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February 9, 2015

VIA FACSIMILE: (212) 435-7555

Office of the Secretary
The Port Authority of New York and New Jersey
225 Park Avenue South
New York, NY 10003
Attn: FOI Administrator

Dear FOI Administrator:

I write in pursuant to the Port Authority of New York and New Jersey's Freedom of Information Code. We request that you provide the following information:

- Copies of all Privilege Permits issued to Chelsea Food Services or an affiliate thereof and any agreements pursuant to which Chelsea Food Services or an affiliate thereof provides services at any airport property administered by the Port Authority of New York and New Jersey.

I would appreciate if you would, at your earliest convenience, provide me an estimated date when the records will be ready.

Thank you for your prompt attention and assistance in this matter.

Very truly yours,

K.M. Zouhary

04-08-15P02:58 RCVD

THE PORT AUTHORITY OF NY & NJ

FOI Administrator

April 28, 2016

K.M. Zouhary
Proskauer Rose LLP
Three First National Plaza
70 West Madison, Suite 3800
Chicago, IL 60602-4342

Re: Freedom of Information Reference No. 15945

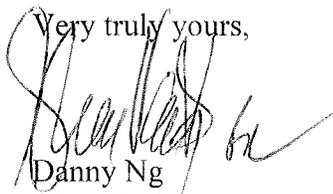
Dear K.M. Zouhary:

This is in response to your April 7, 2015 request, which has been processed under the Port Authority's Freedom of Information Code, copy enclosed, for copies of "all privilege permits issued to Chelsea Food Services or an affiliate thereof and any agreements pursuant to which Chelsea Food Services or an affiliate thereof provides services at any airport property administered by the Port Authority of New York and New Jersey."

Material responsive to your request can be found on the Port Authority's website at <http://corpinfo.panynj.gov/documents/15945-LPA/>. Paper copies of the available records are available upon request.

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

Very truly yours,



Danny Ng
FOI Administrator

Enclosure

*4 World Trade Center, 18th Floor
150 Greenwich Street
New York, NY 10007
T: 212 435 3642 F: 212 435 7555*

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

Lease No. ANA-370
Port Authority Facility:
Newark International Airport

AGREEMENT OF LEASE

THIS AGREEMENT OF LEASE, made as of the 1st day of March, 1989 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority"), a body corporate and politic, established by Compact between the States of New Jersey and New York with the consent of the Congress of the United States of America, and having an office at One World Trade Center, in the Borough of Manhattan, City, County and State of New York, and CONTINENTAL AIRLINES, INC. (hereinafter called "the Lessee"), a corporation existing under the Laws of the State of Delaware and having an office and place of business at Suite 1401, 2929 Allen Parkway, Houston, Texas 77210-4607, whose representative is Mr. Sam E. Ashmore,

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 called "the Airport"), upon all the terms, conditions, provisions and agreements of this Lease, the land in the City of Elizabeth, County of Union and State of New Jersey shown in stipple on the drawing attached hereto, hereby made a part hereof and marked "Exhibit A", together with such structures, buildings, additions, fixtures, improvements and other property of the Port Authority, if any, located therein, thereon or thereunder, all of the foregoing being sometimes hereinafter referred to as "the Site", the Site and all structures, buildings, additions, facilities, fixtures, improvements, and other property of the Port Authority

to be or as may be located, constructed or installed therein, thereon or thereunder being hereinafter collectively referred to as "the premises". It is acknowledged and agreed that the premises under the Lease constitute non-residential real property.

(b) Except to the extent required for the performance of any of the obligations of the Lessee hereunder, nothing contained in this Lease shall grant to the Lessee any rights whatsoever in the air space over the premises above the height of the buildings to be constructed thereon as shown or indicated on the plans therefor approved by the Port Authority as hereinafter provided.

Section 2. Construction by the Lessee

(a) It is hereby recognized that the Site is in an unfinished state. The Lessee shall, prior to its submission to the Port Authority of the plans and specifications hereinafter provided for, submit to the Port Authority for its consent, the Lessee's comprehensive plan for the development of the Site, including but not limited to, renderings, layouts, locations, models, estimated commencement and completion dates, and preliminary functional plans.

(b) Without limiting the above, the Lessee agrees that except as hereinafter otherwise provided said comprehensive plan shall provide for the construction on and under the Site of:

(i) A one-story building to be developed solely as a flight kitchen facility consisting of approximately 150,000 square feet of floor space, the foregoing together with all associated and related areas and facilities being sometimes hereinafter called "the Kitchen"; and

(ii) A one-story garage and maintenance building consisting of approximately 7,200 square feet of floor space, the foregoing together with all associated and related areas and facilities being sometimes hereinafter called "the Garage", and together with the Kitchen being hereinafter collectively called "the Facility"; and

(iii) All appropriate lines, pipes, mains, cables, manholes, wires, conduits and other facilities required in connection with or relating to the mechanical, utility, electrical, storm sewer, sanitary sewer, telephone, fire alarm, fire protection, gas, refrigeration and other systems needed for the Facility and all work and installations necessary or required to tie the foregoing to utility access stubs on and off the Site for water, gas, electrical power, sanitary sewer, telephone and other

communication and protective services including all necessary valves and other equipment and accessories necessary to the use and operation of the heating, refrigeration, electrical, water, sanitary and other utility systems which are to serve the premises including all necessary relocations; and

(iv) All appropriate roadways and ramps and pedestrian circulation areas including any tie-ins thereto off the Site and the Airport, together with all associated and related areas and facilities; and

(v) All grading and appropriate landscaping together with all related and associated work and installations.

(c) All of the foregoing work shall be performed ^{Site and} or constructed by the Lessee on the Site and off the ~~Site and the Airport~~ ^{Site and the} where required, and, where performed or constructed on the Site, shall be and become a part of the premises under the Lease.

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

(e) (1) The Lessee agrees at its sole cost and expense to design and to perform or construct all of the foregoing work described in paragraph (b) above, all such design, performance and construction of the said work being sometimes hereinafter collectively referred to as "the construction work".

(2) Prior to the commencement of the construction work, the Lessee shall submit to the Port Authority for the Port Authority's approval complete plans and specifications therefor. The Lessee's design of the Facility and the said plans and specifications shall be subject to the prior written approval of the Port Authority and the Lessee shall make all changes and modifications to the said design, plans and specifications as may be required by the Port Authority. With respect to said submittal by the Lessee and approval by the Port Authority, it is agreed that the Lessee will make all reasonable efforts to ensure that its submittal of complete plans and specifications in accordance with Port Authority requirements is made as expeditiously as possible and, if so made, the Port Authority will make all reasonable efforts to accomplish its review of said plans and specifications as expeditiously as possible. The Port Authority may refuse to grant approval with respect to the portion of the construction work representing the Facility 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 or in the vicinity of 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 and as to external materials and finishes of such improvements in the vicinity of the Airport, or

(iv) Be designed for use for purposes other than those authorized under this Lease, or

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

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

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

(viii) Be in violation or contravention of any other provisions and terms of this Lease, or

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

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

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

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

(xiii) Not comply with the construction limitations set forth in Exhibit A, if any, or

(xiv) Not comply with the American National Standard Specifications for Making Buildings and Facilities Accessible to and Usable by Physically Handicapped People, ANSI A117.1-1986.

(f) 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 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 Lessee and the Port Authority) arising or alleged to arise in whole or in part 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 said City against claims), excepting only claims and demands which result solely from affirmative wilful acts done by the Port Authority, its Commissioners, officers, agents and employees, with respect to the construction work.

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

(3) Prior to engaging or retaining an architect or architects for the construction work, the name or names of said architect or architects shall be submitted to the

Port Authority for its approval. The Port Authority shall have the right to disapprove any architect who may be unacceptable to it. All construction work shall be done in accordance with the 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 by the Port Authority. 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 or any further requirements of the Port Authority. The Lessee shall expend not less than Eighteen Million Dollars (\$18,000,000) with respect to the construction work. The Lessee shall complete the construction work no later than February 28, 1990.

(4) 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 its obligations under the Contract, including its obligation to the Lessee to pay any claims lawfully made against it by any materialman, subcontractor or workman or other third person which arises out of or in connection with the performance of the Contract or (ii) any claim (just or unjust) which arises out of or in connection with the Contract is made against the Lessee or (iii) any subcontractor under the Contract fails to pay any claims lawfully made against it by any materialman, subcontractor, workman or other third person which arises out of or in connection with the Contract or if in the Lessee's opinion any of the aforesaid contingencies is likely to arise, then the Lessee shall have the right, in its discretion, to withhold out of any payment (final or otherwise and even though such payments have already been certified as due) such sums as the Lessee may deem ample to protect it against delay or loss or to assume the payment of just claims of third persons, and to apply such sums in such manner as the Lessee may deem proper to secure such protection or satisfy such claims. All sums so applied shall be deducted from the Contractor's compensation. Omission by the Lessee to withhold out of any payment, final or otherwise, a sum for any of the above contingencies, even though such contingency has occurred at the time of such payment, shall not be deemed to

indicate that the Lessee does not intend to exercise its right with respect to such contingency. Neither the above provisions or rights of the Lessee to withhold and apply monies nor any exercise, or attempted exercise of, or failure 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, its 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."

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

(6) 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.

(7) 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, and 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.

(8) 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.

(9) 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).

(10) The Lessee shall, if requested by the Port Authority, take all reasonable measures to prevent erosion of the soil and the blowing of sand or other material 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.

(11) Title to any soil, dirt, sand or other matter (hereinafter in this subparagraph [11] collectively called "the matter") excavated and not replaced 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.

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

create any rights in said third persons against the Port Authority or the Lessee.

(13) 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 with minimum combined single limit coverage of Ten Million Dollars (\$10,000,000) per accident/occurrence, including but not limited to, premises-operations, products-completed operations, explosion, collapse and underground property damages, personal injury and independent contractors, with a broad form property endorsement, and with a contractual liability endorsement covering the obligations assumed by the Lessee pursuant to subparagraphs (1) and (7) of this paragraph and the obligations required of the Lessee's contractors pursuant to subparagraph (1) of this paragraph, and Comprehensive Automobile Liability Insurance with minimum combined single limit coverage of Ten Million Dollars (\$10,000,000) per accident/occurrence covering owned, non-owned and hired vehicles and automatically covering newly acquired vehicles, the foregoing policies to be in addition to all policies of insurance otherwise required by this Lease, 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 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. In addition, said policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Port Authority thereunder with respect to any claim or action against the Port Authority by the Lessee or the contractor shall be the same as the protections afforded the named insured thereunder with respect to any claim or action against the named insured by a third person as if the Port Authority were the named insured thereunder.

(14) The Lessee shall also procure and maintain in effect, or cause to be procured and maintained in effect Workers' Compensation and Employers' Liability Insurance in accordance with the requirements of law of the State of New Jersey.

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

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

(17) 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 the construction work and samples of construction materials as may be required at any time and from time to time by the Port Authority.

(18) The Lessee shall procure and maintain builder's risk (all risk including flood and earthquake) completed value insurance covering on a replacement cost basis the construction work during the performance thereof including material delivered to the Site but not attached to the realty. Such insurance shall be in compliance with and subject to the applicable provisions of Section 18 hereof and shall name the Port Authority, the 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 construction work and any excess shall be paid over to the Port Authority. The policy(ies) or certificate(s) representing insurance covered by this subparagraph shall be delivered by the Lessee to the Port Authority at least four (4) days prior to the commencement of construction of the construction work, and each policy or certificate delivered shall bear the endorsement of or be

accompanied by evidence of payment of the premium thereof and also a valid provision obligating the insurance company to furnish the Port Authority fifteen (15) days' advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate. A renewal policy or certificate shall be delivered to the Port Authority at least fifteen (15) days before the expiration of the insurance which such policy is to renew.

(19) The insurance covered by this paragraph shall be written by companies approved by the Port Authority, the Port Authority covenanting and agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to form or substance or if the carrier issuing any such policy shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain and furnish to the Port Authority 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 of the appropriate policy shall be delivered to the Port Authority. The person certifying to any coverage, policy or other matter hereunder shall be one satisfactory to the Port Authority.

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

(21) The Lessee shall execute and submit for the Port Authority's approval a Construction Application(s) in the form prescribed by the Port Authority covering the construction work. The Lessee shall comply with all the terms and provisions of the approved Construction Application(s). 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.

(22) 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, or the Lessee, its Directors, officers 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.

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

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

(aa) The contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, and shall undertake or continue existing programs of affirmative action to ensure that minority group persons are afforded equal employment opportunity without discrimination. Such programs shall include, but not be

limited to, recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff, termination, rates of pay or other forms of compensation, and selections for training or retraining, including apprenticeships and on-the-job training;

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

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

(dd) The contractor will include the provisions of subparagraphs (aa) through (cc) of this subparagraph 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; and

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

(24) The Lessee shall not use or permit any contractor or subcontractor to use, in the performance of the construction work, any materials, equipment or supplies, or components of the foregoing, which were manufactured, produced or otherwise originated in the Republic of South Africa without the prior written approval of the Executive Director of the Port Authority. At the request of the Port Authority from time to time during the term of the letting hereunder, the Lessee shall supply to the Port Authority written certification of its compliance with the provisions of this subparagraph. In the event of the Lessee's non-compliance with the provisions of this subparagraph, the Lease may be terminated or suspended.

(g) The Lessee may wish to commence performance of portions of the construction work prior to the approval by the Port Authority of its plans and specifications pursuant to paragraph (e) 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 said 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, 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 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, 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 performance of the construction work.

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

(6) In the event that the Lessee shall at any time during the performance of any portion of the construction work under the approval granted by the Port Authority pursuant to this paragraph fail, in the opinion of the General Manager of the Airport, to comply with all of the provisions of this Lease with respect to the construction work, the Construction Application or the approval letter covering the same or be, in the opinion of said General Manager, in breach of any of the provisions of this Lease, the Construction Application or the approval letter covering the same, the Port Authority shall have the right, acting through said General Manager, after providing notice to the Lessee and forty-eight (48) hours to cure the breach or non-conforming work except in a situation involving an emergency or safety in either of which instances no notice or opportunity to cure shall apply, to cause the Lessee to cease all or such part of the construction work as is being performed in violation of this Lease, the Construction Application or the approval letter. Upon such written direction from the General Manager, the Lessee shall promptly cease performance 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 performance 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 (f) hereof does not have any authority to approve any plans and specifications of the Lessee with respect to the construction work, to approve the performance 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 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 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 the Airport has not exercised the Port Authority's right to require the Lessee to cease its performance.

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 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, 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, 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.

(9) No prior approval of any work in connection with the construction work shall create or be deemed to create any obligation on the part of the Port Authority to permit subsequent work to be performed in connection with such construction work prior to the approval by the Port Authority of the Lessee's complete plans and specifications therefor. 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 (e) of this Section. It is further understood that in the event the Lessee elects not to continue to seek further approval letters pursuant to this paragraph, 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 said paragraph (e) hereof.

(h) The Lessee will give the Port Authority three (3) business days' written notice prior to the commencement of construction. The Port Authority may assign a full-time field engineer(s) to the construction work for such periods of time as the Port Authority, in its sole discretion, shall deem desirable from time to time. The Lessee shall pay to the Port Authority for the services of said engineer(s), the sum of Four Hundred Forty Dollars and No cents (\$440.00) for each day that each such engineer is so assigned. Neither the right to make such assignment nor such assignment or the functioning of such engineer shall affect any of the rights of the Port Authority hereunder or any of the provisions of paragraph (k) hereof. The

agreement for such services of said field engineer(s) may be withdrawn by the Lessee at any time on five (5) days' written notice to the Port Authority but shall nevertheless continue during the performance of any construction work subject to partial approvals pursuant to paragraph (g) above.

(i) (1) The construction work shall be performed 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 construction work or the operation, use or maintenance of the premises or equipment thereon by the Lessee and from the operations of the Lessee under this Lease. 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 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) hereof and in addition thereto, the Port Authority hereby reserves the right from time to time and at any time during the term of the Lease to require the Lessee, subsequent to the completion of the construction work, to design and construct at its sole cost and expense such further reasonable structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the objectives as set forth in the first sentence of said subparagraph (1). All locations, the manner, type and method of construction and the size of any of the foregoing shall be determined by the Port Authority. The Lessee shall submit for Port Authority approval its plans and specifications covering the required work and upon receiving such approval shall proceed diligently to construct the same. All other provisions of this Section 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 and upon completion of each portion of such work it shall be and become a part of the construction work. The obligations assumed by the Lessee under this paragraph are a special inducement and consideration to the Port Authority in granting this Lease to the Lessee.

(j) Title to all the construction work shall pass to the Port Authority 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.

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

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

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

Section 3. Term

(a) The term of the letting shall commence on the

date the Lessee's contractor enters upon any portion of the Site for the purpose of performing the construction work or any portion thereof, or March 1, 1989, whichever date first occurs (said date being hereinafter called the "Commencement Date") and, unless sooner terminated, the term of the letting shall expire as to all of the premises on the last day of the month during which the twenty-fifth (25th) anniversary of the Completion Date occurs or on February 28, 2015, whichever date first occurs.

(b) If the Port Authority shall not give possession of the premises on the date set forth in paragraph (a) hereof by reason of the failure or refusal of any occupant thereof to deliver possession thereof to the Port Authority or by reason of any cause or condition beyond the control of the Port Authority, the Port Authority shall not be subject to any liability for the failure to give possession on said date. No such failure to give possession on the date hereinabove specified shall in any wise affect the validity of this Lease 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 (a) hereof. Tender shall be made by notice given at least five (5) days prior to the effective date of the tender.

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

Section 4. Rentals

I. Ground Rental

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

(1) Commencing on the Completion Date, or March 1, 1990, whichever date first occurs (said date being hereinafter called "the Rental Commencement Date"), to the last day of the month preceding the month in which the tenth (10th) anniversary of the Commencement Date occurs, a Ground Rental for the premises at the annual rate of Five Hundred Fifty-two Thousand Four Hundred Thirty-two Dollars and No Cents (\$552,432.00), subject to adjustment as provided in paragraphs (b) and (c) hereof. The aforesaid annual Ground Rental is made up of two factors, one a constant factor in the amount of Two Hundred Forty-eight Thousand Four Dollars and No Cents (\$248,004.00) subject to adjustment as provided in paragraph (b) hereof, and the other a variable factor in the amount of Three Hundred Fourteen Thousand Four Hundred Twenty-eight Dollars and No Cents (\$314,428.00). The

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

(2) For the portion of the term of the Lease from the first day of the month during which the tenth (10th) anniversary of the Commencement Date occurs to the last day of the month during which the twenty-fifth (25th) anniversary of the Completion Date occurs or February 28, 2015, whichever date first occurs, a Ground Rental for the premises at an annual rate consisting of two factors, one a constant factor in an amount equal to either (i) the product obtained by multiplying the then fair airport market rate per acre of land as represented by the ground rental rate then most recently offered by the Port Authority to another occupant of similarly treated space at the Airport under a lease (including any extension and modification thereto) providing for ground rental by the actual acreage constituting the premises (or) (ii) the constant factor of the Ground Rental as then adjusted as provided in paragraph (b) hereof, whichever amount is greater, 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), which shall be the Airport Services Factor in effect on the date of the commencement of the Ground Rental provided for in this subparagraph (2) and shall be subject to further adjustment as provided in paragraph (c) hereof.

(b) The constant factor of the Ground Rental set forth in paragraph (a) above shall be adjusted during the term of the letting in accordance with the provisions of subparagraph (2) of this paragraph.

(1) As used in this subparagraph, "Index" or "CPI" shall mean the Consumer Price Index for All Urban Consumers - New York, N.Y. - Northeastern, New Jersey - Connecticut (All Items, unadjusted 1982 to 1984=100) published by the Bureau of Labor Statistics of the United States Department of Labor.

(2) The Port Authority shall ascertain the CPI for the month of September 1988 and for the month of September in each year thereafter during the term of this Agreement after the same has been published, and the Port Authority shall also determine the annual percentage increase, if any, for each such twelve month period (from September to September) after the same has been published (hereinafter called "the annual CPI percentage increase").

(3) Effective on March 1, 1991 and thereafter on the first day of the month of March in each succeeding year of the term of the letting hereunder, the constant factor of the Ground Rental set forth in paragraph (a) hereof shall be increased as follows: the said constant factor of the Ground Rental shall be multiplied by a percentage composed of the annual CPI percentage increase, if any, initially for the period from September 1988 to September 1989, and for each succeeding year for the period from September to September thereafter, plus 100%; and each such product so obtained shall be and become the constant factor of the Ground Rental in effect for the respective annual period ending on the respective last day of the next following month of February.

(4) In the event the Index to be used in computing any adjustment referred to in this paragraph is not available on the effective date of such adjustment, the Lessee shall continue to pay the constant factor of the Ground Rental at the annual rate then in effect subject to retroactive adjustment at such time as the specified Index becomes available, provided, however, that the Port Authority may at its option substitute for such Index the Index for the latest preceding month then published to constitute the specified Index. In the event the United States Consumer Price Index for all Urban Consumers, - New York, N.Y. - Northeastern, New Jersey - Connecticut (All Items, unadjusted 1982 to 1984=100) shall hereafter be converted to a different standard reference base or otherwise revised or The United States Department of Labor shall cease to publish the United States Consumer Price Index for all Urban Consumers - New York, N.Y. - Northeastern, New Jersey - Connecticut (All Items, unadjusted 1982 to 1984=100), then for the purposes hereof there shall be substituted for the Index such other appropriate index or indices properly reflecting changes in the value of current United States money in a manner similar to that established in the Index used in the latest adjustment as the Port Authority may in its discretion determine.

(6) In no event shall any such constant factor established under this paragraph (b) be less than the constant factor it supersedes.

(7) It is expressly recognized that Exhibit A which shows the Site hereunder is a preliminary exhibit and is so marked, and further that the said Exhibit A is based on a preliminary description of the area shown thereon and does not contain a precise metes and bounds description and gives only a rough approximation of the area of the Site. It is further expressly recognized that the amount of the Ground Rental as set forth in subparagraph (a)(1) hereof has been compiled on the basis of there being 12.4 acres of land constituting the Site. The Port Authority and the Lessee hereby agree that upon the Port Authority's determination of the actual metes and bounds of the

Site, the final version thereof shall be prepared and the amount of the Ground Rental shall be appropriately adjusted and shall be set forth in a Supplemental Agreement to this Lease which shall be prepared by the Port Authority and submitted to the Lessee for execution and shall have attached thereto the final version of Exhibit A which shall be deemed to show the letting of the Site with retroactive effect. The Lessee agrees to execute the said Supplemental Agreement and return same to the Port Authority within ten (10) days of its receipt of same. The Lessee acknowledges that if it elects to commence the construction work prior to the Port Authority's determination of the metes and bounds of the area of the Site shown on the preliminary Exhibit A, the Lessee shall expressly assume the risk that the area of the Site shown on said Exhibit A and upon which the Lessee elects to commence the construction work may not in fact be the same as the area of the Site as finally so determined by the Port Authority.

(c) The Airport Services Factor set forth in subparagraph (1) of paragraph (a) above is the final ~~Airport~~ Airport Services Factor in effect for the calendar year 1987. For the calendar year 1989 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. The constant factor of the Ground Rental shall be subject to adjustment as provided in paragraph (b) hereof.

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

(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 Ground Rental for such calendar years or portions thereof or the Port Authority's obligation to pay a refund in said Ground Rental resulting from the determination of the final Airport Services Factor for such calendar years or portions thereof shall survive such expiration of the Lease and shall remain in full force and effect until such deficiency or refund, if any, is paid. The Lessee hereby acknowledges that neither the survival of the obligation with respect to any such deficiency or refund nor any other provision of this Agreement shall grant or shall be deemed to grant any rights whatsoever to the Lessee to have the term of the Lease extended for any period beyond the expiration date of the Lease as provided in Section 3 hereof. The Lessee further understands that the Airport Services Factor in effect for the calendar year in which the applicable Ground Rental Commencement Date falls as determined in accordance with paragraph (c) hereof shall be the Airport Services Factor paid by the Lessee at the applicable Ground Rental Commencement Date.

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

II. Abatement

(a)(1) In the event the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of Ground Rental, the constant factor of the Ground Rental for each square foot of land the use of which is denied the Lessee shall be reduced for each calendar day or major fraction thereof the abatement remains in effect at the daily rate of \$0.0012579 (it being understood that there shall be no abatement of Ground Rental under the Lease for any portion of the premises or for any portion of the term except as specifically provided in this Agreement).

(2) The aforesaid abatement rate of \$0.0012579 per diem (hereinafter called the "constant factor rate") is based upon the constant factor of the Ground Rental in the amount of Two Hundred Forty-eight Thousand Four Dollars and No Cents (\$248,004.00) per annum and shall be adjusted as hereinafter provided. When the first adjustment to the constant factor of the Ground Rental is made in accordance with subsection I hereof, the aforesaid constant factor rate shall be adjusted in direct proportion to the adjustment made in the constant factor of the Ground Rental, and at the time of each and every subsequent adjustment to the constant factor of the Ground Rental, the Port Authority will adjust the constant factor rate in direct proportion to the adjustment in the applicable constant factor of the Ground Rental. The resultant constant factor rate shall

constitute the constant factor until the next succeeding constant factor rate is calculated.

(b)(1) In addition, the Airport Services Factor of the Ground Rental shall be reduced for each calendar day or major fraction thereof the abatement remains in effect for each square foot of land the use of which is denied the Lessee at the daily rate of \$0.0015948 subject to adjustment as provided herein. No abatement of the Airport Services Factor shall be for other than land area.

(2) The aforesaid abatement rate of \$0.0015948 per diem (hereinafter called "the variable rate") is based upon the variable factor in the amount of Three Hundred Fourteen Thousand Four Hundred Twenty-eight Dollars and No Cents (\$314,428.00) per annum, also called "the Airport Services Factor", and shall be adjusted as hereinafter provided. After the close of calendar year 1988 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 Ground Rentals, such credit to be made within thirty (30) days following the adjustment of the variable rate.

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

expiration date of the Lease as provided in Section 3 hereof.

III. Percentage Rental

(a) The Lessee agrees to pay to the Port Authority a Percentage Rental equal to the amount then charged at the Airport for similar operations, which charge is currently six percent (6%) of the Lessee's gross receipts, as hereinafter defined, arising during each calendar month of the term of the letting hereunder, the computation for each such month or portion thereof not to have any relation to any other month or portion thereof and without any exemption amount being taken into account.

(b) Commencing on the 20th day of the month following that in which the Lessee commences use of any portion of the premises and on the 20th day of each and every month thereafter during the term of the letting hereunder and within twenty (20) days after the expiration or sooner termination of the term of the letting hereunder, the Lessee shall submit a sworn statement of its gross receipts for each preceding month during the term of the letting hereunder, by a person satisfactory to the Port Authority, and pay the Percentage Rental due with respect thereto. Upon request of the Port Authority at any time and from time to time, such statements shall be certified by an independent certified public accountant at the Lessee's expense.

(c) The term "gross receipts" shall include all monies paid or payable to the Lessee for and, if and to the extent full fair market value is not charged or payable, then to the extent of the fair market value of, sales made or services rendered at or from the premises, regardless of when or where the order therefor is received, and, with respect to the preparation and delivery of in-flight meals (as defined in Section 6 hereof), outside the premises, if the order therefor is received at the Airport, and any other revenues of any type derived from the Lessee's operations and activities at the premises, provided, however, that any taxes imposed by law which are separately stated to and paid by the customer and directly payable to the taxing authority by the Lessee, shall be excluded therefrom.

(d) Without limiting in any way the generality of paragraph (c) of this subsection III or any other provision of this Lease, it is expressly acknowledged and agreed that there shall be deemed included in gross receipts any and all amounts paid or payable to the Lessee by any aircraft operator or other party for in-flight meals or portions thereof sold or delivered to an aircraft operator attributable to the Lessee's operations and activities at the premises notwithstanding that such amounts are paid or payable by the Lessee to another party or parties who are not permittees or lessees of the Port Authority on behalf of said aircraft operator or other party, whether in the form of a "pass-through arrangement" or any other arrangement. It is fur-

ther expressly understood and agreed that neither the foregoing nor anything contained in this Lease shall constitute or be deemed to constitute any concession or agreement by the Port Authority that any arrangement between the Lessee and any party involving a "pass-through arrangement" or any other arrangement has been consented to or agreed to by the Port Authority.

(e) Notwithstanding that the Percentage Rental hereunder is measured by a percentage of the Lessee's gross receipts, no partnership relationship between the parties hereto or joint venture is created hereby.

(f) The Lessee shall maintain, in accordance with accepted accounting practice, during the term of this Lease, for one (1) year after the expiration or earlier termination thereof, and for a further period extending until the Lessee shall receive written permission from the Port Authority to do otherwise, records and books of account recording all transactions of the Lessee at, through, or in any wise connected with the operations of the Lessee hereunder at the Airport, which records and books of account shall be kept at all times within the Port of New York District and shall show (i) the basis and all supporting documents for each and every statement required to be furnished hereunder by the Lessee, (ii) the revenues of whatever kind or nature from such operations, (iii) all revenues received by the Lessee from its customers, sublessees, patrons, invitees, and all others using the premises, whether in the form of rental payments or otherwise, and (iv) such other information as the Port Authority may request from time to time. The Lessee shall permit in ordinary business hours during the term of the Lease and for one (1) year thereafter, the examination and audit by the officers, employees, and representatives of the Port Authority of such records and books of account and also any records and books of account of any company which is owned or controlled by the Lessee, or which owns or controls the Lessee if said company performs services similar to those performed by the Lessee anywhere in the Port of New York District.

(g) Notwithstanding the foregoing provisions of this subsection III, it shall not be deemed to be a violation of the Lessee's obligations hereunder and the Lessee shall not be required to pay a Percentage Rental if, and only if and so long as, the Lessee remains and is deemed to remain a part of the Texas Air Group, as hereinafter defined, and produces, renders services, markets, distributes, delivers or makes available at or from the premises and otherwise conducts its activities at the premises in accordance with this Lease solely and exclusively for the Texas Air Group and for no other entity or business. It is expressly understood and agreed that in the event either the Lessee ceases to be or is deemed no longer to be a part of the Texas Air Group or the Texas Air Group shall not be at any time hereafter the sole and exclusive ultimate recipient and user of

such products or services, then, effective from and after the earlier of such events, the obligation to pay the Percentage Rental as to all gross receipts regardless of the source thereof, whether of the Texas Air Group or otherwise, shall come into and be in full force and effect and apply thenceforth for the remainder of the term of the letting hereunder whether or not circumstances change thereafter. It is expressly understood and agreed that nothing in this paragraph shall release, relieve or exempt the Lessee from any of the other obligations on its part to be performed under the Lease, including but not limited to, the maintenance of records and books of account, their inspection and audit and, upon demand of the Port Authority, the submission of statements of gross receipts. The Lessee represents and warrants to the Port Authority that Texas Air Corporation, a corporation of the State of Delaware (hereinafter called "Texas Air"), owns all of the issued and outstanding capital stock of the Lessee. For the purpose of this paragraph and Section 51 hereof, the term "the Texas Air Group" shall be deemed to mean Texas Air and that group of corporations which are scheduled airlines and are under common ownership and control by Texas Air and in which fifty-one percent (51%) or more in voting power of each class of each such corporation's securities having voting rights with respect to any matter is solely and beneficially owned, directly or indirectly, by Texas Air but only while such ownership and control by Texas Air is at or above such percentage level. If at any time hereafter, the Lessee shall cease to be a part of the Texas Air Group, then the Lessee shall no longer be and shall be deemed not to be a part of the Texas Air Group for any purpose under this Lease.

Section 5. Late Charges

If the Lessee should fail to pay any amount required to be paid by the Lessee under this Lease when due to the Port Authority, including without limitation, any payment of annual rental or other rental or any payment of other fees, amounts or charges or if any such amount is found to be due as the result of an audit, then, in such event, the Port Authority may impose (by statement, bill or otherwise) a late charge with respect to each such unpaid amount for each late charge period (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 Lease. Each late charge shall be payable immediately upon demand made at any time therefor by the Port Authority. No acceptance by the Port Authority of payment of any unpaid amount or of any unpaid late charge amount shall be deemed a waiver of the right of the Port Authority of payment of any late charge or late charges payable under the provisions of this Section with respect to such unpaid amount. Each late charge shall be and become additional rent, recoverable by the Port Authority in the same manner and with like remedies as if it were originally a part of the rental as set forth in Section 4 hereof. Nothing in this Section is intended to; or shall be deemed to, affect, alter, modify or diminish in any way (i) any rights of the Port Authority under this Lease, including without limitation, the Port Authority's rights set forth in Section 24 of this Lease or (ii) any obligations of the Lessee under this Lease. In the event that any late charge imposed pursuant to this Section shall exceed a legal maximum applicable to such late charge, then, in such event, each such late charge payable under this Lease shall be payable instead at such legal maximum.

Section 6. Use of the Premises

(a) The Lessee hereby agrees to use and shall use the premises in connection with its business of transportation by aircraft for the following purposes and for activities reasonably required for such purposes and for such purposes and activities only:

(1) With respect to the Kitchen:

For the preparation and packaging of in-flight meals and the storage, preparation and packaging of commissary supplies and other in-flight meal items and accessories in connection with said in-flight meals, the foregoing to be delivered to the Lessee's aircraft at the Airport and to be exclusively for consumption or use aboard the same;

(2) With respect to the Garage:

(i) For the parking and storage of trucks, automobiles and airport ground support equipment used by the Lessee in the performance of its operations permitted hereunder.

(ii) For the routine servicing and maintenance of said trucks, automobiles and equipment.

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

(iv) For the storage of such automotive lubricants and

other liquids as may be approved by the Port Authority.

(3) With respect to the Kitchen and Garage:

For administrative and clerical offices in connection with the Lessee's operations permitted hereunder.

(4) With respect to the outside areas:

(i) For the loading and unloading of automobiles and trucks in the performance of the Lessee's operations permitted hereunder.

(ii) For the parking of trucks, automobiles and airport ground support equipment used by the Lessee in the performance of its operations permitted hereunder.

(iii) For the parking of automobiles of the employees and management personnel of the Lessee.

(5) With respect to all of the premises:

For any other purpose or activity, in addition to those specified in this paragraph, for which the premises are expressly authorized to be used by any other provision of this Lease, if at all.

(b) The parties acknowledge and agree that the term "in-flight meals" as used in the industry and in this Lease is a word of art and includes food, beverages, snacks, non-reusable supplies, materials and dry goods for consumption or use aboard aircraft by passengers and crew, and any services rendered in connection therewith, including without limitation, supply, preparation or assembly.

Section 7. 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 Lessee shall, in accordance with and subject to the provisions of Section 37 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, rule, regulation, requirement, order or direction because of the operations of the Lessee on the premises or its use or occupancy of the premises.

(b) The Lessee shall procure from all governmental authorities having jurisdiction over the operations of the Lessee hereunder all licenses, certificates, permits or other authoriza-

tion which may be necessary for the conduct of such operations. "Governmental authorities", as used in this paragraph, shall not be construed as intending to include The Port Authority of New York and New Jersey, the lessor under this Lease.

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

(d) The Lessee shall comply with the enactments, ordinances, resolutions and regulations of local governmental authority in regard to the construction and maintenance of buildings and structures and in regard to health and fire protection which would be applicable if the Port Authority were a private corporation to the extent that the Port Authority finds it practicable so to do, except in cases where the Port Authority either notifies the Lessee that it need not comply with or directs it not to comply with any such enactments, ordinances, resolutions or regulations. The Lessee shall, for the Port Authority's information, deliver to the Port Authority promptly after receipt of any notice, warning, summons, or other legal process for the enforcement of any such enactment, ordinance, resolution or regulation a true copy of the same. Any direction by the Port Authority to the Lessee not to comply with any such enactment, ordinance, resolution or regulation shall be given only pursuant to a resolution duly adopted by the Board of Commissioners of the Port Authority or by an authorized committee of its Board and if any such direction is given by the Port Authority to the Lessee, the Port Authority to the extent that it may lawfully do so shall indemnify and hold the Lessee harmless from and against all claims, actions, damages, liabilities, fines, penalties, costs and expenses suffered or incurred by the Lessee as a result of non-compliance with such enactment, ordinance, resolution or regulation.

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

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

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(a) The Lessee, its officers, employees, customers, patrons, invitees, contractors, suppliers of material and furnishers of services shall have the right of ingress and egress between the premises and the city streets or public ways outside the Airport by means of such public service roadways as shall exist 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 the restricted service roadway as approximately shown on Exhibit A as the same shall exist as of the Completion Date, 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

Section 9. Rules and Regulations

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

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

Section 10. Obligations in Connection with the Conduct of the Lessee's Business

The Lessee shall:

(a) Use its best efforts in every proper manner to develop and increase the business conducted by it hereunder;

(b) Not divert or cause or allow to be diverted, any business from the Airport.

Section 11. Federal Airport Aid

(a) Without limiting, enlarging or otherwise affecting in any way the provisions of Section 6 hereof, in the event the Lessee shall receive the consent of the Port Authority to provide services to any entity other than an entity specified in said Section then the Lessee shall:

(i) Furnish good and prompt efficient service hereunder, adequate to meet all demands therefor at the Airport that are within its capacity;

(ii) Furnish service on a fair, equal and non-discriminatory basis to all users thereof; and

(iii) Charge fair, reasonable and non-discriminatory prices for each unit of sale or service.

(b) As used above in this Section, "service" shall include the furnishing of materials and supplies (including the sales thereof).

(c) The Port Authority has applied for and received a grant or grants of money from the Administrator of the Federal Aviation Administration pursuant to the Airport and Airways Development Act of 1970, as the same has been and hereafter may be amended and supplemented or superseded by similar federal legislation, and under prior federal statutes which said Act superseded and the Port Authority may in the future apply for and receive further such grants. In connection therewith the Port Authority has undertaken and may in the future undertake certain obligations respecting its operation of the Airport and the activities of its contractors, lessees and permittees thereon. The performance by the Lessee of the covenants and obligations contained in this Lease is therefore a special consideration and inducement to the making of this Lease by the Port Authority, and the Lessee further covenants and agrees that if the Administrator of the Federal Aviation Administration or any other governmental officer or body having jurisdiction over the enforcement of the obligations of the Port Authority in connection with Federal airport aid shall make any orders, recommendations or suggestions respecting the performance by the Lessee of its covenants and obligations under this Lease, the Lessee will promptly comply therewith at the time or times, when and to the extent that the Port Authority may direct.

(d) Nothing in this Section is intended or shall be construed as the consent of the Port Authority or as requiring the Port Authority to give its consent to the performance by the Lessee of any activity under the Lease other than such activity specified in Section 6 hereof.

Section 12. Sales and Services

In connection with the operations authorized by Section 6 hereof the Lessee shall comply with the following:

(1) Its employees shall wear clean uniforms and female employees shall wear caps or nets. The employees shall be clean in their habits and shall thoroughly wash their hands before beginning work and immediately after each visit to the toilet and shall keep them clean during the entire work period. No person known by the Lessee to be affected with any disease in a communicable form or to be a carrier of such disease shall work or be permitted to work for the Lessee.

(2) All food and beverages shall be clean, fresh, pure,

of first-class quality and safe for human consumption.

(3) The premises and all equipment and materials used by the Lessee shall at all times be clean, sanitary, and free from rubbish, refuse, dust, dirt, offensive or unclean material, flies and other insects, rodents and vermin. All apparatus, utensils, devices, machines and piping used by the Lessee shall be constructed so as to facilitate the cleaning and inspection thereof and shall be properly cleaned within eight (8) hours after each period of use with hot water and a suitable soap or detergent and shall be rinsed by flushing with hot water. Where deemed necessary by the Port Authority, final treatment by live steam under pressure or other sterilizing procedure shall be used. All trays, dishes, crockery, glassware, cutlery, and other equipment of such type shall be cleaned and sterilized before using same. Bottles, vessels and other re-usable containers shall be cleaned and sterilized immediately before using the same.

(4) All packing materials, including but not limited to, wrappers, stoppers, caps, enclosures and containers, shall be clean and sterile and shall be so stored as to be protected from dust, dirt, flies, rodents, unsanitary handling and unclean materials.

(5) In addition to its obligations under this Section or elsewhere in this Lease pertaining to garbage removal and storage, the Lessee shall daily remove from the premises by means of facilities provided by it and in a manner approved by the General Manager of the Airport, all garbage, debris and other waste material (whether solid or liquid) arising out of or in connection with its operations hereunder, and any such not immediately removed shall be temporarily stored in suitable garbage and waste receptacles to be provided and maintained by the Lessee, the same to be made of metal or other suitable material equipped with tight-fitting covers or closures and to be of a design safely and properly to contain whatever material may be placed therein. The receptacles shall be kept covered except when filling or emptying the same. The Lessee shall exercise extreme care in removing such garbage, debris and other waste materials from the premises. The manner of such storage and removal shall be subject in all respects to the continual approval of the Port Authority. No facilities of the Port Authority shall be used for such removal unless with its prior consent in writing. No such garbage, debris or other waste materials shall be or be permitted to be thrown, discharged or disposed into or upon any waters at or bounding the Airport.

Section 13. Various Obligations of the Lessee

(a) The Lessee shall conduct its operations

hereunder in an orderly and proper manner, so as not to unreasonably annoy, disturb or be offensive to others at or off the Airport. The Lessee shall take all reasonable measures (1) to eliminate vibrations originating on the premises 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.

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

(d) The Lessee shall control all vehicular traffic on the roadways or other areas within the premises and shall take all precautions reasonably necessary to promote the safety of the persons using such roadways or other areas. 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) From time to time and as often as reasonably required by the Port Authority, the Lessee shall conduct pressure, water-flow, and other appropriate tests of the fire-extinguishing system and apparatus, fire alarm and smoke detector systems and any other fire protection systems which constitute a part of the premises. The Lessee shall keep in proper functioning order all fire-fighting equipment on the premises and the Lessee shall at all times maintain on the premises adequate stocks of fresh, usable chemicals for use in such system and apparatus. The Lessee shall notify the Port Authority prior to conducting such tests. If requested by the Port Authority, the Lessee shall furnish the Port Authority with a copy of written reports of such tests.

(f) 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 Lease (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 Lease 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 Lease. The Port Authority hereby reserves the right from time to time and at any time during the term of the Lease to require the Lessee, and the Lessee agrees, to design and construct at its sole cost and expense such reasonable structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the objectives as set forth in the first sentence of this paragraph. All locations, the manner, type and method of construction and the size of any of the foregoing shall be determined by the Port Authority. The Lessee shall submit for Port Authority approval its plans and specifications covering the required work and upon receiving such approval shall proceed diligently to construct the same. The obligations assumed by the Lessee under this paragraph shall continue throughout the term of this Lease and shall not be limited, affected, impaired or in any manner modified by the fact that the Port Authority shall have approved any Construction Application and supporting plans, specifications and contracts covering construction work and notwithstanding the incorporation therein of the Port Authority's recommendations or requirements and notwithstanding that the Port Authority may have at any time during the term of the Lease consented to or approved any particular procedure or method of operation which the Lessee may have proposed or the Port Authority may have itself prescribed the use of any procedure or method. The agreement of the Lessee to assume the obligations under this paragraph is a special inducement and consideration to the Port Authority in entering into this Lease with the Lessee.

(g) Without in anywise limiting the Lessee's other obligations under this Lease, the Lessee shall supply, replace, install, repair, maintain and keep clean all grease traps in all drainage pipes exclusively used by it in its operations hereunder whether such pipes are located on the premises or elsewhere at the Airport.

(h) The Lessee shall at all times during the term of this Lease on a twenty-four (24) hour basis maintain sufficient qualified personnel at the Airport or on call within thirty (30) minutes, who shall be qualified to perform the maintenance obligations of the Lessee under this Lease and particularly to be able to respond to all emergencies.

(i) The Lessee shall prevent access by persons or vehicles (unless duly authorized by the Port Authority) to the

Public Ramp and Apron Area, Public Passenger Ramp and Apron Area and Public Landing Area from the premises, except for the Lessee's authorized in-flight meal catering vehicles. 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.

Section 14. Prohibited Acts

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

(b) The Lessee shall not create nor permit to be caused or created upon the premises, any obnoxious odors or smokes, or noxious gases or vapors.

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

(d) The Lessee shall not do or permit to be done any act or thing at the Airport upon the premises (1) which will invalidate or conflict with any fire insurance, extended coverage or rental insurance policies covering the premises or any part thereof, or the Airport, or any part thereof, or (2) which, in the opinion of the Port Authority, may constitute an extra-hazardous condition, so as to increase the risks normally attendant upon the operations contemplated by Section 6 hereof. The Lessee shall promptly observe, comply with and execute the provisions of any and all present and future rules and regulations, requirements, orders and directions of the Fire Insurance Rating Organization of New Jersey, or of any other board or organization exercising or which may exercise similar functions, which may pertain or apply to the operations of the Lessee on the premises, and the Lessee shall, subject to and in accordance with the provisions of Section 37 hereof, make any and all structural and non-structural improvements, alterations or repairs of the premises required at any time hereafter by any such present or future rule, regulation, requirement, order or direction. If by reason of any failure on the part of the Lessee to comply with the provisions of this paragraph any fire insurance rate, extended coverage or rental insurance rate on the premises or any part thereof, or on the Airport or any part thereof, shall at any time be higher than it would be if the premises were properly used for the purposes permitted by Section 6 hereof, then the Lessee shall pay to the Port Authority, as an item of additional rental, that part of all insurance premiums

paid by the Port Authority which shall have been charged because of such violation or failure by the Lessee.

(e) The Lessee shall not dispose of nor permit any one to dispose of any waste material (whether liquid or solid) by means of the toilets, manholes, sanitary sewers or storm sewers in the premises or on the Airport 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 in excess of the Lessee's working requirements during the said 24-hour period. Any such liquids having a flash point of less than 100°F. shall be kept and stored in safety containers of a type approved by the Underwriters Laboratories or the Factory Mutual Insurance Association.

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

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

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

Lessee's machines other machines selling similar merchandise or services operated by the Port Authority or by its licensee, permittee or concessionaire, and thereupon the Lessee shall remove its machines.

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

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

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

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

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

(3) Take good care of the premises and maintain the same at all times in good condition; perform all necessary preventive maintenance, including but not limited to, painting (the exterior of the premises and areas visible to the general public to be painted only in colors which have been approved by the Port Authority); 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, maintain and operate such obstruction lights and similar devices on the premises as the Federal Aviation Administration may direct or as the General Manager of the Airport may reasonably direct and shall

energize such lights daily for a period commencing thirty (30) minutes before sunset and ending thirty (30) minutes after sunrise (as sunset and sunrise may vary from day to day throughout the year) and for such other period as may be directed or requested by the Control Tower of the Airport and also 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 7 and 9 of this Lease. The Lessee shall enter into and keep in effect throughout the term of the Lease a contract or contracts with a central station alarm company acceptable to the Port Authority to provide continuous and automatic surveillance of the fire protection system on the premises. The Lessee shall insure that all fire alarm signals with respect to the premises shall also be transmitted to the Airport's police emergency alarm board or to such other location on the Airport as the General Manager of the Airport may direct. The Lessee's obligations hereunder shall in no way create any obligation whatsoever on the part of the Port Authority;

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

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

(7) Refrain from using any cleaning materials having a harmful or corrosive effect on any part of the premises and repair any damage to the pavement or other surface of the premises caused by any oil, gasoline, grease, lubricants or other flammable liquids and substances having a corrosive or detrimental effect thereon.

(b) In the event the Lessee fails to commence so to maintain, clean, repair, replace, rebuild or paint within a period of twenty (20) days after notice from the Port Authority so to do in the event that the said notice specifies that the required work to be accomplished by the Lessee includes maintenance or repair other than preventive maintenance, or within a period of one hundred eighty (180) days if the said notice specifies that the work to be accomplished by the Lessee involves preventive maintenance only, or fails diligently to

the Port Authority.

(c) In the event the premises 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.

(d) 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 prior to the commencement date of the letting hereunder, 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 unqualified provision obligating the insurance company to furnish the Port Authority thirty (30) days' advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate, each such policy or certificate shall have stated thereon the lease number appearing on the first page hereof. Renewal policies or certificates shall be delivered to the Port Authority at least fifteen (15) days before the expiration of the insurance which such policies are to renew.

(e) Regardless, however, of the persons whose interests are insured, the proceeds of all policies covered by this Section shall be applied as provided in Section 17 hereof; and the word "insurance" and all other references to insurance in said Section 17 shall be construed to refer to the insurance which is the subject matter of this Section and to refer to such insurance only.

(f) 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 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 and provide such policy or a certificate with respect to the same to the Port Authority, 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. In all certifications to be delivered under this Section, the person and entity so certifying shall be satisfactory to the Port Authority.

Section 17. Damage to or Destruction of Premises

(a) Removal of Debris. If the premises, or any part thereof, shall be damaged by fire, the elements, the public

enemy or other casualty, the Lessee shall promptly remove all debris resulting from such damage from the premises, and to the extent, if any, that the removal of debris under the circumstances is covered by insurance the proceeds thereof shall be made available to and be used by the Lessee for such purpose.

(b) Minor Damage. If the premises, or any part thereof, shall be damaged by fire, the elements, the public enemy or other casualty but not rendered untenable or unusable for a period of ninety (90) days, the premises 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 that purpose.

(c) Major Damage to or Destruction of the Premises. If the premises, or any part thereof shall be destroyed or so damaged by fire, the elements, the public enemy or other casualty as to be untenable or unusable for ninety (90) days, or if within ninety (90) days after such damage or destruction the Lessee notifies the Port Authority in writing that in its opinion said premises will be untenable or unusable for ninety (90) days then: The Lessee shall proceed with due diligence to make the necessary repairs or replacements to restore such premises in accordance with the plans and specifications for the premises as the same existed prior to such damage or destruction; or with the approval in writing of the Port Authority make such other repairs, replacements or changes as may be desired by the Lessee. If such destruction 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 16 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 Titles 46:8-6 and 46:8-7 of the Revised Statutes of the State of New Jersey nor those of any other similar statute shall extend or apply to this Lease.

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, arising out of any default of the Lessee in the performance or observance of any term or provision of this Lease, or out of the use or occupancy of the premises by the Lessee or by others with its consent or out of any of the acts or omissions of the Lessee, its officers, employees, guests, invitees and business visitors on the premises, or arising out of the acts or omissions of the Lessee, its officers and employees elsewhere at the Airport, including claims and demands of The City of 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 over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority.

(b) In addition to the obligations set forth in paragraph (a) of this Section and all other insurance required under this Lease, the Lessee during the term of this Lease in its own name as insured and including the Port Authority as an additional insured shall maintain and pay the premiums on a policy or policies of Comprehensive General Liability insurance, including premises-operations, products liability, completed operations, liquor liability and covering bodily injury, including death, and property damage liability, the foregoing not to contain care, custody or control exclusions or 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 provided for below, and providing for coverage in the limits per occurrence set forth below as a minimum, and Comprehensive Automobile Liability Insurance covering owned, non-owned and hired vehicles and including automatic coverage for newly acquired vehicles and providing for coverage in the limits per accident set forth below as a minimum. All the aforesaid policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority but such shall

not limit, vary, change or affect the protections afforded the Port Authority thereunder as an additional insured. Said protections shall also pertain and apply with respect to any claim or action against the Port Authority by the Lessee, protecting the Port Authority to the same effect as with respect to any claim or action against the named insured by a third person as if the Port Authority were the named insured thereunder. 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.

Combined Minimum Limit
(bodily injury/death/
property damage)

Comprehensive General Liability	\$10,000,000
Comprehensive Automobile Liability	\$25,000,000

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

(d) As to the insurance required by the provisions of this Section and subparagraph (g)(13) of Section 2 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 fifteen (15) days prior to the commencement date of the letting. Each policy, certificate or binder delivered as aforesaid shall bear the endorsement of or be accompanied by evidence of payment of the premium thereon. In the event a binder is delivered, it shall be replaced within fifteen (15) days by a certified copy of the policy or a certificate. Each such copy or certificate shall contain a valid unqualified provision or endorsement that the policy may not be cancelled, terminated, changed or modified without giving thirty (30) days' written advance notice thereof to the Port Authority. Each such copy or certificate shall contain an additional endorsement providing that the insurance carrier shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority,

its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority. Any renewal policy shall be delivered to the Port Authority at least fifteen (15) days prior to the expiration of each expiring policy, except for any policy expiring after the date of expiration of the term of this Lease. The aforesaid insurance shall be written by a company or companies approved by the Port Authority, the Port Authority agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement and provide such policy or a certificate with respect to the same to the Port Authority, 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. In all certifications to be delivered under this Section, the person and entity so certifying shall be satisfactory 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 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.

Section 20. 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 Lease or as a result of an act or omission of the Lessee contrary to the said conditions, covenants

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

Section 21. 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 Lease, and for the doing of any act or thing which the Port Authority may be obligated or have the right to do under this Lease, or otherwise.

(b) Without limiting the generality of the foregoing, the Port Authority, by its officers, employees, agents, representatives, and contractors, and by the employees, agents, representatives and contractors of any furnisher of utilities and other services, shall have the right, for its own benefit, for the benefit of the Lessee, or for the benefit of others than the Lessee at the Airport, to maintain and improve existing and future sewerage, utility, mechanical, electrical and other systems on the premises, if any, including without limitation those for the supply of heat, water, gas, fuel, electricity, communication services, fire protection services and drainage, including all appurtenances thereto and to enter upon the premises at all reasonable times to make such repairs, replacements, improvements or alterations as may, in the opinion of the Port Authority, be deemed necessary or advisable and, from time to time, to construct or install over, in or under the premises new systems or parts thereof and to maintain the same, and to use the premises for access to other parts of the Airport otherwise not conveniently accessible; provided, however, that in the exercise of such rights of access, repair, alteration or new construction the Port Authority shall not unreasonably interfere with the use and occupancy of the premises by the Lessee.

(c) In the event that any property of the Lessee shall obstruct the access of the Port Authority, its employees, agents or contractors to any of the existing, if at all, 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, improvements, alterations or additions, or shall create any liability for any failure so to do. The Lessee is and shall be in exclusive control and possession of the premises and the Port Authority shall not in any event be liable for any injury or damage to the premises nor to any property of the Lessee or of any other person located in or thereon (other than those occasioned by the affirmative acts of the Port Authority, its employees, agents and representatives).

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

(f) If, during the last month of the letting, the Lessee shall have removed all or substantially all of 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 22. Condemnation

(a) (i) As used in this Section, the phrase "temporary interest", when used with reference to real property, shall mean an interest in such real property entitling the owner of such interest to the possession of such property (whether or not such interest includes or is 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

other things, a fee simple and an interest for a term of years expiring on or after the expiration of this Agreement.

(ii) As used in this Section with reference to the premises, the phrase "a material part" shall mean such a part that the Lessee cannot continue to carry on the operations described in Section 6 hereof without using such part.

(b) (i) If, in the event of an acquisition by condemnation or the exercise of the power of eminent domain by any body having superior power of eminent domain of a permanent interest in all or any part of the premises (any such acquisition under this Section being hereinafter referred to as a "permanent taking"), the permanent taking covers all or a material part of the premises, 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 and any facilities constructed thereon by the Lessee in compliance with Section 2 hereof and this Agreement and the letting hereunder shall terminate and expire on the earlier of (i) the date the Lessee is deprived of physical possession thereof or (ii) the date of such taking; all rentals, fees and payments due under this Agreement shall be apportioned and paid by the Lessee to the date of such termination.

(ii) In the event a permanent taking covers less than all or a material part of the premises, the Port Authority shall purchase and the Lessee shall sell only so much of the premises and facilities as are taken for an amount equal to the unamortized capital investment, as hereinafter defined, if any, of the Lessee in so much of the premises and facilities as are taken and this Agreement and the term of the letting hereunder shall be deemed terminated as to the part so taken as of the earlier of (i) the date the Lessee is deprived of physical possession of such part or (ii) the date of such taking; and with respect to the part not taken, the letting shall continue in full force and effect and the Lessee shall continue to pay all rentals and other sums, charges and fees provided to be paid by the Lessee under this Agreement without any reduction or abatement, provided, however, that, with respect to the part taken, the rental referred to in Section 4 hereof shall be abated as provided in said Section 4.

(iii) 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 hereinafter defined, if any, of the Lessee in the premises or, in the event of a taking of less than all of the premises, an amount equal to the unamortized capital investment, as hereinafter defined, if any, of the Lessee in so much of the premises as are taken. However, the Port Authority shall purchase and the Lessee shall sell as aforesaid only if the amount to be paid by the Port Authority 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 a sum not less than said amount can 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 payment shall be made as of the date upon which such body having superior power of eminent domain obtains possession of any such permanent interest in the demised premises or after receipt of said award by the Port Authority, whichever shall last occur, and, upon such payment, 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.

(iv) If, however, the amount to be paid by the Port Authority (the unamortized capital investment, as hereinafter defined, 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 a sum not less than such amount 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 make such payment to the Lessee 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 hereinafter defined, if any, of the Lessee in the premises.

(v) In the event of the taking of all of the premises and if the Lessee has no unamortized capital investment in the premises at the time of the taking, then the aforesaid agreement to make such payment to the Lessee 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.

(c) If a temporary interest in the premises or in any part thereof shall be taken in condemnation or other eminent domain proceedings (such taking being hereinafter referred to as "a temporary taking") then this Agreement shall nevertheless continue in full force and effect except to the extent the Lessee may be prevented from so doing pursuant to the terms of the order of the condemning power and the Lessee shall continue to pay all rentals and other sums, charges and fees, if any, provided to be paid by the Lessee under this Agreement without any reduction or abatement therein. If such temporary taking is of a part only and the same shall damage any portion of the premises, the Lessee at its cost and expense shall diligently repair any such damage and shall put such portion as nearly as possible in the condition thereof immediately prior to such taking.

(d) (i) Nothing contained herein shall be deemed to affect in any way any claim the Port Authority may have for the value of any portion of the Airport not included within the premises hereunder which may be affected by any taking described in this Section or shall serve to give the Lessee any interest in any such claim.

(ii) Upon a permanent taking of less than all or a material part of the premises, the award paid to the Port Authority shall be made available to the Lessee for the repair or rebuilding of the buildings constructed thereon, and such portion of the award remaining after providing for the repair or rebuilding of the buildings constructed thereon shall be retained by the Port Authority.

(e) (i) "Unamortized capital investment" shall mean, for purposes of this Lease, the amount of the Lessee's investment in the premises (excluding any personal property whatsoever) 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 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 over a period of twenty-five (25) years commencing on the Completion Date.

(ii) 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.

(iii) For purposes of this paragraph (e), the Lessee's investment in the premises shall be equal to the sum of: (1) 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 Facility; and (2) the payments made and expenses incurred by the Lessee, in connection with such construction, for engineering, architectural, professional and consulting services and the supervision of construction, provided, however, that such payments and expenses pursuant to this item (2) shall not exceed fifteen (15%) of the amounts described in item (1) hereof; and (3) the amounts actually paid and costs incurred by the Lessee for premiums on public liability (not including Workers' Compensation and Employers' Liability Insurance) and builder's risk insurance policies in connection with such construction to the extent said insurance is not procured and maintained by the Lessee's contractors; 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 other expenses incurred by the Lessee, which have not previously been reported in certificates delivered to the Port Authority, (b) have attached thereto reproduction copies or duplicate originals of the invoices of such independent contractors and other persons acknowledging the receipt by them of such amounts and payments, and (c) certify that the amounts, payments and expenses therein set forth constitute portions of the Lessee's investment in the premises for the purposes of this Lease.

(f) In the event of a taking hereunder, the Lessee hereby agrees to deliver possession of all or such portion of the premises so taken upon the effective date of such taking in the same condition as that required for the delivery of the premises upon the date originally fixed by this Agreement for the expiration of the term of the letting hereunder. No taking by or conveyance to any governmental authority as described herein shall be or be construed to be an eviction of the Lessee or a breach of this Agreement or be made the basis of any claim by the Lessee against the Port Authority for damages, consequential or otherwise.

Section 23. Assignment and Sublease

(a) The Lessee covenants and agrees that it will not sell, convey, transfer, mortgage, pledge or assign this Lease

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 Lease may be assigned or transferred 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 entity which becomes the tenant under the Lease has a financial standing as of the date of the merger, consolidation, transfer or assignment at least as good as that of the Lessee (by which is meant that its ratio of fixed assets to fixed liabilities and current assets to current liabilities and its net worth shall be at least as favorable as that of the Lessee), but in any such event, such assignment or transfer shall not take effect before the assignee or transferee is actually engaged in the business of scheduled transportation by aircraft and is a Scheduled Aircraft Operator, 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 the prior written consent of the Port Authority, the Lessee assigns, sells, conveys, transfers, mortgages, pledges or sublets in violation of paragraph (a) or (b) of this Section or if the premises are occupied by anybody other than the Lessee, the Port Authority may collect rent from any assignee, sublessee or anyone who claims a right under this Lease or letting or who occupies the premises, and the Port Authority shall apply the net amount collected to the rental herein reserved; but no such collection shall be deemed a waiver by the Port Authority of the covenants contained in paragraphs (a) and (b) of this Section or an acceptance by the Port Authority of any such assignee, sublessee, claimant or occupant, as Lessee, nor a release of the Lessee by the Port Authority from the further performance by the Lessee of the covenants contained herein.

(d) The Lessee 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 6 hereof. Except as provided in this Lease or otherwise permitted in writing by the Port Authority, the Lessee shall not permit the premises to be used or occupied by any person other than its own officers, employees, contractors and representatives.

(e) 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 Lease 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 Lease or any part thereof, or any rights created thereby or the letting hereunder or any part hereof; and such assignee, successor or transferee or other person claiming any right, title or interest in this Lease shall not sell, convey, transfer, mortgage, pledge, sublet or assign this Lease or any part hereof, or any rights created hereby or the letting hereunder or any part thereof without such prior written consent of the Port Authority.

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

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

(3) By, pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer having jurisdiction, a receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of the Lessee, and such possession or control shall continue in effect for a period of sixty (60) days; or

(4) The Lessee shall voluntarily abandon, desert or vacate the premises or discontinue its operations

at the premises or its aircraft operations on the Airport, or after exhausting or abandoning any right of further appeal, the Lessee shall be prevented for a period of sixty (60) days by action of any governmental authority other than the Port Authority having jurisdiction thereof, from conducting its aircraft operations at the Airport or its operations hereunder, regardless of the fault of the Lessee; or

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

(6) Except as expressly provided in Section 23 hereof, the letting hereunder or the interest or estate of the Lessee under this Lease shall be transferred directly by the Lessee or shall pass to or devolve upon, by operation of law or otherwise, any other person, firm or corporation; or

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

(8) Except as expressly provided in Section 23 hereof, the Lessee shall, without the prior written approval of the Port Authority, become a successor or merged corporation in a merger, a constituent corporation in a consolidation, or a corporation in dissolution; or

(9) The Lessee shall fail duly and punctually to pay the rentals or to make any other payment required hereunder for a period of ten (10) days after notice to it from the Port Authority to make such payment; or

(10) The Lessee shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in this Lease 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 greater 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 enumerated in paragraph (a) of this Section shall occur prior to the letting, the Lessee shall not be entitled to enter into possession of the premises and the Port Authority upon the occurrence of any such event or at any time thereafter during the continuance thereof by twenty-four (24) hours' notice may cancel the interest of the Lessee hereunder, such cancellation to be effective upon the date specified in such notice.

(c) No acceptance by the Port Authority of rentals, fees, charges or other payments in whole or in part for any period or periods after a default as to 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 Lease 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 Lease 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 Lease, 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 Lease 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 Lease, and the amount or amounts of damages or deficiency shall become due and payable to the Port Authority to the same extent, at the same time or times and in the same manner as if no termination, cancellation, re-entry, regaining or resumption of possession had taken place. The Port Authority may maintain separate actions each month to recover the damage or deficiency then due or at its option and at any time may sue to recover the full deficiency less the proper discount, for the entire unexpired term.

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

(1) On account of the constant factor of the Lessee's Ground Rental obligation, an amount equal to the product resulting from multiplying the constant factor of the Ground Rental 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 less the amount attributable to the constant factor in the installments of said annual Ground Rentals payable prior to the effective date of termination except that the credit to be allowed for the amount attributable to the constant factor in the installment payable on the first day of the month in which the termination is effective shall be prorated for the part of the month the letting remains in effect, on the basis of the actual number of days in the month; 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 constant factor by a fraction the numerator of which shall be the number of days in such portion of a year and the denominator of which shall be the actual number of days in the year;

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

(3) If and when the Lessee becomes obligated to pay the Percentage Rental and on account thereof, an amount equal to the amount then charged at the Airport for similar operations, which charge is currently six percent (6%) of the gross receipts of the Lessee, which gross receipts would have been received by the Lessee during the balance of the term as if there had been no termination or cancellation (or re-entry, regaining or resumption of possession); and for the purpose of the calculation hereunder (i) the said amount of gross receipts shall be derived by multiplying the number of gross days in the balance of the term originally fixed by the daily average of the Lessee's gross receipts; and (ii) the daily average of the Lessee's gross receipts shall be the Lessee's total actual gross receipts during the twelve (12) months immediately preceding said termination or cancellation (or re-entry, regaining or resumption of possession) during which the premises were open and in operation and in which no abatement was in effect divided by 365; and

(4) An amount equal to all expenses reasonably incurred by the Port Authority in connection with regaining possession and restoring and reletting the premises, for legal expenses, putting the premises in order, including but not limited to, cleaning, decorating and restoring (on failure of the Lessee to restore), maintenance and brokerage fees.

(c) In addition to and without limiting the foregoing, in the event this Lease shall be terminated for any

reason or the letting hereunder shall expire and the Lessee shall not have completed the construction work within the time specified in subparagraph (f)(3) of Section 2 hereof, the Lessee shall and hereby agrees to pay any and all amounts paid or incurred by the Port Authority by reason of the failure of the Lessee so to complete the construction work, including all interest, costs, damages and penalties and the same shall be deemed treated as obligations surviving said termination or expiration.

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 terms and conditions the same as or different from those set forth in this Lease. 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 Lease, 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 surviving obligations hereunder any net amount remaining after deducting from the amount actually received from any lessee, licensee, permittee or other occupier in connection with the use of the said premises or portion thereof during the balance of the letting as the same is originally stated in this Lease, 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 Lease 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.

Section 31. 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 Lease.

Section 32. Effect of Basic Lease

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

Section 33. Removal of Property

All personal property (including trade fixtures) removable without material damage to the premises, which are installed by the Lessee in or on the premises leased to the Lessee pursuant to this Lease, shall be deemed to be and remain the property of the Lessee. Provided the Lessee shall install suitable replacements therefor if such personal property is necessary to operate the premises in accordance with the terms and provisions hereof, such property, at the Lessee's option, may be removed by the Lessee from the premises at any time during the term of this Lease but unless otherwise agreed in writing by the Port Authority shall be removed by the Lessee by the expiration or other termination of this Lease. Any damage to the premises caused by removal of such property by or on behalf of either the Lessee or, upon its failure to do so, by the Port Authority shall be the responsibility of the Lessee. Any such property thereafter remaining on the premises at the election of the Port Authority shall be deemed abandoned by the Lessee. If the Lessee shall fail to remove such property on or before the termination or expiration of this Lease, 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, premises repair, 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, premises repair, storage and sale shall exceed the proceeds of sale, the Lessee shall pay such excess to the Port Authority upon demand.

Section 34. Brokerage

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

Section 35. 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 Lease, 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, and 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, gas or other fuel, light, power, telegraph, telephone, or other communications, steam, transportation or other services and of the State of New Jersey; (iii) permits, licenses, regulations and restrictions, if any, of the United States, the State of New Jersey or other governmental authority.

Section 36. 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 such person or to the party at such address by certified or registered mail. The Lessee shall designate in writing from time to time 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 respective officers upon whom notices and requests may be served, and the Port Authority designates its office at One World Trade Center, New York, New York 10048, and the Lessee designates its office at Suite 1401, 2929 Allen Parkway, Houston, Texas 77210-4607 as their respective offices where notices and requests may be served. If mailed, the notices herein required to be served shall be deemed effective and served as of the date of the certified or registered mailing thereof.

Section 37. Other Construction by the Lessee

Except as expressly provided herein, the Lessee shall not erect any structures, make any improvements or do any other construction work on the premises or alter, modify, or make additions or improvements or repairs to or replacements of any structure now existing or built at any time during the letting, or install any fixture (other than trade fixtures, removable without material damage to the premises, 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.

Section 38. Place of Payments

All payments required of the Lessee by this Lease shall be sent to the following address: The Port Authority of New York and New Jersey, P. O. Box 17309, Newark, New Jersey 07194, or to such other address as may be substituted therefor by the Port Authority by notice to the Lessee from time to time.

Section 39. Construction and Application of Terms

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

(b) The terms, provisions and obligations contained in any exhibit or schedule attached hereto, whether there set out in full or as amendments of, or supplements to,

provisions elsewhere in the Lease stated, shall have the same force and effect as if herein set forth in full.

Section 40. Non-liability of Individuals

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

Section 41. Relationship of the Parties

This Lease does not constitute the Lessee as the agent or representative of the Port Authority for any purpose whatsoever. Neither a partnership nor any joint venture is hereby created.

Section 42. Abatement

If the Port Authority shall, for safety or other reasons, prohibit the use of the Public Landing Area at the Airport or of any substantial part thereof for domestic and foreign scheduled air transport operations for a period covering more than sixty (60) consecutive days and the Lessee shall thereby be prevented from conducting those operations at the premises enumerated in Section 6 hereof, then upon the occurrence of such event, the Lessee at its option shall be entitled to abatement of Ground Rental, if any is then otherwise payable, during such period of prohibition and prevention. In the event that the Lessee shall exercise such option the Lessee shall be deemed to have released and discharged the Port Authority of and from all claims and rights which the Lessee may have hereunder arising out of or consequent upon such closing and the subsequent interrupted use of such Public Landing Area or part thereof during the period of prohibition.

Section 43. Quiet Enjoyment

The Port Authority covenants and agrees that as long as it remains the lessee of the Airport, the Lessee, upon paying all rentals hereunder and performing all the covenants, conditions and provisions of this Lease 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 Lease.

Section 44. Non-Discrimination

(a) Without limiting the generality of any of the

provisions of this Lease, the Lessee, for itself, its successors interests, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land (1) that no person on the grounds of race, creed, color, sex 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 by it, (2) that in the construction of any improvements on, over, or under the premises and furnishing of services thereon by it, no person on the ground of race, creed, color, sex or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended, and any other present or future laws, rules, regulations, orders or directions of the United States of America with respect thereto which from time to time may be applicable to the Lessee's operations at the Airport, whether by reason of agreement between the Port Authority and the United States Government or otherwise.

(b) The Lessee shall include the provisions of paragraph (a) of this Section in every agreement or concession it may make pursuant to which any person or persons, other than the Lessee, operate 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 covenant.

(c) The Lessee's non-compliance with the provisions of this Section shall constitute a material breach of this Lease. In the event of the breach by the Lessee of any of the above non-discrimination provisions the Port Authority may take an 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 Lease and the letting hereunder with the same force and effect as a termination under the Section of this Lease providing for termination for default by the Lessee in the performance or observance of any other term or provision of this Lease, or may pursue such other remedies as may be provided by law; and as to any or all 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 non-compliance 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 non-compliance.

(e) Nothing contained in this Section shall grant or shall be deemed to grant to the Lessee the right to transfer or assign this Lease, 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 45. Affirmative Action

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 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 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 46. The Lessee's Ongoing Affirmative Action
Equal Opportunity Commitment

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

(b) In addition to and without limiting the foregoing, and without limiting the provisions of subparagraph (c)(18) of Section 2 or Schedule I 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 (c) of subpart II of Part I of Schedule I hereof.

(d) The Lessee's non-compliance with the provisions of this Section shall constitute a material breach of this Agreement. In the event of a 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 46 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 47. No Services by the Port Authority

(a) The Lessee understands that it shall be solely responsible, at its sole expense, for bringing all utilities to the premises which are required for the development, construction, occupation and use thereof, including without limit, telephone and other communications, electricity, water, gas, sewerage, and for making and maintaining all necessary connections thereto and arrangements to receive the benefit thereof; that the Port Authority shall not have any obligation or involvement in connection therewith, including the supply of utilities; and that none of the Lessee's obligations under this Lease shall be reduced, suspended, abated or released as a result of any inability of or failure by the Lessee to consummate all necessary arrangements for or to receive or have the benefit of such utilities, whether or not due to the fault of the Lessee, force majeure or otherwise, anything in this Lease to the contrary notwithstanding. The Port Authority shall not be obligated to provide any services whatsoever with respect to the premises nor to police the same or keep the same free from snow, ice or otherwise unobstructed and available for use by the Lessee. Notwithstanding the foregoing, the Port Authority may elect to provide extermination service in the enclosed portions of the premises for which the Lessee agrees to pay its pro rata share of the cost thereof, upon demand. The foregoing does not impose any obligation on the Port Authority to furnish such service.

(b) If any federal, state, municipal or other governmental body, authority or agency or any public utility hereafter assesses, levies, imposes, makes or thereafter increases any charge, fee or rent on the Port Authority for any service, system or utility now or in the future supplied to or available to the premises or to any occupants or users thereof (including but not limited to any sewer rent or charge for the use of sewer systems and regardless of whether the Port Authority is responsible for the same), the Lessee shall, at the option of the Port Authority exercised at any time and from time to time by notice to the Lessee, pay, in accordance with said notice, such charge, fee or rent or increase thereof (or the portion thereof allocated by the Port Authority to the premises or the Lessee's operations hereunder) to the Port Authority.

Section 48. Condition of Premises

The Lessee hereby acknowledges that it has not relied upon any representation or statement of the Port Authority or its Commissioners, officers, employees or agents as to the condition of the premises. The Lessee, prior to the execution of this Lease, has thoroughly examined the premises and determined

them to be suitable for its development and ultimately the Lessee's operations hereunder and the Lessee hereby agrees to take the premises in the condition they are in as of the commencement of the term of the letting hereunder. Without limiting any obligation of the Lessee to commence operations hereunder at the time and in the manner stated elsewhere in this Lease, the Lessee agrees that no portion of the premises will be used initially or at any time during the letting which is in a condition unsafe or improper for the conduct of the Lessee's operations hereunder so that there is possibility of injury or damage to life or property. It is hereby understood and agreed that whenever reference is made in this Lease to the condition of the premises as of the commencement of the term thereof, the same shall be deemed to mean the condition of the premises as of the date of this Lease, and as to the improvements made and the alteration work performed during the term of this Lease in the condition existing after the completion of the same.

Section 49. Lessee's Right to Have Another Operate Premises

The Lessee represents and warrants that Texas Air is the sole owner of all of the outstanding capital stock of Chelsea Catering Company, a Delaware corporation (hereinafter called "Chelsea"). Only during such period as Chelsea continues to be solely beneficially owned, directly or indirectly, by Texas Air and the Lessee continues to be and is deemed under this Lease to be a part of the Texas Air Group, the Lessee may have Chelsea, on behalf of the Lessee, operate, and conduct such operations on or from, the premises as permitted by the Lease subject to all of the conditions, limitations and restrictions and while assuming all of the obligations with respect to the premises or the use thereof or any operations thereon applicable to the Lessee under the Lease. Further, during the foregoing period only, Chelsea may provide the services comprehended under the purposes and activities set forth in Section 6 hereof for any entity(ies) then part of the Texas Air Group notwithstanding such limitation or restriction as to the identity of the aircraft owner or operator as contained in said Section 6, but otherwise such services by Chelsea shall be in accordance with and subject to this Lease. Immediately prior to such time as Chelsea ceases to be solely beneficially owned, directly or indirectly, by Texas Air or the Lessee is no longer or is no longer deemed a part of the Texas Air Group as provided in paragraph (g) of subsection 4 III hereof, the Lessee shall give written notice to the Port Authority of such event and cause Chelsea to cease such operation of, and all operations on or from, the premises. Neither the foregoing, nor any dealing that the Port Authority may have with Chelsea shall release, diminish or otherwise affect the obligations and primary responsibility of the Lessee under the Lease to any degree or in any manner whatsoever or constitute any waiver of any right or discretion the Port Authority may have under the Lease as to the Lessee. The Lessee shall remain fully

obligated hereunder with respect to and liable for the acts and omissions of Chelsea, and the Lessee's indemnification and other commitments under the Lease shall continue to apply as if such actions and omissions were those of the Lessee itself and Chelsea shall not by reason of this Section or by virtue of any course of dealings whatsoever which it may have with the Port Authority, if at all, acquire, possess or have any right or interest in this Lease or in the premises or elsewhere on or with respect to the Airport. Prior to Chelsea commencing to operate, or to conduct any operations on or from, the premises, the Lessee shall cause Chelsea to duly execute and deliver to the Port Authority, by Chelsea's appropriate corporate officer, an instrument, in the form attached hereto as Exhibit B and hereby made a part of this Lease, acknowledging and agreeing to the foregoing insofar as the same affects Chelsea.

Section 50. Definitions

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

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

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

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

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

(e) "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, including but

not limited to, electrical, plumbing, sprinkler fire protection and fire alarm, heating, steam, sewage, drainage, refrigeration, communications, gas and other systems, and their pipes, wires, mains, lines, tubes, conduits, equipment and fixtures, and all paving, drains, culverts, ditches and catch-basins.

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

(g) "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 Lease; 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.

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

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

(j) "Scheduled Aircraft Operator" shall mean a Civil Aircraft Operator engaged in transportation by aircraft operated wholly or in part on regular flights to and from the Airport in accordance with published schedules; but so long as the Federal Aviation Act of 1958, or any similar federal statute providing for the issuance of Foreign Air Carrier Permits or Certificates of Public Convenience and Necessity or substantially similar permits, certificates or other authority 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, certificate or other authority.

(k) "Civil Aircraft Operator" shall mean a person engaged in civil transportation by aircraft or otherwise operating aircraft for civil 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

such person engages in the operation of aircraft for civilian purposes.

Section 51. 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 business at the Airport by reason of its inability to use a substantial part or all of the runways and taxiways, which are part of the public aircraft facilities of the Airport:

(i) for a period of longer than thirty (30) consecutive days, resulting from any condition of the Airport not due to the act or 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 longer than ninety (90) consecutive days, resulting from any order, rule or regulation of the Federal Aviation Administration, or other governmental agency having jurisdiction over the operations of the 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 hereunder 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 its 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 Lease and in addition to any rights and remedies that the Lessee would have at law or in equity consequent upon any breach of this Lease 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 52. Force Majeure

(a) Neither the Port Authority nor the Lessee shall be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, shortages of material, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, tides, riots, rebellion, sabotage or any other circumstances for which it is not responsible and which are not within its control; provided, however, that this provision shall not apply to failures by the Lessee to pay the rentals specified in Section 4 or other charges specified in this Agreement, and shall not apply to any other charges or money payments; and, provided, further, that this provision shall not prevent either party from exercising its rights of termination under Sections 24 and 51 and under any other Section of this Agreement, and shall not prevent the Lessee from exercising its rights to an abatement of rental under Section 4 hereof.

(b) No abatement, diminution or reduction of the rental or other charges payable by the Lessee, shall be claimed or allowed to the Lessee for any inconvenience, interruption, cessation or loss of business or other loss caused, directly or indirectly, by any present or future laws, rules, requirements, orders, directions, ordinances or regulations of the United States of America, or of any state, county or city governments, or of any other municipal, governmental, or lawful authority whatsoever other than the Port Authority, 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 53. Lessee's Irrevocable Waiver with Respect to Depreciation and Investment Tax Credit

(a) Attached hereto as Exhibit C is a form of election pursuant to Section 103(N) of the Internal Revenue Code of 1954, as amended. The Lessee acknowledges that said form of election has been delivered to the Lessee by the Port Authority. Upon the execution of this Lease by the Lessee and its delivery to the Port Authority, the Lessee shall execute the said form and deliver one fully executed original thereof to the Port Authority with its delivery of this Lease and keep the remaining executed copy thereof with its records for the entire term of this Lease.

(b) The Lessee hereby irrevocably elects not to claim for purposes of Federal, State or local taxation of income any depreciation 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 this Lease, and as a condition of any permitted sale or assignment of Lessee's interest under this Lease, any successor in interest shall furnish an irrevocable election in the form of the immediate 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 this Lease.

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

⁵³ Section ~~54~~. Entire Agreement

⁵³ This Lease consists of the following: Sections 1 through ~~54~~, inclusive, Exhibits A, B ~~and C~~ and Schedules A and I.

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

Handwritten initials and marks:
JP
JLW
JLW
JLW

NFK-1

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 Lease.

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

ATTEST:

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

Charles M. ...
ASSISTANT Secretary

By *[Signature]*
(Title) ASSISTANT DIRECTOR OF AVIATION
(Seal)

ATTEST:

CONTINENTAL AIRLINES, INC.

Robert M. ...
Asst. Secretary

By *Sam ...*
(Title) SE VICE President
(Corporate Seal)

APPROVED:
FORM | TERMS
[Handwritten initials] | *[Handwritten initials]*

CSL-61273; Ack. N.J.; Corp. & Corp.

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

On this _____ day of _____, 1989, 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 *Texas*)
) ss. *Houston*
COUNTY OF *Harris*)

On this *2nd* day of *March*, 1989, before me, the subscriber, a *Notary Public of Texas*, personally appeared *Sam E. Ashmore* the *S.V.M.* 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.

Selen E. Bagot

(notarial seal and stamp)

~~STATE OF _____)
) ss.
COUNTY OF _____)~~

~~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)~~

SCHEDULE A

The Lessee shall pay the Ground Rental at the rate stated in paragraph (a) of Section 4 of the Agreement to which this Schedule is attached (which Agreement is hereinafter sometimes called "the Lease") until the said rate is adjusted as hereinafter provided. After the close of calendar year 1988 and after the close of each calendar year thereafter, the Port Authority will adjust the Airport Services Factor specified in paragraph (a) of Section 4 of the Lease, upwards or downwards, as follows:

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

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

II. The Port Authority shall also determine during the calendar year for which the adjustment is being made the

percentage of total developed land area at the Airport occupied by the Lessee's premises.

III. The Port Authority will multiply the Airport Services Factor as stated in paragraph (a) of Section 4 of the Lease 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 1988 adjustment, it is hereby agreed said denominator shall be \$20,446,990.00); 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 1988 adjustment, it is hereby agreed said denominator shall be 0.00789%).

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

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

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

VII. Any deficiency in the rentals and fees due to the Port Authority from the Lessee for any calendar year resulting from the adjustment of the Airport Services Factor of the rentals

shall be paid to the Port Authority by the Lessee within thirty (30) days after demand therefor and any excess payments made by the Lessee determined on the basis of an adjusted Airport Services Factor shall be credited against future rentals, such credit to be made within thirty (30) days following the adjustment of the Airport Services Factor.

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

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

changed from time to time (exclusive, however, of land situated to the north and west of United States Routes 1-9) which is revenue-producing, including but not limited to all land under lease or permit, land actually developed for a specific use and all land specifically designated as part of the Public Aircraft Facilities.

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

A. Construction costs

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

B. Engineering Services

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

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

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

E. Liquidated overhead in lieu of the Port Authority's administration and overhead costs in the amount of

ten percent (10%) of the sum of all other elements of cost included in Port Authority investment (including Financial Expense, 'F', below).

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

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

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



For the Port Authority

Initialed:



For the Lessee

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

CONSENT TO OPERATION

Port Authority Lease - No. ANA-370
(made as of February 1, 1989)
Port Authority Facility - Newark
International Airport

THIS AGREEMENT, made as of _____, 19____, by and among
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called
"the Port Authority") and CONTINENTAL AIRLINES, INC. (hereinafter
called "the Lessee"), and CHELSEA CATERING COMPANY, a corporation
of the State of Delaware (hereinafter called "Chelsea"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee are parties
to a lease identified above by Port Authority Lease Number
covering premises at the above-mentioned Port Authority Facility
(which lease, as the same may have been and may hereafter be
supplemented, amended and extended, is hereinafter called "the
Lease"); and

WHEREAS, all of the capital stock of Chelsea is owned
solely by Texas Air Corporation, a Delaware corporation
(hereinafter called "the Parent Company"), a company which is
part of the Texas Air Group (as defined in the Lease); and

WHEREAS, the Lessee has requested the consent of the
Port Authority to the proposed operation by Chelsea on and from
the premises of the Lessee's flight kitchen for the preparation
of in-flight meals (as defined in the Lease), such operation, and
the operation of said premises by Chelsea in connection
therewith, (hereinafter collectively called "the Operation") to
be conducted strictly in accordance with, subject to and limited
and restricted by the Lease;

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

1. On the terms and conditions hereinafter set forth,
the Port Authority consents to the Operation.

2. The Operation shall cease and terminate, without notice to Chelsea or the Lessee, on the earliest to occur of (i) the day preceding the date of expiration or earlier termination of the Lease, (ii) the date on which Chelsea ceases to be either solely beneficially owned, directly or indirectly, by the Parent Company or a part of the Texas Air Group as provided in Section 49 of the Lease or (iii) such date as the Lessee and Chelsea may agree upon (hereinafter called "the Cessation Date"). Chelsea shall quit the premises and remove its property and property for which it is responsible therefrom on or before the Cessation Date.

3. If the Lessee shall at any time be in default under the Lease, Chelsea shall on demand of the Port Authority pay directly to the Port Authority any rental, fee or other amount due to the Lessee. No such payment shall relieve the Lessee from any obligation under the Lease or under this Consent, but all such payments shall be credited against the obligations of the Lessee or of Chelsea as the Port Authority may determine for each payment or part thereof.

4. Chelsea acknowledges that it has received and reviewed a complete copy of the Lease as fully executed by the parties thereto and is familiar with all of the contents thereof. Chelsea further acknowledges and agrees that it shall not acquire, possess or have any right or interest in the Lease or in the premises or elsewhere on or with respect to the Airport under or by reason of this Consent or any course of dealings whatsoever which it may have with the Port Authority.

5. In any case of difference between the provisions of the Lease and those hereof the Lease shall be the controlling instrument, it being the intention of the Port Authority merely to permit the exercise of the Lessee's rights by Chelsea and not to enlarge or otherwise change the rights granted by the Lease. All of the terms, provisions, covenants and conditions of the Lease shall be and remain in full force and effect.

6. The Operation shall be subject to all of the terms, conditions and provisions of the Lease and Chelsea agrees to assume, observe, be bound by and comply with all the terms, provisions, covenants and conditions of the Lease as if it were the Lessee under the Lease with respect to the period to which this Consent applies.

7. Notwithstanding anything to the contrary in this Consent, Chelsea may provide the services comprehended under Section 6 of the Lease for any entity(ies) then part of the Texas Air Group as provided in Section 49 of the Lease.

8. Without in any wise affecting the obligations of the Lessee under the Lease and under this Consent, Chelsea 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 Chelsea shall be deemed to be acts and omissions of the Lessee under the Lease and the Lessee shall also be severally responsible therefor, including but not limited to, the obligations of indemnification, repair and replacement.

9. The granting of consent hereunder by the Port Authority shall not be, or be deemed to operate as, a waiver of the rights of the Port Authority, or as a consent to any like or other use or occupancy or to any subleasing of the premises (by the Lessee or by Chelsea), or a consent to any assignment of the Lease or any right thereunder or of any right or privilege of Chelsea hereunder. No arrangement between the Lessee and Chelsea shall have any legal effect, insofar as the same may have any affect upon the Lease, the premises or the Port Authority, unless the same is duly consented to in writing in advance thereof by the Port Authority.

10. Reference herein to Chelsea shall mean and include Chelsea, its officers, agents, employees, and, without derogation of this Consent, others on the premises or the Facility with the consent of Chelsea.

11. No Commissioner, Director, officer, agent or employee of any party hereto shall be charged personally by or held personally liable to any other party under any term or provision of this Consent or because of its execution or

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attempted execution or because of any breach or alleged or attempted breach hereof or otherwise.

IN WITNESS WHEREOF, the Port Authority, the Lessee and Chelsea have executed these presents.

ATTEST:

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

Secretary

By _____
(Title) _____
(Seal) _____

ATTEST:

CONTINENTAL AIRLINES, INC.
Lessee

Robert A. Baker
Ass't Secretary

By Sam: Cozman
(Title) SR VICE President
(Corporate Seal)

ATTEST:

CHELSEA CATERING COMPANY
By [Signature]
(Title) VICE President
(Corporate Seal)

Carmen M. Damico
Ass't Secretary

[Signature]
For the Port Authority

Initialed:

SEA
For the Lessee

SCHEDULE I

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

PART I. Affirmative Action Guidelines - Equal
Employment Opportunity

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

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

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

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

- | | |
|-----------------------------|------|
| (1) Minority participation: | 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

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

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

(c) As used in these specifications:

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

(2) "Minority" includes:

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

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

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

(iv) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).

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

(e) The Contractor shall implement the specific affirmative action standards provided in subparagraphs (1) through (16)

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of Paragraph (h) hereof. The goals set forth above are expressed as percentages of the total hours of employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each construction trade in which it has employees in the premises. The Contractor is expected to make substantially uniform progress toward its goals in each craft during the period specified.

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

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

(h) The Contractor shall take specific affirmative actions to ensure equal employment opportunity ("EEO").

The evaluation of the Contractor's compliance with these provisions shall be based upon its good faith efforts to achieve maximum results from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:

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

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

(3) Maintain a current file of the names, addresses and telephone numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was

taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by the union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefor, along with whatever additional actions the Contractor may have taken.

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

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

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

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

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

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

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

(11) Tests and other 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 noncompliance.

(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,

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construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status (e.g. mechanical apprentice, trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and location at which the work was performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, contractors shall not be required to maintain separate records.

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

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

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

As a matter of policy the Port Authority requires the Lessee and the Lessee shall itself and shall require the general contractor or other construction supervisor and each of the Lessee's contractors to use every good faith effort to provide for meaningful participation by Minority Business Enterprises (MBEs) and Women-owned Business Enterprises (WBEs) in the construction work pursuant to the provisions of this Schedule I. For purposes hereof, Minority Business Enterprise (MBE) shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by citizens or permanent resident aliens who are minorities and such ownership is real, substantial and continuing. For the purposes hereof, Women-owned Business Enterprise (WBE) shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by women and such ownership is real, substantial and continuing. A minority shall be as defined in paragraph II(c) of Part I of this Schedule I. "Meaningful participation" shall mean that at least twelve percent (12%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of Minority Business Enterprises and that at least two percent (2%) of the total dollar value of the construction contracts (including subcontracts) are for the participation of Women-owned Business Enterprises. Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following.

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

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

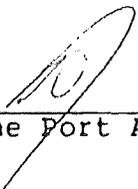
(c) Making plans and specifications for prospective construction work available to MBEs and WBEs in sufficient time for review.

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

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

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

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



For the Port Authority

Initialed:



For the Lessee

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

CONSENT TO OPERATION

Port Authority Lease - No. ANA-370
(made as of February 1, 1989)
Port Authority Facility - Newark
International Airport

THIS AGREEMENT, made as of February 23, 1990, by and
among THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter
called "the Port Authority") and CONTINENTAL AIRLINES, INC.
(hereinafter called "the Lessee"), and CHELSEA CATERING COMPANY,
a corporation of the State of Delaware (hereinafter called
"Chelsea"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee are parties
to a lease identified above by Port Authority Lease Number
covering premises at the above-mentioned Port Authority Facility
(which lease, as the same may have been and may hereafter be
supplemented, amended and extended, is hereinafter called "the
Lease"); and

WHEREAS, all of the capital stock of Chelsea is owned
solely by Texas Air Corporation, a Delaware corporation
(hereinafter called "the Parent Company"), a company which is
part of the Texas Air Group (as defined in the Lease); and

WHEREAS, the Lessee has requested the consent of the
Port Authority to the proposed operation by Chelsea on and from
the premises of the Lessee's flight kitchen for the preparation
of in-flight meals (as defined in the Lease), such operation, and
the operation of said premises by Chelsea in connection
therewith, (hereinafter collectively called "the Operation") to
be conducted strictly in accordance with, subject to and limited
and restricted by the Lease;

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

1. On the terms and conditions hereinafter set forth,
the Port Authority consents to the Operation.

2. The Operation shall cease and terminate, without
notice to Chelsea or the Lessee, on the earliest to occur of (i)
the day preceding the date of expiration or earlier termination

responsible therefor, including but not limited to, the obligations of indemnification, repair and replacement.

9. The granting of consent hereunder by the Port Authority shall not be, or be deemed to operate as, a waiver of the rights of the Port Authority, or as a consent to any like or other use or occupancy or to any subleasing of the premises (by the Lessee or by Chelsea), or a consent to any assignment of the Lease or any right thereunder or of any right or privilege of Chelsea hereunder. No arrangement between the Lessee and Chelsea shall have any legal effect, insofar as the same may have any affect upon the Lease, the premises or the Port Authority, unless the same is duly consented to in writing in advance thereof by the Port Authority.

10. Reference herein to Chelsea shall mean and include Chelsea, its officers, agents, employees, and, without derogation of this Consent, others on the premises or the Facility with the consent of Chelsea.

11. No Commissioner, Director, officer, agent or employee of any party hereto shall be charged personally by or held personally liable to any other party under any term or provision of this Consent or because of its execution or attempted execution or because of any breach or alleged or attempted breach hereof or otherwise.

IN WITNESS WHEREOF, the Port Authority, the Lessee and Chelsea have executed these presents.

ATTEST:

[Signature]
SECRETARY

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY
By *[Signature]*
(Title) ASSISTANT DIRECTOR OF AVIATION
(Seal)

ATTEST:

[Signature]
Ass't Secretary

CONTINENTAL AIRLINES, INC.
Lessee
By *[Signature]*
(Title) GARY H. LANTNER
VICE PRESIDENT - PROPERTIES & PURCHASING
(Corporate Seal)

ATTEST:

[Signature]
Ass't Secretary

CHELSEA CATERING COMPANY
By *[Signature]*
(Title) Vice President
(Corporate Seal)

APPROVED:	
FORM	TERMS
<i>[Signature]</i>	<i>[Signature]</i>

CSL-61273; Ack. N.J.; Corp. & Corp.

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

On this 14 day of June, 1990, before me, the subscriber, a notary public of New York, personally appeared Ferdinand P. FitzGerald the ASSISTANT DIRECTOR OF AVIATION of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation made by virtue of the authority of its Board of Commissioners.

Jacqueline White
(notarial seal and stamp)

JACQUELINE WHITE
Notary Public, State of New York
No. 4737769
Qualified in Suffolk County
Commission Expires May 31, 1991

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

On this 22ND day of MARCH, 1990, before me, the subscriber, a NOTARY PUBLIC OF TEXAS, personally appeared GARY H. LANTNER the VICE President of Continental Airlines, Inc. PROPERTIES & PURCHASING 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.

Jan Stella
(notarial seal and stamp)

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

On this 17th day of April, 1990, before me, the subscriber, a NOTARY PUBLIC OF TEXAS, personally appeared JAMES B. GLENNON the VICE President of Chelsea Catering Company FINANCE 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.

June James
(notarial seal and stamp)



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

Port Authority Lease No. ANA-370
Supplement No. 1
Port Authority Facility: Newark
International Airport

THIS AGREEMENT, made as of February 21, 1990 by and
between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(hereinafter referred to as "the Port Authority") and CONTINENTAL
AIRLINES, INC. (hereinafter referred to as "the Lessee");

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee, as of March
1, 1989, entered into an agreement of lease (which agreement of
lease, as the same may have been heretofore supplemented or
amended, is hereinafter called "the Lease"), covering certain
premises, rights and privileges at and in respect to Newark
International Airport (hereinafter called "the Airport") as
therein set forth; and

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

NOW, THEREFORE, for and in consideration of the
covenants and mutual agreements herein contained, the Port
Authority and the Lessee hereby agree, effective as of February
21, 1990, as follows:

1. It is hereby agreed that the drawing attached
hereto, hereby made a part hereof and marked "Exhibit A" shall be
substituted for Exhibit A attached to the Lease.

2. It is hereby agreed that the Completion Date, as
defined in subparagraph (k) (2) of Section 2 of the Lease and for
all purposes under the Lease, shall be deemed to be February 21,
1990.

3. Subparagraph (a) (1) of subsection 4 I of the Lease shall be deemed amended to read as follows:

"(1) Commencing on the Completion Date, or March 1, 1990, whichever date first occurs (said date being hereinafter called 'the Rental Commencement Date'), to the last day of the month preceding the month in which the tenth (10th) anniversary of the Commencement Date occurs, a Ground Rental for the premises at the annual rate of Five Hundred Seventy-nine Thousand Three Hundred Sixty Dollars and No Cents (\$579,360.00), subject to adjustment as provided in paragraphs (b) and (c) hereof. The aforesaid annual Ground Rental is made up of two factors, one a constant factor in the amount of Two Hundred Forty-three Thousand Nine Hundred Sixty Dollars and No Cents (\$243,960.00) subject to adjustment as provided in paragraph (b) hereof, and the other a variable factor in the amount of Three Hundred Thirty-five Thousand Four Hundred Dollars and No Cents (\$335,400.00). The variable factor aforesaid represents the Airport Services portion of the annual Ground Rental, and such variable factor of the annual Ground Rental is hereinafter referred to as the 'Airport Services Factor' and is subject to adjustment as provided in paragraph (c) hereof."

4. The date "1987" set forth in the third line of paragraph (c) of subsection 4 I of the Lease shall be deemed amended to read "1988."

5. The figure "\$0.0015948" wherever found in paragraph (b) of subsection 4 II of the Lease shall be deemed amended to read "\$0.0017294."

6. 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.

7. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the 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.

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

9. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or this Supplemental Agreement.

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

Dated: as of February 21, 1990

ATTEST:

V. DeBartolomei
Secretary

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

By *Gerald R. Lyterall*
(Title) ASSISTANT DIRECTOR OF AVIATION
(Seal)

ATTEST:

Robert P. ...
Asst Secretary

CONTINENTAL AIRLINES, INC.

By *Sam ...*
(Title) SR Vice President
(Corporate Seal)

APPROVED:	
FORM	TERMS
<i>[Signature]</i>	<i>[Signature]</i>

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

On this 18 day of June, 1990, before me, the subscriber, a notary public of New York, personally appeared Derald P. Fitz Gerald 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)

STATE OF Texas }
COUNTY OF Harris } ss. Houston

JACQUELINE WHITE
Notary Public, State of New York
No. 4737769
Qualified in Suffolk County
Commission Expires May 31, 1991

On this 25th day of May, 1990, before me, the subscriber, a notary public, personally appeared Sam E. Ashmore the General 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 E. Bagot
(notarial seal and stamp)

STATE OF _____ }
COUNTY OF _____ } ss.

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

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

(notarial seal and stamp)

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

Port Authority Lease No. ANA-370
Supplement No. 2
Port Authority Facility: Newark
International Airport

THIS AGREEMENT, dated as of July 20, 1995 by and between
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter referred
to as "the Port Authority") and CONTINENTAL AIRLINES, INC.
(hereinafter referred to as "the Lessee");

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee, as of March
1, 1989, entered into an agreement of lease (which agreement of
lease, as the same may have been heretofore supplemented or
amended, is hereinafter called "the Lease"), covering certain
premises, rights and privileges at and in respect to Newark
International Airport (hereinafter called "the Airport") as therein
set forth; and

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

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

1. Effective as of February 21, 1990, subparagraph (a)
(1) of subsection 4 I of the Lease, as amended by Paragraph 3 of
Supplement No. 1 of the Lease, shall be deemed further amended to
read as follows:

"(1) Commencing on the Completion Date, or
March 1, 1990, whichever date first occurs (said date being
hereinafter called 'the Rental Commencement Date'), to the last
day of the month preceding the month in which the tenth (10th)

anniversary of the Commencement Date occurs, a Ground Rental for the premises at the annual rate of Five Hundred Eighty-one Thousand Eight Hundred Eleven Dollars and No Cents (\$581,811.00), subject to adjustment as provided in paragraphs (b) and (c) hereof. The aforesaid annual Ground Rental is made up of two factors, one a constant factor in the amount of Two Hundred Forty-three Thousand Nine Hundred Sixty Dollars and No Cents (\$243,960.00) subject to adjustment as provided in paragraph (b) hereof, and the other a variable factor in the amount of Three Hundred Thirty-seven Thousand Eight Hundred Fifty-one Dollars and No Cents (\$337,851.00). The variable factor aforesaid represents the Airport Services portion of the annual Ground Rental, and such variable factor of the annual Ground Rental is hereinafter referred to as the 'Airport Services Factor' and is subject to adjustment as provided in paragraph (c) hereof."

2. Effective as of February 21, 1990, the percentage "0.00789" set forth in the last line of Paragraph III of Schedule A attached to the Lease shall be deemed amended to read "0.00762."

3. Effective as of January 1, 1993, subparagraph (a) (1) of subsection 4 I of the Lease, as heretofore amended, shall be deemed further amended to read as follows:

"(1) Commencing on January 1, 1993 to and including the expiration date of the Lease, a Ground Rental for the premises at the annual rate of Seven Hundred Twenty-three Thousand Eight Hundred Twenty Dollars and No Cents (\$723,820.00), subject to adjustment as provided in paragraphs (b) and (c) hereof. The aforesaid annual Ground Rental is made up of two factors, one a constant factor in the amount of Two Hundred Forty-three Thousand Nine Hundred Sixty Dollars and No Cents (\$243,960.00) subject to adjustment as provided in paragraph (b) hereof, and the other a variable factor in the amount of Four Hundred Seventy-nine Thousand Eight Hundred Sixty Dollars and No Cents (\$479,860.00). The variable factor aforesaid represents the Airport Services portion of the annual Ground Rental, and such variable factor of the annual Ground Rental is hereinafter referred to as the 'Airport Services Factor' and is subject to adjustment as provided in paragraph (c) hereof."

4. Effective as of January 1, 1993, the third and fourth lines of paragraph (c) of subsection 4 I of the Lease shall be deemed amended to read as follows:

"Services Factor in effect for the calendar year 1993.
For the calendar year 1994 and for each and every
calendar year there-."

11. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or this Supplemental Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents.

ATTEST:

Karen Eastman
Secretary

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

By [Signature]
(Title) FRANCIS A. DIMOLA
(Seal) ASSISTANT DIRECTOR
AVIATION DEPT

ATTEST:

[Signature]
Asst. Secretary
Scott R. Peterson
Assistant Secretary

CONTINENTAL AIRLINES, INC.

By [Signature]
Holder Shannon
Vice President
(Title) Corporate Real Estate
& Environmental Affairs
(Corporate Seal)

APPROVED:	
FORM	TERMS
<u>[Signature]</u>	<u>[Signature]</u>

[Signature]
6/27/02

- 4 -

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

On this 16th day of July 2002
1995 before me, the subscriber, a notary public of New
York, personally appeared FRANCIS A. DIMOLA the Assistant Director, Aviation Dept.

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

[Signature]
(notarial seal and name)

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-370
Supplement No. 3
Port Authority Facility: Newark
International Airport

THIS AGREEMENT, made as of September 10, 1997, by and
between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (herein-
after referred to as "the Port Authority") and CONTINENTAL
AIRLINES, INC. (hereinafter referred to as "the Lessee");

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee, as of March
1, 1989, entered into an agreement of lease (which agreement of
lease, as the same may have been heretofore supplemented or
amended, is hereinafter called "the Lease"), covering certain
premises, rights and privileges at and in respect to Newark
International Airport (hereinafter called "the Airport") as
therein set forth; and

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

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

1. There shall be added to the Lease immediately
after Section 4 thereof the following as "Section 4a.":

"Section 4a. Phase 1A Roadway Work

(a) The parties hereby acknowledge that the Port
Authority is performing a certain landside access construction
project at the Airport consisting generally of the following
portions: a) the construction of certain roadway improvements at

the Airport's principal roadway entrance; b) the construction of an inbound ramp connecting the I-78 Connector to Brewster Road and a corresponding ramp to facilitate outbound movements of traffic; c) the construction of roads to connect Monorail Stations 'D2' and 'E' to adjacent Airport roads, and drop-off/pick-up facilities at said Stations; d) an expansion of the Central Terminal Area Complex recirculation road; and e) other roadway improvements related thereto; all of the foregoing portions being hereinafter collectively called the 'Phase 1A Roadway Work.'

(b) (1) For purposes of this Lease, the term 'Phase 1A Costs' shall mean the total costs in connection with all portions of the Phase 1A Roadway Work, which shall be the total of the following costs as such costs are incurred in the performance of each portion of the Phase 1A Roadway Work.

A. Construction Costs:

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

B. Engineering Services:

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

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

D. Liquidated overhead in lieu of the Port Authority's administration and overhead costs in the amount of ten percent (10%) of the sum of all other elements of cost included in the Port Authority's net total cost (including Financial Expenses in 'E' below).

E. Financial Expenses on the foregoing computed in accordance with Port Authority accounting practice.

Authority up to and including the day immediately preceding the said Phase 1A Commencement Date, each such portion being hereinafter referred to as the 'Phase 1A Investment.'

(ii) The Port Authority shall deduct from the first and each subsequent Phase 1A Investment determined in subparagraph (i) above the amount of PFC Funds available to be applied to the Phase 1A Costs until the amount of available PFC Funds is exhausted, the remainder and each such portion thereafter being hereinafter referred to as the 'Net Phase 1A Investment.'

(iii) The Port Authority shall estimate an amount (each such amount being hereinafter referred to as the 'Annual Phase 1A Capital Cost') equal to even monthly payments derived by multiplying the applicable Net Phase 1A Investment by a monthly multiplier derived in accordance herewith from time to time by the application of the following formula:

$$\frac{1}{\frac{i}{1+i} - \frac{1}{(1+i)^t}} = \text{Monthly Multiplier}$$

Where i equals the Phase 1A Factor (as estimated by the Port Authority) divided by twelve.

Where t (a power) equals 300.

(iv) The Port Authority shall determine the Total Developed Land Square Feet on the Airport, as defined in Schedule A of the Lease for the calendar year immediately preceding the applicable Phase 1A Commencement Date and shall convert the same to Total Acres and shall divide the applicable Annual Phase 1A Capital Cost by said Total Acres, the quotient thereof being hereinafter referred to as the 'Phase 1A Charge Per Acre.'

(v) The Port Authority shall multiply the total developed land area at the Airport by 0.0730%, or the percentage then in effect, which percentage constitutes the portion of said total occupied by the Lessee, the product thereof being hereinafter referred to as the 'Lessee's Terminal Acreage.'

Where i equals the Phase 1A Factor (as determined by the Port Authority) divided by twelve.

Where t (a power) equals 300.

(iii) The Port Authority shall determine the final Phase 1A Charge Per Acre in the manner set forth in item (iv) of subparagraph (c)(1) hereof.

(iv) The Port Authority shall determine the final Lessee's Terminal Acreage in the manner set forth in item (v) of subparagraph (c)(1) hereof.

(v) The Port Authority shall determine the final Phase 1A Charge in the manner set forth in item (vi) of subparagraph (c)(1) hereof.

(4) At the time the Port Authority advises the Lessee of the final Airport Services Factor for the calendar year for which the said determination is being made, the Port Authority shall also advise the Lessee of the final Phase 1A Charge, which shall be the amount due and payable by the Lessee to the Port Authority for each calendar month during the calendar year for which the said determination is being made and for each and every month thereafter during the remainder of the Phase 1A Charge Period. The Lessee shall pay the said Phase 1A Charge at the time it pays the tentative Airport Services Factor for the calendar month following the month during which the said Phase 1A Charge is calculated and shall continue to make payments based on the said Phase 1A Charge at the time it pays each Airport Services Factor during the remainder of the Phase 1A Charge Period.

(5) In the event that the Port Authority shall determine that it expended in the cost of any portion of the Phase 1A Roadway Work amounts as set forth in subparagraph (b)(1) hereof which total more or which total less than the applicable Phase 1A Costs in effect on the day immediately preceding the applicable Phase 1A Charge Commencement Date up to the time of such determination or at any time after the determination of any final Phase 1A Charge then, (x) if more was expended, upon demand of the Port Authority, the Lessee shall pay to the Port Authority an amount equal to the difference between the amounts expended by the Port Authority as so determined by the Port Authority and, (y) if less was expended, the Port Authority shall credit to the Lessee an amount equal to the difference between the amounts expended by the Port Authority as so determined by the Port Authority and, in each case, the aforesaid Phase 1A Costs or such final Phase 1A Charge, as the

case may be, in effect on the day immediately preceding the applicable Phase 1A Charge Commencement Date or the day immediately preceding the end of the calendar year for which such final Phase 1A Charge is calculated, and, effective from and after such date of such payment or credit, the applicable Phase 1A Costs for purposes of subparagraph (c) hereof shall be increased or decreased, as the case may be, by the amount of such payment or credit and the applicable Phase 1A Charge payable by the Lessee adjusted appropriately hereunder.

(6) Any deficiency in the amounts due to the Port Authority from the Lessee for any calendar year resulting from the adjustment of any Phase 1A Charge shall be paid to the Port Authority by the Lessee within thirty (30) days after demand therefor and any excess payments made by the Lessee determined on the basis of an adjusted Phase 1A Charge shall be credited against future rentals, such credit to be made within thirty (30) days following the adjustment of the applicable Phase 1A Charge, as the case may be."

2. Schedule A attached to the Lease shall be deemed amended by adding immediately after Paragraph VIII thereof the following as Paragraph IX:

"IX. The Port Authority and the Lessee hereby agree that the Phase 1A Costs, as defined in Section 4a. of the Lease, shall not be included in any calculation under this Schedule A. All costs for construction, repair, maintenance, modification and operation of the Phase 1A Roadways not included in the Phase 1A Costs shall be included hereunder."

3. Each party represents and warrants to the other party that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. Each party shall indemnify and save harmless the other party of and from any and all claims for 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.

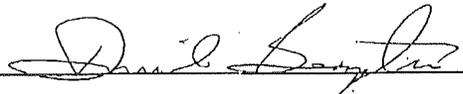
4. No Commissioner, director, officer, agent or employee of either party shall be charged personally with any liability or held liable by or to the other party under any term or provision of this Supplemental Agreement, or because of its execution or attempted execution or because of any breach thereof.

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 and sealed these presents.

ATTEST:



Secretary

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

BY 

ASSISTANT

(Title) _____

(Seal)

ATTEST:



ASSISTANT Secretary

CONTINENTAL AIRLINES, INC.

By 

Holden Shannon
Vice President

(Title) ~~Corporate Real Estate~~ President
& Environmental Affairs (Corporate Seal)

APPROVED:
FORM | TERMS
 | 

FORM XLD - Ack., N.J. 51380

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

On this 16th day of April, 1999, before me, the subscriber, a notary public of New York, personally appeared Linda R. Moses the Assistant Director 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.

Karen E. Eastman

(notarial seal and stamp)

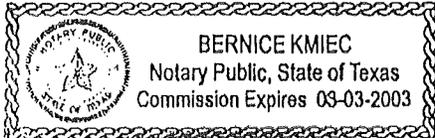
KAREN E. EASTMAN
Notary Public, State of New York
No. 01EA4766314
Qualified in New York County
Commission Expires Feb. 28, 2001

STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 8 day of March, 1999, before me, the subscriber, a notary public of Texas, personally appeared Robert Shannon the Vice President of **CONTINENTAL AIRLINES, INC.**, who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

Bernice Kmiec

(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 BY AN AUTHORIZED
REPRESENTATIVE OF THE PORT AUTHORITY

Newark Liberty International Airport
Port Authority Lease No. ANA-370
Supplement No. 5

FIFTH SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made as of the 1st day of June, 2006, by and between THE
PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called the "Port
Authority") and CONTINENTAL AIRLINES, INC. (hereinafter called the "Lessee");

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee as of March 1, 1989 entered into
an agreement of lease bearing Port Authority Lease Number ANA-370 covering certain premises,
rights and privileges at and in respect to Newark Liberty International Airport (hereinafter called
the "Airport") as therein set forth said agreement of lease as heretofore supplemented and
amended is hereinafter called the "Lease"); and

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

NOW, THEREFORE, for and in consideration of the covenants and agreements
herein contained, the Port Authority and the Lessee hereby agree, effective as of June 1, 2006, as
follows:

1. The words and number "six percent (6%)" located in the third and fourth lines of paragraph
(a) of Subdivision III of Section 4 of the Lease shall be deemed deleted and the words and number "eight
percent (8%)" shall be deemed substituted in lieu thereof.
2. Except as hereby amended, all of the terms, covenants, provisions, conditions and
agreements of the Lease shall be and remain in full force and effect.
3. Each party represents and warrants that no broker has been concerned in the negotiation of
this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a
commission in connection therewith. Each party shall indemnify and save harmless the other party of and
from all claims for commission or brokerage made by any and all persons, firms or corporations
whatsoever for services provided to or on behalf of the indemnifying party in connection with the
negotiation and execution of this Supplemental Agreement.

4. No Commissioner, director, officer, agent or employee of either party to this Supplemental Agreement, shall be charged personally or held contractually liable by or to the other party under any term or provision of this Supplemental Agreement, or because of its or their execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Supplemental Agreement shall be binding upon the Port Authority unless expressed in writing herein.

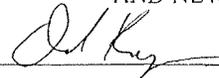
5. This Supplemental Agreement, together with the Lease which it amends constitutes the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or this Supplemental Agreement.

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

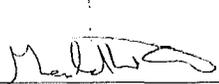
ATTEST:


Secretary

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

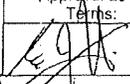
By: 
David Kagan
Assistant Director
(Title) Business Properties & Airport Development
(Seal)

ATTEST:


Secretary

CONTINENTAL AIRLINES, INC.

By: 
Print Name **Holden Shannon**
Senior Vice President
Global Real Estate
and Security President
(Title) (Corporate Seal)

Port Authority Use Only:	
Approval as to Terms:	Approval as to Form:
	

11/15/07 LCU/dmi

For The Port Authority of NY & NJ

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

On the 16TH day of JANUARY in the year 2006, before me, the undersigned, a Notary Public in and for said state, personally appeared DAVID KAGAN, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(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.

Gail E. Mitchell
(notarial seal and stamp)

GAIL E. MITCHELL
NOTARY PUBLIC STATE OF NEW YORK
NO. 01M16026210
QUALIFIED IN QUEENS COUNTY
COMMISSION EXPIRES JUNE 14, 2007

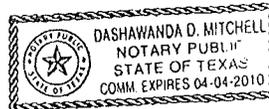
For Continental Airlines, Inc.

STATE OF *Texas*)
) ss.
COUNTY OF *Harris*)

On this 19th day of *December*, 2006, before me, the subscriber, a notary public of *said state*, personally appeared *Holden Shannon*

the *Senior Vice President* of Continental Airlines, Inc., signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of the Board of Directors.

Dashawanda D. Mitchell
(notarial seal and stamp)



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

SUPPLEMENTAL AGREEMENT TO CONSENT
TO OPERATION

Port Authority Lease No. ANA-370
(said Lease being dated as of
February 1, 1989)
Port Authority Facility - Newark
International Airport

THIS AGREEMENT, dated as of December 10, 1998, by and among THE PORT
AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority")
and CONTINENTAL AIRLINES, INC. (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee have heretofore entered into an
agreement of lease identified above by Port Authority Lease Number and by date and covering
premises at the above-mentioned Port Authority Facility (which agreement of lease, as the same
has been supplemented and amended, is hereinafter called "the Lease"); and

WHEREAS, the Lessee heretofore entered into a certain Consent to Operation
with the Port Authority and Chelsea Catering Corporation (which Corporation, formerly known
as Chelsea Catering Company, as of April 27, 1993, merged into and is now a division of the
Lessee, is no longer a party to said Consent to Operation, and is hereinafter referred to as
"Chelsea") dated as of February 23, 1990 pursuant to which Chelsea operates the Lessee's flight
kitchen on the premises and the premises under the Lease (hereinafter, as the same may have
been heretofore amended and supplemented, being hereinafter called "the Consent Agreement");
and

WHEREAS, the Lessee desires to amend the Consent Agreement subject to the
consent of the Port Authority and the execution of this Supplemental Agreement to Consent to
Operation;

NOW, THEREFORE, for and in consideration of the covenants and mutual agreements herein contained, the Port Authority, the Lessee and the Airline hereby agree, effective as of October 1, 1998 unless otherwise stated, as follows:

1. Effective as of April 27, 1993, the parties acknowledge that the Texas Air Corporation and the entities constituting the Texas Air Group were merged into the Lessee and are no longer a part of the Consent Agreement, and agree that the second "WHEREAS" clause on page 1 and item "(ii)" of Paragraph 2 of the Consent Agreement shall be deemed deleted, and agree that the name "Chelsea Catering Company" as it appears in the Consent Agreement shall be deemed, as of February 23, 1990, to read "Chelsea Catering Corporation" and the term "Chelsea" where it appears in the Consent Agreement and as it is used in this Supplement shall mean the division within the Lessee performing the operations under the Consent Agreement on behalf of the Lessee.

2. Effective as of October 1, 1998, the last two (2) lines of Paragraph 7 of the Consent Agreement shall be amended to read as follows:

"Section 6 of the Lease for the Lessee and Continental Express, Inc. without payment of the required fee and for other domestic and international airlines and airport tenants operating at the Airport with the payment of the required fee on its gross receipts in accordance with the terms of the Lease."

3. Notwithstanding any term or provision of the Consent Agreement or this Supplement to the contrary, the Consent Agreement and this Supplement shall be deemed revoked, without notice to the Lessee, on the day preceding the date of expiration or earlier termination of the Lease or on such earlier date as the Lessee may agree upon.

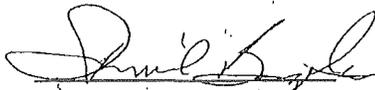
4. It is hereby understood and agreed that all of the terms and provisions of the Consent Agreement shall apply to this Supplement with the same force and effect as though each and every such term and provision were set forth herein in full.

5. No Commissioner, director, officer, agent or employee of either party shall be charged personally with any liability or held personally liable by or to the other party under any

term or provision of this Supplement or because of its execution or because of any breach or alleged breach thereof.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents.

ATTEST:


Secretary

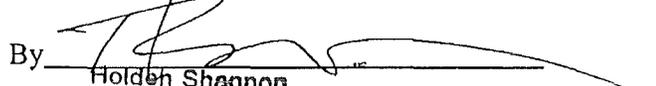
THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

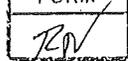
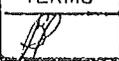
By 
ASSISTANT
DIRECTOR
(Title) _____
(Seal)

ATTEST:


ASSISTANT Secretary

CONTINENTAL AIRLINES, INC. (Lessee)

By 
Holden Shannon
Vice President
(Title) Corporate Real Estate & Environmental Affairs President
(Corporate Seal)

APPROVED:
FORM | TERMS
 | 

FORM XLD - Ack., N.J. 51380

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

On this 16th day of April, 1999, before me, the subscriber, a notary public of New York, personally appeared Israel Moses the Vice President 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.

Karen E. Eastman

(notarial seal and stamp)

KAREN E. EASTMAN
Notary Public, State of New York
No. 01EA4766314
Qualified in New York County
Commission Expires Feb. 28, 2001

STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 8th day of March, 1999, before me, the subscriber, a notary public of Texas, personally appeared Holder Shannon the Vice President of **CONTINENTAL AIRLINES, INC.**, who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

Bernice Kmiec

(notarial seal and stamp)

