

EXHIBITS

H - I

PRELIMINARY

**2010 Budget
Schedules**

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(Including its wholly owned entities)

2010 BUDGET

C O N T E N T S

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SUMMARY OF 2010 BUDGET

(In Millions)

SOURCES:	2010 Budget	2009 Budget	Variance	% Change
Gross Operating Revenues	\$3,639	\$3,715	(\$76)	-2.0%
Bonds, Notes and Other	1,859	1,830	29	1.6%
Financial Income	65	81	(16)	-20.0%
Grants and Contributions, Insurance, Third Party Recoveries and Miscellaneous Revenues	567	864	(297)	-34.3%
Allocated Passenger Facility Charges	213	216	(3)	-1.4%
Total Sources	\$6,343	\$6,706	(\$363)	-5.4%

Significant Highlights/Challenges:

- ⇒ The economic crisis has negatively impacted our core businesses resulting in lower activity levels and an expected decrease in our gross operating revenues of 2% from the 2009 Budget.
- ⇒ Bonds, Notes and Other are expected to increase by 1.6% due to a decline in operating income to fund capital programs.
- ⇒ Financial income is expected to be lower by 20% mainly due to lower interest rates on investments.
- ⇒ Grants and contributions, insurance, third party recoveries and miscellaneous revenues are expected to be lower by 34.3% mainly due to lower available funds related to the 1WTC/WTC Retail insurance proceeds.

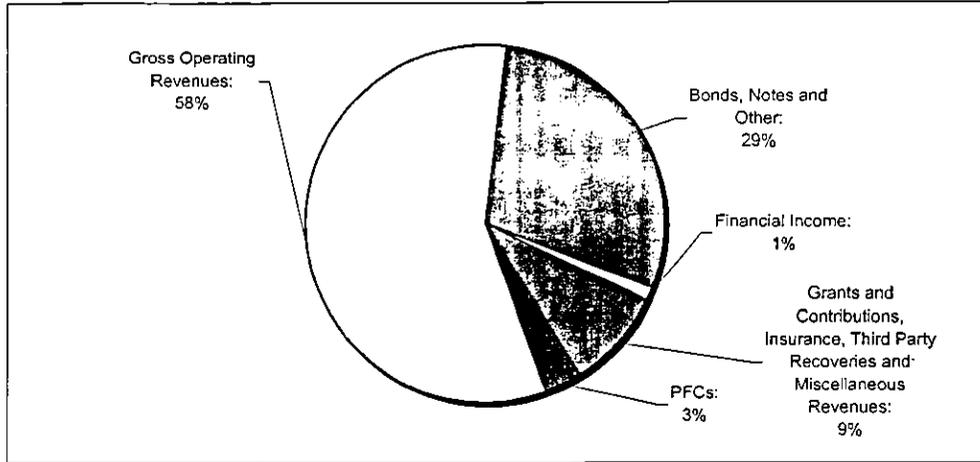
USES:	2010 Budget	2009 Budget	Variance	% Change
Expenses	\$2,483	\$2,489	\$ (6)	-0.2%
Debt Service	689	825	(136)	-16.5%
Deferred & Other Expenses	44	87	(43)	-49.4%
Gross Capital Expenditures	3,127	3,305	(178)	-5.4%
Total Uses	\$6,343	\$6,706	(\$363)	-5.4%

Significant Highlights/Challenges:

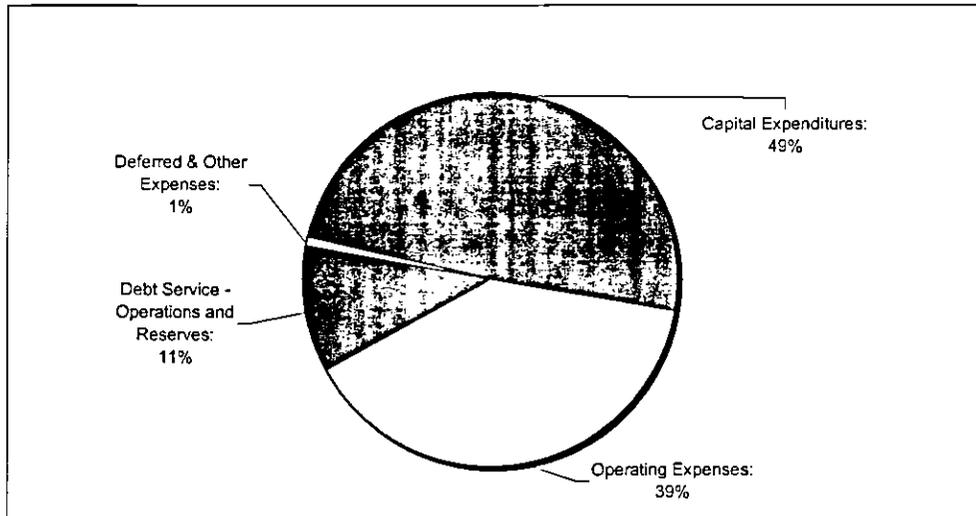
- ⇒ The proposed decrease in the operating budget reflects aggressive cost containment efforts. Through these efforts, the agency's operating spending budget has been relatively flat for several years with increases of 0% in 2009, 0.9% in 2008 and 1.1% in 2007.
- ⇒ Authorized position levels in the 2010 Budget have decreased by 150 positions to a total of 6,977. This staffing level is the lowest level in 40 years and was achieved by efficiencies and strategic redeployment.
- ⇒ Consultant provisions are lower by \$15 million, reflecting prioritization of development studies and enhanced utilization of existing technology resources.
- ⇒ Overtime is expected to be lower by \$24 million due to efficiencies and implementation of management control strategies.
- ⇒ Committing \$770 million to provide safe and secure facilities, which include hardening our facilities infrastructure and installing state-of-the-art surveillance and detection equipment.
- ⇒ Agency provides \$21 million toward its on-going commitment to reducing greenhouse gas emissions, environmental protection and energy conservation including Port's Clean Air Program (Truck Replacement and Ocean Going Vessel Fuel Incentive Programs).
- ⇒ Capital spending for 2010 totals \$3.1 billion for: major capital investment in the World Trade Center site (\$1.6B); the ARC Tunnel project in partnership with New Jersey Transit (\$504M); the Flight Delay Reduction program (\$180M) which includes replacing the Bay runway at JFK; modernizing the PATH system with new railcars and signal system (\$175M); Cross Harbor Rail Freight rehabilitation (\$57M); continuing the Dredging Program at our Ports (\$70M); completing a permanent ferry terminal in Hoboken (\$17M); rehabilitation of the Holland Tunnel ventilation system (\$15M); planning for the modernization of the Central Terminal Building at LaGuardia and Terminal A at Newark Liberty International (\$21M); Stewart International Airport Modernization; and continued planning efforts for the new Goethals Bridge (\$9M).

Summary of Sources and Uses - 2010 Budget

Sources: \$6.343 Billion



Uses: \$6.343 Billion



THE PORT AUTHORITY OF NEW YORK & NEW JERSEY

(Including its wholly owned entities)

2010 BUDGET

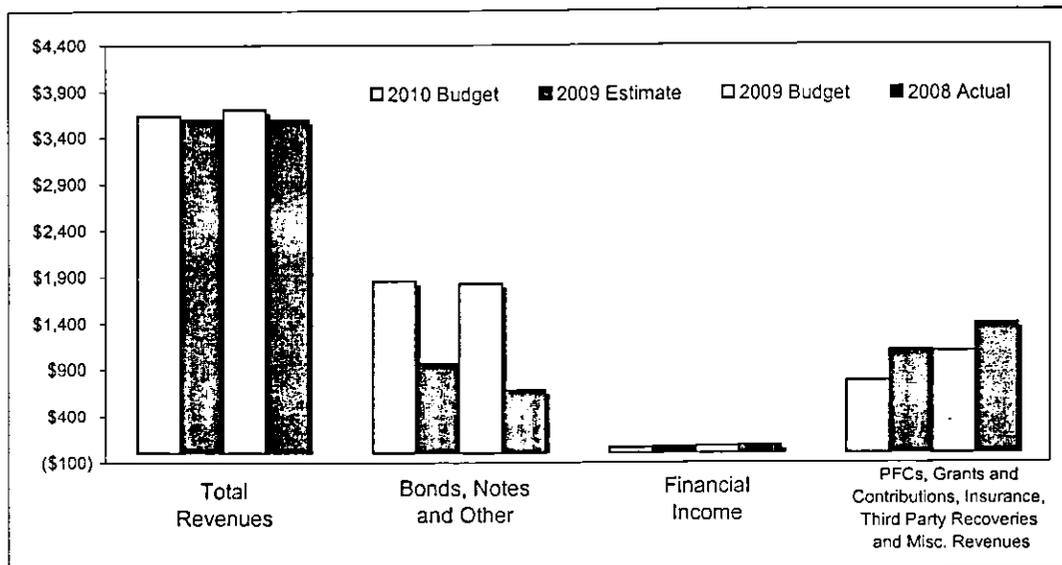
(In Thousands)

Item	Total Expenditures	Personal Services	Materials & Services
Audit	\$13,256	\$10,824	\$2,432
Aviation	717,912	152,153	565,759
Chief Administrative Officer	1,068	933	135
Chief, Capital Planning	2,302	1,792	510
Chief Financial Officer	3,003	749	2,254
Chief Operating Officer	3,656	1,621	2,035
Capital Security Projects	20,683	5,019	15,664
Project Management Office	11,588	2,016	9,572
Chief of Public & Government Affairs	489	455	34
Chief, Real Estate & Development	2,363	1,977	386
Comptroller's	13,437	12,978	459
Engineering	273,632	96,842	176,790
Capital Construction Contracts	508,722	-	508,722
Executive Offices	2,826	2,512	314
Ferry Program	18,923	-	18,923
Government & Community Affairs	4,097	1,931	2,166
Human Resources	15,074	10,161	4,913
Medical Services	4,630	2,456	2,174
Inspector General	20,288	6,052	14,236
Labor Relations	2,248	1,643	605
Law	53,427	21,740	31,687
Management and Budget	7,797	6,605	1,192
Marketing	13,482	4,379	9,103
Media Relations	1,924	1,251	673
Office of Business and Job Opportunity	3,736	2,346	1,390
Office of Emergency Management	8,317	3,544	4,773
Office of Environmental & Energy Programs	7,400	2,394	5,006
Office of Financial Analysis	1,521	1,156	365
Office of the Secretary	4,401	2,737	1,664
Office of Strategic Initiatives	1,599	1,204	395
Operations Services	69,558	62,705	6,853 ⁽¹⁾
Operations Standards	1,757	1,326	431
Planning	5,400	3,261	2,139
Port Commerce	202,715	26,677	176,038
Procurement	16,234	13,205	3,029 ⁽¹⁾
Public Safety	374,979	342,400	32,579
Rail Transit	346,530	165,867	180,663
Real Estate & WTC Redevelopment	357,566	12,341	345,225 ⁽¹⁾
Technology Services	62,293	17,909	44,384 ⁽¹⁾
Corporate Enterprise Systems	24,091	-	24,091
Treasury	30,528	6,439	24,089
Tunnels, Bridges & Terminals	228,608	124,087	104,521
WTC Construction	1,219,168	24,955	1,194,213
Other:			
Access to the Region's Core (ARC Tunnel)	502,627	4,421	498,206
Amounts in Connection with Operating Asset Obligations	33,731	-	33,731
Bi-state Dredging Program	4,300	-	4,300
Debt Service - Operations	688,674	-	688,674
Debt Service - Capital	173,745	-	173,745
Insurance	180,002	-	180,002
Municipal Rents and Amounts in Lieu of Taxes	226,334	-	226,334
Port Authority Insurance Captive Entity, LLC	510	-	510
Provision for Efficiency and Phasing	(290,274)	-	(290,274)
Regional Programs - Operating	21,250	-	21,250
Regional Programs - Capital	49,922	-	49,922
Special Project Bonds Debt Service	68,484	-	68,484
Total Port Authority Budget	\$6,342,533	\$1,165,063	\$5,177,470

(1) Net after charges to other departments.

Sources

SOURCES
(In Millions)

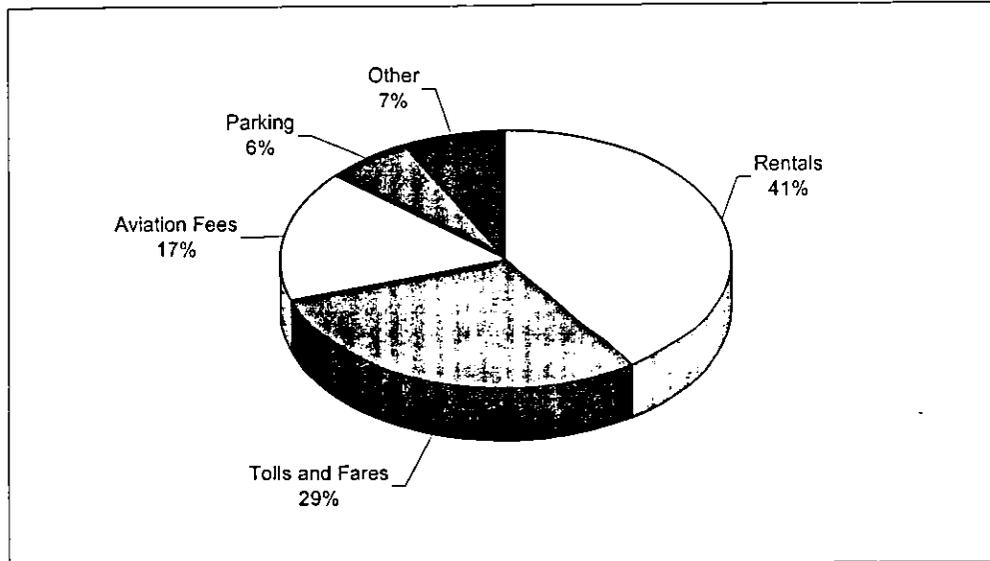


	2010 Budget	2009 Estimate	2009 Budget	2008 Actual
Revenues:				
Gross Operating Revenues:				
Rentals	\$1,473	\$1,449	\$1,507	\$1,468
Tolls and Fares	1,073	1,071	1,087	1,055
Aviation Fees	601	582	600	592
Parking	219	213	240	218
Other	273	282	280	262
Total Gross Operating Revenues	3,639	3,596	3,715	3,595
Bonds, Notes and Other	1,859	960	1,830	684
Financial Income:				
Interest Income	65	78	81	92
Net inc/(dec) in fair value of investments	-	43	-	(104)
Grants and Contributions, Insurance, Third Party Recoveries and Miscellaneous Revenues	567	883	864	1,193
Allocated Passenger Facility Charges	213	207	216	215
Total Sources	\$6,343	\$5,767	\$6,706	\$5,675

GROSS OPERATING REVENUES BY FACILITY
(In Thousands)

	2010 Budget	2009 Estimate	2009 Budget	2008 Actual
Aviation				
LaGuardia Airport	\$318,818	\$304,911	\$319,046	\$307,746
John F. Kennedy International Airport	968,757	955,993	988,557	950,583
Newark Liberty International Airport	732,278	722,423	755,876	718,451
Teterboro Airport	31,490	31,350	35,290	34,052
Stewart International Airport	7,951	7,488	8,961	10,518
Port Authority Heliport	-	-	-	4,531
Total - Aviation	2,059,294	2,022,165	2,107,730	2,025,881
Tunnels, Bridges & Terminals				
Holland Tunnel	120,073	119,395	119,273	115,006
Lincoln Tunnel	158,824	158,279	159,531	153,536
George Washington Bridge	446,231	443,456	449,976	437,389
George Washington Bridge Bus Station	836	811	1,266	1,578
Bayonne Bridge	30,101	29,912	30,371	27,976
Goethals Bridge	115,938	115,238	116,807	117,395
Outerbridge Crossing	111,008	110,386	111,280	105,938
Port Authority Bus Terminal	34,877	33,121	35,473	32,563
Total - Tunnels, Bridges & Terminals	1,017,888	1,010,598	1,023,977	991,381
Rail				
PATH Rapid Transit	100,885	104,725	110,465	108,464
Journal Square Transportation Center	3,020	2,745	6,621	6,279
Total - Rail	103,905	107,470	117,086	114,743
Port Commerce				
Port Newark	85,022	78,149	85,164	84,575
Elizabeth - PA Marine Terminal	96,731	97,094	108,518	88,692
Brooklyn - PA Marine Terminal	5,790	4,545	5,034	4,340
Red Hook Container Terminal	2,866	2,151	2,450	2,012
Howland Hook Marine Terminal	13,953	12,830	12,326	12,674
Greenville Yard	346	335	331	321
New York & New Jersey Rail, LLC	1,377	492	1,000	230
PA Auto Marine Terminal	7,180	7,138	4,948	9,131
Total - Port Commerce	213,265	202,734	219,771	201,976
Development				
Essex County Resource Recovery Facility	62,563	72,377	73,931	77,521
PA Industrial Park at Elizabeth	1,005	998	998	1,015
Bathgate Industrial Park	4,802	4,444	4,758	4,291
Teleport	14,466	14,338	12,611	14,942
Newark Legal & Communications Center	3,493	3,493	3,706	3,458
Ferry Transportation Services	160	160	160	173
Hoboken Waterfront	5,726	5,883	5,741	6,258
Queens West Waterfront	420	662	240	2,120
Total Development	92,635	102,355	102,145	109,777
World Trade				
World Trade Center	152,222	150,625	143,369	149,104
WTC Site	105	105	550	2,222
WTC Retail LLC	-	-	-	29
Total World Trade	152,327	150,730	143,919	151,355
Total Gross Operating Revenues	\$3,639,314	\$3,596,052	\$3,714,628	\$3,595,113

Operating Revenues by Major Category
(In Thousands)



	Total	Aviation	Tunnels, Bridges & Terminals	Rail Transit	Port Commerce	Develop- ment	World Trade
Rentals	\$1,473,491	\$1,170,549	\$31,913	\$4,276	\$211,597	\$44,693	\$10,463
Tolls and Fares	1,073,411	-	975,145	98,267	-	-	-
Aviation Fees	600,985	600,985	-	-	-	-	-
Parking	218,908	206,955	10,830	1,123	-	-	-
Other	272,518	80,805	-	239	1,668	47,942	141,864
Total	\$3,639,314	\$2,059,294	\$1,017,888	\$103,905	\$213,265	\$92,635	\$152,327

Rentals - The Port Authority charges a rental fee for the use of its various facilities. There are primarily two types of rentals: Fixed Rentals, which are generated from leases; and Percentage Rentals, which are mostly generated by a percentage fee that is charged to all companies providing goods and services (mostly at our Aviation facilities).

Tolls and Fares - These revenues are a result of tolls imposed at tunnels and bridges and fares charged to passengers of the Port Authority Trans-Hudson railroad system.

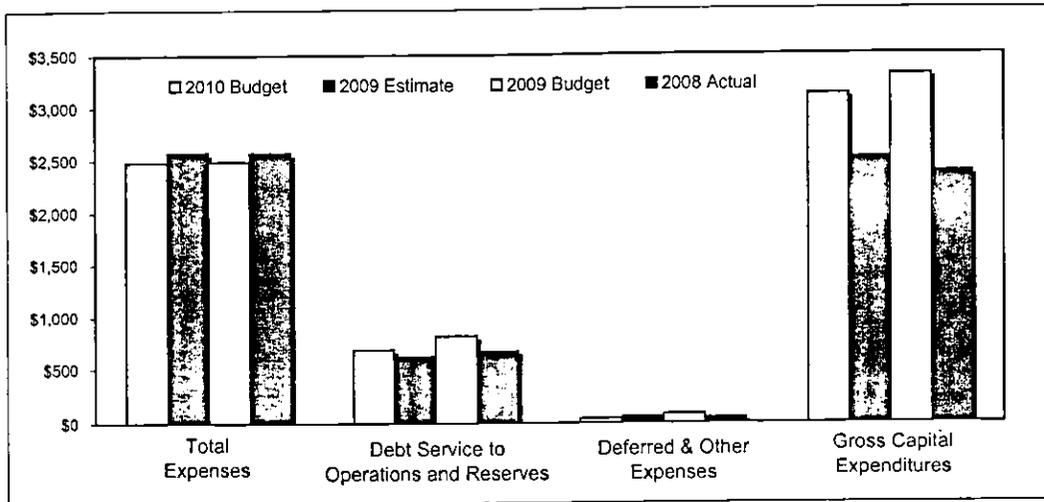
Aviation Fees - These fees are based on cost recovery agreements with airlines and are calculated on the basis of direct and allocated costs of operating and maintaining public aircraft facilities and the weight of aircraft using the runways.

Parking - The Port Authority charges an hourly or daily rate for the use of parking lots located at the airports and bus terminals.

Other - This includes World Trade Center rent, gate and tipping fees at the Essex County Resource Recovery Facility and facility rentals related to Special Project Bonds.

Uses

USES
(In Millions)

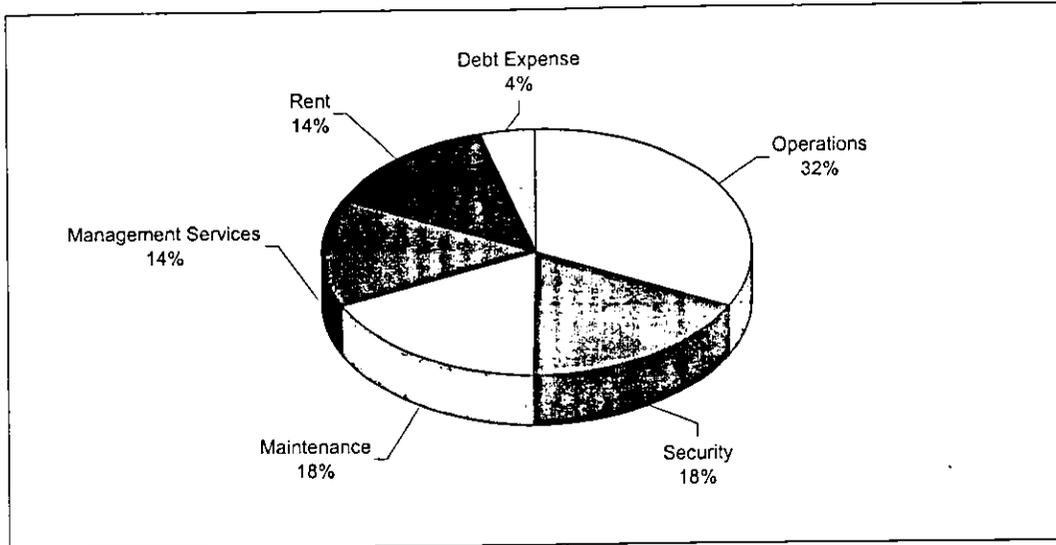


	2010 Budget	2009 Estimate	2009 Budget	2008 Actual
Expenses:				
Operating Expenses:				
Operations	\$810	\$817	\$827	\$804
Security	442	439	451	441
Maintenance	440	440	423	450
Management Services	354	407	348	413
Rent	335	341	330	342
Debt Expense (special project bond interest and operating asset financings)	103	130	111	120
Total Expenses	2,483	2,573	2,489	2,570
Debt Service Charged to Operations & Reserves:				
Interest on Bonds and Other Obligations	516	473	517	438
Debt Maturities and Retirements	173	147	152	152
Repayment of Asset Financing Obligations	-	-	156	81
Total Debt Service	689	620	825	671
Deferred & Other Expenses	44	58	87	50
Capital Expenditures:				
Line Departments (including PFCs)	1,266	1,275	1,454	1,266
WTC Site	1,597	1,191	1,426	986
Access to the Region's Core (ARC Tunnel)	504	15	340	37
Regional and Other	50	35	85	95
Provision for Efficiency and Phasing	(290)	-	-	-
Total Gross Capital Expenditures	3,127	2,516	3,305	2,384
Total Uses	6,343	\$5,767	\$6,706	\$5,675

EXPENSES BY FACILITY
(In Thousands)

	2010 Budget	2009 Estimate	2009 Budget	2008 Actual
Aviation				
LaGuardia Airport	\$212,098	\$202,752	\$204,051	\$214,851
John F. Kennedy International Airport	586,911	595,439	612,114	626,013
Newark Liberty International Airport	380,250	386,602	384,587	390,145
Teterboro Airport	18,395	19,357	19,780	17,849
Stewart International Airport	16,976	17,130	16,006	14,203
Port Authority Heliport	62	90	-	1,986
Total - Aviation	1,214,692	1,221,370	1,236,538	1,265,048
Tunnels, Bridges & Terminals				
Holland Tunnel	65,419	59,044	61,366	59,310
Lincoln Tunnel	81,461	79,584	80,871	78,241
George Washington Bridge	91,300	89,551	92,866	89,693
George Washington Bridge Bus Station	7,542	8,217	8,428	7,737
Bayonne Bridge	16,947	15,900	15,289	19,808
Goethals Bridge	24,421	22,079	22,697	22,458
Outerbridge Crossing	22,580	20,229	20,539	20,948
Port Authority Bus Terminal	86,538	87,521	86,186	94,180
Total - Tunnels, Bridges & Terminals	396,208	382,125	388,242	392,375
Rail				
PATH Rapid Transit	234,614	242,401	241,276	236,276
Journal Square Transportation Center	10,993	10,622	11,061	9,586
Total - Rail	245,607	253,023	252,337	245,862
Port Commerce				
Port Newark	84,782	70,927	66,908	63,160
Elizabeth - PA Marine Terminal	32,168	28,070	25,840	30,938
Brooklyn - PA Marine Terminal	11,772	11,292	9,630	14,635
Red Hook Container Terminal	2,779	2,454	2,825	6,574
Howland Hook Marine Terminal	12,224	10,485	10,866	9,413
Greenville Yard	4	3	3	29
New York & New Jersey Rail, LLC	2,432	2,513	2,400	1,191
PA Auto Marine Terminal	13,350	9,996	9,446	11,988
Total - Port Commerce	159,511	135,740	127,918	137,927
Development				
Essex County Resource Recovery Facility	63,641	65,247	65,767	64,795
PA Industrial Park at Elizabeth	108	106	122	114
Bathgate Industrial Park	2,104	1,687	1,749	1,861
Teleport	13,476	13,642	13,349	14,357
Newark Legal & Communications Center	2,252	4,022	1,375	1,098
Ferry Transportation Services	3,648	1,515	3,517	4,369
Hoboken Waterfront	38	228	45	328
Queens West Waterfront	1	6	6	-
Total Development	85,268	86,453	85,930	86,923
World Trade				
World Trade Center	9,160	15,411	13,490	14,604
WTC Site	113,487	181,433	133,731	172,578
WTC Retail LLC	15,208	17,045	9,647	15,516
Total World Trade	137,855	213,889	156,868	202,699
Regional & Other Programs	21,250	22,188	14,350	14,906
Port Authority Insurance Captive Entity, LLC	510	728	424	197
Total Operating & Maintenance Expenses	2,260,901	2,315,516	2,262,607	2,345,938
Allocated Expenses	187,616	185,999	187,049	183,192
Total Operating Expenses	2,448,517	2,501,515	2,449,656	2,529,130
Operating Asset Obligations	33,731	56,598	38,590	41,301
Net Expenses (Recoverables) related to 9-11-01	750	(204,675)	750	(457,918)
Total Expenses	\$2,482,998	\$2,353,438	\$2,488,996	\$2,112,513

**Operating Expenses by Major Category
(In Thousands)**



	Total	Aviation	Tunnels, Bridges & Terminals	Rail Transit	Port Commerce	Develop- ment	World Trade	Allocated & Other (1)
Operations	\$809,728	\$423,233	\$148,970	\$101,835	\$31,807	\$69,220	\$2,622	\$32,041
Security	440,627	193,495	105,153	45,922	15,520	1,460	15,518	63,559
Maintenance	440,727	205,925	79,461	63,044	40,112	2,587	8,694	40,904
Management Services	353,785	62,753	26,336	14,352	46,271	4,558	32,686	166,829
Rent	335,308	201,475	3,209	562	25,168	7,222	73,956	23,716
Debt Expense	102,823	68,484	-	-	-	-	-	34,339
Total	\$2,482,998	\$1,155,365	\$363,129	\$225,715	\$158,878	\$85,047	\$133,476	\$361,388

Operations - Non-maintenance operations spending, including customer service, facility management, facility operations, leases, revenue collection costs, and utilities.

Security - Providing safe and secure transportation services to the region and nation by vigilance over potential threats, investment in infrastructure and new technology, and employment of best practices in security and emergency preparedness operations.

Maintenance - Costs incurred to keep property, facility structures and equipment operating at a high level of performance, including conforming with applicable codes and regulations, thereby preventing injury to life and damage to property. Activities include Electrical, General Maintenance (Elevators and Escalators, Tunnel Subway Pump, Automotive Maintenance and Servicing, etc.), Inspections, Mechanical, Janitorial/Grounds Keeping, Snow and Ice Removal, Structural (inspections)

Management Services - Reflects functions that support line business operations as well as agency-wide management, including costs related to agency oversight, departmental management, audit, financial services, human resources management, insurance, legal services, planning, public and government affairs, technology support, and training.

Rent - Payments made periodically to governmental agencies and other landlords in return for the use of land, buildings, offices, or other property.

Debt Expense - Includes interest on special project bonds and operating asset acquisition.

(1) **Allocated & Other** is comprised of police headquarters, staff department and development expenses which are allocated to facilities.

GENERAL ADMINISTRATIVE EXPENSES *
(In Thousands)

Department / Office	2010 Budget	2009 Estimate	2009 Budget	2008 Actual
Audit	\$9,937	\$10,148	\$9,965	\$10,095
Chief Administrative Officer	1,068	1,318	1,017	1,289
Chief, Capital Planning	2,015	1,629	1,630	2,486
Chief Engineer	3,364	3,095	3,067	2,686
Chief Financial Officer	3,003	2,998	3,187	2,415
Chief Operating Officer	2,869	4,010	2,615	3,796
Chief of Public & Government Affairs	489	468	709	525
Comptroller's	10,514	9,701	9,504	10,331
Chief, Real Estate & Development	1,891	1,936	1,666	1,526
Executive Offices	2,826	2,808	2,830	2,891
Government & Community Affairs	4,097	4,219	4,238	4,313
Human Resources	17,521	18,497	17,025	18,986
Inspector General	7,512	6,942	6,875	6,800
Labor Relations	1,739	2,031	2,030	1,520
Law	21,488	22,324	21,243	21,517
Management and Budget	7,797	7,821	8,085	7,525
Marketing	6,478	6,407	6,310	6,308
Media Relations	1,924	2,099	2,476	2,757
Office of Business & Job Opportunity	3,736	3,602	3,614	2,995
Office of Environmental and Energy Programs	3,800	3,881	4,239	4,854
Office of Financial Analysis	1,521	1,874	1,298	1,138
Office of the Secretary	4,401	3,938	3,981	3,723
Office of Strategic Initiatives	1,600	1,461	-	269
Operation Services	5,739	5,909	5,759	4,991
Planning	5,300	6,003	5,619	4,942
Procurement	11,135	11,010	11,140	10,708
Real Estate & WTC Redevelopment	7,033	7,730	6,816	6,684
Treasury 10,622		10,278	10,828	9,362
WTC Construction	2,260	1,686	2,810	3,019
Other (Revenue, Reclassifications, etc.)	(636)	(884)	(1,952)	(1,400)
Sub-total	163,043	164,940	158,623	159,051
Technology Services	50,413	48,905	47,004	42,599
Corporate Enterprise Systems	15,261	7,960	15,483	11,838
Sub-total	65,674	56,865	62,487	54,437
Grand Total	\$228,717	\$221,805	\$221,110	\$213,488
Overhead Allocation:				
Allocation to Operations	\$179,542	\$179,440	\$179,983	\$178,638
Allocation to Capital	49,175	42,365	41,127	34,850
Total Allocation	\$228,717	\$221,805	\$221,110	\$213,488

* Does not include capital expenditures, development expenses and charges to operating facilities.

DEVELOPMENT EXPENSES
(In Thousands)

	2010 Budget	2009 Estimate	2009 Budget	2008 Actual
Programs and Studies:				
Study and Development Projects	\$1,774	\$1,288	\$1,715	(\$73)
Overseas Operations	1,000	961	1,051	812
Pandemic Flu Preparedness Program	1,000	11	-	724
Sub-total	3,774	2,259	2,766	1,462
Bi-state Dredging Program	4,300	4,300	4,300	3,092
Total Development Expenses	\$8,074	\$6,559	7,066	\$4,554

CAPITAL EXPENDITURES BY FACILITY

(In Thousands)

	2010 Budget	2009 Estimate	2009 Budget	2008 Actual
Aviation (including PFCs)				
LaGuardia Airport	\$103,807	\$129,041	\$119,746	\$136,414
John F. Kennedy International Airport	268,641	242,037	207,453	259,216
Newark Liberty International Airport	106,789	168,929	200,540	202,599
Teterboro Airport	24,986	32,356	36,596	24,116
Stewart International Airport	15,866	27,952	29,730	8,853
Total - Aviation	520,089	600,315	594,065	631,198
Tunnels, Bridges & Terminals				
Holland Tunnel	30,794	18,921	44,595	15,717
Lincoln Tunnel	26,938	16,783	22,375	22,861
George Washington Bridge	47,964	58,379	54,810	55,726
George Washington Bridge Bus Station	3,322	1,107	1,113	623
Bayonne Bridge	9,519	13,877	14,641	15,410
Goethals Bridge	14,478	12,754	23,239	22,369
Outerbridge Crossing	650	984	1,421	5,516
Port Authority Bus Terminal	26,931	46,890	49,121	40,638
Total - Tunnels, Bridges & Terminals	160,596	169,695	211,315	178,860
Rail				
PATH Rapid Transit	347,920	283,500	373,902	220,391
Journal Square Transportation Center	9,022	6,367	6,442	7,377
Total - Rail	356,942	289,867	380,344	227,768
Port Commerce				
Port Newark	50,518	77,631	72,322	88,887
Elizabeth - PA Marine Terminal	44,875	46,496	62,872	72,762
Brooklyn - PA Marine Terminal	8,335	5,927	986	182
Red Hook Container Terminal	400	200	-	14
Howland Hook Marine Terminal	31,839	40,807	47,882	15,119
NJ Marine Development	-	-	750	-
NY and NJ Rail LLC	57,001	2,324	-	5,117
PA Auto Marine Terminal	6,830	1,989	61,353	2,033
Total - Port Commerce	199,798	175,374	246,165	184,114
Development				
Hoboken Waterfront Development	-	4,143	362	8,590
Queens West Waterfront Development	4,200	18,926	11,280	12,326
Ferry Transportation Services	17,085	9,142	29,545	14,149
Teleport	5,764	2,888	1,803	544
Bathgate Industrial Park	-	-	360	577
Total - Development	27,049	35,099	43,350	36,185
World Trade Center				
WTC Transportation Hub	349,731	396,369	391,050	384,945
WTC Retail LLC	232,208	110,150	110,150	22,068
One World Trade Center	453,300	377,350	438,150	304,161
WTC Site (including infrastructure, memorial and VSC)	561,174	306,199	480,678	274,534
Total - World Trade Center	1,596,413	1,190,068	1,420,028	985,708
Net Capital Expenditures - Line Departments	2,860,887	2,460,418	2,895,267	2,243,834
Access to the Region's Core (ARC Tunnel)	503,991	15,000	340,000	36,808
Regional & Other Programs:				
Regional Development Facility	25,222	7,325	32,900	2,037
Other Regional Programs	14,000	7,750	10,000	53,136
New York Economic Development Program	6,000	9,000	10,000	14,000
Regional Transportation Initiatives	4,700	11,000	7,000	26,022
Total - Regional & Other Programs	49,922	35,075	59,900	95,195
Provision for Efficiency and Phasing	(290,274)	-	-	-
Total Net Capital Expenditures	3,124,526	2,510,493	3,295,167	2,375,837
Add Back - Financial Income	2,022	5,892	9,248	7,983
Total Gross Capital Expenditures	\$3,126,548	\$2,516,385	\$3,304,415	\$2,383,820

Changes in Net Assets
Consolidated Statement of Net Assets
Information on P. A. Operations by Facility
Revenues and Reserves
Assets & Liabilities

Revenues, Expenses and Changes in Net Assets

(In Thousands)

	2010 Budget	2009 Estimate	2009 Budget	2008 Actual
Gross Operating Revenues	\$3,639,314	\$3,596,052	\$3,714,628	\$3,595,113
Expenses:				
Operating & Maintenance Expenses	(2,260,901)	(2,315,516)	(2,262,607)	(2,348,061)
Allocated Expenses	(187,616)	(185,999)	(187,049)	(183,192)
Total Operating Expenses	(2,448,517)	(2,501,515)	(2,449,656)	(2,531,253)
Operating Asset Obligations	(33,731)	(56,598)	(38,590)	(41,301)
Net (Expenses) Recoverables related to 9-11-01	(750)	204,675	(750)	457,918
Total Expenses	(2,482,998)	(2,353,438)	(2,488,996)	(2,114,636)
Net Operating Revenues	1,156,316	1,242,614	1,225,632	1,480,477
Depreciation & Amortization	(763,792)	(708,266)	(713,414)	(646,992)
Financial Income:				
Interest Income	63,284	72,000	72,044	84,207
Net increase/(decrease) in fair value of investments	-	43,000	-	(103,744)
Interest and Other Expenses	(494,553)	(375,402)	(425,453)	(536,345)
Net Assets before Restricted Grants, Contributions and PFCs	(38,745)	230,945	158,809	381,347
Net PFC Program	140,608	135,317	149,780	143,198
Net Grants and Contributions in Aid of Construction	479,331	376,069	381,294	319,767
1 WTC / WTC Retail Insurance Proceeds	57,135	59,770	55,405	49,771
Third Party Contributions - WTC Site	-	15,107	72,192	-
Increase in Net Assets	\$638,329	\$817,207	\$817,480	\$894,083
Net Assets, January 1	\$10,648,571	\$9,831,364	\$10,046,954	\$8,937,281
Net Assets, December 31	11,286,900	10,648,571	10,864,434	9,831,364
Increase in Net Assets	\$638,329	\$817,207	\$817,480	\$894,083

Consolidated Statement of Net Assets
(In Thousands)

	2010 Budget	2009 Estimate	2009 Budget	2008 Actual
ASSETS:				
Cash and Investments	\$ 4,378,932	\$ 4,559,840	\$ 3,773,569	\$ 4,028,313
Receivables, net	645,182	769,201	969,811	909,160
Restricted Receivables	35,324	35,324	24,683	35,324
Deferred charges and other noncurrent assets	1,341,003	1,357,693	1,477,328	1,677,847
Amounts receivable - Special Project Bonds	995,766	1,053,281	1,054,291	1,107,006
Unamortized costs for regional programs	757,252	774,982	809,759	789,682
Facilities, net	21,509,330	18,940,322	18,969,196	16,490,195
Total assets	29,662,789	27,490,643	27,078,637	25,037,527
LIABILITIES:				
Accounts payable	854,795	818,900	565,008	716,799
Accrued interest and other liabilities (including PAICE)	816,733	799,138	428,628	711,567
Accrued pension and other employee benefits	692,489	735,321	1,001,341	741,146
Amounts Payable - Special Project Bonds	995,766	1,053,281	1,054,291	1,107,006
Bonds and other asset financing obligations	15,016,106	13,435,432	13,164,935	11,929,645
Total liabilities	18,375,889	16,842,072	16,214,203	15,206,163
NET ASSETS	\$11,286,900	\$10,648,571	\$10,864,434	\$9,831,364
Net assets are composed of:				
Invested in capital assets, net of related debt	\$ 8,813,641	\$ 8,249,383	\$ 8,025,605	\$ 7,526,446
Restricted:				
1 WTC/WTC Retail insurance proceeds	50,000	120,000	-	305,470
Restricted Passenger Facility Charges	(25,000)	(25,000)	(50,000)	(20,938)
PA Insurance Captive Entity - PAICE	144,088	134,088	32,515	83,392
Unrestricted	2,254,171	2,120,100	2,756,314	1,895,118
Net assets	\$11,286,900	\$10,648,571	\$10,864,434	\$9,831,364

INFORMATION ON PORT AUTHORITY OPERATIONS BY FACILITY

(In Thousands)

	Gross Operating Revenues	O&M Expenses	Allocated Expenses	Depreciation & Amortization	Net Interest & Other Exp.	Net Income Before Grants & PFCs	Grants, Contributions, Insurance & PFCs	2010 Budget Net Income/ (Loss)	2009 Estimate Net Income/ (Loss)	2008 Actual Net Income/ (Loss)
Aviation										
LaGuardia Airport	\$318,818	\$212,098	\$19,094	\$49,382	\$24,946	\$13,298	\$15,748	\$29,046	\$50,982	\$59,416
John F. Kennedy International Airport	968,757	587,024	31,649	146,032	86,903	117,149	36,067	153,216	178,607	123,357
Newark Liberty International Airport	732,278	380,250	27,231	122,086	72,038	130,673	13,739	144,412	148,238	132,288
Teterboro Airport	31,490	18,395	1,388	9,527	4,404	(2,224)	178	(2,046)	2,706	7,983
Stewart International Airport	7,951	16,976	457	-	-	(9,482)	6,683	(2,819)	(9,451)	(3,473)
Total - Aviation	2,059,294	1,214,692	79,819	327,027	188,291	249,455	72,395	321,860	370,991	321,833
Tunnels, Bridges & Terminals										
Holland Tunnel	120,072	65,419	10,053	18,008	9,466	17,126	190	17,316	25,135	16,672
Lincoln Tunnel	158,824	81,461	11,670	36,376	17,421	11,898	229	12,125	19,484	7,978
George Washington Bridge	446,231	91,300	12,779	33,645	21,820	286,697	201	286,898	286,350	278,129
George Washington Bridge Bus Station	835	7,542	686	2,024	-	(9,416)	14	(9,402)	(10,317)	(9,106)
Bayonne Bridge	30,101	16,947	2,328	5,875	5,891	(940)	42	(898)	1,142	(7,418)
Goethals Bridge	115,938	24,421	3,595	9,830	6,484	71,608	56	71,664	75,607	79,332
Outerbridge Crossing	111,008	22,580	2,877	11,274	3,460	70,817	49	70,866	73,110	66,891
Port Authority Bus Terminal	34,877	86,538	10,521	24,941	12,491	(99,614)	4,556	(95,058)	(81,073)	(99,241)
Total - Tunnels, Bridges & Terminals	1,017,888	396,208	54,509	141,973	77,033	348,165	5,337	353,502	389,439	333,238
Rail										
PATH Rapid Transit	100,885	234,614	40,025	109,012	58,399	(341,165)	341,055	(110)	(65,300)	(143,519)
Journal Square Transportation Center	3,020	10,993	229	5,284	2,612	(16,098)	-	(16,098)	(16,167)	(16,182)
Total - Rail	103,905	245,607	40,254	114,296	61,011	(357,263)	341,055	(16,208)	(81,467)	(159,700)
Port Commerce										
Port Newark	85,022	84,782	4,803	25,710	19,795	(50,068)	7,644	(42,424)	(28,222)	(20,059)
Elizabeth - PA Marine Terminal	98,731	32,168	1,550	38,638	35,620	(11,245)	2,058	(9,187)	4,001	(13,820)
Brooklyn - PA Marine Terminal	5,790	11,772	686	386	889	(7,943)	1,872	(6,071)	(7,528)	(12,452)
Red Hook Container Terminal	2,866	2,779	229	27	-	(169)	-	(169)	(552)	(4,672)
Howland Hook Marine Terminal	13,953	12,224	457	16,146	14,779	(29,653)	-	(29,653)	(24,782)	(23,685)
Greenville Yard	346	4	-	-	-	342	-	342	332	318
New York & New Jersey Rail, LLC	1,377	2,432	-	690	120	(1,865)	48,882	47,017	2,750	(1,207)
PA Auto Marine Terminal	7,180	13,350	229	2,292	1,420	(10,111)	-	(10,111)	(6,404)	(7,476)
Total - Port Commerce	213,265	159,511	7,954	83,889	72,623	(110,712)	60,456	(50,256)	(60,405)	(83,053)
Development										
Essex County Resource Recovery Facility	62,563	63,641	-	1,412	(2,057)	(433)	-	(433)	6,680	10,998
PA Industrial Park at Elizabeth	1,005	108	8	286	266	337	-	337	420	201
Bathgate Industrial Park	4,802	2,104	8	1,466	330	894	-	894	970	150
Teleport	14,466	13,476	229	2,049	793	(2,081)	-	(2,081)	(2,097)	(3,966)
Newark Legal & Communications Center	3,493	2,252	-	3,012	1,038	(2,809)	-	(2,809)	(4,550)	(2,962)
Ferry Transportation Services	160	3,648	-	4,518	2,074	(10,080)	-	(10,080)	(7,121)	(4,873)
Hoboken Waterfront	5,728	38	32	1,903	2,999	754	-	754	1,871	619
Queens West Waterfront	420	1	-	721	5,524	(5,826)	-	(5,826)	(2,255)	(1,799)
Total Development	92,635	85,268	277	15,367	10,967	(19,244)	-	(19,244)	(6,083)	(1,632)
World Trade Center										
World Trade Center	152,222	9,160	-	414	(4,040)	146,688	36,480	183,168	179,162	95,221
WTC Site	105	113,487	4,803	1,753	(2,000)	(117,938)	16,518	(101,420)	(157,284)	(71,136)
WTC Retail LLC	-	15,208	-	1,443	(344)	(16,307)	4,225	(12,082)	(7,096)	8,687
World Trade Center	152,327	137,855	4,803	3,610	(6,384)	12,443	57,223	69,666	14,782	32,773
Regional and Other										
Port Authority Insurance Captive Entity, LLC	-	21,250	-	77,630	85,459	(164,339)	-	(164,339)	(151,112)	(149,719)
Net Expenses (Recoverables) related to 9-11-01	-	510	-	-	(4,000)	3,490	-	3,490	1,072	4,311
Sub-total	3,639,314	2,260,901	187,616	763,792	465,750	(38,744)	536,468	497,721	681,891	755,969
PFC Program	-	-	-	72,392	-	(72,392)	213,000	140,608	135,317	138,115
Total Port Authority	\$3,639,314	\$2,260,901	\$187,616	\$836,184	\$465,750	(\$111,136)	\$749,466	\$638,329	\$817,207	\$894,083

Revenues and Reserves

(In Thousands)

	2010 Budget	2009 Estimate	2009 Budget	2008 Actual
Gross Operating Revenues	\$3,639,314	\$3,596,052	\$3,714,628	\$3,595,113
Expenses:				
Operating & Maintenance Expenses	2,260,901	2,315,516	2,262,607	2,348,061
Allocated Expenses	187,616	185,999	187,049	183,192
Total Operating Expenses	2,448,517	2,501,515	2,449,656	2,531,253
Operating Asset Obligations	33,731	56,598	38,590	41,301
Net Expenses (Recoverables) related to 9-11-01	750	(204,675)	750	(457,918)
Total Expenses	2,482,998	2,353,438	2,488,996	2,114,636
Net Operating Revenues	1,156,316	1,242,614	1,225,632	1,480,477
Financial Income:				
Interest Income	63,284	72,000	72,044	84,207
Net increase/(decrease) in fair value of investments	-	43,000	-	(103,744)
Restricted Net Assets - Port Authority Insurance Captive Entity, LLC	(3,490)	(3,272)	(3,576)	(4,311)
Grants and contributions in aid of construction	479,331	376,069	381,294	319,758
1 WTC / WTC Retail Insurance Proceeds	87,340	271,458	387,500	411,278
Third Party Contributions - WTC Site	-	15,107	72,192	-
Allocated Passenger Facility Charges	213,000	207,000	216,440	215,407
Net Revenues Available for Debt Service and Reserves	1,995,781	2,223,975	2,351,526	2,403,072
Debt Service:				
Interest on Bonds and Other Obligations	515,579	472,630	517,230	437,972
Debt Maturities and Retirements	173,095	147,370	152,370	152,275
Repayment of Asset Financing Obligations	-	-	155,400	80,775
Total Debt Service	688,674	620,000	825,000	671,022
Increase in Reserves from Operations & Financial Income	1,307,108	1,603,975	1,526,526	1,732,050
Direct Investment in Facilities	(1,179,000)	(1,400,000)	(1,540,000)	(1,514,369)
Appropriation to / (from) Reserves for Self-Insurance	-	-	-	2,123
Net Increase / (Decrease) in Reserves for Year	128,108	203,975	(13,474)	219,805
Reserves, beginning of year	2,596,704	2,392,729	2,500,781	2,172,924
Reserves, end of year	\$2,724,812	\$2,596,704	\$2,487,307	\$2,392,729

ASSETS AND LIABILITIES
(Pursuant to Port Authority Bond Resolutions)
(In Thousands)

	2010 Budget	2009 Estimate	2009 Budget	2008 Actual
Assets				
Invested In Facilities	\$34,251,542	\$31,127,016	\$32,037,182	\$28,616,523
Cash and Investments	4,378,932	4,559,840	3,773,569	4,028,314
Other Assets	3,491,102	3,693,447	3,521,514	3,748,084
Total Assets	42,121,576	39,380,303	39,332,265	36,392,921
Liabilities				
Consolidated Bonds and Notes	13,823,156	12,283,161	12,045,774	10,794,831
Other Obligations	2,199,775	2,216,651	2,183,539	2,305,581
Accounts Payable and Other Liabilities	1,987,846	2,336,100	1,553,402	2,501,586
Total Liabilities	18,010,777	16,835,912	15,782,715	15,601,997
Net Assets	\$24,110,799	\$22,544,391	\$23,549,550	\$20,790,923
Net Assets Are Composed Of:				
Facility Infrastructure Investment	\$21,303,362	\$19,865,062	\$20,979,618	\$18,317,692
Reserves:				
General Reserve Fund	1,564,857	1,411,302	1,384,223	1,270,215
Consolidated Bond Reserve Fund	1,159,955	1,185,402	1,103,084	1,122,514
Total Reserve Funds	2,724,812	2,596,704	2,487,307	2,392,729
Appropriated Reserves for Self-insurance	82,625	82,625	82,625	80,502
Net Assets	\$24,110,799	\$22,544,391	\$23,549,550	\$20,790,923

**Outstanding Obligations
and Financing**

SUMMARY OF DEBT TYPE

(In Thousands)

Type:	2010 Budget	Issued/ Accreted	Repaid/ Refunded	2009 Estimate	Issued/ Accreted	Repaid/ Refunded	2008 Actual
Consolidated Bonds	\$13,823,156	\$1,799,295	(\$259,300)	\$12,283,161	\$1,635,700	(\$147,370)	\$10,794,831
Commercial Paper	300,000	50,000	(50,000)	300,000	188,960	(75,000)	186,040
Variable Rate Master Notes	77,900	-	(13,090)	90,990	-	-	90,990
Versatile Structure Obligations	175,200	-	(75,700)	250,900	-	(148,800)	399,700
PA Equipment Notes	123,645	25,000	(11,840)	110,485	-	(2,000)	112,485
Railroad Rehabilitation & Improvement Financing	123,000	123,000	-	-	-	-	-
Fund Buy-out Obligation	374,365	30,780	(43,211)	386,796	31,745	(43,211)	398,262
Sub-total	14,997,266	2,028,075	(453,141)	13,422,332	1,856,405	(416,381)	11,982,308
Special Project Bonds	1,006,865	-	(57,515)	1,064,380	-	(53,725)	1,118,105
Total Obligations	\$16,004,131	\$2,028,075	(\$510,656)	\$14,486,712	\$1,856,405	(\$470,106)	\$13,100,413

DEBT OBLIGATIONS AND LIMITATIONS

(In Thousands)

	2010 Budget			2009 Estimate		2008 Actual	
	Debt Issued	Legal Limit	Available	Debt Issued	Legal Limit	Debt Issued	Legal Limit
Consolidated Bonds	\$13,823,156	\$20,339,251	\$6,516,095	\$12,283,161	\$20,646,795	\$10,794,831	\$20,772,921
Consolidated Notes	-	1,070,487	1,070,487	-	1,086,673	-	1,093,312
Versatile Structure Obligations	175,200	4,867,167	4,691,967	250,900	6,845,000	399,700	6,890,000
Variable Rate Master Notes	77,900	400,000	322,100	90,990	400,000	90,990	400,000
Commercial Paper	300,000	500,000	200,000	300,000	500,000	186,040	500,000
Bonds, Notes and other Obligations	14,376,256	27,176,905	12,800,649	12,925,051	29,478,468	11,471,561	29,656,233
Port Authority Equipment Notes	123,645	250,000	126,355	110,485	250,000	112,485	250,000
Railroad Rehabilitation & Improvement Financing	123,000	500,000	377,000	n/a	n/a	n/a	n/a
Fund Buy-Out Obligation	374,365	n/a	n/a	386,796	n/a	398,262	n/a
Total Operating Obligations	14,997,266	27,926,905	13,304,004	13,422,332	29,728,468	11,982,308	29,906,233
Special Project Bonds	1,006,865	n/a	n/a	1,064,380	n/a	1,118,105	n/a
Total	\$16,004,131	\$27,926,905	\$13,304,004	\$14,486,712	\$29,728,468	\$13,100,413	\$29,906,233

Staffing

BUDGETED POSITIONS

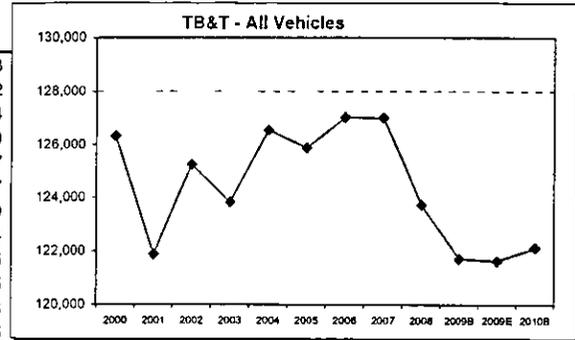
DEPARTMENT	2010 Budget	2009 Estimate	2008 Actual
CHIEF ADMINISTRATIVE OFFICER	9	9	10
Human Resources (including Medical Services)	66	69	70
Labor Relations	11	12	12
Operations Services	444	444	445
Operations Standards	7	7	7
Procurement	94	96	96
CHIEF, CAPITAL PLANNING	7	8	6
Office of Strategic Initiatives	4	—	—
Office of Business and Job Opportunity	13	13	13
Office of Environmental & Energy Programs	12	13	8
Planning	19	26	20
Project Management	—	—	162
WTC Construction	116	122	40
CHIEF ENGINEER/Engineering	557	573	604
CHIEF FINANCIAL OFFICER	4	5	8
Comptroller's	103	105	115
Office of Financial Analysis	7	9	—
Priority Programs	8	—	—
Management and Budget	40	44	79
Treasury	46	47	51
CHIEF OPERATING OFFICER	8	7	7
Capital Security Projects	25	26	—
Project Management Office	9	12	—
Aviation	958	978	921
Port Commerce	172	179	168
Rail / PATH	1,081	1,088	1,075
Tunnels, Bridges & Terminals	911	940	910
CHIEF, PUBLIC & GOVERNMENT AFFAIRS	2	2	2
Government and Community Affairs	12	13	15
Media Relations	9	11	14
Marketing	28	30	31
CHIEF, REAL ESTATE & DEVELOPMENT	2	2	2
Real Estate & WTC Redevelopment	80	84	71
CHIEF TECHNOLOGY OFFICER/TECHNOLOGY SERVICES	105	112	123
EXECUTIVE OFFICES	9	9	9
GENERAL COUNSEL/LAW	132	136	137
INSPECTOR GENERAL	30	30	29
Audit	77	76	78
OFFICE OF THE SECRETARY	17	16	16
PUBLIC SAFETY	1,725	1,755	1,755
Office of Emergency Management	18	19	19
TOTAL POSITIONS	6,977	7,127	7,128

Activity Highlights

ACTIVITY HIGHLIGHTS
2000 - 2008 ACTUAL, 2009 ESTIMATE AND 2010 BUDGET
(in thousands)

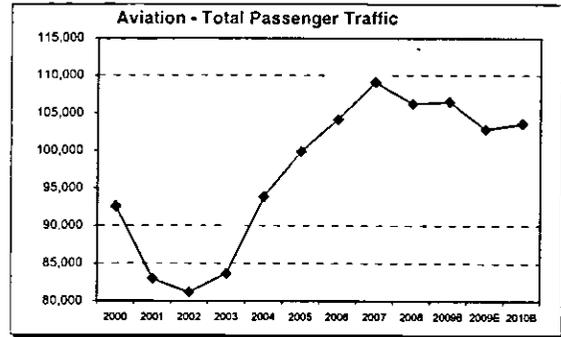
Tunnels, Bridges & Terminals
(Eastbound Vehicular Movements)

	<u>Autos</u>	<u>Buses</u>	<u>Trucks</u>	<u>Total</u>
2000	115,149	2,571	8,603	126,323
2001	110,753	2,842	8,287	121,882
2002	114,005	3,121	8,118	125,244
2003	112,869	3,041	7,910	123,820
2004	115,219	3,123	8,205	126,547
2005	114,481	3,137	8,249	125,867
2006	115,506	3,140	8,374	127,020
2007	115,349	3,139	8,516	127,004
2008	112,176	3,158	8,391	123,725
2009 Budget	110,431	3,187	8,097	121,715
2009 Estimate	110,942	3,110	7,594	121,646
2010 Budget	111,329	3,127	7,669	122,125



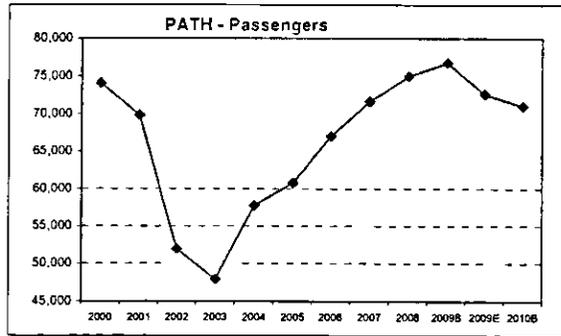
Aviation - Passengers

	<u>International</u>	<u>Domestic</u>	<u>Total</u>
2000	28,339	64,257	92,596
2001	24,750	58,225	82,975
2002	23,811	57,322	81,133
2003	24,014	59,630	83,644
2004	27,576	66,247	93,823
2005	29,621	70,211	99,832
2006	30,969	73,164	104,133
2007	33,523	75,546	109,069
2008	34,635	71,579	106,214
2009 Budget	35,294	71,182	106,476
2009 Estimate	33,999	68,848	102,847
2010 Budget	34,313	69,275	103,588



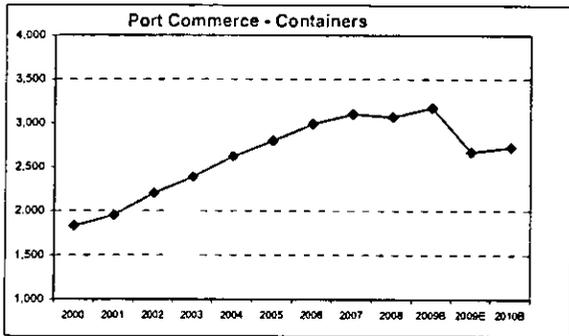
PATH - Passengers

2000	74,087
2001	69,791
2002	51,920
2003	47,920
2004	57,725
2005	60,787
2006	66,966
2007	71,592
2008	74,954
2009 Budget	76,808
2009 Estimate	72,620
2010 Budget	70,985



Port Commerce - Containers

2000	1,829
2001	1,953
2002	2,201
2003	2,383
2004	2,620
2005	2,800
2006	2,988
2007	3,100
2008	3,069
2009 Budget	3,172
2009 Estimate	2,670
2010 Budget	2,724



L-PN-281

AGREEMENT

Between

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

AND

AMERICAN STEVEDORING, INC.

Dated as of April 30, 2008

CONFORMED COPY

CME

P4000001

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Lease No. L-PN-281

THIS AGREEMENT OF LEASE, made as of April 30, 2008, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority"), a body corporate and politic created by Compact between the States of New Jersey and New York, with the consent of the Congress of the United States of America, and having an office and place of business at 225 Park Avenue South, New York, New York 10003; and AMERICAN STEVEDORING, INC. (hereinafter called "the Lessee"), a corporation organized and existing under the laws of the State of New York and having an office and place of business at 70 Hamilton Avenue, Brooklyn, New York 11231, whose representative is: Sabato F. Catucci.

WITNESSETH, THAT:

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

Section 1. Letting

The Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority, at Port Newark (sometimes hereinafter called "the Facility" or the "marine terminal"), in the City of Newark, in the County of Essex and the State of New Jersey, the following:

The open area shown in large diagonal crosshatching (hereinafter called "the Barge Terminal Premises") and the open area and building shown in small diagonal crosshatching (hereinafter called "the Open Area Premises"), and the water area shown in white, all as so shown on a sketch hereto attached, hereby made a part hereof, and marked "Exhibit A", together with the buildings, structures, fixtures, improvements and other property, if any, of the Port Authority located or to be located or constructed therein or thereon, the said Barge Terminal Premises and the said Open Area Premises, enclosed spaces, and water area, buildings, structures, fixtures, improvements and other property of the Port Authority being hereinafter collectively called "the premises", and the water area shown in diagonal hatching being hereinafter sometimes called "the berthing area". The parties agree that the premises constitute non-residential property.

Section 2. Term

The term of the letting under this Agreement shall commence at 12:01 o'clock A.M. on May 1, 2008 and shall expire, if not sooner terminated, at 11:59 o'clock P.M. on April 30, 2018; provided, however, that, as a condition precedent to the effectiveness of this Agreement and the letting hereunder, and as a condition precedent to the effectiveness of the other three agreements being entered into contemporaneously herewith by the Lessee as identified in Section 38 hereof, the Lessee shall have first surrendered the area identified in Section 48 hereof, entitled "Surrendered Area", in full compliance with said Section. The Lessee further acknowledges and agrees that its fulfillment of its obligations under the provisions of said Section 48 is a special consideration and material inducement to the Port Authority, and is of such importance to the Port Authority, that the Port Authority would in no event have entered into this Agreement were it not for the full and timely fulfillment of these obligations of the Lessee.

Section 3. Rentals

(a) The Lessee shall pay a basic rental to the Port Authority for the Barge Terminal Premises during the term of the letting under this Agreement at the respective annual rate set forth under the heading "ANNUAL RENT" in the schedule attached hereto, hereby made a part hereof and marked "Schedule A", with the annual rent to be payable in equal monthly installments on the first day of each month occurring during the "LEASE YEAR" indicated on Schedule A in the respective amount set forth in Schedule A under the heading "MONTHLY RENT".

(b) The Lessee shall pay a basic rental to the Port Authority for the Open Area Premises during the term of the letting under this Agreement at the respective annual rate set forth under the heading "ANNUAL RENT" in the schedule attached hereto, hereby made a part hereof and marked "Schedule B", with the annual rent to be payable in equal monthly installments on the first day of each month occurring during the "LEASE YEAR" indicated on Schedule B in the respective amount set forth in Schedule B under the heading "MONTHLY RENT"

Section 4. Abatement

(a) If at any time during the term of the letting under this Agreement the Lessee shall become entitled to an abatement of basic rental, whether pursuant to the terms of this Agreement, or otherwise, such abatement shall be computed as follows: for each square foot of usable area the use of which is denied the Lessee, at the annual rate of \$.895 for the Barge

Terminal Premises and at the annual rate of \$.95 for the Open Area Premises for the period from the May 1, 2008 to April 30, 2009, both dates inclusive, the rate thereafter to be adjusted during the term of the letting proportionately to the adjustment in basic rental in accordance with the provisions of paragraph (b) of Section 3 hereof.

(b) Except as provided in this Section, no abatement of rental shall be claimed by or allowed to the Lessee.

Section 5. Rights of User

(a) The Lessee shall use the premises for the following purposes only, and for no other purpose whatsoever: the transfer of cargo containers to and from the Red Hook Marine Terminal in Brooklyn and for the incidental handling of other containerized and non-containerized waterborne cargoes to and from the premises.

(b) The Lessee shall have the right to berth in the berthing area seagoing vessels for which the Lessee acts as stevedore or terminal operator, and operated by persons, firms or corporations which shall have the prior and continuing consent of the Port Authority, to be granted, withheld, and withdrawn in the sole discretion of the Port Authority, carrying or about to carry general cargo, and tugboats, barges, lighters and other harbor craft serving such seagoing vessels, for loading or discharge of cargo, ships' stores, supplies and gear. Such loading and discharge from seagoing vessels may be accomplished in the berthing area through the medium of barges, lighters, and other harbor craft moored inshore or offshore. The Lessee shall have the exclusive right to collect dockage and wharf usage charges from seagoing vessels and all other craft, subject to all the terms and provisions of this Agreement. The Lessee shall not use or permit the use of the berthing area except as hereinabove provided.

(c) Notwithstanding any provision of this Section, the Lessee shall not, without the express, prior written consent of the Port Authority, to be granted, withheld, and withdrawn in the sole discretion of the Port Authority, use the premises for the transportation, storage, distribution or other handling of any municipal or commercial solid waste whether or not housed in cargo containers.

Section 6. Ingress and Egress

The Lessee shall have the right of ingress and egress between the premises and the city streets outside the Facility. Such right shall be exercised by means of such pedestrian or

vehicular ways, to be used in common with others having rights of passage within the Facility, as may from time to time be designated by the Port Authority for the use of the public. The use of any such way shall be subject to the rules and regulations of the Port Authority which are now in effect or which may hereafter be promulgated for the safe and efficient operation of the Facility. The Port Authority may at any time temporarily or permanently close, or consent to or request the closing of, any such way or any other area at, in or near the Facility presently or hereafter used as such, so long as a means of ingress and egress as provided above remains available to the Lessee. The Lessee hereby releases and discharges the Port Authority and its successors and assigns, of and from any and all claims, demands, or causes of action which the Lessee may now or at any time hereafter have against any of the foregoing, arising or alleged to arise out of the closing of any way or other area whether within or outside the Facility; provided, that, a reasonably equivalent means of ingress and egress remains available. The Lessee shall not do or permit anything to be done which will interfere with the free access and passage of others to space adjacent to the premises or in, along, across or through any streets, ways and walks near the premises.

Section 7. Governmental and Other Requirements

(a) The Lessee shall procure from all governmental authorities having jurisdiction over the operations of the Lessee hereunder, all licenses, certificates, permits and other authorization which may be necessary for the conduct of such operations.

(b) The Lessee shall promptly observe, comply with and execute all laws and ordinances and governmental rules, regulations, requirements, orders and similar items now or at any time during the occupancy of the premises by the Lessee which as a matter of law are applicable to or which affect (i) the premises, (ii) the operations of the Lessee at the premises or the Facility, (iii) the use and occupancy of the premises and/or (iv) any hazardous substance which has migrated from the premises. The Lessee, at its sole cost and expense, shall make any and all structural and non-structural improvements, repairs or alterations of the premises and perform all remediation work and clean up of hazardous substances required in order to fully satisfy the compliance obligations set forth in this Agreement.

(c) The obligation of the Lessee to comply with governmental requirements is provided herein for the purpose of assuring proper safeguards for the protection of persons and property in or near the Facility, and proper operation by the Lessee. Such provision herein is not to be construed as a

submission by the Port Authority to the application to itself of such requirements or any of them.

Section 8. Rules and Regulations

(a) The Lessee covenants and agrees to observe and obey (and to compel its officers, employees and others on the premises with its consent to observe and obey) the Rules and Regulations of the Port Authority now in effect, and such further reasonable rules and regulations (including amendments and supplements thereto) for the government of the conduct and operations of the Lessee as may from time to time during the letting be promulgated by the Port Authority for reasons of safety, health, or preservation of property, or for the maintenance of the good and orderly appearance of the premises, or for the safe or efficient operation of the Facility. The Port Authority agrees that, except in cases of emergency, it will give notice to the Lessee of every such further rule or regulation 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 as Exhibit R to this Agreement, then the Port Authority will notify the Lessee thereof either by delivery of a copy, or by publication in a newspaper published in the Port of New York District, or by making a copy available at the office of the Secretary of the Port Authority.

(c) No statement or provision in the Rules and Regulations shall be deemed a representation or promise by the Port Authority that the services or privileges described shall be or remain available, or that the charges, prices, rates or fees stated therein shall be or remain in effect throughout the letting, all of the same being subject to change by the Port Authority from time to time whenever it deems a change advisable.

Section 9. Method of Operation

(a) In the performance of its obligations hereunder and in the use of the premises, the Lessee shall conduct its operations in an orderly and proper manner, so as not to annoy disturb or be offensive to others near the premises or at the Facility, and as soon as reasonably possible the Lessee shall remove the cause of any objection made by the Port Authority relative to the demeanor, conduct or appearance of any of the employees of the Lessee or of any others on the premises with the consent of the Lessee.

(b) The Lessee shall not allow any garbage, debris or other waste materials (whether solid or liquid) to collect or

accumulate on the premises and the Lessee shall remove from the premises and from the Facility all garbage, debris and other waste materials (whether solid or liquid) arising out of its operations hereunder. Any such material which may be temporarily stored shall be kept in suitable waste receptacles, the same to be made of metal and equipped with tight-fitting covers, and in any case to be designed and constructed to contain safely the waste material placed by the Lessee therein. Said receptacles shall be provided and maintained by the Lessee and shall be kept covered except when being filled or emptied. The Lessee shall use extreme care when effecting removal of all such material, shall effect such removal at such times and by such means as are first approved by the Port Authority, and shall in no event make use of any facilities or equipment of the Port Authority for the removal of such material except with the prior consent of the Port Authority.

(c) The Lessee shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of the utility, mechanical, electrical and other systems installed or located anywhere at the Facility.

(d) The Lessee shall not commit any nuisance or permit its employees or others on the premises with its consent to commit or create or continue or tend to create any nuisance in or near the Facility.

(e) The Lessee shall take all reasonable measures to eliminate vibrations tending to damage the premises or the Facility or any part thereof.

(f) The Lessee shall not cause or permit to be caused or produced upon the premises, to permeate the same or to emanate therefrom, any unusual, noxious or objectionable smokes, gases, vapors or odors.

(g) The Lessee shall not do or permit to be done any act or thing at the Facility which shall or may subject the Port Authority to any liability or responsibility for injury to any person or persons or damage to any property.

(h) The Lessee shall not overload any floor, roof, land surface, bulkhead, pavement, landing, pier or wharf at the Facility and shall repair, replace or rebuild any such, including but not limited to supporting members, damaged by overloading.

(i) The Lessee shall permit the use of the premises (not excluding the berthing area) at any time and from time to time for the installation, maintenance and operation of such navigation lights as may be required by the United States Coast

Guard or other governmental authority having jurisdiction, and the Lessee shall furnish such electricity as may be required for use by navigation lights which may be so installed.

(j) The Lessee shall not do or permit to be done any act or thing on the premises or at the Facility which (i) will invalidate or conflict with any fire insurance policies covering the premises or any part thereof, or the Facility, or any part thereof, or (ii) 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 permitted by this Agreement, or (iii) which will increase the rate of any fire insurance, extended coverage or rental insurance on the Facility or any part thereof or upon the contents of any building thereon. The Lessee shall promptly observe, comply with and execute the provisions of any and all present and future rules and regulations, requirements, orders and directions of the Insurance Services office of New 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 this Agreement relating to construction by the Lessee, make all improvements, alterations and repairs of the premises that may be 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 rate for fire insurance, extended coverage or rental insurance on the premises or any part thereof, or on the Facility or any part thereof, shall at any time be higher than it otherwise would be, then the Lessee shall pay to the Port Authority that part of all premiums paid by the Port Authority which shall have been charged because of such violation or failure by the Lessee.

(k) From time to time and as often as required by the Port Authority, the Lessee shall conduct pressure, water-flow and other appropriate tests of the fire-extinguishing system and fire-fighting equipment on the premises, whether furnished by the Port Authority or by the Lessee. The Lessee shall keep all fire-fighting and fire-extinguishing equipment well supplied with a fresh stock of chemicals and with sand, water or other materials as the case may be, for the use of which such equipment is designed, and shall train the appropriate number of its employees in the use of all such, equipment, including in such training periodic drills.

(l) The Lessee shall promptly raise and remove or cause to be raised and removed any and all objects of any kind, including vessels or other floating structures and equipment (whether or not intended to be floating), owned or operated by

the Lessee, or by a corporation, company or other organization or person associated, affiliated or connected with the Lessee or for which the Lessee acts as agent, stevedore or terminal operator, (or of others going to or from the premises on business with the Lessee) which shall have sunk, settled or become partially or wholly submerged at the Facility. In addition, the Lessee shall promptly raise and remove or cause to be raised and removed any and all objects of any kind, including vessels or other floating structures and equipment (whether or not intended to be floating), which shall have sunk, settled or become partially or wholly submerged in the berthing area. The provisions of the immediately preceding sentence shall be applicable whether or not the aforesaid object is owned by the Lessee or is connected in any way with the Lessee or its occupancy of or operations at the premises, and the Port Authority shall have no obligation to raise or remove any such object unless its presence in the berthing area is the result of the sole negligence or willful act of the Port Authority.

(m) The Lessee shall not throw, discharge or deposit or permit to be thrown, discharged or deposited any cargo, refuse, ashes or any material whatsoever, into or upon the waters of or about the Facility.

Section 10. Signs

(a) Except with the prior consent of the Port Authority, the Lessee shall not erect, maintain or display any advertising, signs, posters or similar devices at or on the premises or elsewhere at the Facility.

(b) Upon demand by the Port Authority, the Lessee shall remove, obliterate, or paint out any and all advertising, signs, posters, and similar devices placed by the Lessee on the premises or elsewhere at the Facility and in connection therewith at the expiration or earlier termination of the letting, shall restore the premises and the Facility to the condition thereof prior to the placement of such advertising, sign, poster or device. In the event of a failure on the part of the Lessee so to remove, obliterate or paint out each and every such piece of advertising, sign, poster or device and so to restore the premises and the Facility after receipt of written notice from the Port Authority, the Port Authority may perform the necessary work and the Lessee shall pay the costs thereof to the Port Authority on demand.

Section 11. Indemnity and Liability Insurance

(a) The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and

representatives, from all claims and demands of third persons including but not limited to claims and demands for death, claims and demands for personal injuries, and claims and demands for property damages, arising out of the use or occupancy of the premises by the Lessee or by its officers, agents, employees, or representatives, contractors, subcontractors or their employees, or by others on the premises with the consent of any of the foregoing persons, or out of any other acts or omissions of the Lessee, its officers, agents or employees on the premises or elsewhere at the Facility, or out of the acts or omissions of others on the premises with the consent of the Lessee, including claims and demands of the party, if any, from which the Port Authority derives its rights in the Facility for indemnification arising by operation of law or through agreement of the Port Authority with such party.

(b) If so directed by the Port Authority, 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) in which event 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 its provisions of any statutes respecting suits against the Port Authority.

(c) The Lessee, in its own name as assured, shall maintain and pay the premiums on the following described policies of liability insurance:

(i) Commercial General Liability Insurance including but not limited to coverage for Premises-Operations and Products Liability-Completed Operations, with a minimum combined single limit coverage for bodily injury and property damage of \$5,000,000.00. Said insurance shall also include coverage for explosion, collapse and underground property damage hazards. If the Lessee's operations entail the ownership, maintenance, operation, or use of any watercraft, whether owned, non-owned, or hired, the Lessee shall have any exclusion for such watercraft deleted or shall purchase equivalent coverage under a policy of Protection and Indemnity Insurance and shall provide the Port Authority with a certificate of insurance evidencing such coverage.

(ii) Commercial Automobile Liability Insurance covering all owned, non-owned or hired vehicles used in

connection with its operations hereunder with a minimum combined single limit coverage for bodily injury and property damage of \$2,000,000.00.

(iii) Workers' Compensation and Employers' Liability Insurance in accordance with the requirements of law. The Workers' Compensation Policy shall be specially endorsed to include coverage afforded by (aa) the U.S. Longshoremen's and Harbor Workers' Compensation Act and Coverage B - "Jones Act, maritime (including coverage for Masters or Members of the Crew of Vessels) and (bb) Coverage - B under the Federal Employers' Liability Act.

(d) With the exception of the Workers' Compensation and Employers' Liability Insurance Policy, each policy of insurance described in paragraph (c) of this Section shall include the Port Authority as an additional insured (including, without limitation, for purposes of premises operations and completed-operations) and each such policy shall contain a provision that the insurer 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. Each such policy shall contain a contractual liability endorsement covering the indemnity obligations of the Lessee under this Section and such policies shall not contain any care, custody or control exclusions. Such insurance shall also contain an endorsement providing that the protection afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third party shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority and against the Port Authority by the Lessee, but said endorsement shall not limit, vary, change or affect the protections afforded the Port Authority as an additional insured.

(e) As to insurance of any type whatsoever required or permitted by any provision of this Agreement, a certified copy of each of the policies or a certificate evidencing the existence thereof, or a binder, shall be delivered to the Port Authority within fifteen (15) days after the execution of this Agreement by the Port Authority and the Lessee and the delivery to the Lessee of a fully executed copy thereof (which date is hereinafter called "the Commencement Date"). In the event any binder is delivered it shall be replaced with due diligence by a certified copy of the policy or by a certificate. Each such copy or

certificate shall contain a valid provision or endorsement that the policy may not be cancelled, terminated, changed or modified, without giving thirty (30) days' written advance notice thereof to the Port Authority. A binder evidencing each renewal policy shall be delivered to the Port Authority at least fifteen (15) days prior to the expiration date of each expiring policy, except for any policy expiring after the date of expiration of the letting hereunder, as the letting may be from time to time extended, and a certificate or a certified copy of each such renewal policy shall be delivered to the Port Authority with due diligence. If at any time any policy shall be or become unsatisfactory to the Port Authority as to form or substance or as to coverages or minimum limits, or if any carrier issuing any one or more such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain one or more new and satisfactory policies in replacement. If the Port Authority at any time so requests, a certified copy of each of the policies shall be delivered to the Port Authority.

Section 12. Maintenance and Repair

(a) The Lessee shall at all times keep the premises clean, and in an orderly condition and appearance, together with all the fixtures, equipment and personal property of the Lessee located in or on the premises. Without limiting the generality of the immediately preceding sentence or any obligations of the Lessee with respect to the premises, the Lessee agrees that upon the commencement of the letting it shall place the premises in good operating condition and shall keep such premises in good operating condition throughout the term of the letting.

(b) The Lessee shall repair, replace, rebuild and paint all or any part of the premises or of the Facility which may be damaged or destroyed by the acts or omissions of the Lessee or by those of its officers or employees, or of other persons on or at the premises with the consent of the Lessee.

(c) Subject to the provisions of paragraph (f) of this Section and Section 13 of this Agreement, throughout the term of the letting under this Agreement, the Lessee shall assume the entire responsibility for, and shall relieve the Port Authority from all responsibility from, all care, maintenance, repair and rebuilding whatsoever in the premises, whether such care, maintenance, repair, or rebuilding 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 maintain and make repairs and replacements, structural or otherwise to all improvements located on the premises and all other fixtures, machinery, or equipment now or hereafter belonging to or connected with said premises or

the Lessee's operations being conducted thereon, including without limitation thereto all maintenance, repair and replacement of the following items: (1) paving, which shall mean maintenance paving, crack sealing, weed removal, repair of damaged or overstressed surfaces, manholes, catch basins, underground storm water pipes, and grate support systems. In addition, the Lessee shall be responsible for maintenance repairs, and damages, that are required above the structural concrete chamber of catch basins and manholes. Such repairs shall include the concrete brick collar, concrete collar, brick collar, asphalt concrete pavement, Portland cement concrete pavement, the frame and grate or manhole cover and silt bucket when and where applicable. For the purpose of manhole and catch basin repair, the top of the structural chamber shall be the top of the concrete slab that covers the vertical walls of the underground manhole structure, and for the purpose of catch basin and manhole repair, the top of the structural chamber shall be the top of the (cast-in-place or pre-cast) vertical walls of the underground catch basin and manhole structure; (2) scales; (3) (4) lights, light poles and light pole foundations; (5) sprinkler systems; (6) gas and electric from the meter (utility companies are responsible up to the meter); (7) water pits; (8) container cranes; (9) the electrical system, equipment and fixtures, including, without limitation, lighting fixtures, switches, outlets, receptacles and other electrical devices and accessories, and all relamping and fuse replacement; (10) the plumbing system, fixtures and equipment, and all finished plumbing; (11) buildings and all parts thereof; (12) fencing, (13) signs; (14) fire extinguishers; and (15) all painting. The Lessee shall maintain all such improvements, fixtures, machinery and equipment at all times in good condition, and shall perform all necessary preventive maintenance thereto so that at the expiration or termination of the letting and all times during the letting, the same (or a reconstruction of all or any part thereof) will be in as good condition as at the commencement of the term of the letting thereof (or, in the case of improvements made during the letting hereunder, in as good condition as at the time of the installation or construction thereof), except for reasonable wear which does not adversely affect the watertight condition or structural integrity of the buildings or other structures on the premises or adversely affect the efficient or the proper utilization of any part of the premises or the environmental condition thereof. The Lessee shall make frequent periodic inspections of the premises and subject to Section 13 of this Agreement shall make all repairs and replacements, and do all rebuilding, inside and outside, ordinary and extraordinary, partial and entire, foreseen and unforeseen, structural or otherwise, regardless of the cause of the condition requiring such repairs, rebuilding or replacements, which repairs,

rebuilding and replacements by the Lessee shall be in quality and class not inferior to the original in materials and workmanship.

(d) Without limiting the obligations of the Lessee stated elsewhere in this Agreement, the Lessee shall be solely responsible to the Port Authority for loss or theft of or damage to any and all personal property, equipment and fixtures belonging to the Port Authority or for which it is responsible, located or to be located in or on the premises and shall promptly replace or repair the same within twenty (20) days after such loss, theft or damage (except that if any such repair requires activity over a period of time, then the Lessee shall commence to perform such repair within such twenty (20) day period and shall diligently proceed therewith without interruption); and the Lessee shall yield and deliver the same or replacements thereof to the Port Authority at the expiration or earlier termination of the letting under this Agreement in the same condition as at the commencement of the letting, reasonable wear not materially affecting the efficient use and functioning of the same excepted.

(e) (1) Upon sixty (60) days' notice from the Lessee that the berthing area of Pier 6 has shallowed to the depth of thirty-three (33) feet below mean low water, the Port Authority, at its own expense, shall proceed (to the extent permitted by governmental authorities having jurisdiction) to dredge such part of the berthing area specified in the said notice (or such portion thereof as may be necessary), either directly or through a contractor, to a depth of thirty-five (35) feet below mean low water. The term "mean low water" as used in this subparagraph shall mean mean low water as most recently at the time of execution of this Agreement determined by observations of the United States Coast and Geodetic Survey. Notwithstanding the foregoing, any dredging required under this paragraph (e) (1) shall be only such as shall produce (or leave in place) such depths and slopes as may be required in the opinion of the Port Authority for underwater support of structures, which opinion shall be controlling.

(2) Notwithstanding any other provision of this Section, in the event that the Port Authority shall determine that the Estimated Cubic Yard Cost, as hereinafter defined, will exceed Eighty Dollars and No Cents (\$80.00) (which amount is hereinafter called "the Base Cost"), the Port Authority shall not be obligated to perform the dredging work set forth in paragraph (e) (1) of this Section unless the Lessee shall pay for any amount of the Estimated Cubic Yard Cost which shall exceed the Base Cost. "The Estimated Cubic Yard Cost" shall mean the total cost of dredging the portion of the berthing area described in the Lessee's notice given to the Port Authority under the aforesaid paragraph (e) (1) calculated in terms of the cost of such work per

cubic yard of dredged material, with such estimate to include the cost of transporting and disposal of any dredged material and a Port Authority overhead charge of fifteen percent (15%) of all such other costs. In the event that the Port Authority shall determine that the Estimated Cubic Yard Cost of any such dredging will exceed the Base Cost, the Port Authority shall so notify the Lessee and the Lessee shall have the right to elect to have the dredging performed subject to its obligation to pay for any such excess cost. In the event that the Lessee shall not elect to pay such excess cost of the dredging, the Port Authority shall be relieved of its obligation to perform such dredging until such time, if ever, that it shall determine that the Estimated Cubic Yard Cost of such dredging does not exceed the Base Cost. The Base Cost shall be subject to adjustment during the term of the letting under this Agreement in accordance with the provisions of paragraph (e) (3) of this Section.

(3) As used in this subparagraph:

(i) "Index" shall mean the Construction Cost Index published by ENR Magazine.

(ii) "Base Period" shall mean the calendar month of April 2008.

(iii) "Adjustment Period" shall mean, as the context requires, the calendar month of April 2009 and the calendar month of April in each calendar year which thereafter occurs during the term of the letting under this Agreement.

(iv) "Anniversary Date" shall mean, as the context requires, May 1, 2009 and each anniversary of such date which thereafter occurs during the term of the letting under this Agreement.

(v) "Percentage Change" shall mean the percentage of change in the Index on each Anniversary Date equal to a fraction the numerator of which shall be the difference between (aa) the Index for the Adjustment Period immediately preceding such Anniversary Date and (bb) the Index for the Adjustment Period immediately preceding the Anniversary Date which immediately precedes such Anniversary Date, and the denominator of which shall be the Index for the Adjustment Period immediately preceding the Anniversary Date which immediately precedes such Anniversary Date.

Commencing on each Anniversary Date and for the period commencing with such Anniversary Date and continuing through the day preceding the next Anniversary Date, or the expiration date of the term of the letting under this Agreement, as the case may be,

the Base Cost set forth in paragraph (e)(2) of this Section shall be adjusted by adding to or subtracting from the Base Cost, as the case may be, the product obtained by multiplying the Base Cost by the Percentage Change for such Anniversary Date. For purposes of any adjustment under this subparagraph, the Base Cost employed in the calculation described in the immediately preceding sentence shall be the Base Cost as previously adjusted under this paragraph.

In the event the Index shall hereafter be converted to a different standard reference base or otherwise revised or ENR Magazine shall cease to publish the Index, then for the purposes hereof there shall be substituted for the Index such other appropriate index or indices properly reflecting changes in construction costs in a manner similar to that established in the Index used in the latest adjustment as the Port Authority may in its discretion determine. If after an adjustment in the Base Cost shall have been fixed for any period, the Index used for computing such adjustment shall be changed or adjusted, then the adjustment of the Base Cost for that period shall be recomputed accordingly.

(4) Notwithstanding any other provision of this Section, the Port Authority shall not be obligated to perform the dredging work set forth in subparagraph (1) of this paragraph as to any part of the portion of the berthing area described in the Lessee's notice given to the Port Authority under the aforesaid subparagraphs as long as any vessel or other floating structure, equipment or other personal property (whether or not intended to be floating) is sunk, settled or partially or wholly submerged in such part of the berthing area. The provisions of this subparagraph shall be applicable whether or not the aforesaid object is owned by the Lessee or is connected in any way with the Lessee or its occupancy of or operations at the premises. The Port Authority shall have no obligation to raise or remove any such object unless its presence in the berthing area is the result of the sole negligence or willful act of the Port Authority.

(f) Except under circumstances as to which paragraph (b) of this Section applies, upon receipt of notice that repair or replacement of such of the following as are located in or are a part of the premises is required: (1) the structure of the wharf, fender systems (but not backing logs or bumpers), and standard mooring devices; (2) the water distribution system (i) up to the closer of twenty (20) feet from the exterior building walls of the building being serviced or the valve connection thereto and (ii) up to the closer of the ships' water pits or the single meter on the premises or closest meter on the premises servicing said water pit (but in no event the ships' water pits

themselves); and (3) the underground sanitary systems; the Port Authority will make such repairs and replacements to the extent necessary to keep such part of the premises in a reasonably good condition for the operations of the Lessee hereunder, but the Port Authority shall not be obligated to make any repairs or replacements to bring the premises to a better condition than that existing at the commencement of the letting. The Port Authority's responsibilities under this paragraph shall be limited to bearing the expense of repair or replacement, and without limiting the foregoing the Port Authority shall have no responsibility with respect to any repairs or replacements which are the obligation of the Lessee under any other provision of this Agreement. The Port Authority shall have no responsibility with respect to any repairs or replacements which are required because of any casualty whether or not insured or insurable, except as expressly provided in Section 17 of this Agreement. If the Port Authority shall fail, after a reasonable period of time to perform its repair and replacement obligations under this paragraph, the Lessee, as its sole remedy, shall perform the work, and the Port Authority shall on demand pay the Lessee its actual certified cash expenditures to third parties therefor, or, at the option of the Port Authority, shall extend to the Lessee a credit against its rental obligations under this Agreement in an amount equal to such expenditures. Furthermore, prior to the commencement by the Port Authority of any work set forth in the Lessee's notice to the Port Authority, the Lessee shall take all precautions necessary to protect persons or property at the Facility, including the immediate performance by the Lessee of any work required to correct conditions which involve danger to persons or property, and the Port Authority will reimburse the Lessee for such work as provided in this paragraph. The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees, agents, and representatives, from and against all claims and demands, including but not limited to claims and demands for death, claims and demands for personal injuries, and claims and demands for property damages, of any third persons whatsoever, including, but not limited to, the Lessee's officers, employees, agents, and representatives which may arise from the condition of the premises or any part thereof, or from the failure of the Lessee to notify the Port Authority of conditions requiring repair or replacement, or from the failure of the Lessee to make timely corrections of dangerous or potentially dangerous conditions in or on the premises. Except as set forth above, the Lessee hereby releases and discharges the Port Authority, its Commissioners, officers, employees, agents, and representatives from any liability for damages to the Lessee, consequential, or otherwise, in connection with any of the provisions of this paragraph concerning repairs or replacements to any portion of the premises, including without limitation thereto any failure on the part of the Port Authority

for any reason whatsoever to make any repair or replacement, and including without limitation thereto any act or omission of the Port Authority, its officers, agents, employees, contractors or their employees, connected with the performance of such repairs or replacements.

(g) The obligation of the Lessee as set forth in paragraphs (b) and (c) of this Section in the event of damage or destruction covered by any contract of insurance under which the Port Authority is the insured is hereby released to the extent that the loss is recouped by actual payment to the Port Authority of the proceeds of such insurance; provided, however, that if at any time because of this release the insurance carrier of any policy covering the premises or any part thereof shall increase the premiums otherwise payable for fire, extended coverage or rental coverage applicable to the premises the Lessee shall pay to the Port Authority an amount equivalent to such increase or increases on demand; and provided, further, that if at any time this release shall invalidate any such policy of insurance or reduce, limit, or void the rights of the Port Authority thereunder, or if because of this release, any such insurance carrier shall cancel such endorsement or refuse to renew the same or shall take any other action to alter, decrease or diminish the benefits of the Port Authority under the policy, then the release shall be void and of no effect.

Section 13. Casualty

(a) In the event that as a result of a casualty, whether or not insured or insurable, the premises are damaged the Lessee shall rebuild the same with due diligence. Without in any way limiting the obligations of the Lessee set forth in the first sentence of this paragraph, with respect to all portions of the premises, the Lessee shall secure and maintain in its own name as assured and shall pay the premiums on the following policy of insurance in the limit set forth below, which policy shall be effective during the term of the letting under this Agreement:

(1) All risk property damage insurance covering the full replacement cost of any property owned, leased, or within the care, custody or control of the Lessee and now or in the future located on or constituting a part of the premises, except for any personal property owned by the Port Authority. Full replacement cost shall be determined by the Port Authority. No omission on the part of the Port Authority to make such determination shall relieve the Lessee of its obligations to maintain the appropriate insurance under this paragraph. Such insurance shall cover and insure against such hazards and risks as at least would be insured against under the Standard Form of Fire Insurance policy in

the State of New Jersey, or any successor thereto, and the broadest form of extended coverage endorsement prescribed as of the effective date of said insurance by the rating organization having jurisdiction, including without limitation hazards and risks of flood, earthquake, windstorm, cyclone, tornado, hail, explosion, riot, civil commotion, aircraft, vehicles, smoke, and boiler and machinery hazards and risks, and, if the Port Authority so requests, also covering nuclear property losses and contamination (if said coverage regarding nuclear property losses and contamination is or becomes available).

(2) Unless otherwise directed by the Port Authority, the property damage insurance policy required by this paragraph shall name the Port Authority and the Lessee (with insurance clauses consistent with the provisions of this Agreement) as the insureds, as their respective interests may appear, and shall provide that loss, if any, shall be adjusted with and payable to the Port Authority. As to any insurance required by this paragraph, a certificate of insurance, or binders, shall be delivered by the Lessee to the Port Authority on or before the Commencement Date. In the event any binder is delivered, it shall be replaced within thirty (30) days by a certificate of insurance. Each such policy shall contain a valid provision or endorsement that the policy may not be cancelled, terminated, changed or modified, without giving at least thirty (30) days' written advance notice thereto to the Port Authority and an endorsement to the effect that the insurance as to the interest of the Port Authority shall not be invalidated by any act or negligence of the Lessee or any other insured. Each policy of insurance shall have attached thereto an endorsement that the Port Authority will be given at least thirty (30) days' prior notice of any material change in the policy. A certificate of insurance with respect to a renewal policy shall be delivered to the Port Authority at least fifteen (15) days prior to the expiration date of each expiring policy, except for any policy expiring after the date of expiration of the effective period hereof. If at any time the policy required by this paragraph shall be or become unsatisfactory to the Port Authority as to form or substance, or if the carrier issuing such policy shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement.

The proceeds of insurance from coverages secured in accordance with this paragraph shall be made available to the Lessee and shall be applied by the Lessee strictly and solely to the repair, replacement, or rebuilding of the premises as provided in this Agreement. The Lessee shall not be entitled to any abatement of

the rentals payable hereunder at any time by reason of such casualty.

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

(c) In the event of damage to or a partial or total destruction of the premises, the Lessee shall within thirty (30) days after the occurrence commence to remove from the premises or from the portion thereof destroyed, all damaged property (and all debris thereof) including damaged buildings and structures, and all damaged property belonging to the Lessee or to any third person whatsoever, and thereafter shall diligently continue such removal, and if the Lessee does not perform its obligation hereunder, the Port Authority may remove such debris and dispose of the same and may remove such property to a public warehouse for deposit or may retain the same in its own possession and sell the same at public auction, the proceeds of which shall be applied first to the expenses of removal, storage and sale, and second to any sums owed by the Lessee to the Port Authority, with any balance remaining to be paid to the Lessee; if the expenses of such removal, storage and sale shall exceed the proceeds of sale, the Lessee shall pay such excess to the Port Authority on demand. Without limiting any term or provision of this Agreement, the Lessee shall indemnify and save harmless the Port Authority, its officers, agents, employees, contractors and subcontractors, from and against any and all claims of third persons arising out of the exercise by the Port Authority of its right to remove property as hereinabove provided including all claims for conversion, all claims for damage or destruction of property, all claims for injuries to persons (including death), and all other claims for damages, consequential or otherwise.

Section 14. Assignment and Sublease

(a) The Lessee covenants and agrees that it will not sell, convey, transfer, assign, mortgage or pledge this Agreement or any part thereof, or any rights created thereby or the letting thereunder or any part thereof, without the prior written consent of the Port Authority.

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

(c) If the Lessee assigns, sells, conveys, transfers, mortgages, pledges or sublets in violation of paragraphs (a) or (b) of this Section or if the premises are occupied by any

person, firm or corporation other than the Lessee, the Port Authority may collect rent from any assignee, sublessee, or anyone who claims a right to this Agreement or to the letting or who occupies the premises, and shall apply the net amount collected to the rental herein reserved; and no such collection shall be deemed a waiver by the Port Authority of the covenants contained in paragraphs (a) and (b) of this Section, nor an acceptance by the Port Authority of any such assignee, sublessee, claimant or occupant as tenant, nor a release of the Lessee by the Port Authority from the further performance by the Lessee of the covenants contained in this Agreement.

(d) The Lessee further covenants and agrees that it will not use or permit any person whatsoever to use the Facility or any portion thereof for any purpose other than as provided in Section 5 of this Agreement.

(e) The provisions of this Section shall not be construed so as to prohibit the Lessee from permitting its subsidiaries to operate at the premises on its behalf, in performing the operations expressly permitted under this Agreement and, in this connection, the Lessee represents and warrants to the Port Authority that (i) it has not directly or indirectly, in whole or in part, assigned or sublet, and shall not during the term of this Agreement assign or sublet, to any of its subsidiaries the premises or any portion thereof, or this Agreement or any rights hereunder, (ii) no subsidiary of the Lessee has or shall have any property interest in or to the premises, (iii) any and all usage of the premises by any of the Lessee's subsidiaries at the premises shall be strictly for the purpose as provided in Section 5 of this Agreement and (iv) no use of the premises or any part thereof by any of the Lessee's subsidiaries shall entitle any of the same to any rights as a third party beneficiary of this Agreement.

Section 15. Condemnation

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

all compensation or awards made or to be made or paid, and all such consideration or rental, free of any claim or right of the Lessee; provided, however, that this paragraph shall not be construed to prevent the Lessee from making a possible claim against the condemning party for an award for moving or relocation expenses, for trade fixtures and for other fixtures and improvements owned by the Lessee to the extent that such fixtures and improvements are owned by the Lessee and have been paid for by the Lessee, if such claims are then permitted by law and if such award is made separately from the award which the Port Authority will be entitled to in the condemnation proceeding, and will not reduce the amount thereof, but this provision shall not be deemed a recognition by the Port Authority of the validity of any such claims.

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

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

(d) In the event that the taking or conveyance covers a part only of the premises, or in the event that the letting is terminated pursuant to paragraph (b) of this Section with respect to a part only of the premises, then the letting as to such part shall, as of the date possession thereof is taken by such agency or agencies, or as of the effective date of such termination,

cease and determine in the same manner and with the same effect as if the term of the letting had on that date expired, and the basic rental shall be abated as provided in Section 49 hereof and the Container Throughput Rental and Minimum Rental shall be abated proportionately.

(e) In the event that the taking or conveyance or the delivery by the Lessee or taking by the Port Authority pursuant to paragraph (b) of this Section covers fifty per cent (50%) or more of the total usable area of the premises including both open and enclosed space, then the Lessee and the Port Authority shall each have an option exercisable by notice given within ten (10) days after such taking or conveyance to terminate the letting hereunder, as of the date of such taking, and such termination shall be effective as if the date of such taking were the original date of expiration hereof.

Section 16. Construction by the Lessee

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, improvements or repairs to or replacements of, any structure now existing or built at any time during the letting, or install any fixtures without the prior consent of the Port Authority. Except for the Lessee's personal property, in the event any construction, improvement, alteration, modification, addition, repair or replacement is made, with or without the Port Authority's consent, and unless the consent of the Port Authority shall expressly provide otherwise, the same shall immediately become the property of the Port Authority, and the Lessee shall have no right to remove the same either during the letting or at the expiration thereof unless the Port Authority, at any time prior to the expiration of the term of the letting, or any extension or renewal thereof, shall give notice to the Lessee to remove the same, or to cause the same to be changed to the satisfaction of the Port Authority, in which case the Lessee agrees to remove the same, or change it in compliance with such notice. 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 hereby agrees to pay the cost thereof to the Port Authority upon demand.

Section 17. Additional Rent and Charges

(a) If the Port Authority has paid any sum or sums or has incurred any obligations or expense which the Lessee has agreed to pay or reimburse the Port Authority for, or if the Port Authority is required or elects to pay any sum or sums or incurs any obligations or expense by reason of the failure, neglect or refusal of the Lessee to perform or fulfill any one or more of

the conditions, covenants or agreements contained in this Agreement or as a result of an act or omission of the Lessee contrary to the said conditions, covenants and agreements, the Lessee shall pay to the Port Authority 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 any of the rentals set forth in this Agreement. No payment made by the Lessee to the Port Authority under this Section shall be or be deemed a waiver by the Lessee of any right to contest its making of such payment.

(b) Should the Port Authority elect to use its operating and maintenance staff in performing any work and to charge the Lessee with the cost thereof, any time report of any employee of the Port Authority showing hours of work or labor allocated to such work, or any stock requisition of the Port Authority showing the issuance of materials for use in the performance thereof, shall be prima facie evidence against the Lessee that the amount of such charge was necessary.

(c) The term "cost" in this Section shall mean and include: (1) Payroll costs, including contributions to the Retirement System, or the cost of participation in other pension plans or systems, insurance costs, sick-leave pay, holiday, vacation and authorized-absence pays; (2) Cost of materials and supplies used; (3) Payments to contractors; (4) Any other direct costs; and (5) 30% of the sum of the foregoing.

Section 18. Rights of Entry Reserved

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

(b) Without limiting the generality of the foregoing, the Port Authority, by its officers, employees, agents, representatives, and contractors, and on behalf of furnishers of utilities and other services, shall have the right, for its own benefit, for the benefit of the Lessee, or for the benefit of others than the Lessee at the Facility, to maintain existing and future utility, mechanical, electrical and other systems and to enter upon the premises at all reasonable times to make such repairs, replacements or alterations as the Port Authority shall

deem necessary or advisable and, from time to time, to construct or install over, in or under the premises new systems or parts thereof, and to use the premises for access to other parts of the Facility 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 or future utility, mechanical, electrical and other systems and thus shall interfere with the inspection, maintenance or repair of any such system, the Lessee shall move such property, as directed by the Port Authority, in order that the access may be had to the system or part thereof for its inspection, maintenance or repair, and, if the Lessee shall fail so to move such property after written 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 impose, or shall be construed to impose upon the Port Authority any obligations so to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure so to do. The Lessee is and shall be in exclusive control and possession of the premises and the Port Authority shall not in any event be liable for any injury or damage to any property or to any person happening on or about the premises or for any injury or damage to the premises or to any property of the Lessee or of any other person located therein or thereon (other than those occasioned by the acts of the Port Authority).

(e) At any time and from time to time during ordinary business hours within the three (3) months next preceding the expiration of the letting, the Port Authority, 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 three-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 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 19. Limitation of Rights and Privileges Granted

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

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

(c) Nothing in this Agreement contained shall grant to the Lessee any rights whatsoever in the air space above the roof of any building or buildings or portion of any building or buildings, if any are included in the premises (except to the extent required in either case for the performance of any of the obligations of the Lessee hereunder), or more than twenty (20) feet above the present ground level of any open area included in the premises (except to the extent required for the operation of the container cranes on the premises and the movement and storage of containers). If any construction or installation is contemplated in this Agreement, the height thereof above ground shall be as determined solely by the Port Authority.

Section 20. Prohibited Acts

(a) 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, fuel system, electrical, fire-protection system, sprinkler system, alarm system, fire hydrants and hoses and other systems, if any, installed or located on, under, or in the premises.

(b) 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 Facility except after treatment in installations or equipment included in plans and specifications submitted to and approved by the Port Authority.

(c) The Lessee shall not 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.

(d) Except as set forth in paragraph (e) of this Section, 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, cafeteria, kitchen, stand or other establishment of any type for the preparation or dispensing of food, beverages, tobacco, tobacco products, or merchandise of any kind whether or not included in the above categories, or of any equipment or devices for the furnishing to the public of service of any kind including therein, without limitation thereto, telephone pay stations.

(e) (1) 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 Facility 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.

(2) The Lessee shall have the right to operate a cafeteria for over-the-counter sales to employees of the Lessee of food, non-alcoholic beverages and other merchandise normally sold in such an establishment at no profit to the Lessee and either directly by the Lessee or by an independent contractor who has received a permit from the Port Authority.

(f) 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 (f) or elsewhere in this Agreement shall be or be construed to be a representation by the Port Authority of the weight any floor will bear.

(g) The Lessee shall not fuel or defuel its automotive vehicles or other equipment in the enclosed portions of the premises without the prior approval of the Manager of the Facility.

(h) The Lessee shall not keep or store in the premises, explosives, inflammable liquids or solids or oxidized materials or use any cleaning materials having a harmful corrosive effect on any part of the premises, except for those materials normally used in the operation of a marine terminal and stored in a structure normally used for the storage of such materials and made safe for the storage thereof.

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

(j) The Lessee shall not dispose of, release or discharge nor permit anyone to dispose of, release or discharge any hazardous substance on or from the premises, and shall not dispose of, release or discharge or permit anyone subject to its control or authority to dispose of, release or discharge any hazardous substance at the Facility. Any hazardous substance disposed of, released or discharged by the Lessee (or permitted by the Lessee to be disposed of, released or discharged) on or from the premises or at the Facility, shall upon notice by the Port Authority to the Lessee and subject to the provisions of Section 17 hereof, be completely removed, cleaned up and/or remediated by the Lessee. The obligations of the Lessee pursuant to this paragraph shall survive the expiration or termination of this Agreement.

Section 21. Termination

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

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

(2) By order or decree of a court the Lessee shall be adjudged bankrupt or an order shall be made approving a petition filed by any of its creditors or, if the Lessee is a corporation, by any of its stockholders, 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; or

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

(4) The letting or the interest of the Lessee under this Agreement shall be transferred to, pass to or devolve upon, by operation of law or otherwise, any other person, firm or corporation; or

(5) The Lessee shall, without the prior approval of the Port Authority, become a possessor or merged corporation in a merger, a constituent corporation in a consolidation, or a corporation in dissolution; or

(6) If the Lessee is a partnership, the said partnership shall be dissolved as the result of any act or omission of its partners or any of

them, or by operation of law or the order or decree of any court having jurisdiction, or for any other reason whatsoever; or

(7) By or pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer, 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 fifteen (15) days; or

(8) The Lessee shall voluntarily abandon, desert or vacate the premises or discontinue its operations at the premises or at the Facility or, after exhausting or abandoning any right of further appeal, the Lessee shall be prevented for a period of thirty (30) days by action of any governmental agency from conducting its operations on the premises, regardless of the fault of the Lessee; or

(9) Any lien shall be filed against the premises because of any act or omission of the Lessee and shall not be discharged or bonded within thirty (30) days; or

(10) The Lessee shall fail duly and punctually to pay the rental or to make any other payment required under this Agreement when due to the Port Authority; or

(11) The Lessee shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in this Agreement, on its part to be kept, performed or observed, within ten (10) days after its receipt of notice of default thereunder from the Port Authority (except where fulfillment of its obligation requires activity over a period of time, and the Lessee shall have commenced to perform whatever may be required for fulfillment within ten (10) 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

by five (5) days' written notice terminate the letting and the rights of the Lessee under this Agreement, 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 commencement of 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 may, by twenty-four (24) hours' notice, cancel the interest of the Lessee under this Agreement, such cancellation to be effective upon the date specified in such notice.

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

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

Section 22. Right of Re-entry

The Port Authority shall, as an additional remedy upon the giving of a notice of termination as provided in Section 25 of this Agreement, 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 other legal proceedings, or otherwise. Such re-entry, or regaining or resumption of possession, however, shall not in any manner affect, alter or diminish any of the obligations of the Lessee under this Agreement, and shall in no event constitute an acceptance of surrender.

Section 23. 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 24. 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 21 of this Agreement or the interest of the Lessee shall have been 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 22 of this Agreement, all of the obligations of the Lessee under this Agreement shall survive such termination or cancellation, re-entry, regaining or resumption of possession and shall remain in full force and effect for the full term of the letting, as originally fixed in Section 2 hereof, subject to the provisions of Section 25 hereof, 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 has 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 or amounts of damages for the period of time subsequent to termination or cancellation (or re-entry, regaining or resumption of possession) shall be:

(1) the amount of all unfulfilled monetary obligations of the Lessee under this Agreement, including, without limitation thereto, all sums constituting additional rental under Section 17 of this Agreement, and all sums constituting the rentals under Section 3 of this Agreement, accrued prior to the effective date of termination, and the cost to and expenses of the Port Authority for fulfilling all other obligations of the Lessee which would have accrued or matured during the balance of the term or on the expiration date originally fixed or within a stated time after expiration or termination; and

(2) an amount equal to the cost and the expenses of the Port Authority in connection with the termination, cancellation, regaining, possession and restoring and reletting the premises, the Port Authority's legal expenses and costs, and the Port Authority costs and expenses for the care and maintenance of the premises during any period of vacancy, and any brokerage fees and commission in connection with any reletting.

Section 25. Reletting by the Port Authority

The Port Authority, upon termination or cancellation pursuant to Section 21 of this Agreement, or upon any re-entry, regaining or resumption of possession pursuant to Section 22 of this Agreement, 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 of the premises, 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 Agreement. The Port Authority shall also, upon termination or cancellation pursuant to Section 21 of this Agreement, or upon re-entry, regaining or resumption of possession pursuant to Section 25 of this Agreement, have the right to repair and to make structural or other changes in the premises, including changes which alter the character of the premises and the suitability thereof for the purposes of the Lessee under this Agreement, without affecting, altering or diminishing the obligations of the Lessee hereunder. In the event either of any reletting or of any actual use and occupancy by the Port Authority (the mere right to use and occupy not being sufficient however) there shall be credited to the account of the Lessee against its survived obligations hereunder any net amount remaining after deducting from the amount actually received from any lessee, licensee, permittee or other occupier in connection with the use of the premises (or portion thereof) during the balance of the Term as the same is originally stated in this Agreement, or from the market value of the occupancy of such portion of the premises as the Port Authority may itself during such period actually use and occupy, all reasonable expenses, reasonable costs and reasonable disbursements incurred or paid by the Port Authority in connection therewith. Neither any such letting nor any such other use or occupancy shall be or be construed to be an acceptance of a surrender. It is understood by the Port Authority and the Lessee that the Port Authority has no obligation to relet the premises or any portion thereof or to use or occupy the premises or any portion thereof itself, except to the extent as may be required by law.

Section 26. Remedies to Be Nonexclusive

All remedies provided in this Agreement shall be deemed cumulative and additional and not in lieu of or exclusive of each other or of any other remedy available to the Port Authority at law or in equity, and neither the exercise of any remedy, nor any provision in this Agreement for a remedy or an indemnity shall prevent the exercise of any other remedy.

Section 27. Surrender

(a) The Lessee covenants and agrees to yield and deliver peaceably to the Port Authority possession of the premises on the date of the cessation of the letting, whether such cessation be by termination, expiration or otherwise, promptly and in the condition required by the provisions of Section 12(c) hereof regarding the condition of the premises at the expiration or termination of the letting hereunder.

(b) Unless required for the performance by the Lessee of its obligations hereunder, the Lessee shall have the right at any time during the letting to remove from the premises, all its equipment, removable fixtures and other personal property, and all property of third persons for which the Lessee is responsible, and on or before the expiration or earlier termination of the letting it shall remove all of the same from the premises, repairing all damage caused by any removal. If the Lessee shall fail to remove such property on or before the termination or expiration of the letting, the Port Authority may remove such property to a public warehouse for deposit or may retain the same in its own possession and in either event may sell the same at public auction, provided, however, that the Port Authority shall have given the Lessee twenty (20) days' notice of the Port Authority's intent to sell such property at public auction, the proceeds of which shall be applied: first to the expenses of removal, including repair required thereby, and of 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, repair, storage and sale shall exceed the proceeds of sale, the Lessee shall pay such excess to the Port Authority upon demand. Without limiting any other term or provision of this Agreement, the Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents, employees and contractors from all claims of third persons arising out of the Port Authority's removal and disposition of property pursuant to this Section, including claims for conversion, claims for loss of or damage to property, claims for injury to persons (including death), and claims for any other damages, consequential or otherwise.

Section 28. 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, shall be deemed an acceptance of a surrender of the letting or of this Agreement.

Section 29. Notices

(a) All notices, permissions, requests, consents and approvals given or required to be given to or by either the Port Authority or the Lessee, except as otherwise expressly provided herein, shall be in writing, and all such notices and requests shall be (i) personally delivered to the party or to the duly designated officer or representative of such party; or (ii) delivered to an office of such party, officer or representative during regular business hours; or (iii) delivered to the residence of such party, officer or representative at any time; or (iv) if directed to the Lessee, delivered to the premises at any time to the offices of the terminal manager; or (v) forwarded to such party, officer or representative at the office or residence address by registered or certified mail, or delivered to such party at such address by "Federal Express" or similar courier service. The Lessee shall designate an office within the Port of New York District and an officer or representative whose regular place of business is at such office. Until further notice, the Port Authority hereby designates its Executive Director, and the Lessee designates the person whose name appears on the first page of this Agreement as their respective officers or representatives upon whom notices and requests may be served, and the Port Authority designates its office at 225 Park Avenue South, New York, New York 10003, and the Lessee designates its office, the address of which is set forth in Page 1 of this Agreement, as their respective offices where notices and requests may be served.

(b) If any notice is mailed or delivered, the giving of such notice shall be complete upon receipt or, in the event of a refusal by the addressee, upon the first tender of the notice to the addressee or at the permitted address.

Section 30. General

(a) Wherever in this Agreement the Lessee agrees or is required to do or has the right to do, any act or thing, the following shall apply:

(1) If the Lessee is a corporation, its obligations shall be performed by it and its rights shall be exercised only by its officers and employees; or

(2) If the Lessee is a partnership, its obligations shall be performed and its rights shall be exercised by its partners and employees only; or

(3) If the Lessee is an individual, his obligations shall be performed and his rights shall be exercised by himself and his employees only;

except that the Lessee may use contractors in the performance of its obligations to maintain and repair the premises and to supply watching and stevedoring services, including, cooping, clerking, checking, and extra labor functions at the Facility provided, that if separate contractors are engaged to perform any of the foregoing services nevertheless the active management, direction, administration, executive action and overhead functions involved in the operations of the Lessee shall all be performed at all times during the letting solely by the Lessee, its officers and employees, and provided, further, that the Lessee shall be fully responsible to the Port Authority for the acts and omissions of such contractors and their officers, agents, representatives, employees and persons on the premises with their consent to the same extent as if the same were the employees of the Lessee. None of the provisions of this paragraph (a) shall be taken to alter, amend or diminish any obligation of the Lessee assumed in relation to its invitees, business visitors, agents, representatives, contractors, customers, guests, or other persons, firms or corporations doing business with it or using or on or at the premises with its consent.

(b) If more than one individual or other legal entity is the Lessee under this Agreement, each and every obligation hereof shall be the joint and several obligation of each such individual or other legal entity.

(c) Unless otherwise stated in this Agreement, in its use of the premises the Lessee shall act only for its own account and, without limiting the generality of the foregoing, shall not act as agent, representative, factor, broker, forwarder, bailee, or consignee without legal title to the subject matter of the consignment, except to the extent necessary for exercise of the rights of user granted by this Agreement.

(d) The Lessee's representative, hereinbefore specified in this Agreement, (or such substitute as the Lessee may hereafter designate in writing) shall have full authority to act for the Lessee in connection with this Agreement and any things done or to be done hereunder, and to execute on the Lessee's behalf any amendments or supplements to this Agreement or any extension thereof.

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

(f) All payments required of the Lessee by this Agreement shall be made by mail to the Port Authority at P. O. Box 17309, Newark, New Jersey, 07194, or to such other address as may be substituted therefor.

(g) This Agreement does not constitute the Lessee the agent or representative of the Port Authority for any purpose whatsoever. Neither a partnership nor any joint venture is hereby created, notwithstanding the fact that all or a portion of the rental to be paid hereunder may be determined by gross receipts from the operations of the Lessee hereunder.

(h) As used in Sections 9 and 18 hereof, the phrase "utility, mechanical, electrical and other systems" shall mean and include (without limitation thereto) the following: machinery, engines, dynamos, boilers, elevators, escalators, incinerators and incinerator flues, systems for the supply of fuel, electricity, water, gas and steam, plumbing, heating, sewerage, drainage, ventilating, air-conditioning, communications, fire-alarm, fire-protection, sprinkler, telephone, telegraph and other systems, fire hydrants and fire hoses, and their respective wires, mains, switches, conduits, lines, tubes, valves, pipes, motors, cables, fixtures and other equipment.

(i) All designations of time herein contained shall refer to the time-system then officially in effect in the municipality wherein the premises are located.

(j) As used in this Agreement, "letting" shall include any extension of the letting under this Agreement, whether made by agreement or by operation of law, and "Manager of the Facility" or "Manager" 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 Manager or in the Superintendent of the Facility by this Agreement; but until further notice from the Port Authority to the Lessee, it shall mean the Manager (or

the Acting Manager) Port Authority Marine Terminals-New Jersey for the time being, or his duly designated representative or representatives.

(k) No designation in this Agreement of any area as a street, highway, roadway or other comparable characterization, whether or not by name, shall be or be deemed to be an admission, recognition or acknowledgement of public or private rights in the area so designated, or as a dedication for or a consent to any public or private use of the same. All use in this Agreement of names and designations in connection with such areas is merely for the purpose of fixing geographical locations.

(l) The rights of the Port Authority in the Facility are those acquired by it pursuant to the Basic Lease, hereinafter defined in this Agreement, and no greater rights are granted or intended to be granted to the Lessee hereunder than the Port Authority has power thereunder to grant. The letting shall in any event terminate simultaneously with the termination or expiration of the Basic Lease. The Lessee shall have no surviving obligations to pay any then unpaid rents to the Port Authority in the event of a termination of the letting under this Agreement as a result of a termination or expiration of the Basic Lease.

(m) Nothing herein contained shall prevent the Port Authority from entering into an agreement with The City of Newark pursuant to which the Basic Lease is surrendered, canceled or terminated; provided, that, The City of Newark, at the time of such agreement, assumes the obligations of the Port Authority under this Agreement.

(n) As used in this Agreement, "Facility", "Port Newark" or "marine terminal" shall mean the land and premises in the City of Newark, in the County of Essex and State of New Jersey, which are easterly of the right-of-way of the Central Railroad of New Jersey and are shown upon the exhibit attached to the Basic Lease and marked "Exhibit A" (thereto), as contained within the limits of a line of crosses appearing on the said Exhibit A and marked (by means of the legend) "Boundary of Terminal Area in City of Newark", and lands contiguous thereto within the County of Essex which may have been heretofore or may hereafter be acquired by the Port Authority to use for marine terminal purposes.

(o) "Basic Lease" shall mean that agreement of lease respecting marine and air terminals entered into with the Port Authority by the City of Newark (New Jersey) under date of October 22, 1947, and recorded in the Office of the Register of the County of Essex on October 30, 1947, in Book E-110 of Deeds,

on pages 242 et seq. as the said agreement of lease has been heretofore or may be hereafter from time to time supplemented and amended.

(p) In the event that obstruction lights are now or in the future shall be installed on the premises, the Lessee agrees to furnish the Port Authority without charge, electricity for energizing such obstruction 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 periods as may be directed or requested by the Control Tower of Newark Airport.

(q) So long as the Lessee shall pay all rentals provided for in this Agreement and shall observe and perform all the terms, covenants and conditions on the Lessee's part to be observed and performed under this Agreement, the Lessee may peaceably and quietly enjoy the premises, during the term of the letting, without hindrance or molestation by anyone claiming by, through or under the Port Authority, subject, nevertheless, to the terms, covenants and conditions of this Agreement, it being understood that the Port Authority's liability hereunder shall obtain only so long as it remains the owner of the premises.

(r) This Agreement and the letting hereunder are and shall be subject and subordinate to all mortgages which may now or hereafter affect the premises or the Facility, and to all renewals, modifications, consolidations, replacements and extensions thereof, and although the provisions of this Section shall be deemed to be self-operating and effective for all purposes without any further instrument on the part of the Lessee, the Lessee shall execute on demand and without expense to the Port Authority such further instruments confirmatory of the provisions of this Section as the Port Authority may request.

(s) Without in any way limiting the obligations of the Lessee as elsewhere stated in this Agreement, the Lessee shall be liable to the Port Authority for any damage done to the Facility or to any part thereof, or to any property of the Port Authority thereon through any act or omission of those in charge of any one or more vessels, steamers, tugboats, barges, lighters, or other floating equipment, or highway or other vehicles, or other transportation equipment while the same are at, coming to or leaving the premises, except for damages to the Facility (other than the premises) caused by any one or more of such vessels, steamers, tugboats, barges, lighters, or other floating equipment, or highway or other vehicles, or other transportation equipment as may be coming to or leaving the premises without previous knowledge on the part of the Lessee.

Section 31. Premises

(a) The Port Authority shall deliver the premises to the Lessee in its presently existing "as is" condition. The Lessee agrees to and shall take the premises in its "as is" condition and the Port Authority shall have no obligations under this Agreement for finishing work or preparation of any portion of the premises for the Lessee's use.

(b) The Lessee acknowledges that it has not relied upon any representation or statement of the Port Authority or its Commissioners, officers, employees or agents as to the condition of the premises or the suitability thereof for the operations permitted on the premises by this Agreement. The Lessee, prior to the execution of this Agreement, has thoroughly examined the premises as existing and has found the same to be suitable and satisfactory for the operations of the Lessee contemplated and permitted under this Agreement. Without limiting any obligation of the Lessee to commence operations under this Agreement at the time and in the manner stated elsewhere in this Agreement, the Lessee agrees that no portion of the premises will be used initially or at any time during the letting which is in a condition unsafe or improper for the conduct of the operations of the Lessee, so that there is possibility of injury or damage to life or property, and the Lessee further agrees that before any use it will immediately correct any such unsafe or improper condition.

(c) The Port Authority shall not be liable to the Lessee for injury or death to any person or persons whomsoever, or for damage to any property whatsoever at any time in the premises or elsewhere at the Facility, including but not limited to any such injury, death or damage from falling material, water, rain, hail, snow, gas, steam, or electricity, whether the same may leak into, or flow from any part of the Facility or from any other place or quarter.

Section 32. Force Majeure

(a) The Port Authority shall not be liable for any failure, delay or interruption in performing its obligations hereunder due to causes or conditions beyond its control, including, without limitation thereto, strikes, boycotts, picketing, slow-downs, work stoppages or labor troubles of any other type (whether affecting the Port Authority, its contractors, or subcontractors), 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.. Further,

the Port Authority shall not be liable unless the failure, delay or interruption shall result from failure on the part of the Port Authority to use reasonable care to prevent or reasonable efforts to cure such failure, delay or interruption.

(b) The Port Authority shall be under no obligation to supply any service or services if and to the extent and during any period that the supplying of any such service or services or the use of any component necessary therefor shall be prohibited or rationed by any federal, state or municipal law, rule, regulation, requirement, order or direction and if the Port Authority deems it in the public interest to comply therewith, even though such law, rule, regulation, requirement, order or direction may not be mandatory on the Port Authority as a public agency.

(c) No abatement, diminution or reduction of the rent or other charges payable by the Lessee, shall be claimed by 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 law, rule, requirement, order, direction, ordinance or regulation of the United States of America, or of the state, county or city government, or of any other municipal, governmental or lawful authority whatsoever, or by priorities, rationing or curtailment of labor or materials, or by war or any matter or thing resulting therefrom, or by any other cause or causes beyond the control of the Port Authority, nor shall this Agreement be affected by any such causes.

Section 33. Brokerage

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

Section 34. Non-Liability of Individuals

Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent, or employee thereof, shall be charged personally by the Lessee with any liability, or held liable to the Lessee under any term or provision of this Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, thereof.

Section 35. Services

(a) The Port Authority shall be under no obligation to supply the Lessee with any services provided by utility companies and other service providers, including but not limited to water, gas, electricity, sewer service, heat, steam, air-conditioning, telephone, telegraph, cable, or electrical guard or watch service.

(b) The Lessee shall promptly pay all water-bills covering its own consumption, including but not limited to water delivered and sold by the Lessee to vessels berthing at the premises. In the event that any such water-bill or bills shall remain unpaid for a period of six (6) months after the same becomes due and payable, or in the event that any such bill remains unpaid at the date of expiration or earlier termination of the letting under this Agreement, the Port Authority may pay the same and any interest or penalties thereon; and the total payment or payments shall constitute an item of additional rental, payable to the Port Authority on demand.

(c) The Lessee agrees to heat the enclosed portions of the premises to a sufficient temperature, or to bleed pipes, so that the plumbing, fire-protection and sprinkler system, if any, will not be damaged by reason of low temperatures.

(d) If any federal, state, municipal or other governmental body, authority or agency, or any public utility or other entity providing any service, assesses, levies, imposes, makes or increases any charge, fee, rent or assessment on the Port Authority, for any service, system or utility now or in the future supplied to or available at the premises or to any tenant, lessee, occupant or user thereof, or to the structures or buildings, which, or a portion or portions of which, are included in the premises, 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 any such notice, such charge, fee, rent or assessment or such increase thereof (or the portion thereof allocated by the Port Authority to the premises or to the operations of the Lessee under this Agreement) either directly to the governmental body, authority or agency, or to the public utility or other entity, or directly to the Port Authority, as such notice may direct. All such payments shall constitute items of additional rental.

(e) No failure, delay or interruption in any service or services, whether such service or services shall be supplied by the Port Authority or by others, shall relieve or be construed to relieve the Lessee of any of its obligations hereunder, or shall be or be construed to be an eviction of the Lessee, or

shall constitute grounds for any diminution or abatement of the rental or rentals payable under this Agreement, or grounds for any claim by the Lessee for damages, consequential, or otherwise.

(f) Without in any wise affecting the obligations of the Lessee elsewhere stated in this Agreement, the Lessee shall, subject to the provisions of Section 17 of this Agreement, provide, maintain and keep in good order, condition and repair any and all meters (to be located as designated by the Port Authority, other governmental authority or utility), ship-filling lines and other water-using equipment and facilities.

Section 36. Affirmative Action

(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) 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 premises, 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 sixty (60) days 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 as the Port Authority and the Lessee may agree upon from time to time. 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. The