

ORIGINAL

LEASE AND OPERATING AGREEMENT

Between

PHILADELPHIA REGIONAL PORT AUTHORITY

and

PENN CITY INVESTMENTS, INC.

For

Pier 38- 40 South, Pier 78 South, Pier 78 South Annex, Pier 80 South
and a Portion of Pier 80 South Annex

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LEASE AND OPERATING AGREEMENT

THIS LEASE AND OPERATING AGREEMENT is made this 15th day of ^{September} , 1998, by and between Philadelphia Regional Port Authority (“Landlord”), a body corporate and politic and an independent agency of the Commonwealth of Pennsylvania, and Penn City Investments, Inc. (“Tenant”), a Pennsylvania corporation.

W I T N E S E T H :

WHEREAS, by that certain deed dated July 26, 1990, the City of Philadelphia, Pennsylvania (the “City”) conveyed to Landlord all of the City’s right, title and interest in and to certain port facilities; and

WHEREAS, Landlord is authorized to enter into leases, operating agreements and other agreements as Landlord, in its discretion, deems appropriate; and

WHEREAS, Tenant has the skill and expertise to perform warehousing and marine terminal services, and desires to perform said services pursuant to the terms of this Agreement; and

WHEREAS, Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, certain port facilities known as Pier 38-40 South, Pier 78 South, Pier 78 South Annex, Pier 80 South and a portion of Pier 80 South Annex, together with all improvements now or in the future thereon, each as more fully shown on the respective plans attached hereto and made a part hereof as Exhibit A (each individually a “Pier” and collectively the “Piers”), subject to the terms and conditions hereof. Pier 38-40 South, Pier 78 South, Pier 78 South Annex and the portion of Pier 80 South Annex leased to Tenant hereunder are herein collectively referred to as the “Warehouse Piers”. Pier 80 South is herein sometimes referred to as “Pier 80”. The berthing areas adjacent to Pier 40 South and Pier 80 South, and the marginal berth at Pier 38-40 South are herein sometimes collectively referred to as the “Berthing Areas”.

NOW, THEREFORE, in consideration of the mutual terms, covenants, provisions and conditions herein set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

APPOINTMENT

1.1 Grant. Landlord hereby leases the Piers (including the Berthing Areas) to Tenant, and Tenant hereby leases the Piers from Landlord, for the Term and subject to the conditions set forth herein.

1.2 Appointment. Tenant shall during the Term (as hereinafter defined) be the exclusive operator of the Piers, which shall be operated and used by Tenant in a competent, efficient and first-class manner, to accommodate any of the uses set forth in Section 1.4 hereof.

1.3 Independent Contractor. Tenant shall be an independent contractor in the performance of its obligations under this Agreement. Any employees of Tenant hired to perform the warehousing or marine terminal services or other activities at any Pier shall be the employees of Tenant solely, and Landlord shall not be a joint employer of any of Tenant's employees. In addition, any employees of an company contracted by Tenant to perform any services shall be the employees of such company solely, and Landlord shall not be a joint employer of any such employees. To that end, Tenant and any company contracted by Tenant shall have the exclusive right to supervise and direct the day-to-day activities of all persons who perform services for them, including without limitation the responsibility to determine and pay their wages and any benefits, to fulfill all applicable requirements under any collective bargaining agreements and to pay all federal, state and local taxes on contributions imposed or required under unemployment, workers' compensation, social security, wage and income tax laws with respect to them. There shall be no direct or indirect participation by Landlord in any employee relations matter concerning those persons employed by or through Tenant.

1.4 Use of the Piers by Tenant; Right of First Refusal.

(a) Tenant shall use each of Pier 78 South, Pier 78 South Annex and Pier 80 South Annex solely as a warehouse facility. A warehouse facility is hereby defined as a facility for any of the following: (1) the receiving, shipping, assembling, breakbulk, moving, loading and unloading of (A) paper cargo in breakbulk, (B) other general breakbulk cargoes, and (C) containerized cargo onto and from trucks and railcars; (2) the storing and warehousing of (A) paper cargo, (B) other general breakbulk cargoes, and (C) containerized cargo; and (3) ancillary office activities. Tenant shall use Pier 38-40 South and Pier 80 solely South as a marine terminal. A marine terminal is hereby defined as a facility for any of the following: (1) the docking and mooring of vessels invited to the Berthing Areas by Tenant; (2) receiving, shipping, assembling, distributing, moving, loading and/or unloading (collectively "handling") of (A) paper breakbulk cargo, (B) other general breakbulk cargoes, (C) incidental containers on predominately noncontainer or "row-row" type vessels calling at Pier 38-40 South and Pier 80

South primarily for the handling of cargo other than such containers, onto and from such vessels, (D) containerized cargo on vessels solely if the primary cargo (that is, at least 75% of the cargo) on a given vessel consists of forest products ("forest products" for purposes hereof meaning plywood, paper, pulp, milled wood and other similar wood products) (provided, that if a cargo consisting primarily of forest product containers is unloaded from a vessel onto a Pier, cargo of any type may be loaded from the Pier onto such vessel), and (E) any type of outbound containerized cargo onto any type of vessel; (3) uses incidental thereto, including without limitation, the storing and warehousing of paper and other general cargo, the transferring of paper and other general cargo to, from and between vessels, trucks and railcars; and (4) ancillary office activities. Tenant shall not use the Piers for any other purpose; provided, however, that if Tenant is able to find a subtenant willing to occupy the second floor of any Pier for use approved by Landlord (such approval not to be unreasonably withheld or delayed), Landlord and Tenant shall negotiate in good faith to establish a fair market rental which Tenant shall pay to Landlord with respect to the portion of the second floor of any Pier which Tenant intends to so sublet, and the Base Rent payable under Section 3.1(a) hereof shall be increased accordingly.

(b) Tenant shall not use or permit the Piers to be used in whole or in part during the Term of this Agreement for any purpose or for any use in violation of, and shall operate the Piers in compliance with, any and all present or future laws, ordinances, general rules or regulations of any public or governmental authority at any time applicable thereto, including without limitation the Commonwealth of Pennsylvania (the "Commonwealth") and the City, relating to, by way of example only and not limitation, sanitation or the public health, safety or welfare, or navigation and use of the port and port facilities.

(c) Tenant shall not permit or invite common carrier vessels to berth at the Berthing Areas without, prior to the arrival of any such vessel, Tenant complying (unless exempt) with any and all applicable regulations of the Shipping Act of 1984, including without limitation the filing with the Federal Maritime Commission (the "FMC") of a tariff and any other agreements to the extent required by law.

(d) Portions of Pier 80 South Annex are presently leased by Landlord to PennPorts Physical Therapy Center. Upon vacation of Pier 80 South Annex by such tenant, Landlord shall permit Tenant a right of first refusal to lease the spaces occupied by such tenant on the terms herein set forth. If Landlord receives an offer from a third party to lease all or any portion of such space, on terms acceptable to Landlord, Landlord shall give Tenant written notice of the Base Rent and additional rent desired to be paid by the offeror for such space, the term of the intended lease, any rental concessions to be provided by Landlord, other material lease terms, and a floor plan of the premises intended to be leased. Tenant shall have thirty (30) days following receipt of Landlord's notice if PennPorts Physical Therapy Center then remains in possession of such space, or fifteen (15) days following receipt of Landlord's notice in all other events, within which to elect by written notice to Landlord to lease the space in question on the terms set forth in Landlord's notice (failure to timely respond being deemed a rejection of

Landlord's offer). If Tenant timely accepts Landlord's offer, the parties shall promptly execute an amendment of this Agreement incorporating the space in question within the Piers on the terms set forth in Landlord's notice and otherwise on the terms and conditions of this Agreement. If Tenant does not timely elect to accept Landlord's refusal, then Tenant's right of first refusal under this Section 1.4(d) respecting such space shall irrevocably terminate and Landlord shall be free to lease such space to any third party of Landlord's choosing.

1.5 Adjoining Premises.

(a) Tenant shall not interfere with any third party's use of that portion of Pier 80 South Annex not leased to Tenant. Landlord acknowledges that Tenant's normal operations as presently conducted on the date of this Agreement shall not constitute interference for purposes of the preceding sentence.

(b) Notwithstanding any other provisions of this Agreement, vessels which are primarily berthed at adjacent Landlord-owned marine terminal facilities shall be permitted to temporarily extend into the Berthing Areas while entering or leaving without charge.

1.6 [Intentionally Omitted.]

1.7 Berthing Areas; Revenue.

(a) The parties agree that the Piers do not include any water or berthing areas adjacent to Pier 78 South, and Tenant shall not have or enjoy any rights whatsoever to such areas except as set forth in Section 1.7(b) below. Landlord reserves the right to use the water or berthing areas adjacent to Pier 78 South for the berthing of vessels, provided that (i) Landlord provides written notice to Tenant at least one (1) day prior to the arrival of a vessel, and (ii) the owner or charterer of any vessel to be berthed at such water or berthing areas agrees in writing to indemnify Tenant from and against any damage caused by any act or omission relating to, arising from or in connection with the berthing of such vessel, and (iii) Landlord will not allow any vessel to be berthed at such water or berthing areas if such use of the water or berthing area in question would materially interfere with Tenant's normal business activities, and (iv) Landlord will repair or cause the third party user of the water or berthing areas to repair any damages to Pier 78 South resulting from the use of such water or berthing areas by any such vessel. Landlord's reservation hereinabove contained shall extend to and include the right to use the mooring capstans and fendering on Pier 78 South, the right to tie vessels up to and make them fast to such Pier, or to any wharf, bulkhead or to another vessel so berthed, and the right of passage over Pier 78 South for ingress to and egress from any vessels so berthed, all subject to the foregoing conditions.

(b) Notwithstanding anything to the contrary contained in Section 1.7(a) above, during the Term of this Agreement, provided that Tenant is not then in default of this

Agreement, and that the berthing areas adjacent to Pier 78 South are not then being used or subject to the rights of others to use them, Landlord shall, upon Tenant's written request, negotiate with Tenant with respect to making some or all of such berthing areas available to Tenant on terms and conditions acceptable to Landlord in its sole discretion. In connection with its use of the Berthing Areas, Tenant shall comply with all applicable provisions of the Shipping Act of 1984, and the regulations relating thereto.

(c) The Berthing Areas are the sole water or berthing areas included in the Piers. Notwithstanding anything to the contrary elsewhere contained in this Agreement, it is agreed that Tenant's rights to use the berthing areas adjacent to Pier 38-40 South shall extend solely to the marginal berth and the Pier 40 South berth, and the Tenant shall have no rights under this Agreement to use any other berthing areas serving Pier 38-40 South. Tenant accepts the Pier 40 South berth in its "as-is" condition and agrees (i) that Landlord shall have no duty to undertake any repairs or maintenance, including dredging, with respect thereto, and (ii) that one-half of all revenue received by Tenant from or on account of the use of the Pier 40 South berth for any "lay-up" ship during the Term (as the Term may be extended or renewed) shall be paid to Landlord by Tenant within thirty (30) days following receipt. Tenant shall deliver to Landlord a copy of each agreement executed by Tenant with respect to the use of the Pier 40 South berth by any ship for lay-up purposes, within ten (10) days following Tenant's execution thereof.

ARTICLE II

EFFECTIVE DATE; TERM

2.1 Effective Date. This Agreement shall become effective on the last to occur of (i) May 1, 1998; or (ii) the date on which an executed copy of this Agreement is submitted to the FMC for filing in accordance with the Shipping Act of 1984 or (iii) the date on which the Attorney General of the Commonwealth of Pennsylvania approves this Agreement (the "Effective Date"). Landlord shall cause this Agreement to be submitted to the FMC and the Attorney General for filing promptly following execution. The "First Lease Year" shall be the twelve (12) month period commencing on the Effective Date, if the Effective Date is the first day of a calendar month, or, if the Effective Date is other than the first day of a calendar month, then the period commencing on the Effective Date and continuing through the last day of the twelfth (12th) full calendar month thereafter. Each "Lease Year" after the First Lease Year shall be a consecutive twelve (12) month period commencing on the first day of the calendar month immediately following the last day of the preceding Lease Year.

2.2 Term. The term of this Agreement shall commence on the Effective Date and shall end on June 30, 2003 (the "Initial Term"), unless extended or sooner terminated.

2.3 Renewal Options.

(a) Landlord agrees that the Term of this Agreement shall automatically renew for three (3) additional consecutive periods of five (5) years each (the "Renewal Periods"), provided that Tenant is not then in default under this Agreement at the commencement of a given Renewal Period, unless Tenant shall give Landlord written notice at least one hundred eighty (180) days prior to the end of the Initial Term or prior to the end of the then current Renewal Period, as the case may be, of its election not to renew the Term. Each Renewal Period shall begin on the day immediately following the end of the Initial Term or the preceding Renewal Period, as the case may be. In the event Tenant shall elect not to renew with regard to any Renewal Period, Tenant's rights hereunder with regard to that Renewal Period and any subsequent Renewal Period or Renewal Periods shall immediately and irrevocably terminate. The terms and conditions applicable in a given Renewal Period shall be those specified for the Initial Term of this Agreement except for the Rent, as hereinafter defined, due from Tenant to Landlord, which shall be established as set forth below, and except that Tenant shall have no further renewal options beyond those herein provided.

(b) Tenant and Landlord shall negotiate in good faith the Rent to be paid by Tenant to Landlord during a given Renewal Period ("Renewal Period Rent"), commencing approximately 365 days preceding commencement of such Renewal Period. In the event Tenant and Landlord do not reach agreement on such matters at least two hundred forty (240) days prior to the first day of the Renewal Period in question, then either party may submit the matter to determination by appraisal in accordance with the following procedures. Within ten (10) days after either party notifies the other of its election to determine Renewal Period Rent by appraisal, each of Landlord and Tenant shall, by written notice to the other, designate an appraiser having at least ten (10) years experience as a licensed Pennsylvania real estate broker or MAI appraiser having maritime-related experience in the City of Philadelphia. Within ten (10) days following the appointment of the second of such appraisers, the two appraisers so appointed shall select a third appraiser meeting the same requirements as to experience. In the event that the two appraisers are unable to timely agree upon the third appraiser, then Landlord and Tenant shall attempt to agree upon a third appraiser within ten (10) days thereafter and if they fail to do so the third appraiser shall be an appraiser meeting the qualifications herein set forth and appointed by the American Arbitration Association under the commercial arbitration rules of the American Arbitration Association relating to appointment of arbitrators. Each of Landlord and Tenant shall be entitled to submit to the panel of appraisers within ten (10) days following selection of the third appraiser such written statements and documents as either deems appropriate in order to support its position respecting the desired Renewal Period Rent. The three appraisers so chosen shall determine the Market Rental Rate (as such term is hereinafter defined) within thirty (30) days following the appointment of the third appraiser. Should the three appraisers be unable to agree on the Market Rental Rate, the Market Rental Rate shall be the average of the three respective Market Rental Rates determined by the three appraisers, excluding from such

computation, however, any Market Rental Rate which deviates by more than ten percent (10%) from the median of the three Market Rental Rates so determined. Landlord and Tenant shall each bear their own costs of such appraisal and shall equally share the cost of the third appraiser and any arbitration hereunder. The term "Market Rental Rate" shall be defined as the amount of Base Rent and other fees (including, without limitation, IT Fee, Wharfage Fee and Cargo Fee (as all of such terms are defined in Section 3, below)) being charged by the entity which is Landlord hereunder at the time for the use of comparable facilities (appropriately adjusted to reflect differing sizes of facilities and amenities and permitted uses) under existing leases and leases currently under negotiation, with appropriate adjustment to take into account the length of the Renewal Term in question. The Market Rental Rate so determined shall be the Renewal Period Rent for the Renewal Period in question. If the determination of Renewal Period Rent goes to appraisal pursuant to the terms hereof, Tenant's notice electing not to renew under Section 2.3(a) above may be given on or before the later to occur of (i) one hundred eighty (180) days prior to the end of the then current Term or (ii) ten (10) days following determination of the Market Rental Rate by the panel of appraisers, notwithstanding anything to the contrary set forth in Section 2.3(a).

(c) The Initial Term and the Renewal Periods are hereinafter collectively referred to as the "Term." The parties shall undertake prior to the commencement of a given Renewal Period to file with the FMC an amendment extending this Agreement and any other instrument or agreement, as applicable, for each renewal.

2.4 [Intentionally Omitted.]

2.5 Confirmation. The parties shall execute and deliver to one another a confirmation of the Effective Date promptly following the Effective Date.

2.6 Surrender of Possession; Holdover. Tenant shall peaceably deliver up and surrender possession of the Piers to Landlord at the expiration or termination of this Agreement. Tenant shall not hold over in all or any part of any Pier after the termination or expiration of this Agreement without first obtaining the written approval of Landlord, which Landlord shall have no obligation whatsoever to grant. Any such hold over shall be deemed an extension of this Agreement on a month-to-month basis upon the same terms and conditions of this Agreement, except that Tenant shall pay to Landlord during each month of the holdover period an amount equal to the greater of (i) one-twelfth (1/12) of one hundred fifty percent (150%) of the Rent, as hereinafter defined, payable for the twelve (12) months immediately preceding the inception of the holdover period, or (ii) an amount equal to the Rent determined pursuant to the terms hereof with respect to operations during the holdover period. Nothing in this Section 2.6 shall be deemed to give Tenant any right to hold over or to prevent Landlord from evicting Tenant or pursuing other remedies in the event of such holdover.

ARTICLE III

RENT; PAYMENT

3.1 Rent.

(a) Base Rent. Tenant, in consideration of this Agreement, shall pay to Landlord during the Initial Term an annual Base Rent ("Base Rent") which shall be FOUR HUNDRED TWENTY-THREE THOUSAND TWO HUNDRED SIXTEEN DOLLARS (\$423,216.00) per annum, payable in equal monthly installments in advance, on the first day of each calendar month commencing on the Effective Date if the Effective Date is the first day of a calendar month, otherwise on the first day of the first calendar month following the Effective Date, in the amount of THIRTY-FIVE THOUSAND TWO HUNDRED SIXTY-EIGHT DOLLARS (\$35,268.00) each. If the Effective Date is other than the first day of a calendar month, Base Rent shall be prorated from the Effective Date through the end of the calendar month in which the Effective Date occurs, based on the number of days in such month, and shall be payable on the first day of the calendar month next following, together with the installment of Base Rent owing for such month. Base Rent shall be subject to increase as provided in Section 3.1(d) below.

(b) Cargo Fee. In addition to the Base Rent, commencing on the Effective Date and continuing during the Term of this Agreement, Tenant shall pay to Landlord, as rent, a monthly cargo fee (the "Cargo Fee") for all cargo which has been discharged from or loaded onto a water-borne vessel in a given month which is received, shipped, stored or otherwise handled at the Piers, excluding only IT's (defined below), in an amount equal to the number of metric tons of such cargo multiplied by the applicable cargo rates set forth below. Notwithstanding the foregoing, and subject to the last sentence of Section 6.12(a) below, Tenant agrees to pay to Landlord each Lease Year, at a minimum, the Cargo Fee with respect to six hundred fifty thousand (650,000) tons of cargo per Lease Year even if the amount of cargo received, shipped, stored or otherwise handled at the Piers during a given Lease Year is a lesser number (the "Minimum Cargo Fee"). Tenant shall pay the Cargo Fee each month with respect to the actual tonnage of cargo shipped or received at the Piers during such month and, if the aggregate of Tenant's monthly payments for the twelve (12) months of a given Lease Year do not aggregate the Minimum Cargo Fee, Tenant's payment for the twelfth (12th) month of such Lease Year shall be increased by the amount of such deficiency (without demand from Landlord), so that Landlord shall receive the Minimum Cargo Fee for such Lease Year. The following rates shall be subject to increase as provided in Section 3.1(d) below.

TONNAGE PER YEAR	RATE PER TON
1 through 725,000	\$0.92

725,000 through 749,999	\$0.91
750,000 through 774,999	\$0.88
775,000 through 799,999	\$0.87
800,000 through 824,999	\$0.86
825,000 through 849,999	\$0.85
850,000 through 874,999	\$0.84
875,000 through 899,999	\$0.83
900,000 through 924,999	\$0.82
925,000 through 949,999	\$0.81
950,000 through 974,999	\$0.80
975,000 through 999,999	\$0.79
1,000,000 and up	\$0.77

Tenant shall pay the Cargo Fee to Landlord monthly in arrears based upon activity during the preceding month, on or before the fifteenth day of each month, without prior demand, set-off or notice. The Cargo Fee for the last month of the Term of this Agreement shall be due and payable on the fifteenth day of the month immediately following the termination or expiration of this Agreement.

(c) IT Fee; Wharfage Fee. In addition to the Base Rent, commencing on the Effective Date and continuing during the Term of this Agreement, Tenant shall pay to Landlord as rent (i) a monthly charge of \$2.50 for each inter-modal transfer container (an "IT") moved into or out of any of the Piers during the month in question (if a single IT is both moved into the Piers and out of the Piers in a single month, a charge of \$2.50 will be assessed for each such move) (the "IT Fee"); and (ii) a monthly wharfage fee (the "Wharfage Fee") for all cargo received, shipped, stored or otherwise handled at the Piers in a given month, excluding only IT's and any cargo with respect to which Tenant has paid the Cargo Fee during such month, in an amount equal to the number of metric tons of such cargo multiplied by \$0.75. Tenant shall pay the IT Fee and Wharfage Fee to Landlord monthly in arrears based on the activity during the preceding month, on or before the 15th day of each month, without prior demand, setoff or notice. The IT Fee and Wharfage Fee for the last month of the Term of this Agreement shall be due and payable on the 15th day of the month immediately following termination or expiration of this Agreement.

(d) Adjustments. Effective as of the second anniversary and the fourth anniversary of the Effective Date (each an "Adjustment Date"), both the Base Rent and each of the rates per metric ton used in computing the Cargo Fee under Section 3.1(b) hereof, as in effect immediately prior to the respective Adjustment Date, shall be increased by the percentage thereof equal to the percentage increase, if any, during the twelve (12) month period ending during the calendar month immediately preceding the Adjustment Date in question, of the U.S. Bureau of Labor Statistics, Consumer Price Index, "United States City Average for Urban Wage Earners and Clerical Workers, Selected Date (1982-84=100) All Items" (as such percentage is adjusted as reasonably determined by Landlord to exclude therefrom the effects of changes attributable to

housing and fuels). In the event the aforementioned Index shall have been replaced by an alternative means of cost price measurement, then such replacement cost price measurements shall be used. In no event shall recomputation or adjustment cause the aforementioned rates to be less than such rates payable for the immediately preceding year. Notwithstanding the foregoing, in no event shall the adjustment herein set forth cause the Base Rent or any of the rates used in computing the Cargo Fee (i) to decrease at all, or (ii) to increase by more than three percent (3%) as of any Adjustment Date. Within ninety (90) days after each Adjustment Date, Lessor will give Lessee written notice of each increase of the Base Rent or Cargo Fee pursuant to this Section, which increases shall be retroactively effective as of the respective Adjustment Date, but in no event more than ninety (90) days prior to such notice.

(e) Reporting Form. Attached hereto as Exhibit "F" is a form which Tenant shall complete and submit to Landlord on or before the fifteenth (15th) day of each month in connection with Tenant's payment of the Cargo Fee, the IT Fee and the Wharfage Fee for the preceding calendar month.

3.2 [Intentionally Omitted.]

3.3 Utilities. Tenant shall pay all utility service costs, including without limitation, costs of water, electricity, gas, propane and sewer service billed with respect to the Piers. Tenant shall pay any such utility costs for which it is responsible directly to the billing agency for any such utility. Such payments shall be made when due and payable and prior to the imposition of any late charge or penalty by the supplier of the utility. Tenant shall be solely responsible for any such late charge or penalty.

3.4 Late Charges. As compensation to Landlord for costs and expenses involved in handling delinquent payments, all Rent, as hereinafter defined, fees, and other charges that remain due and unpaid for a period of ten (10) days after the date they are due shall be subject to a delinquency payment equal to one and one-half percent (1.5%) of said charges per month or fraction of month from the date due until the charges have been paid. Said delinquency payment is in addition to all other remedies that Landlord may have as provided by this Agreement or otherwise by law to enforce payment of charges that have been incurred and have not been paid.

3.5 Books, Records and Reports. At least twenty-four (24) hours prior to commencing work loading or unloading any ship docked at the Piers, Tenant shall deliver to Landlord a true and correct copy of the ship's manifest delivered to Tenant. Additionally, Tenant shall deliver to Landlord each month, on or before the date Base Rent is payable for that month, a reasonably detailed report in form satisfactory to Landlord, listing all ships which have docked at the Piers during the immediately preceding month and all cargo of every sort received at the Piers or shipped from the Piers during such month (including, without limitation, all cargo received at the Piers from any source for warehousing, detailing the type of cargo and the tonnage) and a listing of all charges made by Tenant to vessels docked or moored at the Piers

during such prior month, which statement shall be certified to be true and correct by an officer of Tenant. Tenant shall prepare and keep on the Piers or its home office, if in Philadelphia (Tenant's "Home Office"), for a period of not less than twenty-four (24) months following the end of each Lease Year, true, complete and accurate books, records and accounts, conforming to generally accepted accounting principles consistently applied, relating to cargo received at or shipped from the Piers including without limitation all accounting of all cargo handled at the Piers with a breakdown of the type of cargo and the tonnage, original records of all charges made to vessels docked or moored at the Piers, ship manifests, computer disks and all other data, matters and information of every kind and nature from which the fees and charges payable by Tenant under this Lease can be determined. Landlord shall have the right and privilege through its designated representatives at reasonable times to inspect, audit or copy such books, records and accounts of Tenant in order to verify the accuracy of the amounts of fees and charges due and owing by Tenant to Landlord hereunder, and Tenant agrees that all such books, records and accounts shall be made available to Landlord upon forty-eight (48) hours' prior written request. At Landlord's option, such audit may be undertaken by a certified public accountant chosen by Landlord; provided, that such accountant must deliver to Tenant a confidentiality agreement in reasonable form agreeing to keep all of Tenant's pricing and other confidential information revealed by such audit confidential. In no event shall the provisions of this paragraph be interpreted in a manner which would obligate Tenant to make available for inspection by Landlord or its designated representatives any books or records of Tenant's business not directly germane to the computation of the fees and charges payable to Landlord under this Agreement, or to make available any pricing or income information of Tenant; provided, however, that if any books or records contain both information which is germane to Landlord's audit and other information which Tenant is not obligated to disclose pursuant to this sentence, nothing contained in this sentence shall entitle Tenant to preclude Landlord or its representatives from viewing the portions of such books or records germane to Landlord's audit, with other information "whited out" or otherwise redacted, and Tenant agrees to make the same readily available for inspection (subject to the confidentiality obligation referenced in the immediately preceding sentence, above). If any audit conducted by or for Landlord establishes that during the period covered by such audit, Tenant has underpaid any fees or charges due to Landlord under the terms of this Agreement by two percent (2%) or more, Tenant shall immediately upon demand pay to Landlord such unpaid fees or charges and all reasonable costs and expenses incurred by Landlord in obtaining such audit, as Rent. In all other events, Landlord shall pay for its audit. If any audit shall be commenced by Landlord or if there shall arise a dispute concerning any fees or charges payable by Tenant under this Agreement, then Tenant's books of account and records shall be preserved by Tenant at the Piers (or, if the Term shall have expired, at Tenant's Home Office) until such audit has been completed or final resolution of such dispute has been reached, notwithstanding that the aforesaid twenty-four (24) month period may have been exceeded.

3.6 [Intentionally Omitted.]

3.7 Rent. The Base Rent, the Cargo Fee, the IT Fee, the Wharfage Fee, and all other fees, charges and other amounts payable from Tenant to Landlord under this Article III or under any other Article of this Agreement, at the rates herein set forth, and any penalties or charges due by Tenant are hereinafter occasionally referred to as "Rent." Tenant shall pay the Rent to Landlord at Landlord's notice address as set forth in Section 18.1 hereof (or as hereafter changed pursuant to Section 18.1 hereof). Landlord shall have and enjoy all remedies existing and available at law or in equity for the collection of rent for the collection of Rent by Landlord. If Landlord, at any time or times, shall accept any payment of Rent after the same shall be due and payable hereunder, or shall accept any lesser amount than the sum then due on account of Rent, such acceptance shall not excuse delay upon subsequent occasions or constitute or be construed as a waiver of any of Landlord's rights hereunder with respect to such late or partial payment. No payment by Tenant or received by Landlord of a lesser amount than the Rent herein stipulated shall be deemed to be other than on account of the earliest stipulated Rent, nor shall any endorsement or statement on any check or letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and the Landlord may accept any such check or payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue any other remedy provided for in this Agreement or available at law or in equity.

3.8 Certain Substantial Changes. Landlord agrees that if, as a result of major strategic changes initiated by the manufacturers and/or shippers of Finnish paper products handled at the Piers, there is a substantial reduction in the amount of such products handled at the Piers and such reduction reasonably appears to be of a long term duration, Landlord will enter into good faith negotiations with Tenant with respect to the modifications, if any, that may be appropriate to this Agreement as a result thereof.

ARTICLE IV

LANDLORD'S RIGHT OF ACCESS TO THE PIERS

4.1 Visitors. Landlord and its invitees shall have the right of access to the Piers at all times during the Term, provided that (i) except in the event of an emergency twenty four (24) hours' prior written notice (which may be telecopied to Tenant) shall be required, specifying the identity of all persons who shall access the Piers on such visit and (ii) Tenant shall have the right to refuse access to any person employed by an existing or potential competitor of Tenant.

4.2 Property and Cargo Under Tenant's Control. Landlord reserves the right, but shall have no responsibility or obligation, to inspect the Piers as to fire hazards and other hazards of a like kind or nature. Landlord assumes no responsibility or liability for, and Tenant hereby releases Landlord from, loss or damage to the property of Tenant or property under the control of Tenant, whether caused by fire, water or otherwise, except to the extent such loss or damage is caused by Landlord, its employees or contractors.

ARTICLE V

INSURANCE; INDEMNIFICATION

5.1 Property Insurance.

(a) Tenant shall keep the Piers, including without limitation all sheds, structures and Berthing Areas continually insured during the Term from “all risk” of direct physical loss on a replacement cost basis, including extra expense insurance in the aggregate amount of Two Million Dollars (\$2,000,000.00) from any one loss, with no monthly limitation. Tenant shall cause the policy evidencing such insurance to name each of Landlord and the Commonwealth as additional insureds, as their interests may appear.

(b) Tenant shall keep the contents of the Piers, including the property of others and cargo, improvements and betterments, and “contractor’s equipment,” continuously insured during the Term from “all risks” of direct physical loss, on a legal liability basis with respect to cargo and property of others, and on an actual cash value basis with respect to all other contents, improvements and betterments and “contractor’s equipment.” Tenant shall cause the policy evidencing such insurance to name Landlord and the Commonwealth, as additional insureds, as their interests may appear.

5.2 Liability Insurance. Tenant shall continuously keep in effect comprehensive general liability insurance of at least Ten Million Dollars (\$10,000,000.00) as to personal injury, death or property damage. Tenant shall cause the policy evidencing such insurance to name Landlord and the Commonwealth, as additional named insureds, and shall cause such policy to incorporate a cross liability endorsement provision substantially as follows:

“Cross Liability - it is understood and agreed that the insurance afforded by this policy for more than one named insured shall not operate to increase the limits of the Company’s liability, but otherwise shall not operate to limit or void the coverage of any one named insured with respect to claims against the said named insured by any other named insured or the employees of any such other named insured”.

5.3 Worker’s Compensation Insurance. Tenant itself shall maintain and shall also require that any terminal operator and/or stevedoring company with which it contracts for services at the Piers to maintain in full force and effect at all times during the Term of this Agreement statutory worker’s compensation insurance and employers’ liability insurance, United States Longshoremen’s and Harbor Workers’ Compensation Act insurance, Jones Act insurance, Occupational Disease Act insurance, and any disability benefits act insurance, all to the extent

required by law, under policies written by an insurance company or insurance companies authorized to engage in the insurance business in the Commonwealth of Pennsylvania.

5.4 Automobile Insurance. Tenant shall continuously keep in effect comprehensive automobile liability insurance in the amount of Five Million Dollars (\$5,000,000) per each accident for bodily injury and property damage combined.

5.5 Waiver of Subrogation. Anything in this Agreement to the contrary notwithstanding, each of Landlord and Tenant hereby waives all rights of recovery, claims, action or cause of action against the other for any loss or damage that may occur to the Piers, any improvements thereto, any personal property of Landlord or Tenant or any personal injury arising from any cause that (a) would be insured against under the terms of any insurance required to be carried hereunder, or (b) is insured against under the terms of any insurance actually carried, regardless of whether it is required hereunder. The foregoing waiver shall apply regardless of the cause or origin of the claim, including but not limited to the negligence of a party or its agents, officers, employees or contractors. The foregoing waiver shall not apply to the extent that it invalidates any insurance coverage of Landlord or Tenant. Each party shall attempt in good faith to obtain any special endorsements required by its insurer to evidence compliance with this waiver.

5.6 Insurance General.

(a) If Tenant fails to maintain any insurance required in this Agreement to be maintained by it, Landlord may procure same, wherever available, at Tenant's expense and the Tenant shall pay to Landlord the cost thereof, and such other costs incurred by Landlord in connection therewith, including without limitation Landlord's reasonable attorney's fees, on demand as Rent.

(b) Every policy of insurance required by this Agreement to be maintained by Tenant shall contain a provision prohibiting cancellation thereof or changes therein without at least thirty (30) days prior written notice to Landlord, and to the City and the Commonwealth at the addresses designated from time to time in writing by the City and the Commonwealth, respectively. Tenant shall deliver to Landlord two copies of the certificate evidencing each of the insurance policies that it is required to carry under this Article V, and shall upon the written request of Landlord deliver to Landlord two copies of each such policy providing the insurance herein required.

(c) All policies required hereunder and any renewals thereof shall be in standard form (and if not in a form commonly viewed as "standard" in the insurance industry, shall be in form reasonably approved by Landlord), shall be issued by companies authorized to engage in the insurance business in the Commonwealth of Pennsylvania or otherwise satisfactory to Landlord, and shall be maintained in full force and effect during the Term of this Agreement.

(d) The Tenant shall not take out separate insurance that is concurrent in form with, or which contributes to an event or events of loss which are covered by, either the insurance required to be furnished by the Tenant under this Article V, unless the Landlord and the Commonwealth are named in such policies as insureds, with loss payable as provided in this Agreement. The Tenant shall immediately notify the Landlord of the taking out of any such separate insurance and shall cause the policies therefor to be delivered to the Landlord as required herein.

5.7 Accident Reports. Tenant shall provide a report to Landlord, in writing, within two (2) days after Tenant, its officers, or agents have knowledge of any accident or occurrence involving death of or injury to any person or persons, or damage reasonably estimated to be in excess of Twenty-Five Thousand Dollars (\$25,000,000) to property of any person other than Tenant, occurring upon or about the Piers. All such reports shall include, to the extent known to Tenant and appropriate, (1) the names and address of the persons involved; (2) a general statement as to the nature and extent of the injury or damage; (3) the date and hour of the occurrence; (4) the names and addresses of witnesses; and (5) such other information reasonably requested by Landlord as may be known to Tenant, its officers or agents.

5.8 Liability for Damage Caused by Third Parties. Tenant shall maintain security on the Piers in a manner reasonably designed to assure that the Piers are not used by anyone not having the permission of Tenant or Landlord; provided, that if Landlord shall provide security at other piers leased to any third party, then Landlord shall also provide security services of a substantially similar scope at the Piers, on the same terms and conditions which govern the provision of such security services to such third party. Tenant is and shall be liable for all damage to the Piers which is caused by third parties not authorized to be upon the Piers, or by Tenant, Tenant's employees, agents, contractors, invitees, or licensees, but Tenant shall not be liable for damage to the Piers directly caused by Landlord or its agents, employees and invitees.

5.9 Event of Loss. In the event of loss or damage to the Piers, Tenant shall give notice thereof as soon as practicable to Landlord, and Landlord may make proof of loss if not made promptly by Tenant; any adjustment of a proof of loss shall require the prior written consent of Landlord, which shall not be unreasonably withheld or delayed. Each insurance company issuing any property insurance policies in respect of the Piers is hereby authorized and directed to make payment under such insurance directly to Landlord instead of to Tenant and Landlord jointly, and Tenant appoints Landlord, irrevocably, as Tenant's attorney-in-fact to endorse any draft therefor. Such policies of property insurance and all renewals thereof are hereby assigned to Landlord as additional security for Tenant's performance of its obligations hereunder, and Tenant agrees that after default hereunder any values available thereunder upon cancellation or termination of any of said policies or renewals, whether in the form of return of premiums or otherwise, shall be payable to Landlord as assignee.

5.10 Insurance Audit. Prior to the commencement of each Renewal Period, Tenant and Landlord shall cause an insurance audit to be conducted by an insurance consultant jointly appointed by them to determine the adequacy and availability at commercially reasonable rates of the types of insurance and the amounts of coverages then being carried by Landlord and Tenant. Tenant and Landlord agree that promptly following such insurance audit, this Article V shall be amended to conform to the recommendations of the insurance audit, and Landlord and Tenant, as appropriate, shall promptly obtain and maintain such insurance in such amounts as this Agreement, as so amended, shall require. Both parties agree to act reasonably and in good faith in jointly choosing the insurance consultant required hereunder. Upon receipt of a bill from such insurance consultant for services rendered, Landlord and Tenant shall each pay one-half of such bill within thirty (30) days (Tenant's payment of its share of such bill constitutes additional rent owing under this Lease).

5.11 Indemnification.

(a) Tenant hereby covenants and agrees to indemnify, defend and hold Landlord and the Commonwealth harmless from any and all liability, loss, cost or expense, claims, and/or suits for, or by reason of, any injury, loss or damage to any person or property occurring on any Pier from a condition caused by or for which Tenant is responsible under the terms of this Agreement, or arising out of Tenant's use of or operations at the Piers, whether the loss, injury or damage be to the person or property of Tenant or any other person, except to the extent due to (i) the negligence or willful misconduct of Landlord, its agents, contractors, employees or invitees or (ii) the gross negligence or willful misconduct of the Commonwealth, its agents, contractors or employees.

(b) Landlord hereby covenants and agrees to indemnify, defend and hold Tenant harmless from any and all liability, loss, cost or expense, claims, and/or suits for, or by reason of, any injury, loss or damage to any person or property occurring on any Pier from a condition caused by Landlord or for which Landlord is responsible under the terms of this Agreement, or arising out of Landlord's use of or operations at the Piers, whether the loss, injury or damage be to the person or property of Landlord or any other person, except to the extent due to the negligence or willful misconduct of Tenant, its agents, contractors, employees, lessees, invitees, or licensees.

(c) The indemnification obligations of Tenant and Landlord under this Section are subject to the waiver contained in Section 5.5 hereof and shall be limited to the aggregate sum of Ten Million Dollars (\$10,000,000) per party, but they shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for either such party or any of their employees under workers' compensation acts, disability benefits acts or other employee benefits acts.

(d) The indemnifications given in this Section shall survive the expiration or termination of this Agreement.

ARTICLE VI

MAINTENANCE, REPAIR, EQUIPMENT AND IMPROVEMENTS

6.1 Tenant's Obligations.

(a) Tenant shall, at all times, keep the Piers in a neat, clean and orderly condition. Tenant shall perform all normal maintenance and repair, including without limitation sweeping, snow removal, trash removal, routine paving maintenance and the filling of isolated minor potholes, all interior painting desired by Tenant, traffic or pier striping, relamping of Piers lights, replacing light bulbs, cleaning closed drains, daily janitorial service, storm drain inlet maintenance and repair, rolling and sliding door maintenance and repair, Piers electrical signage maintenance and repair, and repairing and maintaining fencing, and shall be responsible for security in and about the Piers. Tenant shall use every reasonable precaution against fire. Except to the extent the obligation of Landlord under Section 6.2 below, Tenant shall perform normal maintenance and repair of above-ground sprinkler system and water, sewer and electric utilities upon the Piers. Tenant shall be liable, at its own expense, to make all repairs to windows, irrespective of cause, except as provided in Section 11.1 or caused by Landlord's negligence or misconduct. Tenant shall make all repairs to the Piers within a reasonable period of time and in a good and workmanlike manner. Tenant's obligations hereunder shall be to maintain and repair (which shall include replacement, when necessary to assure continued adequate function, unless repair or replacement is Landlord's obligation under Section 6.2) those elements of each of the Piers for which it is responsible in the condition they were in at the Effective Date, subject to normal wear and tear and casualty damage.

(b) In the event any alterations or improvements shall be made by Tenant which can be removed without damage to the Piers, or trade fixtures installed by Tenant which can be removed without injury to the Piers, such alterations, improvements or trade fixtures shall remain the property of Tenant, and upon the expiration or termination of this Agreement Tenant may remove the same, provided that Tenant shall repair and restore any damage to the Piers caused thereby. Any such alterations, improvements or trade fixtures which are not removed by Tenant from the Piers prior to the end of the Term hereof shall at the option of Landlord be and remain the property of Landlord or be removed from the Piers by Landlord at Tenant's cost and expense.

6.2 Landlord's Obligations; Tenant Self-Help.

(a) Landlord shall maintain and repair the Wharf Structure, as hereinafter defined, in reasonably good operational condition, subject to normal wear and tear. Landlord shall also undertake any re-paving and the filling of minor isolated potholes necessary to render paved areas reasonably usable for Tenant's operations. Landlord shall also be responsible for undertaking the replacement of the entire electrical system serving any of the Piers, and the replacement of the entire sprinkler system serving any of the Piers, solely in the event that an Approved Engineer (hereinafter defined) certifies that, unless replaced, such electrical system or sprinkler system (i) does not or will not meet the applicable requirements of the Philadelphia Code (notwithstanding anything to the contrary contained in Section 6.2(c) hereof), or (ii) has substantially failed or is in imminent risk of failure, and such failure would materially interfere with Tenant's normal operations. Landlord shall also undertake painting of the exterior of the Wharf Structure at such times as Landlord may in its sole discretion deem necessary (notwithstanding anything to the contrary contained in Section 6.2(c) hereof). Landlord's obligations under this Section 6.2 are herein referred to as "Landlord's Repair Obligations". Notwithstanding anything to the contrary in this Agreement, if damage to the Wharf Structure or the need for replacement of a given electrical system or sprinkler system is caused by the negligence or misconduct of Tenant, its officers, employees, agents, contractors, invitees, or licensees, including persons performing work on the Piers at the request or under the direction of Tenant, Landlord may undertake the required work and Tenant agrees to reimburse Landlord for all such costs incurred by Landlord upon presentation of a reasonably detailed invoice by Landlord to Tenant to the extent such costs are not covered by insurance, as Additional Rent. For the purposes of this Agreement, the "Wharf Structure" shall mean and be defined as (i) the beams, girders, subsurface support slabs, and prestressed concrete or wood pilings of the Piers located between the pierhead line and the bulkhead line and (ii) the roofs, walls and foundations of the buildings on the Piers.

(b) In the event that Landlord shall fail to perform any of Landlord's Repair Obligations, such failure shall not constitute a default by Landlord under the terms of this Lease. Rather, Tenant may, in its sole discretion, elect to perform any of Landlord's Repair Obligations which Landlord shall have failed to undertake within thirty (30) days (or fifteen (15) days in an emergency) following written notice from Tenant that Landlord has not fulfilled its obligation to do so. In such event, Landlord shall reimburse to Tenant only "Qualified Repair Costs" (as hereinafter defined), in accordance with the terms hereinafter set forth. Except for reimbursement of Qualified Repair Costs as hereinafter provided, Tenant shall have no recourse to or claim against Landlord for reimbursement of any of the costs incurred by Tenant in performing any of Landlord's Repair Obligations.

(c) As used herein, the term "Qualified Repair Costs" shall mean Tenant's reasonable and appropriate out-of-pocket costs and expenses incurred by Tenant (reasonably

detailed evidence of which shall be furnished to Landlord upon request) in connection with Tenant's performance of any of Landlord's Repair Obligations which Tenant has elected to perform pursuant to Section 6.2(b) above, after an engineer which is listed on Exhibit "G" attached hereto, or selected by Tenant and approved in writing by Landlord, which approval shall not be unreasonably withheld or delayed (each an "Approved Engineer"), certifies to Landlord in writing that the element which Tenant intends to repair or maintain is in a condition in which the intended repair or maintenance would be advisable to insure the continued safe use or function thereof, and that further postponement of the intended repair or maintenance would render such element (or such element is already) either unsafe or not readily usable for the purposes for which it was intended (it being the intent of Landlord and Tenant that Tenant not be entitled to undertake Landlord's repair and maintenance obligations under Section 6.2(b) hereof with regard to minor or cosmetic items which will neither render the Piers nor any portion thereof unsafe or unusable for Tenant's normal trade and business). Notwithstanding the foregoing, (i) costs of Tenant's repair or replacement of all or any portion of either the electrical systems or the sprinkler system upon the Piers shall only constitute Qualified Repair Costs upon an Approved Engineer providing the certification required under Section 6.2(a) above, and (ii) costs of painting of the exterior of the Wharf Structure shall never constitute Qualified Repair Costs.

(d) Notwithstanding the foregoing, prior to incurring any Qualified Repair Costs, Tenant shall tender to Landlord the Approved Engineer certification required under Section 6.2(c) above and request Landlord to immediately undertake the required Landlord's Repair Obligation. Thereupon, if Landlord shall fail to both (i) within twenty (20) days following receipt of Tenant's notice, give Tenant written notice that Landlord intends to undertake the required Landlord's Repair Obligation, and (ii) thereafter promptly commence and diligently pursue to completion the Landlord's Repair Obligation in question, then and in such event Tenant may undertake the necessary work and bill Landlord for the Qualified Repair Costs associated therewith.

(e) If Landlord shall fail to reimburse Tenant for the Qualified Repair Costs within thirty (30) days following receipt of Tenant's reasonably detailed bill respecting same (which Landlord shall have no obligation to do), Tenant may deduct and set-off the Qualified Repair Costs, together with interest thereon as provided in subsection 6.2(f) below, against the Base Rent and other fees payable under this Lease from time to time; provided, that the maximum aggregate which Tenant may deduct from or set-off against Base Rent and other fees payable under this Lease on account of all Qualified Repair Costs in any given month shall be 25% of such Base Rent and other fees due and payable in such month. All unapplied Qualified Repair Costs, together with interest thereon, shall be carried forward and may be deducted and set-off by Tenant in succeeding months, subject to the foregoing monthly limitation.

(f) Qualified Repair Costs shall bear interest from the date incurred by Tenant until deducted and set-off against the Base Rent and other fees as herein provided at a variable rate equal to the Prime Rate as announced from time to time by First Union Bank, N.A. Upon

written request of Landlord from time to time, Tenant shall within thirty (30) days tender to Landlord a reasonably detailed written statement, which may be relied upon by Landlord, of all Qualified Repair Costs and accrued interest then outstanding and not deducted or set-off as aforesaid.

(g) Notwithstanding the foregoing provisions of this Section 6.2, in the event that Landlord shall dispute Tenant's characterization of a cost of performing a Landlord's Repair Obligation as a Qualified Repair Cost hereunder, Landlord may give Tenant written notice electing to have the issue decided by binding arbitration in accordance with the arbitration rules of the American Arbitration Association, excepting only that the Federal Rules of Evidence shall apply with respect to evidentiary matters. Each party shall bear its own costs of such arbitration and the decision of the arbitrators shall be nonappealable and may be entered as a judgment against the non-prevailing party. During the pendency of such arbitration, Tenant shall not have the right to set-off the disputed item of Qualified Repair Costs against Rent under Section 6.2(e) above.

6.3 Fire Systems. Subject to Landlord's casualty repair obligations in Section 11 hereof, and to Landlord's obligations in Section 6.2 above, Tenant shall perform all normal repair and maintenance of all fire protection sprinkler systems, fire hydrant systems, standpipe systems, fire alarm systems, portable fire extinguishers and other fire protective or extinguishing systems or appliances which have been or may be installed on the Piers (which shall include replacement, when necessary to assure continued adequate function), in accordance with all applicable laws at all times. All repairs and servicing shall be made by Tenant, at its sole cost and expense, in accordance with all applicable laws, including without limitation, the City of Philadelphia Fire code and all additions, revisions and amendments thereto, and in accordance with the recognized standards relating thereto. Tenant, at its sole cost and expense, shall cause a sprinkler system monitoring, maintenance and inspection service, each as approved by the agency having jurisdiction over same, to carry out, respectively, ongoing monitoring and systematic inspection, adjustment and maintenance and to furnish reports of each such inspection to Landlord upon request.

6.4 Load Limits. Tenant shall not place loads on any of the Piers in excess of the respective maximum load limits for such Pier as set forth on Exhibit C attached hereto and made part hereof without the prior written consent of Landlord, which consent Landlord shall not unreasonably withhold or delay, but may condition upon Tenant providing appropriate reinforcement of the floor.

6.5 Condition and Surrender of Piers.

(a) Tenant agrees to accept said Piers, improvements, structures and facilities in their condition existing at the Effective Date, "as is." Tenant's occupation or use of the Piers shall in itself constitute acknowledgment of such acceptance, and Landlord shall not be obligated

to make any improvements or repairs thereto, except as provided herein. Tenant covenants and agrees that at the expiration of the Term it will quit and surrender the Warehouse Piers with all the improvements thereon in as good state and condition as the same were on the date of this Agreement, subject only to reasonable wear and tear, Landlord's duty to maintain and casualty losses.

(b) Prior to the Effective Date, but in any event within the next thirty (30) days, Tenant and Landlord shall conduct a joint survey of the Piers. To the extent Landlord and Tenant deem it appropriate, they shall retain a third party to conduct a portion of such survey and shall each pay half of such third party's fees and expenses. One purpose of the survey shall be to reflect the state and condition of the Piers, including improvements thereon, at the inception of this Agreement. The parties shall conduct another joint survey of the Piers at the termination or expiration of the Term of the Agreement. In addition, as a result of the initial joint survey, Landlord may elect to make certain repairs and/or improvements to the Piers and the improvements thereof. In the event that Landlord, following such survey, notifies Tenant that it has elected to repair a component of the Piers and such component, prior to the effectuation of such repair by Landlord, becomes inoperative, Tenant, notwithstanding its repair and maintenance obligations set forth herein, shall not be deemed to be in default hereunder as a result of such condition.

6.6 Equipment. Tenant shall provide the equipment necessary for the operation of the Piers by Tenant, including without limitation all cargo handling equipment such as tractors, fork lifts, and chassis.

6.7 Access. Landlord, its contractors, invitees and their respective employees shall have the right of access to the Piers to perform their respective duties, responsibilities and jobs as contemplated under this Article VI and to determine the state of maintenance and repair. Landlord will schedule such access to the extent reasonably possible, so as not to interfere with any Pier operations.

6.8 Landlord's Rights. Should Tenant fail to make any repairs or perform any maintenance for which it is responsible, Landlord shall have the option to make or perform the same if Tenant fails to do so after having received sixty (60) days written notice from Landlord or immediately if in Landlord's reasonable business judgment the repairs required must be made to prevent further damage, injury or loss. Upon receipt of an invoice together with supporting documentation, as appropriate, from Landlord, Tenant shall promptly reimburse Landlord for the actual and reasonable cost thereof as additional Rent. The making of such repairs by Landlord shall in no event be construed as a waiver of the duty of Tenant to make repairs as herein provided.

6.9 Dredging.

(a) During the Term hereof, Landlord shall at its sole cost and expense, and at such times as it reasonably determines necessary, and upon its obtaining all necessary permits and approvals (which Landlord will pursue in a commercially reasonable manner), conduct maintenance dredging alongside the berths at Pier 80 and the Pier 38-40 South marginal berth (but not the Pier 40 South berth) to a depth of thirty-two (32) feet from Mean Low Water Datum ("MLWD"). Landlord shall conduct maintenance dredging to a depth of thirty-two (32) feet from MLWD alongside any such berths so long as a business need exists for such a depth to be maintained.

(b) During the Term hereof, Tenant may at its sole cost and expense, and at such times as it reasonably determines necessary, and upon its obtaining all necessary permits and approvals, conduct maintenance dredging alongside the Pier 40 South berth desired by Tenant.

(c) Tenant assumes all liability, under all applicable federal, state and local laws, statutes and regulations, for wire, steel bands, baling wires, trash of any kind, timbers, pieces of steel and the like, that may be encountered by dredges working in the docks and waterways adjacent to Pier 80 and Pier 38-40 South, and Landlord shall remove and dispose of such materials, when encountered at Pier 80 South or the Pier 38-40 South marginal berth (and Tenant shall do so at the Pier 40 South berth), at Tenant's sole expense, in which event Tenant shall pay to Landlord on demand Landlord's costs incurred in the removal and disposal of such materials as well as any costs incurred by Landlord, including without limitation fines, reasonable attorneys' fees and court costs, as a result of any alleged liability of Landlord for the presence of such materials under applicable federal, state and local laws, all of which sums shall be payable on demand as additional Rent.

6.10 City Streets. Landlord has advised Tenant that the Piers encompass certain portions of streets that are open under the City's plan of streets. Landlord has had discussions with the City regarding the possible striking and vacating of such portions of such streets from the City's plan. Should Tenant elect to attempt at Tenant's sole cost and expense to cause the City to vacate such streets, Landlord shall reasonably cooperate in Tenant's efforts, at no cost or expense to Landlord. Upon any striking or vacating of such portions of such streets, Landlord shall not be obligated to undertake any improvement or repair respecting same under this Lease, including without limitation under Section 6.2(a). Landlord shall not have any liability to Tenant regarding the condition and status of such public streets.

6.11 Landlord's Improvements.

(a) Floor Leveling. Subject to obtaining sufficient capital funding from the Commonwealth, Landlord agrees during the Term to level the floors on the ground floor level of

both Pier 78 South and Pier 38-40 South in a commercially reasonable fashion. Landlord will request from the Commonwealth of Pennsylvania and other governmental/agency sources, and shall use reasonable and diligent efforts to obtain as soon as practicable, sufficient funding to undertake this obligation, as well as sufficient funding to undertake the complete replacement of the sprinkler systems and roofs of the Piers, but Landlord shall not be held in default under this Agreement due to a failure to obtain the necessary funding for any such projects.

(b) Miscellaneous Repairs. Landlord shall at Landlord's expense perform the following repairs at Pier 80:

(i) Within a reasonable period of time following the Effective Date, convert and/or seal the manual doors, as Landlord shall elect.

(ii) Within one year following the Effective Date, install rack levelers at all loading docks.

(iii) Within one year following the Effective Date, install a number of vent fans deemed sufficient in Landlord's reasonable judgment to provide reasonable ventilation.

6.12 Tenant's Improvements.

(a) Promptly following the Effective Date, Tenant shall construct at Tenant's expense approximately 12,000 square feet of new office space in the existing building on the bulkhead of Pier 78 South (the "Tenant Work"). The Tenant Work shall be undertaken in accordance with plans and specifications approved in advance by Landlord, which approval shall not be unreasonably withheld. Landlord hereby approves the layout plans prepared by Phoenix Design Architects dated 9/17/98, for such office space which have previously been submitted by Tenant. Upon completion of the Tenant Work the Tenant Work shall form a part of the Piers and title to the Tenant Work shall vest in Landlord. In consideration thereof, the parties agree as follows: Upon completion of the Tenant Work and thereafter through the remainder of the Initial Term, Tenant shall receive a rent abatement aggregating a sum which shall not exceed Tenant's actual out-of-pocket costs of constructing the Tenant Work ("Tenant's Costs"), as follows: \$110,000.00 of Base Rent plus that portion of the Cargo Fee payable under this Agreement which is in excess of the Cargo Fee which would have been payable under the PTW Lease during the Initial Term had this Agreement not been entered into shall abate. The Base Rent abatement shall be received by Tenant as an abatement of the sum of \$4,583.33 over the first twenty-four (24) months of the Term following confirmation of Tenant's Costs. The partial abatement of the Cargo Fee shall also commence upon confirmation of Tenant's Costs and shall cease upon the first to occur of the end of the Initial Term or when the aggregate amount of Base Rent and Cargo Fee so abated equals Tenant's Costs. In no event shall any portion of any other fees or charges payable under Article III or any other provision of this Agreement abate pursuant to this Section 6.12(a) during the Initial Term. Upon completion of the Tenant Work, Tenant shall

deliver to Landlord a reasonably detailed accounting of Tenant's Costs. Landlord shall be entitled to audit the relevant portions of Tenant's books and records respecting computation of the Tenant's Costs and the parties shall mutually agree on the amount of the Tenant's Costs in writing; provided, that if the parties cannot agree either party may submit the question for resolution by binding arbitration upon written notice to the other party, to be undertaken in accordance with the rules of the American Arbitration Association, except that evidentiary matters shall be governed by the Federal Rules of Evidence. Each party shall bear its own cost of arbitration and the decision of the arbitrators may be entered as a judgment against the non-prevailing party. Pending the mutual agreement of the parties on the amount of the Tenant's Costs as aforesaid, or the final decision of the arbitrators, as the case may be, Tenant acknowledges that the rent abatement herein set forth shall not be effective. In consideration of Landlord's agreement herein set forth, Tenant agrees that during any portion of a Lease Year that Tenant receives a rent abatement under this Section 6.12(a) the Minimum Cargo Fee shall be paid and computed on the basis of six hundred sixty thousand (660,000) tons of cargo per annum, notwithstanding anything to the contrary in Section 3.1(b) above.

(b) Marginal Berth Repairs. Promptly following the Effective Date, Tenant shall undertake and complete in a good and workmanlike manner and in accordance with all applicable laws and governmental requirements those certain repairs listed on Exhibit "H" attached hereto to the marginal berth at Pier 38-40 at Tenant's expense. Upon completion of such repairs, Tenant shall deliver to Landlord a reasonably detailed statement of Tenant's actual out-of-pocket costs of completing such repairs. Landlord shall have the right to audit the relevant portions of Tenant's books and records respecting such costs, and the parties shall mutually agree upon the aggregate amount thereof (the "Repair Costs"). Following completion of the repairs, Tenant shall be entitled to an abatement of Base Rent payable under this Agreement over the following twenty-four (24) months, computed as follows: the lesser of the Repair Costs or the sum of \$110,000.00 shall be divided by twenty-four (24); the quotient so derived shall be the amount of Base Rent which shall abate hereunder during each of the next twenty-four (24) months of the Term. If the parties are unable to agree as to the amount of the Repair Costs, either party may submit the question for resolution by binding arbitration upon written notice to the other party, to be undertaken in accordance with the rules of the American Arbitration Association, except that evidentiary matters shall be governed by the Federal Rules of Evidence. Each party shall bear its own cost of arbitration and the decision of the arbitrators may be entered as a judgment against the non-prevailing party. Pending the mutual agreement of the parties on the amount of the Repair Costs as aforesaid, or the final decision of the arbitrators, as the case may be, Tenant acknowledges that the rent abatement herein set forth shall not be effective.

ARTICLE VII

TAXES

7.1 Taxes. Tenant covenants and agrees to pay when due all lawful taxes, assessments or charges which may be levied by any federal, state, county, city or any tax or assessment levying agency upon Tenant' interest in this Agreement or any activities or rights pursuant thereto, as well as all taxes, assessments, duties and charges on goods, merchandise, fixtures, appliances, equipment and property owned or brought upon the Piers by or through Tenant (collectively "Imposition").

7.2 Appeals. Tenant shall have the right to contest or object to the amount or validity of any such Imposition by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying or extending the covenants of Tenant to pay any such Imposition at the time and in the manner provided in Section 7.1, unless Tenant shall have given prior written notice to Landlord of intent to so contest or object to an Imposition, and unless, at Landlord's sole option, (i) Tenant shall demonstrate to Landlord's satisfaction that the legal proceeding shall operate conclusively to prevent the placing of a lien on the Piers, or any part thereof, to satisfy such Imposition prior to final determination of such proceedings; or (ii) Tenant shall furnish a good and sufficient bond or surety as requested by and satisfactory to Landlord; or (iii) Tenant shall have provided Landlord with a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of such proceedings.

ARTICLE VIII

ENVIRONMENTAL MATTERS

8.1 Environmental Matters. Tenant covenants that it shall comply at all times with the following terms of this Agreement relating to environmental matters.

8.2 Compliance With Law.

(a) Tenant shall conduct all of its activities at the Piers in compliance with all Environmental Laws (defined below). Tenant shall not knowingly permit Hazardous Substances (defined below) to be brought on the Piers. Should Tenant discover the presence of Hazardous Substances on the Piers the presence of which is attributable to Tenant, Tenant shall take all steps necessary promptly to remove and to dispose of those materials in compliance with law; provided however, that regardless of causation, Tenant shall notify Landlord of the discovery of any Hazardous Substances on the Piers. Tenant shall obtain all applicable permits, licenses or approvals and shall make all notifications and registrations required by Environmental Laws.

Tenant shall at all times comply with the terms and conditions of any such permits, licenses, approvals, notifications or registrations.

(b) Tenant shall provide to Landlord copies of any and all applications, correspondence, notifications, permits or the like, to the extent they pertain to Tenant's operations at the Piers, in any way regarding or relating to any of the Environmental Statutes.

(c) Tenant shall promptly comply with any requests by Landlord concerning Tenant's compliance with this Article VIII.

8.3 Site Contamination.

(a) Tenant shall not cause or in its operations suffer contamination of the Piers. Tenant shall at all times handle Hazardous Substances and cause Hazardous Substances to be handled in a manner which will not cause an undue risk of contamination of the Piers (it being understood that normal permitted uses of the Piers shall not be deemed to create an undue risk merely because they involve Hazardous Substances contained as ingredients in materials commonly used in the conduct of Tenant's business, such as cleaning solvents, so long as all such Hazardous Substances are used, stored and disposed of by Tenant in accordance with applicable Environmental Laws). Nothing contained herein shall make or be deemed to make Tenant responsible or liable for Hazardous Substances present on the Piers on the Effective Date unless caused by Tenant or any of its agents, employees, contractors or invitees, or for any contamination to the extent caused by Landlord, its contractors or invitees, or by third parties acting off the Piers who are not Tenant's invitees or customers, nor shall such contamination constitute a default.

(b) "Hazardous Substances" means, (i) asbestos and any asbestos containing material and any substance that is then defined or listed in, or otherwise classified pursuant to, any Environmental Laws or any applicable laws or regulations as a "hazardous substance", "Hazardous Material", "hazardous waste," "infectious waste", "toxic substance", "toxic pollutant" or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, or Toxicity Characteristic Leaching Procedure (TCLP) toxicity, (ii) any petroleum and drilling fluids, produced waters, and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources and (iii) petroleum products, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive material (including any source, special nuclear, or by-product material), and medical waste.

(c) "Environmental Laws" collectively means and includes all present and future laws and any amendments thereto (whether common law, statute, rule, order, regulation or otherwise), permits, and other requirements or guidelines of governmental authorities applicable to the Premises and relating to the environment and environmental conditions or to any

Hazardous Substance (including, without limitation, CERCLA, 42 U.S.C §601, et seq, the Resource Conservation and Recovery Act of 1976, 42 U.S.C §901, et seq, the Hazardous Materials Transportation Act, 49 U.S.C. §801, et seq, the Federal Water Pollution Control Act, 33 U.S.C. §51, et seq, the Clean Air Act, 33 U.S.C. §401, et seq, the Clean Air Act, 42 U.S.C. §41, et seq, the Toxic Substances Control Act, 15 U.S.C. §601-2629, the Safe Drinking Water Act, 42 U.S.C. §300f-300j, the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. §101, et seq, and any so-called "Super Fund" or "Super Lien" law, any law requiring the filing of reports and notices relating to hazardous substances, environmental laws administered by the Environmental Protection Agency, and any similar state and local laws and regulations, all amendments thereto and all regulations, orders, decisions, and decrees now or hereafter promulgated thereunder concerning the environment, industrial hygiene or public health or safety).

8.4 Other Hazardous or Toxic Material. Except as set forth in Section 8.9 and except to the extent present before the Effective Date or permitted by law Tenant shall not knowingly handle or permit polychlorinated biphenyls, as defined pursuant to the Toxic Substances Control Act, substances containing polychlorinated biphenyls, asbestos, or materials containing asbestos, on the Piers. Should Tenant discover the presence of asbestos or polychlorinated biphenyls on the Piers which were not present prior to the Effective Date and the presence of which is attributable to Tenant, its affiliates, agents, or any person or entity having either a direct or indirect contractual relationship with Tenant, Tenant shall take all steps necessary promptly to remove and to dispose of those materials in compliance with law; provided however, that regardless of causation, Tenant shall notify Landlord of the discovery of any asbestos or polychlorinated biphenyls on the Piers.

8.5 Disposal and Removal of Solid Wastes. Tenant shall, at its sole cost, contract with a reputable, private refuse company for the removal and disposal of any solid wastes (other than solid wastes lawfully discharged through the City's sewer system) generated or introduced by Tenant, from the Piers in accordance with all Environmental Statutes.

8.6 Indemnification by Tenant.

(a) Tenant hereby agrees to indemnify, defend and hold Landlord and the Commonwealth harmless of, from, and against any and all expense, loss, or liability suffered by Landlord or the Commonwealth by reason of (x) any release or threat of release due to Tenant's generation, introduction, use, handling, transportation or disposal of Hazardous Substances, or (y) Tenant's breach of any of the provisions of this Article VIII including (but not limited to) (i) any and all additional reasonable expenses that Landlord or the Commonwealth may incur to comply with any Environmental Laws; (ii) any and all reasonable costs that Landlord may incur in studying or remedying any contamination at or arising from the Piers; (iii) any and all reasonable costs that Landlord or the Commonwealth may incur in studying, removing, disposing, or otherwise addressing any materials which are the subject of this Article VIII; (iv)

any and all fines, penalties, judgments or other sanctions assessed upon Landlord or the Commonwealth by reason of a failure of Tenant to have complied with Environmental Laws; and (v) any and all reasonable legal and professional fees and costs incurred by Landlord or the Commonwealth in connection with the foregoing. As used in this paragraph, the word "Tenant" shall mean, (1) with respect to the Warehouse Piers, the lessee under the PCW Leases and the lessee under the PTW Lease, as well as Tenant, and (2) with respect to Pier 80, the lessee under the JHS Lease, as well as Tenant. Notwithstanding the foregoing, Tenant shall have no liability to Landlord for any contamination of the Piers caused by underground storage tanks existing as of the Effective Date.

(b) Indemnification by Landlord. Landlord hereby agrees to indemnify, defend and hold Tenant harmless of, from and against any and all expense, loss, or liability suffered by Tenant by reason of any release or threat of release due to the generation, introduction, use, handling, transportation or disposal of Hazardous Substances, including (but not limited to) (i) any and all additional reasonable expenses that Tenant may incur to comply with any Environmental Laws; (ii) any and all reasonable costs that Tenant may incur in the studying or remedying of any contamination at or arising from the Piers; (iii) any and all reasonable costs that Tenant may incur in studying, removing, disposing or otherwise addressing any materials which are the subject of this Article VIII; (iv) any and all fines, penalties, judgments or other sanctions assessed upon Tenant by reason of a failure of Landlord to have complied with Environmental Laws; and (v) any and all reasonable legal and professional fees and costs incurred by Tenant in connection with the foregoing; provided, however, that all of the foregoing indemnifications shall apply only with respect to losses or liabilities arising from activities at the Pier caused by Landlord, its employees, or contractors after the Effective Date, or activities at the Warehouse Piers prior to the respective effective dates of the PCW Leases, or arising from activities at Pier 80 prior to the Effective Date of the JHS Lease.

(c) If a claim is made by any person not a party to this Agreement which claim may be the subject of a right of indemnification, defense or hold harmless under this Section 8.6, the party claiming the right of indemnification, defense or hold harmless under this Section 8.6 shall notify the indemnitor and the parties shall cooperate in the defense of such claim.

(d) The indemnifications set forth in this Article 8 are subject to the provisions of Subsection 5.11(c).

8.7 Remedies.

(a) Upon material breach by Tenant of any provision of this Article VIII, Landlord may at its sole discretion terminate this Agreement by written notice to Tenant, whereupon Tenant shall immediately vacate the Piers. No breach of any provision of this Article VIII shall be grounds for termination of this Agreement unless (i) Tenant has received notice of

said breach, and (ii) after such notice, Tenant is not proceeding in good faith with all due diligence to bring itself into compliance with this Agreement and to cure any past noncompliance.

(b) The parties recognize that no adequate remedy at law may exist for a breach of this Article VIII. Accordingly, either party may obtain specific performance of any provision of this Article VIII.

(c) This paragraph shall not be construed to limit any remedies which either party may have against the other at law or in equity for a breach of this Article III.

8.8 Survival. The provisions of this Article VIII shall survive the termination of this Agreement. No subsequent modification or termination of this Agreement by agreement of the parties or otherwise, except as set forth in Section 9.2 hereinbelow, shall be construed to waive or to modify any provisions of this Article VIII unless the termination or modification agreement or other document so states in writing.

8.9 Certain Site Conditions. Tenant acknowledges that Landlord has advised it that certain installations of asbestos insulation are present upon the Piers and that the installations do not require removal or encapsulation. Neither Landlord nor Tenant shall be deemed to be in default hereunder on account of such presence. In the event such asbestos requires removal or encapsulation during the Term for reasons not caused by Tenant, its employees, contractors or invitees, Landlord shall remove or encapsulate the same.

ARTICLE IX

ASSIGNMENT AND LICENSING

9.1 Assignment and Licensing; Subleases. Tenant shall not, either directly or indirectly, assign, hypothecate, encumber or transfer this Agreement or any interest therein, or lease the use of the same in whole or in part, without the prior written consent of Landlord. No assignment or transfer shall relieve Tenant of any liability hereunder. Notwithstanding the foregoing, Tenant shall be entitled to sublease all or any portion of any of the Piers or to assign this Agreement to one or more "affiliated entities", which shall mean entities which control, are controlled by or are under common control with Tenant (for purposes hereof, "control" shall mean ownership of at least fifty-one percent (51%) of the capital stock, general partnership interests or other equity interests of a given entity), subject only to (i) delivery of at least thirty (30) days written notice thereof to Landlord and (ii) in the case of an assignment, delivery to Landlord of an agreement in reasonable form pursuant to which the assignee assumes all of Tenant's obligations under this Agreement. Tenant shall be entitled to sublease up to one-half of the usable areas of the Piers, in the aggregate, pursuant to one or more subleases to entities which are not affiliated entities, subject only to Landlord's prior written approval, which shall not be

unreasonably withheld, conditioned or delayed. In the event that Tenant desires to (a) assign this Agreement to an entity which is not an affiliated entity or (b) enter into a sublease with an entity which is not an affiliated entity which would increase the amount of the usable areas of the Piers sublet to such entities to more than one-half in the aggregate of the usable areas of the Piers, any such assignment or sublease shall be subject to Landlord's prior written approval, which may be granted or withheld in Landlord's sole discretion. For purposes hereof, Landlord's approval of any proposed sublease shall be deemed given if set forth in a letter to Tenant executed by both Landlord's executive director and director of real estate (or substantially equivalent officers in the event that Landlord's interest in this Agreement is hereafter assigned to any other entity). It shall be reasonable for Landlord to withhold its consent to any proposed sublease if the proposed sublessee intends to use the Piers for any purpose not permitted hereunder or if Landlord reasonably concludes that the proposed sublessee is not financially responsible.

9.2 Landlord's Assignment and Successors. Landlord shall have the right to assign, hypothecate, or transfer this Agreement, its interest in and to the Piers or any interest in either of the foregoing. In the event Landlord assigns to any party its interest in this Agreement, and/or its interest in and to the Piers, such assignee shall be bound by all applicable provisions hereof pursuant to Section 9.3 below, and Landlord shall be released from any and all liabilities and obligations of Landlord hereunder.

9.3 Terms Binding on Successors. All the terms, covenants and conditions of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. The provisions of this Section shall not be deemed as a waiver of any of the conditions against assignment by Tenant hereinbefore set forth.

9.4 Second Floor Areas. Notwithstanding anything contained in Section 9.1 above, Tenant's right to sublease areas on the second floor of any of the Piers shall be subject to the last sentence of Section 1.4(a) above.

ARTICLE X

TENANT'S COVENANTS

10.1 Liens and Encumbrances. Tenant covenants and agrees that it shall keep the Piers free and clear of all liens and encumbrances arising or growing out of its use of said Piers. At Landlord's request, Tenant shall furnish Landlord with written proof of payment of any item which would constitute the basis for such lien on the Piers if not paid.

10.2 Landlord Regulations. Tenant covenants and agrees to comply with all applicable rules and regulations of Landlord, as provided by written notice to Tenant, pertaining to the Piers or any buildings or structures located thereon either now in existence or hereafter promulgated

for the general safety and convenience of Landlord, its tenants, invitees, licensees and the general public to the extent that such rules and regulations do not conflict with the terms of this Agreement.

10.3 Non-Competition. Tenant covenants and agrees that except with respect to customers that have called at Pier 80 within the past two (2) years, during the Term of this Agreement Tenant shall not solicit business from any customer at a facility owned or leased by Landlord or PRPA for business or cargo then handled at such facility, provided that the operator of such facility is bound by a clause substantially identical to this Section 10.3 contained in its lease or operating agreement.

10.4 Railroads. Tenant covenants and agrees that any railroad tracks upon the Piers shall be operated on the Belt Line principle, *i.e.*, no railroad shall be granted an exclusive right to deliver and/or receive railcars to and from the Piers.

10.5 Operations. Tenant covenants and agrees that it shall operate the Piers continuously during the Term and conduct its business thereon in such a manner as to maximize the tonnage of cargo handled at the Piers, consistent with prudent business practices and concerns.

10.6 Fire Safety. Tenant shall use every reasonable precaution against fire, taking into account the existing structure and systems, and without being required to materially alter Tenant's present business practices.

10.7 Explosives. Tenant shall not knowingly discharge, load or store, nor permit the discharging, loading or storage of explosive materials of any kind upon the Piers, or vessels, railroad cars, trucks or other vehicles moored to or upon the Piers except as permitted in writing by Landlord or the City of Philadelphia's regulation of March 30, 1983, as heretofore or hereafter amended, supplemented or replaced (attached as Exhibit "C"), any such discharge, loading or storage being hereby specifically prohibited.

10.8 Snow and Ice. Tenant shall promptly remove accumulations of snow from the Piers and, to the extent practical and in accordance with the responsibilities of Tenant hereunder, keep all deck drains free from any obstruction. Landlord shall cause its employees to remove snow and obstructions from the roofs and eve boxes, as reasonably necessary, and Tenant shall reimburse Landlord for the cost thereof, including the hourly wages of such employees, within thirty (30) days after billing, as additional rent.

ARTICLE XI

DAMAGE TO THE PIERS

11.1 Damage and Destruction.

(a) In the event the Piers or any part thereof is damaged or destroyed by fire or other casualty, provided that Tenant is not in default of this Agreement and that no event, occurrence, action or inaction which with the passage of time or giving of notice, or both, would render Tenant in default of this Agreement has occurred and is continuing, Landlord shall, promptly and diligently, subject to the right of election in the next paragraph, restore, rebuild and repair the Piers, as the case may be, to the extent of available insurance proceeds, as nearly as practicable to the condition existing immediately prior to such casualty.

(b) Notwithstanding the foregoing paragraph, if after the end of the fourth Lease Year or after the end of the third Lease Year of the Renewal Period there occurs a casualty which produces damage or destruction to the Piers in excess of Five Million Dollars (\$5,000,000) as determined by an experienced, reputable independent contractor selected by Landlord, then Landlord, in its sole discretion, shall have the option to restore the Piers but shall not be obligated to do so, regardless of the availability of insurance proceeds, unless at least one renewal option then remains unexercised hereunder and Tenant elects to exercise such option pursuant to the terms herein set forth. Landlord shall notify Tenant of Landlord's election within sixty (60) days of the occurrence of such casualty. In the event that Landlord elects not to restore the Piers, Tenant shall have the option of giving Landlord notice either (i) exercising any then available renewal option under Section 2.3 hereof to extend the Term for an additional five (5) years, or (ii) terminating this Agreement upon thirty (30) days written notice to Landlord, provided that Tenant notifies Landlord of its election so to renew or terminate within thirty (30) days after Tenant's receipt of notice of Landlord's election not to restore the Piers. In the event Tenant fails to exercise its option to renew or terminate this Agreement under this Section 11.1(b) within said thirty (30) days, Tenant's right to terminate this Agreement under this Section shall immediately and irrevocably terminate and Landlord need not restore the damage.

(c) In the event any portion of the Piers is damaged or destroyed and Landlord, pursuant to this Section, elects not to restore, rebuild or repair such portion of the Piers and Tenant has not terminated this Agreement, then Landlord shall raze or otherwise make secure such portion of the Piers.

(d) Tenant shall be entitled to an equitable reduction of the Base Rent during any period in which the Piers or any portion thereof is not useable by Tenant due to damage or destruction caused by a fire or casualty for which Tenant does not have any liability, and if such

inability to use that portion of the Piers substantially hinders Tenant's ability to handle cargo at the Piers.

ARTICLE XII

WAIVER

12.1 Waivers. No waiver by either party at any time of any of the terms, conditions, covenants or agreements of this Agreement shall be deemed or taken as a waiver at any time thereafter of the same or any other term, condition, covenant or agreement herein contained, nor of the strict and prompt performance thereof by the proper party.

ARTICLE XIII

WAIVER OF CLAIMS

13.1 Waiver of Claims. Tenant hereby waives any claim against Landlord, the Commonwealth, the City, and their officers, agents or employees for damage or loss caused by any suit or proceedings directly or indirectly attacking the validity of this Agreement, or any part thereof, or by any judgment or award in any suit or proceedings declaring this Agreement null, void or voidable, or preventing or delaying the same, or any part thereof, from being carried out.

ARTICLE XIV

EMPLOYMENT PRACTICES

14.1 Fair Employment Practices. During the Term, Tenant hereby agrees to fully comply with the provisions of Employment Practices as set forth in Exhibit "D" attached hereto and hereby made a part of this Agreement. Tenant agrees that any intentional failure to comply with such Employment Practices shall constitute a substantial breach of this Agreement.

ARTICLE XV

REMEDIES

15.1 Landlord's Remedies. If Tenant fails to pay in full when due any installment of Rent or any other charge, expense, cost or payment to be paid by Tenant under this Agreement, or otherwise fails to perform, violates or otherwise breaches any covenant or condition of Tenant in this Agreement, and such failure, violation or breach is not cured within the applicable cure period, if any, set forth in Section 15.1(d) below, then Tenant shall be in default hereunder and:

(a) This Agreement, and the term hereby created, shall at the option of Landlord terminate and become absolutely void without any right on the part of Tenant to save the forfeiture by payment of Rent due, or by other performance of the condition violated. *When the Agreement shall be so determined, and also, when and as soon as the term hereby created shall have expired, it shall be lawful for any attorney, as attorney for Tenant, to sign an agreement for confessing judgment in ejectment against Tenant and all persons claiming under Tenant in any competent court, without any stay of execution or appeal, for the recovery by Landlord of possession of the Piers, for which this Agreement or a copy hereof shall be a sufficient warrant, whereupon, if Landlord so desires a writ of possession may issue forthwith without any prior writ or proceedings whatsoever. And, if for any reason after such action has been commenced, the same shall be discontinued and possession of the Piers remain in or be restored to Tenant, Landlord shall have the right in any subsequent defaults to confess one or more further judgments in the manner and form as hereinbefore set forth, to recover possession of the Piers for such subsequent default. No such termination of this Agreement nor recovering possession of the Piers shall deprive Landlord of any remedies or action against Tenant for all arrears of Rent or for damages for the breach of any covenant herein contained, nor shall the bringing of any such action for Rent, or breach of covenant, nor the resort to any other remedy herein provided for the recovery of Rent and of other monies due hereunder or for damages for breach of covenant be construed as a waiver of the right to insist upon the forfeiture and to obtain possession in the manner herein provided.*

(b) Landlord may, at its option, sublease the Piers as agent of Tenant for the balance of the Term of this Agreement and receive the Rent therefor and apply the same to the payment of any Rent or damage for breach of covenant due by Tenant to Landlord under the terms hereof.

(c) In addition to the foregoing remedies, Landlord cumulatively shall have all rights, remedies, powers and privileges afforded from time to time by law or in equity.

(d) In the event of any failure, violation or breach of covenant by Tenant, Landlord shall, except as provided in the following sentence, give written notice thereof to Tenant, and Tenant shall have a period of ten (10) days after receipt of such written notice to cure any monetary breach, and Tenant shall have a period of thirty (30) days after receipt of such written notice to cure any other such failure, violation or breach. Landlord agrees that it will not exercise any remedy for default or breach hereunder, if within the appropriate period Tenant (i) cures the default or breach with respect to the nonpayment of Rent, or (ii) with respect to defaults or breaches other than the nonpayment of Rent, commences action in good faith within fifteen (15) days to cure the default or breach of covenant and proceeds to effect and complete a cure within thirty (30) days (unless more than thirty (30) days is reasonably required to effect a cure, in which case the cure period shall be extended accordingly); provided, however, that Landlord shall not be required to provide any notice or cure period for monetary default or breach more than two (2) times in any twelve (12) month period.

(e) In exercising any power conferred under this Agreement, either by the entry of an appearance, or by the entry of judgment in ejectment by confession, Tenant agrees that if a true and correct copy of this Agreement be filed in such proceeding, it shall not be necessary to file the original as a warrant of attorney, any law or rule of court to the contrary notwithstanding.

(f) Any power herein given to enter an amicable action or to appear for and confess and enter judgment against Tenant shall be exercisable any number of times and shall not, under any circumstances, be exhausted by one or more uses thereof. Such power may be exercisable by any assignee of Landlord.

(g) Tenant hereby waives, to the extent any such right may be applicable, the right to three (3) months and fifteen (15) or thirty (30) days notice required under certain circumstances by the Pennsylvania Landlord and Tenant Act of 1951, as amended, and the benefit of all laws now or hereafter in force with respect to notices to be provided under this Agreement and hereby agrees that the respective notice periods provided for in this Agreement shall be sufficient in any such case.

(h) In creating the warrant of attorney to confess judgment in ejectment, Tenant represents and warrants that it knowingly, intentionally and voluntarily, and on the advice of its separate counsel, has agreed to such remedy and any rights granted thereby to Landlord.

(i) For purposes of the remedies under this Agreement, confession of judgment in ejectment shall include all procedures for entering judgment by confession in ejectment under the Pennsylvania Rules of Civil Procedure.

15.2 Remedies Cumulative. All of the remedies herein given to Landlord and all rights and remedies given to it by law, shall be cumulative and concurrent. No termination of this Agreement or the taking or recovering of the Piers shall deny Landlord of any of its remedies or actions against Tenant for all arrearages of Rent or for damages, or for the breach of any covenant herein contained, nor shall the bringing of any action for arrears of Rent or breach of covenant, or the resort to any other remedy herein provided for the recovery of arrears of Rent be construed as a waiver of the right to obtain possession of the Piers.

ARTICLE XVI

SIGNS

16.1 Signs. Tenant shall not place a sign on the Piers or any building or structure located thereon without the prior written consent of Landlord, which Landlord shall not unreasonably withhold or delay. Landlord reserves the right to place signs at the Piers which do

not materially interfere with Tenant's normal operations. Tenant agrees to remove promptly and to the satisfaction of Landlord, at the cost and expense of Tenant, upon the expiration of the Term or the earlier termination of this Agreement, any and all signs and placards placed by it upon the Piers.

ARTICLE XVII

REPRESENTATIONS AND WARRANTIES OF TENANT

17.1 Authorization. Tenant hereby represents and warrants that Tenant has the requisite power and authority to make and perform its obligations under this Agreement, and the execution of this Agreement has been duly authorized by all requisite corporate action.

17.2 Non-Conflict. Tenant hereby represents and warrants that the execution, delivery and performance of this Agreement will not violate any provision of, nor conflict with, nor result in a breach of, any of the terms, conditions, or provisions of, nor constitute a default under, any agreement, indenture or instrument to which Tenant is a party.

ARTICLE XVIII

MISCELLANEOUS

18.1 Notices. Any notice permitted or required to be sent hereunder by either party to the other party shall be in writing, and shall be deemed to have been given when served in person on the addressee, or sent by certified mail, return receipt requested, or overnight delivery service, postage prepaid, addressed as follows:

If to Landlord:

Philadelphia Regional Port Authority
210 West Washington Square
13th Floor
Philadelphia, PA 19106
Attn: Executive Director

with a copy to:

Philadelphia Regional Port Authority
210 West Washington Square
13th Floor
Philadelphia, PA 19106
Attn: Chief Counsel

with a second copy to:

Obermayer Rebmann Maxwell & Hippel LLP
1617 JFK Blvd., 19th Floor
Philadelphia, PA 19103
Attn: Paul N. Allen, Esquire

If to Tenant:

Penn City Investments, Inc.
2147 South Columbus Blvd.
Philadelphia, PA 19148
Attention: President

with a copy to:

Pepper Hamilton LLP
1235 Westlakes Drive
Suite 400
Berwyn, PA 19312-2401
Attn: A. John May, III, Esquire

or at such other place and to such other persons as the parties hereto may from time to time designate.

18.2 Captions. The use of "Article" or "Section" headings or captions in this Agreement is solely for the purpose of convenience, and the same shall be entirely disregarded in construing any portion of this Agreement.

18.3 Applicable Law. It is expressly understood and agreed that this Agreement and all questions arising thereunder shall be construed according to the laws of the Commonwealth of Pennsylvania.

18.4 Time of Essence. Time shall be of the essence of this Agreement.

18.5 Severability. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable, it shall be ineffective only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision to the extent it is not prohibited or unenforceable, nor invalidate the other provisions hereof.

18.6 [Intentionally omitted].

18.7 Mechanics' Liens. Tenant will not permit, and will promptly discharge, at its costs and expense, all liens and charges upon the Piers or any of them or a part thereof arising by reason of any labor or materials furnished or claimed to have been furnished to or on behalf of Tenant, its agents, sublessees, licensees, assigns, permittees, employees or independent contractors or by reason of any construction, alteration, addition, repair or demolition of any part of the Piers (by or on behalf of Tenant, its agents, sublessees, licensees, assignees, permittees, employees or independent contractors). Landlord shall have, and is hereby given authority to enter upon the Piers at any reasonable time to post notices in a reasonable manner and at reasonable places which in its option shall be necessary to hold Landlord harmless from any claim or liability arising out of any work done on the Piers. Notice is hereby given that Landlord will not be liable for any labor, services or materials furnished or to be furnished by or for Tenant, or to anyone holding the Piers through or under Tenant, and that no mechanic's or other such lien for any such labor or materials shall attach to or affect the interest of Landlord in and to the Piers.

18.8 Conditions. All representations, warrants, covenants and agreements given by Tenant hereunder shall also be deemed to be conditions hereof.

18.9 Entire Agreement. It is expressly understood and agreed by and between the parties hereto that this Agreement sets forth all the promises, agreements, conditions and understandings between Landlord and Tenant relative to the Piers, and that there are no promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. It is further understood and agreed that, except as otherwise provided herein, no subsequent alteration, amendment, change or addition to this Agreement shall be binding upon Landlord or Tenant unless made in writing and signed by both parties hereto.

18.10 Prior Leases.

(a) By that certain Lease Agreement dated as of May 15, 1980, effective as of February 1, 1980 Philadelphia Port Corporation ("PPC") leased to Penn City Warehouse, Inc. ("PCW"), a Pennsylvania corporation and an affiliated entity of Tenant, Pier 80 South Annex; and by that certain Lease Agreement dated as of May 22, 1984, effective as of May 15, 1984, PPC leased to PCW Pier 38-40 South; and by that certain Lease Agreement dated as of

December 7, 1978, effective as of October 26, 1978, PPC lease to PCW Pier 78 South (collectively, the "PCW Leases"). The PCW Leases have heretofore been terminated.

(b) By that certain lease and operating agreement dated July 25, 1990, PPC leased to Penn Trucking & Warehousing, Inc. ("PTW"), a Pennsylvania corporation and an affiliated entity of Tenant, the Warehouse Piers (the "PTW Lease"). PTW has since changed its name to Penn Warehousing & Distribution, Inc. ("PWD"). Concurrently with the execution and delivery of this Agreement, Tenant shall cause PWD to deliver to Landlord a duly executed lease termination agreement, in the form of Exhibit "J" attached hereto and made a part hereof, terminating all of PWD's right, title and interest in, to and under the PTW Lease, subject to and as of the Effective Date hereunder.

(c) By that certain lease and operating agreement dated April 27, 1990, PPC leased to J.H. Stevedoring Company ("JHS"), a Pennsylvania corporation and an affiliated entity of Tenant, Pier 80 (the "JHS Lease"). Concurrently with the execution and delivery of this Agreement, Tenant shall cause JHS to deliver to Landlord a duly executed lease termination agreement, in the form of Exhibit "J" attached hereto and made a part hereof, terminating all of JHS's right, title and interest in, to and under the JHS Lease, subject to and as of the Effective Date hereunder.

18.11 Invalidity of Provisions. If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, and the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

18.12 No Joint Venture. Nothing herein contained herein shall be deemed or construed by the parties hereto or by any third party as creating the relationship of (i) principal and agent, (ii) a partnership, or (iii) a joint venture between the parties hereto, it being understood and agreed that neither any provisions contained herein nor any acts of the parties hereto shall be deemed to create any relationship to the parties hereto other than the relationship of landlord and tenant.

18.13 Exhibits. All exhibits attached to this Agreement are incorporated herein by this reference and made a part hereof as if fully set forth in this Agreement; provided, however, in the event that at the time of the execution of this Agreement any of the exhibits attached hereto are incomplete, the parties shall use their best efforts to complete such exhibits at the earliest possible date.

18.14 No Recordation. This Agreement shall not be recorded in the public records in whole or in memorandum form by either party hereto without the prior written consent of the other.

18.15 Business Interruption. Landlord shall not be liable for damages by reason of any inconvenience or interruption to the business of Tenant arising from any taking under the power of eminent domain, any loss or damage to or destruction of the Piers by fire, casualty or other cause whatsoever, or from the making of additions, alterations or repairs to the Piers, unless caused by Landlord's gross negligence or willful misconduct.

18.16 Entire Agreement. This Agreement sets forth all the promises, agreements, conditions and understandings between Landlord and Tenant relative to the Piers, and that there are no promises, agreements, conditions or understandings either oral or written, between them other than as are herein set forth. Except as otherwise provided herein, no subsequent alteration, amendment, change or addition to this Agreement shall be binding upon Landlord and Tenant unless made in writing and signed by both parties hereto.

18.17 Liability of the Commonwealth of Pennsylvania. This Agreement is not an obligation of the Commonwealth or any political subdivision thereof, other than Landlord, nor shall the Commonwealth or any political subdivision thereof, other than Landlord, be liable for any of the obligations under this Agreement. Nothing contained in this Agreement shall be deemed to pledge the general credit or taxing power of the Commonwealth or any political subdivision thereof.

18.18 Marketing. Tenant shall market its services offered at the Piers and the Piers itself in a professional, first class manner at least equivalent to the marketing efforts of similar enterprises.

18.19 Publicity. Tenant and Landlord agree to cooperate with each other in advertising, promotion and marketing activities for the Piers and the Port of Philadelphia or (if Landlord assigns this Agreement to The Port of Philadelphia and Camden, Inc.) the Port of Philadelphia and Camden.

18.20 Statutory Authority. This Agreement is being entered into pursuant to the provisions of Section 11(c) of the Philadelphia Regional Port Authority Act, Act of July 10, 1989, P.L. 291, No. 1989-50, with approval of a majority of the members of the Board of the Authority.

18.21 Lessee Integrity Provisions. During the term of this Agreement, Tenant hereby agrees to fully comply with the Lessee Integrity Provisions set forth in Exhibit "E" attached hereto and hereby made a part hereof.

J.H. Stevedoring Company to simultaneously execute and deliver to Landlord the form of guaranty of Tenant's obligations under this Agreement which is attached hereto as Exhibit "I".

SECTION 15.1 PROVIDES FOR THE CONFESSION OF JUDGMENT AGAINST TENANT FOR EJECTMENT. IN CONNECTION THEREWITH, TENANT, KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND UPON ADVICE OF SEPARATE COUNSEL, UNCONDITIONALLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO PRIOR NOTICE AND AN OPPORTUNITY FOR HEARING UNDER THE RESPECTIVE CONSTITUTIONS AND LAWS OF THE UNITED STATES AND THE COMMONWEALTH OF PENNSYLVANIA. WITHOUT LIMITATION OF THE FOREGOING, TENANT HEREBY SPECIFICALLY WAIVES ALL RIGHTS TENANT HAS OR MAY HAVE TO NOTICE AND OPPORTUNITY FOR A HEARING PRIOR TO EXECUTION UPON ANY JUDGMENT CONFESSED AGAINST TENANT BY LANDLORD HEREUNDER.

TENANT (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF LANDLORD HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT LANDLORD WILL NOT SEEK TO EXERCISE OR ENFORCE ITS RIGHTS TO CONFESS JUDGMENT HEREUNDER, AND (II) ACKNOWLEDGES THAT THE EXECUTION OF THIS AGREEMENT BY LANDLORD HAS BEEN MATERIALLY INDUCED BY, AMONG OTHER THINGS, THE INCLUSION IN THIS AGREEMENT OF SAID RIGHTS TO CONFESS JUDGMENT FOR EJECTMENT AGAINST TENANT. TENANT FURTHER ACKNOWLEDGES THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS SAID PROVISIONS WITH TENANT'S INDEPENDENT LEGAL COUNSEL AND THAT THE MEANING AND EFFECT OF SUCH PROVISIONS HAVE BEEN FULLY EXPLAINED TO TENANT BY SUCH COUNSEL, AND AS EVIDENCE OF SUCH FACT AN AUTHORIZED OFFICER OF TENANT SIGNS HIS OR HER INITIALS IN THE SPACE PROVIDED BELOW.

JB 9/17/98

(Initials)

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

[Corporate Seal]

Attest: David A. Dauby

PHILADELPHIA REGIONAL PORT AUTHORITY

By: James T. McDermott
James T. McDermott,
Executive Director

[Corporate Seal]

Attest: John Broedel Jr

PENN CITY INVESTMENTS, INC.

By: John Broedel Jr
Name: John Broedel Jr
Title: President

CONSENT AS TO PROPRIETY AND AVAILABILITY OF FUNDS:

Date: 10/9/98

By: Veronica A. Botts
, Comptroller
Philadelphia Regional Port Authority

By: Thomas J. Colman
Fiscal Administrator
Philadelphia Regional Port Authority

APPROVED AS TO FORM AND LEGALITY:

Date: _____

By: David J. Doherty
Office of the Attorney General of
the Commonwealth of Pennsylvania

Date: _____

By: Ceter J. Tucci
Chief Counsel, Philadelphia
Regional Port Authority

EXHIBIT "A"

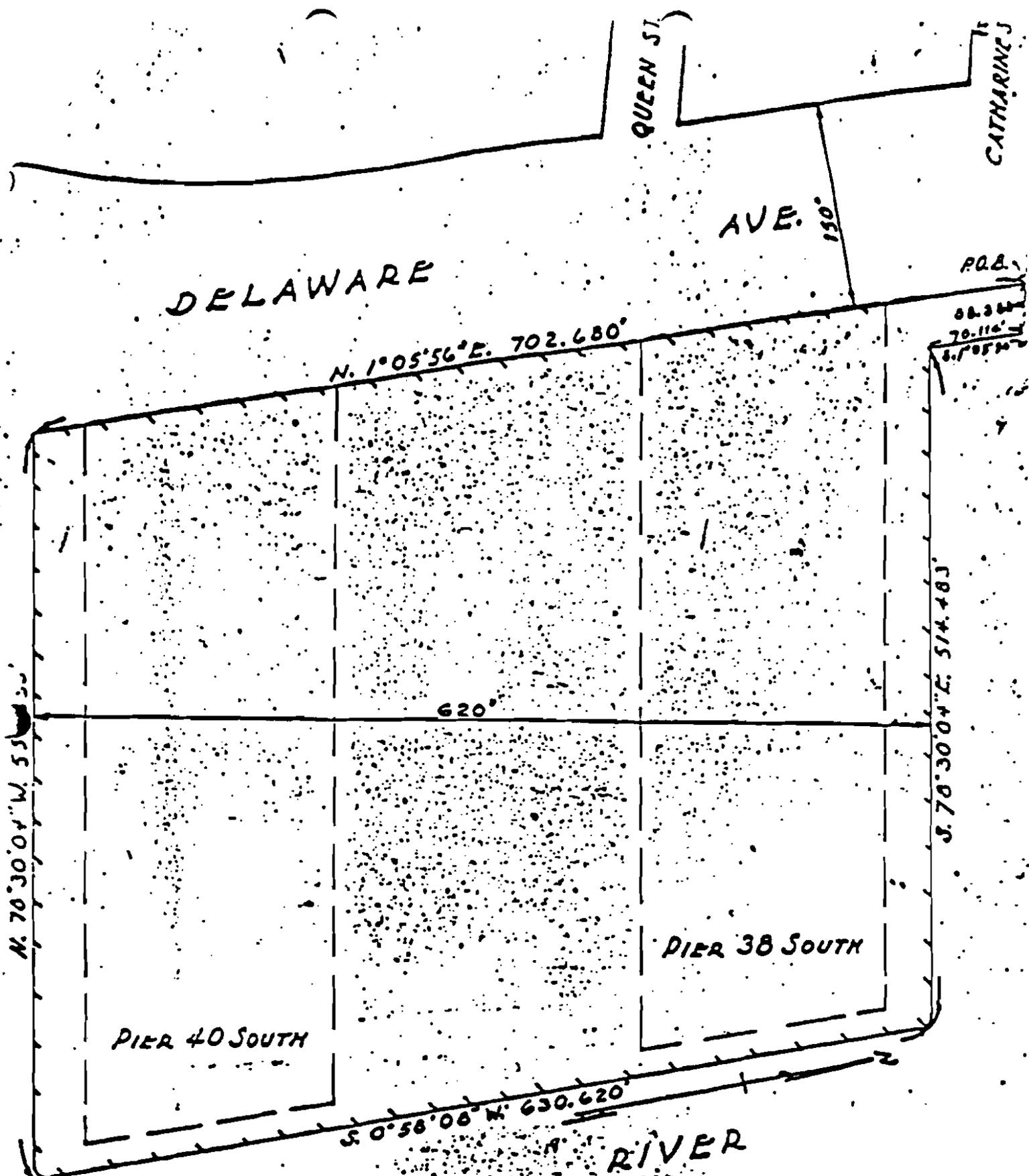
PREMISES

LEASE DESCRIPTION

PIERS 38-40 SOUTH

Beginning at a point, said point being the intersection of the northerly side of Catharine Street (50' wide) produced 154.476' to the easterly side of Delaware Avenue (150' wide). Thence South $75^{\circ} 04' 29''$ East 38.388 feet; thence South $1^{\circ} 05' 56''$ West 70.114 feet; thence South $78^{\circ} 30' 04''$ East 514.483 feet; thence South $0^{\circ} 58' 08''$ West 630.620 feet; thence North $78^{\circ} 30' 04''$ West 551.856 feet; thence North $1^{\circ} 05' 56''$ East 702.680 feet to the point of beginning.

CONTAINING 344,218 square feet and being a combined (two piers) two story piershed and aprons, together with the berthing areas adjacent thereto having a nominal width of 125 feet, all as shows on Sketch LDS-38&40-1 dated March 31, 1967, attached hereto and marked Exhibit "A".



N. 1° 05' 56" E. 702.680'

620'

S. 0° 58' 08" W. 630.620'

S. 70° 30' 04" E. 514.483'

PIER 40 SOUTH

PIER 38 SOUTH

P.O.B.
04.34
70.116
8.108

DELAWARE

RIVER

EXHIBIT A
LEASE DESCRIPTION
PIER 38 & 40 SOUTH
SCALE: 1" = 100' DATE 3-31-07. M. J.
INDEXED 38820-1

P.B.B.



**LEASE DESCRIPTION
PIER 78 SOUTH & SOUTH BULKHEAD SHED**

BEGINNING AT A POINT on the northerly side of McKean Street (125 feet wide) and the easterly side of River Street (150 feet wide) said point being south $75^{\circ} 20' 51''$ east 745.37 feet from the intersection of the northerly side of McKean Street and the northeasterly side of Delaware Avenue (200 feet wide); thence south $75^{\circ} 29' 59''$ east 900.00 feet; thence south $14^{\circ} 34' 53''$ east 296.06 feet; thence north $75^{\circ} 29' 59''$ west 854.23 feet; thence south $14^{\circ} 34' 53''$ east 170.00 feet; thence south $75^{\circ} 25' 07''$ west 40.00 feet; thence north $14^{\circ} 34' 53''$ west 475.50 feet to the point of beginning.

CONTAINING the leased area being 168,000 square feet of the lower deck of the pier shed all as shown on Sketch LDS-P78S-2, dated January 7, 1972, attached hereto and marked Exhibit "A".

standards are U.S. Standard



7-15-51 to Delaware Ave.

STREET

MCKEAN ST

P.O.B.

1114°39'04" E 127.00'
LAND PARCEL
514°39'09" N 139.00'

N 75°29'59" W
50.00'

S 75°20'51" E
50.00'

RIVER

N 14°34'53" W
475.50'

3-Story Bulkhead Shed

S 14°34'53" E 170.00'
154.48'
N 10°00' W 40.00'
575.15'

Downstream Berthing Area

N 75°29'59" W 854.23'

C of Pier 78 South { 2-Story Shed 250'

Upstream Berthing Area

S 75°29'59" E 900.00'

189'

S 14°34'53" E 286.06'

Pierhead Line

RIVER

DELAWARE

EXHIBIT A

LEASE DESCRIPTION

PIER 78 SOUTH
& SOUTH BULKHEAD SHED

Scale: 1" = 100' Date: 1-7-72 C

PIER 80 ANNEX

Beginning at a point, said point being the intersection of the southerly side of Snyder Avenue (75 feet wide) and the easterly side of Delaware Avenue (200 feet wide); thence South $75^{\circ} 30' 00''$ East 459.87 feet; thence South $14^{\circ} 34' 53''$ East 168.75 feet; thence South $1^{\circ} 22' 52''$ East 96.00 feet; thence South $13^{\circ} 07' 08''$ West 111.00 feet; thence South $68^{\circ} 07' 08''$ West 41.50 feet; thence South $21^{\circ} 52' 52''$ East 15.00 feet; thence North $75^{\circ} 30' 00''$ West 260.8 feet; thence North $21^{\circ} 52' 52''$ West 481.3 feet to the point of beginning.

Containing in area 146,274 square feet together with a one story brick warehouse with loading docks located thereon, as shown on Sketch LDS-80-A-2 dated July 20, 1979, attached hereto and marked Exhibit "A".

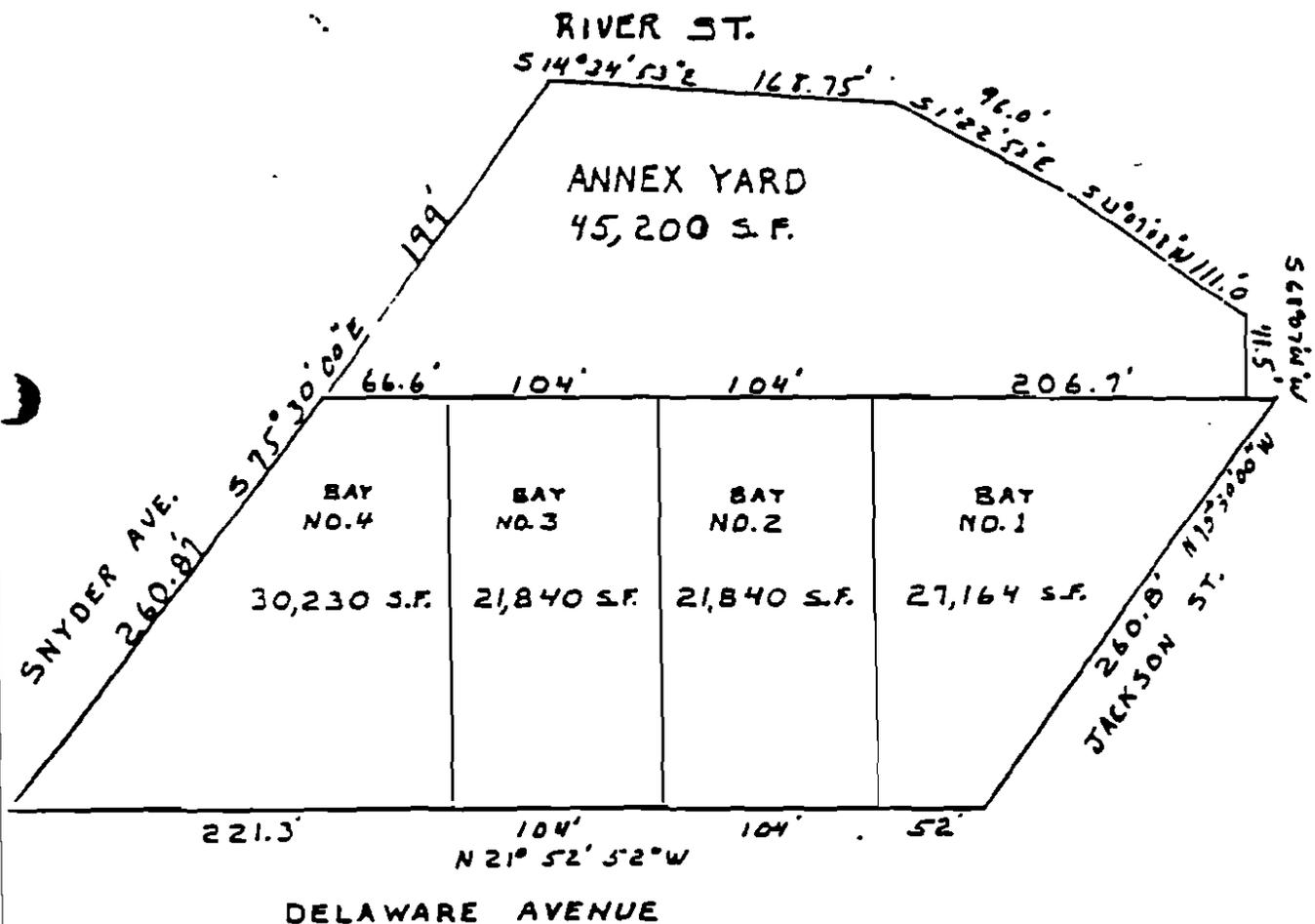


EXHIBIT 'A'

LEASE DESCRIPTION

PIER 80 ANNEX

SCALE: 1/8" = 100' DATE: 7-20-11

LEASE DESCRIPTION

PIER NO. 80 SOUTH

BEGINNING AT A POINT, said point being (S 14°34'53"E) 34.687 feet from the intersection of the projected southerly side of Snyder Avenue, 75 feet wide with that of the easterly side of River Street, 75 feet wide at said point; thence (S 75°29'34"E) 1002.074 feet along upstream side of pier to a point on the U.S. Pierhead Line; thence along this said line being also the outshore end of pier (S 15°54'20"E) 358.156 feet to a point; thence (N 75°29'34"W) 1011.542 feet along the downstream side of pier to a point on the easterly side of River Street; thence along this said street line and inshore end of pier (N 14°34'53"W) 353.470 feet to the point and place of beginning.

CONTAINING in total area 310,978 square feet and being a two deck pier shed and aprons, together with the berthing areas adjacent thereto having a nominal width of 135 feet; all as shown on Sketch LDS-P80S-1, dated February 25, 1974, attached hereto and marked Exhibit "A".

JACKSON ST.

RIVER

ST. SNYDER AV.

75°

ST.

Ramp Shed Enclosure

N 40° 34' 53" W 353.470'

S 14° 34' 53" E 34.60'
POINT OF BEGINNING

N 75° 29' 34" W 1011.542'
APRON

2 DECK PIER SHED

S 75° 29' 34" E 1002.074'
APRON

308'-10 1/2"

38'-3 1/4"

232'-4"

38'-3 1/4"

U.S. Pierhead Line

RIVER

S 15° 54' 20" E 358.156'

DELAWARE

FLOW



'EXHIBIT "A"
LEASE DESCRIPTION
PIER N^o 80 SOUTH
 Scale: 1" = 450' Date: 2-25-76 P.M. K.K.T.
 1 0 0 0 0 0 0

LEASE DESCRIPTION
PIER 80 SOUTH

BEGINNING AT A POINT, said point being (S 14° 34' 53" E) 34.687 feet from the intersection of the projected southerly side of Snyder Avenue, 75 feet wide with that of the easterly side of River Street, 75 feet wide at said point; thence (S 75° 29' 34" E) 1002.074 feet along upstream side of pier to a point on the U. S. Pierhead Line; thence along this said line being also the out-shore end of pier (S 15° 54' 20" E) 358.156 feet to a point; thence (N 75° 29' 34" W) 1011.542 feet along the downstream side of pier to a point on the easterly side of River Street; thence along this said street line and inshore end of pier (N 14° 34' 53" W) 353.470 feet to the point and place of beginning.

CONTAINING in area 310,978 square feet and being a two deck pier shed and aprons, together with the berthing areas adjacent thereto having a nominal width of 135 feet.

PIER 80 SOUTH - STORAGE YARD

BEGINNING AT A POINT, said point being (S 14° 34' 53" E) 34.687 feet from the intersection of the projected southerly side of Snyder Avenue, 75 feet wide, with that of the easterly side of River Street, 75 feet wide at said point; thence (N 15° 05' 07" E) 90.688 feet; thence (N 75° 25' 07" E) 30.00 feet; thence (N 14° 34' 53" W) 37.79 feet; thence (N 75° 30' 00" W) 171.639 feet; thence (S 14° 34' 53" E) 35.50 feet; thence (N 75° 30' 00" W) 37.90 feet; thence (S 14° 30' 00" W) 75.00 feet; thence (S 75° 30' 00" E) 52.85 feet; thence (S 14° 34' 53" E) 168.75 feet; thence (S 1° 22' 52" E) 96.00 feet; thence (S 13° 07' 08" W) 111.00 feet; thence (S 23° 15' 00" W) 89.00 feet; thence (N 75° 30' 00" W) 170.55 feet; thence (S 34° 37' 40" W) 68.90 feet; thence (S 21° 52' 22" E) 285.67 feet; thence (N 70° 33' 08" E) 264.00 feet; thence (N 46° 03' 34" W) 9.20 feet; thence (N 14° 34' 53" W) 242.00 feet; thence (N 75° 25' 07" E) 61.50 feet; thence (S 75° 29' 34" E) 82.75 feet; thence (N 14° 34' 53" W) 353.470 feet to the point of beginning.

CONTAINING in area 143,909 square feet (3.304 acres), all as shown on Sketch LDS-P80S-2 dated May 25, 1976, attached hereto and marked Exhibit "A".

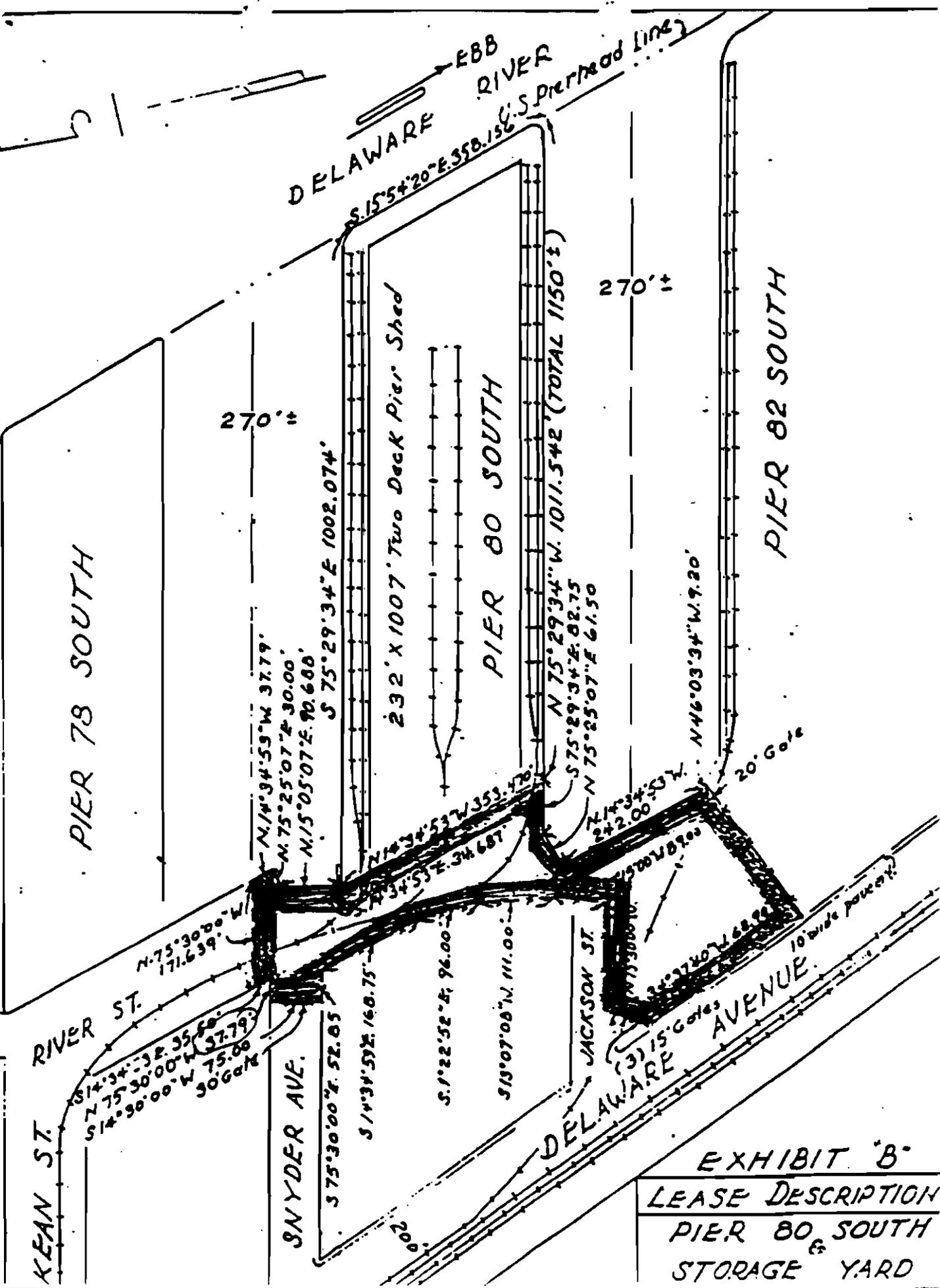


EXHIBIT 'B'
 LEASE DESCRIPTION
 PIER 80 SOUTH
 STORAGE YARD

EXHIBIT "B"

LOAD LIMITS

<u>Location</u>	<u>First Floor</u>	<u>Second Floor</u>
Piers 38 & 40	500	240
Pier 78	800	300
Pier 80	800	300
Pier 78 Annex	950	N/A
Pier 80 Annex	250	N/A

All limits expressed in pounds per square foot (psf).

EXHIBIT "C"

GUIDELINES REGARDING EXPLOSIVES



CITY OF PHILADELPHIA

FIRE DEPARTMENT

For information only
Do not list on the front of the envelope

JOSEPH B. ALTO
Commander



March 30, 1983

Thomas J. Tomasco, CHAST&T Mgr.
Traffic and Regulatory Matters
Phila. Port Corporation
1020 Public Ledger Building
6th and Chestnut Streets
Philadelphia, Pa. 19106

Dear Mr. Tomasco:

The Philadelphia Fire Department, having recognized the need for appropriate guidelines to be followed when moving explosive material through the port of Philadelphia, met with representatives of those agencies and companies involved in the Marine Transportation Industry and developed the following regulations.

Effective immediately, the movement of explosive products through the Port of Philadelphia will be accomplished in compliance with the following:

1. GENERAL GUIDELINES -

[CFR-335126.29(a), CFR-335126.35, CFR-495173.1(b)]

The U.S.C.G. Captain of the Port is authorized to require that any transaction of handling, storing, stowing, loading, discharging or transporting dangerous goods at or on a waterfront facility shall be undertaken and continued only under the immediate supervision and control of the Captain of the Port or his duly authorized representative and the local authority (Fire Department). Owners, operators and agents of waterfront facilities are not relieved of their primary responsibility for the safety and security of their facilities. It is the duty of each person who offers or receives hazardous materials for transportation to instruct his officers, agents and employees having any responsibility for preparing or receiving hazardous materials for shipment as to applicable city, state, and federal regulations and they are responsible for strict adherence to these regulations.

Prior to shipment of explosives in authorized vehicles to waterfront facilities for export, manufacturers are required under federal law (Code of Federal Regulations "CFR's 33 and 49) to obtain permits for transportation from local and federal regulatory agencies.

II. PROHIBITED COMMODITIES -

[CFR-49§171.7]

Through research, experimentation and extensive testing conducted by and under the auspices of the Bureau of Explosives of the Association of American Railroads (AAR), International Maritime Organization (IMO), Institute of Makers of Explosives (IME), National Fire Protection Association (NFPA) and other competent authorities, the transportation of the following explosives is forbidden ergo the handling and storage of these explosive in or on waterfront facilities is forbidden:

[CFR-49§173.51]

- a. Explosive compounds, mixtures, or devices which ignite spontaneously or undergo marked decomposition when subject to a temperature of 167°F (75°C), for 48 consecutive hours.
- b. Explosive mixtures or devices containing an acidic metal salt and a chlorate.
- c. Explosive mixtures or devices containing an ammonium salt and a chlorate.
- d. New explosive compounds, mixtures or devices not examined and assigned a recommended description and hazard class.
- e. Leaking or damaged packages of explosives.
- f. Nitroglycerin, diethyleneglycol dinitrate or other liquified explosives not authorized as a desensitized liquid explosive or any solid compound mixtures or device designated and examined by the Bureau of Explosives.
- g. Loaded firearms.
- h. Fireworks that combine an explosive or blasting cap and a detonator.

- i. Fireworks containing yellow or white phosphorous.
- j. Toy torpedoes, with a maximum outside dimension exceeding 7/8 inch or toy torpedoes containing a mixture of potassium chlorate, black antimony, and sulfur with an average weight of explosive composition for each unit exceeding four grains.

III. TRANSPORTATION OF EXPLOSIVES -

All transportation and handling of explosives will be accomplished in compliance with §5-1000 of the Philadelphia Fire Code.

Designated dangerous cargo as defined in CFR-49

- Class "A" Explosives: CFR-49§173.53 to and including §173.86.
- Class "B" Explosives: CFR-49§173.88 to and including §173.196.
- Class "C" Explosives: CFR-49§173.100 to and including §173.114a.

in the amount specified below shall not be brought onto a waterfront facility, except when laden within a railroad car or highway vehicle and shall remain in such railroad or highway vehicles except when removed as an incident of its prompt transshipment, without prior notification of the Captain of the Port:

- . Explosives, Class "A", all shipments at any one time;
- . Explosives, Class "B", in excess of one net ton at any one time;
- . Explosives, Class "C", in excess of ten net tons at any one time.

Explosives approved for handling on marine facilities shall be delivered and loaded aboard vessels on sailing day. It shall be the responsibility of the Terminal Operator to coordinate delivery and loading functions so as to eliminate delay.

- 4 -

IV. STORAGE OF EXPLOSIVES -

In instances of emergency or unforeseen delay, permission may be obtained from the Philadelphia Fire Department to retain the explosives on the facility in a "safe haven" approved by the Philadelphia Fire Department. The storage of Class "A" and Class "B" explosives in quantities in excess of 50 lbs. net explosive content, and Class "C" explosives in excess of 3000 lb. net explosive content on the land area of port facilities is prohibited. Each terminal handling explosives shall develop a specific "safe haven" plan which shall comply with CFR-27, Parts 181.198, 181.199, and 181.200 and the American Table of Distances for storage of explosive materials. "Safe Haven" plans must be submitted to, and inspected and approved by, the Philadelphia Fire Department.

Permission to use a "Safe Haven" for the storage of explosives will be granted or denied by the Fire Department based on the following criteria:

1. Nature of the emergency and/or unforeseen circumstances which lead to delay in loading.
2. Class of, and quantity of, explosives to be stored, and storage capacity of approved "safe haven".
3. Duration of storage in "safe haven".

These criteria will be considered and permission for "safe haven" use granted or denied on a case by case basis. The Fire Department may also seek input from the Coast Guard, the Terminal Operators, the Port Corporation, the DRPA, or other concerned entities or individuals in arriving at "safe haven" use decisions.

The Fire Department will continue to monitor this procedure, and will adjust this policy position as the need arises.

Sincerely,

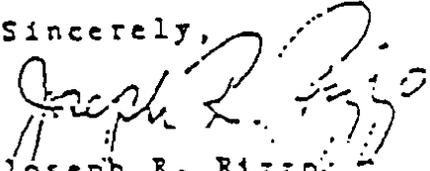

Joseph R. Rizzo
Fire Commissioner

EXHIBIT "D"

EMPLOYMENT PRACTICES REQUIREMENTS

EMPLOYMENT PRACTICES

During the term of this lease, Lessee agrees as follows:

1. Lessee shall not discriminate against any employe, applicant for employment, independent contractor, or any other person because of race, color, religious creed, ancestry, national origin, age, sex or handicap. Lessee shall take affirmative action to ensure that applicants are employed, and that employes or agents are treated during employment, without regard to their race, color, religious creed, ancestry, national origin, age, sex or handicap. Such affirmative action shall include, but is not limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training. Lessee shall post in conspicuous places, available to employes, agents, applicants for employment and other persons, a notice setting forth the provisions of this nondiscrimination clause.

2. Lessee shall in advertisements or requests for employment placed by it or on its behalf state all qualified applicants will receive consideration for employment without regard to race, color, religious creed, ancestry, national origin, age, sex or handicap.

3. Lessee shall send each labor union or workers' representative with which it has a collective bargaining agreement or other contract or understanding, a notice advising said labor union or workers' representative of its commitment to this nondiscrimination clause. Similar notice shall be sent to every other source of recruitment regularly utilized by Lessee.

4. It shall be no defense to a finding of a noncompliance with Contract Compliance Regulations issued by the Pennsylvania Human Relations Commission or this nondiscrimination clause that Lessee had delegated some of its employment practices to any union, training program, or other source of recruitment which prevents it from meeting its obligations. However, if the evidence indicates that Lessee was not on notice of the third-party discrimination or made a good faith effort to correct it, such factor shall be considered in mitigation in determining appropriate sanctions.

5. Where the practices of a union or any training program or other source of recruitment will result in the exclusion of minority group persons, so that Lessee will be unable to meet its obligations under the Contract Compliance Regulations issued by the Pennsylvania Human Relations Commission or this nondiscrimination clause, Lessee shall then employ and fill vacancies through other nondiscriminatory employment procedures.

6. Lessee shall comply with the Contract Compliance Regulations of the Pennsylvania Human Relations Commission, 16 Pa. Code Chapter 49 and with all laws prohibiting discrimination in hiring or employment opportunities. In the event of Lessee's

noncompliance with the non-discrimination clause of this contract or with any such laws, this contract may, after hearing and adjudication, be terminated or suspended, in whole or in part, and Lessee may be declared temporarily ineligible for further Commonwealth contracts, and such other sanctions may be imposed and remedies invoked as provided by the Contract Compliance Regulations.

7. Lessee shall furnish all necessary employment documents and records to, and permit access to its books, records and accounts by, Lessor and the Human Relations Commission, for purposes of investigation to ascertain compliance with the provisions of the Contract Compliance Regulations, pursuant to §49.35 (relating to information concerning compliance by contractors). If Lessee does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by the contracting agency or the Commission.

8. In the event Lessee seeks to sublease the Premises, Lessee shall actively recruit minority sublessees or sublessees with substantial minority representation among their employees.

9. Lessee shall include the provisions of this nondiscrimination clause in any sublease of the Premises, so that such provisions will be binding upon each sublessee.

10. The terms used in this nondiscrimination clause shall have the same meaning as in the Contract Compliance Regulations issued by the Pennsylvania Human Relations Commission, 16 Pa. Code Chapter 49.

11. Lessee's obligations under this clause are limited to:
the Premises.

EXHIBIT "E"

LESSEE INTEGRITY PROVISIONS

EXHIBIT "E"

LESSEE INTEGRITY PROVISIONS

1. Definitions

a. "Confidential" means information that is not public knowledge, or available to the public or request, disclosure of which would give an unfair, unethical, or illegal advantage to another desiring to contract with PRPA.

b. "Consent" means written permission by a duly authorized officer or employe of Lessor, provided that where the material facts have been disclosed, in writing, by prequalifications, bid, proposal, or contractual terms, Lessor shall be deemed to have consented by virtue of execution of this agreement.

c. "Financial interest" means:

- (1) ownership of more than a 5% interest in any business; or
- (2) holding a position as an officer, director, trustee, partner, employe, or the like, or holding any position of management.

d. "Gratuity" means any payment of more than nominal monetary value in the form of cash, travel, entertainment, gifts, meals, lodging, loans, subscription, advances, deposits of money, services, employment of contracts of any kind.

e. "Lessee" means the individual or entity that has entered into this agreement with Lessor, including directors, officers, partners, managers, key employes, and owners of more than a 5% interest.

2. Lessee shall maintain the highest standards of integrity in the performance of this agreement and shall take no action in violation of state or federal laws, regulations, or other requirements that govern contracting with the Commonwealth of Pennsylvania (the "Commonwealth") or Lessor.

3. Lessee shall not disclose to others any confidential information gained by virtue of this agreement.

4. Lessee shall not, in connection with this or any other agreement with Lessor or the Commonwealth, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on any one as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any officer or employe of Lessor or the Commonwealth.

5. Lessee shall not, in connection with this or any other agreement with Lessor or the Commonwealth, directly or indirectly, offer, give, or agree or promise to give to anyone any gratuity for the benefit of or at the direction or request of any officer or employe of Lessor or the Commonwealth.

6. Except with the consent of Lessor, neither any sublessee or anyone in privity with said sublessee shall accept or agree to accept from, or give or agree to give to, any person, any gratuity from any person in connection with the performance of obligations under this agreement except as provided therein.

7. Except with the consent of Lessor, Lessee shall not have a financial interest in any contractor, subcontractor, or supplier providing services, labor, or material on this project.

8. Lessee, upon being informed that any violation of these provisions has occurred or may occur, shall immediately notify Lessor in writing.

9. Lessee, by execution of this agreement, certifies and represents that he has not violated any of these provisions.

10. Lessee shall, upon request of Lessor, reasonably and promptly make available to Lessor, for inspection and copying, all business and financial records of Lessee of, concerning, and referring to this agreement with Lessor, or which are otherwise relevant to the enforcement of these provisions.

11. For violation of any of the above provisions, Lessor may terminate this and any other agreement with Lessee, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all expenses incurred in obtaining another lessee to complete performance hereunder, and debar and suspend Lessee from doing business with Lessor. These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those Lessor and/or the Commonwealth may have under law, statute, regulation or otherwise.

EXHIBIT F
RENT REPORTING FORM


PHILADELPHIA REGIONAL PORT AUTHORITY
FOREST PRODUCTS CENTER
ACTIVITY REPORT FOR THE MONTH OF
 _____, 19____

TOTAL CARGO ACTIVITY		
	Discharged/Received Tonnage	Loaded/Delivered Tonnage
VESSEL ACTIVITY		
Paper		
Pulp		
Other 1st 725,000 tons @ .92 per ton , greater than see schedule		
TERMINAL ACTIVITY		
Other Cargo(NOT discharged from or load on vessels) .75 per Ton		
All "IT" Containers (in or out) \$2.50 per move		

VESSEL DETAIL

VESSEL NAME	LINE	PAPER LOAD	TONS UNLOAD	PULP LOAD	TONS UNLOAD	OTHER LOAD	TONS UNLOAD
1)							
2)							
3)							
4)							
5)							
6)							
7)							
8)							
9)							
10)							

TERMINAL ACTIVITY

CARRIER	INTRANSIT ACTIVITY		NON-WATERBORNE CARGO		
	INBOUND	OUTBOUND	LOCATION	TONS	TYPE
1)					
2)					
3)					
4)					
5)					
6)					

The information set forth in this activity report is hereby certified to be true, correct, and complete.

Name and Title _____

EXHIBIT 'G'

APPROVED ENGINEERS

Urban Engineers, Inc.
530 Walnut Street, 14th Floor
Philadelphia, Pennsylvania 19106
Telephone (215) 922-8080

S. T. Hudson Engineers, Inc.
800 Hudson Square
P.O. Box 9106
Camden, New Jersey 08101
Telephone (609) 342-6600

EXHIBIT "H"

MARGINAL BERTH REPAIRS

Reference is made to a report by S.T. Hudson Engineers, dated August 23, 1994:

In the center area of the outshore face between Piers 38 and 40 there are missing or deficient timber piles. This lack of supporting piles has caused the concrete seawall to crack and lean outshore several inches.

Hudson, in the report referenced above, calls for the installation of 18 new steel "H" piles under the seawall to stabilize it. Hudson's preliminary cost estimate to make the repair in 1994 was \$102,000. That cost should be escalated to \$120,000 to \$125,000 in 1998.

EXHIBIT "I"

GUARANTY

WHEREAS, a certain Lease of even date herewith (the "Lease") has been or will be executed by and between PHILADELPHIA REGIONAL PORT AUTHORITY (therein referred to as "Landlord"), and PENN CITY INVESTMENTS, INC. (therein referred to as "Tenant"), covering certain premises known as Piers 38-40 South, Pier 78 South, Pier 78 South Annex, Pier 80 South and a portion of Pier 80 South Annex (the "Piers"); and

WHEREAS, the Landlord requires as a condition to its execution of the Lease, that the undersigned unconditionally becomes a surety to Landlord for the obligations of Tenant under the Lease; and

WHEREAS, the undersigned is an entity related or affiliated with Tenant and as such is desirous that Landlord enter into the Lease with Tenant.

NOW THEREFORE, in consideration of the execution of the Lease by Landlord and other good and valuable consideration and intending to be legally bound hereby, the undersigned hereby unconditionally becomes surety to Landlord, its successors and assigns for the full, faithful and punctual performance of each and all of the covenants, agreements and conditions of the Lease to be kept and performed by Tenant, in accordance with and within the time prescribed by the Lease as well as all other liabilities now or hereafter contracted by Tenant with Landlord together with all costs and expenses (including attorney's fees) incurred by Landlord in connection with any of the foregoing (hereinafter collectively referred to as the "Liabilities"). The undersigned further agrees as follows:

1. Landlord shall have the right from time to time, and at any time in its sole discretion, without notice to or consent from the undersigned, or without affecting, impairing or discharging in whole or in part, the Liabilities of the Tenant or the obligations of the undersigned hereunder, to modify, change, extend, alter, amend, or supplement in any respect whatever, the Lease, or any agreement or transaction between Landlord and Tenant or between Landlord and any other party liable for the Liabilities, or any portion or provision thereof; to grant extensions of time and other indulgences of any kind to Tenant; to compromise, release, substitute, exercise, enforce or fail to refuse to exercise or enforce any claims, rights, or remedies of any kind which Landlord may have at any time against Tenant or any other party liable for the Liabilities, or any thereof, or with respect to any security of any kind held by Landlord at any time under any agreement or otherwise. Nor shall the obligations of the undersigned hereunder be affected, impaired or discharged, in whole or in part, by reason of any action whatsoever taken by Landlord, including, without limitation, any sale, lease, disposition, liquidation or other realization (which may be negligent, willful or otherwise with respect to any security in which Landlord may at any time have any interest or against any other party liable for all or any part of the Liabilities).

2. The undersigned waives: (a) all notices, including but not limited to (i) notice of acceptance of this Guaranty; (ii) notice of presentment, demand for payment, or protest of any of the Liabilities, or the obligation of any person, firm, or corporation held by Landlord as collateral security; (b) all defenses, offsets and counterclaims which the undersigned may at any time have to any of the Liabilities; (c) trial by jury and the right thereto in any proceeding of any kind, whether arising on or out of, under or by reason of this Guaranty, or any other agreement or transaction between the undersigned, Landlord and/or Tenant; and (d) all notices of the financial condition or of any adverse or other change in the financial condition of Tenant.

3. Landlord may, without notice, assign this Guaranty in whole or in part, and no assignment of this Guaranty or assignment or transfer of the Lease or subletting of the Piers shall operate to extinguish or diminish the liability of the undersigned hereunder.

4. The liability of the undersigned under this Guaranty shall be primary under any right of action which shall accrue to Landlord under the Lease and Landlord may, at its option, proceed against the undersigned without having to commence any action, or having obtained any judgment against Tenant.

5. All of the Liabilities and the obligations of the undersigned hereunder shall be immediately due and payable by the undersigned, anything contained herein to the contrary notwithstanding, immediately upon the insolvency of Tenant in the bankruptcy or equity sense; the application for appointment or appointment of a trustee, receiver, conservator, liquidator, sequestor, custodian, or other similar judicial representative for Tenant or any of Tenant's assets; the making by Tenant of any assignment for the benefit of creditors; the commencement of an action by or against Tenant under any insolvency, bankruptcy, creditor adjustment or debtor rehabilitation law, state or federal, including, but not limited to, arrangement, composition, liquidation or reorganization laws; the calling of a meeting of creditors of Tenant; the commencement of levy, execution or attachment proceedings against Tenant or any of Tenant's assets whether or not Landlord has exercised any option which it may have to require payment in full or acceleration of payment of the Liabilities from any other person liable for payment of the Liabilities.

6. The undersigned agrees and consents to the exclusive jurisdiction of the Courts of Common Pleas of Pennsylvania and/or the United States District Court for the Eastern District of Pennsylvania in any and all actions and proceedings whether arising hereunder or under any other agreement or undertaking between the undersigned, Landlord and/or Tenant and irrevocably agrees to service of process by certified mail, return receipt requested, to its address set forth herein, or to such other address as may appear in Landlord's records.

7. The obligations of the undersigned hereunder shall not be affected, impaired or discharged, in whole or in part, by reason of: (a) the death of the undersigned; (b) the entry of an

order for relief pursuant to the United States Bankruptcy Code by or against Tenant or the undersigned; (c) the proposal of or the consummation of a plan of reorganization concerning Tenant or the undersigned; (d) the assignment of Tenant's obligations pursuant to (i) the Lease; (ii) an order of court; or (iii) by operation of law.

8. The waiver of any right by Landlord or its failure to exercise promptly any right shall not be construed as the waiver of any other right including the right to exercise the same at any time thereafter. No waiver of modification of any of the terms or conditions of this Guaranty shall be binding against Landlord unless such waiver or modification is in a writing signed by Landlord.

9. Any acknowledgment, new promise, payment of rent or other sums by Tenant or others with respect to the Liabilities of Tenant, shall be deemed to be made as agent of the undersigned for the purposes hereof, and shall, if the statute of limitations in favor of the undersigned against Landlord shall have commenced to run, toll the running of such statute of limitations, and if such statute of limitations shall have expired, prevent the operation of such statute.

10. The provisions of this Guaranty shall bind all of the successors and assigns of the undersigned and shall inure to the benefit of Landlord, its successors and assigns.

11. All rights and remedies of Landlord are cumulative and not alternative. This Guaranty is, and shall be deemed to be, a contract entered into under and pursuant to the laws of the Commonwealth of Pennsylvania and shall be in all respects governed, construed, applied and enforced in accordance with the laws of said Commonwealth. No defense given or allowed by the laws of any other state or country shall be interposed in any action or proceeding hereunder unless such defense is also given or allowed by the laws of the Commonwealth of Pennsylvania.

12. The undersigned represents that at the time of the execution and delivery of this Guaranty nothing exists to impair the effectiveness of the obligations of the undersigned to Landlord hereunder, or the immediate taking effect of this Guaranty between the undersigned and Landlord with respect to the undersigned becoming a surety for the Liabilities.

13. Each capitalized term not specifically defined in this Guaranty shall have the same meaning as is ascribed to it in the Lease.

14. Any notice or demand given or made under this Guaranty shall be given or made by mailing the same by certified mail to the party to whom the notice or demand is given or made at the address of such party set forth in this Guaranty or at such other address as may appear in Landlord's records.

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be executed and sealed this ____ day of _____, 1998.

By: _____

EXHIBIT "J"

FORMS OF LEASE TERMINATIONS

LEASE TERMINATION AGREEMENT

THIS IS AN AGREEMENT (this "Agreement") dated as of _____, 1998 by and between PHILADELPHIA REGIONAL PORT AUTHORITY ("Landlord") and PENN WAREHOUSING & DISTRIBUTION, INC. ("Tenant").

A. Philadelphia Port Corporation, Landlord's predecessor-in-interest, and Tenant (then named Penn Trucking & Warehousing, Inc.) entered into a certain lease and operating agreement dated July 25, 1990 (the "Lease") pursuant to which Tenant leased Pier 38-40 South, Pier 78 South and Pier 80 South Annex.

B. Landlord and Penn City Investments, Inc. (an entity affiliated with Tenant) are presently in the process of executing a lease pursuant to which Penn City Investments, Inc. shall lease from Landlord the premises demised to Tenant under the Lease (the "Penn City Lease").

C. Landlord and Tenant desire that the Lease shall terminate on the "Effective Date" as such term is defined in Section 2.1 of the Penn City Lease (the "Effective Date").

NOW, THEREFORE, in exchange for good, valuable and sufficient consideration received, and intending to be legally bound hereby, Landlord and Tenant agree as follows:

1. **Lease Termination.** Effective on the Effective Date, the Lease is terminated and extinguished as though the Effective Date were the date set forth in the Lease for the termination and expiration of the term thereof.

2. **Limitation.** The termination of the Lease shall not operate to terminate the parties' respective obligations under the Lease with respect to any releases, waivers, indemnifications or other agreements contained in the Lease, to the extent applicable to events or occurrences which predate the Effective Date.

3. **Miscellaneous.** This Agreement constitutes the entire agreement between Landlord and Tenant regarding the subject matter hereof, may only be modified by a writing duly executed by both Landlord and Tenant, shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, and shall be binding upon Landlord and Tenant and their respective successors and assigns.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

[CORPORATE SEAL]

Attest:

LANDLORD:

PHILADELPHIA REGIONAL PORT
AUTHORITY

By: _____
James T. McDermott, Executive
Director

[CORPORATE SEAL]

Attest:

TENANT:

PENN WAREHOUSING & DISTRIBUTION,
INC.

By: _____

LEASE TERMINATION AGREEMENT

THIS IS AN AGREEMENT (this "Agreement") dated as of _____, 1998 by and between PHILADELPHIA REGIONAL PORT AUTHORITY ("Landlord") and J.H. STEVEDORING COMPANY ("Tenant").

A. Philadelphia Port Corporation, Landlord's predecessor-in-interest, and Tenant entered into a certain lease and operating agreement dated April 27, 1990 (the "Lease") pursuant to which Tenant leased Pier 80 South.

B. Landlord and Penn City Investments, Inc. (an entity affiliated with Tenant) are presently in the process of executing a lease pursuant to which Penn City Investments, Inc. shall lease from Landlord the premises demised to Tenant under the Lease (the "Penn City Lease").

C. Landlord and Tenant desire that the Lease shall terminate on the "Effective Date" as such term is defined in Section 2.1 of the Penn City Lease (the "Effective Date").

NOW, THEREFORE, in exchange for good, valuable and sufficient consideration received, and intending to be legally bound hereby, Landlord and Tenant agree as follows:

1. **Lease Termination.** Effective on the Effective Date, the Lease is terminated and extinguished as though the Effective Date were the date set forth in the Lease for the termination and expiration of the term thereof.

2. **Limitation.** The termination of the Lease shall not operate to terminate the parties' respective obligations under the Lease with respect to any releases, waivers, indemnifications or other agreements contained in the Lease, to the extent applicable to events or occurrences which predate the Effective Date.

3. **Miscellaneous.** This Agreement constitutes the entire agreement between Landlord and Tenant regarding the subject matter hereof, may only be modified by a writing duly executed by both Landlord and Tenant, shall be governed by and construed in accordance with

the laws of the Commonwealth of Pennsylvania, and shall be binding upon Landlord and Tenant and their respective successors and assigns.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

[CORPORATE SEAL]

Attest:

LANDLORD:

PHILADELPHIA REGIONAL PORT
AUTHORITY

By: _____
James T. McDermott, Executive
Director

[CORPORATE SEAL]

Attest:

TENANT:

J.H. STEVEDORING COMPANY

By: _____

GUARANTY

WHEREAS, a certain Lease of even date herewith (the "Lease") has been or will be executed by and between PHILADELPHIA REGIONAL PORT AUTHORITY (therein referred to as "Landlord"), and PENN CITY INVESTMENTS, INC. (therein referred to as "Tenant"), covering certain premises known as Piers 38-40 South, Pier 78 South, Pier 78 South Annex, Pier 80 South and a portion of Pier 80 South Annex (the "Piers"); and

WHEREAS, the Landlord requires as a condition to its execution of the Lease, that the undersigned unconditionally becomes a surety to Landlord for the obligations of Tenant under the Lease; and

WHEREAS, the undersigned is an entity related or affiliated with Tenant and as such is desirous that Landlord enter into the Lease with Tenant.

NOW THEREFORE, in consideration of the execution of the Lease by Landlord and other good and valuable consideration and intending to be legally bound hereby, the undersigned hereby unconditionally becomes surety to Landlord, its successors and assigns for the full, faithful and punctual performance of each and all of the covenants, agreements and conditions of the Lease to be kept and performed by Tenant, in accordance with and within the time prescribed by the Lease as well as all other liabilities now or hereafter contracted by Tenant with Landlord together with all costs and expenses (including attorney's fees) incurred by Landlord in connection with any of the foregoing (hereinafter collectively referred to as the "Liabilities"). The undersigned further agrees as follows:

1. Landlord shall have the right from time to time, and at any time in its sole discretion, without notice to or consent from the undersigned, or without affecting, impairing or discharging in whole or in part, the Liabilities of the Tenant or the obligations of the undersigned hereunder, to modify, change, extend, alter, amend, or supplement in any respect whatever, the Lease, or any agreement or transaction between Landlord and Tenant or between Landlord and any other party liable for the Liabilities, or any portion or provision thereof; to grant extensions of time and other indulgences of any kind to Tenant; to compromise, release, substitute, exercise, enforce or fail to refuse to exercise or enforce any claims, rights, or remedies of any kind which Landlord may have at any time against Tenant or any other party liable for the Liabilities, or any thereof, or with respect to any security of any kind held by Landlord at any time under any agreement or otherwise. Nor shall the obligations of the undersigned hereunder be affected, impaired or discharged, in whole or in part, by reason of any action whatsoever taken by Landlord, including, without limitation, any sale, lease, disposition, liquidation or other realization (which may be negligent, willful or otherwise with respect to any security in which Landlord may at any time have any interest or against any other party liable for all or any part of the Liabilities).

2. The undersigned waives: (a) all notices, including but not limited to (i) notice of acceptance of this Guaranty; (ii) notice of presentment, demand for payment, or protest of any of the Liabilities, or the obligation of any person, firm, or corporation held by Landlord as collateral

security; (b) all defenses, offsets and counterclaims which the undersigned may at any time have to any of the Liabilities; (c) trial by jury and the right thereto in any proceeding of any kind, whether arising on or out of, under or by reason of this Guaranty, or any other agreement or transaction between the undersigned, Landlord and/or Tenant; and (d) all notices of the financial condition or of any adverse or other change in the financial condition of Tenant.

3. Landlord may, without notice, assign this Guaranty in whole or in part, and no assignment of this Guaranty or assignment or transfer of the Lease or subletting of the Piers shall operate to extinguish or diminish the liability of the undersigned hereunder.

4. The liability of the undersigned under this Guaranty shall be primary under any right of action which shall accrue to Landlord under the Lease and Landlord may, at its option, proceed against the undersigned without having to commence any action, or having obtained any judgment against Tenant.

5. All of the Liabilities and the obligations of the undersigned hereunder shall be immediately due and payable by the undersigned, anything contained herein to the contrary notwithstanding, immediately upon the insolvency of Tenant in the bankruptcy or equity sense; the application for appointment or appointment of a trustee, receiver, conservator, liquidator, sequestor, custodian, or other similar judicial representative for Tenant or any of Tenant's assets; the making by Tenant of any assignment for the benefit of creditors; the commencement of an action by or against Tenant under any insolvency, bankruptcy, creditor adjustment or debtor rehabilitation law, state or federal, including, but not limited to, arrangement, composition, liquidation or reorganization laws; the calling of a meeting of creditors of Tenant; the commencement of levy, execution or attachment proceedings against Tenant or any of Tenant's assets whether or not Landlord has exercised any option which it may have to require payment in full or acceleration of payment of the Liabilities from any other person liable for payment of the Liabilities.

6. The undersigned agrees and consents to the exclusive jurisdiction of the Courts of Common Pleas of Pennsylvania and/or the United States District Court for the Eastern District of Pennsylvania in any and all actions and proceedings whether arising hereunder or under any other agreement or undertaking between the undersigned, Landlord and/or Tenant and irrevocably agrees to service of process by certified mail, return receipt requested, to its address set forth herein, or to such other address as may appear in Landlord's records.

7. The obligations of the undersigned hereunder shall not be affected, impaired or discharged, in whole or in part, by reason of: (a) the death of the undersigned; (b) the entry of an order for relief pursuant to the United States Bankruptcy Code by or against Tenant or the undersigned; (c) the proposal of or the consummation of a plan of reorganization concerning Tenant or the undersigned; (d) the assignment of Tenant's obligations pursuant to (i) the Lease; (ii) an order of court; or (iii) by operation of law.

8. The waiver of any right by Landlord or its failure to exercise promptly any right shall

not be construed as the waiver of any other right including the right to exercise the same at any time thereafter. No waiver of modification of any of the terms or conditions of this Guaranty shall be binding against Landlord unless such waiver or modification is in a writing signed by Landlord.

9. Any acknowledgment, new promise, payment of rent or other sums by Tenant or others with respect to the Liabilities of Tenant, shall be deemed to be made as agent of the undersigned for the purposes hereof, and shall, if the statute of limitations in favor of the undersigned against Landlord shall have commenced to run, toll the running of such statute of limitations, and if such statute of limitations shall have expired, prevent the operation of such statute.

10. The provisions of this Guaranty shall bind all of the successors and assigns of the undersigned and shall inure to the benefit of Landlord, its successors and assigns.

11. All rights and remedies of Landlord are cumulative and not alternative. This Guaranty is, and shall be deemed to be, a contract entered into under and pursuant to the laws of the Commonwealth of Pennsylvania and shall be in all respects governed, construed, applied and enforced in accordance with the laws of said Commonwealth. No defense given or allowed by the laws of any other state or country shall be interposed in any action or proceeding hereunder unless such defense is also given or allowed by the laws of the Commonwealth of Pennsylvania.

12. The undersigned represents that at the time of the execution and delivery of this Guaranty nothing exists to impair the effectiveness of the obligations of the undersigned to Landlord hereunder, or the immediate taking effect of this Guaranty between the undersigned and Landlord with respect to the undersigned becoming a surety for the Liabilities.

13. Each capitalized term not specifically defined in this Guaranty shall have the same meaning as is ascribed to it in the Lease.

14. Any notice or demand given or made under this Guaranty shall be given or made by mailing the same by certified mail to the party to whom the notice or demand is given or made at the address of such party set forth in this Guaranty or at such other address as may appear in Landlord's records.

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be executed and sealed this 14th day of September, 1998.

[CORPORATE SEAL]

J.H. STEVEDORING COMPANY

Attest:


139451

By: 

LEASE TERMINATION AGREEMENT

THIS IS AN AGREEMENT (this "Agreement") dated as of September 15, 1998 by and between PHILADELPHIA REGIONAL PORT AUTHORITY ("Landlord") and PENN WAREHOUSING & DISTRIBUTION, INC. ("Tenant").

A. Philadelphia Port Corporation, Landlord's predecessor-in-interest, and Tenant (then named Penn Trucking & Warehousing, Inc.) entered into a certain lease and operating agreement dated July 25, 1990 (the "Lease") pursuant to which Tenant leased Pier 38-40 South, Pier 78 South and Pier 80 South Annex.

B. Landlord and Penn City Investments, Inc. (an entity affiliated with Tenant) are presently in the process of executing a lease pursuant to which Penn City Investments, Inc. shall lease from Landlord the premises demised to Tenant under the Lease (the "Penn City Lease").

C. Landlord and Tenant desire that the Lease shall terminate on the "Effective Date" as such term is defined in Section 2.1 of the Penn City Lease (the "Effective Date").

NOW, THEREFORE, in exchange for good, valuable and sufficient consideration received, and intending to be legally bound hereby, Landlord and Tenant agree as follows:

1. **Lease Termination.** Effective on the Effective Date, the Lease is terminated and extinguished as though the Effective Date were the date set forth in the Lease for the termination and expiration of the term thereof.

2. **Limitation.** The termination of the Lease shall not operate to terminate the parties' respective obligations under the Lease with respect to any releases, waivers, indemnifications or other agreements contained in the Lease, to the extent applicable to events or occurrences which predate the Effective Date.

3. **Miscellaneous.** This Agreement constitutes the entire agreement between Landlord and Tenant regarding the subject matter hereof, may only be modified by a writing duly executed by both Landlord and Tenant, shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, and shall be binding upon Landlord and Tenant and their respective successors and assigns.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

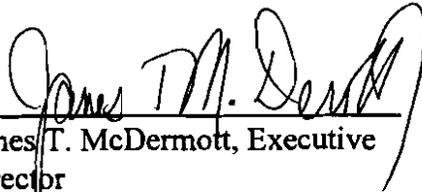
[CORPORATE SEAL]

Attest:

LANDLORD:

PHILADELPHIA REGIONAL PORT
AUTHORITY

By:


James T. McDermott, Executive
Director

[CORPORATE SEAL]

Attest:



TENANT:

PENN WAREHOUSING & DISTRIBUTION,
INC.

By:



LEASE TERMINATION AGREEMENT

THIS IS AN AGREEMENT (this "Agreement") dated as of September 15, 1998 by and between PHILADELPHIA REGIONAL PORT AUTHORITY ("Landlord") and J.H. STEVEDORING COMPANY ("Tenant").

A. Philadelphia Port Corporation, Landlord's predecessor-in-interest, and Tenant entered into a certain lease and operating agreement dated April 27, 1990 (the "Lease") pursuant to which Tenant leased Pier 80 South.

B. Landlord and Penn City Investments, Inc. (an entity affiliated with Tenant) are presently in the process of executing a lease pursuant to which Penn City Investments, Inc. shall lease from Landlord the premises demised to Tenant under the Lease (the "Penn City Lease").

C. Landlord and Tenant desire that the Lease shall terminate on the "Effective Date" as such term is defined in Section 2.1 of the Penn City Lease (the "Effective Date").

NOW, THEREFORE, in exchange for good, valuable and sufficient consideration received, and intending to be legally bound hereby, Landlord and Tenant agree as follows:

1. **Lease Termination.** Effective on the Effective Date, the Lease is terminated and extinguished as though the Effective Date were the date set forth in the Lease for the termination and expiration of the term thereof.
2. **Limitation.** The termination of the Lease shall not operate to terminate the parties' respective obligations under the Lease with respect to any releases, waivers, indemnifications or other agreements contained in the Lease, to the extent applicable to events or occurrences which predate the Effective Date.
3. **Miscellaneous.** This Agreement constitutes the entire agreement between Landlord and Tenant regarding the subject matter hereof, may only be modified by a writing duly executed by both Landlord and Tenant, shall be governed by and construed in accordance with

the laws of the Commonwealth of Pennsylvania, and shall be binding upon Landlord and Tenant and their respective successors and assigns.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

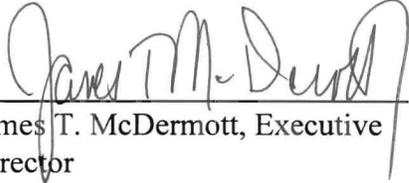
[CORPORATE SEAL]

Attest:

LANDLORD:

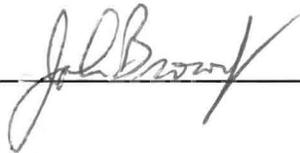
PHILADELPHIA REGIONAL PORT
AUTHORITY

By:


James T. McDermott, Executive
Director

[CORPORATE SEAL]

Attest:



TENANT:

J.H. STEVEDORING COMPANY

By: