

Lease Agreement

NEW YORK CITY
INDUSTRIAL DEVELOPMENT AGENCY

AND

AIR EXPRESS INTERNATIONAL CORPORATION,
as Lessee

LEASE AGREEMENT

Dated as of July 1, 1997

New York City Industrial Development Agency
Special Facility Revenue Bonds
(1997 Air Express International Corporation Project), Series 1997

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LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into as of the date set forth on the cover page hereof (the "Agreement"), by and between NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, duly organized and existing under the laws of the State of New York (the "Agency"), having its principal office at 110 William Street, New York, New York 10038, party of the first part, and AIR EXPRESS INTERNATIONAL CORPORATION, a corporation organized and existing under the laws of the State of Delaware (the "Lessee"), having an office at 120 Tokeneke Road, Darien, Connecticut 06820, party of the second part:

WITNESSETH:

WHEREAS, the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act"), authorizes and provides for the creation of industrial development agencies in the several counties, cities, villages and towns in the State of New York and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and furnish land, any building or other improvement, and all real and personal properties, including but not limited to machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, industrial or civic purposes and which may include or mean an industrial pollution control facility to the end that such agencies may be able to promote, develop, encourage, assist and advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act the Agency was established by Chapter 1082 of the 1974 Laws of New York, as amended (together with the Enabling Act, the "Act"), for the benefit of The City of New York and the inhabitants thereof; and

WHEREAS, to accomplish the purposes of the Act, the Agency has entered into negotiations with the Lessee to induce the Lessee to proceed with the construction, improvement and equipping of a warehousing facility (the "Facility") consisting of the demolition of certain existing structures and facilities at the project site, the construction of cargo handling and warehousing facilities (and related office space), the construction of site improvements, the construction of buildings, facilities, structures and other improvements, including materials handling systems, and the acquisition and installation of machinery and equipment in connection therewith, all for use in the warehousing, packaging, forwarding and distribution of air cargo (the "Project") and to locate the Facility within The City of New York, and in furtherance of said purpose the Agency adopted a resolution on September 10, 1996 authorizing the Project,

and undertaking to permit the issuance of its industrial development revenue bonds to finance a portion of the costs of the Project; and

WHEREAS, the Project is necessary to provide employment in, and is beneficial for the economy of, The City of New York and Agency financing assistance is reasonably necessary to induce the Lessee to expand its existing operations and proceed with the Project; and

WHEREAS, the Facility is to be located on a portion of those certain premises located at John F. Kennedy International Airport (the "Airport") in the Borough of Queens, City and State of New York, which premises (i) are subject to the terms of an Agreement of Lease dated April 17, 1947, as amended and supplemented (the "Basic Lease"), between The City of New York and The Port Authority of New York and New Jersey (the "Port Authority"), (ii) have been subleased by the Port Authority to the Lessee pursuant to an Agreement of Lease (Lease No. AYC-693) dated as of July 1, 1997, between the Port Authority and the Lessee, as the same may hereafter be amended and supplemented (the "Ground Lease") and (iii) have been sub-subleased to the Agency, as sublessee, by the Lessee, as sublessor, pursuant to a Company Sublease Agreement dated as of July 1, 1997 between the Lessee and the Agency (the "Company Sublease"); and

WHEREAS, in order to provide funds for a portion of the cost of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Series 1997 Bonds hereinafter mentioned, the Agency has authorized the issuance and sale of its Special Facility Revenue Bonds (1997 Air Express International Corporation Project), Series 1997 in the aggregate principal amount of \$19,000,000 (the "Series 1997 Bonds"), pursuant to the Act, a resolution of the Agency adopted on March 11, 1997, and an Indenture of Trust of even date herewith between the Agency and United States Trust Company of New York as Trustee (the "Trustee"); and

WHEREAS, the Series 1997 Bonds are to be secured by, among other things, an irrevocable direct pay letter of credit issued by First Union National Bank in favor of the Trustee for the benefit of the holders of the Series 1997 Bonds;

NOW, THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows provided that in the performance of the agreements of the Agency herein contained, any obligation it may incur for the payment of money shall not create a debt of the State of New York or of The City of New York, and neither the State of New York nor The City of New York shall be liable on any obligation so incurred, and any such obligation of the Agency hereunder shall not result in any pecuniary or other liability of the Agency:

ARTICLE I
Definitions and Representations

Section 1.1. Definitions. Terms not otherwise defined herein shall have the same meanings as used in Appendix A attached hereto and made a part hereof.

Section 1.2. Construction. In this Agreement, unless the context otherwise requires:

(a) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of the execution and delivery of this Agreement.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

Section 1.3. Representations and Warranties by Agency. The Agency makes the following representations and warranties:

(a) The Agency is a corporate governmental agency constituting a body corporate and politic and a public benefit corporation duly organized and existing under the laws of the State, and is authorized and empowered to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. By proper action of its members, the Agency has duly authorized the execution, delivery and performance by the Agency of this Agreement and the consummation by the Agency of the transactions herein contemplated. This Agreement constitutes the legal, valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting or relating to the enforcement of creditors' rights generally and to general equitable principles.

(b) In order to finance a portion of the cost of the Project, the Agency proposes to issue the Series 1997 Bonds. The Series 1997 Bonds will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.

(c) The execution, delivery and performance by the Agency of this Agreement, the Indenture, the Series 1997 Bonds, the Tax Regulatory Agreement and the Company Sublease and the consummation of the transactions herein and therein contemplated by the Agency have been duly authorized by all requisite corporate action on the part of the Agency and will not violate (i) any applicable provision of law, or any order of any court or agency of government having jurisdiction thereover, or (ii) the by-laws of the Agency or any indenture, agreement or other instrument to which the Agency is a party or by which it is bound, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, which violation, conflict, breach or default would have a material adverse effect upon the ability of the Agency to perform its obligations under this Agreement, the Indenture, the Series 1997 Bonds, the Tax Regulatory Agreement and the Company Sublease, or result in the imposition of any lien, charge or encumbrance of any nature whatsoever on the Facility other than Permitted Encumbrances.

Section 1.4. Findings by Agency. The Agency, based upon the representations and warranties of the Lessee contained in this Agreement and the information contained in the application and other materials heretofore submitted by or on behalf of the Lessee to the Agency, hereby finds and determines that the financing of a portion of the costs of the Project by the Agency and the leasing of the Facility to the Lessee is reasonably necessary to induce the Lessee to proceed with the Project.

Section 1.5. Representations and Warranties by Lessee. The Lessee makes the following representations and warranties:

(a) The Lessee is a corporation duly organized and validly existing under the laws of the State of Delaware, is qualified to do business in and is in good standing under the laws of the State, has the corporate power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement, the Ground Lease, the Tax Regulatory Agreement and the Company Sublease.

(b) The execution, delivery and performance by the Lessee of this Agreement, the Tax Regulatory Agreement, the Company Sublease and the Ground Lease and the consummation of the transactions herein and therein contemplated by the Lessee have been duly authorized by all requisite corporate action on the part of the Lessee and will not violate (i) any applicable provision of law, or any order of any court or agency of government having jurisdiction thereover, (ii) the articles of incorporation or by-laws of the Lessee, or (iii) any indenture, agreement or other instrument to which the Lessee is a party (including the Ground Lease) or which it or any of its property is subject to or bound by, or be in conflict with or

result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument which violation, conflict, breach or default would have a material adverse effect upon the worldwide affairs, assets, properties, business or condition, financial or otherwise, of the Lessee, or would result in the imposition of any lien, charge or encumbrance of any nature whatsoever on the Facility other than Permitted Encumbrances.

(c) Expenses for supervision by the officers or employees of the Lessee or its Affiliates and expenses for work done by such officers or employees in connection with the Project will be included as a Project Cost only to the extent that such persons were specifically employed for such particular purpose, the expenses do not exceed the actual cost thereof and are to be treated by the Lessee as a capital expenditure in conformity with Section 263A of the Code.

(d) The participation of the Agency in the financing of a portion of the costs of the Project is necessary to induce the Lessee to proceed with the Project.

(e) The total cost of the Project being funded with the Series 1997 Bonds will be at least equal to the principal amount of the Series 1997 Bonds, which represents only a portion of the total cost to the Lessee.

(f) Any costs incurred with respect to that part of the Project paid from the proceeds of the sale of the Series 1997 Bonds shall be treated by the Lessee as capital expenditures in conformity with Section 263A of the Code or shall be chargeable to the Project's capital account for Federal income tax purposes.

(g) The property included in the Facility is either property of the character subject to the allowance for depreciation under Section 167 of the Code, or land, and the Facility constitutes an "airport facility" within the meaning of section 142(a)(1) of the Code.

(h) No part of the proceeds of the Series 1997 Bonds will be used to finance inventory or will be used for working capital or will be used to finance all or part of the cost of any property which is not subject to the leasehold estate of the Ground Lease.

(i) The Project will be used as a warehousing facility in conformance with the Act.

(j) This Agreement, the Company Sublease, the Ground Lease and the Tax Regulatory Agreement each constitutes the legal, valid and binding obligation of the Lessee enforceable against the Lessee in accordance with its respective terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting or relating to the enforcement of creditors' rights generally and to general equitable principles.

(k) The Facility has been or will be designed, and the operation of the Facility will be, in compliance with all applicable Federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality.

(l) The completion of the Facility will not result in the removal of an industrial, manufacturing, warehousing or commercial plant or facility of the Lessee or any other occupant or user of the Facility from outside of the City to within the City or in the abandonment of one or more of such plants or facilities of the Lessee or any such other occupant or user of the Facility outside of the City.

(m) The Ground Lease continues in full force and effect as a legal, valid and binding obligation of the Lessee without default by the Lessee or, to the knowledge of the Lessee, by the Port Authority thereunder, the Lessee has neither received nor delivered any notice of default or termination thereunder, and the initial term of the Ground Lease expires on December 30, 2015.

(n) Pursuant to the Basic Lease, the Ground Lease and the Company Sublease, the Agency has been vested with a good and valid leasehold interest in the Leased Premises.

(o) No portion of the proceeds of the Series 1997 Bonds will be applied to acquire, construct, renovate, equip, expand or install any property which is not subject to the Ground Lease and this Agreement.

(p) There is no action or proceeding pending or to the best knowledge of the Lessee threatened by or against the Lessee by or before any court or administrative agency that would materially adversely affect the legality, validity or enforceability of, or the ability of the Lessee to perform its obligations under, any of this Agreement, the Ground Lease, the Company Sublease, the Tax Regulatory Agreement or any other Security Document to which the Lessee is a party, and all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the Lessee as of the date hereof in connection with the execution and delivery of the Ground Lease, this Agreement, the Company Sublease, the Tax Regulatory Agreement and each other Security Document to which the Lessee is a party or in connection with the performance of the obligations of the Lessee hereunder or thereunder have been obtained, other than consents required to be obtained in the ordinary course by the Lessee from the Port Authority under the Ground Lease with respect to the Project work.

(q) Less than one-third of the cost of the Project is in respect of facilities or property that are or will be primarily used in making retail sales to customers who personally visit the Project. For purposes of this representation, retail sales shall mean: (i) sales by a registered vendor under article twenty-eight of the New York Tax Law primarily engaged in the retail sale of tangible personal property, as defined in subparagraph (i) of paragraph four of

subdivision (b) of section eleven hundred one of the New York Tax Law; or (ii) sales of a service to such customers.

(r) None of the Financed Property consists of personal property not otherwise intended to be incorporated with and made a part of the Leased Premises.

ARTICLE II
The Project

Section 2.1. The Project. (a) The Lessee shall at all times cause the Agency to be vested with a good and valid leasehold interest in the Leased Premises, free and clear of all liens, claims, charges, encumbrances and security interests other than Permitted Encumbrances.

(b) As promptly as practicable (subject to the conditions of the Basic Lease and the Ground Lease) after receipt of the proceeds of sale of the Series 1997 Bonds and out of said proceeds of sale, the Lessee will complete the Project substantially in accordance with the Plans and Specifications. The cost of the Project shall be paid from the Project Fund established under the Indenture or as otherwise provided in Section 2.2 hereof. All contractors, materialmen, vendors, suppliers and other companies, firms or persons furnishing labor, machinery, equipment, services or materials for or in connection with the Project shall be designated by the Lessee.

(c) In order to accomplish the purposes of the Agency, and to assure the effectuation of the Project in conformity with the requirements of the Lessee, the Lessee has undertaken to proceed with the design of the Project, the preparation of the Leased Premises and the completion of the Project work.

(d) As between the Agency and the Lessee, it shall be the responsibility of the Lessee to pay (i) all of the costs and expenses in connection with the preparation of any instruments of conveyance and transfer of the leasehold interest in the Facility to the Agency, and the delivery of any such instruments and documents and their filing and recording, if required, (ii) all taxes and charges payable in connection with such conveyance and transfer, and (iii) all shipping and delivery charges incurred in connection with the Project.

(e) The Lessee covenants that it will obtain or cause to be obtained all necessary approvals from any and all governmental agencies requisite to the completion of the Project, all of which will be done in compliance with all Federal, State and local laws, ordinances and regulations applicable thereto, and with the conditions and requirements of the Basic Lease and the Ground Lease. Upon completion of the Project, the Lessee will promptly obtain or cause to be obtained all required occupancy permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facility for the purposes contemplated by this Agreement, and will execute such instruments and documents, as shall be necessary for the occupancy, operation and use of the Facility for the purposes contemplated by this Agreement and, upon the written request of the Agency, the Trustee or the Credit Institution therefor, shall furnish copies of same to the Agency, the Trustee and the Credit Institution. The Lessee shall obtain such approvals, permits, authorizations and licenses at its sole cost and expense.

(f) All Financed Property shall constitute a part of the Facility, and be subject to this Agreement, the Company Sublease, the Ground Lease and the Basic Lease immediately upon delivery to or installation or incorporation into the Leased Premises or payment therefor, whichever shall occur first, free and clear of all liens, claims, charges, security interests and encumbrances other than Permitted Encumbrances.

(g) The Lessee shall take such action and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts diligently in accordance with the terms of said contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by the Lessee hereunder to be considered a Project Cost. Any amounts recovered by way of (i) damages, shall be paid to the Lessee, or (ii) refunds, adjustments or overpayments in connection with the foregoing, after deduction of expenses incurred in such recovery, if recovered prior to the date of completion of the Project, shall be deposited into the Construction Account of the Project Fund and made available for payment of Project Costs, or, if recovered after such date of completion, be deposited in the Lease Payments Fund.

Section 2.2. Completion by Lessee. The Lessee unconditionally covenants and agrees that it will complete the Project, or cause the Project to be completed, in a prompt, expeditious and diligent manner, by December 31, 1998, and that such completion will be effected in a first-class workmanlike manner, using high-grade materials, free of material defects in materials or workmanship (including latent defects), and in accordance with this Agreement, the Ground Lease and the Indenture. In the event that moneys in the Project Fund are not sufficient to pay the costs necessary to complete the Project in full, the Lessee shall pay as additional rent that portion of such costs of the Project as may be in excess of the moneys therefor in said Project Fund and shall not be entitled to any reimbursement therefor from the Agency, the Trustee, the Credit Institution, the Liquidity Institution or the Holders of any of the Bonds (except from the proceeds of Additional Bonds which may be issued for that purpose), nor shall the Lessee be entitled to any diminution of the rents payable or other payments to be made under this Agreement.

The date of completion for the Project shall be evidenced to the Agency, the Credit Institution and the Trustee by a certificate of an Authorized Representative of the Lessee stating, to the best knowledge of such person, and except for any costs not then due and payable or the liability for payment of which is being contested or disputed in good faith by the Lessee, (i) the date of completion of the Project, (ii) that the Project has been completed substantially in accordance with the Plans and Specifications, (iii) that all other facilities necessary for the Lessee to complete for the proper operation of the Facility have been completed, (iv) that the Agency has a good and valid leasehold interest in all property constituting part of the Facility and all property of the Facility is subject to the Ground Lease, the Company Sublease and this Agreement, (v) that, in accordance with all applicable laws, regulations and ordinances, the Facility has been made ready by the Lessee for occupancy, use and operation for its intended

purposes, and (vi) the amount, if any, required in his opinion for the payment of any remaining part of the costs of the Project. Such certificate shall further certify as to the determination of the Rebate Amount as provided in the Tax Regulatory Agreement and the Indenture and shall direct any transfer to, or make payments of amounts for deposit in, the Rebate Fund. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Lessee against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 5.02 of the Indenture, and (z) that no Person other than the Agency, the Credit Institution and the Trustee may benefit therefrom. Such certificate of the Authorized Representative of the Lessee shall be accompanied by any and all permissions, approvals, licenses or consents required by the Port Authority or any governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by this Agreement. The Lessee shall also deliver a copy of such certificate to the Port Authority.

Section 2.3. Issuance of Series 1997 Bonds. Contemporaneously with the execution and delivery of this Agreement, the Agency will sell and deliver the Series 1997 Bonds in the aggregate principal amount of \$19,000,000 under and pursuant to a resolution adopted by the Agency on March 11, 1997. The proceeds of sale of the Series 1997 Bonds equal to \$759,991 shall be deposited in the Capitalized Interest Account of the Project Fund and the balance of the proceeds shall be deposited in the Construction Account of the Project Fund and applied to the payment of Project Costs in accordance with the provisions of the Indenture. Pending such application, amounts in the Project Fund may be invested as provided in the Indenture.

Section 2.4. No Title Assurance. The Agency makes no representation or warranty that it has been vested with a valid leasehold estate in the Leased Premises.

Section 2.5. Limitation on Sales Tax Exemption. (a) Any exemption from Sales Taxes resulting from or occasioned by Agency involvement with the Project shall be limited to purchases of Eligible Materials effected in whole from Bond proceeds by or for the Lessee as agent for the Agency, it being the intent of the parties that no operating expenses of the Lessee and no purchases of equipment or other personal property (other than Eligible Materials) shall be subject to an exemption from Sales Taxes because of the Agency involvement with the Project.

(b) The Lessee covenants and agrees that it shall include the following language (through an attached rider or otherwise) in and as part of each contract, invoice, bill or purchase order entered into by the Lessee as agent for the Agency in connection with the Project:

"This contract is being entered into by Air Express International Corporation, a corporation organized under the laws of the State

of Delaware (the "Agent"), as agent for and on behalf of the New York City Industrial Development Agency (the "Agency") in connection with a certain project of the Agency for the Agent consisting of the demolition of certain existing structures and facilities at the project site, the construction of cargo handling and warehousing facilities (and related office space), the construction of site improvements, the construction of buildings, facilities, structures and other improvements, including materials handling systems, and the acquisition and installation of machinery and equipment in connection therewith, all for use in the warehousing, packaging, forwarding and distribution of air cargo (the "Project"), such Project to be located at John F. Kennedy International Airport, for lease to the Agency and leaseback to the Agent. The construction materials, machinery, equipment, trade fixtures and other tangible personal property to be used for the Project which are the subject of this [contract, agreement, invoice, bill or purchase order] shall be exempt from the sales and use tax levied by the State of New York and The City of New York if effected in accordance with the terms and conditions set forth in the attached Letter of Authorization for Sales Tax Exemption of the Agency, and the Agent hereby represents that this [contract, agreement, invoice, bill or purchase order] is in compliance with the terms of the Letter of Authorization for Sales Tax Exemption. The liability of the Agency hereunder is limited as set forth in the Letter of Authorization for Sales Tax Exemption. By execution or acceptance of this [contract, agreement, invoice, bill or purchase order], the [vendor or contractor] hereby acknowledges the terms and conditions set forth in this paragraph."

If the Lessee shall fail to include, incorporate by reference or otherwise cause the contract, invoice, bill or purchase order to be, subject to the above applicable language in substantially the above form, such contract, invoice, bill or purchase order shall not be an undertaking on behalf of the Agency and shall not be entitled to any of the benefits able to be conferred by the Agency, and the Lessee shall not claim any sales or use tax benefits or exemptions with respect to any such contract, invoice, bill or purchase order and the Lessee shall return to the Agency any such benefits or exemptions so taken, together with interest on such amount at the rate of eighteen percent (18%) per annum, from the date of such taking.

(c) Concurrently with the execution of this Agreement, the Agency shall make available to the Lessee the Sales Tax Letter. The Agency, at the sole cost and expense of the Lessee, shall also execute such other authorizations, letters and documents (and such amendments to the Sales Tax Letter) as may be reasonably necessary to permit the Lessee to

obtain the intended benefits hereunder. Subject to the terms of this Agreement, it is intended that the aggregate scope of the sales and use tax benefits received by the Lessee pursuant to this Agreement and the Sales Tax Letter shall be limited as set forth below:

(i) The Sales Tax Letter shall be dated the date of original issuance of the Series 1997 Bonds and shall be effective for a term commencing on its date and expiring upon the earliest of (1) the termination of this Agreement, (2) the completion of the Project as provided in Section 2.2 hereof, or (3) the termination of the Sales Tax Letter pursuant to Section 7.2 hereof.

(ii) The authorizations set forth in the Sales Tax Letter shall automatically be suspended after notice to the Lessee that the Lessee shall be in default under this Agreement until the Lessee shall pay any amounts due, and perform all of its obligations, with respect to any such default.

(iii) The sales and use tax exemption to be provided pursuant to the Sales Tax Letter

(A) shall not be available for payment of any costs other than Project Costs for Eligible Materials for incorporation into the Leased Premises,

(B) shall only be utilized for Eligible Materials which shall be purchased, completed or installed for use only by the Lessee at the Leased Premises (and not with any intention to sell, transfer or otherwise dispose of any such Eligible Materials to another Person), it being the intention of the Agency and the Lessee that the sales and use tax exemption shall not be made available with respect to any item of Eligible Materials unless such item is used solely by the Lessee at the Leased Premises,

(C) shall only be available if that portion of the Project Costs for which the sales and use tax exemption is sought is paid for in whole and/or reimbursed in whole from the proceeds of the Series 1997 Bonds,

(D) shall not be available for any item of (i) rolling stock or watercraft, (ii) tangible personal property having a useful life of less than one year, or (iii) computer software unless the computer software is of a type that is capable of being capitalized in accordance with generally accepted accounting principles as a capital expenditure, for use only at the Leased Premises by the Lessee,

(E) shall not be available for any date subsequent to which the Sales Tax Letter shall have been suspended as provided in Section 2.5(c)(ii)

hereof; provided, however, that in the event the Lessee shall thereafter cure any defaults under this Agreement, or the Agency shall thereafter waive such suspension, as applicable, the sales and use tax exemption shall again continue from the date of such cure or such waiver,

(F) shall be available only if purchased by the Lessee as agent for the Agency for use by the Lessee at the Leased Premises,

(G) shall not be available for any tangible movable personal property (including computer software) or trade fixture for use by any Person other than the Lessee at the Leased Premises,

(H) shall not be available for any cost of utilities, cleaning service or supplies,

(I) shall not be available for any item the acquisition or leasing of which would otherwise be exempt from Sales Taxes absent involvement by the Agency,

(J) shall not be available subsequent to the termination of this Agreement, and

(K) shall only be available for those costs set forth in Exhibit A to the Sales Tax Letter.

(iv) In the event that the Lessee shall utilize the sales or use tax exemption authorization provided pursuant to the Sales Tax Letter in violation of the provisions of Section 2.5(c)(iii) hereof, the Lessee shall promptly deliver notice of same to the Agency, and the Lessee shall, upon demand by the Agency, pay to or at the direction of the Agency a return of sales or use tax exemptions in an amount equal to all such unauthorized sales or use tax exemptions together with interest at the rate of eighteen percent (18%) per annum from the date and with respect to the dollar amount for which each such unauthorized sales or use tax exemption was availed of by the Lessee.

(v) The Lessee shall, on or before February 1 and August 1 of each year, commencing February 1, 1998, and ending on the earlier of the termination of this Agreement and the completion of the Project (and on the February 1 or August 1 following the earlier of the termination of this Agreement and the attaining of the Maximum Sales Tax Benefit),

(A) deliver to the Agency a certificate of an Authorized Representative of the Lessee certifying (i) as to each sales or use tax exemption availed of by the Lessee, the dollar amount of same and the date availed of, all as availed of by the Lessee in the immediately preceding half calendar year (i.e., January 1 through June 30 for the certificate to be delivered on August 1, and July 1 through December 31 for the certificate to be delivered on February 1, except that the first such period shall commence on the date of original issuance of the Series 1997 Bonds and continue through December 31, 1997), and the specific items of Project Costs to which they shall relate, (ii) that all such sales or use tax exemptions so availed of were in compliance with the provisions of the Sales Tax Letter and Section 2.5(c) hereof, (iii) that all Project Costs to which sales or use tax exemptions shall have been availed of by the Lessee through the immediately preceding half calendar year have been (or, concurrently with the delivery of such certificate, will be) paid and/or reimbursed in whole from the proceeds of the Series 1997 Bonds, and (iv) as to the cumulative dollar amount of all sales and use tax exemptions availed of by the Lessee from the date of the Sales Tax Letter through the end of the half calendar year period to which such certificate shall relate,

(B) deliver to the Agency, on request, an opinion of the Independent Accountant to the effect that the Independent Accountant has reviewed the use by the Lessee of the Sales Tax Letter for the preceding calendar year, and has reviewed the terms and provisions of the Sales Tax Letter and of this Section 2.5(c), and has further reviewed the certificates of the Lessee provided in paragraph (A) above for the preceding calendar year, and such certificates were properly prepared and accurately reflect the matters certified therein, and

(C) deliver to the Trustee (with a copy to the Agency) a requisition of an Authorized Representative of the Lessee in accordance with the requirements of Section 5.02 of the Indenture requisitioning reimbursement for all Project Costs paid or incurred through the end of the immediately preceding half calendar year to which such requisition shall relate and for which sales or use tax exemptions were utilized by the Lessee under the Sales Tax Letter.

(vi) The sales and use tax exemption authorizations provided to the Lessee under the Sales Tax Letter and this Agreement availed of by the Lessee shall extend both to those Project Costs the payment for which shall first be made from the proceeds of the Series 1997 Bonds as well as to those Project Costs the payment of which is to be reimbursed from the proceeds of the Series 1997 Bonds.

(vii) Upon request by the Agency of, and reasonable notice to, the Lessee, the Lessee shall make available at reasonable times to the Agency and the Independent Accountant all such books and records of the Lessee and require all appropriate officers and employees of the Lessee to respond to reasonable inquiries by the Agency and the Independent Accountant, as shall be necessary to indicate in reasonable detail those costs to which the Lessee shall have utilized the Sales Tax Letter and the dates and amounts so utilized.

(viii) The Lessee shall use its best efforts to obtain covenants to the Agency from each materialman, supplier, vendor or laborer to whom the Sales Tax Letter is presented by the Lessee to the effect that such materialman, supplier, vendor or laborer shall not utilize the Sales Tax Letter for any purpose other than for the acquisition of Eligible Materials for incorporation into the Leased Premises.

(d) The Lessee shall observe and comply with the terms and conditions of the Sales Tax Letter.

(e) The Lessee shall annually file a statement (Form ST-340 or any successor or additional mandated form) with the New York State Department of Taxation and Finance, on a form and in a manner and consistent with such regulations as is or may be prescribed by the Commissioner of the New York State Department of Taxation and Finance, of the value of all sales and use tax exemptions claimed by the Lessee or agents of the Lessee in connection with the Project and the Facility as required by Section 874(8) of the New York State General Municipal Law (as the same may be amended from time to time), including, but not limited to, consultants or subcontractors of such agents, under the authority granted pursuant to this Agreement. The Lessee shall furnish a copy of such annual statement to the Agency at the time of filing with the Department of Taxation and Finance. Should the Lessee fail to comply with the foregoing requirement, the Lessee shall immediately cease to be the agent for the Agency in connection with the Project (such agency relationship being deemed to be immediately revoked) without any further action of the parties, the Lessee shall be deemed to have automatically lost its authority as agent of the Agency to purchase Eligible Materials in the Agency's behalf, and shall desist immediately from all such activity, and shall immediately and without demand return to the Agency the Sales Tax Letter issued to the Lessee by the Agency which is in the Lessee's possession or in the possession of any agent of the Lessee. Nothing herein shall be construed as a representation by the Agency that any property acquired as part of the Project is or shall be exempt from sales taxes or use taxes under the laws of the State.

(f) The Lessee agrees to submit to the Agency appropriate registries regarding improvements and equipment that have been purchased and are considered part of the Project. Said registries are to be in the form set forth in the appendices attached hereto as Schedule B and shall be submitted semi-annually on August 1 and February 1 for the respective periods January 1 to June 30 and July 1 to December 31 of each year commencing February 1, 1998

until the completion of the Project. Said registries will be completed in a form acceptable to the Agency. Said registries will contain items such as Eligible Materials, the cost of said items and the appropriate amount of sales tax exemption availed by the Lessee.

The Lessee further agrees to submit on the same dates a completed schedule in the form of Schedule D attached hereto.

ARTICLE III
Lease of Facility and Rental Provisions

Section 3.1. Lease of the Facility. Subject to the Basic Lease, (i) the Port Authority has subleased the Leased Premises to the Lessee pursuant to the Ground Lease, and (ii) the Lessee has, subject to the Basic Lease and the Ground Lease, sub-subleased the Leased Premises to the Agency pursuant to the Company Sublease. The Agency hereby sub-subsubleases to the Lessee and the Lessee hereby sub-subsubleases from the Agency, in each case subject to the Basic Lease, the Ground Lease and the Company Sublease, the Leased Premises for and during the term herein provided and upon and subject to the terms and conditions herein set forth.

The Lessee shall at all times during the term of this Agreement occupy, use and operate the Facility, or cause the Facility to be occupied, used and operated, as a warehousing facility in accordance with the provisions of the Act, the Basic Lease and the Ground Lease, and for the general purposes specified in the recitals to this Agreement. The Lessee shall not occupy, use or operate the Facility or allow the Facility or any part thereof to be occupied, used or operated for any unlawful purpose or in violation of any certificate of occupancy or other governmental permit affecting the Facility or which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto.

It is the understanding of the Agency and the Lessee that the Leased Premises are owned by The City of New York.

Section 3.2. Duration of Term. The term of this Agreement with respect to the Leased Premises shall commence on the date of original issuance of the Series 1997 Bonds and shall expire on the earliest of:

- (i) the expiration or earlier termination of the Company Sublease;
- (ii) July 1, 2024, the stated maturity of the Series 1997 Bonds;
- (iii) the date on which no Bonds are "Outstanding" under the Indenture;
- (iv) the termination of the Ground Lease prior to its expiration;
- (v) the later of (a) the expiration of the Ground Lease or (b) the termination or expiration of any permitted tenancy of the Lessee of the Leased Premises after the expiration of the Ground Lease; or
- (vi) the later of (a) three days prior to the date on which the Port Authority surrenders possession of the Airport to The City of New York,

following the termination or expiration of the Basic Lease (as the same may have been renewed or extended, including any renewal as a result of a permitted holdover tenancy) or (b) if a "New Basic Lease" an/or a "New Ground Lease" (each as hereinafter defined) which satisfies the conditions hereinafter set forth shall have been executed and delivered not less than three days prior to the date on which the Port Authority surrenders possession of the Airport to the City following the termination or expiration of the Basic Lease (as the same may have been renewed or extended, including any renewal as a result of a permitted holdover tenancy), one day prior to the date of the expiration or earlier termination of the New Ground Lease or two days prior to the date of the expiration or earlier termination of New Basic Lease, whichever is earlier.

For purposes of this Agreement, a "New Basic Lease" shall mean a lease which satisfies the conditions hereinafter set forth entered into by The City of New York for the Airport commencing from and after the expiration or earlier termination of the Basic Lease (as the same may have been renewed or extended, including any renewal as a result of a permitted holdover tenancy), and a "New Ground Lease" shall mean either (i) a lease which satisfies the conditions hereinafter set forth entered into by the City with the Lessee for the Leased Premises commencing from and after the expiration or earlier termination of the Basic Lease (as the same may have been renewed or extended), in the event the City does not enter into a New Basic Lease, or (ii) a lease which satisfies the conditions hereinafter set forth entered into by the lessee under the New Basic Lease with the lessee for the Leased Premises commencing from and after the expiration or earlier termination of the Basic Lease (as the same may have been renewed or extended, including any renewal as a result of a permitted holdover tenancy). In order to stay the termination of this Agreement on the date set forth in subdivision (vi)(a) above and to extend the termination of this Agreement to the date set forth in subdivision (vi)(b) the lessor under such new Basic Lease and/or New Ground Lease must expressly covenant, warrant and agree for the benefit of the Agency, the Trustee, the Credit Institution and the Holders of the Series 1997 Bonds, as follows:

- (x) that such new Basic Lease and/or New Ground Lease shall be subject to the rights of the Agency under this Agreement;
- (y) to preserve the quiet and peaceful possession of the Agency under this Agreement; and
- (z) that this Agreement shall continue in full force and effect for the remainder of the term hereof and such lessor shall recognize this Agreement and the Agency's rights hereunder.

At the request of the Agency or the Trustee, the lessor under such New Basic Lease and/or New Ground Lease shall execute a separate agreement evidencing the foregoing. In the event a New

Basic Lease and/or a New Ground Lease is executed and delivered, all references in this Agreement and the other Security Documents to the Basic Lease or the Ground Lease shall be deemed to mean and refer to such New Basic Lease and/or New Ground Lease, as the case may be.

In the event the Port Authority is the lessor under the New Ground Lease and the lessee under the New Basic Lease, the conditions set forth in clauses (x), (y) and (z) above shall be deemed satisfied if the Port Authority ratifies and confirms its consent to this Agreement.

To the extent that the Agency may be deemed to have any rights of possession with respect to the Facility, the Agency hereby delivers to the Lessee and the Lessee hereby accepts all such rights of possession, if any, subject to the terms of this Agreement.

Notwithstanding any termination or expiration of this Agreement in whole or in part, the Lessee's obligation to pay the rentals set forth in Sections 3.3 and 3.5 hereof shall continue until the Bonds are paid in full (or deemed paid pursuant to Section 10.01 of the Indenture).

Section 3.3. Rental Provisions; Pledge of Agreement and Rent. (a) The Lessee covenants to make rental payments which the Agency agrees shall be paid by the Lessee in immediately available funds directly to the Trustee on or prior to each Interest Payment Date, date of acceleration, principal payment date (whether principal is due by scheduled maturity, acceleration or otherwise) or redemption date for deposit in the Lease Payments Fund (to the extent amounts then on deposit in the Bond Fund shall not be available and sufficient therefor) in an amount equal to the sum of (i) with respect to interest due and payable on the Bonds, an amount equal to the interest due and payable on the Bonds on such Interest Payment Date or date of acceleration, (ii) the principal amount of the Bonds then Outstanding due on such Interest Payment Date or date of acceleration (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), (iii) the Sinking Fund Installments due on the Bonds on such Interest Payment Date, and (iv) the Redemption Price of the Bonds to be redeemed which will become due on such redemption date together with accrued interest to the date of redemption.

The Lessee further covenants to make rental payments in immediately available funds to the Trustee for deposit in the Lease Payments Fund with respect to all other amounts owing in respect of the Bonds.

(b) As security for the performance of its rental payment obligations with respect to the Series 1997 Bonds, the Lessee shall, simultaneously with the issuance and delivery of the Series 1997 Bonds, arrange for the delivery of the Credit Facility to the Trustee. The obligations of the Lessee to make payments pursuant to this Section 3.3 shall be deemed to be

satisfied and discharged to the extent of any corresponding drawing made by the Trustee under the Credit Facility and applied to such payments.

(c) Notwithstanding anything in the foregoing to the contrary, including any of the provisions of Section 3.3(a) above, if by 3:45 p.m. (New York City time) on any Interest Payment Date, principal payment date, Sinking Fund Installment payment date or redemption date the amount on deposit and available in the Bond Fund is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Bonds then due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Lessee shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the Lease Payments Fund and such payment shall constitute rental payments under this Section 3.3.

(d) In the event the Lessee should fail to make or cause to be made any of the rental payments required under the foregoing provisions of this Section, the item of rent not so paid shall continue as an obligation of the Lessee until the amount not so paid shall have been fully paid, and continue to bear interest at the rate borne by the Series 1997 Bonds as provided in the Indenture; provided, however, that if the amount which is not so paid by the Lessee is paid in its entirety by a draw under the Credit Facility, such obligation shall not continue as an obligation of the Lessee hereunder.

(e) The Lessee shall have the option to prepay its rental obligations under this Section 3.3, in whole or in part at the times and in the manner provided in Article VIII hereof.

(f) At its option, to be exercised on or before the forty-fifth (45th) day next preceding the date any Bonds of a Series are to be redeemed from mandatory Sinking Fund Installments, the Lessee may deliver to the Trustee Bonds of such Series which are subject to mandatory Sinking Fund Installment redemption. Each such Bond so delivered shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the obligation of the Agency to pay a Sinking Fund Installment on such Sinking Fund Installment payment date and any excess over such Sinking Fund Installment shall be credited on future Sinking Fund Installments in direct chronological order (unless the Lessee shall instruct the Trustee in writing to credit such purchases in a different order), and the principal amount of Bonds to be redeemed by operation of the mandatory Sinking Fund Installments shall be accordingly reduced.

(g) No further rental payments need be made by the Lessee to the Agency or the Trustee during the term of this Agreement when the sum of all cash and/or Government Obligations on deposit in the Bond Fund and the Lease Payments Fund is sufficient to satisfy and discharge the payment obligations of the Agency under the Indenture and pay the Bonds with Priority Amounts as provided in Section 10.01 of the Indenture.

(h) The Lessee and the Agency acknowledge their intention to minimize the risk that any payment made to a Bondholder from amounts provided by or on behalf of the Lessee may be determined by a bankruptcy court to constitute a preference. To this end the parties agree that, as provided in Section 5.05(a) of the Indenture, payments to Bondholders shall be made only from Priority Amounts, except when and to the extent no Priority Amounts are available for the purpose.

(i) Pursuant to the Indenture, the Agency shall pledge and assign to the Trustee as security for the Bonds all of the Agency's non-possessory right, title and interest in this Agreement (except for the Agency's Reserved Rights), including all rental payments hereunder, and in furtherance of said pledge the Agency will unconditionally assign such rental payments to the Trustee for deposit in the Lease Payments Fund, in accordance with the Indenture. The Lessee hereby consents to the above-described pledge and assignment of this Agreement.

(j) The Lessee covenants and agrees that it will comply with the provisions of the Indenture with respect to the Lessee and that the Trustee shall have the power, authority, rights and protections provided in the Indenture. The Lessee further covenants to use its best efforts to cause to be obtained for the Agency any documents or opinions required of the Agency under Section 7.08 of the Indenture.

Section 3.4. Obligation of Lessee Unconditional. The obligation of the Lessee to pay the rent and all other payments provided for in this Agreement shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, abatement, diminution or reduction it might otherwise have against the Agency, the City, the Port Authority, the Credit Institution, the Liquidity Institution, the Trustee, the Holder of any Bond or any other Person and the obligation of the Lessee shall arise whether or not the Project has been completed as provided in this Agreement, whether or not the Basic Lease, the Ground Lease or the Company Sublease shall be terminated or expire, and whether or not the Lessee's rental payments are or become subject to any Lien (as defined in Section 6.7 hereof), whether or not the Credit Institution shall honor or be honoring its obligations under the Credit Facility, and whether or not the Liquidity Institution shall honor or be honoring its obligations under the Liquidity Facility. The Lessee will not suspend or discontinue any such payment or terminate this Agreement (other than such termination as is provided for hereunder) for any cause whatsoever, and the Lessee waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender this Agreement or any obligation of the Lessee under this Agreement except as provided in this Agreement or to any abatement, suspension, deferment, diminution or reduction in the rentals or other payments hereunder.

Section 3.5. Payment for Tendered Series 1997 Bonds. (a) The Lessee agrees, as provided in Sections 2.04 and 2.10 through 2.14 of the Indenture, to pay rent to the Tender

Agent, for the account of the Agency, as lessor, equal to all amounts necessary for the purchase of Series 1997 Bonds pursuant to Sections 2.04 and 2.10 through 2.14 of the Indenture and not deposited with the Tender Agent by the Remarketing Agent from the proceeds of the sale of such Bonds under Section 2.11 of the Indenture or from drawings on or other realizations under the Liquidity Facility pursuant to Section 2.13 of the Indenture. Each such payment by the Lessee to the Tender Agent in accordance with this Section shall be in Priority Amounts and paid to the Tender Agent at its principal office by 3:45 p.m. (New York City time) on each Purchase Date. The Lessee further agrees to pay such Priority Amounts to the Tender Agent at the times and in the manner specified in the Indenture.

(b) The Lessee shall provide for the payment of the amount to be paid pursuant to this Section 3.5 by delivery of the Liquidity Facility to the Trustee, simultaneously with the issuance and delivery of the Series 1997 Bonds. The Lessee hereby authorizes and directs the Trustee to draw moneys under the Liquidity Facility in accordance with the provisions of the Indenture to the extent necessary to make such payments when due. The obligation of the Lessee pursuant to this Section 3.5 shall be deemed to be satisfied and discharged to the extent of any corresponding drawing made by the Trustee on the Liquidity Facility and applied to such payment.

(c) If the Trustee shall draw amounts under the Liquidity Facility for the Purchase Price of Series 1997 Bonds pursuant to Section 2.13 of the Indenture, and the aggregate of the amounts transferred to the Liquidity Institution by the Tender Agent pursuant to Section 5.10 of the Indenture after such drawing from the Reimbursement Account of the Purchase Fund shall be less than the amount required to reimburse the Liquidity Institution in whole pursuant to the Liquidity Reimbursement Agreement, the Lessee will, immediately on demand therefor by the Trustee, pay an amount equal to such insufficiency to the Tender Agent for deposit in the Reimbursement Account of the Purchase Fund; provided, however, the Lessee shall have no obligation to make funds available to the Tender Agent pursuant to this Section 3.5(c) if the Lessee's reimbursement obligations under the Liquidity Reimbursement Agreement shall have been satisfied in accordance with the provisions of the Liquidity Reimbursement Agreement as a result of payment by the Liquidity Provider under the Liquidity Facility.

(d) The Lessee hereby approves and agrees to be bound by the provisions of the Indenture regarding the purchase, offer, sale and delivery of Series 1997 Bonds tendered for purchase thereunder, including particularly those set forth in Sections 2.04 and 2.10 through 2.14 of the Indenture and in Articles V, XIII and XIV thereof. The Lessee shall have all of the rights and obligations provided in the Indenture with respect to the Lessee in connection with such transactions and the appointment of the Tender Agent and the Remarketing Agent thereunder. The Agency shall have no obligation or responsibility with respect to the purchase of Series 1997 Bonds or any related arrangements, except that the Agency at the expense of the Lessee shall cooperate in the making of any such arrangements.

Section 3.6. Adjustment of Interest Rates. If the Lessee elects to cause the interest rate on the Series 1997 Bonds or any authorized principal portion thereof to be converted or adjusted to a new interest rate or rate period pursuant to the Indenture, the Lessee shall deliver or cause to be delivered the notice, the Favorable Opinion of Bond Counsel and such other documents required under the Indenture in connection with such adjustments.

ARTICLE IV
Maintenance, Taxes and Insurance

Section 4.1. Maintenance, Alterations and Improvements. (a) During the term of this Agreement, the Lessee will keep the Facility in good and safe operating order and condition, ordinary wear and tear excepted, will occupy, use and operate the Facility in the manner for which it was designed and contemplated by this Agreement and the Ground Lease, and will make all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure the continued operation of the Facility. All replacements, renewals and repairs shall be made and installed in compliance with the requirements of all governmental bodies having jurisdiction thereof. The Agency shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility, to effect the replacement of any inadequate, obsolete, worn-out or unsuitable parts of the Facility, or to furnish any utilities or services for the Facility, and the Lessee hereby agrees to assume full responsibility therefor.

(b) The Lessee shall have the privilege of making such alterations of or additions to the Facility or any part thereof from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that (i) such additions or alterations are effected with due diligence, in compliance with all applicable legal requirements, (ii) such additions or alterations are promptly and fully paid for by the Lessee in accordance with the terms of the applicable contract(s) therefor, (iii) such additions or alterations are effected in compliance with the Basic Lease and the Ground Lease, and (iv) such additions or alterations do not change the nature of the Facility so that it would not constitute a qualified "project" under the Act and an exempt "airport facility" within the meaning of Section 142(a)(1) of the Code. All alterations of and additions to the Facility shall constitute a part of the Facility, subject to this Agreement, the Company Sublease, the Ground Lease and the Basic Lease, and the Lessee shall deliver or cause to be delivered to the Agency appropriate documents, if any, as may be necessary to subject such property to this Agreement, and, in the case of the Leased Premises, the Company Sublease, free and clear of all charges, encumbrances, security interests or claims other than Permitted Encumbrances. It is not the intention of the parties to this Agreement that the Lessee be deemed to have acquired any ownership interest in any such alterations or additions.

(c) The Lessee shall have the right to install or permit to be installed at the Leased Premises machinery, equipment and other personal property not constituting Financed Property or part of the Facility (the "Lessee's Property") without subjecting such property to this Agreement and the Company Sublease. The Lessee's Property shall remain the sole property of the Lessee, and the Agency, the Credit Institution and the Trustee shall have no interest therein; the Lessee shall have the right to modify or remove the Lessee's Property from the Facility at any time and from time to time. The Agency shall not be responsible for any loss of or damage to the Lessee's Property. The Lessee shall have the right to create or permit to

be created any mortgage, encumbrance, lien or charge on, or conditional sale or other title retention agreement with respect to, the Lessee's Property, provided, however, that the same does not create or purport to create any lien or encumbrance on the Facility other than Permitted Encumbrances.

Section 4.2. Removal of Property from the Facility. (a) The Lessee shall have the privilege from time to time of removing from the Facility any property constituting part of the Facility and thereby removing such property from the Agency's interest hereunder and under the Company Sublease and from the Trustee's interest under the Indenture, provided that no such removal as set forth above shall be effected if (x) such removal would change the nature of the Facility as a qualified "project" as defined in and as contemplated by the Act, or cause the Facility to cease to be an exempt "airport facility" within the meaning of Section 142(a)(1) of the Code, (y) such removal would cause the Lessee to be in breach or default of the Ground Lease, or (z) such removal would materially impair the structural integrity or operating efficiency of the Facility. Upon the written request and at the sole cost and expense of the Lessee, the Agency and the Trustee shall execute an instrument releasing their interest in any such property so removed in accordance with this Section 4.2(a).

(b) The Lessee shall cause any property substituted by the Lessee for any property removed in accordance with Section 4.2(a) above to be made subject to the Company Sublease and this Agreement and made part of the Facility at the sole cost and expense of the Lessee.

(c) The Lessee shall not, without the prior written consent of the Agency, and except as permitted above, part with possession or control of or suffer to allow to pass out of its possession or control any item of Facility property or change the location of any item of Facility property or any part thereof from the Leased Premises (except for temporary removal for cleaning, servicing or repair); provided, however, it is acknowledged that subtenants and any undertenants of the Lessee may operate or utilize at the Leased Premises the Facility property or any part thereof.

(d) The removal of any Facility property pursuant to the provisions of Section 4.2(a) hereof shall not entitle the Lessee to any abatement or reduction in the rentals and other amounts payable by the Lessee under this Agreement.

Section 4.3. Taxes, Assessments and Charges. (a) The Lessee shall pay or cause to be paid when the same shall become due all taxes and assessments, general and specific, if any, levied and assessed upon or against the Facility, this Agreement, the Company Sublease, any estate or interest of the Agency or the Lessee in the Facility, this Agreement or the Company Sublease or the rentals hereunder during the term of this Agreement, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present

or future law, and other public charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facility, all of which are herein called "Impositions". The Agency shall promptly forward to the Lessee any notice, bill or other statement received by the Agency concerning any Imposition. The Lessee may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

Except as otherwise provided in Section 2.5, in the event the Facility is exempt from Impositions solely due to the Agency's interest in the Facility, the Lessee shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions which would have been imposed on the Facility if the Agency had no interest in the Facility.

(b) The Lessee may at its sole cost and expense contest (upon prior written notice to the Agency, the Credit Institution and the Trustee) in good faith the amount, validity, existence or applicability of any Imposition, if (i) such contest shall suspend the execution or enforcement of such Imposition against any of the rentals or other amounts payable under this Agreement or the interest of the Lessee or the Agency under this Agreement or the Company Sublease, and shall not result in the interests of the Agency or the Lessee in the Facility or any material part thereof or interest therein being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Lessee, the Agency or the Trustee being in any danger of any criminal or civil liability, other than normal accrual of interest, for failure to comply therewith, and (iii) the Lessee shall have furnished such security, if any, but subject to the limitations of Section 8.13 of the Indenture, as may be reasonably requested by the Agency, the Credit Institution or the Trustee.

Section 4.4. Insurance. (a) At all times throughout the term of this Agreement, including without limitation during any period of construction or reconstruction of the Facility, the Lessee shall maintain or cause to be maintained insurance, with insurance companies authorized to do business in the State, against such risks, loss, damage and liability (including liability to third parties) and for such amounts as are customarily insured against by other enterprises of like size and type as that of the Lessee, including without limitation:

(i) Public liability insurance in a minimum amount of \$25,000,000 (or such greater amount of liability insurance as may be reasonably requested in writing from time to time by the Agency), which insurance (A) will also provide coverage of the Lessee's obligations of indemnity under Section 6.2 hereof (other than Section 6.2(c) hereof but only for so long and to the extent that such coverage is not reasonably obtainable on commercially reasonable terms), (B) may be effected under overall blanket or excess coverage policies of the Lessee or any Affiliate thereof, provided, however, that at least \$1,000,000 is effected by a commercial general liability insurance policy, and (C) shall not contain any provisions for deductible amount in excess of \$100,000;

(ii) Workers' compensation insurance, disability benefits insurance and such other forms of insurance which the Lessee is required by law to provide covering loss resulting from injury, sickness, disability or death of the employees of the Lessee or any Affiliate thereof, or any contractor or subcontractor performing work with respect to the Facility; the Lessee shall require that all said contractors and subcontractors shall maintain all forms or types of insurance with respect to their employees required by law; and

(iii) Such other insurance in such amounts and against such insurable hazards as the Agency from time to time may reasonably require.

(b) All insurance required by Section 4.4(a) above shall be procured and maintained in financially sound and generally recognized responsible insurance companies authorized to write such insurance in the State.

(c) Each of the policies or binders evidencing the insurance required above to be obtained shall:

(i) designate (except in the case of workers' compensation insurance or disability benefits) the Agency as an additional insured as its interest may appear;

(ii) provide that there shall be no recourse against the Agency for the payment of premiums or commissions or (if such policies or binders provide for the payment thereof) additional premiums or assessments;

(iii) provide that in respect of the interest of the Agency in such policies, the insurance shall not be invalidated by any action or inaction of the Lessee or any other Person and shall insure the Agency regardless of, and any losses shall be payable notwithstanding, any such action or inaction:

(iv) provide that if the insurers cancel such insurance for any reason whatsoever, including the insured's failure to pay any accrued premium, or the same is allowed to lapse or expire, or there be any reduction in amount, or any material change is made in the coverage, such cancellation, lapse, expiration, reduction or change shall not be effective as to the Agency until at least thirty (30) days after receipt by the Agency of written notice by such insurers of such cancellation, lapse, expiration, reduction or change;

(v) waive any right of subrogation of the insurers thereunder against any Person insured under such policy, and waive any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any Person insured under such policy; and

(vi) contain such other terms and provisions as any owner or operator of facilities similar to the Facility would, in the prudent management of its properties, require to be contained in policies, binders or interim insurance contracts with respect to facilities similar to the Facility owned or operated by it.

(d) Concurrently with the original issuance of the Series 1997 Bonds, the Lessee shall deliver or cause to be delivered to the Agency duplicate originals of insurance policies, binders or certificates evidencing compliance with the insurance requirements of this Section 4.4. Prior to the expiration of any such policy, the Lessee shall furnish the Agency with evidence that such policy has been renewed or replaced or is no longer required by this Agreement.

(e) The Lessee shall, at its own cost and expense, make all proofs of loss and take all other steps necessary or reasonably requested by the Agency to collect from insurers for any loss covered by any insurance required to be obtained by this Section 4.4. The Lessee shall not do any act, or suffer or permit any act to be done, whereby any insurance required by this Section 4.4 would or might be suspended or impaired.

(f) **THE AGENCY DOES NOT IN ANY WAY REPRESENT THAT THE INSURANCE SPECIFIED HEREIN, WHETHER IN SCOPE OR COVERAGE OR LIMITS OF COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE BUSINESS OR INTEREST OF THE LESSEE.**

Section 4.5. Advances by Agency. In the event the Lessee fails to make any payment or perform or observe any obligation required of it under this Agreement, the Agency, after first notifying the Lessee of any such failure on the Lessee's part without entry upon the Facility (unless the Port Authority shall consent), may (but shall not be obligated to), and without waiver of any of the rights of the Agency hereunder, make such payment or otherwise cure any failure by the Lessee to perform and observe its other obligations hereunder. All amounts so advanced therefor by the Agency shall become an additional obligation of the Lessee to the Agency, which amounts, together with interest thereon at the annual rate of eighteen percent (18%) from the date advanced, the Lessee will pay upon demand therefor by the Agency. Any remedy herein vested in the Agency for the collection of the rental payments or other amounts due hereunder shall also be available to the Agency for the collection of all such amounts so advanced.

Section 4.6. Compliance with Law. The Lessee agrees that it will, throughout the term of this Agreement and at its sole cost and expense, promptly observe and comply, or cause to be observed and complied, with all Federal, State and local statutes, codes, laws, acts, ordinances, orders, judgments, decrees, rules, regulations and authorizations, whether foreseen or unforeseen, ordinary or extraordinary, which shall now or at any time hereafter be binding upon or applicable to the Lessee, any occupant, user or operator of the Facility or any portion

thereof (including without limitation those relating to zoning, land use, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wages, and employment practices) (the "Legal Requirements"), and will observe and comply with all conditions, requirements, and schedules necessary to preserve and extend all of its rights, licenses, permits (including without limitation zoning variances, special exception and non-conforming uses), privileges, franchises and concessions. The Lessee shall indemnify and hold harmless the Indemnified Parties (as defined in Section 6.2 hereof) from and against all loss, cost, liability and expense (a) in any manner arising out of or related to any violation of or failure to comply with any Legal Requirement or (b) imposed upon the Lessee or any of the Indemnified Parties by any Legal Requirement; in case any action or proceedings is brought against any of the Indemnified Parties in respect to any Legal Requirement, the Lessee shall upon notice from any of the Indemnified Parties defend such action or proceeding by counsel satisfactory to the Indemnified Party.

The Lessee may at its sole cost and expense contest (upon prior written notice to the Agency, the Credit Institution and the Trustee) in good faith the amount, validity, existence or applicability of any of the foregoing if (i) such contest shall not result in the interest of the Agency or the Lessee in the Facility or any material part thereof or interest therein being in any danger of being sold, forfeited or lost, (ii) such contest shall suspend the execution or enforcement of any statutory lien against any of the rentals or other amounts payable under this Agreement or the interest of the Lessee or the Agency under this Agreement or the Company Sublease, (iii) such contest shall not result in the Lessee, the Agency or the Trustee being in any danger of any criminal or civil liability, other than normal accrual of interest, for failure to comply therewith and (iv) the Lessee shall have furnished such security, if any, but subject to the limitations of Section 8.13 of the Indenture, as may be reasonably requested by the Agency, the Credit Institution or the Trustee.

ARTICLE V
Damage, Destruction and Condemnation

Section 5.1. Damage, Destruction and Condemnation.

(a) In the event that at any time during the term of this Agreement the whole or part of the Facility shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement between the Port Authority and/or the Lessee and those authorized to exercise such right, or if the temporary use of the Facility shall be so taken by condemnation or agreement (a "Loss Event"):

(i) the Agency shall have no obligation to rebuild, replace, repair or restore the Facility,

(ii) there shall be no abatement, postponement or reduction in the rent or other amounts payable by the Lessee under this Agreement, and

(iii) the Lessee will promptly give written notice of such Loss Event to the Agency, the Credit Institution and the Trustee, generally describing the nature and extent thereof.

(b) Except as otherwise provided in Section 8.1(b) hereof, upon the occurrence of a Loss Event, the Lessee shall, at its own cost and expense, promptly and diligently rebuild, replace, repair or restore, or cause to be rebuilt, replaced, repaired or restored, the Facility (in accordance with the Ground Lease) to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent operating efficiency and function (or other function, use or design acceptable to the Agency, consistent with the Act, and not such as to change the nature of the Facility so that it would not constitute an exempt "airport facility" within the meaning of Section 142(a)(1) of the Code), or substitute other property for such purpose, and the Lessee shall not by reason of payment of any such excess costs be entitled to any reimbursement from the Agency, the Trustee, the Credit Institution or any Bondholder, nor shall the rent or other amounts payable by the Lessee under this Agreement be abated, postponed or reduced; provided, however, the Lessee shall have no obligation to rebuild, replace, repair or restore any property (or to make substitutions for any such property), (i) to the extent that such property so damaged, destroyed or condemned shall no longer be necessary for the operation of the Facility, or (ii) if the failure of the Lessee to rebuild, replace, repair, restore or substitute such property would not have an adverse effect upon the operation of the Facility, or (iii) if any such rebuilding, replacement, repair, restoration or substitution would be prohibited under the Ground Lease; provided, however, if the failure of the Lessee to rebuild, replace or restore the Facility would cause the Lessee to be in default of its covenants under this Agreement (including without limitation, those covenants contained in the first sentence of the

second paragraph of Section 3.1 hereof) or the Tax Regulatory Agreement, the Lessee shall cause the Bonds to be redeemed in whole as provided in Section 8.1 hereof.

(c) All such rebuilding, replacements, repairs, restorations or substitutions shall

(i) automatically be deemed a part of the Facility and be made subject to this Agreement and the Company Sublease,

(ii) not change the nature of the Facility as a qualified "project" as defined in and as contemplated by the Act, nor change the nature of the Facility so that it would not constitute an exempt "airport facility" within the meaning of Section 142(a)(1) of the Code,

(iii) be effected with due diligence in a good and workmanlike manner, in compliance with all applicable legal requirements and be promptly and fully paid for by the Lessee in accordance with the terms of the applicable contract(s) therefor; and

(iv) be effected in compliance with all applicable Legal Requirements (as defined in Section 4.6 hereof).

It is not the intention of the parties to this Agreement that the Lessee be deemed to be the owner of any such property of the Facility which has been rebuilt, replaced, repaired, restored or substituted.

(d) The Agency and the Lessee shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration or adjustment of any claim or demand on account of any Loss Event, but the settlement, compromise, arbitration or adjustment of any such claim or demand shall be subject to the approval only of the Lessee.

(e) If any of the events described in Section 8.1(b)(2) hereof shall occur, the Lessee shall exercise its option to terminate this Agreement in accordance with Section 8.3 hereof and cause all Bonds Outstanding to be redeemed pursuant to Section 2.04(a) or 2.04(b)(ii) of the Indenture, as applicable, and shall pay the expenses of redemption, the fees and expenses of the Agency, the Bond Registrar, the Credit Institution, the Liquidity Institution, each Remarketing Agent, the Tender Agent, the Trustee and the Paying Agents, together with all other amounts due under the Indenture and under this Agreement, and any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement.

(f) The Lessee hereby waives the provisions of Section 227 of the New York Real Property Law or any law of like import now or hereafter in effect.

ARTICLE VI
Particular Covenants

Section 6.1. Dissolution or Merger of Lessee; Restrictions on Lessee. The Lessee covenants and agrees that at all times during the term of this Agreement, it will (i) maintain its corporate existence as a corporation organized under the laws of the State, or under the laws of any other state of the United States and duly qualified to do business as a foreign corporation in the State, unless the Agency, the Credit Institution and the Trustee shall otherwise consent in writing, (ii) continue to be a corporation subject to service of process in the State and qualified to do business in the State, (iii) not liquidate, wind-up or dissolve or otherwise dispose of all or substantially all of its property, business or assets, and (iv) not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it. The Lessee may, however, without violating the foregoing, consolidate with or merge into another corporation, or permit one or more corporations to consolidate with or merge into it, or sell or otherwise transfer all or substantially all of its property, business or assets to another such corporation (and thereafter liquidate, wind-up or dissolve or not, as the Lessee may elect) if (i) the Lessee is the surviving, resulting or transferee corporation, as the case may be, or (ii) in the event that the Lessee is not the surviving, resulting or transferee corporation, as the case may be, (A) such corporation (y) is a solvent corporation subject to service of process in the State and duly qualified to do business in the State, and (z) assumes in writing, by means of an instrument which is delivered to the Agency, the Credit Institution, and the Trustee, all of the obligations of the Lessee contained in this Agreement and all other Security Documents to which the Lessee shall be a party, (B) in the Opinion of Counsel, (x) such corporation shall be bound (to the same extent as the predecessor Lessee corporation shall have been bound) by all of the terms applicable to the Lessee of this Agreement and all other Security Documents to which the predecessor Lessee corporation shall have been a party, (y) such action will not cause the Lessee to be in default under the Ground Lease, and (z) such action does not cause any of the Security Documents to cease to be the respective legal, valid obligations of each of the Lessee, the Credit Institution, the Liquidity Institution and the Agency, (C) in the opinion of Nationally Recognized Bond Counsel, such action does not cause the interest on the Bonds to cease to be not included in gross income for Federal income tax purposes, (D) if a Credit Facility or Liquidity Facility shall then be in effect, the Lessee shall be in compliance with such additional restrictions on dissolution, merger or disposition of its property, business or assets as shall be contained in the related Credit Reimbursement Agreement or Liquidity Reimbursement Agreement, respectively, and (E) if no Credit Facility shall then be in effect (or if any of the circumstances set forth in Section 7.10 of the Indenture shall exist), the Lessee shall have delivered to the Trustee written evidence from each Rating Agency by which the Bonds are then rated to the effect that such action will not result in the reduction or withdrawal of the then applicable rating(s) on the Bonds.

Section 6.2. Indemnity. (a) The Lessee shall at all times release and protect and hold the Agency, the Bond Registrar, the Paying Agents, the Tender Agent and the Trustee

(collectively, the "Indemnified Parties") harmless of, from and against any and all claims (whether in tort, contract or otherwise), demands, expenses and liabilities for losses, damage, injury and liability of every kind and nature and however caused (including reasonable fees and disbursements incurred in connection therewith), and taxes (of any kind and by whomsoever imposed), other than, with respect to any Indemnified Party, any such losses, damage, injury or liability arising from the gross negligence or willful misconduct of such Indemnified Party, arising upon or about the Facility or resulting from, arising out of, or in any way connected with (i) the financing of the costs of the Facility and the marketing, issuance, sale or remarketing of the Bonds for such purpose, (ii) the planning, design, leasing, acquisition, site preparation, construction, renovation, equipping, expansion, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Facility, (iii) any defects (whether latent or patent) in the Facility, (iv) the maintenance, repair, replacement, restoration, rebuilding, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facility or any portion thereof, (v) any violation of or failure of the Lessee or other user or operator of the Facility to comply with any Legal Requirement (as defined in Section 4.6 hereof), or (vi) the Ground Lease, the Company Sublease, the Credit Reimbursement Agreement, the Liquidity Reimbursement Agreement, this Agreement, the Indenture or any other Security Document or other document or instrument delivered in connection herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby. Such indemnification set forth above shall be binding upon the Lessee for any and all claims, demands, expenses, liabilities and taxes set forth herein and shall survive the termination of this Agreement. No Indemnified Party shall be liable for any damage or injury to the person or property of the Lessee or its directors, officers, employees, agents or servants or persons under the control or supervision of the Lessee or any other Person who may be about the Facility, due to any act or negligence of any Person other than for the gross negligence or willful misconduct of such Indemnified Party.

(b) The Lessee releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable for and agrees to indemnify and hold each Indemnified Party harmless against, any expense, loss, damage, injury or liability incurred because of any lawsuit commenced as a result of action taken by such Indemnified Party with respect to any of the matters set forth in subdivision (i) through (vi) of Section 6.2(a) hereof or at the direction of the Lessee with respect to any of such matters above referred to. An Indemnified Party shall promptly notify the Lessee in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Lessee pursuant to this Section 6.2; such notice shall be given in sufficient time to allow the Lessee to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Lessee under this Section 6.2.

(c) In addition to and without limitation of all other representations, warranties and covenants made by the Lessee under this Agreement, the Lessee further represents, warrants and covenants that the Lessee has not used Hazardous Materials (as defined hereinafter) on,

from, or affecting the Leased Premises in any manner which violates Federal, state or local laws, ordinances, rules, regulations, or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials. Without limiting the foregoing, the Lessee shall not cause or permit the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Federal, state and local laws or regulations, nor shall the Lessee cause or permit, as a result of any intentional or unintentional act or omission on the part of the Lessee or any tenant or subtenant, a release of Hazardous Materials onto the Facility or onto any other property. The Lessee shall comply with and ensure compliance by all tenants and subtenants with all applicable Federal, state and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Lessee shall defend, indemnify, and hold harmless each Indemnified Party from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (w) the presence, disposal, release, or threatened release of any Hazardous Materials which are on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (x) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; (y) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or (z) any violation of laws, orders, regulations, requirements or demands of government authorities, or any policies or requirements of the Agency, the Credit Institution and the Trustee, which are based upon or in any way related to such Hazardous Materials including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. For purposes of this paragraph, "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et. seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other Federal, state or local environmental law, ordinance, rule, or regulation. The provisions of this paragraph shall be in addition to any and all other obligations and liabilities the Lessee may have to any Indemnified Party at common law, and shall survive the termination of this Agreement.

(d) The indemnifications and protections set forth in this Section 6.2 shall extend, with respect to each Indemnified Party, to its members, directors, officers, employees, agents and servants and persons under its control or supervision.

(e) To effectuate the purposes of this Section 6.2, the Lessee will provide for and insure, in the public liability policies required in Section 4.4 hereof, not only its own liability in respect of the matters therein mentioned but also the liability pursuant to this Section 6.2 (provided, however, that any liability insurance coverage with respect to Hazardous Materials shall be required to be obtained by the Lessee only to the extent reasonably obtainable on commercially reasonable terms). Anything to the contrary in this Agreement notwithstanding, the covenants of the Lessee contained in this Section 6.2 shall remain in full force and effect after the termination of this Agreement until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions herein specified.

(f) For the purposes of this Section 6.2, the Lessee shall not be deemed an employee, agent or servant of the Agency or a person under the Agency's control or supervision.

Section 6.3. Compensation and Expenses of Trustee, Bond Registrar, Paying Agents, Tender Agent and Agency. The Lessee shall, to the extent not paid out of the proceeds of the Bonds as financing expenses, pay when due, as additional rent, for the account of the Agency but directly to the applicable Person, amounts equal to the following fees, charges and expenses and other amounts: (i) the initial and annual fees of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, including fees and expenses as Bond Registrar and in connection with preparation of new Bonds upon exchanges or transfers, (ii) the reasonable fees and charges of the Trustee and any Paying Agents on the Bonds for acting as paying agents as provided in the Indenture, including the reasonable fees of its and their counsel, (iii) the reasonable fees and charges of the Trustee for extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, including reasonable counsel fees, (iv) the fees, costs and expenses of the Tender Agent, and the fees, costs and expenses (including legal, accounting and other administrative expenses) of the Agency incurred in connection with this transaction, and (v) the fees and expenses of the Rating Agencies incurred in connection with this transaction. The Lessee shall further pay any fees and disbursements incurred by the Agency's Bond Counsel and General Counsel in performing services for the Agency in connection with this Agreement or the Indenture or any other Security Document.

The Lessee further agrees to pay, as an annual administrative servicing fee to the Agency, \$500 payable initially on the sale and delivery by the Agency of the Series 1997 Bonds and on every anniversary date thereafter of the date appearing on the cover page of this Agreement until the termination of this Agreement. Such fee shall be adjusted annually by increasing such fee in the same proportion as the cost-of-living increases from the month of such sale and delivery (as measured by the United States Consumer Price Index of the United States

Bureau of Labor Statistics, New York-New Jersey Index, All Urban Consumers (1997) or any comparable successor index) to the most recent month for which such Index has been published, the amount of such adjustment to be furnished by written notice to the Lessee by the Agency, provided that the total amount of all such servicing fees shall not cause any of the Bonds to be arbitrage bonds.

Section 6.4. Retention of Interest in Facility. The Agency shall not sell, assign, encumber (other than pursuant to the granting clauses of the Indenture), convey or otherwise dispose of its interest in the Facility or any part thereof or interest therein (including its interest in this Agreement, in the rentals payable hereunder and in the Company Sublease) during the term of this Agreement, except as set forth below and in Sections 4.2, 5.1 and 7.2 hereof, without the prior written consent of the Lessee, the Credit Institution and the Trustee and any purported disposition without such consent shall be void.

The Agency and the Trustee will, however, at the written direction of the Lessee, so long as there exists no Event of Default hereunder, or if directed by the Port Authority, grant such rights of way or easements over, across, or under, the Leased Premises, or grant such permits or licenses in respect to the use thereof, free from the leasehold estate of this Agreement as shall be necessary or convenient for the operation or use of the Facility (or as shall be desirable for the use of another parcel of property at John F. Kennedy International Airport or for use by the City, the Port Authority or a public utility), provided that such leases, rights-of-way, easements, permits or licenses shall not materially adversely affect the use or operation of the Facility. The Agency and the Trustee agree, at the sole cost and expense of the Lessee, to execute and deliver any and all instruments necessary or appropriate to confirm and grant any such right of way or easement or any such permit or license and to release the same from the leasehold estate of this Agreement.

Notwithstanding any other provision of this Agreement, so long as there exists no Event of Default hereunder, or if directed by the Port Authority, the Lessee may from time to time direct in writing to the Agency and the Trustee the release and removal from this Agreement and the leasehold estate created hereby of any unimproved part of the Leased Premises (on which none of the improvements, including the buildings, structures, improvements, related facilities, fixtures or other property comprising the Facility are situated; provided, that for purposes of this Section 6.4, the foregoing "improvements" shall not include roadways, runways, parking areas, curbs, gutters, landscaping and utility facilities) provided that such release and removal will not materially adversely affect the use or operation of the Facility. Upon any such request by the Lessee, the Agency and the Trustee shall, at the sole cost and expense of the Lessee, execute and deliver any and all instruments necessary or appropriate to so release and remove such portion of the Leased Premises; provided, that, no such release shall be effected unless there shall be deposited with the Trustee a certificate of an Authorized Representative of the Lessee, stating that the portion of the Leased Premises and the release so proposed to be made is not needed for the operation of the Facility, will not materially adversely

affect the use or operation of the Facility and will not destroy the means of ingress thereto and egress therefrom.

Notwithstanding the foregoing, in the event that, pursuant to the Ground Lease, any portion of the Leased Premises is released from the Ground Lease, the Lessee shall pay as additional rent to the Trustee on behalf of the Agency an amount (to the nearest \$5,000) approximately equal to (A) the amount of the proceeds of the Series 1997 Bonds expended with respect to such portion of the Leased Premises so released (the "Expended Bond Proceeds") less (B) the Expended Bond Proceeds multiplied by a fraction the numerator of which shall be equal to the number of whole years that such release shall have followed the date of original issuance of the Series 1997 Bonds, and the denominator of which shall be twenty-seven (27), and the Agency shall thereupon direct the Trustee to redeem a principal amount of Series 1997 Bonds (and accrued interest to the redemption date) equal to such additional rent so paid.

No conveyance or release effected under the provisions of this Section 6.4 shall entitle the Lessee to any abatement or diminution of the rents payable under Sections 3.3 or 3.5 hereof or the other payments required to be made by the Lessee under this Agreement.

Section 6.5. Lessee's Covenant as to Tax Exemption. (a) The Lessee covenants with the Agency, with the Credit Institution, with the Trustee and with each of the Holders of the Bonds, that it will comply with all of the terms, provisions and conditions set forth in the Tax Regulatory Agreement, including, without limitation, the making of any payments and filings required thereunder.

(b) The representations, warranties, covenants and statements of expectation of the Lessee set forth in the Tax Regulatory Agreement are by this reference incorporated in this Agreement as though fully set forth herein.

(c) The Series 1997 Bonds will be mandatorily redeemed (without the option of the Lessee to purchase Series 1997 Bonds in lieu of redemption), without premium, in whole (or in part as provided below) on any day within 120 days after the Lessee receives written notice from a Beneficial Owner or former Beneficial Owner or the Trustee of a final determination by the Internal Revenue Service or a court of competent jurisdiction that, as a result of a failure by the Lessee to perform any of its agreements in this Agreement or the Tax Regulatory Agreement or the inaccuracy of any of its representations in this Agreement or the Tax Regulatory Agreement, the interest paid or to be paid on any Series 1997 Bond (except to a "substantial user" of the Facility or a "related person" within the meaning of Section 147(a) of the Code) is or will be includible in the gross income of the Beneficial Owner thereof for federal income tax purposes. No such determination will be considered final unless the Beneficial Owner or former Beneficial Owner involved in the determination gives the Lessee and the Trustee prompt written notice of the commencement of the proceedings resulting in such determination and offers the Lessee, subject to the Lessee's agreeing to pay all reasonable

expenses of the proceedings and to indemnify such Beneficial Owner or former Beneficial Owner against all liabilities that might result from it, the opportunity to control the defense of the proceedings and either the Lessee does not agree within 30 days to pay such reasonable expenses, to so indemnify and to control the defense, or the Lessee exhausts or chooses not to exhaust available procedures to contest or obtain review of the result of the proceedings. Fewer than all the Series 1997 Bonds may be redeemed if in the opinion of Nationally Recognized Bond Counsel, redemption of fewer than all would result in the interest payable on the Series 1997 Bonds remaining Outstanding being not includible in the gross income for federal income tax purposes of any Beneficial Owner other than a "substantial user" or "related person." If fewer than all Series 1997 Bonds are redeemed, the Trustee will select the Series 1997 Bonds to be redeemed as provided in the Indenture and as may be specified in the opinion of Nationally Recognized Bond Counsel.

(d) By no later than the date so required as determined in Section 6.5(c) above, the Lessee shall pay or cause to be paid as additional rent to the Trustee for the account of the Agency an amount sufficient, when added to the amount then on deposit in any Fund established under the Indenture (other than the Earnings Fund, the Rebate Fund or the Purchase Fund) and available for such purpose, to retire and redeem Series 1997 Bonds then Outstanding, in accordance with Section 2.04(f) of the Indenture.

(e) The obligation of the Lessee to make the payments provided for in this Section shall be absolute and unconditional, and the failure of the Agency, the Trustee or any other Person to execute or deliver or cause to be delivered any documents or to take any action required under this Agreement or otherwise shall not relieve the Lessee of its obligation under this Section.

(f) The payment obligations of the Lessee under this Section are subject in all respects to the provisions of Section 3.3(h) hereof regarding the use of Priority Amounts for the payment of Bonds.

Section 6.6. Financial Statements; No-Default Certificates. (a) The Lessee agrees to furnish or cause to be furnished to the Agency and the Trustee all those financial statements required to be furnished to the Credit Institution under the Credit Reimbursement Agreement, all at the times and in the form and manner prescribed by the Credit Reimbursement Agreement.

(b) The Lessee shall deliver to the Agency, the Credit Institution (to the extent required in the related Credit Reimbursement Agreement) and the Trustee on each date as it shall be required to deliver the financial statements referred to in Section 6.6(a)(i) above, a certificate of an Authorized Representative of the Lessee as to whether or not, to the best of such person's knowledge, as of the close of the preceding fiscal year of the Lessee, and at all times during such fiscal year, the Lessee was in compliance in all material respects with all the provisions

which relate to the Lessee in this Agreement and in any other Security Document to which it shall be a party, and if such Authorized Representative shall have obtained knowledge of any such default in compliance or notice of default, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Lessee with respect thereto. In addition, upon twenty (20) days' prior request by the Agency or the Trustee, the Lessee will execute, acknowledge and deliver to the Agency and the Trustee a certificate of an Authorized Representative of the Lessee either stating that to his knowledge no default or breach exists hereunder or specifying each such default or breach of which he has knowledge.

(c) The Lessee shall promptly notify the Agency, the Remarketing Agent, the Credit Institution and the Trustee of the occurrence of any Event of Default or of any material default under any Security Document of which it has knowledge. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Lessee and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Lessee shall state this fact on the notice.

Section 6.7. Discharge of Liens. (a) If any lien, encumbrance or charge is filed, or any judgment, decree, action, proceeding, order, levy or process of any court or governmental body is filed or entered, made or issued (such liens, encumbrances, charges, judgments, decrees, actions, proceedings, orders, levies and processes being herein collectively called "Liens"), whether or not valid, is made against any of the rentals or other amounts payable under this Agreement or the interest of the Agency or the Lessee under this Agreement or the Company Sublease, other than Permitted Encumbrances or Liens being contested as permitted by Section 6.7(b) below, the Lessee promptly upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Agency, the Credit Institution and the Trustee and take all action (including the payment of money and/or the securing of a bond) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full thereof. Nothing contained in this Agreement shall be construed as constituting the express or implied consent to or permission of the Agency for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien against the Agency's interest in the Facility.

(b) The Lessee may at its sole cost and expense contest (after prior written notice to the Agency, the Credit Institution and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if (1) such proceeding shall suspend the execution or enforcement of such Lien against any of the rentals or other amounts payable under this Agreement or the interest in the Facility of the Lessee or the Agency under this Agreement or the Company Sublease, and neither the Agency's nor the Lessee's interests in the Facility nor any material part thereof or interest therein would be in any danger of being sold, forfeited or lost, (2) neither the Lessee, the Agency nor the Trustee would be in any danger of any criminal or civil liability, other than

normal accrual of interest, for failure to comply therewith, and (3) the Lessee shall have furnished such security, if any, but subject to the limitations of Section 8.13 of the Indenture, as may be reasonably requested by the Agency, the Credit Institution or the Trustee.

Section 6.8. Agency's Authority; Covenant of Quiet Enjoyment. The Agency covenants and agrees that it has full right and lawful authority to enter into this Agreement for the full term hereof (subject to the terms and provisions of the Ground Lease, the Consent, the Basic Lease, the Company Sublease, the Indenture and the other Security Documents), and the Agency and the Trustee shall not disturb the Lessee's peaceful, quiet and undisputed possession of the Facility.

Section 6.9. No Warranty of Condition or Suitability. THE AGENCY HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY, OR THE SUITABILITY OF THE FACILITY FOR THE PURPOSES OR NEEDS OF THE LESSEE, OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE BONDS WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE PROJECT. THE LESSEE IS SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR ITS PURPOSES. THE AGENCY SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE LESSEE OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

Section 6.10. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Earnings Fund, the Rebate Fund, the Purchase Fund, the Bond Fund, the Lease Payments Fund, the Project Fund or any special funds after payment in full, or the providing for payment in full, of the Bonds, whether at maturity or earlier redemption (in accordance with Section 10.01 of the Indenture), the fees, charges and expenses of the Trustee, the Bond Registrar, the Tender Agent, the Paying Agents and the Agency in accordance with the Indenture and after all rents and all other amounts payable hereunder and under each of the other Security Documents shall have been paid in full, and after all amounts, if any, due and owing to the Credit Institution under the Credit Reimbursement Agreement, and due and owing to the Liquidity Institution under the Liquidity Reimbursement Agreement, have been paid, and after all amounts required to be rebated to the Federal government pursuant to

the Tax Regulatory Agreement and the Indenture shall have been so paid, shall belong to and be promptly paid to the Lessee by the Trustee as overpayment of rents.

Section 6.11. Issuance of Additional Bonds. The Agency and the Lessee recognize that under the provisions of and subject to the conditions set forth in the Indenture, the Agency is authorized to enter into a Supplemental Indenture and issue one or more series of Additional Bonds on a parity with the Series 1997 Bonds for the purpose of (i) completing the Project, (ii) providing funds to repair, relocate, replace, rebuild, restore or substitute the Facility in the event of damage, destruction or taking by eminent domain, (iii) providing extensions, additions or improvements to the Facility, or (iv) refunding Outstanding Bonds. If the Lessee is not in default hereunder, the Agency will consider the issuance of Additional Bonds in a principal amount as is specified in a written request in accordance with the applicable provisions set forth in the Indenture. If Additional Bonds are to be issued pursuant to the Indenture, the Agency and the Lessee shall enter into an amendment to this Agreement providing, among other things, for the payment by the Lessee of such additional rentals as are necessary in order to amortize in full the principal of and interest on such Additional Bonds and any other costs in connection therewith.

Any such completion, repair, relocation, replacement, rebuilding, restoration, additions, extensions, improvements or substitutions shall become a part of the Facility and shall be included under this Agreement to the same extent as if originally included hereunder.

It is not the intention of the parties to this Agreement that the Lessee be deemed to have acquired any ownership interest in any such completion, repair, relocation, replacement, rebuilding, restoration, additions, extensions, improvements or substitutions.

Section 6.12. Employment Information, Opportunities and Guidelines. (a) Annually, by August 1 of each year until the earlier to occur of (i) the termination of this Agreement, or (ii) eight (8) years from the date hereof, the Lessee shall submit to the Agency an employment report relating to the period commencing July 1 of the previous year and ending June 30 of the year of the obligation of the filing of such report, substantially in the form of Schedule A hereto, certified as to accuracy by the chief financial or accounting officer of the Lessee.

(b) The Lessee shall ensure that all employees and applicants for employment by the Lessee or its subsidiaries, if any, with regard to the Facility are afforded equal employment opportunities without discrimination. Except as it otherwise provided by collective bargaining contracts or agreements, new employment opportunities created as a result of the Project shall be listed with the New York State Department of Labor Community Services Division, and with the administrative entity of the service delivery area created by the Federal Job Training Partnership Act (P.L. No. 97-300) in which the Leased Premises are located. Except as it otherwise provided by collective bargaining contracts or agreements, the Lessee agrees, where

practicable, to first consider, and cause each of its Affiliates, if any, at the Facility to first consider, persons eligible to participate in the Federal Job Training Partnership (P.L. No. 97-30)) programs who shall be referred by administrative entities of service delivery areas created pursuant to such act or by the Community Services Division of the New York State Department of Labor for such new employment opportunities.

(c) The Lessee hereby authorizes any private or governmental entity, including but not limited to the New York State Department of Labor ("DOL"), to release to the Agency and/or the New York City Economic Development Corporation ("EDC"), and/or to the successors and assigns of either (collectively, the "Information Recipients"), any and all employment information under its control and pertinent to the Lessee and the employees of the Lessee to enable the Agency and/or EDC to comply with its reporting applicable Laws, rules or regulations. In addition, upon the Agency's request, the Lessee shall provide to the Agency any employment information in the possession of the Lessee which is pertinent to the Lessee and the employees of the lessee to enable the Agency and/or EDC to comply with its reporting requirements required by New York City Local Law 69 and any other applicable laws, rules or regulations. Information released or provided to Information Recipients by DOL, or by any other governmental entity, or by any private entity, or by the Lessee, or any information previously released as provided by all or any of the foregoing parties (collectively, "Employment Information") may be disclosed by the Information Recipients in connection with the administration of the programs of the Agency, and/or EDC, and/or the successors and assigns of either, and/or the City of New York, and/or as may be necessary to comply with law; and, without limiting the foregoing, the Employment Information may be included in (x) reports prepared by the Information Recipients pursuant to New York City Local Law 69 of 1993, (y) other reports required of the Agency, and (z) any other reports required by law. This authorization shall remain in effect throughout the term of this Agreement.

Section 6.13. Redemption Under Certain Circumstances; Special Covenants.

(a) Upon the determination by resolution of the members of the Agency that the Lessee is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, in violation of applicable material law or not as a qualified "project" in accordance with the Act and the failure of the Lessee within sixty (60) days (or such longer period as may be established pursuant to the proviso to this sentence) of the receipt by the Lessee of written notice of such noncompliance from the Agency to cure such noncompliance together with a copy of such resolution (a copy of which notice shall be sent to the Credit Institution and the Trustee), the Lessee covenants and agrees that it shall, on the immediately succeeding Interest Payment Date following the termination of such sixty (60) day (or longer) period cause the redemption in whole of the Bonds Outstanding at the Redemption Price of 100% of the aggregate unpaid principal amount of the Bonds Outstanding together with interest accrued thereon to such Interest Payment Date, provided, however, that if such noncompliance cannot be cured within such period of sixty (60) days with diligence (and is capable of being cured) and the Lessee promptly commences the curing of such non-compliance and thereafter

prosecutes the curing thereof with diligence and to the Agency's reasonable satisfaction, such period of time within which the Lessee may cure such failure shall be extended for such additional period of time as may be necessary to cure the same with diligence and the Agency shall notify the Trustee and the Credit Institution of any such extension. The Agency shall give prior written notice of the meeting at which the members of the Agency are to consider such resolution to the Lessee, the Trustee and the Credit Institution, which notice shall be no less than sixty (60) days prior to such meeting.

(b) In the event (x) the Lessee shall sublease all or any part of the Facility to a Prohibited Person, (y) the Lessee fails to obtain or maintain the public liability insurance with respect to the Facility required under Section 4.4 hereof, or (z) the Lessee, or any Affiliate of the Lessee, shall be a Prohibited Person, and the Lessee shall fail to cure either such circumstance within ten (10) days in the case of clause (y) above or thirty (30) days in the case of clause (x) or (z) above after the receipt by the Lessee of written notice thereof from the Agency and a demand by the Agency on the Lessee to cure same, the Lessee shall cause the redemption in whole of the Bonds at the Redemption Price of one hundred per centum (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption.

(c) Upon the circumstances set forth in Sections 2.04(c) through (m), inclusive, of the Indenture, the Lessee shall pay or cause the prepayment of its lease rental obligation upon the circumstances and in the manner set forth in such Sections of the Indenture.

Section 6.14. Further Assurances. The Lessee will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, including Uniform Commercial Code financing statements, at the sole cost and expense of the Lessee, as are reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and any rights of the Agency, the Trustee or the Credit Institution hereunder, under the Indenture or under any of the other Security Documents, provided, however, that no such action required of the Lessee hereunder shall be such as to cause the Lessee to be in breach of its obligations under the Ground Lease or the Consent.

Section 6.15. Filing. The security interest of the Trustee created under the Granting Clauses of the Indenture shall be perfected by the filing of financing statements by the Trustee which fully comply with the New York State Uniform Commercial Code - Secured Transactions in the office of the Secretary of State of the State, in the City of Albany, New York and in the appropriate office of the Register of the City of New York. The Trustee shall file or cause to be filed all necessary continuation statements (and additional financing statements) within the time prescribed by the New York State Uniform Commercial Code - Secured Transactions in order to continue (or attach and perfect) the security interest granted under the Granting Clauses of the Indenture, to the end that the rights of the Agency, the Credit

Institution, the Holders of the Bonds and the Trustee in this Agreement shall be fully preserved as against creditors or purchasers for value from the Agency or the Lessee.

Section 6.16. Certain Covenants with Respect to the Ground Lease. (a) At least ten (10) days prior to the execution by the Lessee of any amendment, supplement or modification to the Ground Lease, the Lessee shall deliver a copy of same in substantially final form to each of the Agency, the Credit Institution and the Trustee. Promptly upon the execution thereof, the Lessee shall furnish certified copies of such amendment, supplement or modification to the Agency, the Credit Institution and the Trustee.

(b) The Lessee shall immediately transmit to each of the Agency, the Credit Institution and the Trustee copies of any termination or default notice it shall receive or deliver under the Ground Lease.

Section 6.17. Right to Cure Agency Defaults. The Agency hereby grants the Lessee full authority for account of the Agency to perform any covenant or obligation the non-performance of which is alleged to constitute a default in any notice received by the Lessee, in the name and stead of the Agency, with full power of substitution.

Section 6.18. Certain Acknowledgments. The Agency and the Lessee hereby acknowledge and agree that the leasehold estates of this Agreement and the Company Sublease in the Facility are subject in all respects to the terms of the Basic Lease, the Ground Lease and the Consent. The termination or expiration of the Ground Lease or the Basic Lease shall automatically result in the release of the Facility from the leasehold estates of the Company Sublease and this Agreement.

ARTICLE VII
Events of Default; Remedies

Section 7.1. Events of Default. Any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) Failure of the Lessee to pay any rental under Section 3.3(a), 3.3(c) or 3.5 hereof that has become due and payable by the terms hereof which results in an Event of Default under Section 8.01(a) of the Indenture:

(b) Failure of the Lessee to pay any amount (except as provided in Section 7.1(a) above) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under Section 4.3 or 4.4 hereof and continuance of such failure for a period of thirty (30) days after receipt by the Lessee of written notice specifying the nature of such default from the Agency or the Trustee or the Holders of more than twenty-five per centum (25%) in aggregate principal amount of the Bonds Outstanding; provided, however, that, for so long as none of the circumstances set forth in Section 7.10 of the Indenture shall exist, no default under this subsection shall constitute an Event of Default unless the Credit Institution shall have given written notice to the Trustee consenting thereto;

(c) Failure of the Lessee to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except as set forth in Section 7.1(a) or (b) above) and (1) continuance of such failure for a period of thirty (30) days after receipt by the Lessee of written notice specifying the nature of such default from the Agency or the Trustee or the Holders of more than twenty-five per centum (25%) in aggregate principal amount of the Bonds Outstanding, or (2) if by reason of the nature of such default the same can be remedied, but not within the said thirty (30) days, the Lessee fails to proceed with reasonable diligence after receipt of said notice to cure the same or fails to continue with reasonable diligence its efforts to cure the same; provided, however, that, for so long as none of the circumstances set forth in Section 7.10 of the Indenture shall exist, no default under this subsection shall constitute an Event of Default unless the Credit Institution shall have given written notice to the Trustee consenting thereto;

(d) The Lessee shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, rehabilitation, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any

petition filed against itself in an involuntary case under such Bankruptcy Code (or under any other laws referenced in clause (v) above, (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court of competent jurisdiction;

(e) A proceeding or case shall be commenced, without the application or consent of the Lessee, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Lessee or of all or any substantial part of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, rehabilitation, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or the Lessee shall acquiesce in writing to any of the foregoing; or any order for relief against the Lessee shall be entered in an involuntary case under the Federal Bankruptcy Code; the terms "dissolution" or "liquidation" of the Lessee as used above shall not be construed to prohibit any action otherwise permitted by Section 6.1 hereof;

(f) Except as and to the extent limited by Section 6.5(a) hereof, any representation or warranty made by the Lessee (i) in the application and commitment letter submitted to the Agency for approval of the Project or its financing, or (ii) herein or in the Tax Regulatory Agreement, or (iii) in any certificate or other instrument furnished pursuant hereto or any of the foregoing shall prove to be false in any material respect as of the date made; or

(g) An "Event of Default" under the Indenture or under any other Security Document shall occur and be continuing.

Section 7.2. Remedies on Default. Whenever any Event of Default referred to in Section 7.1 hereof shall have occurred and be continuing, the Agency, or the Trustee where so provided, may take any one or more of the following remedial steps:

(a) The Trustee, as and to the extent provided in Article VIII of the Indenture, may cause all principal installments of rent payable under Section 3.3(a) hereof for the remainder of the term of this Agreement to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable; provided, however, that upon the occurrence of an Event of Default under Section 7.1(d) or (e) hereof, all principal installments of rent payable under Section 3.3(a) hereof for the remainder of the term of this Agreement, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Agency, the Trustee, the Credit Institution, the Holders of the Bonds or any other Person being a condition to such acceleration;

(b) The Agency, with the prior written consent of the Trustee, or the Trustee, may terminate this Agreement, in which case this Agreement and all of the estate, right, title and interest herein granted or vested in the Lessee shall cease and terminate. No such termination of this Agreement shall relieve the Lessee of its liability and obligations hereunder and such liability and obligations shall survive any such termination;

(c) The Trustee may take whatever action at law or in equity (subject to the limitations set forth in Section 8.13 of the Indenture) as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Lessee under this Agreement;

(d) The Trustee, or, if Section 8.12 of the Indenture shall have application, the Credit Institution, may take any action permitted under the Indenture with respect to an Event of Default thereunder; and

(e) The Agency, without the consent of the Trustee, the Credit Institution or any Bondholder, may proceed to enforce the Agency's Reserved Rights by an action for damages, injunction or specific performance, and requiring the surrender by the Lessee to the Agency of the Sales Tax Letter for suspension or cancellation.

No action taken pursuant to this Section 7.2 (including termination of this Agreement pursuant to this Section 7.2 or by operation of law or otherwise) shall, except as expressly provided herein, relieve the Lessee from the Lessee's obligations hereunder, all of which shall survive any such action.

Notwithstanding the foregoing, prior to the drawing by the Trustee under the Credit Facility of the accelerated Outstanding principal amount of the Series 1997 Bonds plus accrued interest thereon, and if the Event of Default shall be capable of being remedied by the Lessee,

(1) the Lessee may at any time pay all accrued unpaid rentals (exclusive of any such rentals accrued solely by virtue of the acceleration of the due date of the Series 1997 Bonds as provided in Section 8.01 of the Indenture), pay such other amounts in default hereunder, render such performance hereunder, otherwise fully cure all other defaults hereunder and, to the extent that such default includes a written notice from the Credit Institution of the occurrence of an Event of Default under the Credit Reimbursement Agreement, a written waiver or withdrawal thereof by the Credit Institution shall have been delivered to the Trustee; and

(2) in such event, this Agreement shall be fully reinstated.

Section 7.3. Remedies Cumulative. The rights and remedies of the Agency, the Credit Institution or the Trustee under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Agency, the Credit Institution or the Trustee allowed by law with respect to any default under this Agreement. Failure by the Agency, the Credit Institution or the Trustee to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Lessee hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy a strict compliance by the Lessee with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default by the Lessee be continued or repeated.

Section 7.4. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Agency and/or the Trustee and/or the Credit Institution and the Lessee or any delay or omission on the part of the Agency and/or the Trustee and/or the Credit Institution in exercising any rights hereunder or under the Indenture or under any other Security Document shall operate as a waiver.

Section 7.5. Effect on Discontinuance of Proceedings. In case any proceeding taken by the Trustee (or, if Section 8.12 of the Indenture shall have application, the Credit Institution) under the Indenture or this Agreement or under any other Security Document on account of any Event of Default hereunder or under any other Security Document shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Agency, then, and in every such case, the Agency, the Credit Institution, the Trustee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 7.6. Agreement to Pay Attorneys' Fees and Expenses. In the event the Lessee should fail to observe any of the covenants contained in this Agreement and the Agency, the Credit Institution or the Trustee should employ attorneys or incur other expenses for the remedying of such default, including expenses for the collection of rentals or other amounts payable hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it will on demand therefor pay to the Agency, the Credit Institution and the Trustee the fees and disbursements of such attorneys and such other expenses so incurred, and, if not paid within ten (10) Business Days of receipt by the Lessee of written demand thereof, such fees and disbursements shall bear interest at the annual rate of eighteen percent (18%) per annum.

Section 7.7. Limitation on Remedies upon an Event of Default. The exercise of remedies under this Agreement by the Agency, the Trustee, the Credit Institution, the Liquidity Institution or the Holders of Bonds with respect to an Event of Default hereunder shall be subject to the provisions of Section 8.13 of the Indenture.

ARTICLE VIII
Options

Section 8.1. Options. (a) The Lessee has the option to effect the defeasance or the redemption in whole or in part of the Bonds, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Bonds may be effected through advance rental payments hereunder if there shall exist and be continuing an Event of Default. The Lessee shall exercise its option to cause advance rental payments to be made or deemed made for such purpose by delivering a written notice of an Authorized Representative of the Lessee to the Trustee, with a copy to the Agency, setting forth (i) the amount of the advance rental payment, (ii) the principal amount and Series of Bonds Outstanding requested to be redeemed with such advance rental payment (which principal amount shall be in such minimum amount or integral multiple of such amount as shall be permitted in the Indenture), and (iii) the date on which such principal amount of Bonds is to be redeemed. Such date of redemption shall be on any date permitted for such redemption under the Indenture and shall be a date not less than forty-five (45) days from the date such written notice shall have been delivered to the Trustee. Such advance rental payment shall be paid to the Trustee in legal tender on or before the redemption date and shall be an amount which, when added to the amount on deposit in the Redemption Account of the Bond Fund (and in the Project Fund in the event of any redemption in whole) and available therefor, will be sufficient to pay the Redemption Price of the Bonds to be redeemed, together with interest to accrue to the date of redemption and all expenses of the Agency, the Trustee, the Bond Registrar and the Paying Agents in connection with such redemption; provided, however, no such redemption of the Bonds shall be effected except from Priority Amounts. The Lessee hereby authorizes and directs the Trustee to draw moneys under the Credit Facility in an amount sufficient to redeem the principal amount of Bonds requested to be redeemed, together with interest accrued and to accrue thereon to the date of redemption. In the event the Bonds are to be redeemed in whole or otherwise retired, the Lessee shall further pay on or before such redemption date, in legal tender, to the Agency, the Trustee, the Bond Registrar, the Tender Agent and the Paying Agents, as the case may be, all fees and expenses owed such party or any other party entitled thereto under this Agreement or the Indenture together with (i) all other amounts due and payable under this Agreement and the other Security Documents, and (ii) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement.

(b) The Lessee has the option to cause advance rental payments to be deposited in the Lease Payments Fund to effect the redemption in whole of the Bonds, on any date during the term of this Agreement, provided that such option must be exercised within ninety (90) days of the occurrence of any of the following events:

(1) The Facility shall have been damaged or destroyed to such extent that as evidenced by an opinion of an Independent Engineer filed with the Agency, the Credit Institution and the Trustee (A) the Facility cannot be reasonably restored within

a period of one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Lessee is thereby prevented or likely to be prevented from carrying on its normal operation of the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction;

(2) Title to, or the temporary use of, all or substantially all of the Facility or of any material part of the Facility shall have been taken or condemned by a competent authority which taking or condemnation results, or is likely to result, in the Lessee being thereby prevented or likely to be prevented from carrying on its normal operation of the Facility for a period of one year from the date of such taking or condemnation, as evidenced by an opinion of an Independent Engineer filed with the Agency, the Credit Institution and the Trustee; or

(3) As a result of changes in the Constitution of the United States of America or of the State or of legislative or executive action of the State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Lessee, this Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed herein or unreasonable burdens or excessive liabilities are imposed upon the Lessee by reason of the operation of the Facility.

(c) The Lessee, in exercising its option pursuant to Section 8.1(b) hereof, shall file with the Agency, the Credit Institution and the Trustee the opinion prescribed by Section 8.1(b)(1) or (2) hereof, if applicable, together with a certificate of an Authorized Representative of the Lessee stating that, as a result of the occurrence of the event giving rise to the exercise of such option, the Lessee has discontinued, or at the earliest practicable date will discontinue, the operation of the Facility for its intended purposes, and shall pay to the Trustee, in legal tender, advance rental payments, for deposit in the Lease Payments Fund (if payment in full of the principal of or the Redemption Price, if any, as the case may be, of, and interest on, all the Outstanding Bonds, and the interest thereon at maturity or upon earlier redemption has not yet been made) equal to the sum of the following:

(1) an amount which, when added to the amount on deposit in the Funds established under the Indenture (other than the Earnings Fund, the Rebate Fund and the Purchase Fund) and available therefor, will be sufficient to pay and redeem the Outstanding Bonds in accordance with the provisions of the Indenture, including, without limitation, the principal of or the Redemption Price (as the case may be) of, together with interest to maturity or redemption date (as the case may be) on, the Outstanding Bonds;

(2) the expenses of redemption, the fees and expenses of the Agency, the Trustee, the Bond Registrar, the Tender Agent and the Paying Agents and all other amounts due and payable under this Agreement, the Indenture and the other Security Documents; and

(3) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement.

The Lessee hereby authorizes and directs the Trustee to draw moneys under the Credit Facility in an amount sufficient to pay the principal of and interest on the Bonds to maturity or the redemption date, as the case may be.

Section 8.2. Option to Purchase or Invite Tenders of Bonds. The Lessee shall have the option, at any time during the term of this Agreement, to purchase Bonds for its own account, whether by direct negotiation, through a broker or dealer, or by making a tender offer to the Holders thereof. The Bonds so purchased by the Lessee or by any Affiliate thereof shall, except as provided in Sections 2.10(b) or 2.12 of the Indenture, be delivered to the Trustee for cancellation within thirty (30) days of the date of purchase unless they are earlier remarketed pursuant to the Indenture. The Agency shall at all times make available or cause to be made available to the Lessee its registration books (maintained at the principal corporate trust office of the Trustee) containing the names and addresses of the Bondholders if known.

Section 8.3. Termination of Agreement. Notwithstanding the termination of this Agreement for any reason whatsoever, the obligations of the Lessee (i) to pay the fees and expenses of the Agency, the Trustee, the Tender Agent, the Bond Registrar and the Paying Agents and all other amounts due and payable under this Agreement or the Indenture or the other Security Documents, (ii) to pay any amounts required to be rebated to the Federal government pursuant to the Indenture and the Tax Regulatory Agreement, and (iii) under Sections 6.2 and 9.16 hereof, shall survive.

Section 8.4. Recapture of Agency Benefits. (a) It is understood and agreed by the parties to this Agreement that the Agency is issuing the Series 1997 Bonds to finance part of the costs of the Project and is entering into this Agreement in order to accomplish the public purposes of the Act. In consideration therefor, the Lessee hereby agrees as follows:

(i) If there shall occur a Recapture Event (as defined below) prior to the completion of the Project and occupancy of the Facility for its intended purposes by the Lessee, the Lessee shall pay to the Agency, as a return of public benefits conferred by the Agency, all Benefits as defined below.

(ii) If there shall occur a Recapture Event after the date on which the Project shall have been completed as set forth in the certificate of an Authorized

Representative of the Project Supervisor delivered pursuant to Section 2.2 hereof (the "Operations Commencement Date"), the Lessee shall pay to the Agency, as a return of public benefits conferred by the Agency, the amounts set forth in paragraph (iii) of this Section 8.4.

(iii) If there shall occur a Recapture Event (as defined below) after the Operations Commencement Date, the Lessee shall pay to the Agency as a return of public benefits conferred by the Agency, the following amounts:

1. one hundred per cent (100%) of the Benefits if the Recapture Event occurs within the first six (6) years after the Operations Commencement Date;
2. eighty per cent (80%) of the Benefits if the Recapture Event occurs during the seventh (7th) year after the Operations Commencement Date;
3. sixty per cent (60%) of the Benefits if the Recapture Event occurs during the eighth (8th) year after the Operations Commencement Date;
4. forty per cent (40%) of the Benefits if the Recapture Event occurs during the ninth (9th) year after the Operations Commencement Date; or
5. twenty per cent (20%) of the Benefits if the Recapture Event occurs during the tenth (10th) year after the Operations Commencement Date.

The term "Benefits" shall mean, collectively,

1. all miscellaneous benefits derived from the Agency's participation in the financing of the costs of the Project including, but not limited to, exemption from mortgage recording tax, transfer tax, New York City commercial rent and occupancy tax, sales tax, and filing and recording fees; and
2. one-half of the amount (but not less than 0) derived by subtracting the aggregate of the interest portions of the installments of rent paid by the Lessee during the lease term from the net earnings (i.e., any income or interest earned by, or increment to, the proceeds of the Series 1997 Bonds, net of any losses or expenses suffered as a result of such investments) derived from the investment of the proceeds of the Series 1997 Bonds.

The term "Recapture Event" shall mean any of the following events:

1. The Lessee shall have liquidated its operations and/or assets or shall have ceased all or substantially all of its operations at the Facility (whether by relocation to another facility or otherwise, or whether to another facility either within or outside of the City);

2. The Lessee shall have leased all or any portion of the Facility in violation of the limitations imposed by Section 9.3 hereof, without the prior written consent of the Agency;

3. Without the Agency's consent, the Lessee shall have effected substantial changes in the scope and nature of the Lessee's operations at the Facility in violation of the provisions of the second paragraph of Section 3.1;

4. The Lessee shall have transferred all or substantially all of its employees to a location outside of the City; or

5. The Lessee shall have sold, leased, transferred or otherwise disposed of all or substantially all of its interest in the Facility.

(b) The Lessee covenants and agrees to furnish the Agency with written notification upon any Recapture Event occurring within twenty (20) years of completion of the Facility, which notification shall set forth the terms thereof. The provisions of this Section 8.4 shall survive the termination of this Agreement for any reason whatsoever, notwithstanding any provision of this Agreement to the contrary.

ARTICLE IX
Miscellaneous

Section 9.1. Indenture; Amendment. The Lessee shall have and may exercise all the rights, powers and authority stated to be vested in the Lessee in the Indenture and in the Bonds, and the Indenture and the Bonds shall not be modified, altered or amended in any manner without the prior written consent of the Lessee.

Section 9.2. Force Majeure. In case by reason of force majeure either party (including any contractors or subcontractors of either party) hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then except as otherwise expressly provided in this Agreement, if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than the obligations of the Lessee to make the rental payments or other payments required under the terms hereof, or to comply with Sections 4.4(a)(i) or 6.2 hereof), so far as they are affected by such force majeure, shall be suspended during the continuance of the inability then claimed which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure", as employed herein, shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraint of government and people, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, failure of title of or leasehold interest in the Leased Premises by any of the City, the Port Authority, the Lessee, the Agency or any other Person or any other similar or different cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of existing or impending strikes, lockouts or other industrial disturbances shall be entirely within the discretion of the party having the difficulty and that the above requirements that any force majeure shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be fulfilled even though such existing or impending strikes, lockouts and other industrial disturbances may not be settled but could have been settled by acceding to the demands of the opposing person or Persons.

Section 9.3. Assignment or Sublease. The Lessee may not at any time assign or transfer this Agreement, or sublet the whole or any part of the Facility, without, except as provided below, the prior written consent of the Agency (which consent shall not be unreasonably withheld or delayed); provided further, that the following conditions shall apply:

(1) The Lessee shall not sublet nor permit to be sublet all or substantially all of the Facility, without the prior written consent of the Agency (which consent shall not be

unreasonably withheld or delayed). No consent of the Agency shall be required for any subletting by the Lessee of less than all or substantially all of the Facility.

(2) No consent of the Agency shall be required for any assignment or transfer of this Agreement by operation of, and effected in accordance with the requirements of, Section 6.1 hereof.

(3) No consent of the Agency shall be required for any assignment or transfer of this Agreement to a Person who shall be a Controlled Entity of the Lessee, or to a general or limited partnership of which the general partners are controlled, directly or indirectly, by the Lessee, provided, however, that the Lessee remains jointly and severally liable with the proposed assignee or transferee of this Agreement.

(4) Except as provided in paragraph (2) or (3) above, any assignment or transfer of this Agreement shall require the prior written consent of the Agency (such consent not to be unreasonably withheld or delayed).

(5) With respect to any subletting in whole or in part of the Facility, the Lessee shall nevertheless remain liable to the Agency for the payment of all rent and for the full performance of all of the terms, covenants and conditions of this Agreement and of any other Security Document to which it shall be a party.

(6) With respect to any assignment or transfer of this Agreement for which no consent of the Agency shall be required as above provided, or for which consent of the Agency shall be both required and have been given, such assignee or transferee of the Lessee shall assume in writing and agree to keep and perform all of the terms of such assumption on the part of the Lessee to be kept and performed from the date of original execution and delivery of such assumption and shall be jointly and severally liable with the Lessee for the performance thereof.

In addition to the conditions set forth above for any assignment or transfer of this Agreement, or any subletting in whole or in part of the Facility, the following conditions, as applicable, shall also apply:

(i) any sublessee in whole of the Facility and any assignee or transferee of this Agreement shall in each case be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State,

(ii) there shall be delivered to the Agency, the Trustee and the Credit Institution (x) an Opinion of Counsel to the Lessee to the effect that this Agreement continues in full force and effect as the legal, valid and binding obligation of the Lessee enforceable against the Lessee in accordance with its terms, (y) an opinion of Nationally

Recognized Bond Counsel to the effect that such action shall not cause the interest on the Bonds to become includable in gross income for Federal income tax purposes, and (z) an Opinion of Counsel to the assignee or transferee of this Agreement to the effect that such Person has duly and validly assumed all obligations of the Lessee under this Agreement and that this Agreement as so assumed constitutes the valid and binding obligation of such Person enforceable against such Person in accordance with its terms,

(iii) any assignment, transfer or sublease shall not violate any provision of the Ground Lease, the Company Sublease, this Agreement or any other Security Document,

(iv) such assignment, transfer or sublease shall in no way diminish or impair the Lessee's obligation to carry the insurance required under Section 4.4 of this Agreement,

(v) in the case of any subletting in whole of the Facility or any assignment or transfer of this Agreement, and if the Credit Facility shall no longer be in effect, there shall have been delivered to the Trustee written evidence from each Rating Agency by which the Bonds are then rated to the effect that such action will not result in the reduction or withdrawal of the then applicable rating(s) on the Bonds, and

(vi) at least ten (10) Business Days prior to the execution of any proposed assignment, transfer or sublease, the Lessee shall furnish to the Agency a substantially final draft of same, and, after execution thereof, shall then furnish a copy of such executed document together with a certificate of an Authorized Representative of the Lessee as to whether such proposed assignment, transfer or sublease shall be to a Prohibited Person.

Any consent by the Agency to any act of assignment, transfer or sublease shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver of the duty of the Lessee, or the successors or assigns of the Lessee, to obtain from the Agency, to the extent required hereunder, consent to any other or subsequent assignment, transfer or sublease, or as modifying or limiting the rights of the Agency under the foregoing covenant by the Lessee.

The Lessee shall file with the Agency by January 1 of each year commencing January 1, 1998 a certificate of an Authorized Representative of the Lessee with respect to all subtenancies with respect to the Leased Premises, in the form attached hereto as Schedule C.

Section 9.4. [Reserved].

Section 9.5. Benefit of and Enforcement By the Trustee and the Credit Institution. The Agency and the Lessee agree that this Agreement is executed in part to induce (i) the purchase by others of the Bonds, and (ii) the issuance by the Credit Institution to the Trustee of the Credit Facility, and accordingly all covenants and agreements on the part of the Lessee as set forth in this Agreement, the enforcement of which shall have been assigned by the Agency to the Trustee under the Indenture, are hereby declared to be for the benefit of (y) the Holders from time to time of the Bonds and may be enforced as provided in Article VIII of the Indenture on behalf of the Bondholders by the Trustee, and (z) subject to the provisions of Sections 7.10, 7.11 and 8.12 of the Indenture, the Credit Institution.

Section 9.6. Amendments. This Agreement may be amended only in accordance with the provisions of the Indenture and only if the Lessee shall assume in writing the obligations of such amended Agreement.

Section 9.7. Notices. All notices, certificates or other communications hereunder shall be deemed to have been duly given when delivered personally or by registered or certified United States mail, return receipt requested, postage prepaid, addressed, if to the Agency, to New York City Industrial Development Agency, 110 William Street, New York, New York 10038, Attention: Chairman (with a copy to the Executive Director of the Agency at the same address), if to the Lessee, to Air Express International Corporation, 120 Tokeneke Road, Darian, Connecticut 06820, Attention: President, with a copy to the General Counsel of the Lessee at the same address, if to the Credit Institution or the Liquidity Institution, First Union Bank, One First Union Plaza, Charlotte, North Carolina 28288-0742, Attention: International Operations CORP-10, and if to the Trustee, to United States Trust Company of New York, 114 West 47th Street, New York, New York 10036, Attention: Corporate Trust and Agency Division. The Agency, the Lessee, the Credit Institution, the Liquidity Institution and the Trustee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given as of the date it shall have been mailed.

Section 9.8. Prior Agreements Superseded. This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, other than the Company Sublease and the other Security Documents, between the Agency and the Lessee relating to the Facility.

Section 9.9. Severability. If any clause, provision or section of this Agreement be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining provisions hereof.

Section 9.10. Inspection of Facility. The Lessee will permit, upon reasonable notice, the Agency, or its duly authorized agent, at all reasonable times to enter upon the

Facility but solely for the purpose of assuring that the Lessee is operating the Facility, or is causing the Facility to be operated, as a qualified "project" under the Act consistent with the purposes set forth in the recitals to this Agreement and with the public purposes of the Agency, and not for any purpose of assuring the proper maintenance or repair of the Facility as such latter obligation is and shall remain solely the obligation of the Lessee.

Section 9.11. Effective Date; Counterparts. This Agreement shall become effective upon the issuance and delivery of the Series 1997 Bonds. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.12. Binding Effect; No Third Party Beneficiaries. This Agreement shall inure to the benefit of the Agency, the Lessee, the Credit Institution, the Liquidity Institution, the Trustee and the Holders of the Bonds, and shall be binding upon the Agency, the Trustee and the Lessee and their respective successors and assigns.

Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Agency, the Trustee, the Credit Institution, the Liquidity Institution, the Bond Registrar, the Lessee, the Paying Agents, the Tender Agent, the Remarketing Agents and the Holders of the Bonds any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Agency and the Lessee shall be for the sole and exclusive benefit of the Agency, the Trustee, the Credit Institution, the Liquidity Institution, the Bond Registrar, the Lessee, the Paying Agents, the Tender Agent, the Remarketing Agents and the Holders of the Bonds.

Section 9.13. Net Lease. It is the intention of the parties hereto that this Agreement be a "net lease" and that all of the rent be available for debt service on the Bonds, and this Agreement shall be construed to effect such intent.

Section 9.14. Law Governing; Consent to Jurisdiction. (a) This Agreement shall be governed by, and construed in accordance with, the laws of the State. Any legal action or proceeding with respect to this Agreement may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York and the Lessee hereby accepts for itself and in respect of its property, the jurisdiction of such courts and hereby waives any right it may have to object to the bringing of any such action or proceeding in the above said courts based on the grounds of forum non conveniens. The Lessee hereby irrevocably designates, appoints and empowers CT Corporation, with offices on the date hereof at 1633 Broadway, New York, New York 10019, as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summons, notices and documents which may be served in any such action or proceeding. If for any reason such designee, appointee and agent shall cease to be

available to act as such, the Lessee agrees to designate a new designee, appointee and agent in New York City on the terms and for the purposes of this provision under this Agreement satisfactory to the Agency and the Trustee. The Lessee irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Lessee at its address set forth in Section 9.7 hereof, such service to become effective thirty (30) days after such mailing. Nothing herein shall affect the right of the Agency or the Trustee to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Lessee in any other jurisdiction.

(b) The Lessee hereby irrevocably waives any objections which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Security Document brought in the courts referred to in paragraph (a) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) The Lessee hereby warrants to the Agency and the Trustee that CT Corporation has irrevocably accepted such appointment as agent as set forth in paragraph (a) of this Section 9.14 and agrees that the Lessee (i) shall inform the Agency and the Trustee promptly in writing of any change of such entity's address, and (ii) shall notify the Agency and the Trustee of any termination of the agency relationship created by paragraph (a) of this Section 9.14.

Section 9.15. Investment of Funds. Any moneys held as part of the Lease Payments Fund, the Rebate Fund, the Earnings Fund, the Purchase Fund, the Project Fund or the Bond Fund or in any special fund provided for in this Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the written request of an Authorized Representative of the Lessee, be invested and reinvested by the Trustee as provided in the Indenture (but subject to the provisions of the Tax Regulatory Agreement). Neither the Agency nor any of its members, directors, officers, agents, servants or employees shall be liable for any depreciation in the value of any such investments or for any loss arising therefrom.

Interest and profit derived from such investments shall be credited and applied as provided in the Indenture, and any loss resulting from such investments shall be similarly charged.

Section 9.16. Waiver of Trial by Jury. The parties do hereby expressly waive all rights to trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or the Facility or any matters whatsoever arising out of or in any way connected with this Agreement.

The provision of this Agreement relating to waiver of a jury trial and the waiver of the right of re-entry or repossession shall survive the termination or expiration of this Agreement.

Section 9.17. Non-Discrimination. (a) At all times during the construction, maintenance and operation of the Facility, the Lessee shall not discriminate, or permit any tenant to discriminate, against any employee at the Facility or applicant for employment at the Facility because of race, color, creed, age, sex or national origin. The Lessee shall use its best efforts to ensure that employees and applicants for employment at the Facility with the Lessee or any subtenant of the Facility are treated without regard to their race, color, creed, age, sex or national origin. As used herein, the term "treated" shall mean and include, without limitation, the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated.

(b) The Lessee shall, in all solicitations or advertisements for employees at the Facility placed by or on behalf of the Lessee state that all qualified applicants will be considered for employment without regard to race, color, creed or national origin, age or sex.

(c) The Lessee shall furnish to the Agency all information required by the Agency pursuant to this Section and will cooperate with the Agency for the purposes of investigation to ascertain compliance with this Section.

(d) The Agency and the Lessee shall, from time to time, mutually agree upon goals for the employment, training, or employment and training of members of minority groups in connection with performing work with respect to the Facility.

Section 9.18. No Recourse Under This Agreement or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency, and not of any member, director, officer, employee or agent of the Agency in his individual capacity, and no recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking Fund Installments, Purchase Price, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Agency or any natural person executing the Bonds.

Section 9.19. Certain References Ineffective. In the event the Credit Facility shall no longer be in effect and all amounts due and payable by the Lessee under the Credit Reimbursement Agreement have been paid in full, all references in this Agreement to the Credit Facility, the Credit Reimbursement Agreement and the Credit Institution shall be deemed inoperative and of no effect; and in the event the Liquidity Facility shall no longer be in effect

and all amounts due and payable by the Lessee under the Liquidity Reimbursement Agreement have been paid in full, all references in this Agreement to the Liquidity Facility, the Liquidity Reimbursement Agreement and the Liquidity Institution shall be deemed inoperative and of no effect.


Section 9.20. Date of Agreement for Reference Purposes Only. The date of this Agreement shall be for reference purposes only and shall not be construed to imply that this Agreement was executed on the date first above written. This Agreement was executed and delivered on the date of the original issuance and delivery of the Series 1997 Bonds.

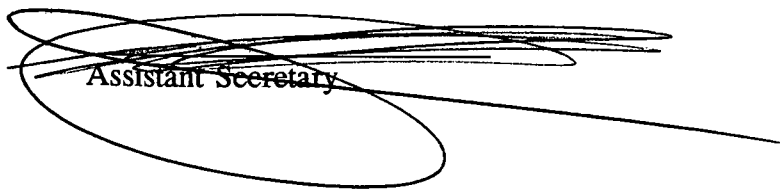
IN WITNESS WHEREOF, the Agency has caused its corporate name to be hereunto subscribed by its duly authorized Chairman, Vice Chairman, Executive Director or Deputy Executive Director and attested under the seal of the Agency by an Assistant Secretary and the Lessee has caused its corporate name to be subscribed hereto by its authorized officer, such execution by each such party being done as of the year and day first above written.

(SEAL)

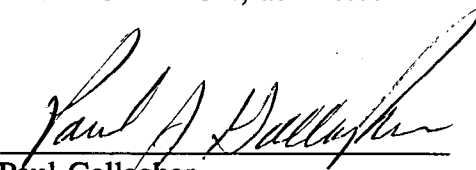
Attest:

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By 
Carl F. Knowlton,
Deputy Executive Director


Assistant Secretary

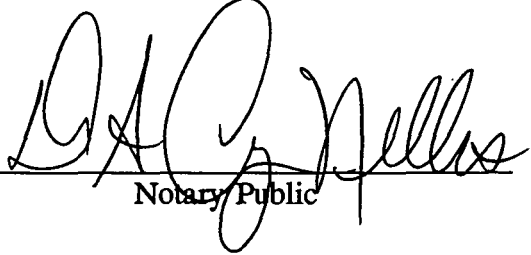
AIR EXPRESS INTERNATIONAL
CORPORATION, as Lessee

By 
Paul Gallagher,
Vice President and Treasurer

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

15th DCN

On the ~~16th~~ day of July, in the year one thousand nine hundred and ninety-seven, before me personally came Carl F. Knowlton, to me known, who being by me duly sworn, did depose and say that he resides at 454 7th Avenue, Brooklyn, New York; that he is the Deputy Executive Director of New York City Industrial Development Agency, the Agency described in and which executed the above instrument; that he knows the seal of said Agency; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said Agency, and that he signed his name thereto by like authority.

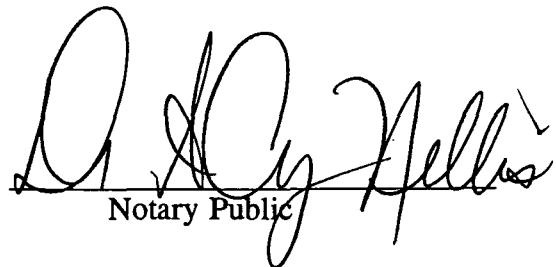


Notary Public

DONNA A. CARNEY-NELLIS
Notary Public, State of New York
No. 01CA5067159
Qualified in New York County
Commission Expires October 15, 1998

STATE OF NEW YORK)
 :
COUNTY OF NEW YORK)

On the 15th day of July, in the year one thousand nine hundred and ninety-seven, before me personally came Paul Gallagher, to me known, who being by me duly sworn, did depose and say that he resides at 38 Natureview Trail, Bethel, CT 06801; that he is the Vice President and Treasurer of Air Express International Corporation, the Lessee described in and which executed the above instrument; and that he signed his name thereto by authority of said corporation.



Notary Public

DONNA A. CARNEY-NELLIS
Notary Public, State of New York
No. 01CA5067159
Qualified in New York County
Commission Expires October 15, 1998

APPENDICES

LETTER OF AUTHORIZATION FOR SALES TAX EXEMPTION

July 16, 1997

TO WHOM IT MAY CONCERN

Re: New York City Industrial Development Agency
(1997 Air Express International Corporation Project)

Gentlemen:

The New York City Industrial Development Agency (the "Agency"), by this notice, hereby advises you as follows:

1. The Agency constitutes a corporate governmental agency and a public benefit corporation under the laws of the State of New York, and therefore, in the exercise of its governmental functions, including the issuance of its bonds or notes, is exempt from the imposition of any New York State or New York City sales and use tax. As an exempt governmental entity, no exempt organization identification number has been issued to the Agency nor is one required.

2. Pursuant to a resolution adopted by the Agency on March 11, 1997 and a Lease Agreement dated as of July 1, 1997 (the "Lease Agreement") between the Agency and Air Express International Corporation, a corporation organized under the laws of the State of Delaware (the "Company"), the Agency has authorized the Company to act as its agent to construct, improve and equip a warehousing facility in New York City consisting of the demolition of certain existing structures and facilities at the project site, the construction of cargo handling and warehousing facilities (and related office space), the construction of site improvements, the construction of buildings, facilities, structures and other improvements, including materials handling systems, and the acquisition and installation of machinery and equipment in connection therewith, all for use in the warehousing, packaging, forwarding and distribution of air cargo (the "Project"), the Project to be located at John F. Kennedy International Airport in Queens, New York.

3. In connection with such resolution and the Lease Agreement and pursuant to the authority therein granted, the Agency authorizes the Company to act as its agent in connection with the construction, improving and equipping of the Project and authorizes the Company to use this letter as its agent only for the payment of the costs of such construction, improving and equipping of the Project.

4. As agent for the Agency, the Company agrees that each contract, agreement, invoice, bill or purchase order entered into by the Company as agent for the Agency for the construction, improving and equipping of the Project shall include language in substantially the following form:

"This contract is being entered into by Air Express International Corporation, a corporation organized under the laws of the State of Delaware (the "Agent"), as agent for and on behalf of the New York City Industrial Development Agency (the "Agency") in connection with a certain project of the Agency for the Agent consisting of the demolition of certain existing structures and facilities at the project site, the construction of cargo handling and warehousing facilities (and related office space), the construction of site improvements, the construction of buildings, facilities, structures and other improvements, including materials handling systems, and the acquisition and installation of machinery and equipment in connection therewith, all for use in the warehousing, packaging, forwarding and distribution of air cargo (the "Project"), such Project to be located at John F. Kennedy International Airport, in Queens, New York, for lease to the Agency and leaseback to the Agent. The construction materials, machinery, equipment, trade fixtures and other tangible personal property to be used for the Project which are the subject of this [contract, agreement, invoice, bill or purchase order] shall be exempt from the sales and use tax levied by the State of New York and The City of New York if effected in accordance with the terms and conditions set forth in the attached Letter of Authorization for Sales Tax Exemption of the Agency, and the Agent hereby represents that this [contract, agreement, invoice, bill or purchase order] is in compliance with the terms of the Letter of Authorization for Sales Tax Exemption. The liability of the Agency hereunder is limited as set forth in the Letter of Authorization for Sales Tax Exemption. By execution or acceptance of this [contract, agreement, invoice, bill or purchase

order], the [vendor or contractor] hereby acknowledges the terms and conditions set forth in this paragraph."

5. The construction, improving and equipping of structures, facilities, improvements, systems, trade fixtures, tangible personal property, machinery and equipment constituting a part of the Project shall be exempt from the sales and use tax levied by the State of New York and The City of New York on the condition that (i) such materials and capital improvements are separately identifiable property of the Agency, (ii) any capital machinery, equipment or other tangible personal property shall have a useful life of one year or more, and shall solely be for the use of the Company at the Project site, and for no other entity and at no other location, and be effected by and at the sole cost of the Company, and (ii) the cost of such property is purchased or paid from, or reimbursed with, in whole, the proceeds of bonds issued by the Agency for the financing of the Project.

6. The liability of the Agency under any contract, agreement, invoice, bill or purchase order entered into by the Company as agent for the Agency hereunder shall be limited only to the proceeds of the bonds of the Agency as may be used to finance the cost of the Project; and the Agency shall have no liability or performance obligations under any such contract, agreement, invoice, bill or purchase order. In the event that the proceeds of such bonds are insufficient to pay or reimburse all or any part of such costs, the Agency shall not be liable, either directly or indirectly or contingently, upon any such contract, agreement, invoice, bill or purchase order in any manner and to any extent whatsoever, and the Company shall be the sole party liable thereunder.

7. By execution by the Company of its acceptance of the terms of this letter, the Company agrees to accept the terms hereof and represents and warrants to the Agency that the use of this letter by the Company is strictly for the purposes above stated.

8. Accordingly, until the earliest of (i) the termination, cancellation or suspension of this letter by the Agency in accordance with the Lease Agreement, and (ii) the completion of the Project as provided in the Lease Agreement, all vendors, contractors and subcontractors are hereby authorized to rely on this letter (or on a photocopy or fax of this letter) as evidence that purchases of, and improvement and installation contracts relating to, the Project property, to the extent effected by the Company (or by a contractor or subcontractor engaged by a the Company) as agent for the Agency, are exempt from all New York State and New York City sales and use taxes.

The signature of a representative of the Company where indicated below will indicate that the Company has accepted the terms hereof.

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Carl F. Knowlton,
Deputy Executive Director

ACCEPTED AND AGREED TO BY:

AIR EXPRESS INTERNATIONAL CORPORATION

By: _____
Paul Gallagher,
Vice President and Treasurer

EXHIBIT A

Exemptions from sales or use tax relating to (a) the acquisition and installation of machinery, equipment, trade fixtures and other tangible personal property for use at the Project site, including computers (and peripherals), personal computers, telecommunications equipment, business machines and software, but excluding fine art, plants, objects d'art and other similar decorative items, and ordinary office supplies such as pencils, paper clips and paper; provided, however, that the purchase of any software may only be effected if such software shall be capitalized or capable of being capitalized under generally accepted accounting principles; and (b) the acquisition of building materials for incorporation into the Project site.

DESCRIPTION OF LEASED PREMISES

The "premises" in a certain Agreement of Lease (No. AYC-693) dated as of July 1, 1997 between The Port Authority of New York and New Jersey and Air Express International Corporation (the "Ground Lease"), which "premises" are commonly known as Buildings No. 88 and 89 at John F. Kennedy International Airport, in the County of Queens, City and State of New York, together with all easements benefitting the "premises".

SCHEDULE A

(All references to "Company" in this Report shall be deemed to mean the Lessee.)

**Annual Employment Report
For the Year Ending June 30, 19__**

CompanyName: _____

D.O.L. Registration Number: _____ Tax I.D. Number: _____

Project Location Address: _____

Are you conducting business at other locations in New York State? ___ Yes ___ No

Are you leasing part or all of Project location? ___ Yes ___ No

Name of your Tenant(s): _____ Contact Person(s): _____
Telephone #: _____

D.O.L. Registration Number of your Tenant(s): _____

Please provide information as of June 30th of jobs at Project Location indicated above. Do not include any subcontractors and subconsultants. Include only employees and owners/principals on your payroll and on the payroll of your Tenant(s) at the Project Location.

of existing Jobs (Company): _____

of existing Jobs (Tenant(s)): _____

Company Contact Person: _____

Telephone Number: _____

Certification: I, the undersigned, hereby certify to the best of my knowledge and belief, that all information contained in this report is true and complete, and that I understand it is submitted pursuant to agreement.

The Company hereby authorizes any private or governmental entity, including but not limited to The New York State Department of Labor ("DOL"), to release to the New York City Industrial Development Agency (the "Agency") and/or to the New York City Economic Development Corporation ("EDC"), and/or to the successors and assigns of either (collectively, the "Information Recipients"), any and all employment information under DOL's control which is pertinent to the Company and the Company's employees. In addition, upon the Agency's request, the Company shall provide to the Agency any employment information in the

Company's possession which is pertinent to the Company and the Company's employees. Information released or provided to Information Recipients by DOL, or any other governmental entity, or by any private entity, or by the Company itself, or any information previously released as provided by all or any of the foregoing parties (collectively, "Employment Information") may be disclosed by the Information Recipients in connection with the administration of the programs of the Agency, and/or EDC, and/or the successors and assigns of either, and/or The City of New York, and/or as may be necessary to comply with law; and, without limiting the foregoing, the Employment Information may be included in (x) reports prepared by the Information Recipients pursuant to New York City Local Law 69 of 1993, (y) other reports required of the Agency, and (z) any other reports required by law. This authorization shall remain in effect throughout the term of the Lease Agreement, dated as of July 1, 1997, between the Agency and the Company.

Name of Company: _____

Date: _____

By: _____

Signature of Principal/Owner/Chief
Financial Officer

Attach to this Report the Company's most recent IA-5 form and the most recent IA-5 form of its Tenant(s), if any. If the Company is a real estate holding company and the Tenant (or one of the Tenants) is an operating company affiliated to the Company, then the Company and the operating company must each fill out a separate copy of this Report, with respective IA-5 forms attached.

Attach additional pages if necessary

AIR EXPRESS

DESCRIPTION OF PROJECT

The Project consists of the financing of a portion of the cost of the construction, improvement and equipping of a warehousing facility, consisting of the demolition of certain existing structures and facilities at the project site, the construction of cargo handling and warehousing facilities (and related office space), the construction of site improvements, the construction of buildings, facilities, structures and other improvements, including materials handling systems, and the acquisition and installation of machinery and equipment in connection therewith, all for use in the warehousing, packaging, forwarding and distribution of air cargo, to be located on the site of Buildings No. 88 and 89, at John F. Kennedy International Airport, Queens, New York.

fax. 954-888-7158.

SCHEDULE B

*New York City Industrial Development Agency
Sales Tax Exemption Benefit Registry*

Payment Date	Vendor Name	Unit Location @ Project Facility	Unit Description	Serial #	Unit Cost	# of Units	Total Cost	Sales Tax Savings
M/D/Y					\$		\$	\$
M/D/Y					\$		\$	\$
M/D/Y					\$		\$	\$
M/D/Y					\$		\$	\$
M/D/Y					\$		\$	\$

TOTAL COST FOR REGISTRY: \$

TOTAL SALES TAX SAVINGS FOR REGISTRY: \$

**New York City Industrial Development Agency
Sales Tax Exemption Benefit Registry**

Company Name: _____

Beginning Payment Date: _____

Ending Payment Date: _____

Machinery & Equipment Purchases

Purchase Cost: \$ _____
Sales Tax Benefit: \$ _____

Tenant Improvements

Purchase Cost: \$ _____
Sales Tax Benefit: \$ _____

Other (please specify)

Purchase Cost: \$ _____
Sales Tax Benefit: \$ _____

Other (please specify)

Purchase Cost: \$ _____
Sales Tax Benefit: \$ _____

TOTAL PURCHASE COSTS:	\$ _____
TOTAL SALES TAX BENEFITS:	\$ _____

SUBTENANT SURVEY

IMPORTANT: Failure to supply this information will constitute a default under Section 9.3 of the Lease Agreement.

BUILDING TOTAL SQUARE FOOTAGE _____ **SQ. FT.**

Please list all subtenants occupying space in your facility and the corresponding information in complete form.

SUBTENANT	FLOOR	SQUARE FEET LEASED	LEASE BEGINS	LEASE ENDS
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I, the undersigned, hereby certify to the best of my knowledge and belief, that the information reported above is true and complete. I understand that this information is submitted pursuant to the requirements of the Lease Agreement.

Name: _____

Title: _____

Signature: _____

Date: _____

**Authorized Representative
Sales Tax Exemption**

Pursuant to the Lease Agreement dated as of July 1, 1997 between the New York City Industrial Development Agency (the "Agency") and Air Express International Corporation (the "Lessee"), the undersigned does hereby certify:

1. That the aggregate dollar amount of all sales tax exemptions availed of or by the Lessee from (January 1 or July 1), 19__ through (June 30 or December 31,) 19__ is \$_____.
2. That the aggregate dollar amount of all Project costs availed of or by the Lessee from (January 1 or July 1), 19__ through (June 30 or December 31,) 19__ is \$_____.
3. That the aggregate dollar amount of all sales tax exemption availed of or by the Lessee from the date of original issuance of the sales tax letter through _____, 19__ is \$_____ and all Project costs to which sales tax exemptions have been availed of by the Lessee is \$_____.
4. That all sales tax exemptions so availed are in compliance with the provisions of the Sales Tax Letter.

Dated: _____, 19__

By: _____
Name:
Title: