

SUB-CONCESSION AGREEMENT
SAIPAN INTERNATIONAL AIRPORT

This Sub-Concession Agreement ("Agreement") is made as of the 18th day of JULY, 1996, by and between the **COMMONWEALTH PORTS AUTHORITY**, a public corporation and autonomous instrumentality of the Commonwealth of the Northern Mariana Islands ("CPA"), **LSG LUFTHANSA SERVICE SAIPAN, INC.**, a Commonwealth of the Northern Mariana Islands corporation ("LSG"), and **DFS SAIPAN LIMITED**, a Commonwealth of the Northern Mariana Islands corporation ("DFS").

RECITALS

WHEREAS, DFS and CPA entered into an agreement, dated November 13, 1985 (the "Master Concession Agreement"), pursuant to the terms of which DFS was granted the exclusive right, but not the obligation, among other things, to prepare, serve and sell food and beverage items at the Saipan International Airport;

WHEREAS, the CPA requires the establishment and operation of various food and beverage concessions to be operated and/or managed by an organization with the expertise to provide food and beverage services at the Saipan International Airport as it presently exists and as it will be expanded from time to time in the future (the "Concession") as a necessary service to the travelling public and the community;

WHEREAS, LSG has operated a food and beverage concession at the Saipan International Airport Main Terminal Building (the "Airport") and has the expertise necessary to effectively plan and manage the operations of the Concession;

WHEREAS, DFS does not desire to operate the Concession and LSG desires to operate the Concession;

WHEREAS, under the terms of the Master Concession Agreement, DFS has agreed to subcontract on terms acceptable to DFS and CPA to a qualified Minority Business Enterprise ("MBE") as that term is used and defined in the Master Concession Agreement, certain of its concession rights, privileges and obligations; and

WHEREAS, LSG hereby warrants that it will grant subconcessions for the food and beverage services at the area in the Airport set aside by CPA for such food and beverage services in the Airport as it now or in the future will exist (the "Concession Area") to MBEs and other persons upon such terms as LSG shall determine and in accordance with any applicable federal law or regulation unless there exists an exemption or waiver therefrom from the federal agency making such requirements.

NOW, THEREFORE, effective upon execution hereof, the parties agree as follows:

SECTION 1.00

GRANT OF CONCESSION RIGHTS; MANAGEMENT

SECTION 1.01. Grant of Rights. Subject to the terms and conditions contained herein, DFS hereby irrevocably grants to LSG its exclusive right to operate at the Airport (but excluding any commuter terminal building not physically connected to the main terminal facility, and serving non-international routes) a full service restaurant facility or facilities serving high quality, well-prepared, hot and cold foods and beverages (the "Restaurant") and to operate, and/or to grant other food and beverage facilities (the "Outlets") to other qualified individuals and businesses (the "Subconcessionaires") as provided herein, subject to the approval of CPA and DFS (which approval shall not be unreasonably withheld) and under such terms which are not inconsistent with the Master Concession Agreement and this Agreement.

In the event of a termination of this Agreement under Section 8 hereof (or any other applicable provision hereof), the exclusive rights granted by DFS to LSG hereunder shall immediately revert entirely to DFS without reservation of any kind. Notwithstanding the foregoing, and pursuant to DFS' covenant not to operate a Restaurant or Outlet or any similar facility at the Airport, the rights granted hereunder to LSG by DFS shall not prevent DFS from selling, for consumption off of DFS' concession premises, prepackaged snack and gift food items (excluding freshly made hot and cold food items requiring immediate consumption) as well as beverage (alcoholic and non-alcoholic) items from any concession area operated by DFS under the Master Concession Agreement. LSG hereby agrees to operate and/or manage the Restaurant and the Outlets at the Concession Area subject to the terms and conditions contained herein. CPA acknowledges and approves of the grant of rights set forth herein.

SECTION 1.02. Management. Subject to the terms and conditions of this Agreement, LSG shall have authority to utilize on an exclusive basis the Concession Area which may reasonably be changed from time to time by CPA. LSG shall be fully responsible for the operation of the Restaurant and the standard of operations of any Outlets to ensure that the Restaurant and any Outlets provide efficient and professional service and high quality food and beverage products. LSG shall be wholly responsible for the management of the staff required to operate the Restaurant and any Outlet that it shall operate hereunder and the selection of the meals that will be served therein, and the charges for the same. LSG shall, however, adopt any reasonable recommendations which may be made by DFS and CPA relating to the manner of operations of the Concession, including recommendations regarding any complaints about the quality and portions of the food and beverage served, or customer safety.

SECTION 1.03. Management of the Outlets. LSG shall be responsible for conducting and bidding request for proposals or the review of any applications and the award of any subconcession for the operation of any Outlet, subject to the approval of CPA. LSG shall be responsible to manage any such subconcession and to ensure compliance with the terms of the subconcession agreement for any such Outlet which will not contain any terms inconsistent with the Master Concession Agreement and this Agreement.

SECTION 1.04. Description of Concession. The Concession shall include the following privileges, uses, rights and obligations of LSG:

(a) The exclusive right, privilege and obligation to operate food and beverage services in individual Outlets as set forth below within the Concession Area and to enter into subconcession agreements for operation of the Outlets to qualified firms or individuals, such firms or individuals to be approved by CPA. Concession and subconcession services may include, for the purposes of illustration, a restaurant, a coffee shop, a snack bar, a mobile ice cream cart, fresh fruit wagon, Oriental tea house, V.I.P. lounge, cocktail lounge, or other facilities or services which CPA, DFS and LSG may mutually agree upon (which agreement by DFS shall not be unreasonably withheld). LSG and the Subconcessionaires shall have the right to sell both alcoholic and non-alcoholic beverages for consumption in or upon the Concession Area; provided, however, that nothing herein shall be construed as exempting LSG and the Subconcessionaires from any requirement imposed by law or regulation for the acquisition of licenses permitting the sale of alcoholic beverages, and LSG shall not sell such beverages at the Concession Area or allow Subconcessionaires to sell such beverages at the Outlets until all licenses so required are obtained. The sale of alcoholic beverages for off-premises consumption is specifically excluded and prohibited. The privileges granted in this Agreement do not include and are separate from the exclusive right of in-flight catering at the

Airport. LSG shall not use or permit the Restaurant and Outlets to be used in whole or in part during the term of this Agreement for any purpose other than as hereinabove set forth, except with the express prior written consent of DFS and CPA.

(b) The Restaurant and Outlets operated by LSG and/or the Subconcessionaires in the Concession Area hereunder shall initially consist of a full service restaurant, snack bar, and mobil cart type Outlets as such Outlets may be approved by CPA. Upon consultation between CPA and LSG as to the location, dimension and other pertinent details of the initial concession area, LSG will with due diligence present to CPA for its evaluation and approval plans setting forth the types of outlets to be operated and their specific scope in the initial concession area. Such Outlets and the types of services to be provided therein may from time to time be altered or augmented throughout the duration of this Agreement by mutual consent of CPA, DFS and LSG (which consent of DFS shall not be unreasonably withheld).

(c) In the event that any Subconcessionaire shall cease to operate any Outlet, LSG shall solicit qualified firms or individuals to replace such Subconcessionaire at such Outlet. LSG shall be under no obligation to operate any Outlet which has so ceased to operate but may choose to do so, upon agreement with CPA, until a suitable replacement Subconcessionaire to operate the Outlet is found.

SECTION 1.05. Use of Signs by LSG.

(a) LSG and the Subconcessionaires shall have the right to install and maintain signs identifying their businesses at or on the Restaurant and Outlets. All such signs shall be subject to the prior written approval of CPA, such approval not to be unreasonably withheld. Such signs shall conform to reasonable standards established by CPA with respect to size, type, design, color and location.

(b) Upon the expiration of this Agreement, LSG and the Subconcessionaires shall remove, obliterate or paint out, as CPA may reasonably direct, any and all signs at or on the Restaurant and Outlets pertaining to LSG's or Subconcessionaire's business, and in connection therewith shall restore the Restaurant and Outlets to the same condition, aside from normal wear and tear as prior to the placement of any such signs. In the event LSG or any Subconcessionaire fails to so remove, obliterate or paint out each and every sign and to restore the Restaurant and Outlet to the same condition as prior to the placement of any such signs, CPA may perform the necessary work at the expense of LSG and the charge therefore shall be paid by LSG to CPA upon demand.

SECTION 1.06. Additional Space. CPA and LSG shall, during the duration of this Agreement, be entitled to make proposals to the other concerning additional areas within the Concession Area for use as an additional Outlet or Outlets for the Concession, either in substitution for or in addition to any one or more of the Outlets and, upon mutual agreement, LSG shall have the right and obligation to operate and/or manage such new or additional Outlet. Setting up the additional Outlet or Outlets shall be by mutual agreement of CPA and LSG. Upon becoming operational, each additional Outlet shall be subject to the terms and conditions of this Agreement and shall be included in the definition of "Outlets" for the purposes of this Agreement.

SECTION 2.00

TERM

SECTION 2.01. Term. The term of this Agreement shall commence on the date hereof and shall continue until the earlier of (i) the termination of this Agreement by either CPA or LSG under Section 8 hereof and (ii) the expiration of the Master Concession Agreement and any extension or renewal thereof or upon the expiration of any successive duty free

concession agreement entered into between CPA and DFS at or prior to the expiration of the existing Master Concession Agreement on November 13, 2005.

SECTION 3.00

CONCESSION FEE AND ACCOUNTING RECORDS

SECTION 3.01. Concession Fees

(a) LSG shall pay to CPA for the rights and privileges herein granted a concession fee of fifteen percent (15%) of all gross revenue received from the Restaurant and any Outlet it operates under this Agreement.

(b) LSG shall assess a concession fee of twenty percent (20%) from each Subconcessionaire operating an Outlet at the Airport. LSG shall pay to CPA an amount equaling fifteen percent (15%) of all gross revenue received by each Subconcessionaire. LSG shall retain an amount equal to five percent (5%) of the gross revenues of the Subconcessionaire as a management fee.

(c) The term "gross revenues" is as defined in CNMI Revenue and Taxation Regulation 2203 as it may from time to time be amended.

SECTION 3.02. Payment Terms

(a) The concession fee shall be paid to CPA on a monthly basis on or before the fifteenth (15th) day of each calendar month and based upon the gross revenues received during the immediately preceding calendar month.

(b) The concession fee applicable to LSG and the Subconcessionaires and payable to CPA shall increase by an additional one percent (1%) at the end of every fifth year from the date of commencement. LSG may increase its management fee by an additional one percent (1%) of the Subconcessionaires' gross revenues at the end of every fifth year from the date of commencement.

SECTION 3.03. Accounting Procedures; Audit

(a) Accounting Procedures. With each monthly payment, LSG and the Subconcessionaires shall each submit to CPA, in a form and in such detail as shall be reasonably satisfactory to CPA, a statement setting forth LSG's and each Subconcessionaire's gross revenues during that month and the concession fee due upon such gross revenues. Each such statement shall be signed by a responsible accounting officer of LSG and the Subconcessionaire. At the end of each quarter and upon the submission of the Quarterly Business Gross Revenues Tax Returns of the Commonwealth Government, LSG and the Subconcessionaires shall provide to CPA a copy of their Business Gross Revenues Tax Returns to verify the accuracy of the concession fees paid hereunder. LSG and the Subconcessionaires shall be entitled to adjust their computations of Gross Revenues Fee due hereunder and shall be entitled to a refund of any overpayment made. Any underpayment shall be subject to penalty as set forth in Section 3.03(b)(iii) below.

(b) Books and Records

(i) LSG and the Subconcessionaires shall keep full and accurate books and records showing all of the gross revenues of the Restaurant and Outlets. CPA shall each have the right, through representatives, upon at least ten (10) days' notice, to inspect and audit all such books and records, and LSG hereby agrees that all such books and records will be made available to CPA for at least a three-year period.

(ii) LSG and the Subconcessionaires shall each employ an independent certified public accountant who shall furnish a statement at the end of each year to CPA stating that in his or her opinion the concession fees due during the term of this Agreement and any subconcession agreement were calculated and records maintained in accordance with the terms of this Agreement and any subconcession agreement and based

upon generally accepted accounting principles. Such statement shall also contain a list of the gross revenues as shown on the books and records of LSG and the Subconcessionaires and which were used to compute the concession fees due during the period covered by the statement. Such statement shall be due and provided to DFS and CPA not more than ninety (90) days after the end of the calendar year.

(iii) Without waiving any other right of action available to CPA in the event of default in payment hereunder, in the event LSG and any Subconcessionaire is delinquent for a period of thirty (30) days or more in paying any fees payable pursuant to this Agreement or any subconcession agreement, LSG or the delinquent Subconcessionaire shall pay interest thereon at the rate of twelve percent (12%) per annum from the date such item is due and payable until paid.

(c) Audit. CPA reserves the right to audit LSG's and each Subconcessionaire's books and records of receipts at any time upon at least ten (10) days' written notice for the purpose of verifying the gross revenues hereunder. If, as the result of such audit, it is established that LSG or the Subconcessionaire has understated its gross revenues by three percent (3%) or more, the entire expense of said audit shall be borne by LSG or the offending Subconcessionaire. Any additional concession fees due shall forthwith be paid by LSG or the Subconcessionaire to CPA, with interest thereon at twelve percent (12%) per annum from the date such additional sums became due.

SECTION 4.00

COVENANTS OF LSG

SECTION 4.01. Improvements. LSG shall have the right, at its own cost and expense, to fit out and equip and to make, install or erect alterations and improvements at the Concession Area; provided, however, that all such alterations or improvements shall be

commenced only after plans and specifications thereof have been submitted to and approved in writing by CPA. The shell or structure of the Restaurant and any necessary utilities connections to serve the Restaurant, shall be constructed by CPA. CPA shall maintain and keep at its own cost and expense in good and serviceable order and condition all of the exterior structural portions of the Restaurant.

SECTION 4.02. No Liens. LSG or the Subconcessionaire shall pay for all labor done or materials furnished in the construction, repair, replacement, improvement or maintenance by LSG or the Subconcessionaire of the Concession Area and shall keep the Restaurant and the Outlets and any possessory interest of LSG or the Subconcessionaire therein free and clear of any lien or encumbrance of any kind whatsoever created by LSG's or the Subconcessionaire's act or omission.

SECTION 4.03. Structural Maintenance and Repairs

(a) CPA shall provide structural maintenance and repairs to the Terminal Building, and shall provide for washing of all windows (on the outside only) at the Terminal Building at periodic intervals.

(b) Except for the agreement of CPA as referred to in subsection (a) above, LSG and the Subconcessionaires shall, without cost to DFS or CPA, maintain the Restaurant and the Outlets and every part thereof in good appearance and repair, and in safe condition. LSG and the Subconcessionaires shall maintain and repair all improvements at the Restaurant and the Outlets, including furnishings, fixtures and equipment, flooring and interior plaster and other finishes rendered to the walls, flooring and ceilings and any fixtures therein including all doors, windows, drains, pipes, sanitary or plumbing apparatus and fixtures, electrical systems and wiring in good, clean and first class condition, whether installed by LSG or not. All such maintenance, repairs and replacements shall be of a quality equal to the

original materials and workmanship. DFS, CPA, or their authorized agents may at any reasonable time, without notice, enter the Concession Area to determine if satisfactory maintenance is being performed. If it is determined that said maintenance is not satisfactory, DFS or CPA shall so notify LSG in writing. If said maintenance is not completed by LSG within fifteen (15) days after receipt of written notice, or if not capable of being completed within fifteen (15) days is not substantially commenced within fifteen (15) days of written notice, DFS or CPA or their representatives shall have the right to enter upon the Concession Area and perform the maintenance therefor and LSG agrees to promptly reimburse DFS or CPA for the costs thereof.

(c) LSG shall ensure that the Restaurant and any Outlet that it operates and all other Subconcessionaires shall maintain high standards for sanitation and shall comply with all local laws and ordinances and health standards.

(d) LSG and the Subconcessionaires shall provide a complete and proper arrangement for the adequate sanitary handling of all trash, garbage and other refuse caused as a result of the Concession and subconcessions and shall provide suitable covered receptacles for all garbage, trash and other refuse in connection with the Concessions. Piling of boxes, cartons, barrels or other similar items shall not be permitted in any public area and all trash, refuse and other waste shall be removed from the Concession Area every 12 hours and removed from the Airport and the surrounding grounds on a daily basis.

(e) CPA shall cooperate with LSG in its efforts to obtain all the licenses, permits, consents or approvals as required from governmental agencies other than CPA by way of this Agreement.

SECTION 4.04. Storm Protection. LSG, at its sole expense, shall take all appropriate measures (including but not limited to those as may reasonably be directed by DFS or CPA

from time to time) to protect the Restaurant and any Outlet it operates as they presently exist or will exist from time to time from damage by storm, wind and water.

SECTION 4.05. Compliance with Laws. LSG shall not use or permit the Restaurant and the Outlets to be used, in all or in part during the term of this Agreement, for any purpose other than as set forth herein or as is reasonably appropriate to effectuate the rights granted to LSG herein, except upon receipt of the express prior written consent of DFS and CPA. LSG shall refrain from operating the Concession, the Restaurant, the Outlets, or allowing any of the Outlets to be operated in violation of any present or future law, ordinance, rule or regulation, at any time applicable thereto, of any public or governmental authority, including CPA, and those which relate to sanitation or public health, safety or welfare, and operations at and use of the Airport. LSG shall at all times faithfully obey and comply with all applicable laws, rules and regulations adopted by any governmental body, agency, department or any officer of any of the foregoing.

SECTION 4.06. Vacancy. LSG shall not at any time during the term voluntarily leave the Restaurant vacant for a period of more than ten (10) days without the express prior written consent of DFS and CPA, except pursuant to termination of this Agreement or upon substantial damage to or destruction or condemnation of the Concession Area.

SECTION 4.07. Service Provided. In its operations under this Agreement, LSG shall do the following:

(a) Either the Restaurant, the Snack Bar or at least one Outlet providing food and beverage services shall remain open twenty-four (24) hours per day, seven (7) days per week, at the Concession Area to provide a level of service at a standard comparable to other international airports in the Pacific region.

(b) LSG shall operate and/or manage the Concession or cause such to be operated with due diligence and efficiency so as to produce all of the gross sales which may reasonably be produced by such manner of operations, and in an orderly and proper manner to avoid, as much as possible, annoying, disturbing or offending passengers, tenants and other persons using the Airport.

(c) LSG and the Subconcessionaires shall open the Restaurant and the Outlets and provide food and beverage concession services therein to all members of the public who shall conform to and abide by reasonable rules and regulations adopted by LSG or any Subconcessionaire applicable to all users without discrimination. Such rules and regulations shall be provided to CPA for its approval prior to implementation.

(d) LSG shall use its best efforts to control the conduct, demeanor and appearance of all of its employees, agents, representatives, contractors, customers, guests, invitees, and those employees, agents, representatives, contractors, customers, guests, invitees of the Restaurant and Outlets, and upon reasonable objection from CPA concerning the conduct, demeanor, or appearance of any such persons, promptly use its best efforts to remove the cause of the objection. All employees of LSG and the Subconcessionaires shall be properly uniformed so as to identify their position with LSG, the Restaurant or any Outlet. Each such employee shall wear a name tag so that he or she may be identified by name while on duty at the Airport.

SECTION 4.08. Management of Concession. The management, maintenance, and operation of the Concession shall at all times during the term hereof be under the supervision and direction of an active, qualified, competent and experienced manager representing LSG, who shall be subject at all times to the direction and control of LSG. LSG will cause such manager to be assigned a duty station or office in the Concession Area at which he or she

shall be available during business hours, and LSG will at all times during the absence of such manager assign or caused to be assigned a qualified subordinate to be in charge of the Concession and to be available in the Concession Area.

SECTION 4.09. Cash and Record Handling Requirements

(a) Subject to LSG's and Subconcessionaire's right to upgrade equipment, or to substitute equivalent cash management system, both subject to approval by CPA, such approval not to be unreasonably withheld, LSG and any Subconcessionaire shall, in its operations under this Agreement or any subconcession agreement, at all times observe in all material respects cash handling and record handling systems as follows:

(i) Equipment such as cash registers, or any other electronic or mechanical device used for recording customer's sales, shall have a serial totalizing unit in them with a continual sequence recording of the transaction of sales for proper sales accountability. Such sequence totalizing unit shall be sealed or unsealed only in the presence of an authorized and designated representative of CPA. The totalizer of such units may not be turned back, but shall be continuous in adding to each transaction as made. Where CPA shall determine visible monitoring is to be made of customers' transactions, all units shall be placed so that said monitoring can readily be made and the windows thereof shall be properly illuminated so that transactions can be viewed by customers from a reasonable distance when such equipment is in use.

(ii) All cash registers and devices used in recording sales to customers shall have a detail tape for a permanent recording of each sales transaction and shall provide receipts for each sale, which receipts shall be offered to each customer upon each sale without customer's request for such receipt. The date of each sale and the amount of each item sold, as well as the totalizing of the total sale to each customer, shall be recorded

on this detail tape. The date of sale, transaction number and sale amount recorded shall be shown on each sales receipt. All transactions recorded on these devices shall be visibly displaced so that the amount recorded can be viewed by the customers from a reasonable distance. No register or device in which cash sales are recorded and deposited may be opened without recording the date, and the time of said opening. Cash register or device drawers must be kept closed at all times except when sales are made. Cash registers must have sufficient keys for proper breakdown and segregation of transactions and meet all accepted standards of accounting systems and cash control.

(iii) Cash registers and other electronic or mechanical devices that totalize customer's transactions shall have a reading taken of same at least once each twenty-four (24) hours and recorded for accounting purposes. Adequate security protection is to be maintained so that unauthorized persons may not tamper with the totalizing unit of such devices.

(iv) All sales checks and other records used shall be assigned and show a serial number. Such sales checks and records shall be issued and used, in their several categories and applications, in a serial progression. Such sales checks and records shall be protected so that they cannot be used or altered by unauthorized persons. CPA shall be informed from time to time of the starting and ending sequence number of these sales checks and records whenever new sequences are used. If any of these sales checks and records are lost or destroyed within twenty-four (24) months after their date, CPA shall immediately be notified and given a list of the serial numbered items lost.

(v) All persons handling sales shall promptly record said sales (cash or credit) in cash registers or electronic or mechanical devices and shall not delay or "gang" register or record such sales. From time to time and with the mutual agreement of

LSG and CPA, such cash handling and record handling systems may be revised upon the advent of technological changes generally accepted by the accounting profession. Such cash handling and record handling systems shall be incorporated in the written policy, rules and regulations of LSG covering their accounting and handling of all transactions of merchandise and services.

(b) Adequate fidelity bonds will be maintained by LSG and Subconcessionaires on their employees whose duties involve the handling of receipts or merchandise.

(c) CPA and DFS shall each have the right to monitor and test all of LSG's and Subconcessionaires' services by a responsible shopping service.

(d) Where customers' sales have not been recorded because of failure of LSG or Subconcessionaires to comply with Section 4.09(a), LSG and Subconcessionaires shall pay to CPA the amount which would have been due CPA from such sales including interest thereon at the rate of twelve percent (12%) per annum. CPA shall have the right to make, through a qualified shopping service, a reasonable estimate of the losses, where they can be reasonably and realistically estimated.

SECTION 4.10. Personnel

(e) LSG will, in the operation of the privileges under this Agreement, employ or permit the employment of only such personnel as will assure a high standard of service to the public.

SECTION 4.11. Objectional Items. LSG agrees not to sell, or to allow the sale at the Restaurant or any of the Outlets, any item which DFS or CPA reasonably finds objectionable for sale in the Concession Area because it is unsafe or in poor taste, and agrees to remove

such item from the Concession Area upon notice of said objection and thereafter cease and desist from offering such item for sale or display in the Concession Area.

SECTION 4.12. Prohibited Acts. In addition to such other prohibitions as may appear in this Agreement, LSG shall not knowingly:

(f) Commit any nuisance in the Concession Area or do or permit to be done anything which may result in the creation or commission of a nuisance.

(g) Cause, produce or permit to be caused or produced within the Concession Area, or to emanate therefrom, any noxious, or objectionable smokes, gases, vapors or odors.

(h) Maintain a condition, instrument, machine, or other attractive nuisance which is dangerous to young children because of their inability to appreciate their peril and may reasonably be expected to attract them.

(i) Permit any illegal activity in the Concession Area.

SECTION 4.13. Taxes and Licenses. LSG and each Subconcessionaire shall pay any applicable taxes, levies or charges for their operations hereunder. LSG and each Subconcessionaire shall obtain or pay for any licenses or permits required by law for the construction of improvements, the installation of equipment and furnishings, and the conduct of the Concession, the Restaurant or any Outlet.

SECTION 4.14. Hazardous Substances. No goods, merchandise or materials which are explosive or hazardous shall be kept, stored or sold in the Restaurant or the Outlets, and no offensive or dangerous trade, business or other occupation shall be carried on therein or thereat, and nothing shall be done therein or thereat, other than as provided for in this Agreement, which will increase the rate of or suspend the insurance at the Restaurant or the Outlets or to structures of DFS or CPA, and no machinery or apparatus shall be used or

operated at the Restaurant or the Outlets which will injure the Concession Area, the Airport, or adjacent structures or buildings or improvements; provided, however, that nothing contained in this Section 4.014 shall preclude LSG or any Subconcessionaire from bringing, keeping or using on or at the Restaurant or any Outlet such materials, foodstuffs, merchandise, supplies, equipment and machinery as are appropriate or customary in providing the concession services as forth herein.

SECTION 5.00

COVENANTS OF CPA

SECTION 5.01. Utilities. CPA will provide the Restaurant and the Outlets with all utility connections as are available at the Airport of a quality and caliber reasonably necessary to meet the anticipated needs of LSG and any Subconcessionaires and such utility connections shall meet any and all minimum specifications provided by law, ordinance, rule or regulation of any authority having jurisdiction over such utility within the Commonwealth; provided, however, CPA shall not be liable for failure to furnish utilities or services to the Restaurant and/or Outlets when the failure results from causes beyond its reasonable control. LSG and the Subconcessionaires shall be solely responsible for the cost of all utilities used or consumed by it.

SECTION 5.02. Security Arrangements. CPA shall provide or cause to be provided fire and police protection to the Concession Area similar to that provided by it to the tenants and users of the Airport. LSG shall have the right to provide such additional or supplemental protection as it may desire, provided that any additional security must meet the minimum requirements and comply with all federal or local laws and regulations.

SECTION 5.03. Ingress and Egress. CPA shall insure full and unrestricted right of ingress and egress to the Concession Area and to the Airport over Airport roads, including the

use of common roadways, subject to such reasonable rules, laws, and regulations as may be established by the CPA. No toll or similar charge may be imposed upon such right unless CPA levies such a toll or similar charge on all others.

SECTION 5.04. Quiet Enjoyment. CPA has the right and lawful authority to execute this Agreement, subject to the prior written approval of DFS and covenants that LSG, upon payment of all payments and charges to be paid by it under the terms of this Agreement, and observing and keeping the agreements and covenants of this Agreement on the part of it to be observed and kept, shall hold and enjoy peaceful and uninterrupted possession of the Restaurant and the Outlets, and that CPA will use its best efforts to make possible the peaceful and uninterrupted possession by LSG of the Restaurant and the Outlets during the term of this Agreement.

SECTION 5.05. CPA's Performance. Any obligations of DFS to LSG imposed under this Section 5 or under any other provision of this Agreement for which CPA is similarly obligated to DFS under the Master Concession Agreement, is subject to and conditional on the prior performance of that obligation to DFS by CPA.

SECTION 6.

SECTION 6.01. Insurance

(a) LSG, at its own cost and expense, shall insure for all risks and extended coverage over all improvements in the Restaurant and Outlets. Such insurance shall be in an amount equal to one hundred percent (100%) of the full insurable replacement value of such improvements. LSG agrees that DFS and CPA shall be named as additional insureds under such policy or policies of insurance.

(b) LSG shall maintain and enforce during the term of this Agreement, a blanket comprehensive general public liability and property damage insurance, including

products liability insurance, covering its operations and thereof any subconcession in the minimum amount of One Million Dollars (\$1,000,000.00) with respect to each person for personal injury or accidental death, and in the sum of Three Million Dollars (\$3,000,000.00) with respect to each accident or occurrence, and in the sum of One Million Dollars (\$1,000,000.00) for damage to property; and LSG agrees that DFS and CPA shall be named as additional insureds under such policy or policies of insurance. Such insurance shall include coverage for liability for food, tainted, spoiled, adulterated foods, or any cause of action arising from the preparation and service of food.

(c) A certificate or certificates evidencing the insurance coverage required by Section 6.01(a) and (b) shall be filed with DFS and CPA prior to the commencement of operations contemplated by this Agreement and such certificates shall provide that such insurance coverage will not be canceled or reduced without at least thirty (30) days' prior written notice to DFS and CPA. At least ten (10) days prior to the expiration of any such policy, a certificate showing that such insurance coverage has been renewed or extended shall be filed with DFS and CPA. In the event LSG shall at any time fail to furnish DFS and CPA with the certificate or certificates required under this section within ten (10) days after a written request therefore from DFS or CPA, then, DFS or CPA, upon written notice to LSG of its intention to do so, shall have the right to secure the required insurance at the cost and expense of LSG, and LSG agrees to promptly reimburse DFS or CPA, as their respective interests may appear, for the cost thereof.

(d) LSG shall maintain all insurance required by this section with insurance companies authorized to do business in the Commonwealth of the Northern Mariana Islands, which companies must be satisfactory and approved by CPA, such approval not to be unreasonably withheld.

SECTION 6.02. Indemnification. All parties to this Agreement shall indemnify any other party to this Agreement any expense, cost, liability or damage, including, without limitation, reasonable attorneys' fees, incurred by any party to this Agreement due to the failure or refusal, for any reason, of any other party to satisfy, observe or perform any of the terms, conditions or covenants required to be satisfied, observed or performed by such party pursuant to this Agreement, or if any warranty or representation made by such party herein shall prove to have been incorrect in any material respect when made.

SECTION 7.00

DAMAGE TO OR DESTRUCTION OF CONCESSION AREA

SECTION 7.01. Damage or Destruction. CPA agrees as follows:

(a) Repairable within Thirty Days. If all or a portion of the Concession Area including the Restaurant or the Outlets is partially damaged by fire, explosion, the elements, a public enemy, or other casualty not caused by LSG or a Subconcessionaire or their respective operations, but not rendered untenable, or rendered untenable but repairable within thirty (30) days, CPA will repair the same to the same quality as the previous facility, with due diligence, using any insurance proceeds available to it, and if no such proceeds are available, or if they are insufficient, using such other funds, if any, available to it. If no such funds or proceeds are available, or if CPA refuses to repair, LSG is not obligated to but may, at its option, repair and deduct the expense of such repair from the concession fee due under Section 3 of this Agreement together with twelve percent (12%) annual interest until the cost of such repair is fully recovered, or it may terminate this Agreement.

(b) Not Repairable within Thirty Days. In the event the Concession Area including the Restaurant or any Outlet is partially or completely destroyed by fire, explosion, the elements, a public enemy, or other casualty, or is so damaged that it is untenable and

cannot be repaired or replaced within thirty (30) days through no fault of LSG or a Subconcessionaire, CPA will repair, replace or reconstruct the Concession Area and/or Outlet(s) to the same quality as the previous facility, with due diligence, using any insurance proceeds available to it, and if no such proceeds are available, or if they are insufficient, using such other funds, if any, available to it. In any event, DFS shall not be under any obligation to LSG to repair, replace or reconstruct the Concession Area, the Restaurant and/or Outlet(s), and the concession fee payable hereunder shall be paid proportionately to the time of such damage or destruction and shall thenceforth cease until such time as the Concession Area, the Restaurant and/or Outlet(s) are fully restored. In the event that the Concession Area, the Restaurant and/or Outlet(s) are not reconstructed, LSG may, in addition to any and all other rights it may have, terminate this Agreement.

(c) Damages Due to LSG or Subconcessionaire. In the event that all or a portion of the Concession Area is partially damaged by fire, explosion, the elements, or other casualty due to the negligence, recklessness or other act, or omission of LSG or a Subconcessionaire or due to their respective operations, LSG or the Subconcessionaire will repair the same to the same quality as the previous facility, with due diligence, using any insurance proceeds available to it, and if no such proceeds are available, or if they are insufficient, using such other funds as necessary. If LSG or the Subconcessionaire shall refuse to repair the facilities to a condition satisfactory to CPA, then CPA, at its option, may declare this Agreement in default and seek such remedies as are available at law or in equity including the termination of this Agreement and monetary damages and/or restitution.

(d) Responsibility for Payment. Notwithstanding the foregoing, if the Concession Area including the Restaurant and any Outlet(s) is partly or completely damaged or destroyed as a result of an act or omission by LSG or CPA, its agents or employees, then

the party so causing such damage shall be responsible to repair, replace or reconstruct the damaged area or structures. Without waiving any other contractual or legal remedies available, the other party may, in its discretion and upon refusal of the responsible party to repair, replace or reconstruct, cause the Concession Area, the Restaurant or Outlet(s) to be repaired, replaced or reconstructed as aforesaid, in which event the party so undertaking repairs shall be reimbursed for the reasonable cost incurred, to the extent insurance proceeds are not received, for necessary repairs, replacement or reconstruction. During any such periods where LSG is responsible for payment of repairs, replacement or reconstruction under the terms of this Section 7.00, the concession fee shall be payable.

(e) Damage or Destruction of Leasehold Improvements. Should any leasehold improvements made by LSG be damaged or destroyed by LSG, a Subconcessionaire or CPA, they shall, in all instances, be repaired or replaced by the party responsible, whether or not said damage or destruction is covered by insurance, and if the party at fault fails to repair or replace such damage or destroyed improvements, then the other party may make such repairs or replacements and recover from the other party the cost and expense of such repair or replacement. Further, redecoration and replacement of LSG's furniture, equipment and supplies in the Restaurant or Outlets shall be the responsibility of the party so causing the damage.

SECTION 8.00

TERMINATION, ASSIGNMENT AND TRANSFER

SECTION 8.01. Termination by LSG. This Agreement may be terminated by LSG upon the occurrence of any one of the following events by giving notice of termination:

(a) Abandonment. The permanent abandonment (defined as for a period of at least thirty (30) days) of the Airport as an airline terminal or the permanent removal of all airline service from the Airport.

(b) Governmental Assumption. The lawful assumption by the United States Government, the Commonwealth, or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial part or parts thereof, in such a manner as substantially to restrict LSG from operating thereon for a period of at least thirty (30) days.

(c) Injunction. Issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of the Airport if such injunction remains in force for a period of at least thirty (30) days.

(d) Default by CPA or DFS. If default by CPA or DFS in the performance of any covenant or agreement herein required to be performed by CPA or DFS, and the failure of CPA or DFS to remedy such default for a period of thirty (30) days after receipt of written notice from LSG to remedy the same; provided, however, that no notice of termination as provided herein shall be of any force or effect if CPA or DFS shall have remedied the default or is diligently proceeding to remedy the default.

(e) Destruction of Concession Area. If the Concession Area, including the Restaurant and Outlets shall be destroyed and not replaced in accordance with Section 7.00.

SECTION 8.02. Termination by CPA. This Agreement may be terminated by CPA by giving notice of termination, upon the occurrence of any one of the following events:

(a) Non-Payment. LSG is in arrears in the payment of an amount due hereunder for a continuous period of thirty (30) days after the time LSG receives written notice

of such non-payment from CPA. All payments made by LSG to CPA shall be credited to the oldest amount due from LSG to CPA;

(b) General Assignment to Creditors. LSG makes a general assignment for the benefit of creditors;

(c) Abandonment. LSG voluntarily abandons the Concession Area for a period of more than ten (10) days without the express written approval of CPA;

(d) Voluntary Petition in Bankruptcy. LSG files a voluntary petition in bankruptcy;

(e) Involuntary Bankruptcy. The institution of bankruptcy proceedings against LSG and the adjudication of LSG as a bankrupt pursuant to such proceedings;

(f) Default. The default by LSG in the performance of any of the covenants and conditions required herein to be kept and performed by LSG and the failure of LSG to remedy such default for a period of thirty (30) days after receipt of written notice by DFS or CPA to remedy unless such default cannot be remedied within thirty (30) days, then failure to substantially begin such remedy within thirty (30) days of such written notice except as may be otherwise specifically provided in this Agreement; and

(g) Termination of Master Concession Agreement. The termination of the Master Concession Agreement as it applies to the Airport and the failure to grant any successive duty-free concession or extension by CPA to DFS, as per Section 2.01 of this Agreement.

SECTION 8.03. Notice of Termination. This Agreement shall be deemed terminated upon the sending of a notice of termination pursuant to Sections 8.01, 8.02 or 8.06.

SECTION 8.04. Rights Upon Termination

(a) Concession Fee. Upon the termination of this Agreement for any reason, LSG shall immediately pay to CPA that portion of the concession fee, if any, remaining unpaid as of the date of termination.

(b) Other Amounts Due. Upon the termination of this Agreement for any reason, LSG shall immediately pay to CPA and/or DFS any amounts due hereunder (including amounts payable to DFS under Sections 4.03(b) and 6.01(c) hereof, if applicable) which have accrued but remain unpaid as of the date of termination.

(c) Leasehold Improvements Recovery. Upon the termination of this Agreement for any reason and subject to Section 8.04(c) below, LSG shall surrender to CPA all of LSG's improvements in good condition (except for ordinary wear and tear occurring after the necessary maintenance made by LSG); provided, however, that CPA reserves the right to require LSG to, at its cost, remove such improvements and restore the Restaurant and the Outlets to its original condition as of the beginning of occupancy within thirty (30) days from the date of notification of such requirement, and if LSG does not remove the same within such period, CPA may remove the same at the cost and expense of LSG. If this Agreement is terminated before the expiration of the term by CPA through no fault of LSG, then CPA shall pay to LSG or the Subconcessionaire, as the case may be, the depreciated value of such improvements according to generally accepted accounting principles.

(d) Trade Fixtures and Expendables. Upon termination of this Agreement for any reason, CPA shall have the right either:

(i) To require removal by LSG of all trade fixtures and expendables from the Concession Area, and if so required, LSG shall remove the same within thirty (30) days from the date of notification of such requirement, and if LSG does not remove

the same within such thirty-day period, CPA shall have the option to either retain title to the same, without any obligation to compensate LSG, or remove the same at the expense and for the account of LSG; or

(ii) To purchase any or all of the same from LSG subject to the mutual agreement of CPA and LSG, provided that LSG shall be under no obligation to so sell to CPA.

SECTION 8.05. Assignment, Transfer and Subletting. LSG shall not sell, assign, sublet, transfer, convey, mortgage or pledge this Agreement or any of LSG's rights or obligations hereunder except as provided herein.

SECTION 8.06. Holding Over. Should LSG hold over with respect to the Restaurant or the Outlets after this Agreement has been terminated for any reason, LSG shall be deemed to be a tenant at sufferance of the Restaurant and the Outlets on the same terms and subject to the same conditions as herein provided. Any holdover tenancy may be terminated upon thirty (30) days' notice by CPA and thereafter CPA may enter upon the Concession Area and remove LSG and any and all Subconcessionaires without further notice.

SECTION 8.07. Redelivery of the Restaurant and the Outlets. LSG shall, upon termination of this Agreement in whole or in part, quit and deliver up the Restaurant and the Outlets to DFS or CPA peaceably, quietly, and in as good order and condition as the same now is or may be hereafter improved, reasonable use and wear and damage caused by casualty or the elements excepted. In the event of a default by LSG for the non-payment of any rental or fees due upon the expiration of this Agreement, LSG grants to CPA a specific lien on all property of LSG situated at the Concession Area as security for the payment of all sums due and owing by LSG to CPA pursuant to this Agreement.

SECTION 9.00

PUBLIC USE AND GOVERNMENT AGREEMENTS, LAWS AND REGULATIONS

SECTION 9.01. Public Use and Federal Grants

(a) Agreements. The Saipan Airport is subject to the terms of those certain sponsor assurances made to guarantee the public use of such Saipan Airport as incidental to grant agreements between CPA and the United States of America. The rights of LSG hereunder shall be subordinate to the provisions of any existing or future agreement between the Commonwealth or CPA and the United States of America, its boards, agencies and commissions, relative to the operation or maintenance of any airport of entry, the execution of which is required as a condition precedent to the expenditure of United States funds on the development of such airport. Further, in the Master Concession Agreement, CPA has reserved the right to further develop the Saipan Airport as it may see fit, and without interference or hindrance. Subject to all other applicable provisions of this Agreement, such development or improvement may involve temporary disruption of LSG's operation or temporary or permanent relocation of the Restaurant or any Outlet into a suitable and comparable substitute space.

(b) Federal Aviation Act. It is covenanted and agreed that nothing contained in this Agreement shall be construed to grant or authorize the granting of an exclusive right prohibited by Section 308 of the Federal Aviation Act of 1958, as amended. CPA and DFS represent and warrant that the entering into of this Agreement will not be deemed to be or result in a violation of the Master Concession Agreement, the Federal Aviation Act, or the rules and regulations promulgated by the U.S. Department of Transportation or the Federal Aviation Administration pursuant to said Act.

(c) Non-Discrimination. LSG, for itself, its successors in interest, and any permitted assigns, as a part of the consideration hereof, does hereby consent and agree that:

(i) In the event the Restaurant or the Outlets are maintained or otherwise operated by LSG or any Subconcessionaire at the Airport for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, LSG or the Subconcessionaire shall maintain and operate the Restaurant and the Outlets in compliance with all requirements imposed pursuant to 49 C.F.R. Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation, as said regulations may be amended;

(ii) No person on the grounds of sex, race, color, creed, or national origin shall, by LSG or any Subconcessionaire, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities;

(iii) In the maintaining of any improvements to the Restaurant or the Outlets and the furnishing of services thereon, no person on the grounds of sex, race, color, creed or national origin shall be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination;

(iv) LSG and any Subconcessionaire shall use the Restaurant and the Outlets in compliance with all other requirements imposed by or pursuant to 49 C.F.R. Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation, as said regulation may be amended. In the event of a breach of any of the non-discrimination covenants in this Subparagraph (c), CPA shall have the right to terminate this Agreement and to reenter and repossess the Restaurant or any offending Outlet and hold the same; provided, however, that LSG or any Subconcessionaire, if allegedly in breach, shall have the right to

contest said alleged breach under applicable Federal Aviation Administration procedures, and any sanctions under, or termination of, this Agreement shall be withheld pending completion of such procedures; and

(v) LSG and any Subconcessionaire shall comply with all federal and local laws, rules and regulations, including but not limited to: The Americans with Disabilities Act of 1990 (ADA); The Rehabilitation Act of 1973, the Architectural Barriers Act, and the Provisions of Title III: Public Accommodations and Services Operated by Private Entities, 28 U.S.C. 1219/81-12183, 12186(B)-12189, 28 N.C.F.R. Part 36, C.F.R. Part 1191, 49 C.F.R. Part 27, 49 C.F.R. § 37.3 Misc. ADA provisions at 42 U.S.C. 12201-12213, prohibiting discrimination against any individuals on the basis of disability. LSG and any Subconcessionaire shall further agree that as part of the consideration for this Agreement or any subconcession agreement, that it will hold harmless and indemnify the Authority, its agents, employees, directors and officers from and against any claims or liability arising from any claims brought against LSG or any Subconcessionaire and/or CPA covered under this section arising out of or attributable to LSG's or any of the Restaurant or the Outlet's operations.

(d) Minority Business Enterprise (MBE). LSG warrants that in the award or grant of any subconcession at the Restaurant and Outlets that it will act in accordance with any applicable federal law or regulation governing such awards and granting such subconcessions to qualified MBEs on terms and conditions as LSG shall determine unless there exists a valid exemption or waiver therefrom from the federal agency making such requirements.

(e) Right to Amend. In the event that the Federal Aviation Administration or its successors requires modification or changes in this Agreement as a

condition precedent to the granting of funds for the improvement of the Airport, LSG agrees to consent to such amendments, modifications, revisions or supplements to, or deletions of, any of the terms, conditions or requirements of this Agreement as may be reasonably required to obtain such funds; provided, however, that in no event will LSG be required to agree to an increase in the concession fees.

SECTION 9.02. Regulations. The occupancy and use by LSG and any Subconcessionaire of the Restaurant and the Outlets, and the exercise of the rights herein conferred upon LSG shall be subject to such valid rules and regulations as are now or may hereafter be prescribed by the Commonwealth and by CPA through the lawful exercise of their powers.

SECTION 10.00

GENERAL PROVISIONS

SECTION 10.01. Waiver. The failure of LSG, DFS or CPA at any time or times to require performance of any provision hereof shall in no manner affect the right of LSG, DFS or CPA at a later time to enforce the same. No waiver by LSG, DFS or CPA of any condition or of the breach of any provision, term, covenant, representation, or warranty contained in this Agreement in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition of the breach or any other provision, term, covenant, representation, or warranty of this Agreement. All parties shall not be deemed to have waived any right under this Agreement except by a writing signed by LSG, DFS or CPA, as the case may be. Each and all other rights, powers, options, or remedies given to LSG, DFS or CPA by this Agreement are cumulative, and none of them shall be exclusive of any other or exclusive of any remedies provided by law or equity, and the exercise of one or more rights,

powers, options, and remedies shall not impair the right to exercise any other right, power, option, or remedy.

SECTION 10.02. Successors. All terms, conditions and covenants of this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto.

SECTION 10.03. Notice. All notices, requests, demands, and other communications hereunder shall be in writing (including telex or facsimile transmission confirmed in writing) and shall be deemed to have been duly given if personally delivered or mailed first class, postage prepaid, certified or registered mail, return receipt requested, or otherwise acknowledged as received if by other means:

If to DFS:	DFS SAIPAN LIMITED P.O. Box 528 Saipan, MP 96950
If to CPA:	EXECUTIVE DIRECTOR COMMONWEALTH PORTS AUTHORITY P.O. Box 1055 Saipan, MP 96950
If to LSG:	GENERAL MANAGER LSG LUFTHANSA SAIPAN, INC. P.O. Box 6172 Tamuning, Guam 96931

SERVICE

Any party hereto may change the address to which each such notice, request, demand, or other communication shall be sent by giving written notice in the manner provided in this Section 10.03 of such changed address.

SECTION 10.04. Governing Law. This Agreement has been made in and shall be construed in accordance with the laws of the Commonwealth of the Northern Mariana Islands. The jurisdiction and venue of any action brought under this Agreement shall lie exclusively in the Commonwealth of the Northern Mariana Islands.

SECTION 10.05. Entire Agreement. This Agreement states the entire understanding and agreement between the parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, representations, warranties and agreements made by and between such parties; provided, however, that this Agreement is subject to the terms and conditions of the Master Concession Agreement. No alteration, amendment or modification of any of the terms or provisions of this Agreement shall be valid unless made pursuant to an instrument in writing signed by each of the parties hereto.

SECTION 10.06. Recitals. The recitals set forth at the beginning of this Agreement shall be deemed as much a part of this Agreement as if set fully set forth in the substantive provisions hereof.

SECTION 10.07. Headings. The headings contained herein and the table of contents are for convenience in reference only, and are not intended to define or limit the scope of any provision of this Agreement.

SECTION 10.08. Severability. If any provision of this Agreement, or the application thereof to any person or circumstances is held invalid, the invalidity does not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application, and to this end, the provisions of this Agreement are severable.

SECTION 10.09. Inspection. DFS and CPA through their authorized representatives, shall have the right to, at all reasonable times, enter upon the Restaurant or the Outlets to inspect the same, to observe the performance by LSG of its obligations hereunder, and to do any act which DFS or CPA may be obligated or have the right to do under this Agreement or the Master Concession Agreement.

SECTION 10.10. Rights and Remedies Cumulative; Survival. No right or remedy herein conferred upon any party is intended to be exclusive of any other right or remedy

contained herein and every such right or remedy shall be cumulative and shall be in addition to every other such right or remedy contained herein or now or hereafter existing at law or in equity or by statute, or otherwise. The termination of this Agreement shall not release or discharge any party or its permitted assigns, from any obligation or any liability that was incurred by it prior to termination of this Agreement.

SECTION 10.11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same Agreement.

SECTION 10.12. Attorneys' Fees. If any party hereto or any Subconcessionaire becomes a party to any litigation concerning this Agreement, a subconcession agreement, the Restaurant or the Outlets, by reason of any act or omission of another party or parties or another party's authorized representatives, and not by any act or omission of the party that becomes a party to that litigation or any act or omission of its authorized representatives, the party that causes the other party to become involved in litigation shall be liable to that party for reasonable attorneys' fees and court costs incurred by it in the litigation. If any party commences an action against another party arising out of or in connection with this Agreement or a subconcession agreement, the prevailing party or parties shall be entitled to have and recover from the losing party or parties reasonable attorneys' fees and costs of suit.

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SECTION 10.13. Time of Essence. Time is of the essence of this Agreement. In all instances where time limits are imposed on DFS or CPA for the performance of its obligations under this Agreement, said time limit shall be extended to include whatever time is necessary to obtain any necessary approval or clearances from the other party required under the Master Concession Agreement.

SECTION 10.14. Master Concession Agreement Prevail. This Agreement and every right and obligation hereunder shall be subject to and subordinate to the Master Concession Agreement. LSG shall perform each and every obligation of DFS pertaining to the operation of the Concession, other than any obligation which is retained by DFS under this Agreement, as and when such performance shall be due. In the event of any conflicts between the provision of the Master Concession Agreement and this Agreement, the provisions of the Master Concession Agreement shall govern and prevail.

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SECTION 10.15. Not a Joint Venture. DFS shall not be deemed a partner or joint venturer with LSG by reason of the provisions of this Agreement.

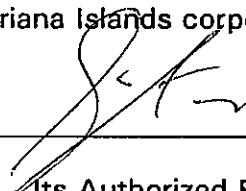
IN WITNESS WHEREOF, the parties have caused these presents to be executed as of the day and year first above written.

DFS SAIPAN LIMITED
a Commonwealth of the Northern Mariana Islands corporation

By 

MARIAN ALDAN-PIERCE
Its President

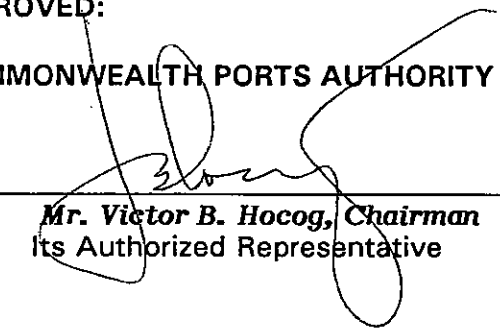
LSG LUFTHANSA SERVICE SAIPAN, INC.
a Commonwealth of the Northern Mariana Islands corporation

By 

Its Authorized Representative

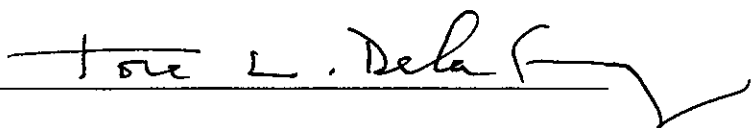
APPROVED:

COMMONWEALTH PORTS AUTHORITY

By 

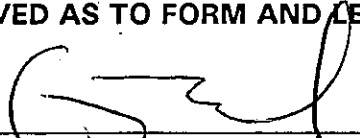
Mr. Victor B. Hocog, Chairman
Its Authorized Representative

APPROVED AS TO FORM AND LEGALITY FOR THE COMMONWEALTH PORTS AUTHORITY:

By 

CPA Legal Counsel

APPROVED AS TO FORM AND LEGALITY:

By 

GREGORY J. KOEBEL
Attorney for LSG LUFTHANSA SERVICE SAIPAN, INC.