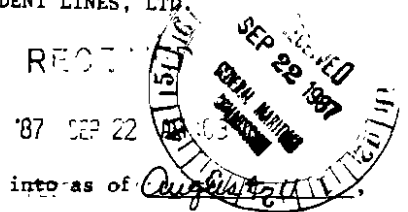


SECOND AMENDMENT TO LEASE
BETWEEN

PORT OF SEATTLE AND AMERICAN PRESIDENT LINES, LTD.
TERMINAL 5



REC'D
'87 SEP 22

THIS SECOND AMENDMENT TO LEASE is entered into as of September 22, 1987, by and between the PORT OF SEATTLE, a Washington municipal corporation, as Lessor, hereinafter referred to as the "Port", and AMERICAN PRESIDENT LINES, LTD., a Delaware corporation, hereinafter referred to as "Lessee", with regard to Lease dated September 26, 1985 by the Port to Lessee of premises at the Port's Terminal 5 which was approved by the Federal Maritime Commission under the designation Agreement T-224-01839, hereinafter referred to as "the Basic Lease."

R E C I T A L S :

A. The Basic Lease superseded the Port's prior Leases to Lessee of Terminal 46 premises dated April 14, 1981 (FMC Agreement T-3968), and of Terminal 25 premises dated May 12, 1981 (FMC Agreement T-3968A) by providing for new premises for Lessee at Terminal 5 to be reconstructed by the Port with major improvements to Lessee's specifications.

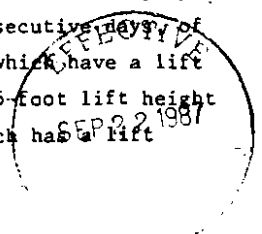
B. By First Amendment dated March 25, 1986, the parties provided for an extension of Lessee's occupancy at Terminal 46 until October 1986 and provided for certain construction modifications; and

C. The parties now wish to acknowledge that as of January 5, 1987 a fifth Container Crane was provided in accordance with paragraph 1(d)(iii) of the Basic Lease and to state the minimum rental therefore:

NOW, THEREFORE, in consideration of the foregoing recitals and their mutual promises the parties hereby agree as follows:

1. Basic Lease paragraph 1 entitled Leased Premises and Equipment, subparagraph d(i) is amended to read as follows:


(i) to Lessee's preferential use on a noncontinuous, ship by ship basis, in no event to exceed five (5) consecutive days, of five (5) Port-owned container Cranes, four of which have a lift capacity of not less than 50 long tons and a 95-foot lift height clearance above the dock, and the fifth of which has a lift



capacity of at least 40 long tons and an 80-foot above-dock height clearance. These five (5) Cranes (collectively referred to as "the Cranes") are more particularly identified as Port designated Crane Nos. 61, 62, 63, 64 and 32, or their equal or better, all in full operating condition and capable of serving the premises.

2. Basic Lease paragraph 1, entitled Leased Premises and Equipment, subparagraph (d)(iii) is amended to read as follows:

(iii) Promptly following the effective date hereof, the fifth container Crane designated as Crane No. 32 by the Port, having been delivered to the Premises, shall, at Port expense, be power washed and the apex painted, which painting shall include all A-frame legs and up as well as the boom and machinery house. The Port will also deliver to the Premises a substitute diesel engine, specifically, a rebuilt Detroit engine, Model 91637000 Serial No. 16E0002208 diesel engine, ^{or its equal,} which Lessee will install in the Crane at Lessee's expense, returning the old engine to the Port at the Premises. Said substitute engine is covered by warranty provisions for the benefit of the Port and Lessee which have previously been disclosed to and are satisfactory to Lessee. The Port shall take no action which interferes with or lessens Lessee's beneficial interest in said warranty without Lessee's prior written consent.

initials


3. Basic Lease paragraph 1, entitled Leased Premises and Equipment, subparagraph (d)(iv) is amended to read as follows:

(iv) Crane use charges published in the Port's Terminal Tariff No. 3 contains a component for maintenance and fuel and a component for Port overhead. Since Lessee is obligated to provide its own maintenance and fuel, it shall pay crane use charges for Crane Nos. 64 and 32, under Item III of Exhibit C, as set forth in revised page 3 of the Payment Summary appended hereto, exclusive of the component for maintenance and fuel. Recognizing that the Port's Tariff No. 3 may change in the future, the Port agrees that in formulating any tariff revisions it will not arbitrarily allocate a greater share of increase to the overhead component for crane rental as compared to those increases allocated to maintenance and fuel and will disclose to Lessee any such future allocations.

4. Basic Lease paragraph 3, entitled "Rent", subparagraph (a), is hereby amended to read as follows:

3(a) Lessee covenants to pay rentals, Crane use charges and amortization charges for certain improvements to the Premises monthly at the Port's address provided in paragraph 32, in advance on or before the first day of each month, in the amounts set forth in Items I, II and III of Exhibit C hereto. The Crane use charges specified in Item III of Exhibit C shall continue through the full term of this Lease. The amortization charges for certain leasehold improvements specified in Item II A of Exhibit C and described in Part II of Exhibit B shall continue through the time shown on Exhibit C when the full cost of these improvements will be amortized. The rent payments specified in Item I of Exhibit C cover the lease period through June 30, 1995, following which the rent payments shall be determined and paid under the following formula:

Rents for the successive five-year periods from and after July 1, 1995, through the remainder of the lease, shall be the lesser of (i) the rent payments set forth in the following table or (ii) the sum of the percentage increases during each of the preceding five-year periods, as set forth in the Consumer Price Index, multiplied and applied to the rent payable in the year preceding the adjustment:

<u>Period</u>	<u>Annual Per- Acre Rent</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
July 1, 1995 to June 30, 2000	\$ 52,654	\$ 4,054,358	\$337,863.16
July 1, 2000 to June 30, 2005	\$ 67,185	\$ 5,173,245	\$431,103.75
July 1, 2005 to June 30, 2010	\$ 94,061	\$ 7,242,697	\$603,558.08
July 1, 2010 to Dec. 31, 2015	\$141,092	\$10,864,084	\$905,340.33

5. Except as expressly amended herein, all provisions of the Basic Lease shall remain in full force and effect.

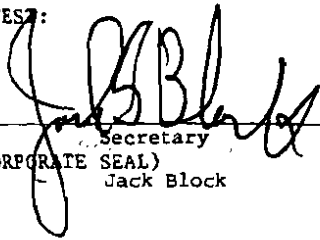
6. This Second Amendment to Lease shall become effective upon the occurrence of both of the following:

(a) Lessee shall have furnished to the Port written consent, in form satisfactory to the Port, to this Amendment on the part of Lessee's lease bond surety; and

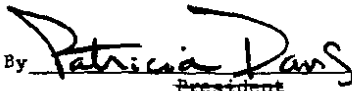
(b) This Amendment shall have been filed with the Federal Maritime Commission under Section 5 of the Shipping Act of 1984 and the provisions of 46 CFR § 572.307(e), (f). The effective date shall be promptly confirmed in writing by the Port to Lessee.

IN WITNESS WHEREOF, the parties have signed this Second Amendment to Lease as of the date first stated above.

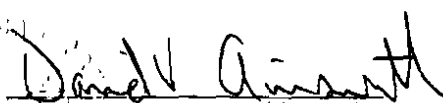
ATTEST:

By 
Secretary
(CORPORATE SEAL)
Jack Block

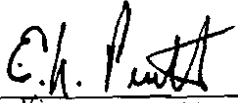
PORT OF SEATTLE
A Municipal Corporation

By 
President
VICE PRESIDENT LESSOR
Patricia Davis

ATTEST:

By 
Asst. Secretary David V. Ainsworth
(CORPORATE SEAL)

AMERICAN PRESIDENT LINES, LTD.

By 
Vice President E. K. Pentimonti
LESSEE

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 11th day of August, 1987, before me, the undersigned notary public in and for the State of Washington, duly commissioned and sworn, personally appeared PATRICIA DAY and JACK BLOCK

VICE President and Secretary, respectively, of the Port Commission of the PORT OF SEATTLE, a municipal corporation, the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were duly authorized to execute the same and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal hereto the day and year in this certificate first above written.

Louis A. Mattila
Notary Public in and for the State of Washington, residing at Seattle.

(ACKNOWLEDGMENT FOR CORPORATE LESSEE)

NOTARIZE
✓

STATE OF California)
) ss.
COUNTY OF Alameda)

On this 27th day of July, 1987, before me personally appeared E. R. Pentimonti and David V. Ainsworth, to me known to be the Vice President and the Assistant Secretary, respectively of the corporation that executed the foregoing instrument, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

Deborah M. Rush
Notary Public in and for the State of California, residing at Oakland, CA.



PAYMENT SUMMARY - Exhibit C

Item Number	EXPLANATION OF ITEMS	EQUIPMENT RENTAL	
		<u>\$</u> <u>Yearly Charge</u>	<u>\$</u> <u>Amount Payable</u> <u>Per Month</u>
III (i)	Preferential Use Container Cranes (5) Cranes - (3) Fixed Charge Port #61 Port #62 Port #63 4th Crane (#64) per Tariff 5th Crane (#32) per Tariff Maintenance & Fueling of all Cranes provided and paid for by Lessee.	550,000 Per Port Tariff #3* Per Port Tariff #3*	45,833.33 -do- -do- Lessee guarantees to pay for not less than 1250 hrs. of crane use annually for Crane Nos. 64 & 32 combined

*including successors thereto and reissues thereof

L-1648-2
1603r(6) - 07/10/87

Exhibit C (Revised 6/01/87)
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