lessee shall fail to deliver said cash, letter of credit or performance bond, or any combination of the foregoing, by a date thirty (30) days prior to the expiration date of the letter of credit the Port Authority may at any time during said thirty (30) days draw down the full amount of the then existing letter of credit without statement of default, and the letter of credit shall so provide. Thereafter the Port Authority will hold the same as security as to all or a portion of the amount required hereunder, as the case may be. Failure to provide such a letter of credit, in the event the Lessee chooses to deliver a letter of credit at any time ~~during the term of the letting, valid and available~~ to the Port Authority, including any failure of any banking institution issuing any such letter of credit previously accepted by the Port authority, to make one or more payments as may be provided in such letter of credit shall be deemed to be a breach of this Agreement on the part of the Lessee.

If the Lessee elects to deliver a performance bond, the bond so furnished shall be in the form attached hereto, hereby made a part hereof and marked 'Exhibit U',and shall be

made either by a surety company or companies qualified to carry on a surety business in the State of New York or the State of New Jersey, and satisfactory to the Port Authority or by an individual or individuals satisfactory to the Port Authority. In addition, each such performance bond to be delivered by the Lessee shall be for a term which shall expire not less than twelve (12) months following the security date or any anniversary thereof. The Lessee shall by a date ninety (90) days prior to the expiration date of any existing performance bond advise the Port Authority by written notice that the Lessee has made arrangements for delivering to the Port Authority cash, a clean irrevocable letter of credit, performance bond, or any combination of the foregoing in satisfaction of its security obligations in the full amount called for under this paragraph (iii) for the next succeeding twelve-month period. The Lessee shall deliver to the Port Authority by a date thirty (30) days prior to the expiration date of the performance bond, said cash, letter of credit, performance bond or any combination of the foregoing. In the event the Lessee shall fail to deliver to the Port Authority, by a date thirty (30) days prior to the expiration date of the performance bond, said cash, letter of credit, performance bond or any combination of the foregoing, the Port Authority may draw down the full amount of the then existing performance bond and hold the same as security as to all or a portion of the amount required hereunder, as the case may be.

In the event the Port Authority at any time and from time to time exercises its rights to apply the security required hereunder in satisfaction of the Lessee's obligations hereunder, including the rights of the Port Authority to draw down the full amount of a then existing letter of credit or performance bond, or both, as aforesaid, and the security delivered by the Lessee hereunder exceeds the amount of the Lessee's obligations hereunder, the security delivered hereunder shall be applied as follows: The Port Authority shall first apply the cash security previously delivered by the Lessee, if any, toward the Lessee's obligations hereunder, and shall then apply any then existing letter of credit or performance bond, or both, on the basis of the proportion the amount of said letter of credit bears to the difference between the full amount of security required hereunder less the amount of cash security applied as aforesaid, and the proportion the amount of the performance bond bears to the difference between the full amount of the security required hereunder less the amount of the cash security applied as aforementioned, it being understood that in the event the security obligation is then secured in full solely by a letter of credit or by a performance bond, the full amount of such letter of credit or performance bond may be drawn down by the Port Authority.

The Lessee agrees that it will not assign or encumber the security delivered hereunder. The Lessee may collect or receive any interest or income earned on interest paid on cash security delivered hereunder in interest-bearing bank accounts, less any part thereof or amount which the Port Authority is or may hereafter be entitled or authorized by law to retain or to charge in connection therewith, whether as or in lieu of an administrative expense, or custodial charge, or otherwise; provided however, that the Port Authority shall not be obligated by this provision to place or to keep cash security delivered hereunder in interest bearing bank accounts. It is the Port Authority's expectation that any cash security delivered by the Lessee hereunder is to be placed in interest bearing bank accounts, but it is expressly understood and agreed that the Port Authority shall have no liability whatsoever in the event said cash security is not placed in interest bearing bank accounts."

2. It is hereby expressly understood and agreed that in the event the Lessee fails to deliver to the Port Authority by May 15,1985 security in the amount of Nine Million Five Hundred Thousand Dollars and No Cents ($9,500,000) in accordance with and as required under paragraph (c)(iii) of Section 56 of the Lease, as herein amended, then effective from and after May 16, 1985:

(a) Paragraph (c) of Section 6 of the Lease shall be deemed deleted therefrom and the following new paragraph (c) shall be substituted in lieu thereof:

"(c) The Lessee acknowledges that the Fuel System, as defined in Section 54 hereof,is made available to the Airline Lessees at the Airport under the terms of their Airline Leases. Consistent with the provisions covering the Fuel System, the Port Authority shall be responsible for the cost of providing and installing all main fuel lines necessary to serve the Lessee in Passenger Terminal Building C and which are or will become part of the Fuel System. The Port Authority shall be responsible for the cost of providing and installing the necessary stubs, pipes and associated facilities to be located on the premises in connection with aircraft fueling at nineteen (19) aircraft Gate Positions thereat, and the Port Authority shall supply ten (10) hydrant carts for nineteen (19) aircraft Gate Positions at the premises. With respect to all of the foregoing, however,it is specifically understood and agreed that the Port Authority's responsibility for the cost of providing and installing the aforesaid main fuel lines and the aforesaid stubs, pipes, ten (10) hydrant carts and associated facilities shall not in any event exceed the cost of providing the aforesaid items for nineteen (19) aircraft Gate Positions with the configuration and lineal footage originally planned by the Port Authority for Flight Stations

C-1 and C-2 as the same exist and are configured at the effective date of this Agreement and prior to any construction by the Lessee. The work set forth in the preceding three sentences is herein called 'the Port Authority Fuel System Work' and the cost of the same is herein called the 'Port Authority Fuel System Cost'. Notwithstanding the foregoing, it is understood that pursuant to Section 2 of the Lease and as part of the construction work thereunder, the Lessee shall design and construct the Port Authority Fuel System Work, but the same, although part of the construction work, shall not be or be deemed to be a part of the premises but shall be and become a part of the Fuel System. The Lessee shall also be responsible for the cost of providing and installing and, as part of the construction work under Section 2, shall also design and construct all stubs, pipes, and associated facilities to be located on the premises in connection with aircraft fueling at all other Gate Positions of the premises, and the Lessee shall also supply and be responsible for the costs of supplying twelve (12) hydrant carts for said other Gate Positions. The cost of all of the foregoing shall be a part of the cost of the construction work, but although a part of the construction work, the foregoing shall not be or be deemed to be a part of the premises but the same shall be and become a part of the Fuel System. Although the Port Authority Fuel System Cost shall be determined in the same manner as the cost of the construction work, said Cost shall not be or become a part of the cost of the construction work.

As used herein the term 'the Port Authority Fuel System Cost' shall mean the sum of the following actually paid by the Lessee to the extent that the inclusion of the same is permitted by generally accepted accounting practices consistently applied:

(i) amounts actually paid by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the Port Authority Fuel System Work (including insurance premiums actually paid by the Lessee for the insurance required by Section 2(c)(11) hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and

(ii) amounts actually paid and costs incurred by the Lessee in connection with the construction work for engineering, architectural, professional and consulting services and supervision of construction for the Port Authority Fuel System Work, <u>provided, however</u>, payments under this item (ii) shall not exceed fifteen percent (15%) of the amounts paid under item (i) above.

The Port Authority shall pay or reimburse the Lessee for the Port Authority Fuel System Cost as follows: In

delivering the certificates required to be delivered by the Lessee under paragraph (b) of this Section 6, the Lessee shall therein separately certify the sum of (i) the amounts of actual payments made by the Lessee and the amounts actually due and payable from the Lessee to its independent contractors for work actually performed and labor and materials actually furnished for the Port Authority Fuel System Work (including insurance premiums actually paid by the Lessee for the insurance required by Section 2(c)(11) hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and (ii) the amounts of actual payments made by the Lessee and the amounts due and payable from the Lessee in connection with the Port Authority Fuel System Work for engineering, architectural, professional, consulting services and supervision of construction (it being understood that payments under this item (ii) shall not exceed of the amount paid under item (i) above and shall only apply to payments not included in a prior certificate; provided, however, that the said 15% limitation shall not apply to payments made by the Lessee or amounts due and payable from the Lessee as provided in this (ii) to limit the reimbursement to the Lessee in the early stages of construction). It is understood and agreed that the Lessee shall use its best judgment in its allocation and breakdown of costs as between the Port Authority Fuel System Work and the construction work. Any payment by the Port Authority which may exceed the limitation set forth in (ii) above shall be promptly refunded to the Port Authority upon demand. Each such certificate shall also set forth all due and payable amounts included by the Lessee in previous certificates against which a reimbursement of the Port Authority Fuel System Cost has been made by the Port Authority to the Lessee and which have been paid by the Lessee since the submission of each such previous certificate and shall have attached thereto or included thereon such verification as shall be required by the Port Authority that such amounts have been paid. Notwithstanding the foregoing, no reimbursement of the Port Authority Fuel System Cost shall be made by the Port Authority to the Lessee until all due and payable amounts included on all previously submitted certificates have been paid by the Lessee and the payment thereof verified to the satisfaction of the Port Authority (unless such amounts are being withheld by the Lessee pursuant to subparagraph (3) of paragraph (c) of Section 2 hereof, and the amount of such withheld amount shall have been deducted from the amount of a reimbursement payment of the Port Authority Fuel System Cost). Each such certificate shall also (a) set forth, in reasonable detail, with respect to the Port Authority Fuel System Work, the amounts paid or due and payable to specified independent contractors and the amounts paid or due and payable to other specified persons and third parties which have not previously been reported in certificates delivered to the Port Authority; (b) have attached thereto

reproduction copies or duplicate originals of the invoices of such independent contractors and other persons (whether such invoices are paid or unpaid) and for such invoices which have been paid, an acknowledgment by such independent contractors and other persons of the receipt by them of such amounts and payments; (c) certify that the amounts, payments and expenses therein set forth constitute portions of the Port Authority Fuel System Cost; and (d) contain the Lessee's certification that the work for which payment is requested has been accomplished, that the amounts requested have been paid or are due and payable to the Lessee's contractors, and, subject to the concurrence of the Port Authority, that said work is in place and has a value of not less than the amount requested to be paid. Each such certificate shall also set forth the total cumulative payments made by the Lessee as aforesaid from the commencement of the construction work to the date of the certificate, and each such certificate shall also contain a certification by the Lessee that each portion of the construction work covered by said certificate has been performed strictly in accordance with the terms of the Lease.

Within thirty (30) days after the delivery of a duly submitted certificate by the Lessee,and at the same time the Port Authority makes a Construction Advance based on the Lessee's certificate for the construction work under paragraph (b) above the Port Authority shall pay to the Lessee the amounts paid by the Lessee and the amounts becoming due and payable from the Lessee during the period covered by such certificate, as certified in such certificate (but only to the extent that such amounts or any portion thereof have not theretofore been included in a prior certificate). It is understood that at the election of the Port Authority no payment will be made if the Port Authority's inspection or audit does not substantiate the contents of any of said certificates and until such matters have been resolved to the satisfaction of the Port Authority, but the Port Authority shall have no obligation to conduct any such inspection or audit at such time. The certificate shall also contain such further information and documentation with respect to the Port Authority Fuel System Cost as the Port Authority from time to time may require.

The Lessee shall set forth in its Final certificate called for under paragraph (b) of this Section 6, its final statement of the Port Authority Fuel System Cost, including its final allocation and breakdown of costs as between the cost of the construction work and the Port Authority Fuel System Cost. After submitting said Final Certificate, the Lessee shall submit no further certificate hereunder with respect to the Port Authority Fuel System Cost.

The entire obligation of the Port Authority under this paragraph (c) to reimburse the Lessee for the Port Authority Fuel System Cost shall be limited in amount to a

total of to be paid to the Lessee pursuant to certificates of the Lessee submitted in accordance with this paragraph (c) no later than the Final Date, as defined in paragraph (b) above. Notwithstanding the fact that, as provided herein, the Port Authority's reimbursement payments to the Lessee for the Port Authority Fuel System Cost will be made at the same time that the Port Authority makes Construction Advances to the Lessee for the construction work, neither said payments nor the Port Authority Fuel System Cost shall be or become a part of the cost of the construction work or part of the Construction Advance Amount."

(b) Paragraph (c) of Section 56 of the Lease shall be deemed deleted therefrom and shall be of no further force and effect.

(c) (i) Paragraph (g) of Section 79 of the Lease shall be deemed amended to read as follows:

"(g) The terms 'Cost of the Initial Port Authority Taxiway Work' and 'Cost of the Port Authority Taxiway Relocation Work' (collectively the 'Work') in this paragraph shall, in each case mean the sum of the following:".

(ii) Paragraph (h) of Section 79 of the Lease shall be deemed amended to read as follows:

"(h) The Port Authority will include the Cost of the Initial Port Authority Taxiway Work in the term 'Construction Advance Amount' as defined in Section 6(a)(2) hereof."

3. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from any and all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation and execution of this Supplemental Agreement.

4. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Lessee with any liability, or held liable to it under any term or provision of this Supplemental Agreement, or because of its execution or attempted execution or because of any breach thereof.

5. As hereby amended, all of the terms, covenants, provisions, conditions and agreements of the Lease shall be and remain in full force and effect.

6. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or this Supplemental Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

(Title) Asst Director

(Seal)

ATTEST:

Asst Secretary

PEOPLE EXPRESS AIRLINES, INC.

By

(Title) ~~President~~

(Corporate Seal)

APPROVED:
FORM | TERMS

FORM XLD—Ack., N.J. 51300

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.

On this 19 day of February, 1985, before me, the subscriber, a notary public of New York, personally appeared Gerald FitzGerald the Assistant Director of Aviation of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

Jacqueline White
(notarial seal and stamp)
JAQUELINE WHITE
NOTARY PUBLIC, State of New York
No. 4737759
Qualified [illegible] County
Commission [illegible] March 30, 1985

STATE OF New Jersey
COUNTY OF Essex } ss.

On this 15th day of FEBRUARY, 1985, before me, the subscriber, a _____, personally appeared ROBERT J. McAdoo the MANAGING OFFICER President of People Express Airlines, Inc. who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

Melvin K Dawson
(notarial seal and stamp)
Expiration Date 11/11/86

~~STATE OF~~
COUNTY OF } ss.

Be it remembered that on this _____ day of _____, 19___, before me, the subscriber, a _____, personally appeared _____ who I am satisfied is the person named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

_____
(notarial seal and stamp)

EXHIBIT U

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS that we, the undersigned,
(a corporation organized under the laws of the State), as Principal;
and
as Surety, are hereby held and firmly bound unto The Port Authority of New York and New Jersey in the sum of
for the payment of which, well and truly to be made, we hereby jointly and severally bind ourselves, our heirs, representatives, executors, administrators, successors and assigns.

Executed this day of 19 .

The condition of the above obligation is such that whereas the above-named Principal has entered into an agreement of lease in writing with The Port Authority of New York and New Jersey (hereafter called "the Port Authority") dated as of January 11, 1985 and covering certain premises, rights and privileges at and in respect to Newark International Airport, a copy of which agreement of lease, as the same has been heretofore amended or supplemented, is hereto annexed and hereby made a part of this Bond as though herein set forth in full, and as as the same may be hereafter amended or supplemented is hereinafter referred to as "the Lease",

Now, if the said Principal shall well, faithfully and punctually do and perform the things agreed by it to be done and performed according to the terms and true intent and meaning of Paragraphs (c)(ii) and (c)(iii) of Section 56 of the Lease, then this obligation shall be void, otherwise the same shall remain in full force and effect.

The Surety, for value received, hereby stipulates and agrees that the obligations of the said Surety and its Bond shall be in no way impaired or affected by any extension of time, modification, omission, addition, supplement, amendment or change in or to the Lease, or by any waiver of any provisions thereof, or by any assignment, subletting or other transfer thereof or of any part thereof; and the said Surety does hereby waive notice of any and all of such extensions, modifications, omissions,

additions, supplements, amendments, changes, waivers, assignments, subcontracts and transfers, and hereby expressly stipulates and agrees that any and all things done or omitted to be done by and in relation to assignees, sublessees and other transferees shall have the same effect as to the said Surety as though done or omitted to be done by or in relation to the said Principal.

Failure to annex the said Lease shall not affect the validity of this Bond or the obligations of the parties hereunder.

The term of this Bond shall commence on the execution hereof and shall expire on May 15, 1986.*

The Port Authority shall have the right to draw down and the Surety shall pay the full amount of this Bond at any time within thirty (30) days prior to the aforesaid expiration date, upon notice by the Port Authority to the Surety so to do, as provided in said Section 56 of the Lease. In addition, in the event the Port Authority of New York and New Jersey exercises its rights under the Lease to apply the sum under this Bond in satisfaction of the Principal's obligations under said Section 56 of the Lease, the full amount of this Bond shall be so applied, provided, that if the security delivered by the Lessee pursuant to said Section 56 of the Lease exceeds the amount of the Lessee's obligations thereunder and if there exists at the time of said application cash security or a letter of credit, or both, previously delivered by the Principal to the Port Authority, the Port Authority shall first apply said cash security to said obligations of the Principal and then shall apply this Bond and any then existing letter of credit apportioned on the basis of the proportions that this Bond and the then existing letter of

credit each bears to the difference between the full amount of the security required under said Section 56 of the Lease less the amount of cash security applied.

IN WITNESS WHEREOF, the Principal and the Surety have hereunto executed these presents (caused their corporate seals to be hereto affixed and these presents to be signed by their proper officers), the day and year first set forth above and shall expire one year thereafter.

ATTEST: _____

_____ By _____

Title _____
(Corporate Seal)

WITNESS:

_____ _____

ATTEST: _____

_____ By _____

Title _____
(Corporate Seal)

WITNESS:

_____ _____

ADD ACKNOWLEDGMENTS AND JUSTIFICATION

_____
For the Port Authority

Initialled:

_____
For the Lessee

*In the event the Bond to be delivered to the Port Authority of New York and New Jersey replaces a preceding bond delivered by the Principal to the Port Authority of New York and New Jersey, the term of the Bond shall commence on the expiration date of the preceding bond.

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Newark International Airport
Lease No. ANA-170
Supplement No. 3

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT made as of September 24, 1986 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and amended is hereinafter called "the Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects as hereinafter provided,

NOW, THEREFORE, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of September 24, 1986, as follows:

1. Section 2 of the Lease is hereby amended as follows:

(a) There shall be deemed added to said Paragraph (a) a new subparagraph (xii) immediately following subparagraph (xi) to read as follows:

*

"(xii) All necessary and appropriate repairs to the portion of the roof of the Terminal C building located above the areas of the Terminal C building which are not a part of the premises hereunder (hereinafter sometimes called `the additional roof repair work')."

(b) The fifth line of the penultimate paragraph of said Paragraph (a) shall be deemed amended to read as follows:

"in subparagraph (iii) and subparagraph (xii) above which will not be part of the ".

2. Section 6 of the Lease is hereby amended as follows:

(a) Subparagraph (a) of paragraph (a)(4) of Section 6 of the Lease shall be deemed amended by changing the period at the end of item (ii) appearing on page 39 of the Lease to a semicolon and further by inserting immediately thereafter a new item (iii) to read as follows:

"(iii) the cost of the North Terminal Annex Construction Work, it being understood and agreed that for the purposes of this Lease the phrase the `Cost of the North Terminal Annex Construction Work' shall mean the sum of the following actually paid by the Lessee to the extent that the inclusion of the same is permitted by generally accepted accounting practices consistently applied:

(aa) amounts actually paid or incurred by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the construction of the North Terminal Annex Construction Work, as hereinafter defined, and

(bb) amounts actually paid and costs incurred by the Lessee in connection with the North Terminal Annex Construction Work for engineering, architectural, professional and consulting services and supervision of construction, provided, however, payments under this item (iii) shall not exceed fifteen percent (15%) of the amounts paid under item (aa) above.

For the purposes of this Lease, the phrase the `North Terminal Annex Construction Work' shall mean the construction work required to be performed by the Lessee under the separate agreement of lease entered into between the Lessee and the Port Authority dated as of May 1, 1986 covering premises at the Airport and bearing Port Authority Lease No. ANA-270 as said construction work and premises are defined in Section 2 of said lease (said agreement of lease

*

as the same may be supplemented and amended being herein sometimes referred to as `the North Terminal Annex Lease').

Without limiting any other term or provision of the Lease, it is hereby specifically understood and agreed that the Cost of the North Terminal Annex Construction Work constitutes a part of the cost of the construction work hereunder and part of the Construction Advance Amount, and that the entire obligation of the Port Authority under this paragraph for the Cost of the North Terminal Annex Construction Work shall be limited in amount to a total of

(2.a.)

, and it is expressly acknowledged, without limiting the applicability of any other term or provision of this Lease, that said obligation is subject to the Lessee's having complied with the provisions of Special Endorsement No. 2 of the North Terminal Annex Lease including without limitation the provision set forth in paragraph (c) (3) of said Special Endorsement No. 2, and further subject to paragraphs (i) and (m) of this Section 6."

(b) Paragraph (b) of Section 6 of the Lease shall be deemed amended by inserting at the end thereof the following new subparagraphs:

"For the purposes of this paragraph (b) and the payments to be made hereunder and the certifications to be made by the Lessee, the North Terminal Annex Construction Work shall be deemed to be a part of the construction work, and the provisions of this paragraph (b) shall extend and apply to the North Terminal Annex Construction Work as if the same were part of the construction work hereunder, except that the Lessee shall separately certify in the certificates called for under this paragraph (b) all costs of the Cost of the North Terminal Annex Construction Work.

After the delivery of a duly submitted certificate by the Lessee containing all of the certifications and verifications in accordance with the foregoing provisions of this paragragh (b), the Port Authority shall also have the right to elect from time to time to make any of the payments of Construction Advances, or portions thereof, called for under this paragragh (b) directly to any of the Lessee's independent contractors; it being expressly understood, without limiting any other provision of this Section 6, that each of the Lessee's certificates to be delivered hereunder shall contain a breakdown of costs separately listed for each of the Lessee's independent contractors. In the event the Port Authority elects to make any such direct payment, each such direct payment shall be deemed to have been made to the Lessee, and the Port Authority shall send to the

Lessee at the time of making such direct payment a notice thereof setting forth the name of the contractor to whom payment was made and the amount of the Construction Advance which was directly paid to such contractor."

(c) Paragraph (c) of Section 6 of the Lease shall be deemed amended by adding at the end of the first full paragraph appearing on page 45 of the Lease the following:

> "After the delivery of a duly submitted certificate by the Lessee containing all of the certifications and verifications in accordance with the foregoing provisions of this paragragh (c), the Port Authority shall also have the right to elect from time to time to make any of the payments, or portions thereof, called for under this paragragh (c) directly to any of the Lessee's independent contractors; it being expressly understood, without limiting any other provision of this Section 6, that each of the Lessee's certificates to be delivered hereunder shall contain a breakdown of costs separately listed for each of the Lessee's independent contractors. In the event the Port Authority elects to make any such direct payment, each such direct payment shall be deemed to have been made to the Lessee, and the Port Authority shall send to the Lessee at the time of making such direct payment a notice thereof setting forth the name of the contractor to whom payment was made and the amount of the payment directly made to such contractor."

(d) (1) The second sentence of paragraph (e) of Section 6 of the Lease shall be deemed amended to read as follows:

> "The foregoing breakdown of costs shall apply as well as to the costs set forth in Section 6 (a)(4)(ii) and Section 6 (a)(4)(iii)(bb)."

(2) The fourth sentence of paragraph (e) of Section 6 shall be deemed amended to read as follows:

> "Moreover the Lessee shall specifically set forth the Port Authority Fuel System Cost as defined in paragraph (c) hereof, the Terminal C Roof Repair Work Cost as defined in paragraph (1) hereof, and the Cost of the North Terminal Annex Construction Work as defined in paragraph (a) hereof."

(3) The third line of the second subparagraph of paragraph (e) of said Section 6 shall be deemed amended to read as follows:

"Authority Fuel System Costs or in the Terminal C Roof Repair Work Cost or the Cost of the North Terminal Annex Construction Work any item as having been incurred but".

(e) (1) The fifth line of paragraph (h) of Section 6 shall be deemed amended to read as follows:

"The Port Authority Fuel System Cost, or the Terminal C Roof Repair Work Cost, or the Cost of the North Terminal Annex Construction Work, or any other category whichever".

(2) The second subparagraph of paragraph (h) of Section 6 which is set forth in quotes on page 47 thereof shall be deemed amended to read as follows:

"Can it reasonably be held that the part of the cost of the construction work or of the cost of the Port Authority Fuel System Cost or of the Terminal C Roof Repair Work Cost or of the cost of the North Terminal Annex Construction Work, or of any other applicable category has been properly determined under the principles of the Lease including whether there has been a sound allocation and breakdown of costs under a contract or contracts covering different categories of work under generally accepted accounting practice, or if not, then what amount should be properly determined?".

(f) There shall be deemed added to Section 6 new paragraphs (l) and (m) to read as follows:

"(l) It is hereby recognized that as part of the construction work as defined in Section 2 hereof, the Lessee shall perform repairs to the roof of the Terminal C Building consisting of both repairs to the portions of said roof which cover the premises and the additional roof repair work as defined in Section 2 hereof, all of said work being herein collectively called the `Terminal C Roof Repair Work'. It is further agreed that Terminal C Roof Repair Work Cost shall not be or become part of the cost of the construction work.

As used herein the term `the Terminal C Roof Repair Work Cost' shall mean the sum of the following actually paid by the Lessee to the extent that the inclusion of the same is permitted by generally accepted accounting

practices consistently applied:

(i) amounts actually paid by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the Terminal C Roof Repair Work (including insurance premiums actually paid by the Lessee for the insurance required by Section 2(c) (11) hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and

(ii) amounts actually paid and costs incurred by the Lessee in connection with the Terminal C Roof Repair Work for engineering, architectural, professional and consulting services and supervision of construction work for the Terminal C Roof Repair Work, provided, however, payments under this item (ii) shall not exceed fifteen percent (15%) of the amounts paid under item (i) above.

The Port Authority shall pay or reimburse the Lessee for the Terminal C Roof Repair Work Cost as follows: In delivering the certificates required to be delivered by the Lessee under paragraph (b) of this Section 6, the Lessee shall therein separately certify the sum of (i) the amounts of actual payments made by the Lessee and the amounts actually due and payable from the Lessee to its independent contractors for work actually performed and labor and materials actually furnished for the Terminal C Roof Repair Work (including insurance premiums actually paid by the Lessee for the insurance required by Section 2(c) (11) hereof to the extent said insurance is not procured and maintained by the Lessee's contractors); and (ii) the amounts of actual payments made by the Lessee and the amounts due and payable from the Lessee in connection with the Terminal C Roof Repair Work for engineering, architectural, professional, consulting services and supervision of construction (it being understood that payments under this item (ii) shall not exceed fifteen percent (15%) of the amount paid under item (i) above and shall only apply to payments not included in a prior certificate; provided, however, that the said 15% limitation shall not apply to payments made by the Lessee or amounts due and payable from the Lessee as provided in this item (ii) to limit the reimbursement to the Lessee in the early stages of construction). It is understood and agreed that the Lessee shall use its best judgment in its allocation and breakdown of costs as between the Terminal C Roof Repair Work and the rest

of the construction work. Any payment by the Port Authority which may exceed the limitation set forth in (ii) above shall be promptly refunded to the Port Authority upon demand. Each such certificate shall also set forth all due and payable amounts included by the Lessee in previous certificates against which a reimbursement of the Terminal C Roof Repair Work Cost has been made by the Port Authority to the Lessee and which have been paid by the Lessee since the submission of each such previous certificate and shall have attached thereto or included thereon such verification as shall be required by the Port Authority that such amounts have been paid. Notwithstanding the foregoing, no reimbursement of the Terminal C Roof Repair Work Cost shall be made by the Port Authority to the Lessee until all due and payable amounts included on all previously submitted certificates have been paid by the Lessee and the payment thereof verified to the satisfaction of the Port Authority (unless such amounts are being withheld by the Lessee pursuant to subparagraph (3) of paragraph (c) of Section 2 hereof, and the amount of such withheld amount shall have been deducted from the amount of reimbursement payment of the Terminal C Roof Repair Work Cost). Each such certificate shall also (a) set forth, in reasonable detail, with respect to the Terminal C Roof Repair Work Cost, the amounts paid or due and payable to specified independent contractors and the amounts paid or due and payable to other specified persons and third parties which have not previously been reported in certificates delivered to the Port Authority; (b) have attached thereto reproduction copies or duplicate originals of the invoices of such independent contractors and other persons (whether such invoices are paid or unpaid) and for such invoices which have been paid, an acknowledgment by such independent contractors and other persons of the receipt by them of such amounts and payments; (c) certify that the amounts, payments and expenses therein set forth constitute portions of the Terminal C Roof Repair Work Cost; and (d) contain the Lessee's certification that the work for which payment is requested has been accomplished, that the amounts requested have been paid or are due and payable to the Lessee's contractors, and, subject to the concurrence of the Port Authority, that said work is in place and has a value of not less than the amount requested to be paid. Each such certificate shall also set forth the total cumulative payments made by the Lessee as aforesaid from the commencement of the construction work to the date of the certificate, and each such certificate shall also contain a certification by the Lessee that each portion of the

construction work covered by said certificate has been performed strictly in accordance with the terms of the Lease.

Within thirty (30) days after the delivery of a duly submitted certificate by the Lessee, and at the same time the Port Authority makes a Construction Advance based on the Lessee's certificate for the construction work under paragraph (b) of this Section 6 the Port Authority shall pay to the Lessee the amounts paid by the Lessee and the amounts becoming due and payable from the Lessee during the period covered by such certificate, as certified in such certificate (but only to the extent that such amounts or any portion thereof have not theretofore been included in a prior certificate). It is understood that at the election of the Port Authority no payment will be made if the Port Authority's inspection or audit does not substantiate the contents of any of said certificates and until such matters have been resolved to the satisfaction of the Port Authority, but the Port Authority shall have no obligation to conduct any such inspection or audit at such time. The certificate shall also contain such further information and documentation with respect to the Terminal C Roof Repair Work Cost as the Port Authority from time to time may require.

After the delivery of a duly submitted certificate by the Lessee containing all of the certifications and verifications in accordance with the foregoing provisions of this paragragh (1), the Port Authority shall also have the right to elect from time to time to make any of the payments, or portions thereof, called for under this paragragh (1) directly to any of the Lessee's independent contractors; it being expressly understood, without limiting any other provision of this Section 6, that each of the Lessee's certificates to be delivered hereunder shall contain a breakdown of costs separately listed for each of the Lessee's independent contractors. In the event the Port Authority elects to make any such direct payment, each such direct payment shall be deemed to have been made to the Lessee, and the Port Authority shall send to the Lessee at the time of making such direct payment a notice thereof setting forth the name of the contractor to whom payment was made and the amount of the payment directly made to such contractor.

The Lessee shall set forth in its Final certificate called for under paragraph (b) of this

Section 6, its final statement of the Terminal C Roof Repair Work Cost, including its final allocation and breakdown of costs as between the cost of the construction work and the Terminal C Roof Repair Work Cost. After submitting said Final Certificate, the Lessee shall submit no further certificate hereunder with respect to the Terminal C Roof Repair Work Cost.

The entire obligation of the Port Authority under this paragraph (1) to reimburse the Lessee for the Terminal C Roof Repair Work Cost shall be limited in amount to a total of (2.a.) to be paid to the Lessee pursuant to certificates of the Lessee submitted in accordance with this paragraph (1) no later than the Final Date, as defined in paragraph (a) above. Notwithstanding the fact that, as provided herein, the Port Authority's reimbursement payments to the Lessee for the Terminal C Roof Repair Work Cost will be made at the same time that the Port Authority makes Construction Advances to the Lessee for the construction work, neither said payments nor the Terminal C Roof Repair Work Cost shall be or become a part of the cost of the construction work or part of the Construction Advance Amount.

(m) The Lessee hereby represents that it has heretofore entered into a contract with Damon C. Douglas Company dated May 14, 1986, as well as other contracts and agreements covering the North Terminal Annex Construction Work under the North Terminal Annex Lease all as listed in Schedule 1 attached hereto and hereby made a part hereof (hereinafter collectively referred to as the `Annex construction contracts'). The Lessee hereby represents to the Port Authority that it has made actual payments to the contractors under the Annex construction contracts for the North Terminal Annex Construction Work as set forth in said Schedule 1 and that said actual payments amount as of November 1, 1986 to the sum of (2.a.). It is hereby agreed that the Port Authority shall, as part of the Construction Advances under paragraph (b) of this Section 6, pay to the Lessee the said amount of $2,120,429.70 and that the said payment shall be made in the form of a credit effective as of November 1, 1986 on the books of the Port Authority against outstanding obligations of the Lessee to the Port Authority arising out of the Lessee's operations at the Airport, whether covered by

this Lease or any other agreement between the Lessee and the Port Authority, or otherwise. Notwithstanding the foregoing, the Lessee shall submit to the Port Authority no later than November 30, 1986 all of the certificates including the certifications and other documentation called for under said paragraph (b) of this Section 6 with respect to the work for which the aforesaid payment is attributable and the aforesaid payment of (2.a.) shall then be deemed to have been made on said certificates of the Lessee as well as this paragraph (m). Nothing herein, however, shall limit the right of the Port Authority to inspect and audit as set forth in paragraph (k) of this Section 6. It is expressly understood and agreed that, notwithstanding the fact that the said payment shall be made in the form of a credit, as aforesaid, such credit shall, as of November 1, 1986, be deemed a Construction Advance under paragraph (b) hereof and be and form a part of the Construction Advance Amount."

3. There shall be deemed added to Section 5 of the Lease a new paragraph (l) reading as follows:

"(l) Monthly Facility Rental Net Credit

(1) In the event the Port Authority relets the North Terminal Annex Lease Premises or any portion thereof (as hereinafter defined) to any other person, firm or corporation or permits any other person, firm or corporation to enter upon and use the same at any time during the period commencing after the date of the expiration of the North Terminal Annex Lease (as defined in Section 6 hereof) which such reletting or permission shall commence at any time or from time to time thereafter, but prior to April 30, 1991, the Port Authority shall, subject to the terms and conditions stated herein, credit to the account of the Lessee against that portion of the Lessee's monthly payment of the Facility Rental which constitutes the Cost of the North Terminal Annex Construction Work any net amount remaining after deductions from the amount actually received from any lessee, licensee, permittee or other occupier (herein collectively sometimes called the `new user(s)') in connection with the reletting or use of the North Terminal Annex Lease Premises or portion thereof during the period of any such letting or use. The said net crediting shall be made by the Port Authority commencing as of the date of said reletting or use of the North Terminal Annex Lease Premises or any portion thereof, but in no event earlier than the Facility Rental Commencement Date. The following deductions shall be made by the Port Authority in determining the net

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credit as aforesaid:

(i) All expenses, costs and disbursements incurred or paid by the Port Authority in connection with the said reletting or use;

(ii) All expenses, costs and disbursements incurred or paid by the Port Authority in connection with the repair, alteration, structural or other changes in the North Terminal Annex Lease Premises including changes which alter the character of the said Premises and the suitability thereof for the purpose of the lessee under the North Terminal Annex Lease;

(iii) All expenses of the Port Authority in providing, operating and maintaining the North Terminal Annex Lease Premises, including, without limitation, janitorial and cleaning services, utilities, insurance, painting, repairs, replacements, repaving, reflooring, refurbishing and rebuilding, and snow and ice removal, and the operation of any public address system, baggage and other systems; and

(iv) All amounts received from the new user(s) which are attributable to ground rental for the North Terminal Annex Lease Premises.

(2) It is expressly understood and agreed that, if there are net amounts as aforesaid, the said net credit to be applied against the Lessee's Facility Rental obligations in accordance with paragraph (1) above shall be made by the Port Authority on its books only to that portion of the Lessee's monthly payment of the Facility Rental which constitutes the Cost of the North Terminal Annex Construction Work, provided, however, that in no event shall the Lessee be entitled to receive a credit or credits which would in total exceed the Cost of the North Terminal Annex Construction Work as said Cost is finally determined by the Port Authority in accordance with and pursuant to Section 6 of this Lease. It is further understood and agreed that if a net credit is to be applied the same shall be applied by the Port Authority on a monthly basis only without any prior or subsequent adjustment and only against the monthly Facility Rental payments to be made by the Lease under this Section 5 for the applicable month and shall commence, if ever, on the Facility Rental Commencement Date and expire on December 31, 1998; it being understood and agreed that in no event shall any net credit be applied after December 31, 1998. Said net credit shall be determined and applied as follows: For any month during which there are no amounts received from new user(s) or the amounts received from the

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new user(s) do not exceed the deductions set forth in items (i),(ii), (iii) and (iv) above, the said deductions or the excess of said deductions over the amounts received from the new user(s), as the case may be, will be accumulated by the Port Authority in a deferred account on which interest will accrue at the Port Authority's hurdle rate established as of the date of the expiration of the North Terminal Annex Lease. In any month in which the amounts received from the new user(s) are in excess of the aforesaid deductions, such excess will first be applied to reduce the balance, including interest as aforesaid, in the said deferred account before such excess is applied as a net credit against the Facility Rental as herein provided.

(3) The phrase the `North Terminal Annex Lease Premises' shall mean the premises leased to the Lessee under the North Terminal Annex Lease (as defined in Section 6 thereof).

(4) It is specifically understood and agreed that nothing herein shall or shall be deemed to limit, modify, waive or affect the provisions of the North Terminal Annex Lease including without limitation Sections 16 through 23 of the North Terminal Annex Lease, or affect, alter or diminish the obligations of the lessee thereunder."

4. Subparagraph (iii) of Paragraph (c) of Section 56 of the Lease, as previously amended and as set forth in Supplement No. 2 to the Lease is hereby amended as follows: There shall be deemed inserted between the second and third sentences thereof the following:

"It is hereby acknowledged and agreed by and between the parties hereto that the amount of the Other Gates Cost and the Extra Taxiway Cost has been now estimated at (2.a.)

that from and after September 24, 1986 the said amount shall constitute the amount of the security that the Lessee is required to keep deposited pursuant to the provisions hereof; provided, however, that nothing herein shall limit or be deemed to limit the provisions of Section 6 of the Lease with respect to the Port Authority's audit of the said Costs and the increase or decrease of the said security amount based upon the final determination after the Completion Date of the Port Authority Fuel System Cost and the Extra Taxiway Cost."

5. The Port Authority and the Lessee hereby expressly acknowledge and agree that a Triggering Event or Triggering Events as defined in Section 88 of the Lease and listed in Exhibit X thereof has or have occurred with the consequences set forth in paragraph (a) of said Section 88 and that the Lessee has submitted to the Port Authority a request for a waiver under Section 91 thereof and that such request was not

granted by the Port Authority.

6. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be and remain in full force and effect.

7. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Agreement shall be binding upon the Port Authority unless expressed in writing herein.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of day and year first above written.

ATTEST:

Theresa A. Poterto
ASSISTANT Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By M Sloane

(Title) Morris Sloane-Deputy Director of Aviation
(Seal)

ATTEST:

Robert G. Schwed
Secretary

PEOPLE EXPRESS AIRLINES, INC.

By Robert Morris

(Title) Managing Officer President
(Corporate Seal)
Chief Financial Officer

APPROVED:
FORM | TERMS

SCHEDULE 1

TO SUPPLEMENT NO. 3 - LEASE ANA-170

North Terminal Annex construction contracts and amounts paid thereunder by the Lessee:

Contractors	Amount Paid by the Lessee as of November 1, 1986
BAE AUTOMATED SYSTEMS	0.00
BALSAMEL LONGO PARTNERSHIP	127,031.94
CONSTRUCTION SURVEYORS	4,558.76
CURCHIN & COMPANY	0.00
DAMON G. DOUGLAS	1,964,141.00
JERSEY TECHNOLOGY	0.00
PROFESSIONAL PLANTSMEN	3,392.00
RAAMOT ASSOCIATES	0.00
SOMERSET WOOD PRODUCTS	21,306.00
Cumulative Total Paid by the Lessee as November 1, 1986:	2,120,429.70

For the Port Authority

Initialled:

For the Lessee

FORM XLD—Ack., N.J. 51380

STATE OF NEW YORK } ss.
COUNTY OF NEW YORK

On this 12th day of DECEMBER, 1986, before me, the subscriber, a notary public of New York, personally appeared MORRIS SLOANE the DEPUTY DIRECTOR OF AVIATION of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

Anita E. Westrich
(notarial seal and stamp)

ANITA E. WESTRICH
Notary Public, State of New York
No. 43-4656184
Qualified in Richmond County
Commission Expires March 30, 1987

STATE OF New York } ss.
COUNTY OF New York

On this 26th day of November, 1986, before me, the subscriber, a _____, personally appeared Robert J. Norris, managing Officer + Chief Financial Officer ~~the~~ ~~President~~ of People Express Airlines, Inc. who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

JOSEPHINE A. PALLADINO
[illegible] New York
[illegible] County
[illegible] County
[illegible], 1988

Josephine A. Palladino
(notarial seal and stamp)

STATE OF } ss.
COUNTY OF

Be it remembered that on this _____ day of _____, 19___, before me, the subscriber, a _____, personally appeared _____ who I am satisfied is the person named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

(notarial seal and stamp)

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Newark International Airport
Lease No. ANA-170
Supplement No. 4

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT made as of December 5, 1986 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and amended is hereinafter called "the Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects as hereinafter provided,

NOW, THEREFORE, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of December 5, 1986, as follows:

1. Section 2 of the Lease is hereby amended as follows: The last line of subparagraph (i) of Paragraph (a) thereof is hereby amended to read as follows:

"(including freight elevators), baggage handling systems, and 42 passenger loading bridges;"

2. Section 6 of the Lease, as previously amended, is hereby further amended by adding at the end thereof new paragraphs (n) and (o) to read as follows:

"(n) (1)(a) It is hereby recognized that the Lessee has heretofore entered into a contract with Criton Technologies, a New York General Partnership, by its division Wollard Airport Equipment Company, (hereinafter referred to as 'Wollard') covering the design, fabrication and installation of the 42 passenger loading bridges specified in Section 2(a)(i) hereof (herein called the 'Wollard contract'). The said 42 passenger loading bridges are listed in the Schedule attached hereto, hereby made a part hereof and marked 'Schedule 1'. It is further recognized that the Wollard contract will be amended by the parties thereto, subject to Port Authority prior review and approval but without limiting the provisions of Section 2(c)(5) hereof, to cover the inclusion of the said 42 passenger loading bridges as part of the construction work and the cost of the construction work as herein provided and to cover other items required by this Lease.

(b) The Lessee hereby represents to the Port Authority that it has made actual payments to Wollard for passenger loading bridges under the Wollard contract and that said actual payments amount as of November 1, 1986 to the sum of (2.a.) . It is hereby agreed that after the delivery of said passenger loading bridges at the premises (or an approved bonded warehouse if so elected by the Port Authority in accordance with and subject to subparagraph (3) below), the Port Authority subject to the provisions of and as part of the Construction Advances under paragraph (b) of this Section 6, shall pay to the Lessee the said amount of and that the said payment shall be made in the form of a credit or credits effective as of November 1, 1986 in the manner set forth below and in Schedule 1 on the books of the Port Authority, against outstanding obligations of the Lessee to the Port Authority arising out of the Lessee's operations at the Airport, whether covered by this Lease or any other agreement between the Lessee and the Port Authority, or otherwise. Notwithstanding the foregoing, the Lessee shall submit to the Port Authority all of the certificates including the certifications and other documentation called for under said paragraph (b) of this Section 6 with respect to the work for which the aforesaid payment is attributable and the aforesaid payment of shall then be deemed to have been made on said certificates of the Lessee as well as this paragraph (n). Nothing herein, however, shall limit the right of the Port Authority to inspect and audit as set forth in paragraph (k) of this Section 6. It is expressly

understood and agreed that, notwithstanding the fact that the said payment shall be made in the form of a credit or credits, as aforesaid, such credit or credits shall be deemed a Construction Advance or Construction Advances under paragraph (b) of this Section 6 and be and form a part of the Construction Advance Amount.

(c) Schedule 1 attached hereto also shows the manner in which the Port Authority intends to allocate the Construction Advances in respect of the 42 passengers loading bridges as between Construction Advances which are to be paid to the Lessee in the form of the aforesaid credit of (2.a.) , and Construction Advances which are to be made to the Lessee in respect of the said 42 passenger loading bridges (or directly to Wollard if the Port Authority so elects in accordance with paragraph (b) of this Section 6) but not as against the aforesaid credit. It is expressly understood and agreed that notwithstanding anything to the contrary in said Schedule 1, neither said Schedule 1 nor anything therein shall be deemed to limit, modify or waive the provisions of this Section 6.

(2) Without limiting the provisions of subparagraph (b) above, the Lessee hereby represents and warrants to the Port Authority, with respect to the 42 passenger loading bridges under the Wollard contract, that as of December 5, 1986, all design, fabrication and any other work to be performed prior to installation of the same at the premises have been satisfactorily completed as to thirty-three (33) of the 42 passenger loading bridges and that the same are ready for delivery to and installation at the premises. It is understood and agreed that with respect to the remaining nine (9) loading bridges yet to be completed that the same shall be delivered to the premises upon completion of all pre-installation work so as to comply with the certification requirements of paragraph (b) of this Section 6 and further, that the Wollard contract shall be appropriately amended to so provide, with such amendment as well as all other amendments covering other changes to the Wollard contract to be subject to the prior review and approval of the Port Authority.

(3) It is also understood and agreed that no Construction Advances to be made under this Section 6 covering the 42 passenger loading bridges, or any portion thereof, including without limitation the payment of each Construction Advance mentioned in subparagraph (1) (b) of this paragraph (n), shall be made by the Port Authority unless and until the loading bridges covered by such Construction Advance or Construction Advances are delivered to the premises and

are in place as called for under paragraph (b) of this Section 6 and the terms and provisions of said paragraph (b) of this Section 6 are met. In addition to and without limiting the foregoing, the Port Authority shall have the right from time to time to elect, solely in its own discretion, to make the payment of a Construction Advance or portion thereof upon the delivery of one or more passenger loading bridges into a bonded warehouse approved by the Port Authority; it being expressly understood and agreed that any such election by the Port Authority shall in each instance be made in writing signed by the General Manager of the Airport and given to the Lessee or to the Lessee's contractor (as defined in paragraph (o)(6) hereof), and that the Wollard contract shall be amended (subject to the prior review and approval of the Port Authority, but without limiting the provisions of Section 2(c)(5) hereof) to provide for such storage if and only if the Port Authority exercises its right of election as aforesaid.

"(o) The 42 passenger loading bridges which form part of the construction work as specified in Section 2(a)(i) hereof are herein in this paragraph (o) called the 'loading bridges'. It is hereby specifically agreed with respect to the loading bridges as follows:

(1) (a) Without limiting the provisions of Section 2(g) hereof, the Lessee hereby expressly represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority that title to each of the 42 passenger loading bridges shall vest in the Port Authority (i) as the same or any part or component thereof is erected, constructed or installed at the premises; or (ii) as to each loading bridge, upon the payment by the Port Authority to the Lessee of a Construction Advance covering such loading bridge; as to any component or part of a loading bridge, upon payment by the Port Authority of a Construction Advance covering such component or part. The Lessee further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority that title to the loading bridges and each part and component thereof shall vest in the Port Authority as aforesaid and become part of the premises free and clear of any lien, security interest, claim or other encumbrance.

(b) The Lessee hereby further represents and warrants to the Port Authority and

the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority as to each loading bridge or as to each portion of the loading bridges to which title has or will have then passed to the Lessee that at the time of the vesting of title of the loading bridges and any portion thereof in the Port Authority, as herein provided, (i) the Lessee is and shall be the sole and absolute owner thereof; (ii) that the Lessee has and shall have the absolute right and authority to sell, convey, transfer and deliver the loading bridges and each portion thereof to the Port Authority under the terms and conditions herein provided; and (iii) that this representation and warranty is made by the Lessee to induce the Port Authority to pay for the loading bridges as part of the cost of the construction work as provided in this Lease knowing that the Port Authority is relying on the truth of the statements herein contained and is paying fair market value and good and valuable consideration as part of the cost of the construction work for the loading bridges.

(c) The Lessee further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority as to each loading bridge and as to each and every portion of the loading bridges to which title has not or will not have then passed to the Lessee prior to the vesting of title thereto in the Port Authority, that at the time of the vesting of title of the loading bridges and any portion thereof in the Port Authority, as herein provided, (i) the Lessee's contractor is and shall be the sole and absolute owner thereof; (ii) that the Lessee's contractor has and shall have the absolute right and authority to sell, convey, transfer and deliver the loading bridges, and each portion thereof, to the Port Authority under the terms and conditions herein provided; and (iii) that this representation and warranty is made by the Lessee to induce the Port Authority to pay for the loading bridges as part of the cost of the construction work as provided in this Lease knowing that the Port Authority is relying on the truth of the statements herein contained and is paying fair market value and good and valuable consideration as part of the cost of the construction work for the loading bridges.

(d) In addition to and without limiting the representations and warranties set forth in

subparagraphs (a), (b) and (c) above, the Lessee further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority as to the loading bridges and each and every portion thereof, irrespective as to who has title or possession thereof prior to the vesting of title thereto in the Port Authority as herein provided (i) that there shall be no mortgages, judgments, levies, municipal, state or federal taxes or any person who can claim any credit, attachments or executions existing against the loading bridges or any portion thereof, and that the same shall be free and clear of any and all liens, mortgages, debts or other encumbrances whatsoever and without exception, and that the liens of all types heretofore held against the loading bridges or any portion thereof, if any, have been discharged; (ii) that neither the Lessee nor the Lessee's contractor has signed any security agreement or financing statement covering any portion or all of the loading bridges (iii) and that no security interest has been reserved by any party on the loading bridges or any portion therof; and (iv) that this representation and warranty is made by the Lessee and the Lessee's contractor to induce the Port Authority to pay for the loading briges as part of the cost of the construction work as provided in this Lease knowing that the Port Authority is relying on the truth of the statements herein contained and is paying fair market value and good and valuable consideration as part of the cost of the construction work for the loading bridges.

(2) The Lessee does hereby covenant and agree, and the Lessee shall require the Lessee's contractor to covenant and agree, to warrant and defend the transfer of such title of the loading bridges to the Port Authority against all and every person, firm, corporation and governmental entity whatsoever.

(3) The Lessee shall execute upon the request of the Port Authority, and the Lessee shall require the Lessee's contractor to execute, all appropriate bills of sale, affidavits of title or other documents of conveyance or ownership as the Port Authority may request to transfer title to the loading bridges to the Port Authority, but the provisions of this item (3) shall not limit in any way the vesting of title in the loading bridges as provided in this paragraph (o) above or the representations and warranties herein contained.

(4) The Lessee shall deliver to the Port Authority from time to time a

written opinion or opinions of legal counsel in form satisfactory to the Port Authority and signed by the Lessee's legal counsel wherein and whereby said legal counsel issues to the Port Authority its opinion that, to the best of its knowledge and after its diligent inquiry with the Lessee, that the Lessee has not entered into or signed any security agreement or financing statement covering the loading bridges or any portion thereof, that no security interests have been reserved by any party with respect to the loading bridges or any part thereof, and that the Lessee has no actual knowledge or reason to know of any claim, judgment, mechanic's or other liens, debts or other encumbrances against the loading bridges or any part thereof, and, further , that the Lessee has full power and authority to make the representations and warranties to the Port Authority with respect to the loading bridges as stated in this paragraph (o).

(5) Each certificate submitted by the Lessee pursuant to the provisions of paragraph (b) of this Section 6 requesting payment for costs related to all or any portion of the loading bridges shall contain the warranties and representations as to title, the Lessee's right and authority, the Lessee's contractor's right and authority and the absence of any lien, security interest, or other encumbrance as set forth in subparagraph (1) of this paragraph (o).

(6) As used herein the words 'the Lessee's contractor' shall mean with respect to the loading bridges: Criton Technologies, a New York General Partnership, through its division Wollard Airport Equipment Company under the contract entered into with the Lessee dated April 17, 1985 covering the design, manufacture and installation of the loading bridges as the same is to be amended subject to the prior review and approval of the Port Authority."

3. The first sentence of Section 34 of the Lease is hereby amended to read as follows:

"All personal property (including trade fixtures) removable without material damage to the premises, which are installed by the Lessee in or on the premises leased to the Lessee pursuant to the Agreement shall be deemed to be and remain the property of the Lessee (it being expressly understood, however, that the foregoing does not and shall not apply to the baggage handling systems and the 42 passenger loading bridges to be installed by the Lessee as part of the construction work under Section 2 hereof and the same shall not remain the property of the Lessee)."

4. Section 74 of the Lease is hereby amended as follows:

The words and symbol "passenger loading bridges," shall be deemed deleted from the sixth line thereof.

5. Section 90 of the Lease shall be deemed amended to read as follows:

"Section 90. Replacement of Baggage Systems, and Passenger Loading Bridges

With respect to the baggage handling systems and the 42 passenger loading bridges mentioned in paragraph (a)(i) of Section 2 hereof, it is hereby agreed as follows:

(a) At any time following the fifteenth anniversary of the commencement of the term of the letting hereunder, and prior to the twentieth anniversary of the commencement date of the letting hereunder, in the event the Port Authority gives the Lessee notice that the Port Authority has determined that the said baggage handling systems or the said passenger loading bridges, or all or portions of the foregoing, have become obsolete and are no longer suitable for the operation of the Terminal C Passenger Facility in a first-class manner, or do not represent state-of-the-art and are no longer suitable for the operation of the Terminal C Passenger Facility in a first-class manner, the Lessee shall either (i) expeditiously replace the said baggage systems or the said passenger loading bridges, or all or portions of the foregoing, with new, state-of-the-art baggage handling systems, passenger loading bridges, as specified in the Port Authority's notice, which have been approved in advance by the Port Authority or (ii) elect not to replace the said baggage systems, or passenger loading bridges, as the case may be as specified in the Port Authority's notice, and in the event the Lessee elects not to so replace the baggage handling systems or passenger loading bridges as specified in the Port Authority's notice, the Lessee shall deliver to the Port Authority as security for its obligation in paragraph (b) hereunder either a clean, irrevocable letter of credit or a performance bond in an amount then sufficient to cover the costs of acquiring and installing said new baggage systems or loading bridges, and such amount shall be increased or decreased from time to time based upon the determination by the Port Authority of the amount then sufficient to cover the costs of acquiring and installing the said new baggage systems or passenger loading bridges, or all of the foregoing.

If the Lessee chooses to deliver a letter of credit the form and terms of such letter of credit, as

well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. Such letter of credit shall provide that it shall continue throughout the term of the letting under this Agreement and for a period of not less than six (6) months thereafter; such continuance may be by provision for automatic renewal or by substitution of a subsequent satisfactory letter. Upon notice of cancellation of a letter of credit the Lessee agrees that unless, by a date twenty (20) days prior to the effective date of cancellation, the letter of credit is replaced by security in accordance with this paragraph (a) or another letter of credit satisfactory to the Port Authority, the Port Authority may draw down the full amount thereof without statement of default and thereafter the Port Authority will hold the same as security. Failure to provide such a letter of credit at any time during the term of the letting, valid and available to the Port Authority, including any failure of any banking institution issuing any such letter of credit previously accepted by the Port Authority to make one or more payments as may be provided in such letter of credit shall be deemed to be a breach of this Agreement on the part of the Lessee.

If the Lessee elects to deliver a performance bond the bond so furnished shall be in the form attached hereto, hereby made a part hereof and marked `Exhibit U', shall be effective throughout the letting and shall be made either by a surety company or companies qualified to carry on a surety business in the State of New York or the State of New Jersey, and satisfactory to the Port Authority or by an individual or individuals satisfactory to the Port Authority.

(b) In the event the Lessee elects not to replace the baggage systems or passenger loading bridges as aforesaid, the Lessee shall pay to the Port Authority an amount then sufficient to cover the costs of acquiring and installing the aforesaid baggage systems or passenger loading bridges or all or portions of the foregoing, as the case may be, in the event and upon the termination of the Lease pursuant to either Section 24, Section 82, or Section 88 (if the Lessee has been notified by the Port Authority that it may no longer occupy the premises as a hold-over tenant on a month-to-month periodical basis or the Lessee is not actually occupying the premises) thereof.

(c) In the event the Lessee elects not to replace the baggage handling system or passenger loading bridges or all or portions thereof, as the case may be, and elects to post the security aforementioned, then the security shall be delivered to the Port Authority

within fifteen days of the Port Authority's deliverance of its notice set forth in (a) above.

(d) It is expressly agreed that the provisions hereof are a separate and independent covenant and shall survive the termination of the Lease."

6. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be and remain in full force and effect.

7. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Agreement shall be binding upon the Port Authority unless expressed in writing herein.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of day and year first above written.

ATTEST:

Theresa A. Roberts
ASSISTANT Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By M Sloane
(Title) Morris Sloane-Deputy Director of Aviation
(Seal)

ATTEST:

Robert A. Schwed
Secretary

PEOPLE EXPRESS AIRLINES, INC.

By Robert A. Norris
(Title) Managing Officer and President
(Corporate Seal)
Chief Financial Officer

FORM XLD—Ack., N.J. 51380

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.

On this 5th day of JANUARY, 19~~86~~ 87, before me, the subscriber, a notary public of New York, personally appeared MORRIS SLOANE the DEPUTY DIRECTOR OF AVIATION of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

Anita E. Westrich
(notarial seal and stamp)
ANITA E. WESTRICH
Notary Public, State of New York
No. 43-4656184
Qualified in Richmond County
Commission Expires March 30, 1987

STATE OF New York
COUNTY OF New York } ss.

On this 19th day of December, 19 86, before me, the subscriber, a _____, personally appeared Robert J. Norris the Chief Financial Officer President of People Express Airlines, Inc. who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

Nancy E. Nouel
(notarial seal and stamp)
NANCY E. NOUEL
Notary Public, State of New York
No. 31-4732457
Qualified in New York County
Commission Expires ~~March 30, 19__~~ Aug. 31, 1988

STATE OF
COUNTY OF } ss.

Be it remembered that on this _____ day of _____, 19____, before me, the subscriber, a _____, personally appeared _____ who I am satisfied is the person named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

(notarial seal and stamp)

THIS AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE AND SUBLESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Lease No. ANA-170
Newark Liberty International Airport

CONSENT TO SECOND AMENDMENT OF SUBLEASE AGREEMENT

THIS CONSENT AGREEMENT, dated as of March 1, 2011 (hereinafter referred to as the "Effective Date"), by and among **THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY** (hereinafter called the "Port Authority"), **CONTINENTAL AIRLINES, INC.** (hereinafter called the "Lessee"), and **ALLIANT CREDIT UNION**, an Illinois chartered credit union (hereinafter called the "Sublessee"), with an office and place of business at 11545 W. Touhy Avenue, Chicago, Illinois 60666, whose representative is its Operational Support Manager Mr. Brian Kosko,

WITNESSETH, That:

WHEREAS, the Port Authority leased to People Express Airlines, Inc. (hereinafter called "People Express") and People Express hired and took from the Port Authority certain premises (hereinafter referred to as the "premises") at Newark Liberty International Airport (hereinafter called the "Airport") as described in a certain agreement of lease dated as of January 11, 1985 and identified by Port Authority Lease No. ANA-170 (said agreement of lease, as the same has been and may hereafter be supplemented and amended, being hereinafter called the "Lease"); and

WHEREAS, the Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, People Express and the Lessee, said agreement dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was submitted for approval of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor-in-possession pursuant to the applicable provisions of the United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated October 1, 1993; and

WHEREAS, the Lessee, the Port Authority and Continental Federal Credit Union (the "Old Sublessee") have heretofore entered into a Consent Agreement dated as of November 2, 2002

(as therefore supplemented and amended the "***Consent Agreement***") covering the terms and conditions of the consent by the Port Authority to an agreement of sublease entered into between the Lessee and the Sublessee whereby the Lessee subleased to the Sublessee the Subleased Premises (the "***Sublease***"); and

WHEREAS, the Old Sublessee and the Sublessee entered into an Assignment to Agreement of Sublease, dated as of January 28, 2011, a copy of which is attached hereto and hereby made a part hereof, assigning the Sublease to the Sublessee (the "***Assignment***");

WHEREAS, the Lessee proposes to enter into an amendment to the Sublease denominated as "Second Amendment to Space and Use Agreement" made as of March 1, 2011, (a copy of which is attached hereto, hereby made a part hereof) with the Sublessee subject to the consent of the Port Authority and the execution of this Consent to Second Amendment of Sublease Agreement by and among the Lessee, the Sublessee and the Port Authority; and

NOW, THEREFORE, for and in consideration of the covenants and mutual agreements herein contained, the Port Authority, the Lessee and the Sublessee hereby agree, as follows:

1. On the terms and conditions hereinafter set forth, the Port Authority consents to the Sublease.

2. Notwithstanding any provision of the Sublease to the contrary, both this Consent to Second Amendment of Sublease Agreement and the Sublease shall terminate, without notice to the Lessee or the Sublessee, on the earlier to occur of the day preceding the date of expiration or earlier termination of the Lease or the Sublease, or such earlier date for the expiration or termination of the Sublease as the Lessee and the Sublessee may agree upon. The Sublessee shall quit the Premises and remove its property for which it is responsible therefrom on or before termination of the Sublease.

3. Except where expressly required or permitted herein to be oral, all notices, directions, requests, consents and approvals required to be given to or by either party shall be in writing, and all such notices and requests shall be personally delivered to the duly designated officer or representative of such party or delivered to the office of such officer or representative during regular business hours, or forwarded to him or to the party at such address by registered or certified mail. Said designated officer or representative of the Port Authority and the Lessee and their respective offices shall be as set forth in the Lease and Sublease. The Sublessee 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 Sublessee designates the representative named on the first page of this Consent to Second Amendment of Sublease Agreement as its representative upon whom notices and requests may be served and its address stated on the first page of this Consent to Second Amendment of Sublease Agreement as its office 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.

4. The Sublessee hereby agrees to the terms and provisions contained in the Second Amendment to Space and Use Agreement attached hereto, hereby made a part hereof. The terms and provisions of the Second Amendment to Space and Use Agreement shall have the same force and effect as if herein set forth in full.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

5. This Consent to Second Amendment to Sublease Agreement consists of the following: paragraphs 1 through 5, inclusive, Second Amendment to Space and Use Agreement and the Assignment attached hereto. 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, the Lessee and the Sublessee.

IN WITNESS WHEREOF, the Port Authority, the Lessee and the Sublessee have executed these presents.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

(Title) Assistant Director

(Seal)

ATTEST:

Jennifer L. Kraft
Asst. Secretary
Jennifer L. Kraft

CONTINENTAL AIRLINES, INC., Lessee

By Kate Gebo

Print Name: Kate Gebo

(Title) Vice President

(Corporate Seal)

Corporate Real Estate

ATTEST:

Brian Kosko - Manager - Properties

ALLIANT CREDIT UNION, Sublessee

By

Print Name: GEORGE W RUDOLPH

(Title) SENIOR VICE-President

(Corporate Seal)

ALLIANT CREDIT UNION CORPORATE SEAL CHICAGO, IL

Port Authority Use Only	
Approval as to Terms:	Approval as to Form:
KO	CVM

CVM/NEI

ASSIGNMENT AGREEMENT

This Assignment Agreement (this "Assignment") is made and entered into by Continental Federal Credit Union ("CFCU"), a federally chartered credit union ("Assignor") and Alliant Credit Union, an Illinois chartered credit union ("Assignee"), and is to be effective on the 28st day of January, 2011 (the "Effective Date").

W I T N E S S E T H:

WHEREAS, Assignor leases space designated on Annex 1 attached hereto and made a part hereof (together with any improvements thereon, the "Premises"), in Newark, New Jersey at Newark Liberty International Airport, Terminal C (the "Property") under a certain Space And Use Agreement dated November 1, 2002, (as amended, hereinafter referred to as the "Agreement") between Assignor and Continental Airlines, Inc. ("Continental");

WHEREAS, a copy of the Agreement has been provided to Assignee and is incorporated herein by reference;

WHEREAS, Assignee operates at the Premises;

WHEREAS, Assignor and Assignee are party to a transaction, pursuant to which Assignor shall merge with and into Assignee, and in connection with such merger, Assignor desires to assign to Assignee all of Assignor's remaining right, title and interest in the Agreement and the Premises;

WHEREAS, Assignee desires to accept such assignment from Assignor;

WHEREAS, such assignment requires the prior written consent of Continental;

NOW, THEREFORE, in consideration of the assignment herein made and of the mutual agreements and covenants hereinafter set forth, the parties hereto agree as follows:

1. DEMISE AND USE

Effective on the Effective Date, Assignor hereby assigns to Assignee all of the interest of the tenant under the Agreement.

2. ACCEPTANCE OF ASSIGNMENT

Assignee accepts the foregoing assignment of the Agreement and covenants with Assignor, from and after the Effective Date, to pay all rent and other charges provided for in the Agreement, as amended and to perform and observe all of the other covenants, conditions and provisions in the Agreement, as amended, to be performed or observed by or on the part of Assignor as tenant under the Agreement.

4. ASSIGNEE TO COMPLY WITH AGREEMENT TERMS

Assignee agrees to perform and observe all of the covenants, conditions and terms of the Agreement.

5. CONSENT BY CONTINENTAL

Continental, as evidenced by its execution below, and without affecting Assignor's rights and obligations to Continental under the Agreement, does hereby consent to this Assignment. The Assignor and Assignee agree and acknowledge that (a) by the granting of this consent to the Assignment, Continental is not consenting in advance to any future agreements or assignments of the Premises or any other facilities by Assignor or Assignee, and (b) no future amendment, modification or alteration to the Assignment shall be or become effective without prior notice to and approval by Continental.

6. SEVERABILITY

If any part of this Assignment is held to be invalid by final judgment of any court of competent jurisdiction, the part held invalid shall be modified to the extent necessary to make it valid or, if necessary, excised, and the remainder of the Assignment shall continue to remain effective.

7. ENTIRE AGREEMENT

This Assignment contains the entire agreement between the parties with respect to its subject matter and may not be changed in any way, except by a written instrument executed by the parties and, if necessary, approved by Continental.

9. SUCCESSORS AND ASSIGNS

The provisions of this Assignment shall be binding on the parties, their successors and assigns.

IN WITNESS WHEREOF, the parties have properly executed this Assignment effective the date first above written.

ATTEST:

Wendy Wolfe

[ASSIGNOR]

BY: _____

NAME: Rudy Pereira

TITLE: Interim CEO - CFCU

DATE: 1/24/11

ATTEST: _____

[ASSIGNEE]

BY: _____

NAME: Mona Leung

TITLE: CFO – Alliant Credit Union

DATE: 1-19-2011

FOR PURPOSES OF CONSENT ONLY AS PROVIDED IN SECTION 5 ABOVE:

CONTINENTAL AIRLINES, INC.

BY: _____

NAME: Kate Gebo

TITLE: V.P. Corp. Real Estate

DATE: _____

Exhibits:

Annex 1 – Description of Assigned Space
Annex 2 – Copy of Agreement

ANNEX 1
to the Assignment Agreement

B. DESCRIPTION OF PREMISES

Certain office space located at Terminal C at Newark Liberty International Airport as depicted in Exhibit A1-Rev of the Agreement

Certain hallway space located at Terminal C at Newark Liberty International Airport as depicted in Exhibit A2 of the Agreement

ANNEX 2
to the Assignment Agreement

C. COPY OF AGREEMENT

SECOND AMENDMENT TO SPACE AND USE AGREEMENT

THIS SECOND AMENDMENT TO SPACE AND USE AGREEMENT (this "AMENDMENT") is made and entered into to be effective the 1st day of March, 2011, by and between CONTINENTAL AIRLINES, INC. ("CONTINENTAL") and ALLIANT CREDIT UNION (the "COMPANY"), (CONTINENTAL and the COMPANY are hereinafter, collectively, referred to as the "PARTIES" and each, individually, is hereinafter referred to as a "PARTY".)

RECITALS

WHEREAS, CONTINENTAL and Continental Federal Credit Union ("CFCU"), the COMPANY's predecessor-in-interest, previously entered into a Space and Use Agreement effective November 1, 2002, as amended by that certain First Amendment to Space and Use Agreement effective November 1, 2002 (collectively, the "AGREEMENT"), pursuant to which CONTINENTAL granted to CFCU, certain rights and privileges, including the right to occupy and use certain space on and within Terminal C, Newark Liberty International Airport, herein referred to as the "PREMISES"; and

WHEREAS, CFCU assigned its rights, title, obligations and interest in the AGREEMENT to the COMPANY, pursuant to that certain ASSIGNMENT AGREEMENT dated January 28, 2011; and

WHEREAS, the AGREEMENT, by its terms, terminates on February 28, 2011; and

WHEREAS, the PARTIES hereto desire to amend the AGREEMENT to extend the term and for certain other purposes as provided herein; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the PARTIES agree as follows:

1. COMPANY: Section 2 of the AGREEMENT is deleted in its entirety and replaced with the following:

   The name, address and telephone number of the COMPANY are as follows:

   NAME: Alliant Credit Union
   ADDRESS: 11545 W. Touhy Avenue
   Chicago, IL 60666
   TELEPHONE: (773) 462-2213
   ATTENTION: Mr. Brian Kosko, Operational Support Manager

2. USE OF PREMISES: Section 4 of the AGREEMENT is deleted in its entirety and replaced with the following:

COMPANY is hereby granted the right to use the PREMISES, in accordance with the terms and conditions stated herein, for the following purposes:

Exclusive use of the portion of the PREMISES described on (a) Exhibit A1-Rev. for use as an Credit Union ("CREDIT UNION") and (b) Exhibit A-2 for the operation and administration of an Automated Teller Machine ("ATM").

3. CONSIDERATION/RENTAL: Section 6 of the AGREEMENT is deleted in its entirety and replaced with the following:

In consideration for the rights granted by CONTINENTAL hereby, COMPANY agrees to pay to CONTINENTAL, annual rent in twelve, equal monthly installments paid in advance ("MONTHLY RENTAL"), as set forth in Exhibit A-3 attached hereto, on the first day of each calendar month. COMPANY further agrees to pay as additional rental any increases in rental charges to CONTINENTAL.

Payment shall be delivered to CONTINENTAL at:
CONTINENTAL AIRLINES, INC
OUTSIDE SALES & SERVICE
P.O. Box 0201970
Houston, Texas 77216-1970

4. TERM: Section 7 of the AGREEMENT is deleted in its entirety and replaced with the following:

This AGREEMENT shall commence November 1, 2002 and shall terminate March 29, 2013, unless otherwise terminated in accordance with the terms and provisions hereof. Either party hereto shall have the right to terminate this AGREEMENT without cause at any time by giving the other party thirty (30) days prior written notice of its intention to do so. Notwithstanding anything contained herein to the contrary, unless sooner terminated or expired pursuant to the terms hereof, this Agreement in all cases shall automatically terminate no later than one day prior to the expiration or earlier termination of the Base Lease. If at the expiration hereof, COMPANY fails to vacate the PREMISES, then COMPANY shall be deemed a holdover tenant and CONTINENTAL reserves the right to evict COMPANY without further process of law.

5. NOTICE: Section 8 of the AGREEMENT is deleted in its entirety and replaced with the following:

Unless expressly required or permitted herein to be oral, all notices, requests, consents and approvals required to be given to or by either party shall be in writing, and

shall be transmitted either by a commonly recognized national delivery service or deposited as prepaid, certified, registered or express United States mail addressed as follows, or to the last address provided in accordance herewith:

TO CONTINENTAL:

Vice President Corporate Real Estate
Continental Airlines, Inc.
c/o United Airlines, Inc.
Dept. HDQOU
77 W. Wacker Dr.
Chicago, IL 60601

TO COMPANY:

Vice President Operations
Alliant Credit Union
11545 W. Touhy Avenue
Chicago, IL 60666

6. INSURANCE COVERAGE REQUIREMENTS: Section 11 of the AGREEMENT is deleted in its entirety and replaced with the following:

Without limiting COMPANY's obligation to indemnify CONTINENTAL, as provided for in this AGREEMENT, COMPANY shall procure and maintain, at its own cost, at all times during the term of this AGREEMENT, insurance of the following types and in amounts not less than those indicated, with responsible insurers satisfactory to CONTINENTAL providing the following coverage:

DESCRIPTION

1)	Comprehensive General Liability	Per Occurrence $10,000,000 combined single limits covering bodily injury and property damage. Endorsed to include Premises Liability and Contractual Liability
2)	Worker's Compensation	Statutory
3)	Employer's Liability	$1,000,000
4)	All-Risk Property	Full Replacement Cost of All of Company's Property

7. SPECIAL PROVISIONS: Section 12 D) of the AGREEMENT is deleted in its entirety and replaced with the following:

COMPANY shall be required to operate ATM's which shall be located as specified on Exhibit A-1 Rev. and Exhibit A-2. COMPANY agrees that any surcharge and/or similar charge on ATM transactions shall not exceed the maximum allowable amount permitted by the Port Authority of New York and New Jersey per FOREIGN

TRANSACTION. For purposes of this AGREEMENT, the term "FOREIGN TRANSACTION" shall mean only those transactions which are effectuated at the ATM, made by non-COMPANY members.

8. ENVIRONMENTAL OPERATIONS: The notices paragraph of Section 29 of the AGREEMENT is deleted in its entirety and is amended to read as follows:

All notices, copies and correspondence relating to this Section shall be delivered as described in the NOTICE provision of this Agreement to the following address, or to any address subsequently provided by proper notice. Copies of such material shall be hand-delivered to CONTINENTAL's on-site representative upon request:

Continental Airlines, Inc.
c/o United Airlines, Inc.
Environmental Department
233 S. Wacker Drive, 28th Floor
Chicago, IL 60601

9. ENTIRE AGREEMENT; CAPITALIZED TERMS: All capitalized terms not otherwise expressly defined in this AMENDMENT shall have the same meanings ascribed to them in the AGREEMENT. This AMENDMENT sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Except as amended herein, all of the terms and provisions of the AGREEMENT between the parties shall remain in full force and effect. In case of any inconsistency between the provisions of the AGREEMENT and this AMENDMENT, the later provision shall govern and control.

10. CONSENT. This AMENDMENT may be subject to the consent of the Port Authority of New York and New Jersey.

IN WITNESS WHEREOF, the Parties have entered into and executed this AMENDMENT to be effective as of the date first above written.

CONTINENTAL AIRLINES, INC.	ALLIANT CREDIT UNION
BY: [signature]	BY: [signature]
NAME: Gavin Molloy	NAME: FRANK WEIDNER
TITLE: MD-Airport Affairs	TITLE: SVP - MEMBER SERVICES.

IN WITNESS WHEREOF, the Parties have entered into and executed this AMENDMENT to be effective as of the date first above written.

CONTINENTAL AIRLINES, INC.,

BY: [signature]

NAME: GAVIN MOLLOY

TITLE: MD AIRPORT AFFAIRS

CHARTWAY FEDERAL CREDIT UNION

BY: [signature]

NAME: RONALD L. BURNSKE

TITLE: PRESIDENT + CEO

8.20

EXHIBIT A-3

Alliant Credit Union
Newark Liberty International Airport
Terminal C

Location	# ATM's	Square Feet	Rental Rate PSF*	Annual Rental	Monthly Rental
Exhibit A1-Rev	1	1000	$ 55.11	$ 55,110.00	$ 4,592.50
Exhibit A-2	1	10	$ 55.11	$ 551.10	$ 45.93
Exhibit A1-Rev		ATM Usage Fees		$ 6,000.00	$ 500.00
Exhibit A-2		ATM Usage Fees		$ 6,000.00	$ 500.00
Total	**2**			**$ 67,661.10**	**$ 5,638.43**

* Rental rate subject to change per the BASE LEASE

(Port Authority Acknowledgment)

STATE OF NEW YORK)
)ss.:
COUNTY OF NEW YORK)

On the 27th day of September, ~~2011~~ 2012, before me, the undersigned, a Notary Public in and for said state, personally appeared David Kagan of **THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

(Signature of Notary Public)

MICHAEL F. SCHMIDT
Notary Public, State of New York
No. 01SC6118149
Qualified in New York County
Commission Expires November 1, 2012

(Lessee Acknowledgment)

STATE OF ILLINOIS)
)ss.:
COUNTY OF DU PAGE)

On the 16th day of February, 2011, before me, the undersigned, a Notary Public in and for said state, personally appeared of **CONTINENTAL AIRLINES, INC.**, 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.

OFFICIAL SEAL
LAURA A ASMUSSEN
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 08/08/2015

(Signature of Notary Public)

(Sublessee Acknowledgment)

STATE OF IL)
)ss.:
COUNTY OF Dupage)

On the 9th day of Aug. , 2012, before me, the undersigned, a Notary Public in and for said state, personally appeared George Rudolph of **ALLIANT CREDIT UNION**, 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.

OFFICIAL SEAL
PRISCILLA TOLEMY
Notary Public - State of Illinois
My Commission Expires Jul 13, 2015

(Signature of Notary Public)

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Newark International Airport
Lease No. ANA-170
Supplement No. 5

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT made as of February 9, 1987 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and amended is hereinafter called "the Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects as hereinafter provided,

NOW, THEREFORE, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of February 9, 1987, as follows:

1. Section 2 of the Lease, as previously amended, is hereby further amended as follows: The last line of subparagraph (i) of Paragraph (a) thereof is hereby amended to read as follows:

> "(including freight elevators), baggage handling systems, and 42 passenger loading bridges, and a 400 Hz aircraft ground power system with aircraft heating (hereinafter sometimes called the 'aircraft power/heating system');"

2. Paragraph (n) of Section 6 of the Lease, is hereby amended, by adding at the end thereof new subparagraphs (4), (5) and (6) to read as follows:

"(4) (a) It is hereby recognized that the Lessee has heretofore entered into a contract with Mc-Cormick-Morgan Inc. (hereinafter referred to as 'McCormick-Morgan') covering the design, fabrication and installation of the aircraft power/heating system specified in Section 2(a)(i) hereof (herein called the 'McCormick-Morgan contract'). It is further recognized that the McCormick-Morgan contract will be amended by the parties thereto, subject to Port Authority prior review and approval but without limiting the provisions of Section 2(c)(5) hereof, to cover the inclusion of the said aircraft power/heating system as part of the construction work and the cost of the construction work as herein provided and to cover other items required by this Lease.

(b) Schedule 1 attached hereto shows the total contract price under the McCormick-Morgan Contract for the aircraft power/heating system, and it is also recognized that said Schedule 1 constitutes the "Approved Schedule of Values" under the McCormick-Morgan Contract and referred to therein. Notwithstanding anything to the contrary in said Schedule 1, said Schedule shall not limit modify or waive the provisions of this Section 6.

(5) It is also understood and agreed that no Construction Advances to be made under this Section 6 covering the aircraft power/heating system, or any portion thereof, shall be made by the Port Authority unless and until the same or the portion or portions thereof covered by such Construction Advance or Construction Advances are delivered to the premises and are in place as called for under paragraph (b) of this Section 6 and the terms and provisions of said paragraph (b) of this Section 6 are met. In addition to and without limiting the foregoing, the Port Authority shall have the right from time to time to elect, solely in its own discretion, to make the payment of a Construction Advance or portion thereof upon the delivery of the aircraft power/heating system or portion or portions thereof into a bonded warehouse approved by the Port Authority; it being expressly understood and agreed that any such election by the Port Authority shall in each instance be made in writing signed by the General Manager of the Airport and given to the Lessee or to the Lessee's contractor (as defined in paragraph (o) (12) hereof), and that the McCormick-Morgan contract shall be amended (subject to the prior review and approval of the Port Authority, but without limiting the provisions of Section 2(c)(5) hereof) to provide for such storage if and only if the Port Authority exercises its right of election as aforesaid.

3. Paragraph (o) of Section 6 of the Lease is hereby amended to read as follows:

(a) The first four lines thereof are hereby amended to read as follows:

> "The 42 passenger loading bridges which form part of the construction work as specified in Section 2 (a) (i) hereof are herein in this paragraph (o) called the 'loading bridges'. The aircraft power/heating system which forms part of the construction work as specified in Section 2 (a) (i) hereof is herein in this paragraph (o) called the 'System'. It is hereby specifically agreed with respect to the loading bridges and with respect to the System as follows:".

(b) There shall be deemed added to said Paragraph (o) immediately following subparagraph (6) thereof the following new subparagraphs (7) through (12) to read as follows:

> "(7) (a) Without limiting the provisions of Section 2(g) hereof, the Lessee hereby expressly represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority that title to the System shall vest in the Port Authority (i) as the same is erected, constructed or installed at the premises; or (ii) upon the payment by the Port Authority to the Lessee of a Construction Advance covering the same; and as to each component or part of the System, (i) as such component or part is erected, constructed or installed at the premises, or (ii) upon payment by the Port Authority of a Construction Advance covering such component or part. The Lessee further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority that title to the System and each part and component thereof shall vest in the Port Authority as aforesaid and become part of the premises free and clear of any lien, security interest, claim or other encumbrance.
>
> (b) The Lessee hereby further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority as to each portion of the System to which title has or will have then passed to the Lessee that at the time of the vesting of title of the System and any portion thereof in the Port

Autho :y, as herein provided, (i the Lessee is and shall be the sole and absolut owner thereof; (ii) that the Lessee has and shall have the absolute right and authority to sell, convey, transfer and deliver the System and each portion thereof to the Port Authority under the terms and conditions herein provided; and (iii) that this representation and warranty is made by the Lessee to induce the Port Authority to pay for the System as part of the cost of the construction work as provided in this Lease knowing that the Port Authority is relying on the truth of the statements herein contained and is paying fair market value and good and valuable consideration as part of the cost of the construction work for the System.

(c) The Lessee further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority as to each and every portion of the System to which title has not or will not have then passed to the Lessee prior to the vesting of title thereto in the Port Authority, that at the time of the vesting of title of the System and any portion thereof in the Port Authority, as herein provided, (i) the Lessee's contractor is and shall be the sole and absolute owner thereof; (ii) that the Lessee's contractor has and shall have the absolute right and authority to sell, convey, transfer and deliver the System, and each portion thereof, to the Port Authority under the terms and conditions herein provided; and (iii) that this representation and warranty is made by the Lessee to induce the Port Authority to pay for the System as part of the cost of the construction work as provided in this Lease knowing that the Port Authority is relying on the truth of the statements herein contained and is paying fair market value and good and valuable consideration as part of the cost of the construction work for the System.

(d) In addition to and without limiting the representations and warranties set forth in subparagraphs (a), (b) and (c) above, the Lessee further represents and warrants to the Port Authority and the Lessee shall require that the Lessee's contractor also represent and warrant to the Port Authority as to the System and each and every portion thereof, irrespective as to who has title or possession thereof prior to the vesting of title thereto in the Port Authority as herein

provi d (i) that there shall b no mortgages, judgments, levies, municipal, st e or federal taxes or any person who can claim any credit, attachments or executions existing against the System or any portion thereof, and that the same shall be free and clear of any and all liens, mortgages, debts or other encumbrances whatsoever and without exception, and that the liens of all types heretofore held against the System or any portion thereof, if any, have been discharged; (ii) that neither the Lessee nor the Lessee's contractor has signed any security agreement or financing statement covering any portion or all of the System (iii) and that no security interest has been reserved by any party on the System or any portion thereof; and (iv) that this representation and warranty is made by the Lessee and the Lessee's contractor to induce the Port Authority to pay for the System as part of the cost of the construction work as provided in this Lease knowing that the Port Authority is relying on the truth of the statements herein contained and is paying fair market value and good and valuable consideration as part of the cost of the construction work for the System.

(8) The Lessee does hereby covenant and agree, and the Lessee shall require the Lessee's contractor to covenant and agree, to warrant and defend the transfer of such title of the System and every portion thereof to the Port Authority against all and every person, firm, corporation and governmental entity whatsoever.

(9) The Lessee shall execute upon the request of the Port Authority, and the Lessee shall require the Lessee's contractor to execute, all appropriate bills of sale, affidavits of title or other documents of conveyance or ownership as the Port Authority may request to transfer title to the System to the Port Authority, but the provisions of this item (9) shall not limit in any way the vesting of title in the System as provided in this paragraph (o) above or the representations and warranties herein contained.

(10) The Lessee shall deliver to the Port Authority from time to time a written opinion or opinions of legal counsel in form satisfactory to the Port Authority and signed by the Lessee's legal counsel wherein and whereby said legal counsel issues to the Port Authority its opinion that, to the best of its knowledge and, further, as evidenced by the certificate of the Lessee to be attached thereto (a) that the Lessee has not entered into or signed any security agreement or financing statement covering the System or

any porti thereof, (b) that no sec ity interests have been reserved by any party with respect to the System or any portion thereof, (c) and that the Lessee has no actual knowledge or reason to know of any claim, judgment, mechanic's or other liens, debts or other encumbrances against the System or any portion thereof. Each of the said written opinion or opinions of legal counsel shall further state said legal counsel's opinion that the Lessee has full power and authority to make the representations and warranties to the Port Authority with respect to the System and each portion thereof as stated in this paragraph (o).

(11) Each certificate submitted by the Lessee pursuant to the provisions of paragraph (b) of this Section 6 requesting payment for costs related to all or any portion of the System shall contain the warranties and representations as to title, the Lessee's right and authority, the Lessee's contractor's right and authority and the absence of any lien, security interest, or other encumbrance as set forth in subparagraph (7) of this paragraph (o).

(12) As used herein the words 'the Lessee's contractor' shall mean with respect to the System: McCormick-Morgan, Inc. under the contract entered into with the Lessee dated April 10, 1986 covering the design, manufacture and installation of the System as the same is to be amended subject to the prior review and approval of the Port Authority. Further, as used herein in this paragraph (o) the words 'portion of the System' and the words 'component or part of the System' shall be synonymous."

3. The first sentence of Section 34 of the Lease, as previously amended, is hereby further amended to read as follows:

"All personal property (including trade fixtures) removable without material damage to the premises, which are installed by the Lessee in or on the premises leased to the Lessee pursuant to the Agreement shall be deemed to be and remain the property of the Lessee (it being expressly understood, however, that the foregoing does not and shall not apply to the baggage handling systems, the 42 passenger loading bridges and the aircraft power/heating system to be installed by the Lessee as part of the construction work under Section 2 hereof and the same shall not be the property of the Lessee)."

5. Section 90 of the Lease, as previously amended, is hereby further amended to read as follows:

"Section 90. <u>Replacement of Baggage Systems, and Passenger Loading Bridges and Aircraft Power/Heating System</u>

With respect to the baggage handling systems and the 42 passenger loading bridges and the aircraft power/heating system mentioned in paragraph (a)(i) of Section 2 hereof, it is hereby agreed as follows:

(a) At any time following the fifteenth anniversary of the commencement of the term of the letting hereunder, and prior to the twentieth anniversary of the commencement date of the letting hereunder, in the event the Port Authority gives the Lessee notice that the Port Authority has determined that the said baggage handling systems or the said passenger loading bridges, or the said aircraft power/heating system or all or portions of the foregoing, have become obsolete and are no longer suitable for the operation of the Terminal C Passenger Facility in a first-class manner, or do not represent state-of-the-art and are no longer suitable for the operation of the Terminal C Passenger Facility in a first-class manner, the Lessee shall either (i) expeditiously replace the said baggage systems or the said passenger loading bridges, or the said aircraft power/heating system or all or portions of the foregoing, with new, state-of-the-art baggage handling systems, passenger loading bridges, or the said aircraft power/heating system as specified in the Port Authority's notice, which have been approved in advance by the Port Authority or (ii) elect not to replace the said baggage systems, or passenger loading bridges, or the said aircraft power/heating system, as the case may be as specified in the Port Authority's notice, and in the event the Lessee elects not to so replace the baggage handling systems or passenger loading bridges or aircraft power/heating system as specified in the Port Authority's notice, the Lessee shall deliver to the Port Authority as security for its obligation in paragraph (b) hereunder either a clean, irrevocable letter of credit or a performance bond in an amount then sufficient to cover the costs of acquiring and installing said new baggage systems or loading bridges, or the said aircraft power/heating system and such amount shall be increased or decreased from time to time based upon the determination by the Port Authority of the amount then sufficient to cover the costs of acquiring and installing the said new baggage systems or passenger loading bridges, or the said aircraft power/heating system or all of the foregoing.

If the Lessee chooses to deliver a letter of credit the form and terms of such letter of credit, as well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. Such letter of credit shall provide that it

shall co[illegible]ue throughout the term o[illegible]he letting under this Agreement and for a period of no[illegible] less than six (6) months thereafter; such continuance may be by provision for automatic renewal or by substitution of a subsequent satisfactory letter. Upon notice of cancellation of a letter of credit the Lessee agrees that unless, by a date twenty (20) days prior to the effective date of cancellation, the letter of credit is replaced by security in accordance with this paragraph (a) or another letter of credit satisfactory to the Port Authority, the Port Authority may draw down the full amount thereof without statement of default and thereafter the Port Authority will hold the same as security. Failure to provide such a letter of credit at any time during the term of the letting, valid and available to the Port Authority, including any failure of any banking institution issuing any such letter of credit previously accepted by the Port Authority to make one or more payments as may be provided in such letter of credit shall be deemed to be a breach of this Agreement on the part of the Lessee.

If the Lessee elects to deliver a performance bond the bond so furnished shall be in the form attached hereto, hereby made a part hereof and marked `Exhibit U', shall be effective throughout the letting and shall be made either by a surety company or companies qualified to carry on a surety business in the State of New York or the State of New Jersey, and satisfactory to the Port Authority or by an individual or individuals satisfactory to the Port Authority.

(b) In the event the Lessee elects not to replace the baggage systems or passenger loading bridges or the aircraft power/heating system as aforesaid, the Lessee shall pay to the Port Authority an amount then sufficient to cover the costs of acquiring and installing the aforesaid baggage systems or passenger loading bridges or aircraft power/heating system all or portions of the foregoing, as the case may be, in the event and upon the termination of the Lease pursuant to either Section 24, Section 82, or Section 88 (if the Lessee has been notified by the Port Authority that it may no longer occupy the premises as a hold-over tenant on a month-to-month periodical basis or the Lessee is not actually occupying the premises) thereof.

(c) In the event the Lessee elects not to replace the baggage handling system or passenger loading bridges or aircraft power/heating system or all or portions thereof, as the case may be, and elects to post the security aforementioned, then the security shall be delivered to the Port Authority within fifteen days of the Port Authority's deliverance of its notice set forth in (a) above.

(d) It is expressly agreed that the provisions hereof are a separate and independent covenant and shall survive the termination of the Lease."

7. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be and remain in full force and effect.

8. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Agreement shall be binding upon the Port Authority unless expressed in writing herein.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of day and year first above written.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

(Title) DIRECTOR OF AVIATION

(Seal)

ATTEST:

Secretary

PEOPLE EXPRESS AIRLINES, INC.

By

(Title) MANAGING PRESIDENT

(Corporate Seal)

APPROVED:
FORM TERMS

FORM XLD—Ack., N.J. 51380

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.

On this 23rd day of MARCH, 1987, before me, the subscriber, a notary public of New York, personally appeared ROBERT J. AARONSON the DIRECTOR OF AVIATION of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

Anita E. Westrich
(notarial seal and stamp)

ANITA E. WESTRICH
Notary Public, State of New York
No. 43-4656184
Qualified in Richmond County
Commission Expires March 30, 1987

STATE OF New Jersey
COUNTY OF Monmouth } ss.

On this 19th day of MARCH, 1987, before me, the subscriber, a NOTARY PUBLIC, personally appeared JAMES F. BARRALL the A MANAGING OFFICER President of PEOPLE EXPRESS AIRLINES, INC. who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

RAYMOND A. AUGUST
Notary Public of New Jersey
My Commission Expires
December 11, 1990

Raymond A. August
(notarial seal and stamp)

STATE OF
COUNTY OF } ss.

Be it remembered that on this _____ day of _____, 19____, before me, the subscriber, a _____, personally appeared _____ who I am satisfied is the person named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

(notarial seal and stamp)

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Newark International Airport
Lease No. ANA-170
Supplement No. 6

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT made as of August 15, 1987 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and PEOPLE EXPRESS AIRLINES, INC. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and amended is hereinafter called "the Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, a Triggering Event or Events as defined in Section 88 of the Lease and listed in Exhibit X thereof has or have occurred and the term of the Lease became a month-to-month periodical tenancy pursuant to said Section 88 of the Lease; and

WHEREAS, the Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects as hereinafter provided,

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of August 15, 1987, as follows:

1. It is hereby agreed that the term of the Lease shall be re-established as a fixed term tenancy in accordance with all the terms and provisions of the Lease and that the Lease shall have the fixed term stated in Section 4 of the Lease, as hereby amended.

2. (a) Effective upon the effective date hereof, in addition to the premises heretofore let to the Lessee under the Lease, the letting as to which shall continue in full force and effect, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority the mechanical and utility room areas located on the operations level of the C-3 portion of Passenger Terminal Building C as shown in stipple hatching on Exhibit A-3 attached hereto and hereby made a part hereof and numbered "NIA86-28" together with the fixtures, improvements and other property, if any, of the Port Authority located therein or thereon, the said areas together with the fixtures, improvements and other property, if any of the Port Authority located therein or thereon, to be and become part of the premises under the Lease, as hereby amended, let to the Lessee, subject to and in accordance with all the terms, provisions and covenants of the Lease as hereby amended for and during all the residue and remainder of the term of the letting under the Lease.

(b) The Lessee acknowledges that it has not relied upon any representation or statement of the Port Authority or its Commissioners, officers, employees and agents as to the suitability of the areas added to the premises pursuant to this paragraph for the operations permitted thereon by the Lease, as hereby amended, and agrees to take the said areas and to use the same in their "as is" condition at the time of the commencement of the letting hereunder.

(c) From and after the effective date hereof, Exhibit A-3 attached hereto and hereby made hereof and numbered "NIA86-28" shall be deemed substituted for Exhibit A-3 attached to the Lease, and from and after the said effective date all references in the Lease to Exhibit A-3 shall be deemed references to the Exhibit A-3 attached hereto.

3. Section 2 of the Lease is hereby amended as follows:

(a) The first three lines of Item (v) of paragraph (a) thereof shall be deemed amended to read as follows:

> "(v) All work necessary or required to complete the concession areas, as defined in Section 66 hereof, and provide the same as finished or

unfinished space for the consumer service operators in accordance with the provisions of said Section 66 and the Lessee's comprehensive consumer services plan thereunder to be made available for the consumer services as".

(b) (1) The number (2.a.) appearing in the penultimate sentence of paragraph (c)(2) thereof on page 9 of the Lease shall be deemed amended to read (2.a.)

(2) The date "December 31, 1986" appearing in the last sentence of said paragraph (c)(2) shall be deemed amended to read "December 31, 1987"; and the date "March 31, 1987" appearing in said sentence shall be deemed amended to read "February 29, 1988 or March 31, 1988".

(c) The second and third sentences of subparagraph (11) of paragraph (c) of Section 2 of the Lease and the amounts set forth therein shall be deemed amended to read as follows:

"The said policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claims or actions against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority, and that said protections shall also pertain and apply with respect to any claim or action against the Port Authority by the Lessee, but such endorsement shall not limit, vary or affect the protections afforded the Port Authority thereunder as an additional insured. Said insurance shall be in not less than the following amounts:

(i) Bodily Injury Liability

For injury or wrongful death to one person.....$ 25,000,000

For injury or wrongful death to more than one person for any one occurrence.....$ 25,000,000

Aggregate Products Completed Operations..$ 25,000,000

(ii) Property Damage Liability

For all damage arising out of injury to or destruction of property in any one occurrence.....$ 25,000,000

Aggregate Products Completed Operations.....$ 25,000,000

Aggregate Premises Operations.....$ 25,000,000

Aggregate Protective.....$ 25,000,000
Aggregate Contractual....$ 25,000,000".

(d) The word "Worker's" appearing in the last sentence of subparagraph (11) of said paragraph (c) shall be deemed amended to read "Workers'".

(e) The seventh through fourteenth lines of the second subparagraph (14) of paragraph (c) of said Section 2 shall be deemed amended to read as follows:

"thereof and, also, a valid provision obligating the insurance company to furnish the Port Authority and the City of Newark simultaneously with the said insurance company's notice to the Lessee, but in no event less than ten (10) days' advance notice to the Port Authority, of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate. Renewal policies or certificates shall be delivered to the Port Authority simultaneously with the delivery thereof by the Lessee but in no event less than ten (10) days before the expiration of the insurance which such policies are to renew."

(f) The fifth line of subparagraph (1) of paragraph (h) thereof shall be deemed amended to read as follows:

"an authorized officer of the Lessee and by the Lessee's architect or engineer certifying that the".

4. Paragraph (b) of Section 4 of the Lease is hereby amended to read as follows:

(b) Unless sooner terminated, the term of the letting hereunder shall expire on the day immediately preceding the twenty-fifth (25th) year anniversary date of the Completion Date as defined in Section 2 hereof, or on December 31, 2012, whichever date first occurs, or on February 28, 2013 if the Executive Director has extended the date for completion as set forth in Section 2(c)(2) hereof to February 29, 1988, or on March 31, 2013 if the Executive Director has extended the date for completion as set forth in Section 2(c)(2) hereof to March 31, 1988."

5. Section 5 of the Lease is hereby amended as follows:

(a) Subparagraph (1) of paragraph (a) thereof shall be deemed amended by deleting the designation "(1)" at the beginning thereof and by amending the same to read as follows:

"'Rental Commencement Date' shall mean (i) the Completion Date, as defined in Section 2 hereof, or January 1, 1988, whichever date occurs first; or, (ii) if the Executive Director has extended the date for completion as set forth in Section 2 (c)(2) hereof to February 29, 1988, 'Rental Commencement Date' shall mean the Completion Date, as defined in said Section 2, or March 1, 1988, whichever date occurs first; or (iii) if the Executive Director has extended the date for completion as set forth in Section 2(c)(2) hereof to March 31, 1988, 'Rental Commencement Date' shall mean the Completion Date, as defined in said Section 2, or April 1, 1988, whichever date first occurs; or (iv) if the Executive Director has extended the date for completion as set forth in Section 2(c)(2) to March 31, 1988 and the Lessee exercises its election in accordance with and as provided in the following sentence, 'Rental Commencement Date' shall mean the Completion Date, as defined in said Section 2, or March 1, 1988, whichever date first occurs. It is expressly agreed that in the event the Executive Director has extended the date for completion to March 31, 1988 the Lessee may by written notice to the Port Authority, given not later than January 31, 1988, elect to commence payment of

the Base Annual Rental hereunder on the Completion Date, as defined in said Section 2, or March 1, 1988, whichever date first occurs."

(b) Subparagraph (2) of paragraph (a) hereof shall be deemed deleted and shall be of no further force or effect.

(c) Paragraph (b) thereof shall be deemed amended to read as follows:

(b) Base Annual Rental

The Lessee agrees to pay to the Port Authority the following Base Annual Rental for the premises:

(1) For the portion of the term of the Lease commencing on the Rental Commencement Date to the last day of the month of the twelfth (12th) month consecutively following the Rental Commencement Date, including the month in which the Rental Commencement Date occurs (and in the event the Rental Commencement Date occurs on a day other than the first day of a calendar month the said portion of the term shall end on the day preceding the actual day on which the twelfth- month anniversary of the Rental Commencement Date occurs), a Base Annual Rental for the premises at the annual rate of

(2.a.)

subject to the adjustments as provided in paragraph (c) hereof. The aforesaid Base Annual Rental of

(2.a.)

is made up of two factors, one a constant factor in the amount of

subject to the adjustments as provided in paragraph (c) hereof, and the other a variable factor in the amount of

(2.a.)

The variable factor aforesaid represents the Airport Services portion of the Base Annual Rental and such variable factor of the Base Annual Rental is herein-

after referred to as the Airport Services Factor' and is subject to adjustment as provided in paragraph (c) hereof.

(2) For the portion of the term of the Lease commencing on the first day of the thirteenth (13th) month consecutively following the Rental Commencement Date to the last day of the month of the one hundredth month consecutively following the Rental Commencement Date (and in the event the Rental Commencement Date occurs on a day other than the first day of a calendar month, the said portion of the term shall commence on the day following the actual day on which the twelve-month portion of the term described in subparagraph (1) above expires and shall end on the day preceding the actual day on which the one-hundredth month anniversary of the Rental Commencement Date occurs), a Base Annual Rental for the premises at the annual rate consisting of two factors, one a constant factor in the amount of

(2.a.)

subject to the adjustments as provided in paragraph (c) hereof and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (1) above as the same shall have been adjusted in accordance with paragraph (c) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (2), and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (2) and which shall be subject to further adjustment as provided in paragraph (c) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (2), and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (2) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

(3) For the portion of the term of the Lease commencing on the first day of the month of the one hundredth and first (101st) month consecutively following the Rental Commencement Date to the last day of the month of the two hundredth (200th) month consecutively following the Rental Commencement Date (and in the event the Rental Commencement Date occurs on a day other than the first day of a calendar month, the said portion of the term shall commence on the day following the actual day on which the portion of the term described in subparagraph (2) above expires and shall end on the day preceding the actual day on which the two-hundredth month anniversary of the Rental Commencement Date occurs), a Base Annual Rental for the premises at an annual rate consisting of two factors, one a constant factor in the amount of

(2.a.)

subject to adjustment as provided in paragraph (c) hereof, and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (1) above as the same shall have been adjusted in accordance with paragraph (c) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (3), and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (3) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

(4) For the portion of the term of the Lease commencing on the first day of the month of the two hundredth and first (201st) month consecutively following the Rental Commencement Date to the expiration date of the term of the letting hereunder (and in the event the Rental Commencement Date occurs on a day other than the first day of a calendar month, the said portion of the term shall commence on the day following the actual day on which the portion of the term described in subparagraph (3) above expires and shall end on the expiration date of the term of the

letting hereunder), a Base Annual Rental for the premises at an annual rate consisting of two factors, one a constant factor in the Amount of

(2.a.)

subject to adjustment as provided in paragraph (c) hereof, and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (1) above as the same shall have been adjusted in accordance with paragraph (c) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (4), and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (4) and which shall be subject to further adjustment as provided in paragraph (c) hereof."

(d) Paragraph (c) of said Section 5 is hereby amended to read as follows:

"(c) <u>Base Annual Rental Adjustments</u>

(1) Adjustment of Airport Services Factor of the Base Annual Rental

The Airport Services Factor set forth in subparagraphs (1), (2), (3) and (4) of paragraph (b) above is the final Airport Services Factor which would be in effect for the calendar year 1985 if the term of the letting hereunder commenced on the date of the execution of this Agreement (assumed to be prior to June 30, 1986) and if the Lessee commenced payment of the Base Annual Rental on such date, even though it will not. For the calendar year 1986 and for each and every calendar year thereafter the Airport Services Factor shall be adjusted in accordance with the provisions of Schedule A attached hereto and hereby made a part hereof. Except as otherwise provided in subparagraph (2) of this paragraph (c), for the portion of the term specified in subparagraph (b)(1) the constant factor of (2.a.) shall remain unchanged; for the portion of the term specified in subparagraph (b)(2) above the constant factor of shall remain unchanged; for the portion

of the term specified in subparagraph (b) (3) above the constant factor of (2.a.) shall remain unchanged; and for the portion of the term specified in subparagraph (b)(4) above the constant factor of (2.a.) shall remain unchanged.

(2) Adjustments of the constant factor of the Base Annual Rental.

(aa) In the event the Executive Director has extended the date for the completion of construction to March 31, 1988 as set forth in Section 2 (c) (2) hereof and the Lessee has not exercised its election by service of the written notice on the Port Authority in accordance with paragraph (a) of this Section 5, then:

(i) The constant factor set forth in paragraph (b) (1) above for the portion of the term set forth therein shall be equal to (2.a.) ; and

(ii) The constant factor set forth in paragraph (b) (2) above for the portion of the term set forth therein shall be equal to (2.a.) .

(bb) In the event the Construction Advance amount, as defined in paragraph (a)(2) of Section 6 hereof, when finally determined by the Port Authority, is less than

the constant factor of the Base Annual Rental set forth in subparagraphs (1), (2), (3) and (4) of paragraph (b) above and in items (i) and (ii) of sub-subparagraph (aa) of this subparagraph (c) (2) shall be adjusted as follows:

(i) The constant factor of the Base Annual Rental set forth in paragraph (b) (1) above for the portion of the term set forth therein shall be equal to the amount obtained by multiplying the sum of

(2.a.) y a fraction

the numerator of which shall be the Construction Advance Amount (as finally determined by the Port Authority) and the denominator of which shall be (2.a.) and by adding to the resultant product the sum of

(ii) The constant factor of the Base Annual Rental set forth in item (i) of sub-subparagraph (aa) of this subparagraph (c) (2) for the portion of the term referred to therein shall be equal to the amount obtained by multiplying the sum of (2.a.)

by a fraction the numerator of which shall be the Construction Advance Amount (as finally determined by the Port Authority) and the denominator of which shall be (2.a.) , and by adding to the resultant product the sum of

(2.a.)

(iii) The constant factor of the Base Annual Rental set forth in paragraph (b) (2) above for the portion of the term set forth therein shall be equal to the amount obtained by multiplying the sum of

(2.a.) by a fraction the numerator of which shall be the Construction Advance Amount (as finally determined by the Port Authority) and the denominator of which shall be (2.a.) , and by adding to the resultant product the sum of (2.a.)

(iv) The constant factor of the Base Annual Rental set forth in item (ii) of sub-subparagraph (aa) of this subparagraph (c) (2) above for the portion of the term referred to therein shall be equal to the amount obtained by multiplying the sum of

by a fraction the numerator of which shall be the Construction Advance Amount (as finally determined by the Port Authority) and the denominator of which shall be (2.a.) , and by adding to the resultant product the sum of

(2.a.)

(v) The constant factor of the Base Annual Rental set forth in paragraph (b) (3) for the portion of the term set forth therein shall be equal to the amount obtained by multiplying the sum of

(2.a.)

by a fraction the numerator of which shall be the Construction Advance Amount (as finally determined by the Port Authority) and the denominator of which shall be (2.a.) , and by adding to the resultant product the sum of

(2.a.)

(vi) The constant factor of the Base Annual Rental set forth in paragraph (b) (4) above for the portion of the term set forth therein shall be equal to the amount obtained by multiplying the sum of

(2.a.)

by a fraction the numerator of which shall be the Construction Advance Amount (as finally determined by the Port Authority) and the denominator of which shall be (2.a.) , and by adding to the resultant product the sum of

(2.a.)

(e) Paragraph (d) of said Section 5 is hereby amended as follows:

(1) The designation "(1)"shall be deemed deleted from the first subparagraph thereof.

(2) Subparagraph (2) thereof shall be deemed deleted and shall be of no further force or effect.

(f) Subparagraph (1) of paragraph (f) of said Section 5 is hereby amended to read as follows:

"In the event the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of the Base Annual Rental, the abatement of the constant factor of the Base Annual Rental shall be made on an equitable basis giving effect to the amount and character of the portions of the premises the use of which is denied to the Lessee as compared with the entire premises (it being understood that there shall be no abatement of Base Annual Rental under the Lease for any portion of the premises or for any portion of the term except as specifically provided in this Agreement)."

(3) Subparagraph (2) of paragraph (f) of said Section 5 is hereby amended as follows:

(i) Wherever the amount (2.a.) appears therein the same shall be deemed deleted therefrom and the amount (2.a.) shall be deemed inserted therein in lieu thereof.

(ii) The words and amount appearing therein as

(2.a.)

shall be deemed deleted therefrom and the words and amount

(2.a.)

shall be deemed inserted therein in lieu thereof.

(iii) The date "1983" appearing therein shall be deemed deleted therefrom and the date "1985" shall be deemed inserted therein in lieu thereof.

(iv) The date "June 30, 1985" appearing therein shall be deemed deleted and the date "June 30, 1986" shall be deemed inserted therein in lieu thereof.

(i) Paragraphs (h), (i), (j) and (k) of said Section 5 shall be deemed deleted therefrom and shall be of no further force or effect.

(h) There shall be deemed added to Section 5 a new paragraph (h) to read as follows:

"(h) For purposes of the provisions of paragraphs (e) and (g) hereof with respect to any deficiency or refund, any termination of the Lease, other than a termination under Section 24 of the Lease, shall be deemed to have the same effect as the expiration thereof."

6. Section 6 of the Lease is hereby amended as follows:

(1) Subparagraph (3) of paragraph (a) thereof shall be deemed amended to read as follows:

"(3) The term 'Final Date' as used herein shall mean the date on which the final certificate of the Lessee pursuant to paragraph (b) hereof is delivered to the Port Authority which date shall be no later than March 31, 1989."

(2) The second subparagraph of paragraph (b) of Section 6 appearing on page 41 of the Lease is hereby amended by inserting after the comma appearing on the twelfth line thereof the words:

"or, with respect to any and all payments of Construction Advances in excess of $175,000,000, if the work constitutes facilities that can be utilized only by the Lessee or any of the Lessee's Affiliated Companies,".

(3) (i) Subparagraph (i) of said Section 6 is hereby amended by deleting the words and number (2.a.) from the fourth line thereof and by inserting in lieu thereof the words and number (2.a.)

(ii) Said subparagraph (i) of Section 6 shall be deemed further amended by deleting the period at the end of the first sentence thereof and by inserting a comma in lieu thereof and by adding at the end thereof the following:

"and further limited with respect to Construction Advances in excess of (2.a.) construction of facilities that are not by their nature utilizable by only the Lessee or the Lessee's Affiliated Companies."

(iii) The first full paragraph appearing at the top of page 48 of the Lease shall be deemed deleted from the Lease and shall be of no further force or effect.

(4) There shall be deemed added at the end of paragraph (o) of Section 6 the following new paragraph (p) reading as follows:

"(p) The Lessee hereby represents and warrants to the Port Authority that all construction contracts covering the construction work or portions thereof, including, but not limited to, the contract entered into between People Express and VRH/CROW, a Joint Venture of VRH Construction Company and William L. Crow Construction Company, dated April 10, 1985, as heretofore amended, supplemented and modified, as well as the McCormick-Morgan contract described in subparagraphs (4) and (12) of paragraph (n) of this Section, and the Wollard contract described in subparagraphs (1) and (6) of subparagraph (n) of this Section and the contract between People Express and BAE Automated Systems, Inc. and the contract between People Express and the Grad Partnership with respect to the construction work have been duly assigned by People Express to the Lessee including all modification agreements and amendments thereto as heretofore consented to by the Port Authority and, further, that no consent of any of the contractors is required for said assignment, or if required that the same has been obtained with respect to each of the said contracts."

7. Section 7 of the Lease shall be deemed deleted therefrom and shall be of no further force or effect.

8. (a) The second and third sentences of paragraph (b) of Section 18 of the Lease and the items designated therein as "Minimum Limits" shall be deemed amended to read as follows:

"The said policy or policies of insurance shall also provide or contain an endorsement providing that the protections

afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority, and that said protections shall also pertain and apply with respect to any claim or action against the Port Authority by the Lessee, but such endorsement shall not limit, vary, change, or affect the protections afforded the Port Authority thereunder as an additional insured. The said policy or policies of insurance shall also provide or contain a contractual liability endorsement covering obligations assumed by the Lessee under Paragraph (a) hereof.

	Minimum Limits
Comprehensive General Liability (including Aircraft Liability)	
Bodily Injury Liability: For injury to or wrongful death of one or more than one person in any one occurrence:	$100,000,000
Property Damage Liability (including but not limited to aircraft in the care, custody and control of the Lessee) For all damages arising out of injury to or destruction of property in any one occurrence:	$100,000,000
Comprehensive Automobile Liability	
Bodily Injury Liability: For injury to or wrongful death of one or more than one person in any one occurrence:	$25,000,000
Property Damage Liability: For all damages arising out of injury to or destruction of property in any one occurrence:	$ 25,000,000."

(b) The words "Each such copy or" appearing in the sixteenth and twentieth lines of said paragraph (c) of Section 18 shall in each case be deemed amended to read "Each such copy and".

(c) The words "or out of the use or" appearing in the eighth line of paragraph (a) (1) of said Section 18 of the Lease shall be deemed amended to read "arising out of any default of the Lessee in performing or observing any term or provision of this Agreement or out of the use or".

9. Section 27 of the Lease is hereby amended as follows:

(a) Subparagraph (3) of paragraph (b) thereof shall be deemed deleted and shall be of no further force or effect.

(b) Subparagraph (4) of paragraph (b) hereof shall be deemed redesignated as subparagraph "(3)".

10. Section 31 of the Lease shall be deemed deleted therefrom and shall be of no further force or effect.

11. Section 34 of the Lease is hereby amended as follows:

(a) The title thereof shall be deemed amended to read as follows:

"Section 34. Personal Property of the Lessee."

(b) The designation "(a)" shall be deemed inserted immediately preceding the first sentence thereof.

(c) There shall be deemed added thereto a new paragraph "(b)" reading as follows:

"(b) The Lessee hereby represents to the Port Authority that in order to complete the Terminal C Passenger Facility as a fully completed and operational passenger terminal facility and to operate the same in a first-class manner and so that the premises may be used for the purposes set forth in the Lease, it shall be necessary for the Lessee to install various items of personal property, other than and in addition to the items set forth in paragraph (a) (i) of Section 2 hereof and any other personal property included in the construction work under Section 2 hereof. As used herein in this Section 34, the term the 'Lessee's personal property' shall mean and include the aforesaid various items of personal property (other than the Section 2 construction work, as aforesaid) including the installation thereof. The Lessee further represents to the Port Authority that the cost of the Lessee's personal property is estimated by the Lessee to be approximately Thirty Million Dollars ($30,000,000). On the basis of the said representations of the Lessee and as a special inducement to the Port Authority to enter into this Agreement, the Lessee agrees that:

(1) The cost of the Lessee's personal property which the Lessee shall pay or incur shall not be less than Twenty-five Million Dollars ($25,000,000). As used herein

the term the 'cost of the Lessee's personal property' shall mean the sum of the following actually paid by the Lessee to the extent that the inclusion of the same is permitted by generally accepted accounting practices consistently applied:

(i) amounts actually paid or incurred by the Lessee to independent contractors, suppliers and vendors for work actually performed and labor and materials actually furnished in connection with the Lessee's personal property; and

(ii) amounts actually paid or incurred and costs incurred by the Lessee in connection with the Lessee's personal property for engineering, architectural, professional and consulting services and supervision of construction (however, payments under this item (ii) shall not exceed fifteen percent (15%) of the amounts paid under item (i) above.

(2) The Lessee shall commence the installation of the Lessee's personal property at the premises no later than ninety (90) days prior to the date by which the Lessee is to complete the construction work as set forth in Section 2(c)(2) hereof. The Lessee shall substantially complete the installation of the Lessee's personal property at the premises on or before the Completion Date (as defined in Section 2 (h) hereof). For purposes hereof, substantial completion by the Lessee of the installation of Lessee's personal property shall mean that not less than ninety percent (90%) of the Lessee's personal property has been installed at the premises and is ready for use.

(3) The Lessee shall pay or incur not less than the following aggregate amounts for the Lessee's personal property at each of the following dates:

(i) Four Million Dollars ($4,000,000) on or before September 30, 1987, or on or before November 30, 1987 if the Executive Director has extended the date for completion as set forth in Section 2 (c) (2) hereof to February 29, 1988, or on or before December 31, 1987 if the Executive Director has extended the date for completion as set forth in Section 2 (c) (2) hereof to March 31, 1988;

(ii) Fifteen Million Dollars ($15,000,000) on or before October 31, 1987, or on or before December 31, 1987 if the Executive Director has extended the date for completion as set forth in Section 2 (c)

(2) hereof to February 29, 1988, or on or before January 31, 1988 if the Executive Director has extended the date for completion as set forth in Section 2 (c) (2) hereof to March 31, 1988;

(iii) Twenty-five Million Dollars ($25,000,000) on or before December 31, 1987, or on or before February 29, 1988 if the Executive Director has extended the date for completion as set forth in Section 2 (c) (2) hereof to February 29, 1988, or on or before March 31, 1988 if the Executive Director has extended the date for completion as set forth in Section 2 (c) (2) hereof to March 31, 1988;

(4) The Lessee shall submit to the Port Authority monthly certifications commencing on September 30, 1987 and on the first day of each month thereafter up to and including the month immediately succeeding the month in which the Lessee's final payment for the cost of the Lessee's personal property, as aforesaid, is made, in which certification the Lessee shall set forth the amounts paid or incurred by the Lessee toward the cost of the Lessee's personal property as of the end of the preceding month and a full description of the personal property for which such amounts have been paid or incurred and which shall have attached thereto reproduction copies or duplicate originals of the invoice, if any, of such independent contractor, suppliers, vendors and other persons and copies of the contracts and purchase orders with respect to said Lessee's personal property, and such further information as the Port Authority may from time to time reasonably require. Each such certification shall be signed by a President or Vice-President of the Lessee. It is recognized that Section 71 of the Lease requires the Lessee to maintain books and records with respect to all matters pertaining to the Lessee's personal property, subject to Port Authority audit and inspection.

(5) The Lessee agrees, without limiting any other term or provision of this Agreement, that the installation of the Lessee's personal property shall at all times be performed in such manner so as not to impede, delay or inhibit the construction work and that the Lessee shall require all of its contractors to cooperate with each other so that the operations of each contractor will not unduly interfere with the operations of the other."

(6) In the event the cost of the Lessee's personal property, as actually determined, is less than the $30,000,000 approximate amount estimated by the Lessee

as set forth above, the Lessee agrees that the difference between said approximate amount and the actual amount of the cost of the Lessee's personal property (not to be less than $25,000,000 as set forth in subparagraph (1) above) shall be expended by the Lessee at other locations at the Airport subject to the entering into of appropriate separate written agreements between the Lessee and the Port Authority. The foregoing shall not and shall not be deemed to obligate or require the Port Authority to enter into any such written agreement or agreements with the Lessee."

12. Section 49 of the Lease is hereby amended by adding thereto a new paragraph "(g)" reading as follows:

"(g) It is hereby recognized and agreed that the Port Authority may commence supplying high-temperature hot water for heating and domestic use and chilled water for air conditioning to the premises and the Non-exclusive Areas, in accordance with the provisions of this Section 49, prior to the Rental Commencement Date, and it is further recognized and agreed that such supply of high temperature hot water for heating has been supplied to the premises and the Non-Exclusive Areas commencing on February 28, 1987. Without limiting any other term or provision hereof or of Schedule B, it is hereby agreed that the Port Authority shall as soon as practicable after the Rental Commencement Date and using the provisions of Schedule B determine the charges, either finalized or tentative, subject to adjustment of Schedule B, for all such high temperature hot water or chilled water, or both, supplied to the premises and Non-exclusive Areas prior to the Rental Commencement Date. The Lessee shall pay to the Port Authority the amount or amounts of said charges within thirty (30) days after the submission of a bill or bills from the Port Authority for said charges. It is understood and agreed that for the purposes of making the said determination the 'starting date' as defined in Schedule B shall be deemed to be the date on which the supply of high temperature hot water or chilled water (or both) was supplied to the premises and the Non-exclusive Areas. Any deficiency in the charges due to the Port Authority from the Lessee under this paragraph (g) resulting from the adjustment from tentative to adjusted charges pursuant to Schedule B shall be paid to the Port Authority by the Lessee within thirty (30) days after demand therefor and any excess payments made by the Lessee determined on the basis of adjustment from tentative to adjusted charges pursuant to Schedule B

shall be credited against future charges, such credit to be made within thirty (30) days following such adjustment. Nothing herein in this paragraph (g), however, shall obligate or be deemed to obligate the Port Authority to supply high temperature hot water and chilled water or to continue any such supply once the same is started, at any time prior to the Rental Commencement Date, or to make any determination or adjustment under Schedule B at any time other than as stated herein."

13. Section 53 of the Lease is hereby amended by adding at the end thereof a new paragraph "(d)" reading as follows:

"(d) Without limiting any of the foregoing provisions of this Section or any of the provisions of Schedule C, the Port Authority, commencing after the Schedule C Date, may from time to time during each succeeding calendar year, but no more frequently than quarterly, notify the Lessee whether and to what extent the payments due to the Port Authority resulting from the tentative flight fee established pursuant to Schedule C will be likely to exceed or be less than the payments which would result from the estimated finalized fee as described in Paragraph II of Schedule C for such year for the period during such year as designated by the Port Authority's notice. If such notice is given the Lessee shall pay a new tentative flight fee established by the Port Authority and set forth in said notice until the same is further adjusted pursuant to this paragraph or Schedule C."

14. Section 56 of the Lease is hereby amended as follows:

(a) The words "or 82" shall be deemed deleted from the last line of subparagraph (ii) of paragraph (c) thereof.

(b) Subparagraph (iii) of paragraph (c) thereof shall be deemed deleted and shall be of no further force or effect.

(c) A new paragraph "(d)" shall be added at the end thereof reading as follows:

"(d) Without limiting any of the foregoing provisions of this Section or any of the provisions of Schedule D, the Port Authority, commencing after the Schedule C Date, may from time to time during each succeeding calendar year, but no more frequently than quarterly, notify the Lessee whether and to what extent the payments due to the Port Authority resulting from the

tentative fuel fee established pursuant to Schedule D will be likely to exceed or be less than the payments which would result from the estimated finalized fee as described in Paragraph II of Schedule D for such year for the period during such year as designated by the Port Authority's notice. If such notice is given the Lessee shall pay a new tentative fuel fee established by the Port Authority and set forth in said notice until the same is further adjusted in accordance with this paragraph or Schedule D."

15. There shall be deemed added to Section 60 of the Lease a new paragraph (c) reading as follows:

"(c) (1) The Lessee has advised that it may use more than one independent contractor to furnish its 'in-flight meals' at the Airport but may not wish to have all of said contractors become permittees of the Port Authority under permits which require, as aforesaid, the permittees to pay fees at the rates imposed on the Port Authority's In-Flight Meal Operators upon gross receipts based on amounts the Lessee pays said contractors. The parties acknowledge that the term 'in-flight meals' as used in the industry and in this Section is a word of art and includes food, beverages, snacks, non-reusable supplies, materials, dry goods and all services rendered in connection therewith.

(2) Should the Lessee elect not to have all its independent contractors be Port Authority permittees as aforesaid, it shall serve a written notice on the Port Authority to such effect, which notice shall state that it elects the method of additional payment as hereinafter set forth and thereupon the Port Authority shall consent thereto provided that, in addition to the amounts payable to the Port Authority under paragraphs (a) and (b) above, the Lessee shall pay and the Lessee hereby agrees to pay to the Port Authority an amount determined by applying the rates referred to in subparagraph (1) above to the amounts payable by the Lessee to said independent contractors for its 'in-flight meals' or any part thereof delivered to the Lessee's aircraft at the Airport (whether such delivery be by said independent contractor, the Lessee or another). The foregoing payments by the Lessee shall be made monthly on the 20th day of the month commencing with the first month immediately following the Rental Commencement Date and continuing each month thereafter up to and including the 20th day of the month following the expiration date of the term of the letting hereunder. The Lessee at any time on at least 30 days' prior written notice to the Port Authority may change from its selection above and the Lessee may at any time advise the Port Authority that

this paragraph (c) no longer applies to it based upon its representation, that it then shall make, that all payments made by it for in-flight meals as said term is defined above shall be made to its contractors who are permittees of the Port Authority as 'In-Flight Meal Operators'.

(3) It is recognized that Section 71 of this Lease requires the Lessee to maintain books and records pertaining to all matters under this Section 60, subject to Port Authority audit and inspection.

(4) It is hereby expressly recognized that the procedures allowed under this paragraph (c) are not included within the contemplation of the provisions of paragraphs (a) and (b) above and that the inclusion of the same within this paragraph (c) shall not constitute or be deemed to constitute any concession or agreement by the Port Authority that said procedures are not in violation of paragraphs (a) and (b) hereof."

16. Section 65 of the Lease is hereby amended as follows:

(a) There shall be deemed inserted after the word "Lessee" in the second line of paragraph (a) thereof the words: "or any of the Lessee's Affiliated Companies".

(b) There shall be deemed inserted after the word "behalf" in the fourteenth line of paragraph (a) thereof the words: "or on behalf of any of the Lessee's Affiliated Companies".

(c) There shall be deemed inserted after the word "Lessee" in the first line of paragraph (b) thereof the words: "or to any of the Lessee's Affiliated Companies".

(d) There shall be deemed inserted after the word "Lessee" in the fourth line of paragraph (c) thereof the words: "and of any of the Lessee's Affiliated Companies".

17. Section 66 of the Lease is hereby amended as follows:

(a) The second sentence of subparagraph (ii) of paragraph (b) of Section 66 shall be deemed deleted and the following shall be deemed inserted in lieu thereof:

> "Without limiting the foregoing, the agreement between the Lessee and the Coffee Shop Operator shall set forth the responsibilities as between the Lessee and the Coffee Shop Operator with respect to all work necessary, required or appropriate for the

finishing off of the space, including the finishing of the floors and ceilings from the structural slab and the walls from the rough partitions, and shall set forth the terms and conditions and the party responsible for the payment thereof."

(b) The third sentence of subparagraph (ii) of said paragraph (b) of Section 66 is hereby further amended by changing the period at the end thereof to a comma and by inserting the following:

"as applicable, even though the same may not be part of the Section 2 construction work."

(c) (1) Paragraph (c) of said Section 66 is hereby amended by adding at the end thereof the following new subparagraph "(iv)" reading as follows:

"(iv) The Lessee may through a contractor or contractors install coin-operated lockers at locations approved by the General Manager of the Airport and if the Port Authority deems the same permissible after consultation with the Lessee, and only if each of the Lessee's contractors accepts a Port Authority permit and agrees to pay a percentage fee based upon the gross receipts derived from such coin-operated lockers."

(2) The reference to "subparagraph (d)(vii)" appearing in the fifth line of subparagraphs (c)(iii) of said Section 66 shall be deemed amended to read "(c)(iv)".

(d) The amount set forth as (2.a.) per square foot per annum" on the last line of subparagraph (ii) of paragraph (d) of Section 66 shall be deemed to read (2.a.) per square foot per annum."

(e) Subparagraph (vii) of paragraph (d) of Section 66 shall be deemed deleted therefrom.

(f) The amount set forth as (2.a.) per square foot per annum" in the last two lines of subparagraph (ii) of paragraph (e) shall be deemed amended to read (2.a.) per square foot per annum".

(g) The third sentence of subparagraph (vi) of paragraph (e) of Section 66 shall be deemed amended to read as follows:

"Without limiting the foregoing, the agreement between the Lessee and the newsstand operator or operators shall set forth the responsibilities and the terms and conditions for the performance and for the payment of the costs of all work necessary, required or appropriate for the finishing off of the space as between the Lessee and the newsstand operator or operators, and shall provide that the supply of electricity for use in connection with the operation of the newsstand or newsstands shall be at no cost to the newsstand operator or to the Port Authority."

(h) (1) The second and third sentences of subparagraph (ii) of paragraph (f) of said Section 66 shall be deemed deleted therefrom and the following shall be deemed inserted in lieu thereof:

"Without limiting the foregoing, the agreement between the Lessee and the Duty-Free Shop Operator shall set forth the responsibilities and the terms and conditions for the performance and for the payment of the costs of all work necessary, required or appropriate for the finishing off of the space as between the Lessee and the Duty-Free Shop Operator."

(i) The amount set forth as "$30 per square foot per annum" in the last two lines of the third subparagraph of paragraph (g)(i) of said Section 66 of the Lease shall be deemed to read "$35 per square foot per annum".

18. (a) Paragraph (f) of Section 67 of the Lease shall be deemed deleted and shall be of no further force or effect.

(b) Paragraph (g) of said Section 67 of the Lease shall be deemed redesignated as paragraph "(f)" thereof.

19. Section 69 of the Lease is hereby amended as follows:

(a) The date appearing as "July 15, 1984" in the fifth line of paragraph (a) thereof shall be deemed amended to read "April 13, 1987."

(b) The number "25,350" appearing on the fifth line of paragraph (a) thereof shall be deemed amended to read "24,500".

(c) The number "45,400" appearing on the eighth line of said paragraph (a) shall be deemed amended to read "57,200".

(d) The date "1989" appearing in the first line of paragraph (b) of Section 69 shall be deemed amended to read "1991".

(e) The date "January 1, 1989" appearing on the first line of paragraph (c) thereof shall be deemed amended to read "January 1, 1991".

(f) The date "January 1, 1990" appearing on the sixth line of said paragraph (c) thereof shall be deemed changed to read "January 1, 1992".

(g) Said paragraph (c) of Section 69 is hereby further amended by deleting the words "the Facility Rental, and the Additional Facility Rental" from the last sentence of the first subparagraph thereof.

(h) Paragraph (e) of said Section 69 is hereby further amended by deleting the words "(Sunday through Saturday)" appearing in the eighth line thereof and by substituting in lieu thereof the words "(Monday through Sunday)".

(i) There shall be deemed added to said Section 69 a new paragraph (g) reading as follows:

"(g) (1) It is hereby expressly recognized and agreed that the numbers set forth in paragraph (a) hereof and the numbers to be determined, ascertained and utilized under paragraphs (b), (c), (d), (e) and (f) hereof are and shall be based on the airport-wide operations of the Lessee, New York Airlines, Inc., Eastern Air Lines, Inc. and People Express Airlines, Inc. at the Airport; and further, that in exercising its rights of termination under this Lease, the New York Air Master Lease (as herein defined) and the Eastern Master Lease (as herein defined) based on the provisions of this Section and the similar provisions of the New York Air Master Lease and the Eastern Master Lease (as herein defined), the Port Authority shall have the election in its sole discretion to terminate the letting of a portion or portions of the underutilized premises under this Lease, or of the underutilized premises of the New York Air Master Lease or the Eastern Master Lease.

(2) It is recognized that the Port Authority and Eastern Air Lines, Inc. have heretofore entered into an agreement of lease as of December 20, 1968 covering certain premises in Passenger Terminal Building B and certain rights and privileges at and in respect to the Airport and bearing

Port Authority number AN-541 (said lease, as the same has been heretofore supplemented or amended, being herein called 'the Eastern Master Lease').

It is further recognized that the Port Authority and National Airlines, Inc. have heretofore entered into an agreement of lease as of February 26, 1969 covering certain premises in Passenger Terminal Building B and certain rights and privileges at and in respect to the Airport and bearing Port Authority number AN-543, that said National Airlines, Inc., effective January 19, 1980 merged into Pan American World Airways, Inc., and that said Lease was subsequently assigned by Pan American World Airways, Inc. with the consent of the Port Authority to New York Air pursuant to an Assignment of Lease agreement made as of October 1, 1984 (said lease, as the same has been heretofore supplemented or amended, being herein called 'the New York Air Master Lease')."

20. The last line of Section 71(a) of the Lease shall be deemed amended to read as follows:

"inspect and audit such books and records during regular business hours."

21. (a) Paragraph (o) of Section 72 of the Lease is hereby amended by adding at the end thereof the following new sentence:

"For purposes of this Lease, the term 'Handled Airlines' shall also include the Lessee's Affiliated Companies (as defined in Section 84 hereof)."

(b) Paragraph (u) of Section 72 of the Lease is hereby amended by adding at the end thereof the following:

"'Premises' shall also be deemed to include the Section 2 items (as defined in Section 90) although the same are in some respects treated differently hereunder."

22. Section 76 of the Lease is hereby amended by deleting the words "Facility Rental, Interim Facility Rental, Additional Facility Rental," from the fourth and fifth lines thereof.

23. Paragraph (b) of Section 77 of the Lease is hereby amended by inserting the designation "(1)" immediately preceding the first sentence thereof, and, further, by adding a new subparagraph (2) at the end thereof reading as follows:

"(2) The Lessee, however, shall have the right to sublease a portion or portions of the premises to one or more of the Lessee's Affiliated Companies (as defined in Section 84 hereof). Prior to executing any such sublease, the Lessee shall submit the form of such sublease agreement to the Port Authority for its review for consistency with the terms and provisions of this Lease. It is expressly understood and agreed that any such sublease shall be conditioned upon the written approval and consent of the Port Authority which approval and consent shall in each instance be incorporated in an appropriate consent to sublease agreement in a form satisfactory to the Port Authority and executed by the Port Authority, the Lessee and the Lessee's Affiliated Company (as defined in Section 84 hereof); the form of such consent agreement being attached hereto, hereby made a part hereof and marked 'Exhibit CSL'. It is specifically understood and agreed that any such sublease shall be for a term commencing on or after the Completion Date (as defined in Section 2 (h) hereof) and expiring no later than the day before the expiration date of this Agreement, and each such sublease shall provide that the subleased premises shall be used solely for the purposes set forth in Section 8 hereof. Each such sublease shall also provide, in accordance with Sections 88 and 91 hereof, that the term of said sublease shall immediately terminate and the Sublessee shall become a holdover tenant on a week-to-week periodical tenancy in the event of a termination of the term of the Lease and the Lessee becomes a holdover tenant on a month-to-month periodical tenancy pursuant to said Section 88. The Lessee hereby represents that it shall deliver to the Port Authority on or before the execution hereof a written opinion of counsel in form satisfactory to the Port Authority and signed by the Lessee's legal counsel wherein and whereby said legal counsel issues to the Port Authority its opinion that said week-to-week periodical tenancy is in accord with and provided for under the laws of the State of New Jersey.

Without limiting any term or provision of any consent to sublease agreement covering a sublease, as aforesaid, as between the Lessee and the Port Authority the Lessee hereby assumes all responsibility for each such sublessee's aircraft operations including the collection of fees and charges from each such sublessee and paying the same to the Port Authority. The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and representatives, from and against (and shall reimburse the Port Authority

for the Port Authority's costs or expenses including legal expenses incurred in connection with the defense of) all claims and demands of third persons including but not limited to claims and demands for death or personal injuries, or for property damages, arising out of any default of the Lessee Affiliated Company or out of the use or occupancy of the premises and the Non-exclusive Areas by each Lessee Affiliated Company, or by others with its consent, or out of any other acts or omissions of said Lessee Affiliated Company, its officers and employees, guests, invitees and business visitors on the premises or the Non-exclusive Areas or out of the acts or omissions of others on the premises and the Non-exclusive Areas or elsewhere at the Airport with the consent of said Lessee Affiliated Company, including claims and demands of the City of Newark, from which the Port Authority derives its rights in the Airport, for indemnification, arising by operation of law or through agreement of the Port Authority with the said City.

If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provision of any statutes respecting suits against the Port Authority.

It is hereby recognized that the Lessee has certain obligations under the Lease with respect to the Non-exclusive Areas, including but not limited to the obligation to indemnify the Port Authority, which are joint and several obligations of the Lessee and other Airline Lessees under the Lease, all as set forth in the Lease. Without limiting the generality or the continuance in effect of the foregoing, in the event the Lessee enters into a sublease within the meaning of this Section 77 and an event occurs on or with respect to the Non-exclusive Areas involving in any way the sublessee, then notwithstanding the fact that the Lessee and other Airline Lessees shall be jointly and severally liable with respect to the occurrence pursuant to the terms of the Lease, it is hereby agreed that as among the Lessee and other Airline Lessees so liable under the terms of

the Lease, the Lessee shall indemnify and hold harmless the other Airline Lessees so that, as among the group of Airline Lessees, the ultimate obligation, responsibility and liability shall be on the Lessee. Each consent to sublease agreement covering sublease shall contain the foregoing provisions, provided, however, that the Port Authority shall have the additional right to require any sublessee to deposit with the Port Authority security in such amount and form as may be satisfactory to the Port Authority."

24. Paragraph (e) Section 79 of the Lease is hereby amended by deleting therefrom the words "nor with respect to the Facility Rental or the Additional Facility Rental".

25. Section 81 of the Lease shall be deemed deleted and shall be of no further force or effect.

26. (a) Paragraphs (a) and (b) of Section 82 of the Lease are hereby amended to read as follows:

"(a) In the event that

(1) the Lessee shall not be in default under any term or provision of this Agreement including, but not limited to, the payment of rental and other fees and charges; and

(2) the Lessee shall be in physical possession of the premises;

the Lessee shall have the right on two years prior written notice to the Port Authority (both of the foregoing events set forth in subparagraphs (1) and (2) to be continuing and satisfied both on the date of receipt of and the effective date of such notice) to terminate this Agreement and the letting of the premises hereunder effective at 12:01 o'clock a.m. on the day following the last day of the one-hundredth (100th) month consecutively following the Rental Commencement Date (as defined in Section 5 hereof); and further, the Lessee, in the event it does not exercise the foregoing right of termination, shall have the right on two years prior written notice to the Port Authority (both of the foregoing events set forth in subparagraphs (1) and (2) to be continuing and satisfied both on the date of receipt of and the effective date of such notice) to terminate this Agreement and the letting of the premises hereunder effective at 12:01

o'clock a.m. on the day following the last day of the two-hundredth (200th) consecutive month following the Rental Commencement Date (as defined in Section 5 hereof). As used herein the term 'Effective Date' shall mean 12:01 o'clock a.m. on the effective date of the Lessee's termination notice given at either of the foregoing times, as aforesaid.

(b) In the event the Lessee serves a notice of termination pursuant to this Section, the Lessee shall pay to the Port Authority the sum of (2.a.) payable as follows:

(1) The sum of (2.a.) payable on the first day of the month which constitutes the eighteenth (18th) month immediately preceding the Effective Date;

(2) The sum of (2.a.) payable on the first day of the month which constitutes the twelfth (12th) month immediately preceding the Effective Date;

(3) The sum of (2.a.) payable on the first day of the month which constitutes the sixth (6th) month immediately preceding the Effective Date; and

(4) The sum of (2.a.) payable on the first day of the month immediately preceding the Effective Date.

In the event the Lessee fails to make any one or more of the foregoing payments when due, then, at the election of the Port Authority (i) the Lessee's notice of termination and the termination thereunder shall be deemed null, void, and of no force or effect, and in which case this Lease and the letting of the premises hereunder shall continue in full force and effect as if the said Lessee's notice had not been given; or (ii) the Port Authority may by notice to the Lessee postpone the due date or due dates for the payment or payments as above set forth, and in which case the Lessee shall make the payment or payments on the postponed date as set forth in the Port Authority's notice. In the event the Port Authority elects item (i) above, the Port Authority shall return to the Lessee or credit to the Lessee's account within sixty (60) days all amounts theretofore paid to the Port Authority by the Lessee under this paragraph (b), with a sum equal to the interest earned

thereon, if any, less the Port Authority's costs or administrative expenses; the Port Authority to place the aforesaid amounts paid by the Lessee in an interest bearing account(s) after the date of its receipt thereof from the Lessee and to keep said amounts therein up to and no later than the date set for the payment stated in item (4) of this paragraph (b). It is expressly understood and agreed that any and all interest on the aforesaid amounts paid by the Lessee under this paragraph (b) shall belong to the Port Authority and shall accrue solely to the account of the Port Authority, and, further, that such interest shall not be applied against or credited to the obligation of the Lessee to pay the aforesaid amount of (2.a.) The obligation of the Lessee to make the payment of as called for hereunder shall be a separate and independent covenant and shall survive any termination of the Lease under this Section."

(b) Paragraph (c) of Section 82 of the Lease is hereby amended as follows:

(1) Wherever the term "Terminated Portion" appears therein the same shall be deemed deleted therefrom and the term "premises" shall be deemed inserted in lieu thereof.

(2) Wherever an asterisk appears therein the same shall be deemed deleted therefrom and shall be of no further force or effect.

(3) Subparagraph (2) of said paragraph (c) shall be deemed amended to read as follows:

"(2) This Agreement shall, upon such event, be terminated and of no further force or effect."

(4) Subparagraph (3) of said paragraph (c) shall be deemed deleted therefrom and shall be of no further force or effect.

(5) Subparagraphs "(4)", "(5)", "(6)" and "(7)" of said subparagraph (c) shall be deemed redesignated respectively as subparagraphs "(3), "(4)", "(5)"and "(6)" of said subparagraph (c).

(6) The last sentence of said subparagraph (c) as the same appears therein preceded by an asterisk shall be deemed deleted therefrom and shall be of no further force or effect.

27. Section 83 of the Lease shall be deemed deleted therefrom and shall be of no further force or effect.

28. Section 84 of the Lease shall be deemed amended to read as follows:

"Section 84. The Lessee's Affiliated Companies

(a) The Lessee hereby represents to the Port Authority that it is a wholly-owned subsidiary of Texas Air Corporation, a corporation of the State of Delaware (hereinafter referred to as "Texas Air") by virtue of the fact that Texas Air is the absolute and unconditional owner of all of the issued and outstanding capital stock of the Lessee and, further, that Texas Air is the absolute and unconditional owner of all of the issued and outstanding capital stock of Eastern Air Lines, Inc., a corporation of the State of Delaware (hereinafter called 'Eastern'). The Lessee hereby further represents to the Port Authority that the Lessee is the absolute and unconditional owner of all of the issued and outstanding capital stock of People Express, Inc. and also that the Lessee is the absolute and unconditional owner of all of the issued and outstanding capital stock of New York Airlines, Inc. (hereinafter called 'New York Air') a corporation of the State of Delaware ; and further that People Express, Inc. is the absolute and unconditional owner of all of the issued and outstanding capital stock of People Express Airlines, Inc., Britt Airways, Inc., a corporation of the State of Delaware (hereinafter called 'Britt') and Provincetown-Boston Airline, Inc., a corporation of the State of Massachusetts (hereinafter called 'PBA'). The Lessee further represents that it is the owner of at least fifty per cent (50%) of the issued and outstanding capital stock of Bar Harbor Airways, Inc. (hereafter called 'Bar Harbor') a corporation of the State of Maine. It is hereby agreed that for purposes of this Lease the term 'the Lessee's Affiliated Companies' shall mean New York Air, Eastern, People Express Airlines, Inc., Britt, PBA and Bar Harbor and the term 'Lessee Affiliated Company' shall mean any of said Companies provided, however, that in the event there is any change in the aforesaid corporate relationships as a result of which the Lessee and a Lessee Affiliated Company are no longer wholly-owned subsidiaries (or at least fifty percent owned in the case of Bar Harbor) of Texas Air or of the Lessee as described above, such Company shall no longer be deemed for the purpose of this Lease one of the Lessee's Affiliated Companies.

(b) Without limiting any term or provision of this Agreement, as between the Port Authority and the Lessee, the

Lessee hereby assumes all responsibility for each Lessee Affiliated Company aircraft operations including the collection of fees and charges from each such Lessee Affiliated Company and paying the same to the Port Authority. The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and representatives, from and against (and shall reimburse the Port Authority for the Port Authority's costs or expenses including legal expenses incurred in connection with the defense of) all claims and demands of third persons including but not limited to claims and demands for death or personal injuries, or for property damages, arising out of any default of the Lessee Affiliated Company or out of the use or occupancy of the premises and the Non-exclusive Areas by each Lessee Affiliated Company, or by others with its consent, or out of any other acts or omissions of said Lessee Affiliated Company, its officers and employees, guests, invitees and business visitors on the premises or the Non-exclusive Areas or out of the acts or omissions of others on the premises and the Non-exclusive areas or elsewhere at the Airport with the consent of said Lessee Affiliated Company, including claims and demands of the City of Newark, from which the Port Authority derives its rights in the Airport, for indemnification, arising by operation of law or through agreement of the Port Authority with the said City.

If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provision of any statutes respecting suits against the Port Authority.

It is hereby recognized that the Lessee has certain obligations under the Lease with respect to the Non-exclusive Areas, including but not limited to the obligation to indemnify the Port Authority, which are joint and several obligations of the Lessee and other Airline Lessees under the Lease, all as set forth in the Lease. Without limiting the generality or the continuance in effect of the foregoing, in the event an event occurs on or with respect to the Non-exclusive areas involving in any way a Lessee Affiliated Company, then notwithstanding the fact that the Lessee and other Airline Lessees shall be jointly and severally liable with respect to the occurrence pursuant to the terms of the

Lease, it is hereby agreed that as among the Lessee and other Airline Lessees so liable under the terms of the Lease, the Lessee shall indemnify and hold harmless the other Airline Lessees so that, as among the group of Airline Lessees, the ultimate obligation, responsibility and liability shall be on the Lessee.

(c) The Lessee shall have the right to use the premises and the Non-exclusive Areas for the purposes set forth in Section 8 of this Lease for each of the Lessee's Affiliated Companies subject to and in accordance with the terms and provisions of said Section 8. The Lessee's Affiliated Companies and the officers, employees, passengers, patrons, contractors, suppliers of material, furnishers of services and invitees of the Lessee shall have such right of ingress and egress with respect to the premises and the right of way over highways at the Airport as described in Section 9 hereof, subject, however, to the further provisions of said Section 9."

29. Section 88 of the Lease is hereby amended as follows:

(a) Subparagraphs (i) and (ii) of paragraph (a) thereof shall be deemed amended to read as follows:

"(i) with respect to the Triggering Event listed in paragraph (2) of Subdivision II of Exhibit X-1, ninety (90) days following the occurrence of any such Triggering Event; or

(ii) with respect to the Triggering Event listed in paragraph (1) of Subdivision II of Exhibit X-1, seven days following the occurrence of such Triggering Event; or

(iii) with respect to the Triggering Event listed in paragraph (3) of Subdivision II of Exhibit X-1, ten (10) business days following the occurrence of such Triggering Event."

(b) There shall be deemed added to said Section 88 new paragraphs (c), (d) and (e) reading as follows:

"(c) Without limiting this Section 88 or any term or provision hereof, and without limiting any term or provision of Exhibit X-1, the Lessee agrees that:

(1) It shall meet with representatives of the Port Authority as described below and provide to said repre-

sentatives the information described below during such scheduled meetings and at any other time as requested by the Port Authority; and

(2) It shall submit to the Port Authority a statement at any time during the term of the letting signed by the Chief Financial Officer of the Lessee notifying the Port Authority that a Triggering Event or Triggering Events listed in Exhibit X-1 has or have occurred as of the date of such notice and the date of the occurrence, provided, however, that failure to give any such notice shall not affect the occurrence of any Triggering Event or the consequences thereof hereunder.

(3) The Lessee shall deliver to the Port Authority, (a) as soon as available, but not later than sixty (60) days after the close of each fiscal quarter, the consolidated profit-and-loss statement of the Lessee and its' subsidiary companies' (as defined in Exhibit X-1) which shall reflect Lessee's operations for each fiscal quarter, to be accompanied by a schedule setting forth for each fiscal quarter Lessee's load factor, available seat miles (ASM), revenue passenger miles (RPM), cost per ASM and yield per RPM, each certified by a responsible officer of the Lessee, as fairly presenting the Lessee's results of operation; (b) as soon as filed with the United States Securities and Exchange Commission, a copy of each Form 10-Q Quarterly Report so filed by the Lessee or by the Lessee's parent company; (c) within one hundred twenty (120) days after fiscal year-end, a copy of each Form 10-K Annual Report filed or to be filed with the United States Securities and Exchange Commission by the Lessee or by the Lessee's parent company; (d) as soon as filed with the United States Securities and Exchange Commission, a copy of any Form 8-K so filed by the Lessee or by the Lessee's parent company; and, (e) as soon as available, but not later than one hundred twenty (120) days after the close of each of its fiscal years, a complete copy of Lessee's audit report, which shall include consolidated financial statements of the Lessee and its 'subsidiary companies' (as defined in Exhibit X-1) which shall include the consolidated balance sheet of the Lessee and of said subsidiary companies as of the close of such year, and the consolidated statement of operations and statement of changes in financial position of the Lessee and of said subsidiary companies for such year, certified by an independent certified public accountant, selected by the Lessee and satisfactory to the Port Authority and the Lessee shall also deliver therewith a statement certified by a responsible fiscal officer of the Lessee setting forth the Lessee's 'Cash Balance' and 'Unencumbered Cash Balance' (as defined in Exhibit X-1). Such certificate of the independent certified public accountant shall not include an 'except for' qualified

opinion of such accountant(s) in respect of a limitation of scope dictated by or attributable to the Lessee (and not attributable to or dictated by any of the Lessee's subsidiary companies) insofar as it relates to an examination by said accountant(s) of said financial statements of the Lessee. The Lessee in delivering the said financial statements to the Port Authority shall include a statement wherein the Lessee shall warrant to the Port Authority that said financial statements have been prepared in accordance with generally accepted accounting principles consistently applied and that they fairly present the assets and liabilities of the Lessee and the results of its operations. Contemporaneously with or prior to the delivery of such accountant's certificate, the Lessee shall provide to the Port Authority copies of any statements or certificates required to be or actually provided by said accountant, since the date of said accountant's certificate of the Lessee's most recent annual financial statements, pertaining to the presence or absence of events of default pursuant to any debt financing (as defined in Exhibit X-1) of the Lessee in excess of $25,000,000 or circumstances which, upon a lapse of time or notice or both, would become an event of default, pursuant to any such debt financing of the Lessee in excess of $25,000,000 or a statement of such event of default or circumstance if any is found.

(d) There shall be a semi-annual meeting with representatives of the Port Authority and with a principal financial officer of the Lessee on the last business day of the months of April and October, or on such other days as may, from time to time, be agreed upon by the Lessee and the Port Authority to review the financial performance of the Lessee. The foregoing provisions with respect to the said meetings on the last business day of the months of April and October shall be subject to the Lessee's right to reschedule by sending to the Port Authority a written notice prior to the first day of said months setting forth four (4) alternative business days within said months of April and October. The Port Authority shall notify the Lessee of its selection of the day for the next semi-annual meeting within ten (10) days of its receipt of the said notice of the Lessee, if any. The review shall include the furnishing of the following information regarding the Lessee to the Port Authority by the Lessee and the discussion of same:

(1) Financial data including quarterly operating statements, any changes in bank credit lines and debt obligations, general financial conditions and plans and SEC filings (including without limitation 10K and 10Q filings filed with the United States Securities and Exchange Commission by the Lessee or by the Lessee's parent company) and shareholder reports.

(2) Monthly traffic data including passengers, aircraft departures (system-wide), available seat miles and revenue passenger miles.

(3) Monthly performance indicators including load factors.

(4) Any information or data that the Lessee has furnished or is required to furnish to any creditor of the Lessee.

(e) It is the position of the Lessee that all or portions of the information it has agreed to furnish the Port Authority hereunder is of a confidential nature. The Port Authority agrees that, unless required to do so pursuant to any legal obligations imposed upon the Port Authority requiring public disclosure of information, or pursuant to freedom of information policy adopted or which may be adopted by its Commissioners, it shall not deliberately convey the same to any private person."

30. Section 90 of the Lease is hereby amended to read as follows:

"Section 90. The Lessee's Additional Obligations With Respect to Certain Section 2 Items

With respect to the baggage handling systems and the 42 passenger loading bridges and the aircraft power/heating system mentioned in paragraph (a)(i) of Section 2 hereof (herein in this Section called 'the Section 2 items'):

(a) The Lessee shall at all times during the term of this Agreement keep and maintain the Section 2 items in first-class operating order, condition, maintenance, repair and appearance, except for reasonable wear and tear which does not adversely affect the efficient or the proper utilization thereof. The Lessee shall be in exclusive control and shall be solely responsible for the operation, maintenance and repair, rebuilding and replacement of the Section 2 items, regardless of the cause or conditions necessitating such repair, maintenance, rebuilding or replacement and for all costs of said operation, maintenance and repair, rebuilding, replacement; and all costs of the policy or policies of insurance required under the following provisions. In addition to all other insurance required under this Agreement, the Lessee shall, during the term hereof, obtain and maintain a policy or policies of insurance on the Section 2 items to the extent of 100% of the

replacement value thereof against all risks of physical loss or damage. The said insurance coverages and renewals thereof shall insure the Port Authority, the Lessee and the City of Newark, as their interests may appear, and shall provide that the loss, if any, shall be adjusted, with and payable to the Port Authority.

In the event the Section 2 items or any part thereof shall be damaged by any casualty against which insurance is carried pursuant to this Section, the Lessee shall promptly furnish to the Port Authority such information and data as may be necessary to enable the Port Authority to adjust the loss.

The policies or certificates representing insurance covered by this Section shall be delivered by the Lessee to the Port Authority at least fifteen (15) days after the execution hereof, and each policy or certificate delivered shall bear the endorsement of or be accompanied by evidence of payment of the premium thereof and, also, a valid provision obligating the insurance company to furnish the Port Authority and the City of Newark ten (10) days' advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate. Renewal policies or certificates shall be delivered to the Port Authority at least ten (10) days before the expiration of the insurance which such policies are to renew.

The insurance covered by this Section shall be written by companies approved by the Port Authority, the Port Authority covenanting and agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to the form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If at any time the Port Authority so requests, a certified copy of each of the said policies shall be delivered to the Port Authority.

(b) Without limiting any other provisions hereof, the Lessee shall operate, repair and maintain, replace and rebuild the Section 2 items in conformance with any and all operating, maintenance, repair and service manuals supplied by the manufacturers or sellers of the Section 2 items (including without limitation the Lessee's

contractors under the McCormick-Morgan contract, the Wollard contract and the VRH/CROW contract and its contract with BAE Automated Systems, Inc.) and the Lessee shall take such actions as are appropriate, necessary or required to protect all rights, including warranties and guarantees, of the Lessee and of the Port Authority with respect to the Section 2 items. It is understood and agreed that the Port Authority makes no representations, warranties or guarantees with respect to the Section 2 items, whether express or implied, and disclaims such representations, warranties or guarantees except those which are for the benefit of the Port Authority, with respect to the Section 2 items, or any portion or portions thereof, and that the Port Authority shall not have any responsibility or liability of any type whatsoever to the Lessee or to any other person for any claim or cause of action arising or alleged to arise out of or in connection with the use, operation, mainte nance, repair, rebuilding, replacement servicing, inspection, functioning, malfunctioning or failure of the Section 2 items. The foregoing shall not limit or be deemed to limit any other term or provision of the Agreement."

31. Section 91 of the Lease shall be amended to read as follows:

"If the Lessee has, by notice, advised the Port Authority that it reasonably believes that any of the Triggering Events which are listed in Exhibit X-1 hereof and constitute events which would result in termination pursuant to Section 88 hereof either are anticipated to occur within forty-five (45) days of said notice, or has or have already occurred, or if in fact any Triggering Events has or have occurred, or the Port Authority believes that the same has or have occurred without receipt of any notice from the Lessee, as aforesaid, then

(a) the Lessee may, at any time prior to the termination of the letting, by notice, request that the Port Authority waive the occurrence of one or more of the Triggering Events, and the effect thereof hereunder, for a period of time to be determined by the Port Authority and to be contained in a letter agreement to be prepared by the Port Authority and executed by the Port Authority, which shall be effective upon its execution by the Lessee; or

(b) the Port Authority may, at any time prior to the termination of the letting, in its sole discretion and without a prior request from the Lessee, waive the occurrence of

one or more of the Triggering Events, and the effect thereof hereunder, for a period of time to be determined by the Port Authority and to be set forth in a notice from the Port Authority to the Lessee.

The Port Authority shall have no obligation to take either of the above two actions."

32. Exhibit X attached to the Lease shall be deemed deleted therefrom and of no further force or effect and Exhibit X-1 attached hereto and hereby made a part hereof shall be deemed substituted in lieu thereof and any and all references to Exhibit X in the Lease shall be deemed to be references to said Exhibit X-1.

33. There shall be deemed added to the Lease a new Section 83 to be deemed inserted into the Lease in lieu of the prior Section 83 which was hereby deleted, as aforesaid, to read as follows:

"Section 83. Partial Occupancy

The Lessee has advised the Port Authority that it may wish to use portions of the premises prior to the Completion Date and has requested Port Authority approval of such use prior to the Completion Date. The Port Authority is willing to grant such approval conditioned on the following terms and provisions:

When in the opinion of the Lessee a material portion of the construction work is substantially completed and ready for use and occupancy by the Lessee for the purposes set forth in Section 8 hereof, and if the Lessee may wish to use and occupy the same prior to the Completion Date the Lessee shall so advise the Port Authority by written notice to such effect setting forth a description of such portion of the construction work and also stating that in its opinion such use and occupancy will not interfere with the completion of the construction work and that the Completion Date would be no more than six (6) months from the Partial Occupancy Date, as hereinafter defined. Upon its receipt of such notice and if the Port Authority concurs in the opinion of the Lessee as aforesaid, the Port Authority and the Lessee shall enter into an appropriate agreement which shall contain the terms and conditions, including rentals, covering the use of the portion of the construction work. Such agreement shall also set forth the description of such portion of the construction work (hereinafter called 'the Partial Occupancy Portion') which is then substantially completed and ready for use and occupancy and have attached thereto an exhibit setting forth the Partial Occupancy Portion.

With respect to the Lessee's use and occupancy of the Partial Occupancy Portion, if there be an agreement covering the same, as aforesaid, it is specifically agreed that:

(i) Each and every obligation of the Lessee pursuant to the terms and provisions of this Agreement shall, to the extent the same are applicable, apply and pertain with full force and effect to the use and occupancy by the Lessee of the Partial Occupancy Portion.

(ii) Any such agreement between the Port Authority and the Lessee pursuant to this Paragraph shall not constitute a certification by the Port Authority that the construction work as to the Partial Occupancy Portion was done in accordance with the plans and specifications for the construction work;

(iii) The Lessee shall commence the use and occupancy of the Partial Occupancy Portion subject to the condition that all risks thereafter with respect to the construction and installation thereof and any liability therefor for negligence or other reason shall be borne by the Lessee;

(iv) The Lessee further recognizes that its use and occupancy of the Partial Occupancy Portion shall coincide with its continuance of the construction work as to the remaining portions of the construction work and that this may involve, among other things, inconvenience, noise, dust, interference and disturbance to the Lessee in its use and occupancy of the Partial Occupancy Portion, the risk of which the Lessee hereby assumes. There shall be no reduction or abatement of any rentals, fees or charges payable by the Lessee on account of the continuance of the construction work and neither the continuance of the construction work by the Lessee after the Partial Occupancy Date nor the procedures adopted by the Port Authority shall constitute an eviction or constructive eviction of the Lessee, nor be made the grounds for any abatement of rentals, fees and charges payable by the Lessee nor give rise to or be the basis of any claim or demand by the Lessee for damages, consequential or otherwise."

34. Schedule A attached to Lease is hereby amended as follows:

(a) The year "1984" appearing twice in Paragraph III thereof shall be deemed amended to read "1985".

(b) The amount appearing in the ninth of said Paragraph III shall be deemed amended to read

(c) The amount ' appearing in the last line of said Paragraph III shall be deemed amended to read

35. Schedule B attached to the Lease is hereby amended as follows:

(a) The date "1987" appearing in the seventeenth and eighteenth lines of Paragraph I of Schedule B shall be deemed amended to read "1988".

(b) The amount and symbol appearing in subparagraph 3(a) of said Paragraph I shall be deemed amended to read

(c) The amount and symbol appearing in subparagraph 3(b) of said Paragraph I shall be deemed amended to read

(d) The date "1987" appearing in the last line on page 1 of Schedule B shall be deemed amended to read "1988".

(e) The words "Passenger Terminal Building C" appearing in the subparagraph designated "PHDL" and the subparagraph designated "PADL" shall be deemed amended to read "Terminal C Passenger Facility".

(f) The penultimate sentence of Paragraph III of said Schedule B shall be deemed amended to read as follows:

"The Lessee shall pay a monthly Heating Energy Charge in an amount determined by allocating the total amounts determined for heating Passenger Terminal C expressed in monthly terms, in the same proportion that the BTU's consumed in heating the Lessee's premises bears to the Total BTU's consumed during a particular period for all of Passenger Terminal C as determined by separate meter and the Lessee shall pay a monthly Air Conditioning Energy Charge in an amount determined by allocating the total amounts determined for air condi-

tioning Passenger Terminal C expressed in monthly terms, in the same proportion that the BTU's consumed in air-conditioning the Lessee's premises bears to the total BTU's consumed during a particular period for all of Passenger Terminal C as determined by separate meter."

(g) The footnote designated with an asterisk on the bottom of page 4 of Exhibit D shall be deemed deleted therefrom.

36. Exhibit F of the Lease shall be deemed deleted therefrom and shall be of no further force or effect.

37. Section 37 of the Lease shall be deemed amended as follows:

The words "Robert E. Cohn c/o Shaw, Pittman, Potts & Trowbridge, 1800 M Street, N.W., Washington, D.C. 20036" shall be deemed deleted from the twenty-sixth through the twenty-eighth lines thereof and the words "Mr. Richard B. Hirst, Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067" shall be deemed inserted in lieu thereof.

38. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be and remain in full force and effect.

39. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Agreement shall be binding upon the Port Authority unless expressed in writing herein.

40. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of day and year first above written.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

(Title) Director of Aviation

(Seal)

ATTEST:

Secretary

Richard B. Hirst
VP, Gen. Counsel, & Secy.

CONTINENTAL AIRLINES, INC.

By

(Title) SAM E. ASHMORE President
VICE PRESIDENT - PROPERTIES & FACILITIES

APPROVED:
FORM | TERMS

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

EXHIBIT CSL

Lease No. ANA-170
Newark International Airport

CONSENT TO SUBLEASE AGREEMENT

THIS AGREEMENT, dated _____, 198_, made by and among THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority"), a body corporate and politic created by Compact between the States of New York and New Jersey, with the consent of the Congress of the United States of America, having an office for the transaction of business at One World Trade Center in the Borough of Manhattan, City, County and State of New York, and CONTINENTAL AIRLINES, INC. (hereinafter called "the Lessee"), a corporation of the State of Delaware with an office for the transaction of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4607 and _____ (hereinafter called "the Sublessee"), a corporation of the State of _____ with an office and place of business at _____,

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") entered into a certain agreement of lease made as January 11, 1985 (said agreement of lease, as the same has been and may be supplemented and amended, being hereinafter called "the Lease"), covering certain premises and Non-Exclusive Areas, and rights and privileges at and in respect to Newark International Airport, as therein set forth; and

WHEREAS, the Lease was assigned by People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, People Express and the Lessee dated, August 15, 1987 and effective as of August 15, 1987; and

WHEREAS, the Lessee has requested the consent of the Port Authority to a proposed sublease made the _____ day of _____, 198_ between the Lessee and the Sublessee, a copy of which is attached hereto, hereby made a part hereof and is hereinafter referred to as "the Sublease",

NOW, THEREFORE, in consideration of the covenants and mutual agreements of all the parties hereto, it is hereby agreed by the parties as follows:

1. On the terms and conditions hereinafter set forth, the Port Authority consents to the Sublease.

2. Neither this Consent to Sublease Agreement nor anything contained herein nor the consent granted hereunder shall constitute or be deemed to constitute a consent to nor shall they create an inference or implication that there has been consent to any enlargement, variation or change in the rights, powers and privileges granted to the Lessee under the Lease, nor consent to the granting or conferring any rights, powers or privileges to the Sublessee as may be provided by the Sublease if not granted to the Lessee under the Lease, nor shall they impair or affect any of the duties, liabilities and obligations imposed on the Lessee under the Lease. The Sublease is an agreement between the Lessee and the Sublessee with respect to the various matters set forth therein. Neither this Consent to Sublease Agreement nor anything contained herein nor the consent granted hereunder shall constitute an agreement between the Port Authority and the Lessee that the provisions of the Sublease shall apply and pertain as between the Lessee and the Port Authority, it being understood that the terms, provisions, covenants, conditions and agreements of the Lease shall, in all respects, be controlling, effective and determinative. It is the intention of the Port Authority hereunder merely to permit the exercise of Lessee's rights, powers and privileges thereunder by the Sublessee (to the extent permitted by the Sublease and this Consent to Sublease Agreement). The specific mention of or reference to the Port Authority in any part of the Sublease, including without limitation thereto any mention of any consent or approval of the Port Authority now or hereafter to be obtained, shall not be or be deemed to create an inference that the Port Authority has granted its consent or approval thereto under this Consent to Sublease Agreement or shall hereafter grant its consent or approval thereto or that the subject matter as to which the consent or approval applies has been or shall be approved or consented to in principle or in fact or that the Port Authority's discretion as to granting any such consents or approvals shall in any way be affected or impaired. The lack of any specific reference in any provision of the Sublease to Port Authority approval or consent shall not be deemed to imply that no such approval or consent is required and the Lease shall in all respects be controlling, effective and determinative.

No provisions of the Sublease, including but not limited to those imposing obligations on the Sublessee with respect to laws, rules, regulations, taxes, assessments and liens, shall be construed as a submission or admission by the Port Authority that the same could or does lawfully apply to the Port Authority, nor shall the existence of any provision of the Sublease covering action which may be undertaken by the Lessee or

Sublessee including but not limited to those involving signs, construction on the premises, insurance, clubrooms, assignment and subletting, be deemed to imply or infer that Port Authority consent or approval thereto has or will be given or that Port Authority discretion with respect thereto will in any way be affected or impaired. References in this Paragraph and in Paragraph 9 to specific matters and provisions as contained in the Sublease shall not be construed as indicating any limitation upon the rights of the Port Authority with respect to its discretion as to granting or withholding approvals or consents as to other matters and provisions in the Sublease which are not specifically referred to herein.

3. The granting of this Consent by the Port Authority shall not be or be deemed to operate as a waiver of consent to any subsequent subleasing (including but not limited to any by the Lessee or the Sublessee) or assignment of the Lease, the Sublease or of any rights under any of them, whether in whole or in part.

4. The Sublease shall not be changed, modified, 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.

5. In the event any of the events set forth in Section 24 of the Lease shall occur with respect to the Sublessee or in the event any of the events set forth in Section ___ of the Sublease shall occur or in the event of any default by the Sublessee of any of the provisions of this Consent to Sublease Agreement, or in the event that the Sublessee shall cease to be a Lessee Affiliated Company as defined in the Lease, the Port Authority shall have the right to revoke the consent granted hereunder upon thirty (30) days' prior written notice to the Lessee and Sublessee, but no such revocation shall be deemed to affect the Lease or the continuance thereof, provided, furthermore, that the foregoing shall not be deemed to affect or limit the right of the Port Authority to terminate the Lease as well, in accordance with Section 24 of the Lease. In the event of the revocation of the consent as hereinabove provided, the Lessee shall immediately terminate the Sublease. The Sublessee agrees that on or before the effective date of the revocation of this Consent, the Sublessee shall quit the subleased premises and remove its property and property for which it is responsible therefrom.

6. (a) Notwithstanding anything contained therein, the Sublease shall terminate without notice to the Sublessee on the day preceding the date of expiration or earlier termination of the Lease.

(b) Notwithstanding anything contained therein, in the event the term of the Lease and the letting thereunder is terminated and the Lessee becomes a hold-over tenant on a month-

to-month periodical basis pursuant to the provisions of Sections 88 and 91 of the Lease, the term of the Sublease and the letting thereunder be deemed terminated and the Sublessee shall thereafter be a hold-over tenant on a week-to-week periodical tenancy and the Port Authority's right to revoke the consent granted hereunder as set forth in Paragraph 5 hereof shall be upon one (1) week's prior written notice. In the event of the revocation of the consent as hereinabove provided, the Lessee shall immediately terminate the Sublease. The Sublessee agrees that on or before the effective date of the revocation of this Consent, the Sublessee shall quit the subleased premises and remove its property and property for which it is responsible therefrom.

7. (a) The Sublessee, in its operations under or in connection with the Sublease and in its occupancy of the premises, agrees to assume, observe, be bound by and comply with all the terms, provisions, covenants and conditions of the Lease.

(b) Without limiting the provisions of subparagraph (a) of this Paragraph 7, the Sublessee shall procure and maintain the policies of insurance described in Section 18(b) of the Lease in the minimum limits and in accordance with the terms and provisions set forth in said Section 18(b).

8. (a) Without in any wise affecting the obligations of the Lessee under the Lease, and under this Consent to Sublease agreement, the Sublessee agrees with respect to its acts and omissions to indemnify the Port Authority and to make repairs and replacements as if it were the Lessee under the Lease. However, all acts and omissions of the Sublessee shall be deemed to be acts and omissions of the Lessee under the Lease, and the Lessee shall also be responsible therefor, including but not limited to the obligations of indemnification and repair.

(b) Without limiting any term or provision of this Consent to Sublease Agreement, as between the Port Authority and the Lessee, the Lessee hereby assumes all responsibility for the Sublessee's aircraft operations including the collection of fees, including without limitation flight fees and fuel gallonage fees and charges from the Sublessee and paying the same to the Port Authority. The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and representatives, from and against (and shall reimburse the Port Authority for the Port Authority's costs or expenses including legal expenses incurred in connection with the defense of) all claims and demands of third persons including but not limited to claims and demands for death or personal injuries, or for property damages, arising out of any default of the Sublessee or out of the use or occupancy of the premises and the Non-exclusive Areas by the Sublessee, or by others with its consent, or out of any other acts or omissions of the Sublessee, its officers and employees, guests, invitees and business visitors on the premises or the Non-exclusive Areas or out of the acts or omissions of

others on the premises and the Non-exclusive Areas or elsewhere at the Airport with the consent of the Sublessee, including claims and demands of the City of Newark, from which the Port Authority derives its rights in the Airport, for indemnification, arising by operation of law or through agreement of the Port Authority with the said City.

If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provision of any statutes respecting suits against the Port Authority.

It is hereby recognized that the Lessee has certain obligations under the Lease with respect to the Non-exclusive Areas under the Lease, including but not limited to the obligation to indemnify the Port Authority, which are joint and several obligations of the Lessee and other Airline Lessees under the Lease, all as set forth in the Lease. Without limiting the generality or the continuance in effect of the foregoing, in the event an event occurs on or with respect to the Non-exclusive Areas involving in any way the Sublessee, then notwithstanding the fact that the Lessee and other Airline Lessees shall be jointly and severally liable with respect to the occurrence pursuant to the terms of the Lease, it is hereby agreed that as among the Lessee and other Airline Lessees so liable under the terms of the Lease, the Lessee shall indemnify and hold harmless the other Airline Lessees so that, as among the group of Airline Lessees, the ultimate obligation, responsibility and liability shall be on the Lessee.

9. Without limiting the generality of the provisions of Paragraph 2 hereof, it is hereby recognized that the following provisions of the Sublease are or may, in whole or in part, be contrary to, conflict with or be inconsistent with the Lease. It is hereby understood and agreed as follows:

(The Port Authority may insert appropriate provisions).

As stated in Paragraph 2 hereof, the terms, provisions, covenants, conditions and agreements of the Lease shall, in all respects, be controlling, effective and determinative and to the extent that any of the foregoing provisions or any other

provisions of the Sublease in addition to those enumerated above in whole or in part are contrary to, conflict with or are inconsistent with the Lease, they shall be deemed null and void and of no force or effect as to the Port Authority and of no force or effect on the Lease.

10. Nothing in this Consent to Sublease Agreement, nor anything contained herein, nor the consent granted hereunder shall be deemed to permit or authorize the Lessee to perform services or operations for or on behalf of the Sublessee and in the event the Sublessee proposes to retain or use the Lessee or others for the performance of services or operations (including but not limited to ramp handling of aircraft, turnaround maintenance services or cleaning or other maintenance services in the premises or at the Airport) such arrangement and the agreement thereon shall be submitted to the Port Authority for its prior written consent.

11. 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 suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

12. References herein to the Sublessee shall mean and include the Sublessee and its officer, agents, employees and also others on the premises or the Airport with the consent of the Sublessee.

13. No Commissioner, director, officer, agent or employee of any part of this Consent to Sublease Agreement shall be charged personally or held contractually liable by or to any other party under any term or provision of this Consent to Sublease Agreement or of any supplement, modification or amendment to this Consent to Sublease Agreement, or because of any

breach thereof, or because of its or their execution or attempted execution.

IN WITNESS WHEREOF, the Port Authority, the Lessee and the Sublessee have executed these presents as of the day and year first above written.

ATTEST:

_____

THE PORT AUTHORITY NEW YORK AND NEW JERSEY

By _____

(Title) _____
(Seal)

ATTEST:

_____
Secretary

Continental Airlines, Inc.
(Lessee)

By _____

(Title) _____ President
(Seal)

ATTEST:

_____
Secretary

_____
(Sublessee)

By _____

(Title) _____ President
(Seal)

For the Port Authority

Initialled

For the Lessee

FORM XLD—Ack., N.J. 51380

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.

On this 14th day of August, 1987, before me, the subscriber, a notary public of New York, personally appeared Robert J. Gerosin the Director of Aviation of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

Jacqueline White
(notarial seal and stamp)

JACQUELINE WHITE
NOTARY PUBLIC, State of New York
No. 4737769
Qualified in Suffolk County
Commission Expires March 30, 1989

STATE OF Texas }
COUNTY OF Harris } ss.

On this 30th day of July, 1987, before me, the subscriber, a Notary Public, personally appeared Sam E. Ashmore the Vice President of Continental Airlines, Inc., who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

HELEN B. WILSON
COMMISSION EXPIRES
NOVEMBER 24, 1990

Helen B. Wilson
(notarial seal and stamp)

STATE OF }
COUNTY OF } ss.

Be it remembered that on this _____ day of _____, 19___, before me, the subscriber, a _____, personally appeared _____ who I am satisfied is the person named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

(notarial seal and stamp)

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Newark International Airport
Lease No. ANA-170
Supplement No. 7

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT dated July 1, 1988 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and amended is hereinafter called "the Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, the Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects as hereinafter provided,

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of April 1, 1988, as follows:

1. The last sentence of Paragraph (c) of Section 2 of the Lease is hereby amended to read as follows:

> "The Lessee shall complete the construction work no later than September 30, 1988."

2. Paragraph (b) of Section 4 of the Lease, as previously amended, is hereby further amended to read as follows:

"(b) Unless sooner terminated, the term of the letting hereunder shall expire on March 31, 2013."

3. Section 5 of the Lease, as previously amended, is hereby further amended as follows:

(a) Paragraph (a) thereof shall be deemed amended to read as follows:

"'Rental Commencement Date' shall mean April 1, 1988."

(b) Paragraph (b) thereof shall be deemed amended to read as follows:

"(b) Base Annual Rental

The Lessee agrees to pay to the Port Authority the following Base Annual Rental for the premises:

(1) For the portion of the term of the Lease commencing on the Rental Commencement Date to September 30, 1988, a Base Annual Rental for the premises at the annual rate of

subject to adjustment as provided in paragraph (c) hereof. The aforesaid Base Annual Rental of

is made up of two factors, one a constant factor in the amount of

and the other a variable factor in the amount of

The variable factor aforesaid represents the Airport Services portion of the Base Annual Rental and such variable factor of the Base Annual Rental is hereinafter referred to as the 'Airport Services Factor' and is subject to adjustment as provided in paragraph (c) hereof.

(2) For the portion of the term of the Lease commencing on October 1, 1988 to July 31, 1996, a Base Annual Rental for the premises at the annual rate consisting of two factors, one a constant factor in the amount of

(2.a.)

subject to the adjustments as provided in paragraph (c) hereof and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (1) above as the same shall have been adjusted in accordance with paragraph (c) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (2), and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (2) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

(3) For the portion of the term of the Lease commencing on August 1, 1996 to November 30, 2004, a Base Annual Rental for the premises at an annual rate consisting of two factors, one a constant factor in the amount of

(2.a.)

subject to adjustment as provided in paragraph (c) hereof, and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (1) above as the same shall have been adjusted in accordance with paragraph (c) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (3), and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (3) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

(4) For the portion of the term of the Lease commencing on December 1, 2004 to the expiration date of the term of the letting hereunder, a Base Annual Rental for the premises at an annual rate consisting of two factors, one a constant factor in the Amount of

(2.a.)

subject to adjustment as provided in paragraph (c) hereof, and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (1) above as the same shall have been adjusted in accordance with paragraph (c) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (4), and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (4) and which shall be subject to further adjustment as provided in paragraph (c) hereof."

(c) Paragraph (c) of said Section 5 is hereby amended to read as follows:

"(c) Base Annual Rental Adjustments

(1) Adjustment of Airport Services Factor of the Base Annual Rental

The Airport Services Factor set forth in subparagraphs (1), (2), (3) and (4) of paragraph (b) above is the final Airport Services Factor which would be in effect for the calendar year 1985 if the term of the letting hereunder commenced on the date of the execution of this Agreement (assumed to be prior to June 30, 1986) and if the Lessee commenced payment of the Base Annual Rental on such date, even though it will not. For the calendar year 1986 and for each and every calendar year thereafter the Airport Services Factor shall be adjusted in accordance with the provisions of Schedule A attached hereto and hereby made a part hereof. Except as otherwise provided in subparagraph (2) of this paragraph (c), for the portion of the term specified in subparagraph (b)(1) the constant factor of (2.a.) remain unchanged; for the portion of the term specified in

subparagraph (b)(2) above the constant factor of (2.a.) shall remain unchanged; for the portion of the term specified in subparagraph (b) (3) above the constant factor of (2.a.) shall remain unchanged; and for the portion of the term specified in subparagraph (b)(4) above the constant factor of (2.a.) shall remain unchanged.

(2) Adjustments of the constant factor of the Base Annual Rental.

In the event the Construction Advance Amount, as defined in paragraph (a)(2) of Section 6 hereof, when finally determined by the Port Authority, is less than (2.a.)

the constant factor of the Base Annual Rental set forth in subparagraphs, (2), (3) and (4) of paragraph (b) above shall be adjusted as follows:

(i) The constant factor of the Base Annual Rental set forth in paragraph (b) (2) above for the portion of the term set forth therein shall be equal to the amount obtained by multiplying the sum of

(2.a.) by a fraction the numerator of which shall be the sum of the Construction Advance Amount (as finally determined by the Port Authority) plus (2.a.)

and the denominator of which shall be (2.a.) and by adding to the resultant product the sum of (2.a.) provided, however, that if the aforesaid numerator is equal to or greater than (2.a.) there shall be no adjustment of the constant factor for said portion of the term.

(ii) The constant factor of the Base Annual Rental set forth in paragraph (b) (3) above for that part of the portion of the term set forth therein from August 1, 1996 through December 31, 1998 shall be equal to the amount obtained by multiplying the sum of Thirty Million

by a fraction the numerator of which shall be the sum of the Construction Advance Amount (as finally determined by the Port Authority) plus (2.a.) and the denominator of which shall be and by adding to the resultant product the sum of (2.a.) ; provided, however, that if the aforesaid numerator is equal to or greater than there shall be no adjustment of the constant factor for said part of the said portion of the term.

(iii) The constant factor of the Base Annual Rental set forth in paragraph (b) (3) for that part of the portion of the term set forth therein from January 1, 1999 through November 30, 2004 shall be equal to the amount obtained by multiplying the sum of (2.a.) by a fraction the numerator of which shall be the sum of the Construction Advance Amount (as finally determined by the Port Authority) plus (2.a.) and the denominator of which shall be , and by adding to the resultant product the sum of (2.a.) provided, however, that if the aforesaid numerator is equal to or greater than (2.a.) there shall be no adjustment of the constant factor for said part of the said portion of the term.

(iv) The constant factor of the Base Annual Rental set forth in paragraph (b) (4) above for the portion of the term set forth therein shall be equal to the amount obtained by multiplying the sum of

by a fraction the numerator of which shall be the sum of the Construction Advance Amount (as finally determined by the Port Authority) plus

(2.a.)

nd

the denominator of which shall be

and by adding to the resultant product the sum of

(2.a.)

; provided, however, that if the aforesaid numerator is equal to or greater than (2.a.) , there shall be no adjustment of the constant factor for said portion of the term."

4. (a) With respect to the 42 passenger loading bridges, as defined in Section 6 of the Lease, the aircraft ground power/heating system, and the baggage handling systems described in Section 2(a)(i) of the Lease, it is hereby recognized that the Lessee has advised the Port Authority that, based on a change in the operating plan for the premises including greater utilization of wide-bodied aircraft, certain modifications and removal work are required consisting of (i) the removal from the premises of three (3) of the said 42 passenger loading bridges and a portion of a fourth loading bridge and associated systems forming a part thereof; (ii) the installation of a new passenger loading bridge (as hereinafter described) and (iii) modifications to the baggage handling systems including the removal of portions thereof. The said three loading bridges and portion of a fourth loading bridge are identified by number on Schedule 1 attached to Supplement No. 4 to the Lease, and also by serial number as follows: loading bridge No. 11F (serial No. WS-500R-058R); loading bridge No. 12F (serial No. WS-500R-057R); loading bridge No. 17F (serial No. WS-500R-055R) and a portion of loading bridge No. 22F (serial No. WS-500-046R). The foregoing are herein referred to as the "removable loading bridges"; the aforesaid baggage systems modifications are herein referred to as "baggage systems modifications". The new loading bridge to be installed by the Lessee is identified by description as a new jet apron drive loading bridge for a wide-bodied aircraft gate position, designed, fabricated and installed under a contract between the Lessee and Abex Corporation and IC Industries Company by its division Jetway Systems, 1805 West 2550 South Ogden, Utah, at an estimated cost of

, and is identified by number as loading bridge model number A3 58/110-125R and by serial number OG35811 and is

herein referred to as the "Jetway Loading Bridge". It is specifically understood and agreed that the Lessee shall perform all work necessary, required or appropriate in connection with all of the foregoing as part of the construction work under Section 2 of the Lease and subject to the terms and conditions thereof, provided, however, that none of the foregoing shall be or become part of the cost of the construction work or part of the Construction Advance Amount with the sole exception of the cost of the Jetway Loading Bridge which shall be part of the cost of the construction work and the Construction Advance Amount, subject to the terms, provisions, conditions and limitations of the Lease, including without limiting the foregoing, the limitations set forth in paragraph (i) of Section 6 of the Lease.

(b) It is expressly understood and agreed that, from and after the effective date of this Supplement No. 7 to the Lease, all references to the 42 passenger loading bridges in the Lease shall be deemed to mean the 42 passenger loading bridges as reduced in number and modified by the removal of the removable loading bridges and by the addition of the Jetway Loading Bridge. Without limiting the generality of the foregoing, it is further expressly understood and agreed that the terms, provisions, covenants, conditions, representations and warranties set forth in and called for under paragraph (o) of Section 6 of the Lease (as set forth in Supplement No. 4 of the Lease) shall apply with like force and effect to the Jetway Loading Bridge; and it is further hereby understood and agreed that with respect to the Jetway Loading Bridge the words "the Lessee's contractor", as used in Section 6 of the Lease shall mean Abex Corporation and IC Industries Company by its division Jetway Systems, 1805 West 2550 South Ogden, Utah.

(c) Without limiting any other term or provision of the Lease, it is specifically understood and agreed that the Lessee shall reimburse the Port Authority for the construction advances paid to the Lessee for the removable loading bridges and removed portions of the baggage system modifications as aforesaid, as follows: Prior to or upon the Lessee's execution of this Supplement No. 7 of the Lease, the Lessee shall pay to the Port Authority the amount of (2.a.) as and for the reimbursement of construction advances for the removable loading bridges and the amount of (2.a.) as and for the reimbursement of the removed portions of the baggage system modifications. It is hereby recognized that the Lessee has prior to the execution of this Supplement No. 7 to the Lease paid the said amounts to the Port Authority. All of the foregoing shall be subject to Port Authority audit and inspection in accordance with and as set forth in Section 6 of the Lease.

5. The eleventh line of paragraph (b) of Section 18 of the

Lease shall be deemed amended to read as follows:

"and property damage liability, including explosion, collapse and underground property damages, broadened to include or equivalent".

6. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be, and remain in full force and effect.

7. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Agreement shall be binding upon the Port Authority unless expressed in writing herein.

8. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of day and year first above written.

ATTEST:

Karen S. Kilcarose
Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By _____

(Title) ASSISTANT DIRECTOR OF AVIATION

(Seal)

ATTEST:

Secretary

CONTINENTAL AIRLINES, INC.

By Sam E. Ashmore

(Title) President

(Corporate Seal)

SAM E. ASHMORE
VICE PRESIDENT · PROPERTIES & FACILITIES

APPROVED:

FORM	TERMS

FORM XLD—Ack., N.J. 51380

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.

On this 13 day of September, 1988, before me, the subscriber, a notary public of New York, personally appeared Richard F. Klark the Assistant Director of Aviation of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

Jaqueline White
(notarial seal and stamp)
JAQUELINE WHITE
NOTARY PUBLIC, State of New York
No. 4737769
Qualified In Suffolk County
Commission Expires March 30, 1989

STATE OF Texas }
COUNTY OF Harris } ss.

On this 9 day of August, 1988, before me, the subscriber, a NOTARY PUBLIC, personally appeared SAME ASHMORE the VICE President of CONTINENTAL AIRLINES, INC. who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

STEFANI MALLORY
Notary Public, State of Texas
My Commission Expires 2/17/91.

Stefani Mallory
(notarial seal and stamp)

STATE OF }
COUNTY OF } ss.

Be it remembered that on this _____ day of _____, 19____, before me, the subscriber, a _____, personally appeared _____ who I am satisfied is the person named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

_____
(notarial seal and stamp)

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Newark International Airport
Lease No. ANA-170
Supplement No. 8

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT dated June 2, 1989 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and amended is hereinafter called "the Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, the Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects as hereinafter provided,

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of June 2, 1989, as follows:

1. (a) In addition to the premises heretofore let to the Lessee under the Lease, the letting as to which shall continue in full force and effect, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority the following:

(i) The mechanical and utility room areas located on the Mezzanine Inter-Terminal Transportation level of Passenger Terminal Building C, which areas are shown in hatch on Exhibit AX attached hereto and hereby made a part hereof;

(ii) The areas located on the Departure and Concourse/Concession Levels of Passenger Terminal Building C as shown in hatch and in stipple on Exhibit AX-1 attached hereto and hereby made a part hereof;

(iii) The areas located on the Arrival Level of Passenger Terminal Building C as shown in hatch and in stipple on Exhibit AX-2 attached hereto and hereby made a part hereof;

(iv) The areas located on the Operations Level of Passenger Terminal Building C as shown in hatch and in stipple on Exhibit AX-3 attached hereto and hereby a part hereof;

(v) The crawl space areas in Passenger Terminal Building C as shown in hatch on Exhibit AX-4 attached hereto and hereby made a part hereof;

(vi) The two aircraft gate position areas, aircraft maneuvering areas and ramp and apron areas as shown in stipple and in hatch on Exhibit DX attached hereto and hereby made a part hereof (the foregoing aircraft gate position areas being sometimes referred to herein as the "Area D portion of Area C-3" under the Lease during the term of the letting of Area C-3 hereunder);

together with the fixtures, improvements and other property, if any, of the Port Authority located or to be located therein or thereon, the said areas, fixtures, improvements and other property, if any of the Port Authority located or to be located therein or thereon, to be and become part of the premises under the Lease, as hereby amended, and are designated herein as and herein collectively called "Area C-3", let to the Lessee, subject to and in accordance with all the terms, provisions and convenants of the Lease as hereby amended for and during the term as set forth below. The parties acknowledge and agree that the areas added to the premises pursuant to this paragraph constitute non-residential real property.

(b) If the Port Authority shall not give possession of the areas described in subparagraph (a) above on the effective date set forth above by reason of the failure or

refusal of any occupant thereof to deliver possession thereof to the Port Authority or by reason of any cause or condition beyond the control of the Port Authority, the Port Authority shall not be subject to any liability for the failure to give possession on said date. No such failure to give possession on the date hereinabove specified shall in any wise affect the validity of this Agreement or the obligations of the Lessee hereunder, nor shall the same be construed in any wise to extend the term beyond the date stated in Paragraph 2 hereof. Tender shall be made by notice given at least five (5) days prior to the effective date of the tender. In the event that notice of tender of the said areas is not given for possession to commence on or before three hundred sixty-five (365) days after the effective date for the commencement of the letting thereof, then this Agreement with respect to the letting of the areas described in this Paragraph shall be deemed cancelled, except that each party shall and does release and discharge the other party from any and all claims or demands based on this Agreement, or a breach or alleged breach thereof.

(c) The Lessee acknowledges that it has not relied upon any representation or statement of the Port Authority or its Commissioners, officers, employees and agents as to the suitability of the areas added to the premises pursuant to this Paragraph for the operations permitted thereon by the Lease and agrees to take the said areas and to use the same in their "as is" condition at the time of the commencement of the letting hereunder. Without limiting any of the obligations of the Lessee under the Lease, the Lessee agrees that no portion of the premises under the Lease will be used initially or at any time during the letting thereof which is in a condition unsafe or improper for the conduct of the Lessee's operations under the Lease, as hereby amended, so that there is a possibility of injury or damage to life or property.

2. The term of the letting of Area C-3 hereunder shall commence on June 2, 1989 and, unless sooner terminated, shall expire on May 31, 1992.

3. (a) Area C-3 Annual Rental - The Lessee agrees to pay to the Port Authority the following annual rental for the Area C-3 portion of the premises (hereinafter referred to as the "Area C-3 Annual Rental"): Commencing on June 2, 1989 to and including May 31, 1992 an Area C-3 Annual Rental for Area C-3 at the annual rate of

(2.a.)

subject to adjustment as provided in subparagraph (c) hereof and in Paragraph 6 hereof. The aforesaid Area C-3 Annual Rental of

(2.a.)

s made up of two factors, one a constant factor in the amount of

and No

) and the other a variable factor in the amount of (2.a.) , The variable factor aforesaid represents the Airport Services portion of the Area C-3 Annual Rental and such variable factor of the Area C-3 Annual Rental is hereinafter referred to as the "Airport Services Factor" and is subject to adjustment as provided in paragraph (b) hereof.

(b) (1) The Airport Services Factor set forth in subparagraph (a) above is the final Airport Services Factor with respect to the Area C-3 Annual Rental in effect for the calendar year 1988. For the calendar year 1989 and for each and every calendar year thereafter the Airport Services Factor of the Area C-3 Annual Rental shall be adjusted in accordance with the provisions of Schedule A of the Lease (as hereby amended). The constant factor of the Area C-3 Annual Rental in the amount of hall remain unchanged.

(2) With respect to the adjustment of the Airport Services Factor of the Area C-3 Annual Rental, the following amendments to Schedule A shall be deemed in effect for the term of the letting of Area C-3 hereunder:

(i) The following sentence shall be deemed inserted immediately following the first sentence of the first paragraph on page 1 of Schedule A:

> "The Lessee shall pay the Area C-3 Annual Rental at the rate and at the time stated in Paragraph 3 of the Supplement No. 8 of the Lease, as said rate is to be adjusted as herein provided."

(ii) The following shall be deemed inserted before the colon at the end of the said first paragraph on page 1 of Schedule A:

> ",further, after the close of calendar year 1989 and after the close of each calendar year thereafter, the Port Authority will adjust the Airport Services Factor of the Area C-3 Annual Rental specified in Paragraph 3 of Supplement No. 8 of the Lease, upwards or downwards, as follows:"

(iii) The following shall be deemed inserted before the period at the end of Paragraph II on page 1 of Schedule A:

> "(excluding Area C-3), and the Port Authority shall also determine during the calendar year for which the adjustment is being made the percentage of total developed land area at the Airport occupied

by the Area C-3 portion of the Lessee's premises."

(iv) The words "the Lessee's Premises" appearing on the fifteenth line of Paragraph III on page 2 of Schedule A shall be deemed amended to read: "the Lessee's premises (excluding Area C-3)".

(v) The following shall be deemed inserted immediately following the period at the end of Paragraph III of Schedule A.

> "The Port Authority will also multiply the Airport Services Factor of the Area C-3 Annual Rental as stated in Paragraph 3 of Supplement No. 8 of the Lease by the aforesaid fractions (for the calendar year 1989 adjustment, it is hereby agreed that the denominator of the first of said fractions shall be (2.a.) ; and the numerator of the second of said fractions shall be the actual percentage of total developed land area at the Airport occupied by the Area C-3 portion of the Lessee's premises determined in Paragraph II above and the denominator of which shall be the actual percentage of total developed land area occupied by the Area C-3 portion of the Lessee's premises determined for the year prior to the year for which the adjustment is being made; for the calendar year 1989 adjustment, it is hereby agreed said denominator shall be 1.799%."

SEA

(c) The Lessee understands and agrees that the final Airport Services Factor of the Area C-3 Annual Rental for the calendar year preceding the calendar year in which the date of expiration of the Area C-3 letting falls may not be determined for some months after the expiration date of the letting of Area C-3 and the final Airport Services Factor of the Area C-3 Annual Rental for the calendar year in which such date of expiration falls will not be determined for some months after said expiration date and that the Lessee's obligations to pay any deficiency in the Area C-3 Annual Rental set forth above for such calendar years or portions thereof or the Port Authority's obligation to pay a refund in said rentals resulting from the determination of the final Airport Services Factor for such calendar years or portions thereof shall survive said expiration date and shall remain in full force and effect until such deficiency or refund, if any, is paid. The Lessee hereby acknowledges that neither the survival of the obligation with respect to any such deficiency or refund nor any other provision of this Agreement shall grant or shall be deemed to grant any rights whatsoever to the Lessee to have the term of the Lease or the letting of Area C-3 hereunder extended for any period beyond the applicable expiration date of the letting hereunder.

(d) The Area C-3 Annual Rental shall be payable by the Lessee in advance in equal monthly installments commencing on June 2, 1989 and on the first day of each and every calendar month thereafter during the term of the letting of Area C-3. In the event any installment of Area C-3 Annual Rental payable hereunder shall be for less than a full calendar month, the Area C-3 Annual Rental payment for the portion of the month for which said payment is due shall be the monthly installment prorated on a daily basis using the actual number of days in said month.

(e) (1) Effective from and after June 2, 1989, in the event the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of the Area C-3 Annual Rental, the constant factor of the Area C-3 Annual Rental for each square foot of floor space of Area C-3 shall be reduced for each calendar day or major fraction thereof the abatement remains in effect, the use of which is denied the Lessee, by the following amounts: (it being understood that there shall be no abatement of Area C-3 Annual Rental under the Lease for any portion of Area C-3 or for any portion of the term except as specifically provided in this Agreement):

(i) for each square foot of floor space at the daily rate of (2.a.)

(ii) with respect to the Area D portion of Area C-3 (as described in Paragraph 1 (a)(vi) hereof): Any such abatement shall be made on an equitable basis giving effect to the amount and character of the said Area D portion of Area C-3 the use of which is denied to the Lessee as compared with the entire Area C-3.

For the purpose of this Agreement, the measurement of interior building space in Area C-3 shall be computed (i) from the inside surface of outer walls of the structure of which Area C-3 forms a part; (ii) from the center of partitions separating Area C-3 from areas occupied or used by others.

(2) In addition, the Airport Services Factor of the Area C-3 Annual Rental shall be reduced for each calendar day or major fraction thereof the abatement remains in effect, for each square foot of land the use of which is denied the Lessee at the daily rate of (2.a.) subject to adjustment as provided herein. No abatement of the Airport Services Factor shall be for other than land area. With respect to land under the building structure of the Terminal C Passenger Building, the Airport Services Factor of the Area C-3 Annual Rental shall be reduced at the aforesaid daily rate for each square foot of land the use of which is denied the Lessee only in the event and to the extent the Lessee is denied the use of all levels of the building structure of Area C-3 above said land.

The aforesaid abatement rate of (2.a.) r diem (hereinafter called "the variable rate") is based upon the variable factor in the amount of (2.a.) per annum which is the tentative Airport Services Factor for 1989 (also subject to adjustment under Paragraph 6 hereof). After the close of the calendar year 1989 and after the close of each calendar year thereafter, the Port Authority will adjust the variable rate, upwards or downwards, as provided in Schedule A. The resultant variable rate shall constitute the final variable rate for the calendar year for which the adjustment is being made. It shall also constitute the tentative variable rate for the calendar year in which such rate is calculated and for the following year until the next succeeding final variable rate is calculated.

(3) If there has been an abatement of the Area C-3 Annual Rental during a calendar year, any excess in the amount by which the Airport Services Factor of the Area C-3 Annual Rental is reduced for any calendar year resulting from the adjustment of the variable rate shall be paid to the Port Authority by the Lessee within thirty (30) days after demand therefor and any deficiency in said amount determined on the basis of an adjusted variable rate shall be credited against future Area C-3 Annual Rentals, such credit to be made within thirty (30) days following the adjustment of the variable rate.

(f) The Lessee understands that while the final variable rate for the calendar year in which the expiration or termination date of the letting of Area C-3 hereunder or of the Lease falls will not be determined for some months after such expiration or termination and, if in fact there was an abatement during said calendar year, that the Lessee's obligation to pay any excess in the amount by which the Airport Services Factor may have been abated for said calendar year or the Port Authority's obligation to pay any deficiency in said amount resulting from the determination of the final variable rate for said calendar year shall survive such expiration or termination and shall remain in full force and effect until such excess or deficiency, if any, is paid. The Lessee hereby specifically acknowledges that neither the survival of the obligation with respect to any such excess or deficiency nor any other provision of the Lease shall grant or shall be deemed to grant any rights whatsoever to the Lessee to have the term of the Lease or the letting of Area C-3 extended for any period beyond the applicable expiration or termination date of the Lease as provided in Section 4 hereof and in Paragraph 2 hereof.

(g) For purpose of subparagraphs (c) and (f) above with respect to any deficiency or refund, any termination of the Lease, other than a termination under Section 24 thereof, shall be deemed to have the same effect as the expiration thereof.

4. (a) From and after the effective date hereof, Sections 16 and 17 of the Lease shall be deemed amended to read as follows:

"Section 16. Damage to or Destruction of Premises

(a) Removal of Debris. If the premises, or any part thereof, or the Non-Exclusive Areas, or any part thereof shall be damaged by fire, the elements, the public enemy or other casualty, the Lessee shall promptly remove all debris resulting from such damage from the premises, and to the extent, if any, that the removal of debris under the circumstances is covered by insurance the proceeds thereof shall be made available to and be used by the Lessee for such purpose.

(b) Minor Damage. If the premises, or any part thereof, or the Non-Exclusive Areas, or any part thereof shall be damaged by fire, the elements, the public enemy or other casualty but not rendered untenantable or unusable for a period of ninety days, the same shall be repaired with due diligence in accordance with the plans and specifications for the same as they existed prior to such damage by and at the expense of the Lessee and if such damage is covered by insurance, the proceeds thereof shall be made available to and be used by the Lessee for such repairs.

(c) Major Damage to or Destruction of the Premises. If the premises, or any part thereof, or the Non-Exclusive Areas or any part thereof, shall be destroyed or so damaged by fire, the elements, the public enemy or other casualty as to be untenantable or unusable for ninety days, or if within ninety days after such damage or destruction the Lessee notifies the Port Authority in writing that in its opinion said premises or Non-Exclusive Areas will be untenantable or unusable for ninety days then: The Lessee shall proceed with due diligence to make the necessary repairs or replacements to restore such premises or Non-Exclusive Areas in accordance with the plans and specifications for the same as they existed prior to such damage or destruction; or with the approval in writing of the Port Authority make such other repairs, replacements or changes as may be desired by the Lessee. If such destruction or damage was covered by insurance, the proceeds thereof shall be made available to and used by the Lessee for such restoration.

(d) The obligation of the Lessee to repair or replace shall be limited to the amount of the insurance

proceeds provided the Lessee has carried insurance to the extent and in accordance with Section 17 hereof. Any excess of the proceeds of insurance over the costs of the restoration shall be retained by the Port Authority.

(e) The parties hereby stipulate that neither the provisions of Title 46: 8-6 and 46: 8-7 of the Revise statutes of New Jersey nor those of any other similar statute shall extend or apply to this Agreement.

"Section 17. Property Insurance

(a) The Lessee shall during the term of this Agreement, insure and keep insured to the extent of 100% of the replacement value thereof, all buildings, structures, improvements installations, facilities and fixtures now or in the future located on the premises against all risks of physical loss or damage including flood and earthquake, if available, and if not available, then against such hazards and risks as may now or in the future be included under the standard form of Fire insurance policy available in the State of New Jersey including damage or loss by windstorm, cyclone, tornado, hail, explosion, riot, civil commotion, aircraft, vehicles and smoke, under the Standard Form of Fire Insurance Policy of New Jersey and the form of extended coverage endorsement prescribed as of the effective date of the said insurance by the Rating Organization having jurisdiction, and also covering nuclear property losses and contamination hazards and risks (if such coverage is or becomes available) and boiler and machinery hazards and risks in a separate insurance policy or policies or as an additional coverage endorsement to the aforesaid policies in the form as may now or in the future be prescribed as of the effective date of said insurance by the Rating Organization having jurisdiction and/or the Superintendent of Insurance of the State of New Jersey and the Lessee shall furthermore provide additional insurance with respect to the premises covering any other property risk that the Port Authority may at any time during the term of this Agreement cover by carrier or self-insurance covered by appropriate reserves at other locations at the Airport upon written notice to the Lessee to such effect.

The aforesaid insurance coverages and renewals thereof shall insure that Port Authority, the Lessee and the City of Newark, as their interests may appear, and shall provide that the loss, if any, shall be adjusted with and payable to the Port Authority.

(b) In the event the premises or any part thereof shall be damaged by any casualty against which insurance is carried pursuant to this Section 17, the Lessee shall promptly furnish to the Port Authority such information and data as may be necessary to enable the Port Authority to adjust the loss.

(c) The policies or certificates representing insurance covered by this Section shall be promptly delivered by the Lessee to the Port Authority, and each policy and certificate delivered shall bear the endorsement of or be accompanied by evidence of payment of the premium thereof and, also, a valid provision obligating the insurance company to furnish the Port Authority and the City of Newark thirty (30) days' advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate, each such policy or certificate shall have stated thereon the lease number appearing on the first page thereof. Renewal policies or certificates shall be delivered to the Port Authority at least thirty (30) days before the expiration of the insurance which such policies are to renew.

Regardless, however, of the persons whose interests are insured, the proceeds of all policies covered by this Section 17 shall be applied as provided in Section 16 "insurance" and all other references to insurance in said Section 16 shall be construed to refer to the insurance which is the subject matter of this Section 17, and to refer to such insurance only.

The insurance covered by this Section 17 shall be written by companies approved by the Port Authority, the Port Authority covenanting and agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If any time the Port Authority so requests, a certified copy of each of the said policies shall be delivered to the Port Authority."

(b) Effective from and after the day following the expiration date of the letting of Area C-3 (as set forth in Paragraph 2 hereof) Section 16 and 17 of the Lease, as set forth on pages 68-70 of the Lease, shall be deemed reinstated and in full force and effect in lieu of the provisions of paragraph (a) hereof.

5. (a) Without limiting any other rights of termination of the Port Authority under the Lease, it is hereby understood and agreed between the Lessee and the Port Authority that the Port Authority shall have the right at any time and from time to time, without cause, upon thirty (30) days' prior written notice to the Lessee, to terminate the Lease and the letting thereunder with respect to all or a portion or portions of that part of Area C-3 as shown in stipple on the sketch attached hereto, hereby made a part hereof and marked "Exhibit DX". The said portions of the premises are herein in this Paragraph collectively called "the Terminated Portion". It is understood that the Port Authority shall exercise its right to terminate hereunder only in the event that the Terminated Portion is needed for any of the following reasons: (i) in connection with the facilitation of aeronautical requirements of the Airport or (ii) because of the need to accommodate the operational characteristics of new aircraft or new versions of existing aircraft, or (iii) the requirements of the Federal Aviation Administration or any other governmental agency or governmental body having jurisdiction, or (iv) changes with respect to the Public Aircraft Facilities made in accordance with Section 51 of the Lease; or (v) in connection with the plans of the Port Authority for the redevelopment of the Airport.

(b) Effective as of the date and time (hereinafter in this Paragraph called "the Effective Date") stated in the notice aforesaid from the Port Authority to the Lessee specified in paragraph (a) hereof, the Lessee has terminated and does by these presents terminate its rights in the Terminated Portion and the term of years with respect thereto under the Lease and all the rights, rights of renewal, licenses, privileges and options of the Lessee granted by the Lease all to the intent that the same may be wholly merged, extinguished and determined on the Effective Date with the same force and effect as if said term were fixed to expire on the Effective Date.

TO HAVE AND TO HOLD the same to the Port Authority its successors and assigns forever.

(c) The Lessee hereby covenants on behalf of itself, its successors and assigns that it has not done anything whereby the Terminated Portion or the Lessee's leasehold therein has been or shall be encumbered as of the Effective Date in any way and that the Lessee is and will remain until the Effective Date the sole and absolute owner of the leasehold estate in the Terminated Portion. All promises, covenants, agreements and obligations of the Lessee with respect to the Terminated Portion, which under the provisions of the Lease would have matured upon the date originally fixed in the Lease for the expiration of the term thereof, or upon the termination of the Lease prior to the said date, or within a stated period after expiration or termination shall, notwithstanding such provisions, mature upon the Effective

Date. The Lessee has released and discharged and does by these presents release and discharge the Port Authority from any and all obligations on the part of the Port Authority to be performed under the Lease with respect to the Terminated Portion. The Port Authority does by these presents release and discharge the Lessee from any and all obligations on the part of the Lessee to be performed under the Lease with respect to the Terminated Portion for that portion of the term subsequent to the Effective Date it being understood that nothing herein contained shall release, relieve or discharge the Lessee from any liability for rentals or for other charges that may be due or become due to the Port Authority for any period or periods prior to the Effective Date or for breach of any other obligation on the Lessee's part to be performed under the Lease for or during such period or periods or maturing pursuant to this paragraph.

(d) The Lessee hereby agrees to terminate its occupancy of the Terminated Portion and to deliver actual, physical possession of the Terminated Portion to the Port Authority, on or before the Effective Date, in the condition required by the Lease upon surrender. The Lessee further agrees that it shall remove from the Terminated Portion, prior to the Effective Date, all equipment, inventories, removable fixtures and other personal property of the Lessee, for which the Lessee is responsible. With respect to any such property not so removed, the Port Authority may at its option, as agent for the Lessee and at the risk and expense of the Lessee remove such property to a public warehouse or may retain the same in its own possession and in either event, after the expiration of thirty (30) days, may sell or consent to the sale of the same at a public auction; the proceeds of any such sale shall be applied first to the expense of removal, sale and storage, and second to any sums owed by the Lessee to the Port Authority; any balance remaining shall be paid to the Lessee. The Lessee shall pay to the Port Authority any excess of the total cost of removal, storage and sale over the proceeds of sale.

The Lessee hereby acknowledges that each and every term, provision and condition of the Lease shall continue to apply to the premises remaining after the termination of the Terminated Portion.

(e) From and after the Effective Date as defined the Lessee shall be entitled to an abatement of the Area C-3 Annual Rental in accordance with and pursuant to the Lease, as hereby amended.

6. (a) Schedule B of the Lease, as heretofore amended, shall be deemed further amended, effective for the period commencing on June 2, 1989 and ending on the expiration date of the letting of Area C-3, as follows:

(1) The amount (2.a.) appearing in subparagraph 1(a) of Paragraph I and in subparagraph 1 of Paragraph II thereof shall be deemed amended to read

(2) The amount (2.a.) appearing in subparagraph 1(b) of Paragraph I and in subparagraph 2 of Paragraph II thereof shall be deemed amended to read

(3) The amount (2.a.) appearing in subparagraph 2(a) of Paragraph I and in subparagraph 3 of Paragraph II thereof shall be amended to read

(4) The amount (2.a.) appearing in subparagraph 2(b) of Paragraph I and in subparagraph 4 of Paragraph II shall be deemed amended to read

(5) The amount and symbol (2.a.) ' appearing in subparagraph 3(a) of Paragraph I shall be deemed amended to read

(6) The amount and symbol (2.a.) appearing in subparagraph 3(b) of Paragraph I shall be deemed amended to read

(7) The date "1988" appearing in the last line of page 1 of Schedule B (as amended by Supplement No. 6 of the Lease) shall be deemed amended to read "1989".

(8) The amount (2.a.) appearing in subparagraph (4) of Paragraph I and in subparagraph (5) of Paragraph II shall be deemed amended to read

(9) The words "Terminal C Passenger Facility" appearing in the subparagraph designated "PHDL" and the subparagraph designated "PADL" (as amended in Supplement No. 6 of the Lease) shall be deemed amended to read "Passenger Terminal Building C".

(10) the penultimate sentence of Paragraph III thereof (as set forth in Supplement No. 6 of the Lease) shall be deemed amended to read as follows:

> "The Lessee shall pay a monthly Heating Energy Charge equal to 100% of the total amounts determined for heating Passenger Terminal Building C expressed in monthly terms, and a monthly Air Conditioning Energy Charge equal to 100% of the total amounts determined for air conditioning Passenger Terminal Building C expressed in monthly terms."

(11) The final sentence of Paragraph III thereof shall be deemed amended by changing the period at the end thereof to a comma and by inserting the following:

"and also including the connector and aircraft gate positions of Area C-3 (as defined in Supplement No. 8 of the Lease)."

(b) Effective from and after the expiration date of the letting of Area C-3, the foregoing amendments to Schedule B of the Lease shall cease to be effective and said Schedule B and the provisions thereof as the same existed prior to the aforesaid amendments shall be deemed reinstated and in full force and effect throughout the remainder of the term of the letting under the Lease with respect to the remaining portions of the premises other than Area C-3; provided, however, that the penultimate sentence of Paragraph III of Schedule B shall be deemed then amended to read as follows:

"the Lessee shall pay a monthly Heating Energy Charge equal to of the total amount determined for heating Passenger Terminal Building C expressed in monthly terms, and a monthly Air Conditioning Energy Charge equal to 89.195% of the total amounts determined for air conditioning Passenger Terminal Building C expressed in monthly terms."

7. It is expressly recognized that Exhibit DX which shows the Area D portion of Area C-3 is a preliminary exhibit, and is so marked and, further, that the said Exhibit is based on a preliminary description of the areas shown thereon and does not contain precise metes and bounds description. It is further expressly recognized that the amount of the Airport Services Factor of the Area C-3 Annual Rental as set forth in Paragraph 3 above has been computed on the basis of the said preliminary description of the amount of land in said Area D portion of Area C-3. The Port Authority and the Lessee hereby expressly agree that upon the Port Authority's determination of the actual metes and bounds of the areas shown on the said Exhibit DX, a final versions of Exhibit DX shall be prepared and the amount of the Airport Services Factor of the Area C-3 Annual Rental as set forth in Paragraph 3 shall be appropriately adjusted and that the provisions covering such adjustment, including payment by or crediting to the Lessee of any amount of Area C-3 Annual Rental as a result of such adjustment, shall be set forth in a Supplemental Agreement to the Lease which shall be prepared by the Port Authority and submitted to the Lessee for execution and which shall have attached thereto the final version of said Exhibit DX which shall be deemed to show the letting of the Area D portion of Area C-3 as set forth in Paragraph 1 with

retroactive effect. The Lessee agrees to execute the said Supplemental Agreement and return the same to the Port Authority within ten (10) days of the Lessee's receipt of the same.

8. In addition to and without limiting any term or provision of Section 66 of the Lease or any other term or provision of the Lease, it is hereby understood and agreed that the Lessee shall no later than thirty (30) days after its execution of this Supplemental Agreement submit to the Port Authority for its review and approval, in accordance with said Section 66 and 73 of the Lease, a revised updated comprehensive consumer services covering the consumer services to be provided in Area C-3 of the premises during the term of the letting of Area C-3 as herein provided.

9. (a) With respect to the passenger loading bridges for which Port Authority construction advances were made pursuant to Sections 2 and 6 of the Lease (hereinafter sometimes referred to as the "Section 2 loading bridges"), it is hereby recognized that the Lessee has advised the Port Authority that, based on a change in the operating plan for the premises including greater utilization of wide-bodied aircraft, certain modifications and removal work are required consisting of (i) the removal from the premises of one (1) of the Section 2 passenger loading bridges and the transfer of title thereof to the Lessee; said loading bridge being identified as loading bridge No. 5F in Schedule 1 attached to Supplement No. 4 of the Lease and also identified by serial number WS-500R-049R; and (ii) the installation in the premises of a new passenger loading bridge (as hereinafter described) and the transfer of title thereof to the Port Authority. The new loading bridge to be installed by the Lessee is identified by description as a new jet apron drive loading bridge for a wide-bodied aircraft gate position rehabilitated and installed under a contract between the Lessee and Abex Corporation and IC Industries Company by its division Jetway Systems, 1805 West 2550 South Ogden, Utah, with an estimated value of $135,000.00 exclusive of delivery and installation costs, and is identified by number as Loading Bridge model number A3-58/110-125R and by serial number RH80269 (original serial number OG2834 prior to rehabilitation) and is herein referred to as the "Jetway loading bridge RH80269". It is specifically understood and agreed that the Lessee shall at its sole cost and expense perform all work necessary, required or appropriate in connection with all of the foregoing removal and installation work subject to the terms and conditions of the Lease, <u>provided, however</u>, that none of the foregoing shall be or become part of the cost of the construction work or part of the Construction Advance Amount. It is further expressly understood and agreed that the parties intend that the said Jetway Loading Bridge RH80269 shall be deemed a replacement and substitution for the said loading bridge No. 5F and that such replacement and substitution shall not result in any recomputation, adjustment or

reduction of any construction advance, or the Construction Advance Amount or the Base Annual Rental.

(b) It is expressly understood and agreed that, from and after the effective date of this Supplement No. 8 to the Lease, all references to the 42 passenger loading bridges in the Lease shall be deemed to mean the 42 passenger loading bridges as reduced in number and modified pursuant to the provisions of Paragraph 4 of the Supplement No. 7 to the Lease, and as modified by the provisions of this Paragraph 9 hereof. Without limiting the generality of the foregoing, it is further expressly understood and agreed that the terms, provisions, covenants, conditions, representations and warranties set forth in and called for under paragraph (o) of Section 6 of the Lease (as set forth in Supplement No. 4 of the Lease) shall apply with like force and effect to Jetway Loading Bridge RH80269; and it is further hereby understood and agreed that with respect to Jetway Loading Bridge RH80269 the words "the Lessee's contractors", as used in Section 6 of the Lease shall mean Abex Corporation and IC Industries Company by its division Jetway System, 1805 West 2550 South Ogden, Utah; provided, however, that the provisions of subparagraph (1)(a)(ii) of said paragraph (o) shall not be applicable. The Lessee, further, expressly warrants and represents to the Port Authority that Jetway Loading Bridge RH80269 is of equal or greater value that the said loading bridge No. 5F.

10. The Lessee hereby acknowledges and agrees that the letting of Area C-3 hereunder is expressly subject to the condition that the Lessee shall allow to remain in its present location in Area C-3 the room now designated as the "Meditation Room-Freedom Shrine". Accordingly, the Lessee hereby expressly agrees to allow the said room to remain in its present location in Area C-3 during the term of the letting hereunder of Area C-3; it being expressly understood and agreed, however, that the foregoing shall not result in or constitute any basis or claim for an abatement or reduction of rental, or to constitute any basis or claim for any payment of any type by the Port Authority or to alter or impair any of the responsibilities, duties or obligations of the Lessee under the Lease.

11. Without limiting any term or provision of the Lease, it is specifically understood and agreed that neither the letting of Area C-3 hereunder or any other term or provision of the Lease, as hereby amended, shall grant or shall be deemed to grant any right to the Lessee to use any portion of the premises (including Area C-3) for the purpose of international arrivals which require or utilize federal governmental inspection services, and the Lessee hereby expressly acknowledges and agrees that any such use of the premises (including Area C-3) or any portion thereof is not permitted or allowed under the Lease.

12. Except as hereinbefore provided, all the terms, covenants and conditions of the Lease shall be and remain in full force and effect.

13. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Agreement shall be binding upon the Port Authority unless expressed in writing herein.

14. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of day and year first above written.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By Gerald P. FitzGerald

(Title) ASSISTANT DIRECTOR OF AVIATION

(Seal)

ATTEST:

Asst. Secretary

CONTINENTAL AIRLINES, INC.

By Sam Ashman

(Title) SR VICE President

(Corporate Seal)

APPROVED:

FORM	TERMS

THIS SUPPLEMENTAL AGREEMENT SHALL BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Newark International Airport
Lease No. ANA-170
Supplement No. 9

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT dated May 1, 1990 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and amended is hereinafter called "the Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, the Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, the Lease, in Supplement No. 8 thereof, provides for the replacement of preliminary Exhibit DX attached thereto with a final Exhibit DX upon the Port Authority's determination of the actual metes and bounds of the areas shown on the said Exhibit DX with an appropriate adjustment of the Area C-3 Annual Rental under the Lease with retroactive effect to the effective date of said Supplement No. 8; and

WHEREAS, the Port Authority has made the said determination of the aforesaid metes and bounds; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease to provide for the substitution of the final version of the aforesaid Exhibit DX and adjustment of the Area C-3 Annual Rental under the Lease with retroactive effect, as aforesaid,

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of June 2, 1989, as follows:

1. The Exhibit (two sheets) attached hereto, marked Exhibit DX, numbered EWR 90-14 and EWR 90-15, and hereby made a part hereof shall be deemed to be Exhibit DX to the Lease in lieu of Exhibit DX which was marked "Preliminary" and attached to Supplement No. 8 of the Lease, and any and all references in the Lease to Exhibit DX shall be and be deemed references to Exhibit DX attached hereto.

2. (a) From and after the effective date hereof, subparagraph (a) of Paragraph 3 of Supplement No. 8 to the Lease shall be deemed amended to read as follows:

> "(a) Area C-3 Annual Rental - The Lessee agrees to pay to the Port Authority the following annual rental for the Area C-3 portion of the premises (hereinafter referred to as the 'Area C-3 Annual Rental'): Commencing on June 2, 1989 to and including May 31, 1992 an Area C-3 Annual Rental for Area C-3 at the annual rate of (2.a.) subject to adjustment as provided in subparagraph (b) hereof. The aforesaid Area C-3 Annual Rental of (2.a.) is made up of two factors, one a constant factor in the amount of (2.a.) and the other a variable factor in the amount of (2.a.) . The variable factor aforesaid represents the Airport Services portion of the Area C-3 Annual Rental and such variable factor of the Area C-3 Annual Rental is hereinafter referred to as the Airport Services Factor and is subject to adjustment as provided in subparagraph (b) hereof."

(b) Paragraph III of Schedule A to the Lease, as amended by Paragraph 3 (b)(v) of Supplement No. 8 to the Lease, is hereby further amended by deleting the figure stated as (2.a.) in the last line thereof (as set forth in said paragraph 3 (b) (v) of Supplement No. 8) and by substituting in lieu thereof the figure

(c) Subparagraph (e)(2) of Paragraph 3 of Supplement No. 8 to the Lease is hereby amended as follows:

> (1) The figure (2.a.) appearing in two places therein shall be deemed deleted and in lieu thereof the figure (2.a.) shall be deemed inserted.

(2) The amount stated therein as " (2.a.) shall be deemed deleted therefrom and the amount (2.a.) shall be deemed inserted in lieu thereof.

(d) Any and all references in the Lease, as amended by said Supplement No. 8 thereto, to Paragraph 3 of Supplement No. 8 to the Lease shall be and be deemed references to Paragraph 3 of said Supplement No. 8 as the same is hereby amended by the foregoing subparagraphs hereof.

3. Without limiting any other term or provision of the Lease, as hereby amended, the Lessee hereby agrees to and shall pay to the Port Authority no later than ten (10) days following the Lessee's execution and delivery of this Supplemental Agreement No. 9 to the Port Authority all monies due to the Port Authority arising from the adjustment of the Area C-3 Annual Rental provided for herein resulting from the Port Authority's determination of the actual metes and bounds of the areas shown in Exhibit DX, as aforesaid.

4. Except as hereinbefore provided, all the terms covenants and conditions of the Lease shall be and remain in full force and effect.

5. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable to the other party under any term or condition of this Agreement, or because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Agreement shall be binding upon the Port Authority unless expressed in writing herein.

6. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of day and year first above written.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

(Title) ASSISTANT DIRECTOR OF AVIATION

(Seal)

ATTEST:

Secretary

CONTINENTAL AIRLINES, INC.

By

(Title) SR VICE President

(Corporate Seal)

APPROVED:

FORM	TERMS

ANA-170S1021192A

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Newark International Airport
Lease No. ANA-170
Supplement No. 10

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT dated as of April 1, 1992 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC. a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, and a Debtor and Debtor in Possession (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and amended is hereinafter called the "Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, the Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, the Lessee is the successor by merger to Continental Airlines, Inc., a Delaware corporation; and

WHEREAS, the Lessee has filed for protection under the federal bankruptcy laws and currently is a Debtor and Debtor in Possession in a Chapter 11 bankruptcy proceeding in the United States Bankruptcy Court for the District of Delaware (said proceeding being hereinafter referred to as the "Chapter 11

Proceeding" and said Bankruptcy Court being hereinafter referred to as the "Bankruptcy Court");

WHEREAS, the Lessee and the Port Authority intend to execute, prior to or simultaneously with the execution of this Supplemental Agreement, a separate agreement whereby the Lessee surrenders to the Port Authority that certain agreement of lease between the Lessee and the Port Authority bearing Port Authority lease number AN-541 (hereinafter referred to as "lease AN-541") and all of the premises thereunder and all of the Lessee's right, title and interest thereto (said surrender agreement being hereinafter referred to as the "lease AN-541 Surrender Agreement");

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of April 1, 1992 (except as otherwise provided herein), as follows:

1. (a) Subject to the terms, provisions, and conditions set forth in paragraph (b) below, effective as of the "lease AN-541 Surrender Date" (as hereinafter defined), paragraph 2 of Supplement No. 8 of the Lease is hereby amended to read as follows:

> "2. The term of the letting of Area C-3 hereunder shall commence on June 2, 1989 and, unless sooner terminated, shall expire on December 31, 1992."

(b) It is hereby understood and agreed that as used herein the term "lease AN-541 Surrender Date" shall mean the date set forth in the lease AN-541 Surrender Agreement as the effective date (which shall be March 31, 1992) thereof, provided that the Lease AN-541 Surrender Agreement is fully executed and delivered by the parties hereto, after an appropriate order of the Bankruptcy Court approving the same, if required, no later than March 31, 1992 and provided the Lessee, in accordance with and pursuant to the lease AN-541 Surrender Agreement, delivers actual, physical possession of the premises under said lease AN-541 to the Port Authority no later than March 31, 1992. Notwithstanding any term or provision to the contrary herein, it is further specifically understood and agreed that the full execution and delivery of the lease AN-541 Surrender Agreement no later than March 31, 1992 with March 31, 1992 as the effective date thereof including said delivery of actual, physical

possession of said premises to the Port Authority no later than March 31, 1992 shall be and constitute a condition precedent to the effectiveness of the extension of the letting of Area C-3 as set forth in subparagraph (a) of this Paragraph and that the term of the letting of Area C-3 under the Lease shall expire on May 31, 1992 as set forth in the Lease in any event if there is no such execution and delivery of the lease AN-541 Surrender Agreement no later than March 31, 1992 including said delivery of actual, physical possession of said premises to the Port Authority no later than March 31, 1992. The foregoing provisions shall not and shall not be deemed to constitute any extension or agreement to extend any time period(s) for the Lessee's assumption of lease AN-541 under the Bankruptcy Code or to constitute any waiver of any right or claim of the Port Authority.

2. Effective as of June 1, 1992 (if the term of the letting of Area C-3 is extended under and pursuant to Paragraph 1 hereof):

(a) Subparagraph (a) of Paragraph 3 of Supplement No. 8 to the Lease, as previously amended, shall be deemed further amended to read as follows:

"(a) Area C-3 Annual Rental - The Lessee agrees to pay to the Port Authority the following annual rental for the Area C-3 portion of the premises (hereinafter referred to as the 'Area C-3 Annual Rental'):

(i) For the portion of the term of the letting of Area C-3 commencing on June 2, 1989 to and including May 31, 1992, an Area C-3 Annual Rental for Area C-3 at the annual rate of

(2.a.)

subject to adjustment as provided in subparagraph (b) hereof. The aforesaid Area C-3 Annual Rental of

(2.a.) is made up of two factors, one a constant factor in the amount of (2.a.) and the other a variable factor in the amount of

(2.a.) ... The variable factor

aforesaid represents the Airport Services portion of the Area C-3 Annual Rental and such variable factor of the Area C-3 Annual Rental is hereinafter referred to as the Airport Services Factor and is subject to adjustment as provided in subparagraph (b) hereof.

(ii) For the portion of the term of the letting of Area C-3 commencing on June 1, 1992 and continuing to and including the expiration date of the letting of Area C-3 an Area C-3 Annual Rental for Area C-3 at the annual rate of (2.a.) subject to adjustment as provided in subparagraph (b) hereof. The aforesaid Area C-3 Annual Rental of (2.a.) is made up of two factors, one a constant factor in the amount of (2.a.), and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (i) above as the same shall have been adjusted in accordance with paragraph (b) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (ii), and which shall be the Airport Services Factor in effect on the date of the commencement of the Area C-3 Annual Rental provided for in this subparagraph (ii) and which shall be subject to further adjustment as provided in subparagraph (b) hereof.

(b) The last sentence of subparagraph (b)(1) of said Paragraph 3 of Supplement No. 8 of the Lease is hereby amended to read as follows:

"For the portion of the term of the letting of Area C-3 commencing on June 2, 1989 and expiring on May 31, 1992, the constant factor of (2.a.) shall remain unchanged. For the portion of the term of the letting of Area C-3 commencing on June 1, 1992 to and including the expiration date of the said letting, the constant factor of (2.a.)

shall remain unchanged."

(c) Subparagraph (e)(1) of Paragraph 3 of Supplement No. 8 to the Lease is hereby amended as follows:

(1) Items (i) and (ii) thereof are hereby amended to read as follows:

"(i) for the portion of the term of the letting of Area C-3 commencing on June 2, 1989 through May 31, 1992, for each square foot of floor space at the daily rate of (2.a.) ; for the portion of the term of the letting of Area C-3 commencing on June 1, 1992, to and including the expiration date of the said letting for each square foot of floor space at the daily rate of (2.a.)

(ii) with respect to the Area D portion of Area C-3 (as described in Paragraph 1 (a)(vi) hereof): for the portion of the term of the letting of Area C-3 commencing on June 2, 1989 through May 31, 1992, any such abatement shall be made on an equitable basis giving effect to the amount and character of the said Area D portion of Area C-3 the use of which is denied to the Lessee as compared with the entire Area C-3; for the portion of the term of the letting of Area C-3 commencing on June 1, 1992 to and including the expiration date of said letting for each square foot of land of Area D at the daily rate of (2.a.)

(d) Any and all references in the Lease, as amended by said Supplement No. 8 thereto, to Paragraph 3 of Supplement No. 8 to the Lease shall be and be deemed references to Paragraph 3 of said Supplement No. 8 as the same has been heretofore amended by Supplement No. 9 to the Lease and as the same is hereby further amended by the foregoing subparagraphs hereof.

3. In addition to all other rentals, fees and charges payable by the Lessee under the Lease, the Lessee shall pay to the Port Authority the following:

An additional rental for the premises for the period from the first day of the month immediately following the

lease AN-541 Surrender Date to and including December 31, 1998 in the monthly amount of (2.a.) . The Lessee shall pay the said additional rental monthly in advance, on the first day of the month immediately following the lease AN-541 Surrender Date and thereafter on the first day of each and every succeeding month up to and including the first day of December, 1998.

(2) The Lessee hereby agrees that in the event the actual number of arriving passengers of all airlines in the new International Facility operated by the Port Authority in Terminal B-3 at the Airport falls below (2.a.) during any or all of the twelve-month periods commencing on the first day of June of the years 1989, 1990 and 1991, the Lessee shall pay to the Port Authority an amount (hereinafter called "the Passenger Amount") equal to (2.a.) :s per passenger for the difference between the actual number of said arriving passengers and (2.a.) After the Port Authority is able to determine the actual number of said arriving passengers for the twelve-month period ending on May 31, 1990, it shall notify the Lessee if the number of said passengers is below (2.a.) Within thirty (30) days of its receipt of said notice, the Lessee shall pay the Port Authority the Passenger Amount. Thereafter, the Port Authority shall make a similar determination for the respective twelve-month periods ending on May 31, 1991 and May 31, 1992 and if the number of such arriving passengers in either such period is below the Port Authority shall so notify the Lessee and the Lessee shall pay the appropriate Passenger Amount to the Port Authority within thirty (30) days of its receipt of such notice.

4. (a) Effective as of the "C-3 Long-term Extension Effective Date" (as hereinafter defined), paragraph 2 of Supplement No. 8 of the Lease, as herein previously amended, is hereby further amended to read as follows:

"2. The term of the letting of Area C-3 hereunder shall commence on June 2, 1989 and, unless sooner terminated, shall expire on December 31, 1998."

(b) As used herein the term "C-3 Long-term

Extension Effective Date" shall mean the date of the entry of an order by the Bankruptcy Court confirming the Lessee's Chapter 11 reorganization plan in the Chapter 11 Proceeding including the approving and/or directing of the assumption by the Lessee (or by a trustee on behalf of the Lessee if a trustee has been appointed in the Chapter 11 Proceeding) of the Lease, as amended including this Supplemental Agreement No. 10, pursuant to, under and in accordance with the United States Bankruptcy Reform Act of 1978, as amended, (the 'Bankruptcy Code'), as Debtor and Debtor in Possession in the Chapter 11 Proceeding. Notwithstanding any term or provision to the contrary herein, it is specifically understood and agreed that the entry of the aforesaid order shall be and constitute a condition precedent to the effectiveness of the extension of the letting of Area C-3 as set forth in subparagraph (a) of this Paragraph 3, that the term of the letting of Area C-3 under the Lease shall expire on May 31, 1992 as set forth in the Lease if the short-term extension called for under Paragraph 1 hereof has not taken effect as therein provided, or, if such short-term extension has so taken effect then the term of the letting of Area C-3 under the Lease shall expire in any event on December 31, 1992 if there is no such order of the Bankruptcy Court approving the Lessee's reorganization plan including the Lessee's assumption of the Lease entered prior to said expiration date. The foregoing provisions shall not and shall not be deemed to constitute any extension or agreement to extend any time period(s) for the Lessee's assumption of the Lease under the Bankruptcy Code or to constitute any waiver of any right or claim of the Port Authority.

5. <u>Effective as of the C-3 Long-Term Extension Effective Date: Area C-3 Construction by the Lessee</u>

(a) The Lessee agrees, at its sole cost and expense, to perform all work necessary to design and construct the expansion

of Area C-3 which shall consist of at least the following: All appropriate, necessary and required work for the full-depth paving of all unpaved portions of the aircraft maneuvering areas at Area C-3, and for the design and construction and such other airline terminal facility capital improvements to Area C-3 necessary or appropriate for the said expansion of Area C-3, provided the same are usable by any Scheduled Aircraft Operator for the purposes set forth in Section 8 of the Lease; all in accordance with a Construction Application or Construction Applications and plans and specifications to be submitted by the Lessee for approval by the Port Authority, which design and construction work is hereinafter referred to as the "Area C-3 Expansion Work."

All of the Area C-3 Expansion Work shall be constructed by the Lessee on the premises (specifically, the Area C-3 portion of the premises) and off the premises where necessary and where constructed on the premises shall be and become a part of the premises under the Lease.

(b) Prior to the commencement of the Area C-3 Expansion Work, the Lessee shall submit to the Port Authority for the Port Authority's approval complete plans and specifications (including a conceptual plan) therefor. The Port Authority may refuse to grant approval with respect to the Area C-3 Expansion Work if, in its opinion, any of the proposed Area C-3 Expansion Work as set forth in said plans and specifications (all of which shall be in such detail as may reasonably permit the Port Authority to make a determination as to whether the requirements hereinafter referred to are met) shall:

(i) Be unsafe, unsound, hazardous or improper for the use and occupancy for which it is designed, or

(ii) Not comply with the Port Authority's requirements for harmony of external architecture of similar existing or future improvements at the Airport, or

(iii) Not comply with the Port Authority's requirements with respect to external and interior building materials and finishes of similar existing or future improvements at the Airport, or

(iv) Not provide for sufficient clearances for taxiways, runways and apron areas, or

(v) Be designed for use for purposes other than those authorized under the Lease, or

(vi) Set forth ground elevations or heights other than those prescribed by the Port Authority, or

(vii) Not provide adequate and proper circulation areas, or

(viii) Not be at locations or not be oriented in accordance with the Lessee's approved conceptual plan, or

(ix) Not comply with the provisions of the Basic Lease, including without limiting the generality thereof, those provisions of the Basic Lease providing that the Port Authority will conform to the enactments, ordinances, resolutions and regulations of the City of Newark and its various departments, boards and bureaus in regard to the construction and maintenance of buildings and structures and in regard to health and fire protection which would be applicable if the Port Authority were a private corporation to the extent that the Port Authority finds it practicable so to do, or

(x) Permit aircraft to overhang the boundary of the premises, except when entering or leaving the premises, or

(xi) Be in violation or contravention of any other provisions and terms of this Lease, or

(xii) Not comply with all applicable governmental laws, ordinances, enactments, resolutions, rules and orders, or

(xiii) Not comply with all applicable requirements of the National Board of Fire Underwriters and the Fire Insurance Rating Organization of New Jersey, or

(xiv) Not comply with the Port Authority's requirements with respect to landscaping, or

(xv) Not comply with the Port Authority's requirements and standards with respect to noise, air pollution, water pollution or other types of pollution.

(xvi) Not comply with the American National Standard

Specifications for Buildings and Facilities Pathway Accessibility and Usability for Physically Handicapped People, ANSI A117.1-1986.

(c) All of the Area C-3 Expansion Work shall be done in accordance with the following terms and conditions:

(i) The Lessee hereby assumes the risk of loss or damage to all of the Area C-3 Expansion Work prior to the completion thereof and the risk of loss or damage to all property of the Port Authority arising out of or in connection with the performance of the Area C-3 Expansion Work. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the Area C-3 Expansion Work and the property of the Port Authority without cost or expense to the Port Authority. The Lessee shall itself and shall also require its contractors to indemnify and hold harmless the Port Authority, its Commissioners, officers, agents and employees from and against all claims and demands, just or unjust, of third persons (including employees, officers, and agents of the Port Authority) arising or alleged to arise out of the performance of the Area C-3 Expansion Work and for all expenses incurred by it and by them in the defense, settlement or satisfaction thereof, including without limitation thereto, claims and demands for death, for personal injury or for property damage, direct or consequential, whether they arise from the acts or omissions of the Lessee, of any contractors of the Lessee, of the Port Authority, or of third persons, or from acts of God or of the public enemy, or otherwise, (including claims of the City of Newark against the Port Authority pursuant to the provisions of the Basic Lease whereby the Port Authority has agreed to indemnify the City against claims), excepting only claims and demands which result solely from affirmative willful acts done by the Port Authority, its Commissioners, officers, agents and employees with respect to the Area C-3 Expansion Work.

If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance written permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority.

(ii) Prior to engaging or retaining an architect or architects for the Area C-3 Expansion Work, the name or names of said architect or architects shall be submitted to the Port Authority for its approval. The Port Authority shall have the right to disapprove any substitute or other architect who may be unacceptable to it. All Area C-3 Expansion Work shall be done in accordance with plans and specifications to be submitted to and approved by the Port Authority prior to the commencement of the Area C-3 Expansion Work, and until such approval has been obtained the Lessee shall continue to resubmit plans and specifications as required. Upon approval of such plans and specifications by the Port Authority, the Lessee shall proceed diligently at its sole cost and expense, to perform the Area C-3 Expansion Work. All Area C-3 Expansion Work, including workmanship and materials, shall be of first class quality. The Lessee shall re-do, replace or construct at its own cost and expense, any Area C-3 Expansion Work not done in accordance with the approved plans and specifications, the provisions of this Paragraph 5 or any further requirements of the Port Authority under the Lease as hereby amended. The Lessee shall expend not less than (2.a.) with respect to the Area C-3 Expansion Work. The Lessee shall complete the Area C-3 Expansion Work no later than the last day of the thirty-sixth month following the C-3 Long-term Extension Effective Date (as defined in Paragraph 4 of Supplemental Agreement No. 10 of the Lease of which this provision forms a part) which date for completion is hereinafter referred to as the "Required Completion Date."

(iii) The Lessee shall submit to the Port Authority for its approval the names of the contractors to whom the Lessee proposes to award the Area C-3 Expansion Work contracts. The Port Authority shall have the right to disapprove any contractor who may be unacceptable to it. The Lessee shall include in all such contracts such provisions and conditions as may be reasonably required by the Port Authority. Without limiting the generality of the foregoing all of the Lessee's construction contracts shall provide as follows: "If (i) the Contractor fails to perform any of his obligations under the Contract, including his obligation to the Lessee to pay any claims lawfully made against him by any materialman, subcontractor or workman or other third person which arises out of or in connection with the performance of the Contract or (ii) any claim (just or unjust) which arises out of or in connection with the Contract is made against the Lessee or (iii) any subcontractor under the Contract fails to pay any

claims, lawfully made against him by any materialman, subcontractor, workman or other third persons which arises out of or in connection with the Contract or if in the Lessee's opinion any of the aforesaid contingencies is likely to arise, then the Lessee shall have the right, in its discretion, to withhold out of any payment (final or otherwise and even though such payments have already been certified as due) such sums as the Lessee may deem ample to protect it against delay or loss or to assume the payment of just claims of third persons, and to apply such sums in such manner as the Lessee may deem proper to secure such protection or satisfy such claims. All sums so applied shall be deducted from the Contractor's compensation. Omission by the Lessee to withhold out of any payment, final or otherwise a sum for any of the above contingencies, even though such contingency has occurred at the time of such payment, shall not be deemed to indicate that the Lessee does not intend to exercise its right with respect to such contingency. Neither the above provisions for rights of the Lessee to withhold and apply monies nor any exercise, or attempted exercise of, or omission to exercise such rights by the Lessee shall create any obligation of any kind to such materialmen, subcontractors, workmen or other third persons. Until actual payment is made to the Contractor, his right to any amount to be paid under the Contract (even though such amount has already been certified as due) shall be subordinate to the rights of the Lessee under this provision.

(iv) The Lessee shall file with the Port Authority a copy of its construction contracts with its contractors prior to the start of the construction work.

(v) The Lessee shall furnish or require its architect to furnish a full time resident engineer during the construction period. The Lessee shall require certification by a licensed engineer of all pile driving data and of all controlled concrete work and such other certifications as may be requested by the Port Authority from time to time.

(vi) The Lessee agrees to be solely responsible for any plans and specifications used by it and for any loss or damages resulting from the use thereof, notwithstanding that the same have been approved by the Port Authority and notwithstanding the incorporation therein of Port Authority recommendations or requirements. Notwithstanding the requirement for approval by the Port Authority of the contracts to be entered into by the Lessee or the incorporation therein of Port Authority requirements or recommendations and notwithstanding any rights the Port Authority may have reserved

to itself hereunder, the Port Authority shall have no liabilities or obligations of any kind to any contractors engaged by the Lessee or for any other matter in connection therewith and the Lessee hereby releases and discharges the Port Authority, its Commissioners, officers, representatives and employees of and from any and all liability, claim for damages or losses of any kind, whether legal or equitable, or from any action or cause of action arising or alleged to arise out of the performance of any construction work pursuant to the contracts between the Lessee and its contractors. Any warranties contained in any construction contract entered into by the Lessee for the performance of the Area C-3 Expansion Work hereunder shall be for the benefit of the Port Authority as well as the Lessee, and the contract shall so provide.

(vii) The Port Authority shall have the right, through its duly designated representatives, to inspect the Area C-3 Expansion Work and the plans and specifications thereof, at any and all reasonable times during the progress thereof and from time to time, in its discretion, to take samples and perform testing on any part of the Area C-3 Expansion Work.

(viii) The Lessee agrees that it shall deliver to the Port Authority two (2) sets of "as built" microfilm drawings of the Area C-3 Expansion Work mounted on aperture cards, all of which shall conform to the specifications of the Port Authority (the receipt of a copy of said specifications prior to the execution hereof being hereby acknowledged by the Lessee), and the Lessee shall during the term of this Lease keep said drawings current showing thereon any changes or modifications which may be made. No changes or modifications shall be made without prior Port Authority consent.

(ix) The Lessee shall, if requested by the Port Authority, take all reasonable measures to prevent erosion of the soil and the blowing of sand during the performance of the Area C-3 Expansion Work, including but not limited to the fencing of the premises or portions thereof or other areas and the covering of open areas with asphaltic emulsion or similar materials as the Port Authority may direct.

(x) Title to any soil, dirt, sand or other matter (hereinafter in this item (x) collectively called "the matter") excavated by the Lessee during the course of the Area C-3 Expansion Work shall vest in the Port Authority and the matter shall be delivered by the Lessee at its expense to any location on the Airport as may be designated by the Port

Authority. The entire proceeds, if any, of the sale or other disposition of the matter shall belong to the Port Authority. Notwithstanding the foregoing the Port Authority may elect by prior written notice to the Lessee to waive title to all or portions of the matter in which event the Lessee at its expense shall dispose of the same without further instruction from the Port Authority.

(xi) The Lessee shall pay or cause to be paid all claims lawfully made against it by its contractors, subcontractors, materialmen and workmen, and all claims lawfully made against it by other third persons arising out of or in connection with or because of the performance of the construction work, and shall cause its contractors and subcontractors to pay all such claims lawfully made against them, provided, however that nothing herein contained shall be construed to limit the right of the Lessee to contest any claim of a contractor, subcontractor, materialman, workman and/or other person and no such claim shall be considered to be an obligation of the Lessee within the meaning of this Section unless and until the same shall have been finally adjudicated. The Lessee shall use its best efforts to resolve any such claims and shall keep the Port Authority fully informed of its actions with respect thereto. Nothing herein contained shall be deemed to constitute consent to the creation of any liens or claims against the premises or to create any rights in said third persons against the Port Authority.

(xii) Effective as of the date of delivery to the Port Authority by the Lessee of a copy of Supplement No. 11 to the Lease fully executed on behalf of the Lessee, the Lessee in its own name as insured and including the Port Authority as an additional insured shall procure and maintain Comprehensive General Liability insurance, including but not limited to premises-operations, products-completed operations, explosion, collapse and underground property damages, personal injury and independent contractors, with a broad form property damage endorsement and with a contractual liability endorsement covering the obligations assumed by the Lessee pursuant to subparagraphs (c) (i) and (vi) of this Paragraph 5), and Comprehensive Automobile Liability insurance covering owned, non-owned and hired vehicles.

The said Comprehensive General Liability insurance shall have a limit of not less than $25,000,000 combined single limit per occurrence for bodily injury and property damage liability, and said Comprehensive Automobile Liability insurance shall have a limit of not less than

$25,000,000 combined single limit per bodily injury and property damage liability.

The foregoing policies shall be in addition to all policies of insurance otherwise required by the Lease or the Lessee may provide such insurance by requiring each contractor engaged by it for the Area C-3 Expansion Work to procure and maintain such insurance including such contractual liability endorsement, said insurance, whether procured by the Lessee or by a contractor engaged by it as aforesaid, not to contain any care, custody or control exclusions, and not to contain any exclusion for bodily injury to or sickness disease or death of any employee of the Lessee or of any of its contractors which would conflict with or in any way impair coverage under the contractual liability endorsement. The said policy or policies of insurance shall also provide or contain an endorsement providing that the protection afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority, but such endorsement shall not limit, vary or affect the protections afforded the Port Authority thereunder as an additional insured.

The Lessee shall also procure and maintain in effect, or cause to be procured and maintained in effect, Worker's Compensation Insurance and Employees' Liability Insurance in accordance with and as required by law. The insurance required hereunder shall be maintained in effect during the performance of the construction work and shall be in compliance with and subject to the provisions of paragraph (c) of Section 18 of the Lease.

The Lessee shall procure and maintain Builder's Risk (All Risk) Completed Value Insurance covering the Area C-3 Expansion Work during the performance thereof including material delivered to the site but not attached to the realty. Such insurance shall be in compliance with and subject to the applicable provisions set forth herein and shall name the Port Authority, the City of Newark, the Lessee and its contractors and subcontractors as additional insureds and such policy shall provide that the loss shall be adjusted with and payable to the Lessee. Such proceeds shall be used by the Lessee for the repair, replacement or rebuilding of the Area C-3 Expansion Work and any excess shall be paid over to the Port Authority.

The policies or certificates representing insurance covered by this subparagraph (xii) shall be delivered

by the Lessee to the Port Authority at least thirty (30) days prior to the commencement of the Area C-3 Expansion Work, and each policy or certificate delivered shall bear the endorsement of or be accompanied by evidence of payment of the premium thereof and, also, a valid provision obligating the insurance company to furnish the Port Authority and the City of Newark thirty (30) days' advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate. Renewal policies or certificates shall be delivered to the Port Authority at least thirty (30) days before the expiration of the insurance which such policies are to renew.

The insurance covered by this subparagraph (xii) shall be written by companies approved by the Port Authority, the Port Authority covenanting and agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to the form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If at any time the Port Authority so requests, a certified copy of each of the said policies shall be delivered to the Port Authority.

(xiii) The Lessee shall be under no obligation to reimburse the Port Authority for expenses incurred by the Port Authority in connection with its normal review and approval of the original plans and specifications submitted by the Lessee pursuant to this Paragraph 5. The Lessee however agrees to pay to the Port Authority upon its demand the expenses incurred by the Port Authority in connection with any additional review for approval of any changes, modifications or revisions of the original plans and specifications which may be proposed by the Lessee for the Port Authority's approval. The expenses of the Port Authority for any such additional review and approval shall be computed on the basis of direct payroll time expended in connection therewith plus 100%. Wherever in this Lease reference is made to "direct payroll time", costs computed thereunder shall include a prorata share of the cost to the Port Authority of providing employee benefits, including, but not limited to, pensions, hospitalization, medical and life insurance, vacations and holidays. Such computations shall be in accordance with the Port Authority's accounting principles as consistently applied prior to the execution of this Lease.

(xiv) The Lessee shall prior to the commencement of construction and at all times during construction submit to the Port Authority all engineering studies with respect to construction and sales of construction materials as may be reasonably required at any time and from time to time by the Port Authority.

(xv) The Lessee shall at the time of submitting the conceptual plan to the Port Authority as provided in subparagraph (b) of this Paragraph 5 of the Lease submit to the Port Authority its forecasts of the number of people who will be working at various times during the term of the Lease at the premises, the expected utility demands of Area C-3, as expanded, noise profiles and such other information as the Port Authority may require. The Lessee shall continue to submit its latest forecasts and such other information as may be required as aforesaid as the Port Authority shall from time to time and at any time request.

(xvi) The Lessee shall execute and submit for the Port Authority's approval a Construction Application or Applications in the form prescribed by the Port Authority covering the Area C-3 Expansion Work or portions thereof. The Lessee shall comply with all the terms and provisions of the approved Construction Applications. In the event of any inconsistency between the terms of any Construction Application and the terms of the Lease, the terms of the Lease shall prevail and control.

(xvii) Nothing contained in the Lease (as hereby amended) shall grant or be deemed to grant to any contractor, architect, supplier, subcontractor or any other person engaged by the Lessee or any of its contractors in the performance of any part of the Area C-3 Expansion Work any right of action or claim against the Port Authority, its Commissioners, officers, agents and employees with respect to any work any of them may do in connection with the Area C-3 Expansion Work. Nothing contained herein shall create or be deemed to create any relationship between the Port Authority and any such contractor, architect, supplier, subcontractor or any other person engaged by the Lessee or any of its contractors in the performance of any part of the Area C-3 Expansion Work and the Port Authority shall not be responsible to any of the foregoing for any payments due or alleged to be due thereto for any work performed or materials purchased in connection with the Area C-3 Expansion Work.

(xviii) Without limiting any of the terms and conditions of this Lease, the Lessee understands and agrees that it shall put into effect prior to the commencement of any Area C-3 Expansion Work an affirmative action program and Minority Business Enterprise (MBE) program and Women-owned Business Enterprise (WBE) program in accordance with the provisions of Schedule E-1, attached hereto and hereby made a part of the Lease. The provisions of said Schedule E-1 of the Lease shall be applicable to the Lessee's contractor or contractors and subcontractors at any tier of construction as well as to the Lessee and the Lessee shall include the provisions of said Schedule E-1 within all of its construction contracts so as to make said provisions and undertakings the direct obligation of the construction contractor or contractors and subcontractors at any tier of construction. The Lessee shall and shall require its said contractor, contractors and subcontractors to furnish to the Port Authority such data, including but not limited to compliance reports relating to the operation and implementation of the affirmative action, MBE and WBE programs called for hereunder as the Port Authority may request at any time and from time to time regarding the affirmative action, minority business enterprises and women-owned business enterprises programs of the Lessee and its contractor, contractors, and subcontractors at any tier of construction, and the Lessee shall and shall also require that its contractor, contractors and subcontractors at any tier of construction make and put into effect such modifications and additions thereto as may be directed by the Port Authority pursuant to the provisions hereof and said Schedule E-1 to effectuate the goals of affirmative action and minority business enterprise and women-owned business enterprise programs.

In addition to and without limiting any terms and provisions of this Lease, the Lessee shall provide in its contracts and all subcontracts covering the Area C-3 Expansion Work, or any portion thereof, that:

(aa) The contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, and shall undertake or continue existing programs of affirmative action to ensure that minority group persons are afforded equal employment opportunity without discrimination. Such programs shall include, but not be limited to, recruitment, employment, job assignment, promotion, upgrading, demotion, transfer,

layoff, termination, rates of pay or other forms of compensation, and selections for training or retraining, including apprenticeships and on-the-job training;

(bb) At the request of either the Port Authority or the Lessee, the contractor shall request such employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other Lease or understanding and which is involved in the performance of the contract with the Lessee to furnish a written statement that such employment agency, labor union or representative shall not discriminate because of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will cooperate in the implementation of the contractor's obligations hereunder;

(cc) The contractor will state, in all solicitations or advertisements for employees placed by or on behalf of the contractor in the performance of the contract, that all qualified applicants will be afforded equal employment opportunity without discrimination because of race, creed, color, national origin, sex, age, disability or marital status;

(dd) The contractor will include the provisions of subparagraphs (aa) through (cc) of this paragraph in every subcontract or purchase order in such a manner that such provisions will be binding upon each subcontractor or vendor as to its work in connection with the contract;

(ee) "Contractor" as used herein shall include each contractor and subcontractor at any tier of construction.

(d) The Lessee may wish to commence construction of portions of the Area C-3 Expansion Work prior to the approval by the Port Authority of its plans and specifications pursuant to paragraph (b) hereof, and if it does it shall submit a written request to the Port Authority setting forth the work it proposes then to do. The Port Authority shall have full and complete discretion as to whether or not to permit the Lessee to proceed with said work. If the Port Authority has no objection to the Lessee's proceeding with the work, it shall do

so by writing a letter to the Lessee to such effect. If the Lessee performs the work covered by said letter, it agrees all such work shall be performed subject to and in accordance with all of the provisions of the approval letter and subject to and in accordance with the following terms and conditions:

(i) The performance by the Lessee of the work covered by any request as aforesaid will be at its sole risk and if for any reason the plans and specifications for the Area C-3 Expansion Work are not approved by the Port Authority or if the approval thereof calls for modifications or changes in the work undertaken by the Lessee under any approval granted by the Port Authority pursuant to this subparagraph (d), the Lessee will, as directed by the Port Authority, at its sole cost and expense, either restore the area affected to the condition existing prior to the commencement of any such work or make such modifications and changes in any such work as may be required by the Port Authority.

(ii) Nothing contained in any approval hereunder shall constitute a determination or indication by the Port Authority that the Lessee has complied with the applicable governmental laws, ordinances, enactments, resolutions, rules and orders, including but not limited to those of the City of Newark, which may pertain to the work to be performed.

(iii) The approved work will be performed in accordance with and subject to the terms, indemnities and provisions hereof covering the Area C-3 Expansion Work and with the terms and conditions of any Construction Application which the Port Authority may request the Lessee to submit even though such Construction Application may not have, at the time of the approval under this subparagraph (d), been approved by the Port Authority.

(iv) No work under any such approval shall affect or limit the obligations of the Lessee under all prior approvals with respect to its construction of the Area C-3 Expansion Work.

(v) The Lessee shall comply with all requirements, stipulations and provisions as may be set forth in the letter of approval.

(vi) In the event that the Lessee shall at any time during the construction of any portion of the

Area C-3 Expansion Work under the approval granted by the Port Authority pursuant to this paragraph (d) fail in the opinion of the General Manager of New Jersey Airports of the Port Authority, to comply with all of the provisions of this Lease with respect to the Area C-3 Expansion Work, the Construction Application or the approval letter covering the same or be, in the opinion of the said General Manager of New Jersey Airports in breach of any of the provisions of this Lease, the Construction Application or the approval letter covering the same, the Port Authority shall have the right, acting through said General Manager of New Jersey Airports to cause the Lessee to cease all or such part of the Area C-3 Expansion Work as is being performed in violation of this Lease, the Construction Application or the approval letter. Upon such written direction from the General Manager of New Jersey Airports the Lessee shall promptly cease construction of the portion of the Area C-3 Expansion Work specified. The Lessee shall thereupon submit to the Port Authority for its written approval the Lessee's proposal for making modifications, corrections or changes in or to the Area C-3 Expansion Work that has been or is to be performed so that the same will comply with the provisions of this Lease, the Construction Application and the approval letter covering the Area C-3 Expansion Work. The Lessee shall not commence construction of the portion of the Area C-3 Expansion Work that has been halted until such written approval has been received.

(vii) It is hereby expressly understood and agreed that, in the event the Port Authority assigns a field engineer to the Area C-3 Expansion Work, such field engineer has no authority to approve any plans and specifications of the Lessee with respect to the Area C-3 Expansion Work, to approve the construction by the Lessee of any portion of the Area C-3 Expansion Work or to agree to any variation by the Lessee from compliance with the terms of this Lease, or the Construction Application or the approval letter with respect to the Area C-3 Expansion Work. Notwithstanding the foregoing, should the field engineer or the General Manager of New Jersey Airports give any directions or approvals with respect to the Lessee's performance of any portion of the Area C-3 Expansion Work which are contrary to the provisions of this Lease, the Construction Application or the approval letter, said directions or approvals shall not affect the obligations of the Lessee as set forth herein nor release or relieve the Lessee from the strict compliance

therewith. It is hereby further understood and agreed that the Port Authority has no duty or obligation of any kind whatsoever to inspect or police the performance of the Area C-3 Expansion Work by the Lessee and the rights granted to the Port Authority hereunder shall not create or be deemed to create such a duty or obligation. Accordingly, the fact that the General Manager of New Jersey Airports has not exercised the Port Authority's right to require the Lessee to cease its construction of all or any part of the Area C-3 Expansion Work shall not be or be deemed to be an Lease or acknowledgment on the part of the Port Authority that the Lessee has in fact performed such portion of the Area C-3 Expansion Work in accordance with the terms of the Lease, the Construction Application or the approval letter nor shall such fact be or be deemed to be a waiver by the Port Authority from the requirement of strict compliance by the Lessee with the provisions of the Lease, the Construction Application and the approval letter with respect to the Area C-3 Expansion Work.

(viii) Without limiting the discretion of the Port Authority hereunder, the Port Authority hereby specifically advises the Lessee that even if the Port Authority hereafter in the exercise of its discretion wishes to grant approvals under this subparagraph (d), it may be unable to do so, so as to permit the Lessee to continue work without interruption following its completion of the work covered by any prior approval hereunder. The Lessee hereby acknowledges that if it commences work pursuant to this paragraph (d) it shall do so with full knowledge that there may not be continuity by it in the performance of its Area C-3 Expansion Work under the procedures of this paragraph (d).

(ix) No prior approval of any work in connection with the Area C-3 Expansion Work shall create or be deemed to create any obligation on the part of the Port Authority to permit subsequent work to be performed in connection with the Area C-3 Expansion Work prior to the approval by the Port Authority of the Lessee's complete plans and specifications thereof. It is understood hat no such prior approval shall release or relieve the Lessee from its obligation to submit complete plans and specification for the Area C-3 Expansion Work and to obtain the Port Authority's approval of the same as set forth in paragraph (b) hereof. It is further understood that in the event the Lessee elects not to

continue to seek further approval letters pursuant to this paragraph (c), the obligations of the Lessee to restore the area and to make modifications and changes as set forth in subparagraph (d) above shall be suspended until the Lessee's submission of its complete plans and specifications in accordance with paragraph (b) hereof.

(e) The Lessee will give the Port Authority fifteen (15) days' notice prior to the commencement of construction. The Port Authority will assign to the Area C-3 Expansion Work a full time field engineer or engineers. The Lessee shall pay to the Port Authority for the services of said engineer or engineers, the sum of Four Hundred Forty Dollars and No Cents ($440.00) for each day the engineer or engineers are so assigned. Nothing contained herein shall affect any of the provisions of paragraph (h) hereof or the rights of the Port Authority hereunder. This Agreement for the services of said field engineer may be revoked at any time by either party on thirty (30) days' written notice to the other, but if revoked by the Lessee it shall continue during the period construction under any partial approvals pursuant to paragraph (d) hereof is performed.

(f) (i) The Area C-3 Expansion Work shall be constructed in such a manner that there will be at all times a minimum of air pollution, water pollution or any other type of pollution and a minimum of noise emanating from, arising out of or resulting from the operation, use or maintenance of any portion thereof by the Lessee and from the operations of the Lessee under this Paragraph 5. Accordingly, and in addition to all other obligations imposed on the Lessee under this Lease, and without diminishing, limiting, modifying or affecting any of the same, the Lessee shall be obligated to construct as part of the Area C-3 Expansion Work hereunder such structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the foregoing and each of the foregoing shall be and become a part of the premises it affects and all of the foregoing shall be covered under the plans and specifications of the Lessee submitted under subparagraph (b) of this Paragraph 5 and shall be part of the Area C-3 Expansion Work hereunder.

(ii) Notwithstanding the provisions of subparagraph (i) above and in addition thereto, the Port Authority hereby reserves the right from time to time and at any time during the term of the Lease to require the Lessee, subsequent to the completion of the Area C-3 Expansion Work, to design and construct at its sole cost and expense such further reasonable structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the objectives as set forth in the

first sentence of said subparagraph (i). All locations, the manner, type and method of construction and the size of any of the foregoing shall be determined by the Port Authority. The Lessee shall submit for Port Authority approval its plans and specifications covering the required work and upon receiving such approval shall proceed diligently to construct the same. All other provisions of this Paragraph 5 with respect to the Area C-3 Expansion Work shall apply and pertain with like effect to any work which the Lessee is obligated to perform pursuant to this subparagraph (ii) and upon completion of each portion of such work it shall be and become a part of the premises. The obligations assumed by the Lessee under this paragraph (e) are a special inducement and consideration to the Port Authority in granting the Lease with respect to Area C-3 to the Lessee.

(g) Title to all the Area C-3 Expansion Work which is located within the territorial limits of the City of Newark shall vest in the City of Newark as the same or any part thereof is erected, constructed or installed, and shall be or become a part of the premises if located within the premises. Title to each part of the Area C-3 Expansion Work, if any, which is located within the territorial limits of the City of Elizabeth shall vest in the Port Authority as the same or any part thereof is erected, constructed or installed, and shall be and become part of the premises if located within the premises.

(h) (i) When the Area C-3 Expansion Work is substantially completed and ready for use the Lessee shall advise the Port Authority to such effect and shall deliver to the Port Authority a certificate signed by an authorized officer of the Lessee and also by the Lessee's architect or engineer certifying that the Area C-3 Expansion Work has been constructed strictly in accordance with the approved plans and specifications and the provisions of this Lease and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders. Thereafter, the Area C-3 Expansion Work will be inspected by the Port Authority and if the same has been completed as certified by the Lessee, a certificate to such effect shall be delivered to the Lessee, subject to the condition that all risks thereafter with respect to the construction and installation of the same and any liability therefor for negligence or other reason shall be borne by the Lessee. The Lessee shall not use or permit the use of the Area C-3 Expansion Work or any portion thereof for the purposes set forth in the Lease until such certificate is received from the Port Authority.

(ii) The term "the Area C-3 Expansion Work Completion Date" for the purposes of this Lease shall mean the date appearing

on the certificate issued by the Port Authority pursuant to subparagraph (i) of this paragraph (h).

(iii) In addition and without affecting the obligations of the Lessee under the preceding subparagraph, when an integral and material portion of the Area C-3 Expansion Work is substantially completed or is properly usable the Lessee may advise the Port Authority to such effect and may deliver to the Port Authority a certificate signed by an authorized officer of the Lessee and signed by the Lessee's architect or engineer certifying that such portion of the Area C-3 Expansion Work has been constructed strictly in accordance with the approved plans and specifications and the provisions of this Lease and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders, and specifying that such portion of the Area C-3 Expansion Work can be properly used even though the Area C-3 Expansion Work has not been completed and that the Lessee desires such use. The Port Authority may in its sole discretion deliver a certificate to the Lessee with respect to each such portion of the Area C-3 Expansion Work permitting the Lessee to use such portion thereof for the purposes set forth in the Lease. In such event the Lessee may use such portion subject to the condition that all risks thereafter with respect to the construction and installation of the same and any liability therefor for negligence or other reason shall be borne by the Lessee, and subject to the risks as set forth in subparagraph (d) hereof in the event that the Port Authority shall not have then approved the complete plans and specifications for the Area C-3 Expansion Work. Moreover, at any time prior to the issuance of the certificate required in subparagraph (i) above for the Area C-3 Expansion Work, the Lessee shall promptly upon receipt of a written notice from the Port Authority cease its use of such portion of the Area C-3 Expansion Work which it had been using pursuant to permission granted in this subparagraph (iii).

(i) The Lessee understands that there may be communications and utility lines and conduits presently located in or under the premises which do not, and may not in the future, serve the premises. The Lessee agrees at its sole cost and expense, if directed by the Port Authority so to do, to relocate and reinstall such communications and utility lines and conduits in the premises or off the premises as directed by the Port Authority and to restore all affected areas (such work being hereinafter collectively called "the relocation work"). The Lessee shall perform the relocation work subject to and in accordance with all the terms and provisions of this Paragraph 5 and the relocation work shall be and become a part of the Area C-3 Expansion Work; at

being understood, however, that the relocation work shall not be or become a part of the premises hereunder.

(j) The Lessee acknowledges that it intends to continue to use and occupy all of the premises during the period of time it is performing the Area C-3 Expansion Work hereunder. The Lessee further acknowledges that this would involve among other things inconvenience, noise, dust, interference and disturbance to the Lessee in its use and occupancy of the premises as well as to its patrons, invitees and employees and possibly other risks as well. The Lessee hereby expressly assumes all of the foregoing risks and agrees that there will be no reduction or abatement of any of the rentals, fees or charges payable by the Lessee under the Lease on account of its performance of the Area C-3 Expansion Work and that the performance of the Area C-3 Expansion Work shall not constitute an eviction or constructive eviction of the Lessee nor be grounds for any abatement of rents, fees or charges payable by the Lessee under the Lease nor give rise to or be the basis of any claim or demand by the Lessee against the Port Authority, its Commissioners, officers, employees or agents for damages, consequential or otherwise, under the Lease.

6. (a) Notwithstanding the provisions of Paragraph 4 of this Supplement No. 10 to the Lease, it is specifically understood and agreed that, in addition to and without limiting any of the rights and remedies of the Port Authority under the Lease, in the event the Lessee shall fail to complete the Area C-3 Expansion Work on or before the Required Completion Date (as said term is defined in subparagraph (c)(ii) of Paragraph 5 hereof), the Port Authority shall have the right (but not the obligation), exercisable at any time after the Required Completion Date, to place the following provisions of paragraph (b) hereof into full force and effect. The exercise of such right by the Port Authority shall be by written notice to the Lessee which shall set forth the effective date thereof (said date being hereinafter in this Paragraph 6 called the "Conversion Date" and said notice being hereinafter referred to as the "Conversion Notice").

(b) (1) Upon the Conversion Date the term of the letting of Area C-3 hereunder shall be deemed converted from a fixed term tenancy to a periodical tenancy from month-to-month, and Paragraph 2 of Supplement No. 8 shall be deemed amended to insert at the end thereof the following:

> "Notwithstanding the foregoing, from and after the Conversion Date set forth in the Conversion Notice, the term of the letting of Area C-3 under the Lease shall be for a period from the Conversion Date

to the last day of the month immediately following the month in which said Conversion Date occurs and month-to-month thereafter as a periodical tenancy, unless sooner terminated, but in no event shall such periodical tenancy continue beyond the last day of the month immediately preceding the first anniversary of the Conversion Date."

(2) Neither the provisions hereof nor the service by the Port Authority of the Conversion Notice, nor the conversion of the fixed term tenancy of Area C-3 to a periodical tenancy from month-to-month as aforesaid, shall diminish, release, impair or relieve the Lessee of any of its obligations or responsibilities under the terms, provisions, covenants and conditions of the Lease, including without limitation, the performance and completion of the Area C-3 Expansion Work and the obligation to pay the rentals for Area C-3 in accordance with the Lease; it being expressly understood and agreed that the Area C-3 Annual Rental set forth in subparagraph (a)(ii) of Paragraph 3 of Supplement No. 8 of the Lease (as herein amended by Paragraph 2 hereof) shall from and after the Conversion Date be deemed amended to be a monthly rental during the periodical tenancy provided for above at the appropriate monthly rate based on the annual rate set forth therein.

(3) It is further expressly understood and agreed that no provision of this Paragraph, nor the exercise by the Port Authority of its rights hereunder, nor any failure by the Port Authority to exercise any right hereunder shall be deemed to affect, limit or impair any other right or remedy of the Port Authority under the Lease, including without limitation the Port Authority's rights of termination under Section 24 of the Lease.

7. The Port Authority and the Lessee hereby specifically acknowledge and agree with respect to Exhibit DX (which shows the Area D portion of Area C-3) (attached to Supplement No. 9 to the Lease):

(a) That, notwithstanding anything to the contrary in said Supplement No. 9, Exhibit DX is subject to further revision to redefine the two portions of the area shown thereon, to wit, the reduction or enlargement of the area shown in stipple thereon and the consequent enlargement or reduction of the area shown in hatch thereon (all generally within the existing confines of, and based on final metes and bounds determination for, the total area shown on Exhibit DX; and that said revision is to be

done, to reflect the Port Authority's site plan encompassing the areas shown on Exhibit DX which site plan has been prepared by the Port Authority in connection with its plans for the redevelopment of the Airport and is designated "Preliminary" and as "Port Authority Site Plan EWR 9672 - Continental Airlines C-3 Connector and Related Ramp Area, dated December 16, 1991". A copy of said site plan has been provided to the Lessee and because of its bulky size is not physically attached hereto.

(b) That said site plan requires the revision of Exhibit DX, that a revised version of Exhibit DX will be prepared by the Port Authority and that the said revised version of Exhibit DX together with appropriate or related provisions if any, with respect to the Area C-3 Annual Rental, shall be included in a new supplemental agreement to the Lease which shall be prepared by the Port Authority and submitted to the Lessee for execution, and which shall be of prospective effect. The Lessee agrees to execute the said new supplemental agreement and return the same to the Port Authority within ten (10) days of the Lessee's receipt of the same.

8. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from any and all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation and execution of this Supplemental Agreement.

9. Except as hereinbefore provided, all the terms covenants and conditions of the Lease shall be and remain in full force and effect.

10. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or condition of this Agreement, or because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Agreement shall be binding upon the Port Authority unless expressed in writing herein.

11. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of day and year first above written.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By Gerald R. FitzGerald

(Title) DEPUTY DIRECTOR OF AVIATION

(Seal)

ATTEST:

Asst Secretary

CONTINENTAL AIRLINES, INC.
DEBTOR AND DEBTOR IN POSSESSION

By Sam E. Ashmore

(Title) President

(Corporate Seal)

SAM E. ASHMORE
SR. VICE PRESIDENT
CIVIC & AIRPORT AFFAIRS

APPROVED:
FORM | TERMS

SCHEDULE E-1

PART I

Affirmative Action Guidelines - Equal Employment Opportunity

I. As a matter of policy the Port Authority hereby requires the Lessee and the Lessee shall require the Contractor, as hereinafter defined, to comply with the provisions set forth hereinafter. The provisions set forth in this Part I are similar to the conditions for bidding on federal government contracts adopted by the Office of Federal Contract Compliance and effective May 8, 1978.

The Lessee as well as each bidder, contractor subcontractor of the Lessee and each subcontractor of a contractor at any tier of construction (herein collectively referred to as "the Contractor" must fully comply with the following conditions set forth in this Schedule as to each construction trade to be used on the construction work or any portion thereof (said conditions being herein called "Bid Conditions"). The Lessee hereby commits itself to the goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions. The Lessee shall likewise require the Contractor to commit itself to the said goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions by submitting a properly signed bid.

II. The Lessee and the Contractor shall each appoint an executive of its company to assume the responsibility for the implementation of the requirements, terms and conditions of the following Bid Conditions:

(a) The goals for minority and female participation, expressed in percentage terms for the Contractor's aggregate workforce in each trade on all construction work are as follows:

(1) Minority participation: 32%

(2) Female participation: 6.9%

These goals are applicable to all the Contractor's construction work performed in and for the premises.

The Contractor's specific affirmative action obligations required herein of minority and female employment and training must be substantially uniform throughout the length of the

contract, and in each trade, and the Contractor shall make good faith efforts to employ minorities and women evenly on each of its projects. The transfer of minority or female employees or trainees from contractor to contractor or from project to project for the sole purpose of meeting the Contractor's goals shall be a violation of the contract. Compliance with the goals will be measured against the total work hours performed.

(b) The Contractor shall provide written notification to the Lessee and the Lessee shall provide written notification to the Manager of the Office of Business and Job Opportunity of the Port Authority within 10 working days of award of any construction subcontract in excess of $10,000 at any tier for construction work. The notification shall list the name, address and telephone number of the subcontractor; employer identification number; estimated starting and completion dates of the subcontract; and the geographical area in which the subcontract is to be performed.

(c) As used in these specifications:

(1) "Employer identification number" means the Federal Social Security number used on the Employer's Quarterly Federal Tax Return, U.S. Treasury Department Form 941:

(2) "Minority" includes:

(i) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);

(ii) Hispanic (all persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American culture or origin, regardless of race);

(iii) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and

(iv) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or county identification).

(d) Whenever the Contractor, or any subcontractor at any tier, subcontracts a portion of the construction work involving any construction trade, it shall physically include in each subcontract in excess of $10,000 those provisions which include the applicable goals for minority and female participation.

e) The Contractor shall implement the specific affirmative action standards provided in subparagraphs (1) through (16) of Paragraph (h) hereof. The goals set forth above are expressed as percentages of the total hours of employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each construction trade in which it has employees in the premises. The Contractor is expected to make substantially uniform progress toward its goals in each craft during the period specified.

(f) Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the Contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the Contractor's obligations hereunder.

(g) In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, such apprentices and trainees must be employed by the Contractor during the training period, and the Contractor must have made a commitment to employ the apprentices and trainees at the completion of their training subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor.

(h) The Contractor shall take specific affirmative actions to ensure equal employment opportunity ("EEO"). The evaluation of the Contractor's compliance with these provisions shall be based upon its good faith efforts to achieve maximum results from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:

(1) Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Contractor's employees are assigned to work. The Contractor, where possible, will assign two or more women to each phase of the construction project. The Contractor, shall specifically ensure that all foremen, superintendents, and other supervisory personnel at the premises are aware of and carry out the Contractor's obligation to maintain such a working environment, with specific attention to minority or female individuals working at the premises.

(2) Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to county organizations when the Contractor or its unions have employment opportunities available, and maintain a record of the organizations' responses.

(3) Maintain a current file of the names, addresses and telephone numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by the union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefor, along with whatever additional actions the Contractor may have taken.

(4) Provide immediate written notification to the Lessee when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process has impeded the Contractor's efforts to meet its obligations.

(5) Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include upgrading programs and apprenticeship and training programs relevant to the Contractor's employment needs, especially those programs funded or approved by the Department of Labor. The Contractor shall Provide notice of these programs to the sources compiled under subparagraph (2) above.

(6) Disseminate the Contractor's EEO policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the Contractor's newspaper, annual report, etc.; by specific review of the policy with all management Personnel and with all minority and female employees at least once a year; and by posting the Contractor's EEO policy on bulletin boards accessible to all employees at each location where construction work is performed.

(7) Review, at least every six months the Contractor's EEO policy and affirmative action obligations hereunder with all employees having any responsibility for

hiring, assignment, layoff, termination or other employment decisions including specific review of these items with on-premises supervisory personnel such as Superintendents General Foremen, etc., prior to the initiation of construction work at the premises. A written record shall be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.

(8) Disseminate the Contractor's EEO policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the Contractors EEO policy with other contractors and Subcontractors with whom the Contractor does or anticipates doing business.

(9) Direct its recruitment efforts, both oral and written, to minority, female and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations and to State-certified minority referral agencies serving the Contractor's recruitment area and employment needs. Not later than one month prior to the date for the acceptance of applications for apprenticeship or other training by any recruitment source, the Contractor shall send written notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

(10) Encourage present minority and female employees to recruit other minority persons and women and, where reasonable, provide after school, summer and vacation employment to minority and female youth both on the premises and in other areas of a Contractor's workforce.

(11) Tests and other selection requirements shall comply with 41 CFR Part 60-3.

(12) Conduct, at least every six months, an inventory and evaluation at least of all minority and female personnel for promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.

(13) Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to

ensure that the EEO policy and the Contractor's obligations hereunder are being carried out.

(14) Ensure that all facilities and company activities are nonsegregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.

(15) Document and maintain a record of all solicitations of offers for subcontracts from minority and female construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associations

(16) Conduct a review, at least every six months, of all supervisors' adherence to and performance under the Contractor's EEO policies and affirmative action obligations.

(i) Contractors are encouraged to participate in voluntary associations which assist in fulfilling one or more of their affirmative action obligations (subparagraphs (1)-(16) of Paragraph (h) above). The efforts of a contractor association, joint contractor-union, contractor-community, or other similar group of which the Contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations under Paragraph (h) hereof provided that: the Contractor actively participates in the group, makes good faith efforts to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete benefits of the program are reflected in the Contractor's minority and female workforce participation, makes good faith efforts to meet its individual goals and timetables, and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the Contractor. The obligation to comply, however, is the Contractor's and failure of such a group to fulfill an obligation shall not be a defense for the Contractor's non-compliance.

(j) A single goal for minorities and a separate single goal for women have been established. The Contractor, however, is required to provide equal employment opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and nonminority. Consequently, the Contractor may be in violation hereof if a particular group is employed in a substantially disparate manner (for example, even though the Contractor has achieved its goals for women generally, the Contractor may be in violation hereof if a specific minority group of women is under-utilized).

(k) The Contractor shall not use the goals and timetables or affirmative action standards to discriminate against any person because of race, color, religion, sex or national origin.

(l) The Contractor shall not enter into any subcontract with any person or firm debarred from Government contracts pursuant to Executive Order 11246.

(m) The Contractor shall carry out such sanctions and penalties for violation of this clause including suspension, termination and cancellation of existing subcontracts as may be imposed or ordered by the Lessee. Any Contractor who fails to carry out such sanctions and penalties shall be in violation hereof.

(n) The Contractor, in fulfilling its obligations hereunder shall implement specific affirmative action steps, at least as extensive as those standards prescribed in paragraph (h) hereof so as to achieve maximum results from its efforts to ensure equal employment opportunity. If the Contractor fails to comply with the requirements of these provisions, the Lessee shall proceed accordingly.

(o) The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required and to keep records. Records shall at least include for each employee the name, address, telephone numbers, construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status (e.g. mechanic, apprentice, trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and location at which the work was performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, contractors shall not be required to maintain separate records.

(p) Nothing herein provided shall be construed as a limitation upon the application of any laws which establish different standards of compliance or upon the application of requirements for the hiring of local or other area residents (e.g., those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

(q) Without limiting any other or provision under the Lease, the Contractor shall cooperate with all federal, state or local agencies established for the purpose of implementing affirmative action compliance programs and shall comply with all procedures and guidelines established or which may be established by the Port Authority.

PART II

Minority Business Enterprises/Women-Owned Business Enterprises

As a matter of policy the Port Authority requires the Lessee and the Lessee shall itself and shall require the general contractor or other construction supervisor and each of the Lessee's contractors to use every good faith effort to provide for meaningful participation by Minority Business Enterprises (MBEs) and Women-owned Business Enterprises (WBEs) in the construction work, pursuant to the provisions hereof and in accordance with the Lease. For purposes hereof, Minority Business Enterprise (MBE) shall mean any business enterprise which is at least fifty-one percentum owned by or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by citizens or permanent resident aliens who are minorities and such ownership is real, substantial and continuing. For the purposes hereof, Women-owned Business Enterprise (WBE) shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by women and such ownership is real, substantial and continuing. A minority shall be as defined in paragraph II(c) of Part I of this Schedule E-1. "Meaningful participation" shall mean that at least seventeen percent (17%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of Minority Business Enterprises and Women-owned Business Enterprises, of which at lease twelve percent (12%) of the total dollar value of the construction contracts (including subcontracts) are for the participation of Minority Business Enterprises. Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following:

(a) Dividing the Work to be subcontracted into smaller portions where feasible.

(b) Actively and affirmatively soliciting bids for subcontracts from MBEs and WBEs, including circulation of solicitations to minority and female contractor associations. The Contractor shall maintain records detailing the efforts made to provide for meaningful MBE and WBE participation in the Work, including the names and addresses of all MBEs and WBEs contacted and, if any such MBE or WBE is not selected as a joint venturer or subcontractor, the reason for such decision.

(c) Making plans and specifications for prospective construction work available to MBEs and WBEs in sufficient time for review.

(d) Utilizing the list of eligible MBEs and WBEs maintained by the Port Authority or seeking minorities and women from other sources for the purpose of soliciting bids for subcontractors.

(e) Encouraging the formation of joint ventures, partnerships or other similar arrangements among subcontractors, where appropriate, to insure that the Lessee and Contractor will meet their obligations hereunder.

(f) Insuring that provision is made to provide progress payments to MBEs and WBEs in a timely basis.

(g) Not requiring bonds from and/or providing bonds and insurance for MBEs and WBEs, where appropriate.

For the Port Authority

Initialled:

SEH

For the Lessee

FORM XLD - Ack., N.J. 51380

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On this 27 day of March, 1992, before me, the subscriber, a notary public of New York, personally appeared Denise P. Fitz Gerald the Deputy Director of Finance of the Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

Jacqueline White
(notarial seal and stamp)

JACQUELINE WHITE
Notary Public, State of New York
No. 4737769
Qualified in Suffolk County
Commission Expires May 31, 1993

STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 16th day of March, 1992, before me, the subscriber, a notary public of Texas, personally appeared Sam E. Ashmore the Senior Vice President of CONTINENTAL AIRLINES, INC. DEBTOR AND DEBTOR IN POSSESSION who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

Deborah C. Rainbin
(notarial seal and stamp)

STATE OF)
) ss.
COUNTY OF)

On this _____ day of _____, 1992, before me, the subscriber, a _____, personally appeared _____ who I am satisfied is the person who has named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

_____
(notarial seal and stamp)

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Newark International Airport
Lease No. ANA-170
Supplement No. 11

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT dated February 1, 1993 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC., DEBTOR AND DEBTOR IN POSSESSION , and a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and amended is hereinafter called the "Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, the Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, the Lessee is the successor by merger to Continental Airlines, Inc., a Delaware Corporation; and

WHEREAS, the Lease, in Supplement No. 10 thereof, provides for the replacement of Exhibit DX attached thereto with a revised Exhibit upon the Port Authority's determination of the metes and bounds and configuration of the areas shown on the said

Exhibit DX and with an appropriate adjustment of the Area C-3 Annual Rental under the Lease; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease to provide for the replacement of the said Exhibit DX and adjustment of the Area C-3 Annual Rental under the Lease and to amend the Lease in certain other respects as hereinafter provided;

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby agree to amend the Lease, effective as of June 1, 1992 (except as otherwise set forth herein), as follows:

1. (a) The Exhibit (two sheets) attached hereto, marked Exhibit DY, numbered EWR 92-24 and EWR 92-25, and hereby made a part hereof shall be deemed to replace Exhibit DX of the Lease attached to Supplement No. 9 of the Lease and inserted in lieu thereof, and the said Exhibit DY shall be and constitute the revised version of Exhibit DX as referred to in Paragraph 7 of Supplement No. 10 of the Lease.

(b) Item (vi) of subparagraph (a) of Paragraph 1 of Supplement No. 8 of the Lease is hereby amended as follows: The third and fourth lines thereof shall be deemed amended to read:

> "shown in stipple, in diagonal hatch and in cross-hatch on Exhibit DY attached to Supplement No. 11 of the Lease (the foregoing ".

2. (a) Subparagraph (a) (ii) of Paragraph 3 of Supplement No. 8 of the Lease, as previously amended and as set forth in Supplement No. 10 of the Lease, shall be deemed further amended to read as follows:

> "(ii) For the portion of the term of the letting of Area C-3 commencing on June 1, 1992 and continuing to and including the expiration date of the letting of Area C-3 an Area C-3 Annual Rental for Area C-3 at the annual rate of
>
> (2,a.)
>
> subject to adjustment as provided in subparagraph (b) hereof. The aforesaid Area C-3 Annual Rental of
>
> (2.a.)

(2.a.) is made up of two factors, one a constant factor in the amount of (2.a.) and the other a variable factor in the amount of (2.a.). The variable factor aforesaid represents the Airport Services portion of the Area C-3 Annual Rental and such variable factor of the Area C-3 Annual Rental is herein referred to as the Airport Services Factor and is subject to adjustment as provided in subparagraph (b) hereof."

(b) Subparagraph (b)(1) of said Paragraph 3 of Supplement No. 8 of the Lease is hereby amended to read as follows:

"The Airport Services Factor set forth in subparagraph (a)(i) above is the final Airport Services Factor with respect to the Area C-3 Annual Rental in effect for the calendar year 1988. For the calendar year 1989 and for each and every calendar year thereafter the Airport Services Factor of the Area C-3 Annual Rental shall be adjusted in accordance with the provisions of Schedule A of the Lease (as hereby amended). The Airport Services Factor set forth in subparagraph (a) (ii) above is the final Airport Services Factor with respect to the Area C-3 Annual Rental in effect for the calendar year 1991. For the calendar year 1992 and for each and every calendar year thereafter the Airport Services Factor of the Area C-3 Annual Rental shall be adjusted in accordance with the provisions of Schedule A of the Lease (as hereby amended). For the portion of the term of the letting of Area C-3 commencing on June 2, 1989 and expiring on May 31, 1992, the constant factor of (2.a.) shall remain unchanged. For the portion of the term of the letting of Area C-3 commencing on June 1, 1992 to and including the expiration date of the said letting, the constant factor of (2.a.) shall remain unchanged."

(c) The last sentence of Paragraph III of Schedule A of the Lease as set forth in Paragraph 3 (b)(v) of Supplement

No. 8 of the Lease and as amended by Paragraph 2(b) of Supplement No. 9 of the Lease is hereby further amended as follows:

(i) The fourth through seventh lines thereof shall be deemed amended to read as follows:

"Lease by the aforesaid fractions (for the calendar year 1992 adjustment, it is hereby agreed that the denominator of the first of said fractions shall be ; and the numerator of the second of". (2.a.)

(ii) The sixteenth through the eighteenth lines thereof shall be deemed amended to read as follows:

"is being made; for the calendar year 1992 adjustment, it is hereby agreed said denominator shall be (2.a.)

(d) Subparagraph (e)(2) of Paragraph 3 of Supplement No. 8 of the Lease, as heretofore amended, is hereby further amended as follows:

(i) The first sentence of the first paragraph thereof shall be deemed amended to read as follows:

"In addition, the Airport Services Factor of the Area C-3 Annual Rental shall be reduced for each calendar day or major faction thereof the abatement remains in effect, for each square foot of land the use of which is denied the Lessee at the daily rate of (2.a.) subject to adjustment as provided herein."

(ii) The second paragraph thereof shall be deemed amended to read as follows:

"The aforesaid abatement rate of (2.a) per diem (hereinafter called 'the variable rate') is based upon the variable factor in the amount of

(2.a.) per annum which is the tentative Airport Services Factor for 1992 (also subject to adjustment under paragraph b (hereof). After the close of the calendar year 1992 and after the close of each

calendar year thereafter, the Port Authority will adjust the variable rate, upwards or downwards, as provided in Schedule A. The resultant variable rate shall constitute the final variable rate for the calendar year for which the adjustment is being made. It shall also constitute the tentative variable rate for the calendar year in which such rate is calculated and for the following year until the next succeeding final variable rate is calculated."

(e) Any and all references in the Lease, as amended by said Supplement No. 8 thereto, to Paragraph 3 of Supplement No. 8 to the Lease shall be and be deemed references to Paragraph 3 of said Supplement No. 8 as the same has been heretofore amended by Supplement No. 9 to the Lease and by Supplement No. 10 to the Lease and as the same is hereby further amended by the provisions of this Supplemental Agreement.

3. Paragraph 5 of Supplement No. 8 of the Lease is hereby amended to read as follows:

"5. (a) Without limiting any other rights of termination of the Port Authority under the Lease, it is hereby understood and agreed between the Lessee and the Port Authority that the Port Authority shall have the right at any time and from time to time, without cause, upon thirty (30) days' prior written notice to the Lessee, to terminate the Lease and the letting thereunder with respect to all or a portion or portions of that part of Area C-3 as shown in cross-hatch and in diagonal hatch on the sketch attached hereto, hereby made a part hereof and marked 'Exhibit DY'. The said portions of the premises are herein in this Paragraph collectively called 'the Terminated Portion'.

(b) Effective as of the date and time (hereinafter in this Paragraph called 'the Effective Date') stated in the notice aforesaid from the Port Authority to the Lessee specified in paragraph (a) hereof, the Lessee has terminated and does by these presents terminate its rights in the Terminated Portion and the term of years with respect thereto under the Lease and all the rights, rights of renewal, licenses, privileges and options of the Lessee granted by the Lease all to the intent that the same may be wholly

merged, extinguished and determined on the Effective Date with the same force and effect as if said term were fixed to expire on the Effective Date.

TO HAVE AND TO HOLD the same to the Port Authority its successors and assigns forever.

(c) The Lessee hereby covenants on behalf of itself, its successors and assigns that it has not done anything whereby the Terminated Portion or the Lessee's leasehold therein has been or shall be encumbered as of the Effective Date in any way and that the Lessee is and will remain until the Effective Date the sole and absolute owner of the leasehold estate in the Terminated Portion. All promises, covenants, agreements and obligations of the Lessee with respect to the Terminated Portion, which under the provisions of the Lease would have matured upon the date originally fixed in the Lease for the expiration of the term thereof, or upon the termination of the Lease prior to the said date, or within a stated period after expiration or termination shall, notwithstanding such provisions, mature upon the Effective Date. The Lessee has released and discharged and does by these presents release and discharge the Port Authority from any and all obligations on the part of the Port Authority to be performed under the Lease with respect to the Terminated Portion. The Port Authority does by these presents release and discharge the Lessee from any and all obligations on the part of the Lessee to be performed under the Lease with respect to the Terminated Portion for that portion of the term subsequent to the Effective Date it being understood that nothing herein contained shall release, relieve or discharge the Lessee from any liability for rentals or for other charges that may be due or become due to the Port Authority for any period or periods prior to the Effective Date or for breach of any other obligation on the Lessee's part to be performed under the Lease for or during such period or periods or maturing pursuant to this paragraph.

(d) The Lessee hereby agrees to terminate its occupancy of the Terminated Portion and to deliver actual, physical possession of the Terminated Portion to the Port Authority, on or before the Effective Date, in the condition required by the Lease upon surrender. The

Lessee further agrees that it shall remove from the Terminated Portion, prior to the Effective Date, all equipment, inventories, removable fixtures and other personal property of the Lessee, for which the Lessee is responsible. With respect to any such property not so removed, the Port Authority may at its option, as agent for the Lessee and at the risk and expense of the Lessee remove such property to a public warehouse or may retain the same in its own possession and in either event, after the expiration of thirty (30) days, may sell or consent to the sale of the same at a public auction; the proceeds of any such sale shall be applied first to the expense of removal, sale and storage, and second to any sums owed by the Lessee to the Port Authority; any balance remaining shall be paid to the Lessee. The Lessee shall pay to the Port Authority any excess of the total cost of removal, storage and sale over the proceeds of sale.

The Lessee hereby acknowledges that each and every term, provision and condition of the Lease shall continue to apply to the premises remaining after the termination of the Terminated Portion.

(e) From and after the Effective Date as defined the Lessee shall be entitled to an abatement of the Area C-3 Annual Rental in accordance with and pursuant to the Lease, as amended."

4. Effective as of December 31, 1992.

(a) The term of the letting of Area C-3 under the Lease is hereby extended to January 31, 1993 and month-to-month thereafter as a periodical tenancy unless sooner terminated, but in no event shall such periodical tenancy continue beyond June 30, 1993 subject to the terms and conditions of the Lease, as hereby amended, and at the rentals set forth in the Lease, as hereby amended.

(b) It is expressly recognized by the parties hereto that the extension of the term of the letting of Area C-3 under Paragraph 4 of Supplement No. 10 of the Lease did not become effective and is not in effect since the conditions set forth therein for the establishment of the "C-3 Long Term Extension Effective Date" as therein defined were not satisfied by the Lessee prior to December 31, 1992; and further that the

provisions of Paragraph 5 of the said Supplement No. 10 for the same reasons did not become effective.

5. Effective from and after January 1, 1993:

(a) The Lessee agrees to pay to the Port Authority a rental for Area C-3 (the "Area C-3 Monthly Rental") at the rate of (2.a.) per month, subject to adjustment of the Airport Services Factor as provided in subparagraph (b) below, payable by the Lessee in advance on January 1, 1993 and on the first day of each and every month thereafter during the periodical tenancy until the expiration or earlier termination of the periodical tenancy hereunder. The aforesaid Area C-3 Monthly Rental of (2.a.) is made up of two factors, one a constant factor in the amount of (2.a.) and the other a variable factor in the amount of (2.a.) The variable factor aforesaid represents the Airport Services Factor of the Area C-3 Monthly Rental and is subject to adjustment in accordance with Schedule A of the Lease, as amended.

(b) (1) The Airport Services Factor of the Area C-3 Monthly Rental is based on the final Airport Services Factor with respect to Area C-3 in effect for calendar year 1991. For the calendar year 1992 and for each and every calendar year thereafter the Airport Services Factor of the Area C-3 Monthly Rental shall be adjusted in accordance with the provisions of Schedule A of the Lease (as amended). For the portion of the letting of Area C-3 as set forth in Paragraph 4 (a) above including the periodical tenancy set forth therein the constant factor of the Area C-3 Monthly Rental in the amount of (2.a.) hall remain unchanged.

(2) With respect to the adjustments of the Airport Services Factor of the Area C-3 Monthly Rental during the term of the letting of Area C-3 as set forth in Paragraph 4 (a) hereof including the periodical tenancy set forth therein, it is understood and agreed that the amendments to Schedule A of the Lease as set forth in Supplement No. 8 of the Lease and as the same are herein amended by Paragraph 2 (c) hereof shall apply to

the adjustments of the Airport Services Factor of the Area C-3 Monthly Rental specified in subparagraph (a) above.

(3) The abatement rates set forth in Paragraph 3 (e) of Supplement No. 8 of the Lease as amended by Supplement No. 10 of the Lease and as further amended in Paragraph 2 (d) hereof shall apply to the Area C-3 Monthly Rental during the term of the letting of Area C-3 as extended under Paragraph 4 (a) hereof including the periodical tenancy therein set forth.

(c) Without limiting any other term or provision of the Lease (as hereby amended), the Lessee understands and agrees that the final Airport Services Factor for the calendar year preceding the calendar year in which the date of expiration falls may not be determined for some months after the expiration of the month to month periodical tenancy and the final Airport Services Factor for the calendar year in which such date of expiration falls will not be determined for some months after said expiration date and that the Lessee's obligations to pay any deficiency in the Area C-3 Monthly Rental for such calendar years or portions thereof or the Port Authority's obligation to pay a refund in said Rental resulting from the determination of the final Airport Services Factor for such calendar years or portions thereof shall survive said expiration date and shall remain in full force and effect until such deficiency or refund, if any, is paid. The Lessee hereby acknowledges that neither the survival of the obligation with respect to any such deficiency or refund nor any other provision of this Agreement shall grant or shall be deemed to grant any rights whatsoever to the Lessee to have the term of the letting of Area C-3 extended for any period beyond the applicable expiration date of the letting of Area C-3 hereunder, nor shall the same have any effect upon the periodical tenancy of Area C-3. It is further recognized and agreed for the purposes of the adjustment of the Airport Services Factor under Schedule A that while the Area C-3 Monthly Rental is set forth as a monthly rental the Airport Services Factor thereof is based on an annual Airport Services Factor, subject to adjustment under Schedule A of the Lease, as amended, and that the Airport Services Factor of the Area C-3 Monthly Rental shall accordingly be adjusted on the basis of the adjustment of the said annual Airport Services Factor.

6. (a) Paragraph 4 (b) of Supplement No. 8 of the Lease is hereby amended as follows:

The words "(as set forth in Paragraph 2 hereof" appearing in the second and third lines thereof shall be deemed amended to read: "(as set forth in Paragraph 4 (a) of Supplement No. 11 of the Lease)".

(b) References in Paragraphs 6 (a) and 6 (b) of Supplement No. 8 of the Lease to "the expiration date of the letting of Area C-3" shall be deemed to mean the expiration date of the letting of the periodical tenancy of Area C as set forth in Paragraph 4 (a) of this Supplement No. 11 of the Lease.

7. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from any and all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation and execution of this Supplemental Agreement.

8. Except as hereinbefore provided, all the terms covenants and conditions of the Lease shall be and remain in full force and effect.

9. No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or condition of this Agreement, or because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Agreement shall be binding upon the Port Authority unless expressed in writing herein.

10. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Lessee and the Port Authority on the subject matter, and may not be modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of day and year first above written.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

(Title) DEPUTY DIRECTOR OF AVIATION

(Seal)

ATTEST:

Ass't Secretary

CONTINENTAL AIRLINES, INC.
DEBTOR AND DEBTOR IN POSSESSION

By

(Title) Sr Vice President

(Corporate Seal)

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Newark International Airport
Lease No. ANA-170
Supplement No. 12

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT dated June 21, 1993 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, having an office and place of business at Suite 1401, P.O. Box 4607, Houston, Texas 77210-4067, (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. (hereinafter called "People Express") as of January 11, 1985 entered into an agreement of lease (which agreement of lease as heretofore supplemented and amended is hereinafter called the "Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, the Lease was thereafter assigned by said People Express to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and People Express and dated August 15, 1987; and

WHEREAS, the Lessee is the successor by merger to Continental Airlines, Inc., a Delaware Corporation; and

WHEREAS, the Port Authority and the Lessee desire to extend the periodical tenancy of the Area C-3 portion of the premises under the Lease and to amend the Lease in certain other respects as hereinafter provided;