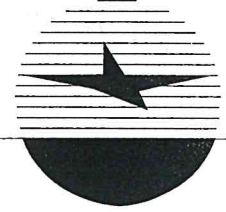


PEASE DEVELOPMENT AUTHORITY



360 Corporate Drive, Pease International Tradeport, Portsmouth NH 03801
(603) 433-6088 Fax: (603) 427-0433 TDD: Relay NH 1-800-735-2964

June 17, 2002

Edward Lyman, Island Manager
Shoals Marine Laboratory
PO Box 88
Portsmouth, NH 03802

Re: Right of Entry for Non-exclusive Use of Parcel A-2 and Burge Wharf

Dear Mr. Lyman:

On behalf of the Pease Development Authority Division of Ports and Harbors, we hereby authorize Cornell University, an education corporation chartered by the State of New York in connection with its Shoals Marine Lab and authorized to do business in the State of New Hampshire, its employees, agents and business invitees to enter and use, in common with others and subject to the terms and conditions set forth herein, a portion of the above referenced Premises (Exhibit A) for a period of two (2) years commencing April 1, 2002. This Right of Entry (ROE) is granted to Shoals Marine Lab for the purpose of conducting operations as defined herein, at its sole risk, and for no other use without the express written consent of the Pease Development Authority Division of Ports and Harbors. This ROE shall terminate at midnight on March 31, 2004, unless otherwise extended by agreement of Cornell University and Pease Development Authority Division of Ports and Harbors.

Please note that the terms of this ROE are expressly subject to and conditioned upon the provisions of NHRSA 12-G, and the following:

- Grantor:** Pease Development Authority Division of Ports and Harbors (PDA-DPH)
- Grantee:** Cornell University, hereinafter referred to as Shoals Marine Lab ("SML")
- Purpose:** For berthing the research and support vessels, including the rafting of two vessels, for transporting employees, equipment, refuse and supplies, including construction materials. Grantee will berth vessels on permanent basis, subject to the right of PDA-DPH to Additional Usage as set forth herein and further subject to PDA-DPH's obligation to provide up to 6 vehicle spaces as set forth herein..
- Premises:** For and in consideration of the fees to be paid, the repairs, improvements and alterations to be performed by Grantee and subject to the terms and conditions set forth herein, the PDA-DPH agrees to permit Grantee a non-exclusive right to use the area described below as the PDA-DPH's Parcel A2, including the "Burge Wharf", all as more specifically shown on the plan attached hereto and incorporated herein

as Exhibit A. This right of entry shall include such other areas for vehicle parking and location of a trash dumpster, as provided herein or as shall be made available from time to time by the Director of the PDA-DPH.

Grantee agrees that it will leave the Premises in a neat, clean and orderly condition and shall provide a secured area for its trash dumpster and arrange for trash removal at its sole expense in accordance with the operating guidelines provided from time to time by the PDA-DPH.

Fees: In consideration of the ROE granted, Grantee shall pay to the PDA-DPH the following annual amounts.

Wharfage: For the intended usage, Grantee agrees to pay during the term of the ROE, as provided above, the amount of \$1.00 per paying passenger as a wharfage fee (the "Wharfage Fee"). Wharfage Fees shall be paid monthly in arrears of the fifteenth (15th) day of each month. Wharfage Fee payments shall be accompanied by a statement from Grantee, on a form provided by or reasonably acceptable to PDA-DPH, showing all information concerning paying activity or any applicable activity for the previous calendar month required to calculate the Wharfage Fee due, including but not limited to information in the Captain's Log. Accompanying such report shall be a statement executed by an officer of Grantee certifying that all information contained therein is true and accurate as of the date the same is given.

Dockage: For the intended usage, Grantee agrees to pay during the term of this ROE a dockage fee ("Dockage") at the annual rate of \$5,000. Dockage shall be paid annually in advance on April 1st of each year of the term of the ROE. Notwithstanding the preceding provision, Dockage for the first year of the term of this ROE (April 1, 2002 to March 31, 2003) shall be subject to a credit of \$5,000 for capitol improvements made to the Burge Wharf during in the 2001 Season.

Parking Fees: During the period April 1 through September 30 of each year of this ROE, PDA-DPH shall provide to Grantee right to park 6 vehicles per day at the Premises. During the period October 1 through March 31 of each year of this ROE, PDA-DPH shall provide to Grantee the right to park 1 vehicle per day at the Premises. In connection with this right to park automobiles, motorcycles, vans, and other vehicles, Shoals Marine Lab shall pay to PDA-DPH an annual fee of \$2,915.50 (the "Parking Fee"). Except as otherwise agreed, Parking Fees shall be paid on or before the first (1st) day of each month in advance, in the manner as provided herein for payment of Dockage Fees. Parking on PDA-DPH property shall be monitored and controlled by Grantee, shall be subject to the reasonable rules and regulations promulgated by the PDA-DPH and shall be limited to employees, agents or contractors of Grantee.

Dumpster and Storage Area: For the intended usage, Grantee agrees to pay during the term of this ROE a fee for the location of its dumpster and storage at the annual

rate of \$500. Said \$500 fee shall be paid annually in advance on April 1st of each year of the term of this ROE.

Condition of

Premises:

Grantee acknowledges that it has inspected the Premises, including the parking area and all improvements and other facilities thereon, and that it has determined that, except as specifically provided herein for improvements to be performed at the sole cost and expense of the Grantor, the said Premises are in apparent good and tenantable condition. Grantee accepts said Premises in their present condition and without any representation or warranty by the PDA-DPH as to their condition or as to the use which may be made thereof and without obligation on the part of the PDA-DPH, to make any alterations, repairs, improvements or additions. Further, the PDA-DPH shall not be responsible for any latent or other defect not known by the PDA-DPH or any change of condition in said Premises. Nothing contained in this right of entry shall be deemed to constitute a waiver of the sovereign immunity of the State of New Hampshire which at all times is reserved to the State of New Hampshire.

Grantor's

Work:

Except as specifically provided in this letter or the ROE, Grantee, in cooperation with Star Island Corporation ("Star") and Northeast Captains Association, Inc. ("NCAI") at their sole cost and expense, shall do all work necessary to prepare the Burge Wharf for its intended use. Grantor agrees on or before May 1, 2002 to place tire stops along the water's edge and to remove debris.

Indemnification

and

Insurance:

During the term of the ROE, Grantee shall provide Protection and Indemnity insurance coverage in an amount no less than One Million Dollars (\$1,000,000) on any vessel which utilizes the Burge Wharf or any other portion of the Premises as defined under this ROE. The Protection and Indemnity coverage provided for hereunder shall be endorsed to include coverage which extends to docks, gangways, piers and wharfs and shall also include coverage for all other activities authorized under this ROE, including, but not limited to, the utilization of parking spaces in connection with Grantees authorized operations under this ROE.

During the term of the ROE, Grantee shall also provide or in the alternative require all contractors, agents or employees of Grantee to carry, as applicable or required and to the extent not provided for under the Protection and Indemnity coverage, (i) worker's compensation and employer's liability insurance in an amount and form which meets all applicable requirements of the labor laws of the State of New Hampshire, as amended from time to time, and which specifically covers the persons and risks involved in this ROE; or (ii) Longshore and Harbor Worker's Compensation Act insurance coverage for all maritime employment related activities

in connection with the rights granted under this ROE and to the extent required by Federal Law; and (iii) comprehensive general liability insurance to a limit of not less than One Million Dollars (\$1,000,000) with respect to damage to property and to personal injury or death of any one or more persons and with no deductible or such deductible amount as may be authorized by the PDA-DPH; and (iv) automobile liability insurance in amounts approved from time to time by the PDA-DPH, but not less than One Million Dollars (\$1,000,000) combined single limit for owned, hired and non-owned automobiles.

To the extent the aforesaid coverages are not required or applicable in connection with Grantee's operations, the Grantee shall provide PDA-DPH with written verification, satisfactory to PDA-DPH, that such coverage or coverages are inapplicable to a Grantee member's operations.

Excepting the wilful misconduct or the negligence of PDA-DPH which is the sole cause of a claim or action by a third party, Grantee agrees to indemnify, defend and hold harmless the PDA-DPH and the State of New Hampshire from any and all claims, judgments, damages, penalties, fines, assessments, costs and expenses, liabilities and losses resulting or arising during the term of the ROE actions, demands and causes of actions caused by or resulting from (i) any conditions of the Premises, which condition first arises during the term of the ROE (ii) from any breach or default on the part of Grantee in the performance of any covenant or agreement to be performed pursuant to the terms of the ROE, or from any act or omission of Grantee, or any of its agents, contractors, servants, employees, Grantees or invitees; and (iii) from any accident, injury, death, loss or damage whatsoever caused to any person or property occurring during the term of the ROE or as the result of Grantee's exercise of the rights granted to it pursuant to the ROE.

Excepting further (1) the act or omission of any other grantee (or any of its agents, contractors, servants, employees or invitees) of the ROE granted by PDA-DPH (hereafter "other grantee" and "its ROE") which is the sole cause of a claim or action by a third party, (2) a cause of action or claim from any breach or default on the part of such other grantee in the performance of any covenant or agreement to be performed pursuant to its ROE which is the sole cause of a claim or action by a third party, (3) a cause of action or claim arising as a result of any accident, injury, death, loss or damage whatsoever caused to any person or property occurring as the result of the other grantee's use or exercise of the rights granted to it pursuant to its ROE which is the sole cause of a claim or action by a third party.

Any service, use or consumption of alcoholic beverages in on or about the Premises shall be specifically subject to prior written approval of the PDA-DPH, or its designee, and such additional liability insurance as the PDA-DPH shall reasonably require.

Maintenance

of Premises: Except as otherwise provided in this ROE, PDA-DPH shall maintain in good and tenable condition the common areas of the PDA-DPH property and the structural components and integrity of the Burge Wharf.

Grantee covenants and agrees, throughout the term of this ROE, without cost to the PDA-DPH to take good care of the Premises, and related improvements, including sidewalks, curbs, access routes and or parking areas designated for Grantee's use and to keep the same in good order and condition at all times, reasonable wear and tear and damage by the elements excepted.

PDA-DPH shall in no event be responsible to Grantee for any condition of the Premises or the common areas caused by any act or negligence by Grantee or Grantee's employees, agents, representatives and invitees.

Base Term: The base term of the ROE will be for a two (2) year period, commencing on April 1, 2002 and continuing until midnight on March 31, 2004.

Additional

Usage:

Notwithstanding anything in this ROE to the contrary, Grantee's right to use the Premises, and specifically the linear footage of dock area shall be limited to 45 feet as shown on Exhibit A, attached hereto and incorporated herein. Any available lineal footage, dock and wharf space not specifically reserved to or scheduled for use by Grantee during the term of the ROE and required for their timely use, shall be available to the PDA-DPH for its use or the use of third parties as authorized by PDA-DPH, without limitation. Nothing in this ROE shall be deemed to confer upon Grantee any exclusive interest or reservation in PDA-DPH property; provided, however, that during the term of this ROE no use by the PDA-DPH or its tenants shall interfere with Grantee's operations as contemplated herein. Grantee hereby acknowledges and agrees that storage of hazardous substances is not permitted on the Premises. "Hazardous Substances" as used herein means any hazardous or toxic substance, material or waste, oil or petroleum product, which is or becomes regulated by any local governmental authority, the State of New Hampshire or the United States Government.

Non-

Compete:

Notwithstanding anything in this ROE to the contrary, Grantee acknowledges and agrees that its use of the Premises, to include Parcel A2 and "Burge Wharf" shall be subject to the pre-existing rights of the Isles of Shoals Steamship Company (ISSCo) and specifically the non-compete provisions set forth in Paragraph 7.3 of a certain Lease dated effective January 1, 1999, as amended effective July 1, 2001 (the "Lease"), which Lease is attached hereto and incorporated herein as Exhibit B.

Compliance: Grantee's use of the Premises shall be orderly and efficient and shall not cause any disruptions to other PDA-DPH activities. Grantee shall not cause or maintain any nuisance on the Premises. Grantee warrants that prior to engaging in any permitted use, it will hold all certificates, permits, licenses or other entitlements required by federal, state or local laws in order to allow Grantee to conduct the permitted uses hereunder, and that the same are and will be kept current and complete. In its use and occupation of the Premises and the conduct of its business thereon, Grantee, at its sole cost and expense, shall promptly comply will all present and future laws, ordinance, orders, rules, regulations and requirements, to the extent in each of the foregoing cases that such are applicable and have the force of law. Grantee agrees that any vessels at the transient berth will be attended at all times by competent operator.

Additional Provisions:

Grantee agrees and accepts the following conditions to its use of the Premises:

1. The use, occupation and maintenance of the Premises shall be: (a) without cost or expense to the PDA-DPH, except where any such cost or expenses is specifically assumed by PDA-DPH hereunder; (b) subject to the general supervision and approval of the PDA-DPH and the State of New Hampshire ("State"); and (c) subject to such rules, regulations and operating procedures as the PDA-DPH may prescribe from time to time; provided however, that a copy of any such rules, regulations and operating procedures are forwarded to SML.
2. Grantee understands and acknowledges that this Right of Entry: (a) allows only temporary use of the facilities; and (b) is granted on a non-exclusive basis. The use of the Premises shall be orderly and efficient, shall not constitute a nuisance and shall not cause disruption to other PDA-DPH activities.
3. PDA-DPH shall not be responsible for damages to property or injuries to persons which may arise from or be attributable or incident to the condition or state or repair of the Premises, or the use and occupation thereof, or for damages to the property or injuries to the person of the PDA-DPH's officers, agents, servants, employees, research associates, or others who may be on the Premises at their invitation or the invitation of any one of them.
4. Grantee's agreement herein that any use of the Premises is at its sole risk and that its signature below constitutes its agreement to assume full responsibility for any and all risks of loss or damage to property and injury or death to persons by reason of or incident to its entry or the entry by any of its

employees, agents, or contractors upon the Premises and/or the exercise of any of the authorities granted herein. SML expressly waives all claims against the State of New Hampshire and the PDA-DPH for any such loss, damage, personal injury or death caused by or occurring as a consequence of Grantee's use of the Premises or the conduct of activities or the performance of responsibilities under this authorization. Grantee further agrees to indemnify, save, hold harmless, and defend the State of New Hampshire and the PDA-DPH, their officers, board members, agents and employees, from and against all suits, claims, demands or actions, liabilities, judgements, costs and attorney's fees arising out of Grantee's use of the Premises or any activities conducted or undertaken in connection with or pursuant to this authorization.

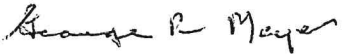
5. Any actions or proceedings with respect to any matters arising under or growing out of this ROE shall be instituted and prosecuted only in courts located in the State of New Hampshire. Nothing contained in this ROE shall be deemed to constitute a waiver of the sovereign immunity of the State of New Hampshire; provided, however, that PDA-DPH agrees to waive immunity for contractual claims under this ROE to the extent permitted under NHRSA 491:8, as the same may be amended.
6. Grantee's access to and egress from the Premises shall be restricted to Gate 2 off of Market Street Extension.
7. Grantee's agreement to make appropriate arrangement for the installation, maintenance and payment of any utilities required by Grantee in its sole discretion for its operations in connection with this Right of Entry.
8. If in the opinion of the Grantor the Grantee has failed or neglected to perform any duties required of it hereunder, the Grantor shall first provide the Grantee with written notice specifying the failure, neglect or other default and a reasonable opportunity, not to exceed ten (10) days to cure or to substantially commence cure in the case of defaults that cannot be cured within the ten (10) day period, prior to terminating this ROE on account of any such default.

If these terms and conditions are acceptable to you, it is our hope that you will be in a position to advise us of your commitment to the PDA-DPH by executing this original and the enclosed copy in space provided and returning the original to me with evidence of insurance, as required prior to the commencement of any activities in connection with this ROE.

Shoals Marine Laboratory
June 17, 2002
Page 8

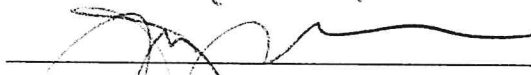
If you have any questions, please feel free to call me directly.

Sincerely,


George R. Meyer, Executive Director
Pease Development Authority

I have read the foregoing and it we hereby agree and accept terms and conditions of this Right of Entry.

CORNELL UNIVERSITY

By: 

John E. Majeroni
Its: Director, Real Estate Dept.
duly authorized
Date: June 25, 2002

EXHIBIT A

PREMISES

5,000

SHARL'S MAR. Research vessel 47 FT

2-45'

STAR ISLAND
MANAGER BOAT
22 FT.

2-30'

STAR ISLAND
WORK BOAT
35-40 FT

2-50'
2-60'
Charter Boat
Pick-up / Drop-off

1000

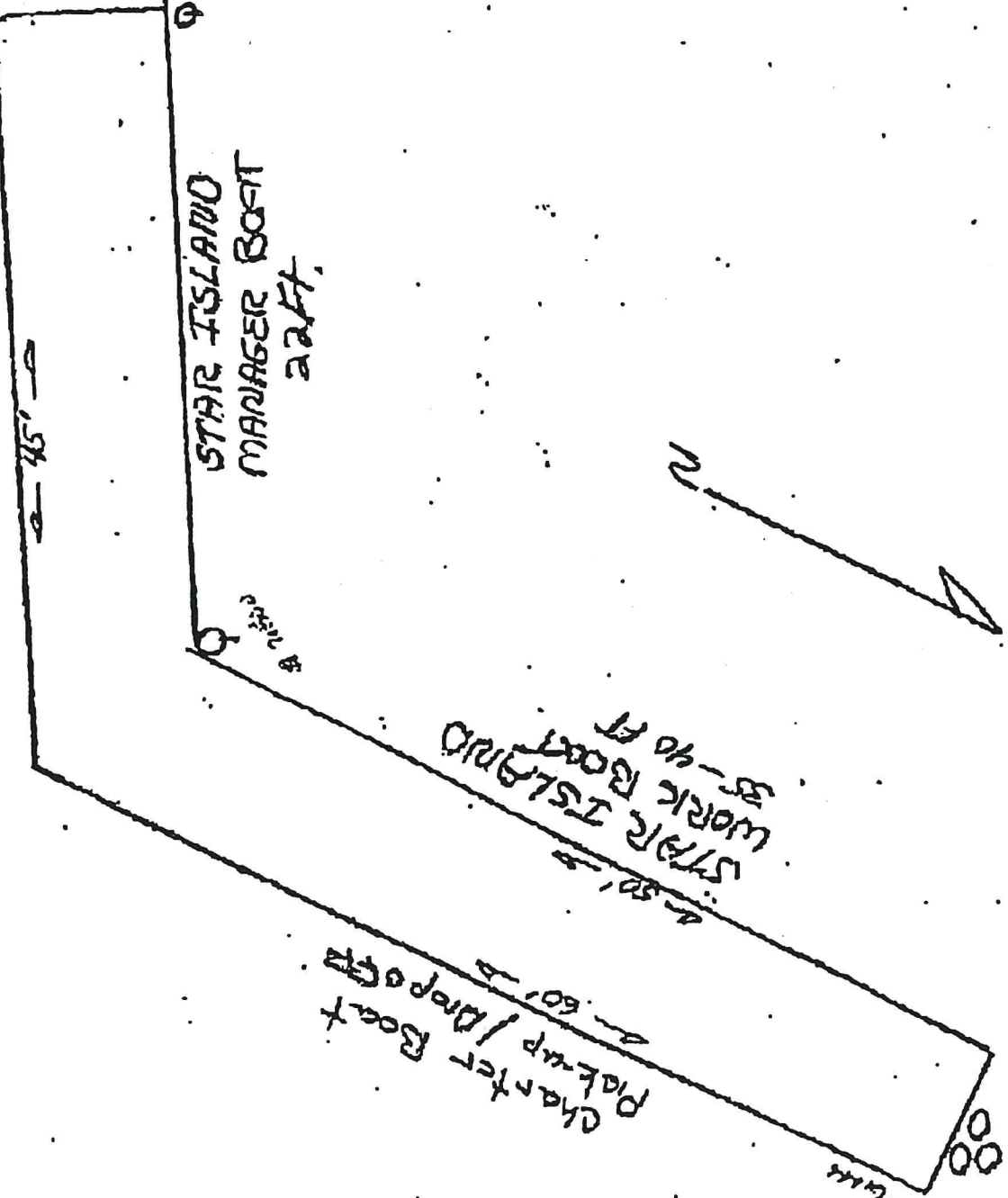
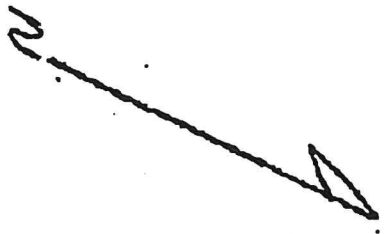


EXHIBIT B

ISLES OF SHOALS STEAMSHIP CO. LEASE

AMENDMENT NO. 1 TO LEASE AGREEMENT

Lessor: State of New Hampshire, acting through its Port Authority ("Lessor")

Lessee: Isles of Shoals Steamship Company, Inc. ("Lessee")

Premises: Barker Wharf and Parcel A1 and A2 located in Portsmouth, NH

Effective Lease Date: January 1, 1999

This Amendment No. 1 made effective on the date of approval by the Governor and Council of the State of New Hampshire, but upon such approval, the terms and conditions of this Amendment No. 1 shall be retroactively applied to begin on July 1, 2001.

WHEREAS, by action of the New Hampshire Port Authority Board of Directors at its meeting duly noticed and held on February 14, 2001, the Lessor did agree to amend its Lease Agreement with the Lessee to remove from the premises the parcel known as A2 and to make certain other amendments to the Lease Agreement;

WHEREAS, following amendment of the Lease Agreement parcel A2 will be available for additional commercial activity, to include agreements with Star Island Corporation, Shoals Marine Lab and the Northeast Charterboat Captains Association, Inc. in furtherance of the expansion of economic development at the Port and for the benefit of the seacoast region and all of the citizens of New Hampshire;

WHEREAS, as a condition to Lessee's consent to relinquish its right, title and interest in the parcel known as A2, Lessor and Lessee have agreed to make certain amendments to the Lease;

NOW, THEREFORE, Lessor and Lessee agree for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, that the Lease be amended as set forth below:

a.) Paragraph 1.0, Subparagraph 1.1., Premises, is hereby deleted in its entirety and is replaced with the following new Subparagraph 1.1:

1.1. Premises:

The premises described herein consist of the Lessor's Barker Wharf and Parcel A1 located in Portsmouth, New Hampshire. These premises are leased subject to any and all uses, liens, easements, or other encumbrances whether of record or not. Notwithstanding the provisions of this Subparagraph 1.1, Lessor shall be permitted to use, in common with others, the access to the Market Street exit gate which is located on parcel A2.

b.) Paragraph 3.0, Subparagraph 3.2, Payment Schedule: is hereby amended by adding the following grammatical paragraphs:

Beginning July 1, 2001 and continuing through December 31, 2004, annual rent shall be calculated at a rate of twenty-five thousand dollars (\$25,000) per year, payable annually in eleven equal monthly installments (February through and including December) each year beginning February 1, 2002, at a rate of two thousand two hundred seventy two dollars and seventy-three cents (\$2,272.73) per month on the first day of each month in advance. The parties acknowledge and agree that rent for the period January 1, 2001 through December 31, 2001, has been paid in the amount of twenty two thousand seven hundred twenty seven dollars and twenty-five cents (\$22,727.25) and that a balance of two thousand two hundred seventy two dollars and seventy-five cents (\$2,272.75) is payable on the effective of this Amendment No. 1 following approval of Governor and Council for payment in full in the amount of twenty-five thousand dollars (\$25,000).

Beginning January 1, 2002 and continuing through December 31, 2002, Lessee shall pay to Lessor as additional rent a wharfage payment in the amount of \$.50 per passenger ("Additional Rent" or "Wharfage Fee"). Beginning January 1, 2003 and continuing through December 31, 2004, Lessee shall pay to Lessor as additional rent a Wharfage Fee in the amount of \$1.00 per passenger. Rent, Additional Rent and maintenance fund payments for the two year period beginning January 1, 2005 and each two year period thereafter continuing through the expiration of the term of the Lease shall be established in accordance with the provisions of Subparagraph 3.5 below.

Wharfage Fees shall be paid monthly in arrears of the fifteenth (15) day of each month. Wharfage Fee payments shall be accompanied by a statement from Lessee, on a form provided by or reasonably acceptable to Lessor, showing all information concerning passenger activity or any applicable activity for the previous calendar month required to calculate the Wharfage Fee due under the Lease, including but not limited to information in the Captain's Log. Accompanying such report shall be a statement executed by an officer of Lessee certifying that all information contained therein is true and accurate as of the date the same is given. Notwithstanding the provisions of this Subparagraph 3.2, through December 31, 2004, Lessor shall waive the Wharfage Fee for up to 1,000 non-revenue passengers per year; provided, however, that such requested waivers are documented monthly on the certified report provided by the Lessee.

c.) Paragraph 3.0, Rent Payment Computation, is hereby amended by adding the following new Subparagraph 3.5, Adjustment of Rent:

3.5 Adjustment of Rent On or before the first day of November immediately preceding the expiration of each two year rent period of this Lease for which a Rent Payment Computation is required, e.g., November 1, 2004; November 1, 2006, etc. (individually an "Adjustment Date" and collectively the "Adjustment Dates"), the Rent, Additional Rent and maintenance fund payments due the Lessor from Lessee shall be adjusted by mutual agreement of the parties; provided, however, that the effective date of the newly negotiated rent rate shall be the January 1st immediately following the Adjustment Date, e.g., January 1, 2005; January 1, 2007, etc.. In the event the parties are, after good faith negotiation, unable to reach a mutual agreement on or

before the effective date of the newly negotiated rent rate (e.g., January 1), the following shall occur:

(1) The rent rate for the two year period immediately following the Adjustment Date, e.g., January 1, 2005 through December 31, 2006, shall remain the same as the rent rate for the one year period immediately preceding the Adjustment Date (e.g., January 1, 2003 through December 31, 2004); and

(2) The Lease shall terminate on December 31 of the two year period described in Subparagraph 3.5 (1) above (e.g., December 31, 2006).

d.) Paragraph 7, Subparagraph 7.3, Use of Docking Floats, shall be amended by deleting the same in its entirety and substituting the following new Subparagraph 7.3, Use Limitations on Parcel A2, in its place:

7.3. Use Limitation on Parcel A2: Lessor agrees during the term of this Lease Agreement that Parcel A-2 will not be used for operation of a tour/ferry boat service in competition with the type and kind of service provided by Lessee, unless Lessor has obtained the express written consent of Lessee, which consent shall not be unreasonably withheld or delayed. Permitted uses of Parcel A2 shall expressly include, but not be limited to, charter boat fishing, scuba diving, kayaking, sailing, and non-passenger support services for the Isles of Shoals.

e.) Paragraph 9, Subparagraph 9.3, shall be amended by deleting the same in its entirety.

f.) Paragraph 10, Holdover, shall be amended by deleting the same in its entirety and substituting the following new Paragraph 10 in its place:

10. If Lessee should remain in possession of the premises after the expiration of the term of this Lease and without executing a new lease, then such holding over shall be construed as a tenancy from month to month, subject to all the conditions, provisions and obligations of this Lease insofar as the same are applicable to a month to month tenancy, provided, however, that the rent payments to be made to Lessor shall increase to 125% of the then applicable rent rate.

g.) Paragraph 15, Insurance, shall be amended by deleting the same in its entirety and substituting the following new Paragraph 15 in its place:

15. During the entire period this Lease shall be in effect, the Lessee at its expense will carry and maintain (i) comprehensive general liability insurance, on an "occurrence basis" against claims for "personal injury", including without limitation, bodily injury, death or property damage, to a limit of not less than two hundred and fifty thousand dollars (\$250,000) per claimant and one million dollars (\$1,000,000) per incident with respect to damage to property and with respect to personal injury or death to any one or more persons and with no deductible or such deductible amount as may be approved by Lessor. Such insurance shall also include coverage against liability for bodily injury or property damage arising out of the acts or omissions by or on behalf of Lessee, or any other person or organization, or involving any owned,

non-owned, leased or hired equipment in connection with Lessee's activities; and (ii) worker's compensation and employer's liability insurance in an amount and form which meets all applicable requirements of the labor laws of the State of New Hampshire, as amended from time to time, and which specifically covers the persons and risks involved in this Lease.

All policies of insurance required to be carried shall be effected under valid and enforceable policies, in such forms and amounts as may, from time to time, be required under this Lease, issued by insurers of recognized responsibility which are authorized to transact such insurance coverage in the State of new Hampshire. The policies of insurance required pursuant to paragraph (i) herein shall be for the mutual benefit of Lessee and Lessor with the Lessor named as an additional insured. Upon the execution of this Amendment No. 1 (and thereafter not less than fifteen (15) days prior to the expiration date of each policy furnished pursuant to this Paragraph 15), the original of each policy required to be furnished (or, with the consent of Lessor, which consent shall not be unreasonably withheld, a certificate of the insurer reasonably satisfactory to Lessor) bearing a notation evidencing the payment of the premium or accompanied by other evidence reasonably satisfactory to Lessor of such payment, shall be delivered by Lessee to Lessor.

h.) Paragraph 18, Notice, is amended by adding at the end of the sentence the following "or at such other address or addresses as Lessor or Lessee may from time to time designate by notice given in accordance with the provisions of this Paragraph 18."

i.) Paragraph 19, Amendment, is amended by inserting at the beginning of the sentence, "Except as otherwise permitted by law, this. . . ."

j.) Paragraph 22, Removal of Vessels: is amended by deleting in the second line of the first sentence the phrase "Parcels A1 and A2," and by substituting "Parcel A1," in its place.

k.) All other terms and conditions of the Lease shall remain in full force and effect and shall continue to be binding upon the Parties.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease Amendment No. 1 effective on the date first above written:

LESSOR:

By: Craig Wheeler

Title: Deputy of Ports and Harbors

LESSEE: Isles of Shoals Steamship Company, Inc.

By: [Signature]

Title: President

STATE OF NEW HAMPSHIRE
COUNTY OF ROCKINGHAM, SS

On this 19 day of July, 2001, before me, PATRICIA BYRNE, a Notary Public in and for said County and State, personally appeared CRIG WHEELER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the DIRECTOR of the New Hampshire State Port Authority, and on oath stated that he was authorized to execute this instrument and acknowledged it to be his free and voluntary act for the uses and purposes set forth herein.

Patricia Byrne
Notary Public in and for said County and State
Printed Name: PATRICIA C. BYRNE, Notary Public
My Commission Expires November 6, 2002
My commission expires: _____

STATE OF NEW HAMPSHIRE
COUNTY OF ROCKINGHAM, SS

On this 19 day of July, 2001, before me, PATRICIA BYRNE, a Notary Public in and for said County and State, personally appeared KOBIN WHITTAKER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the PRESIDENT of Isles of Shoals Steamship Company, Inc. and on oath stated that he was authorized to execute this instrument and acknowledged it to be his free and voluntary act for the uses and purposes set forth herein.

Patricia Byrne
Notary Public in and for said County and State
Printed Name: PATRICIA C. BYRNE, Notary Public
My Commission Expires November 6, 2002
My commission expires: _____

The foregoing contract, having been reviewed by this office, is approved as to form, substance and execution.

THE ATTORNEY GENERAL

By: [Signature]
Assistant Attorney General

The foregoing contract was approved by Governor and Council of New Hampshire on _____.

Signed: _____
Title: _____

ISLES OF SHOALS

LEASE AGREEMENT

This Agreement, by and between the State of New Hampshire, acting through its Port Authority, 555 Market St., Portsmouth, New Hampshire 03801 (the "Lessor"), on the one hand, and Isles of Shoals Steamship Company, Inc., 315 Market St., Portsmouth, New Hampshire, 03801, (the "Lessee"), on the other hand, supercedes the Agreement made between the parties dated June 01, 1987, which is hereby terminated pursuant to paragraph 16.

WHEREAS: The State of New Hampshire desires to promote the prosperity of the State and the flow of commerce through the Port of New Hampshire; and

WHEREAS: Isles of Shoals Steamship Company, Inc., desires a place to berth its vessels and to embark, disembark and service passengers thereon;

NOW, THEREFORE, in consideration of the covenants herein contained the parties to hereby mutually agree as follows:

1.0 Premises Conveyed and Nature of Use

1.1. Premises:

The premises described herein consist of, the Authority's (Barker) Wharf and Parcel A1 and A2 hereto located in Portsmouth, New Hampshire. These premises are leased subject to any and all uses, liens, easements, or other encumbrances rather of record or not.

1.2 Permitted Uses:

1.2.1. The Lessee shall use said property only for the purpose of operating a tour/ferry boat service and other support services, providing services to the public, to embark, disembark and service passengers therefore in order to foster the flow of

tour/ferry boat service and other support services, providing services to the public, to embark, disembark and service passengers therefore in order to foster the flow of commerce through the Port of Portsmouth which is in furtherance of the Port Authority's development plans.

1.2.2. In performing its duties and responsibilities under this agreement the Lessee shall be exempt from all local zoning, planning or building ordinances or authority.

1.2.3. Allowable Uses not expressly authorized in paragraph 1.2 shall be forbidden absent an express written amendment to this Agreement.

2.0 Effective Date of Agreement:

2.1 Effective Date: This Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Council of the State of New Hampshire approve this Agreement, but upon such approval, the terms of this agreement shall be retroactively applied to begin on January 1, 1999.

2.2 Term: Unless sooner terminated in accordance with paragraph 16, this agreement has a term of ten years from effective date, with a review of the rent and other financial arrangements after the two (2) year date, which is on or about January 1, 2001.

3.0 Rent Payment Computation

3.1 Improvements: Lessee agrees to repair or replace the float system, commonly called the Oceanic Float, during the first year of this contract, at the cost of the Lessee, the design of which will be approved of the Lessor.

3.2 Payment Schedule: Rent payments shall be made in equal monthly installments of Three thousand three hundred and thirty three dollars

(\$3,333.00) beginning on January 1, 1999, total amount of Forty thousand dollars (\$40,000.00) for the first year, in lieu of improvements to the property and beginning February 1, 2000 in the total amount of Fifty thousand dollars (\$50,000.00) payments of Four thousand five hundred forty five dollars and forty five cents (\$4,545.45) beginning on the first day of each month thereafter.

3.3 Maintenance Fund established: On or about the end of the first month of each year of the term, beginning January 1, 2000, the Lessee shall pay to the Port Authority the sum of Five Thousand Dollars (\$5,000) to be used by the Port Authority as a maintenance fund to make the necessary repairs and up keep to the property. It is understood that the fund will be administered in the Port Authority's sole discretion. Such trust account shall be established at a local Portsmouth, New Hampshire Bank under Port Authority Maintenance Fund.

3.4 Records: Access: Audits: Within sixty (60) days of the years end, December 31, Lessee shall provide an annual accounting of activities.

4. Compliance by Lessee with Laws and Regulations

This Agreement and use, enjoyment and possession of the premises hereunder, are subject to all laws, and all rules and regulations promulgated pursuant those laws, of the State of New Hampshire. The Lessee hereby covenants and agrees that, in connection with the use, enjoyment and possession of the premises hereunder, the Lessee shall comply with all laws, regulations, orders and statutes of the State of New Hampshire which shall impose any obligation or duty upon the Lessee with respect to this lease.

5. Personnel

5.1. Lessee's Representative: The Lessee's representative hereunder shall be Robin Whittaker, President.

5.2. Lessor's Representative: The Director of the Port Authority shall be Lessor's representative under this Agreement.

6. Taxes

6.1. Payment: Said property shall be exempt from local taxes by virtue of the ownership by the State.

7. Use

7.1. Limitation: The Lessee shall use the premises and docking facility only for the purposes of berthing and servicing the vessels "Oceanic" and "Thomas Lughton", or any other vessels substituted of like kind and character, any other substitution or addition of vessels will require written approval of Lessor, which approval will not unreasonably be withheld, and for parking of the vehicles of travelling passengers on said vessels and parking vehicles servicing the vessels.

7.2. Failure to Use: In the event the Lessee, for any reason, fails to use the premises for such purpose, this Agreement, and the rent due hereunder, shall remain in full force and effect. This subparagraph shall not limit the provision of paragraph 11 of this Agreement.

7.3. Use of Docking Floats: The docking floats attached to parcel A-2 are the property of the Lessor and shall not be used by the Lessee without the express written approval of the Lessor. The Lessee shall receive copies of other approved users and the Lessor shall in no way use the floats to compete with the Lessee. The Lessor shall not

deal directly with Star Island Corporation or Shoals Marine Laboratory. All such negotiations shall be directed to the Lessee. Any resulting proposed agreement between Star Island Corporation or Shoals Marine Laboratory with the Lessee shall be subject to approval by the Lessor.

8. Condition of Premises

8.1. Acceptance: The Lessee hereby accepts the premises in the condition in which they now are.

8.2. Care: The Lessee shall, at its sole risk and expense, maintain the premises in good repair at all times and shall not suffer or commit any waste thereon, providing however the Lessor shall be responsible for capital improvements, with in the state's capital process.

8.3. Equipment: In addition to the general duty of care provided in paragraph 8.2. above, the Lessee shall be solely responsible for the care and maintenance of the premises, including, but not limited to, any ancillary equipment; and the Lessor shall not be liable for any damage, or whatever nature and cause, to such premises and equipment.

8.4. Entry: The Lessor may enter the premises at any time for any purpose, including, but not limited to, ascertaining compliance with this Agreement, by Lessee shall have exclusive use of the premises.

9. Improvement and Construction

9.1. Except as provided in paragraph 9.4. below, notwithstanding anything herein to the contrary, all improvements and construction to or on the premises shall be at the sole risk and expense of the Lessee.

9.2. Other than ordinary maintenance in accordance with the usual and customary standards of the craft involved, no construction on or improvements to the premises shall be commenced without the prior written approval of the Lessor. During the performance of any construction or improvement the Lessee shall comply with all state and local requirements.

9.3. Except as provided in paragraph 9.4. below, no capital improvement shall be made to the premises without the prior written approval of the Lessor and the Governor and Council of New Hampshire.

9.4. Notwithstanding anything contained herein to the contrary, the Lessor reserves the right to improve the premises, including a change in the character of the premises, at the expense of the Lessor; provided, however, that no such change shall materially effect Lessee's authorized operation as described in Paragraph 7.1.

10. Holdover

Any retention to the premises by the Lessee, beyond the term of this Agreement, shall be a tenancy at the will of the Lessor, without any requirement of notice to quit, but with all other provisions and conditions and covenants hereof remaining in full force and effect.

11. Event of Default; Remedies

11.1. Events of Default: Any one of the following acts or omissions shall constitute an Event of Default hereunder (hereinafter referred to as "Event of Default").

11.1.1. Failure of the Lessee to deliver any rent installment on the date due.

11.1.2. Failure of the Lessee to perform any of the other covenants and conditions of this Agreement.

11.2. Remedies: Upon the occurrence of any Event of Default, the Lessor may:

11.2.1. give the Lessee a written notice specifying the Event of Default, and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and

11.2.2. if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Lessee notice of termination; and

11.2.3. if the Event of Default is a failure to deliver a rent installment when due, consider the entire balance of the rent to be then due and take such action as it deems desirable to recover that amount; and

11.2.4. if the Event of Default is a failure to comply with paragraph 9, above, require the Lessee, at its sole risk and expense, to restore the premises to the condition they were in prior to the Event of Default, and if the Lessee shall fail to do so, restore the premises itself, also at the sole risk and expense of the Lessee; and

11.2.5. reenter and take possession of the premises; and

11.2.6. treat the Agreement as breached and pursue any of its remedies at law and in equity.

11.3. Cumulative Nature: The remedies described in 11.2. above are cumulative, and the selection of the one such remedy by the Lessor shall not be a bar to the use of any other remedy, and all other remedies.

12. Lessee's Relation to the State

The parties understand and agree that in the performance of this Agreement the Lessee is in all respects an independent contractor and not an agent nor an employee of the State of New Hampshire, and neither the Lessee nor any of its employees are entitled

to any benefits, workers' compensation or emoluments provided by the State to its employees.

13. Assignments, Subleases, and Licenses

The Lessee shall not assign, sublease, or otherwise transfer any interest in this Agreement, or the premises, without the prior written consent of the Lessor. Any assignment, sublease, license, or interest granted in violation of this paragraph shall, at the option of the Lessor, be void. This paragraph shall not limit the provisions of paragraph 11 of this Agreement.

14. Indemnification

14.1. General: The Lessee covenants to indemnify, hold harmless and defend the Lessor from and against any and all losses by the Lessor and any and all claims, liabilities or penalties asserted against the Lessor by or on behalf of any person on account of, based on, resulting from, arising out of (or which may be claimed to have arisen out of) the acts or omissions of the Lessee.

14.2. Vehicles and Property: By way of illustration only, and not in derogation of the generality of paragraph 14.1. above, all vehicles and other property occupying any Port Authority property, do so at the sole risk of the Lessee. The Lessor shall be indemnified, held harmless and defended by the Lessee from and against all claims regarding any damage, including, but not limited to, vandalism to such vehicles and other property.

14.3. Immunity: Notwithstanding the foregoing, nothing contained herein shall be deemed to constitute a waiver of the sovereign immunity enjoyed by the Lessor as an agency of the State of New Hampshire.

14.4. Survival: This covenant shall survive the termination of this Agreement.

15. Insurance

The Lessee, in its own name as assured, shall maintain and pay the premiums on policies of comprehensive general liability insurance used in connection with its operations hereunder and shall be effective throughout the lease period, in limits not lower than Two hundred and fifty thousand dollars (\$250,000) per claimant and One million dollars (\$1,000,000) per any single incident.

Each policy shall include the Lessor as an additional insured. As to insurance of any type whatsoever required or permitted by a provision of this Agreement, a certified copy of each of the policies or a certificate evidencing the existence thereof, or a binder, shall be delivered to the Lessor within (15) days after the commencement date of the lease.

16. Termination

Upon termination of this lease, either by expiration of the term hereof, or by reason of paragraph 11, the Lessee shall give the Lessor peaceful possession of the premises in a condition no less than the condition at the beginning of the term hereof.

17. Waiver of Breach

No failure by the Lessor to enforce any provisions hereof after any Event of Default on the part of the Lessee shall be deemed a waiver of its rights with regard to that Event, or any subsequent event, and no express waiver of an Event of Default shall be deemed a waiver of its rights to enforce each and all of the provisions hereof upon any further or other default on the part of the Lessee.

18. Notice

Any notice by a party to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in the United States Post Office addressed to the parties at the addresses first above written.

19. Amendment

This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Council.

20. Construction of Agreement and Term

This Agreement is to be construed in accordance with the laws of the State of New Hampshire and is binding upon and insures to the benefit of the parties and their respective successors and assigns. The captions are used only as a matter of convenience and are not to be considered a part of this agreement or to be used in determining the intent of the parties hereto.

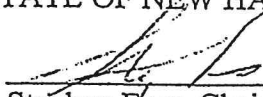
21. Entire Agreement

This Agreement, which shall be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understandings between the parties and supercedes all prior agreements and understandings relating hereto.

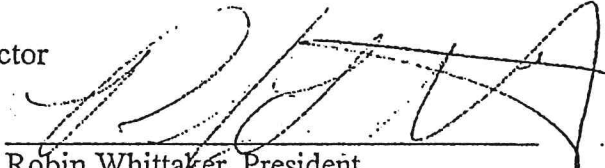
22. Removal of Vessels: It is understood that the Lessor has the right to utilize Parcels A1 and A2 during the non-operating periods of the Lessee's vessels as long as the Lessee's office remains accessible. Additionally in the event the Lessor requests the removal of Lessee's vessels during the non-operating periods of the vessels then the Lessor will bear payment of storage cost.

IN WITNESS WHEREOF, the parties have hereunto set their hands on the day and year first above written.

THE STATE OF NEW HAMPSHIRE

By: 
Stephen Foss, Chairman
New Hampshire State Port Authority

ISLES OF SHOALS STEAMSHIP COMPANY, INC.

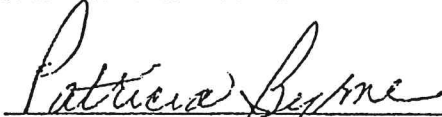
Contractor
By: 
Robin Whittaker, President

STATE OF NEW HAMPSHIRE
COUNTY OF ROCKINGHAM

On this ____ day of _____, _____, before me, the undersigned officer, personally appeared Robin Whittaker who acknowledged he self and is known by me (or satisfactorily proven) to be the President of Isles of Shoals Steamship Company, Inc. and that she, as such is being authorized so to do, executed the foregoing instrument for the purpose therein contained by herself as President.

In witness thereof, I hereunto set my hand and official seal.

PATRICIA C. BYRNE, Notary Public
My Commission Expires November 6, 2002


Notary Public/Justice of the Peace

The foregoing contract, having been reviewed by this office, is approved as to form, substance and execution.

THE ATTORNEY GENERAL

By: 
Assistant Attorney General

The foregoing contract was approved by Governor and Council of New Hampshire on _____.

Signed: _____

Title: _____