

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 31, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-18183

G-III APPAREL GROUP, LTD.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

41-1590959

(I.R.S. Employer
Identification No.)

512 Seventh Avenue, New York, New York

(Address of principal executive offices)

10018

(Zip Code)

Registrant's telephone number, including area code: (212) 403-0500

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$.01 par value.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ___ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes ___ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this Chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by checkmark if the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ___ Accelerated filer ___ Non-accelerated filer

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ___ No

As of July 31, 2005, the aggregate market value of the registrant's voting stock held by non-affiliates of the registrant (based on the last sale price for such shares as quoted by the Nasdaq National Market) was approximately \$46,053,000.

The number of outstanding shares of the registrant's Common Stock as of March 31, 2006 was 12,333,996.

Documents incorporated by reference: None. Certain portions of the registrant's definitive Proxy Statement relating to the registrant's Annual Meeting of Stockholders to be held on or about June 8, 2006, to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, were incorporated by reference into Part III of the registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 2006 previously filed with the Securities and Exchange Commission on May 1, 2006.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A amends the Annual Report on Form 10-K of G-III Apparel Group, Ltd. for the fiscal year ended January 31, 2006, filed with the Securities and Exchange Commission on May 1, 2006, to file Exhibit 21 and Exhibit 23.1, which were not included in the original Form 10-K, to refile certain exhibits filed over five years ago and to amend and restate Item 15 (Exhibits and Financial Statement Schedules) with respect to the exhibit list. This Amendment No. 1 on Form 10-K/A does not reflect events occurring after

our filing of the original Form 10-K, or, except for the filing of the exhibits hereto, modify or update disclosures contained in the original Form 10-K.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements.

2. Financial Statement Schedules.

The Financial Statements and Financial Statement Schedules are listed in the accompanying index to consolidated financial statements beginning on page F-1 of our Annual Report on Form 10-K for the fiscal year ended January 31, 2006 previously filed with the Securities and Exchange Commission on May 1, 2006. All other schedules, for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions, are shown in the financial statements or are not applicable and therefore have been omitted.

3. Exhibits:

(a) The following exhibits filed as part of this report or incorporated herein by reference are management contracts or compensatory plans or arrangements: Exhibits 10.1, 10.1(a), 10.10, 10.12, 10.12(a), 10.13, 10.14, 10.19, 10.20 and 10.23.

3.1 Certificate of Incorporation.¹

3.2 By-Laws, as amended, of G-III Apparel Group, Ltd. (“G-III”).

10.1 Employment Agreement, dated February 1, 1994, between G-III and Morris Goldfarb.

10.1(a) Amendment, dated October 1, 1999, to the Employment Agreement, dated February 1, 1994, between G-III and Morris Goldfarb.

10.3 Financing Agreement, dated as of July 11, 2005, by and among The CIT Group/Commercial Services, Inc., as Agent, the Lenders that are parties thereto, G-III Leather Fashions, Inc., J. Percy For Marvin Richards, Ltd., and CK Outerwear, LLC.⁷

10.3(a) Amendment No. 2, dated as of February 24, 2006, to Financing Agreement, dated as of July 11, 2005, by and among The CIT Group/Commercial Services, Inc., as Agent, the Lenders that are parties thereto, G-III Leather Fashions, Inc., J. Percy For Marvin Richards, Ltd., and CK Outerwear, LLC.⁸

10.6 Lease, dated September 21, 1993, between Hartz Mountain Associates and G-III.

10.6(a) Lease renewal, dated May 27, 1999, between Hartz Mountain Associates and G-III.

10.6(b) Lease modification agreement, dated March 10, 2004, between Hartz Mountain Associates and G-III.³

10.6(c) Lease modification agreement, dated February 23, 2005, between Hartz Mountain Associates and G-III.⁴

10.7 Lease, dated June 1, 1993, between 512 Seventh Avenue Associates (“512”) and G-III.

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10.7(a) Lease amendment, dated July 1, 2000, between 512 and G-III.

10.8 Lease, dated January 31, 1994, between 512 and G-III.

10.8(a) Lease amendment, dated July 1, 2000, between 512 and G-III.

10.10 G-III Apparel Group, Ltd. 1989 Stock Option Plan, as amended.

10.12 G-III Apparel Group, Ltd. 1997 Stock Option Plan, as amended.³

10.12(a) Form of Option Agreement for awards made pursuant to the G-III Apparel Group, Ltd. 1997 Stock Option Plan, as amended.⁴

- 10.13 Letter Agreement, dated December 2, 1998, between G-III and Aron Goldfarb.
- 10.14 G-III Apparel Group, Ltd. 1999 Stock Option Plan for Non-Employee Directors, as amended.⁹
- 10.15 Lease Agreement dated February 1, 2003 between 345 W. 37th Corp. and G-III Leather Fashions, Inc.²
- 10.16 Management Services Agreement dated February 1, 2003 between 345 W. 37th Corp. and G-III Leather Fashions, Inc.²
- 10.17 First Amendment of Lease Agreement dated April 1, 2004 between 345 W. 37th Corp. and G-III Leather Fashions, Inc.³
- 10.19 G-III Apparel Group, Ltd. 2005 Stock Incentive Plan.⁵
- 10.20 Form of Restricted Stock Agreement.⁶
- 10.21 Stock Purchase Agreement, dated as of July 11, 2005, by and among Sammy Aaron, Andrew Reid, Lee Lipton, John Pollack, Sammy Aaron, as Sellers' Representative, G-III Leather Fashions, Inc. and G-III Apparel Group, Ltd.⁷
- 10.22 Asset Purchase Agreement, dated as of July 11, 2005, by and among G-III Leather Fashions, Inc., G-III Apparel Group, Ltd., Winlit Group, Ltd., David Winn and Richard Madris.⁷
- 10.23 Employment Agreement, dated as of July 11, 2005, by and between Sammy Aaron and G-III Apparel Group, Ltd.⁷
- 21 Subsidiaries of G-III.
- 23.1 Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP.
- 31.1 Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2006, as amended.
- 31.2 Certification by Neal S. Nackman, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2006, as amended.
- 32.1 Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2006.⁹
- 32.2 Certification by Neal S. Nackman, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Annual Report on Form 10-K for the year ended January 31, 2006.⁹

¹ Previously filed as an exhibit to G-III's Registration Statement on Form S-1 (no. 33-31906), which exhibit is incorporated herein by reference.

² Previously filed as an exhibit to G-III's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2003, which exhibit is incorporated herein by reference.

³ Previously filed as an exhibit to G-III's Annual Report on Form 10-K for the fiscal year ended January 31, 2004, which exhibit is incorporated herein by reference.

⁴ Previously filed as an exhibit to G-III's Annual Report on Form 10-K for the fiscal year ended January 31, 2005, which exhibit is incorporated herein by reference.

⁵ Previously filed as an exhibit to G-III's Registration Statement on Form S-8 filed on June 14, 2005, which exhibit is incorporated herein by reference.

- 6 Previously filed as an exhibit to G-III's Report on Form 8-K filed on June 15, 2005, which exhibit is incorporated herein by reference.
- 7 Previously filed as an exhibit to G-III's Report on Form 8-K filed on July 15, 2005, which exhibit is incorporated herein by reference.
- 8 Previously filed as an exhibit to G-III's Report on Form 8-K filed on March 2, 2006, which exhibit is incorporated herein by reference.
- 9 Previously filed as an exhibit to G-III's Annual Report on Form 10-K for the fiscal year ended January 31, 2006 filed on May 1, 2006.

Exhibits have been included in copies of this Report filed with the Securities and Exchange Commission. We will provide, without charge, a copy of these exhibits to each stockholder upon the written request of any such stockholder. All such requests should be directed to G-III Apparel Group, Ltd., 512 Seventh Avenue, 35th floor, New York, New York 10018, Attention: Mr. Wayne S. Miller, Secretary.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

G-III APPAREL GROUP, LTD.

By /s/ Morris Goldfarb
Morris Goldfarb,
Chief Executive Officer

May 8, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Morris Goldfarb</u> Morris Goldfarb	Director, Chairman of the Board and Chief Executive Officer (principal executive officer)	May 8, 2006
<u>/s/ Neal Nackman</u> Neal S. Nackman	Chief Financial Officer and Treasurer (principal financial and accounting officer)	May 8, 2006
<u>/s/ Sammy Aaron</u> Sammy Aaron	Director and Vice Chairman	May 8, 2006
<u>/s/ Thomas J. Brosig</u> Thomas J. Brosig	Director	May 8, 2006
<u>/s/ Pieter Deiters</u> Pieter Deiters	Director	May 8, 2006
<u>/s/ Alan Feller</u> Alan Feller	Director	May 8, 2006
<u>/s/ Carl Katz</u> Carl Katz	Director	May 8, 2006
<u>Laura Pomerantz</u>	Director	
<u>Willem van Bokhorst</u>	Director	
<u>/s/ Richard White</u> Richard White	Director	May 8, 2006



BY-LAWS
OF
G-III APPAREL GROUP, LTD.

ARTICLE I
OFFICES

Section 1. The registered office shall be in the City of Dover, County of Kent, State of Delaware.

Section 2. The Corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held at such place as may be fixed from time to time by the board of directors either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. Stockholders

need not be physically present to participate in a meeting of stockholders, but may participate by means of conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other.

Section 2. Annual meetings of stockholders, commencing with the year 1990, shall be held on the second Tuesday of December if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 A.M., or at such other date as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which they shall elect by a majority vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during

ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the president or secretary and shall be called by the chairman of the board, president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

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Section 8. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation or these by-laws, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 10. Unless otherwise provided in the certificate of incorporation each stockholder shall at every meeting of the stockholders be entitled to one vote in

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person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 11. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its place of business, or the secretary of the Corporation. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty days of the earliest dated consent delivered in the manner required by this Section to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or the secretary of the Corporation. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Prompt notice of the taking of the corporate

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without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III

DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall be fixed from time to time by the board of directors or stockholders but shall not be less than two. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his respective successor is elected and qualified. The directors need not be stockholders.

Section 2. Except as otherwise provided by statute or by the certificate of incorporation, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of

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the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 3. The business of the Corporation shall be managed by or under the direction of its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

THE CHAIRMAN OF THE BOARD

Section 4. The board of directors at its first meeting after each annual meeting of stockholders shall choose from among its members a chairman. The chairman of the board of directors shall preside at all meetings of stockholders and of the board of directors. He shall have such other powers and perform such other duties as are provided in these by-laws and, in addition thereto, as the board of directors may from time to time determine. The chairman of the board of directors shall not be deemed an officer of the Corporation under any provision of the statutes or of the certificate of incorporation or these by-laws.

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MEETINGS OF THE BOARD OF DIRECTORS

Section 5. The board of directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 6. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the

meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 7. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 8. Special meetings of the board may be called by the chairman of the board or president on three days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the chairman of the board, the

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president or secretary in like manner and on like notice on the written request of two directors.

Section 9. At all meetings of the board a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 10. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 11. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment by

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means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

COMMITTEES OF DIRECTORS

Section 12. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the by-laws of the

Corporation; and, unless the resolution or the certificate of incorporation expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 13. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS

Section 14. Unless otherwise restricted by the certificate of incorporation or these by-laws, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. Nothing herein shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

REMOVAL OF DIRECTORS

Section 15. Unless otherwise restricted by the certificate of incorporation or these by-laws, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors.

ARTICLE IV

NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram, telex or telecopy with receipt confirmed by telecopy.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice. A person entitled to notice of any meeting of the board of directors or stockholders, as

the case may be, waives such notice if he appears in person or, in the case of a stockholder, by proxy at such meeting, except when the person attends a meeting for the express purposes of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE V

OFFICERS

Section 1. The officers of the Corporation shall be chosen by the board of directors and shall be a chief executive officer, a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a chief executive officer, a president, one or more vice-presidents, a secretary and a treasurer.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

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Section 4. The salaries of all officers and agents of the Corporation shall be fixed by the board of directors.

Section 5. The officers of the Corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the Corporation shall be filled by the board of directors.

THE CHIEF EXECUTIVE OFFICER

Section 6. The chief executive officer shall have general and active management of the business of the Corporation, and in the absence of the chairman of the board, shall preside at all meetings of the stockholders and the board of directors. The chief executive officer shall make reports to the board of directors and stockholders, and shall perform any and all other duties as are incident to the office or are properly required of the chief executive officer by the board of directors. The chief executive officer shall see that all orders and resolutions of the board of directors are carried into effect.

THE PRESIDENT

Section 7. The president shall have general supervision of the affairs of the Corporation, shall sign or countersign all certificates, contracts, or other instruments of the corporation as authorized by the board of directors and shall have

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such other powers and perform such other duties as are provided in these by-laws and, in addition thereto, as the board of directors may from time to time determine.

Section 8. The President shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the Corporation.

THE VICE-PRESIDENTS

Section 9. In the absence of the president or in the event of his inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARY

Section 10. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He

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shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 11. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 12. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the board of directors.

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Section 13. He shall disburse the funds of the Corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the Corporation.

Section 14. If required by the board of directors, he shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 15. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

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INDEMNIFICATION

SECTION 1. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

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Section 2. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. To the extent that a director, officer or employee of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 or 2 of this Article VI, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith.

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Section 4. Any indemnification under Sections 1 or 2 of this Article VI (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 or 2 of this Article VI. Such determination shall be made (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the stockholders.

Section 5. Expenses incurred by a director, officer or employee of the Corporation in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director, officer or employee to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, or vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

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Section 7. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE VII

CERTIFICATE OF STOCK

Section 1. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by, the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

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Section 2. Any of or all the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as shall be sufficient to indemnify the Corporation against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

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TRANSFERS OF STOCK

Section 4. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be

the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

FIXING RECORD DATE

Section 5. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meetings, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

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Section 6. In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the board of directors shall fix a record date, which record date shall not precede the date upon which the resolution fixing the record is adopted by the board of directors, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the board of directors.

Section 7. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the board of directors shall fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted and which record date shall be more than sixty days prior to such action.

REGISTERED STOCKHOLDERS

Section 8. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other

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person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other

purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

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CHECKS

Section 3. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the Corporation shall end on July 31 unless otherwise fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

BOOKS AND RECORDS

Section 6. Subject to any provisions contained in the statutes, the books and records of the Corporation may be kept at such place or places either within or

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without the State of Delaware as shall be designated from time to time by the board of directors.

ARTICLE IX

AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the stockholders or by the board of directors, when such power is conferred upon the board of directors by the certificate of incorporation, at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration, amendment, repeal or adoption of new by-laws be contained in the notice of such special meeting. If the power to adopt, amend or repeal by-laws is conferred upon the board of directors by the certificate of incorporation it shall not divest or limit the power of the stockholders to adopt, amend or repeal by-laws.

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EMPLOYMENT AGREEMENT

AGREEMENT made as of this 1st day of February, 1994, by and between G-III Apparel Group, Ltd., a Delaware corporation (the "Company"), with its principal place of business at 345 West 37th Street, New York, New York 10018 and MORRIS GOLDFARB (the "Executive"), who resides at 21 Fairway Drive, Mamaroneck, New York 10543.

WHEREAS, the Company and the Executive are parties to an Employment Agreement (the "Prior Agreement"), dated July 31, 1989, as amended July, 1992; and

WHEREAS, the Board of Directors of the Company desires that the Executive enter into this Agreement so that the Company may be assured of the services of the Executive for the term of this Agreement and the Executive is desirous of providing such services on the terms and conditions as provided for in this Agreement, and

WHEREAS, it is the intention of the Company and the Executive that this Agreement supersede the Prior Agreement, and that from and as of the date hereof the Prior Agreement shall be cancelled and of no further force and effect.

NOW THEREFORE, in consideration of the foregoing, and the respective covenants and agreements herein contained, the parties hereto agree as follows:

1. Duties. The Company shall employ the Executive, and the Executive shall serve, as President and Chief Executive Officer of the Company during the Employment Term (as hereinafter defined), and shall devote his full working time toward the performance of such duties and responsibilities as provided for in the Company's By-Laws, and such other duties and responsibilities as may from time to time be prescribed by the Company's Board of Directors which are consistent with his position as President and Chief Executive Officer of the Company; provided, however, Executive may engage or participate in such other activities incidental to any other employment, occupation or business venture or enterprise which does not materially interfere with or compromise his ability to perform his duties hereunder.

The Company shall use its best efforts to cause the Executive to be a member of its Board of Directors throughout the Employment Term and shall include him in the management slate for election as a director at every stockholders' meeting at which his term as a director would otherwise expire. The Board of Directors shall not amend its By-Laws or take any other action to reduce the scope of the Executive's authority and responsibilities, unless he shall otherwise consent, or except as otherwise provided in this Agreement.

During the Employment Term, the Executive shall not, directly or indirectly, without the prior consent of a majority of the members of the Company's Board of Directors, as owner, partner, joint venturer, shareholder, employee, corporate officer or director, engage or become financially interested in, be employed by, or render consulting services to any business in direct competition with any business engaged in during the Employment Term by the Company or its subsidiaries in any geographic area in North America where, during the term of his employment, the business of the Company or any of its subsidiaries is being conducted; provided; however, that the Executive may own any securities of any corporation which is engaged in any such business and which is publicly owned and traded but in an amount not to exceed at any one time two percent of any class of stock or securities of such company.

2. Term. The term of this Agreement and of the term of employment (the "Employment Term") of the Executive shall be from the date hereof until January 31, 1996, unless sooner terminated in accordance with the terms hereof. Thereafter, this Agreement shall automatically be renewed for successive one year terms, which shall extend the "Employment Term" of this Agreement, unless either party shall give the other not less than ninety (90) days prior written notice of its or his intent not to renew this Agreement beyond the Employment Term as then in effect.

3. Base Compensation.

a. Salary. During the Employment Term, the Executive shall receive a base salary at the rate of \$650,000 per annum, subject to such increases as may be approved by the Company's Board of Directors, payable in accordance with the Company's normal payroll policy at the time in effect.

b. Nonexclusive. Compensation of the Executive by salary payments shall not be deemed exclusive and shall not prevent the Executive from participating in any other compensation or benefit plans of the Company.

c. Expenses. The Company acknowledges and agrees that the Executive, in rendering services hereunder, will be required to spend sums of money for travel to various locations throughout the world and for the entertainment of various persons and representatives of companies and organizations with whom the Company is having, or would like to have, business relationships. The Company shall reimburse the Executive, upon presentation by the Executive of documentation therefor, for any travel, entertainment or other business expenses reasonably incurred by the Executive in rendering services hereunder on behalf of the Company. The Executive shall be entitled to receive such reimbursement within fifteen (15) days after he has delivered an itemized expense account therefor to the Company. The parties hereto agree that the Executive shall be entitled to stay in first-class hotel accommodations and to otherwise avail himself of first-class travel and entertainment facilities in connection with Executive's employment hereunder.

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d. Automobile. The Company shall provide the Executive with an automobile or shall reimburse the Executive for the cost thereof.

e. Disability. If during the Employment Term the Executive becomes disabled or incapacitated to the extent that he is unable to perform his duties hereunder (due to any physical or mental injury, illness or defect) for a period of 180 consecutive days, then the Company shall thereafter pay to the Executive fifty percent of the amount of the annual base salary provided for pursuant to Section 3 hereof during the period of such disability or incapacity, in the same manner set forth in said Section 3, for the balance of the Employment Term. During such 180 day period, the Executive shall be entitled to receive his annual base salary provided for in Section 3.

f. Life Insurance. The Executive shall be entitled to cause an ordinary life insurance policy in the face amount of \$2,000,000 to be issued by an insurance company of the Executive's choice on the Executive's life naming the Executive's wife as beneficiary. The Company shall reimburse the Executive on demand for the cost of all premiums in connection with the maintenance of said policy.

g. Health Insurance. The Company, at its sole cost and expense, shall cause full health insurance coverage to be provided in favor of the Executive during the Employment Term as the same is regularly provided for the Company's senior executive employees, including, without limitation, major medical, hospitalization and dental insurance. In lieu thereof, the Executive shall be entitled to cause such insurance to be issued by an insurance company of the Executive's choice in such amounts as the Executive shall determine, and the Company shall reimburse the Executive on demand for the cost of all premiums in connection with the maintenance of such policies.

h. Other Benefits. The Executive shall be entitled to participate in and receive benefits under the Company's employee benefit plans and arrangements in effect on the date hereof (in accordance with their respective terms) or to participate in or receive benefits under those plans or arrangements of the Company providing the Executive with at least equivalent benefits thereunder (and giving credit for all plan purposes for service rendered by the Executive to the Company and its subsidiaries). The Company shall not make any changes in such plans or arrangements (including, if applicable, the funding through insurance or otherwise of such plans or arrangements) that would adversely affect the Executive's rights or benefits thereunder in a manner different from the Company's other senior executives. The Executive shall be entitled to participate in or receive benefits under any employee benefit plan or arrangement made available by the Company in the future to its senior executives and key management employees, subject to, and on a basis consistent with the

terms, conditions and overall administration of such plans and arrangements. Any payments or benefits payable to the Executive hereunder in respect of any year during which the Executive is employed by the Company for less than the entire year shall, unless otherwise provided in the applicable plan or arrangement, be prorated in accordance with the number of days in such year during which he is so employed.

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i. Vacations. The Executive shall be entitled to five (5) weeks of paid vacations days in each calendar year, or such greater (but not lesser) number of weeks as may be determined by the Board of Directors from time to time during the term hereof. The Executive shall also be entitled to all paid holidays given by the Company to its senior executives.

j. Supplemental Pension. For each full year of the Executive's employment hereunder in which the Company's Net After-Tax Income (hereinafter defined) exceeds \$1,500,000, the Company will credit at least \$50,000 to a bookkeeping account established in the name of the Executive. The term "Net After-Tax Income" as used in this Agreement shall mean the net after tax income of the Company and its subsidiaries, as reported in the consolidated financial statements of the Company prepared by the Company's independent public accountants; provided, however, that Net After-Tax Income shall be determined without regard to any extraordinary item, as such term is used in generally accepted accounting principles. The amount credited to the Executive's bookkeeping account, together with investment gain or loss thereon (on a basis to be determined) will be payable to the Executive by the Company as soon as practicable after the Executive's termination of employment with the Company and its subsidiaries; provided, however, that no such amount will be payable if the Executive's employment is terminated by the Company for "cause" (as such term is defined in Section 6(a) hereof) or if the Executive's employment terminates for any reason other than death or disability within one year from the date hereof. The Company shall establish a grantor trust and shall contribute to said trust the principal amount of each year's deferred compensation credit. The assets of the trust will be applied to satisfy the Company's obligations to the Executive under this section 3(j), it being understood, however, that the assets of the trust will be subject to the claims of the Company's creditors in the event of the Company's prior bankruptcy. It is contemplated that the Company's Board of Directors will adopt a supplemental executive retirement plan and that the deferred compensation agreement set forth in this section 3(j) will be subject to the terms and provisions of said plan to the extent that such terms and provisions are not inconsistent with the terms and provisions hereof.

k. Option Grant. Subject to the approval by the stockholders of the Company of amendments to the Company's 1989 Stock Option Plan (the "Plan") at the 1994 Annual Meeting of Stockholders, the Company will grant to the Executive an option under the Plan, which shall not be an Incentive Stock Option (as defined in the Plan), to purchase 100,000 shares of the Company's Common Stock, \$.01 par value (the "Common Stock"), at a per share exercise price equal to \$4.00, the closing price of the Common Stock on the Nasdaq National Market on the date of this Agreement. Such stock option shall vest over a five-year period as follows: 20% on January 31, 1995; 20% on January 31, 1996; 20% on January 31, 1997; 20% on January 31, 1998; and 20% on January 31, 1999. The foregoing, as well as such other terms and conditions as the Company shall deem appropriate, shall be set forth in a definitive stock option agreement to be entered into by the Company and the Executive. The Executive's rights as an optionee shall be governed by the terms and conditions of such agreement and the Plan.

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1. Services Furnished. The Company shall furnish the Executive with office space, secretarial and stenographic assistance and such other facilities and services as shall be suitable to the Executive's position and adequate for the performance of his duties as set forth in Section 1 hereof.

4. Bonus.

a. Bonus from Pre-Tax Income. The Executive shall be entitled to receive, as additional compensation, an annual cash bonus equal to the

percentage of the Company's Pre-Tax Income (as hereinafter defined) in excess of \$2,000,000 with respect to each fiscal year of the Company during the Employment Term, as follows:

If Pre-Tax Income is:	Percentage of Pre-Tax Income in Excess of \$2,000,000 to be paid to Executive is:
under \$2,000,000	-0-
\$2,000,000 to \$3,000,000	3%
\$3,000,001 to \$4,000,000	4%
\$4,000,001 or more	6%

b. Pre-Tax Income Defined. The term "Pre-Tax Income" as used in this Agreement shall mean the net income of the Company and its subsidiaries, as reported in the consolidated financial statements of the Company prepared by the Company's independent public accountants, plus the sum of (i) the income taxes set forth in such financial statements and (ii) the amount of the bonus payable pursuant to Section 4(a) hereof; provided, however, that Pre-Tax Income shall be determined without regard to any extraordinary item, as such term is used in generally accepted accounting principles.

c. Payment. An estimated amount of this additional bonus compensation shall be determined by the Company's Compensation Committee no later than 45 days following the last day of the fiscal year to which such additional bonus compensation relates. Payment of fifty percent of such estimated amount shall be made within 60 days following the last day of the fiscal year to which such additional bonus relates. The amount of the additional bonus compensation shall be determined by the Company's Compensation Committee no later than 90 days following the last day of the fiscal year to which such additional bonus compensation relates. Payment of the difference between the amount so determined and the partial estimated payment shall be made no later than 120 days following the last day of the fiscal year to which such additional bonus compensation relates. Payment shall be made irrespective of the Executive's then current employment status with the Company. With respect to any fiscal year of the Company during which the Executive's employment terminates, the Executive shall be entitled to a pro rata share of additional bonus compensation based upon a pro rata share calculated as a fraction based upon the number of days

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which the Executive has been employed by the Company in such fiscal year divided by the entire number of days in such fiscal year.

5. Place of Performance. In connection with his employment by the Company, the Executive shall be based at the principal executive offices of the Company which shall be located in the New York City metropolitan area, except for travel required for Company business to an extent substantially consistent with the Executive's present business travel obligations on behalf of the Company and its subsidiaries.

6. Termination.

a. Termination for Cause by the Company. The Company may terminate this Agreement and all of the Company's obligations hereunder for "cause". Termination by the Company for "cause" shall mean termination by action of a majority of the members of the Company's Board of Directors because of the Executive's conviction of a felony (which, through lapse of time or otherwise, is not subject to appeal) or willful refusal without proper cause to perform his obligations under this Agreement or because of the Executive's material breach of any of the covenants provided for in Section 8 hereof. Such termination shall be effected by written notice thereof by the Company to the Executive, and, except as hereinafter provided, shall be effective as of the date of such notice; provided, however, that such termination shall not be effective if (i) such termination is because of the Executive's willful refusal without proper cause to perform any one or more of his obligations under this Agreement, (ii) such notice is the first such notice of termination for any reason delivered by the Company to the Executive hereunder, and (iii) within 7 days following the date of such notice the Executive shall cease his refusal and shall use his best efforts to perform such obligations.

The Executive may, within 15 days following delivery of the notice of termination referred to in the preceding paragraph, by written notice to the

Board of Directors of the Company, cause the matter of the termination of this Agreement to be discussed at the next regularly scheduled meeting of the Board of Directors or at a special meeting of the Board of Directors held in accordance with the Company's By-Laws. The Executive shall be entitled to be represented by counsel at such meeting which shall be conducted according to a procedure deemed equitable by a majority of the Directors present. If, at such meeting, it shall be determined by a majority of the Directors that this Agreement had been terminated without proper cause, the provisions of this Agreement shall be reinstated with the same force and effect as if the notice of the termination had not been given. The Executive shall be entitled to receive the compensation and other benefits provided herein for the period from the date of the delivery of the notice of termination through the date of such Board meeting. Nothing herein contained shall limit or deny the Executive's right to have any such dispute resolved pursuant to arbitration as set forth in Section 15 hereof.

b. Termination for Cause by the Executive. The Executive shall have the right to terminate this Agreement and all of the Executive's obligations hereunder for "cause". Termination

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by the Executive for "cause" shall mean termination because of a material breach by the Company of any of its obligations hereunder.

c. Executive's Remedies. In the event the Company terminates this Agreement without cause (as defined in Section 6(a) hereof), or in the event the Executive terminates this Agreement for cause (as defined in Section 6(b) hereof), the parties hereto agree that damages to the Executive shall be difficult to ascertain in any such event, but in order to limit the liability of the Company the Executive shall be entitled to receive as liquidated damages and not as a penalty in any such event the following: (i) the entire amount of the base salary of the Executive remaining due and payable from any such date of termination to the expiration date of this Agreement as provided hereunder, which entire amount shall be accelerated and immediately due and payable upon any such termination, plus (ii) the entire amount of the Executive's bonus from Pre-Tax Income as calculated according to the terms and conditions of Section 4 of this Agreement which shall be due and payable within ninety (90) days of the end of each of the Company's fiscal years commencing on or prior to the expiration date of this Agreement as provided hereunder plus (iii) all other benefits accruing to the Executive on or prior to the expiration date of this Agreement as provided hereunder.

d. Mitigation. In the event of the termination of this Agreement by the Executive as a result of a material breach by the Company of any of its obligations hereunder, or in the event of the termination of the Executive's employment by the Company without cause (as defined in Section 6(a) hereof) or in breach of this Agreement, it is expressly understood that the Executive shall not be required to seek other employment in order to mitigate his damages hereunder.

e. Legal Costs. In the event that the Executive institutes any legal action to enforce his rights, or to recover damages for breach of the Company's obligations, under this Agreement and this Section 6, the Executive in such an action shall be entitled to recover from the Company all costs and expenses (including, without limitation, attorneys' fees and disbursements) incurred by him if he prevails in any such action or if any such action is settled in his favor.

f. Change In Control. Notwithstanding anything to the contrary contained in Section 6(c) hereof, and in lieu of any payments required to be made pursuant to said Section 6(c), in the event (i) the Company shall terminate this Agreement without cause (as defined in Section 6(a) hereof) or (ii) the Executive shall terminate this Agreement for cause (as defined in Section 6(b) hereof), in either case at any time after the occurrence of a Change In Control (as defined below) of the Company, the Company shall pay to the Executive, in a lump sum in cash within 30 days after such termination date, an amount equal to (i) 2.99 times the Executive's "annualized includable compensation for the base period," as defined in section 280G of the Internal Revenue Code of 1986 (the "Code"), or any successor provision (which term includes, without limitation, Executive's base salary and bonus). In addition, for a period of three years from such termination date, the Company shall continue to provide all other

benefits to the Executive at least equal to those which would have been provided to the Executive had the Executive's employment not been so terminated, or, if more favorable to the Executive, those benefits generally in effect at any time thereafter with respect to

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similar executive officers of the Company (or its successor, if applicable). Furthermore, for purposes of determining eligibility of the Executive for retiree benefits pursuant to any plan, program or policy maintained by the Company, the Executive shall be considered to have remained employed until the end of such three year period and to have retired on the last day of such period; provided, however, that to the extent it is not possible under any such plan, program or policy to characterize such three year period as employment service, the Company agrees to provide the Executive with such substantially equivalent benefit as would give the Executive the same substantial benefit he would have received if such characterization was possible and given effect. Notwithstanding anything to the contrary contained in this Section 6(f), no payment to or for the benefit of the Executive shall be made pursuant to this Section 6(f) in excess of amounts for which, in the sole opinion of the Company's certified independent public accountants, the Company is allowed to claim a deduction for Federal income tax purposes by reason of section 280G of the Code, or any successor provision.

As used in this Section 6(f), a Change In Control shall be deemed to occur if (i) there shall be consummated (x) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of the Company's Common Stock would be converted into cash, securities or other property, other than a merger of the Company in which the holders of the Company's Common Stock immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, or (y) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Company, or (ii) the stockholders of the Company shall approve any plan or proposal for liquidation or dissolution of the Company, or (iii) any person (as such term is used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a person who on the date hereof is the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of 10% or more of the Company's outstanding Common Stock, shall become the beneficial owner of 35% or more of the Company's then outstanding Common Stock other than pursuant to a plan or arrangement entered into by such person and the Company, or (iv) during any period of two consecutive years, individuals who at the beginning of such period constitute the entire Board of Directors shall cease for any reason to constitute a majority thereof unless the election, or the nomination for election by the Company's stockholders, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

7. Death. If the Executive shall die during the term of this Agreement, this Agreement and all benefits hereunder shall terminate except that (i) if death occurs during the term of this Agreement, the Executive's estate shall be entitled to receive the base salary provided in Section 3 hereof for a period of six months from the last day of the month in which his death occurs and shall be eligible to receive bonus compensation under Section 4 hereof prorated according to the number of days of employment in such fiscal year, and (ii) such termination shall not affect any vested rights which the Executive may have at the time of his death pursuant to any insurance or other death

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benefit plans or arrangements of the Company or any subsidiary, which rights shall continue to be governed by the provisions of such plans and agreements.

8. Protection of Confidential Information. The Executive acknowledges that his employment by the Company (which for all purposes of this Agreement shall include the Company's subsidiaries) will, throughout the term of this Agreement, bring him in contact with many confidential affairs of the Company not readily available to the public, and plans for future developments. In recognition of

the foregoing, the Executive covenants and agrees that he will not intentionally disclose to anyone outside of the Company any material confidential matters of the Company which are not otherwise in the public domain, either during or for a period of one year after the expiration of the term of his employment except with the Company's written consent or as required by court order, law or subpoena or other legal compulsion to disclose.

9. Successors; Binding Agreement. This Agreement and all rights of the Executive hereunder shall insure to the benefit of, and shall be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. Notice. For the purposes of this Agreement, notices, demands and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered against receipt therefor or mailed by United States certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: Morris Goldfarb
21 Fairway Drive
Mamaroneck, New York 10543

If to the Company: G-III Apparel Group, Ltd.
345 West 37th Street
New York, New York 10018
Attention: Chief Financial Officer

With a copy, in Neil Gold, Esq.
either case, to: Fulbright & Jawoski L.L.P.
666 Fifth Avenue
New York, New York 10103

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

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11. Miscellaneous. No provisions of this Agreement may be modified, waived, or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officers of the Company as may be specifically designated by its Board of Directors. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York for agreements executed and performed in said State without regard to its conflict of laws principles.

12. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

14. Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein, and supersedes all prior agreements (including the Prior Agreement), promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto.

15. Arbitration. Should any disagreement, dispute, conflict, claim or controversy arise between any of the parties hereto with respect to this

Agreement or any of the provisions thereof, or as to the interpretation or effect thereof, or as to a breach thereof claimed to have been committed by any party, or as to any other matter, cause or thing whatsoever relating to this Agreement, and should said dispute or controversy fail to be amicably resolved by mutual agreement of the parties concerned therein, then the same shall be submitted to and determined by arbitration in the City of New York in the State of New York before and by the American Arbitration Association, in accordance with the rules and regulations of said arbitration tribunal then applicable and in full force and effect. Judgment upon the award or decision rendered by said arbitration tribunal as aforesaid may be entered in any court or forum, Federal or state, having jurisdiction thereof, and shall have the effect for all purposes of a judgment of said court or forum with respect to the parties and subject matter therein concerned.

16. Excise Taxes. If the Executive incurs an excise tax liability under Section 4999 of the Internal Revenue Code of 1986 in respect of any payment made under this Agreement or under any other agreement relating to Executive's employment by the Company, then the Company shall pay additional compensation to the Executive at such time or times and in such amount or amounts as

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shall be sufficient to reimburse the Executive and make him whole on an after-tax basis for the satisfaction of such excise tax liability.

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

G-III APPAREL GROUP, LTD.

By: /s/ Alan Feller

/s/ Morris Goldfarb

Morris Goldfarb

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G-III APPAREL GROUP, LTD.
512 Seventh Avenue
New York, NY 10018
212.403.0500
212.403.0551 Fax

October 1, 1999

Mr. Morris Goldfarb
21 Fairway Drive
Mamaroneck, New York 10543

Dear Mr. Goldfarb:

This letter, when accepted by you, shall constitute an amendment to the Employment Agreement (the "Agreement"), dated February 1, 1994, between G-III Apparel Group, Ltd. (the "Company") and you.

The Company and you hereby agree that Section 2 of the Agreement shall be amended to read as follows:

2. Term. The term of this Agreement and of the term of employment (the "Employment Term") shall terminate on January 31, 2003; provided, however, that on each January 31st which shall be two years prior to the end of the then Employment Term, the term of this Agreement and the Employment Term shall be automatically extended for an additional one-year period unless prior to such January 31st either party shall have given written notice to the other that the term of this Agreement and the Employment Term shall not be extended any further.

Except as modified herein, all terms and provisions of the Agreement continue in full force and effect.

Very truly yours,

G-III APPAREL GROUP, LTD.

By: /s/ Wayne S. Miller

Accepted and agreed to:

/s/ Morris Goldfarb

Morris Goldfarb

[GLOBAL IDENTITY APPAREL GROUP LOGO]

HARTZ MOUNTAIN ASSOCIATES

Landlord,

and

Tenant

G-III LEATHER FASHIONS, INC.

LEASE

Premises:

in

1000 Secaucus Road,
Secaucus, New Jersey 07094

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EXHIBITS

- Exhibit A - Demised Premises
- Exhibit B - Description of Land
- Exhibit C - Workletter
- Exhibit D - Rules and Regulations
- Exhibit E - Form of Non-Disturbance Agreement
- Exhibit F - Approved List of Contractors

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LEASE, dated September 21st, 1993, between HARTZ MOUNTAIN ASSOCIATES, a New Jersey general partnership, having an office at 400 Plaza Drive, Secaucus, New Jersey 07094-3688 ("Landlord"), and G-III LEATHER FASHIONS INC., a New York corporation, having an office at 345 W. 37th Street, New York, New York 10018 ("Tenant").

ARTICLE 1 - DEFINITIONS

1.01. As used in this Lease (including all Exhibits and any Riders attached hereto, all of which shall be deemed to be part of this Lease) the following words and phrases shall have the meanings indicated:

- A. Advance Rent: \$40,194.75.
- B. Additional Charges: All amounts that become payable by Tenant to Landlord hereunder other than the Fixed Rent and Percentage Rent.
- C. Architect: Kenneth Carl Bonte, or as Landlord may designate.
- D. Broker: Chaus-Corpuel.
- E. Building: The building or buildings located on the Land and known as 1000 Secaucus Road, Secaucus, New Jersey 07094.
- F. Building Fraction: A fraction the numerator of which is the Floor Space of the Building (approximately 202,040 square feet) and the denominator of which is the aggregate Floor Space of the buildings in the Development. If the aggregate Floor Space of the buildings in the Development shall be changed due to any construction or alteration, the denominator of the Building Fraction shall be increased or decreased to reflect such change.
- Fl. Calendar Quarter: Any three-month period commencing on either a January 1, an April 1, a July 1 or an October 1.
- G. Calendar Year: Any twelve-month period commencing on a January 1.
- H. Commencement Date: The earlier of (a) the date on which both: (i) the Demised Premises shall be Ready for Occupancy, and (ii) actual possession of the Demised Premises shall have been delivered to Tenant by notice to Tenant, or (b) the date Tenant, or anyone claiming under or through Tenant, first occupies the Demised Premises or any part thereof for any purpose other than the performance of Tenant's Work.
- I. Common Areas: All areas, spaces and improvements in the Building and on the Land which Landlord makes available from time to time for the common use and benefit of the tenants and occupants of the Building and which are not exclusively available for use by a single tenant or occupant, including, without limitation, parking areas, roads, walkways, sidewalks,

landscaped and planted areas, community rooms, if any, the managing agent's office, if any, and public rest rooms, if any.

J. Demised Premises: The space that is outlined in red on the floor plans(s) attached hereto as Exhibit A. The Demised Premises contains or will contain approximately 107,186 square feet of Floor Space subject to adjustment upon verification by the Architect.

K. Development: All land and improvements now existing or hereafter constructed, located south of Route 3, east of the Hackensack River, west of County Avenue and north of Castle Road.

L. Development Common Areas: The roads and bridges that from time to time service and provide access to the Development for the common use of the tenants, invitees, and occupants of the Development, that are maintained by Landlord or its related entities.

M. Expiration Date: February 28, 2000. However, if the Term is extended by Tenant's effective exercise of Tenant's right, if any, to extend the Term, the "Expiration Date" shall be changed to the last day of the latest extended period as to which Tenant shall have effectively exercised its right to extend the Term. For the purposes of this definition, the earlier termination of this Lease shall not affect the "Expiration Date."

N. Fixed Rent: An amount at the annual rate of four and 50/100 Dollars (\$4.50) per square foot multiplied by the Floor Space of the Demised Premises.

O. Floor Space: As to the Demised Premises, the sum of the floor area stated in square feet bounded by the exterior faces of the exterior walls, or by the exterior or Common Area face of any wall between the Demised Premises and any portion of the Common Areas, or by the center line of any wall between the Demised Premises and space leased or available to be leased to a tenant or occupant.

O1. Gross Sales: The dollar aggregate of: (a) the actual sales price of all goods and merchandise sold, leased or licensed and the charges for all services performed by Tenant or otherwise in connection with all business conducted at or from the Retail Premises, whether made for cash, by check, credit or otherwise, without reserve or deduction for inability or failure to collect the same, including, without limitation, sales and services (i) where the orders therefor originate at or are accepted at or from the Retail Premises, whether delivery or performance thereof is made at or from the Retail Premises or any other place, it being understood that all sales made and orders received at or from the Retail Premises shall be deemed to have been made and completed therein even though the orders are fulfilled elsewhere or the payments of account are transferred to some other office for collection, (ii) where the orders therefor result from solicitation off the Retail Premises but which are conducted by personnel operating from or reporting to or under the control or supervision of any employee at the Retail Premises, (iii) pursuant to mail, telegraph, telephone or other similar orders received or billed at or from the Retail Premises, and (iv) by means of mechanical or other vending devices, and (b) all monies or other things of

value received by Tenant from its operations at the Retail Premises (which are not excluded from Gross Sales by the next succeeding sentence) including all finance charges, cost of gift or merchandise certificates and all deposits not refunded to customers. Gross Sales shall not include (x) the exchange of merchandise between stores of Tenant where such exchange is made solely for the convenient operation of Tenant's business and neither for the purpose of depriving Landlord of the benefits of a sale which would otherwise be made at or from the Retail Premises nor for the purpose of consummating a sale which has been theretofore made at or from the Retail Premises, (y) sales of trade fixtures which are not part of Tenant's stock in trade and not sold in the regular course of Tenant's business, or (z) the amount of any city, county, state or federal sales tax, luxury tax or excise tax on sales if the tax is added to the selling price and separately stated and actually paid to the taxing authority by Tenant; provided, however, no franchise or capital stock tax and no income or similar tax based upon income, profits or Gross Sales shall be deducted from Gross Sales in any event whatsoever. Cash or credit refunds made upon transactions included within the Gross Sales, but not exceeding the selling price of merchandise returned by the purchaser and accepted by Tenant, shall be deducted from the Gross Sales for the period when such refunds are made. Each

charge or sale upon installment or credit or layaway, so called, shall be treated as a sale for the full price in the month during which such charge or sale shall be made, irrespective of the time when Tenant shall receive payment from its customer. Each lease or rental or license of merchandise to customers shall be treated as a sale in the month in which the lease, rental or license is made for a price equal to the total rent or license fee payable. For purposes of this paragraph the word "Tenant" shall include any of Tenant's subtenants, concessionaires and licensees.

P. Guarantor: G-III Apparel Group Ltd. Guarantor has executed and delivered to Landlord a Guaranty Agreement simultaneously herewith.

Q. Insurance Requirements: Rules, regulations, orders and other requirements of the applicable board of underwriters and/or the applicable fire insurance rating organization and/or any other similar body performing the same or similar functions and having jurisdiction over the Land and Building, whether now or hereafter in force.

R. Land: The Land upon which the Building and Common Areas are located. The Land is described on Exhibit B.

S. Landlord's Work: The materials and work to be furnished, installed and performed by Landlord at its expense in accordance with the provisions of Exhibit C.

T. Legal Requirements: Laws and ordinances of all federal, state, city, town, county, borough and village governments, and rules, regulations, orders and directives of all departments, subdivisions, bureaus, agencies or offices thereof, and of any other governmental, public or quasi-public authorities having jurisdiction over the Land and Building, whether now or hereafter in force, including, but not limited to, those pertaining to environmental matters.

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U. Mortgage: A mortgage and/or a deed of trust.

V. Mortgagee: A holder of a mortgage or a beneficiary of a deed of trust.

W. Operating Expenses: The sum of the following: (1) the cost and expense (whether or not within the contemplation of the parties) for the repair, replacement, maintenance, policing, insurance and operation of the Building and Land, and (2) the Building Fraction of the sum of (a) the cost and expense for the repair, replacement, maintenance, policing, insurance and operation of the Development Common Areas; (b) the Real Estate Taxes, if any, attributable to the Development Common Areas; The "Operating Expenses" shall, include, without limitation, the following: (i) the cost for rent, casualty, liability, boiler and fidelity insurance, (ii) if an independent managing agent is employed by Landlord, the fees payable to such agent (provided the same are competitive with the fees payable to independent managing agents of comparable facilities in Hudson County), and (iii) reasonable legal, accounting and other professional fees. Operating Expenses shall specifically exclude the following: (i) depreciation; (ii) debt service on any Superior Mortgage; (iii) leasehold improvements specifically attributable to tenants other than the Tenant; (iv) brokerage commissions; (v) sale or refinancing costs; (vi) attorneys fees and other costs and expenses incurred in negotiations with prospective tenants, disputes with other tenants or eviction proceedings against other tenants; (vii) penalties or interest due to Landlord's violations of any Legal Requirement; (viii) costs for which Landlord actually receives compensation from insurance proceeds. All items included in Operating Expenses shall be determined in accordance with generally accepted accounting principles consistently applied.

W1. Percentage Rent: The amount for any period computed in accordance with the provisions of Section 3.02.

W2. Percentage Rent Break Point Amount: An amount equal to the product of (a) the total square footage of the Retail Premises and (b) Three Hundred Fifty and 00/100 Dollars (\$350.00).

W3. Percentage Rent Rate: 5%.

X. Permitted Uses: Warehousing and distribution of leather and other wearing apparel and accessories, and the sewing, pressing and assembly of such

garments. Tenant shall also be permitted to utilize not more than 8,490 square feet of Floor Space of the Demised Premises for retail purposes subject to applicable zoning requirements.

Y. Person: A natural person or persons, a partnership, a corporation, or any other form of business or legal association or entity.

Z. Ready for Occupancy: The condition of the Demised Premises when for the first time the Landlord's Work shall have been substantially completed and, if same is required to be obtained by Landlord, a temporary, permanent, or continuing Certificate of Occupancy shall have been issued permitting use of the Demised Premises for the Permitted Uses. The Landlord's Work shall be

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deemed substantially completed notwithstanding the fact that minor or insubstantial details of construction, mechanical adjustment or decoration remain to be performed, the noncompletion of which does not materially interfere with Tenant's use of the Demised Premises.

AA. Real Estate Taxes: The real estate taxes, assessments and special assessments imposed upon the Building and Land by any federal, state, municipal or other governments or governmental bodies or authorities, and any expenses incurred by Landlord in contesting such taxes or assessments and/or the assessed value of the Building and Land, which expenses shall be allocated to the period of time to which such expenses relate. If at any time during the Term the methods of taxation prevailing on the date hereof shall be altered so that in lieu of, or as an addition to or as a substitute for, the whole or any part of such real estate taxes, assessments and special assessments now imposed on real estate there shall be levied, assessed or imposed (a) a tax, assessment, levy, imposition, license fee or charge wholly or partially as a capital levy or otherwise on the rents received therefrom, or (b) any other such additional or substitute tax, assessment, levy, imposition or charge, then all such taxes, assessments, levies, impositions, fees or charges or the part thereof so measured or based shall be deemed to be included within the term "Real Estate Taxes" for the purposes hereof.

BB. Rent: The Fixed Rent, the Percentage Rent and the Additional Charges.

BB1. Retail Premises: That area within the Demised Premises from which Tenant sells goods on a retail basis, including dressing/fitting rooms, related storage areas, and any other area within the Demised Premises directly related to the sale of such goods.

CC. Rules and Regulations: The rules and regulations that may be promulgated by Landlord from time to time. The Rules and Regulations now in effect are attached hereto as Exhibit D.

DD. Security Deposit: \$80,389.50 (if in the form of a Letter of Credit); \$60,297.13 (if in the form of cash).

EE. Successor Landlord: As defined in Section 9.03.

FF. Superior Lease: Any lease to which this Lease is, at the time referred to, subject and subordinate.

GG. Superior Lessor: The lessor of a Superior Lease or its successor in interest, at the time referred to.

HH. Superior Mortgage: Any Mortgage to which this Lease is, at the time referred to, subject and subordinate.

II. Superior Mortgagee: The Mortgagee of a Superior Mortgage at the time referred to.

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JJ. Tenant's Fraction: 53.06%. If the size of the Demised Premises or the Building shall be changed from the initial size thereof, due to any taking, any

construction or alteration work or otherwise, the Tenant's Fraction shall be changed to the fraction the numerator of which shall be the Floor Space of the Demised Premises and the denominator of which shall be the Floor Space of the Building.

KK. Tenant's Property: As defined in Section 16.02.

LL. Tenant's Work: The facilities, materials and work which may be undertaken by or for the account of Tenant (other than the Landlord's Work) to equip, decorate and furnish the Demised Premises for Tenant's occupancy in accordance with the provisions of Exhibit C.

MM. Term: The period commencing on the Commencement Date and ending at 11:59 p.m. of the Expiration Date, but in any event the Term shall end on the date when this Lease is earlier terminated.

NN. Unavoidable Delays: A delay arising from or as a result of a strike, lockout, or labor difficulty, explosion, sabotage, accident, riot or civil commotion, act of war, fire or other catastrophe, Legal Requirement or an act of the other party and any cause beyond the reasonable control of that party, provided that the party asserting such Unavoidable Delay has exercised its best efforts to minimize such delay.

ARTICLE 2 - DEMISE AND TERM

2.01. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, the Demised Premises, for the Term. This Lease is subject to (a) any and all existing encumbrances, conditions, rights, covenants, easements, restrictions and rights of way, of record, and other matters of record, applicable zoning and building laws, regulations and codes, and such matters as may be disclosed by an inspection or survey, and (b) easements now or hereafter created by Landlord in, under, over, across and upon a strip of land twenty feet (20') in width running along all lot lines of the Land for sewer, water, electric, gas and other utility lines and services now or hereafter installed; provided, however, Landlord represents, covenants and warrants to Tenant that (i) the Demised Premises may be used and occupied for the purposes set forth herein; (ii) Tenant shall have adequate means of ingress and egress to the Demised Premises for such uses; and (iii) the foregoing shall in no manner interfere with Tenant's use and quiet enjoyment of the Demised Premises during the Term. Promptly following the Commencement Date, the parties hereto shall enter into an agreement in form and substance satisfactory to Landlord setting forth the Commencement Date.

ARTICLE 3 - RENT

3.01. Tenant shall pay the Fixed Rent in equal monthly installments in advance on the first day of each and every calendar month during the Term (except that Tenant shall pay, upon the execution and delivery of this Lease by Tenant, the Advance Rent, to be applied against the first installment or

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installments of Fixed Rent becoming due under this Lease). If the Commencement Date occurs on a day other than the first day of a calendar month, the Fixed Rent for the partial calendar month at the commencement of the Term shall be prorated.

3.02. Within fifteen (15) days after the end of each calendar month during the Term, Tenant shall submit to Landlord a statement certified by Tenant (by an authorized officer if Tenant is a corporation or by a partner if Tenant is a partnership) stating the Gross Sales (including an itemization of all claimed deductions therefrom) for such month. Within fifteen (15) days after the end of each Calendar Quarter, Tenant shall pay to Landlord as Percentage Rent the product of [(a) the amount, if any, by which the aggregate Gross Sales for the Calendar Year in which such Calendar Quarter occurs up to the end of such Calendar Quarter exceeds the Percentage Rent Break Point Amount and (b) the Percentage Rent Rate] less (c) the amount theretofore paid as Percentage Rent for the Calendar Year in which such Calendar Quarter occurs. Within ninety (90) days after the end of each Calendar year, including any partial Calendar Year at the beginning of the Term, and after the end of the Term, Tenant shall submit to Landlord a statement certified by an independent certified public accountant stating the Gross Sales (including an itemization of all claimed deductions

therefrom) and the Percentage Rent for such Calendar Year, or partial Calendar Year if the Term shall begin on a date other than a January 1st and/or end on a date other than a December 31st, as the case may be, and if the Percentage Rent so stated for such period is more or less than the Percentage Rent paid for such period, Tenant shall pay to Landlord the deficiency, or Landlord shall refund to Tenant the excess, within twenty (20) days after submission of such statement of Gross Sales. For at least thirty-six (36) months after the expiration of each Calendar Year, including any partial Calendar Year at the beginning of the Term, and after the end of the Term, Tenant shall keep and maintain (and shall cause all subtenants, concessionaires and licensees to keep and maintain) in the Demised Premises or the main office of Tenant full and accurate books of account and records from which the Gross Sales can be determined. The books and records maintained shall include, but shall not be limited to (i) cash register tapes showing continuous grand total (from a sealed cash register), (ii) original source documents, (iii) sequentially numbered receipts, (iv) federal, state & local tax returns, (v) receipts from daily bank deposits, (vi) computer printouts and (vii) bank statements. Landlord shall have the right from time to time during such thirty-six (36) month period to inspect and audit all such books and records relating to Gross Sales, and Tenant, each subtenant, concessionaire and licensee will produce the same on request of Landlord. If any such inspection and audit discloses that the Gross Sales were understated, Tenant shall forthwith pay to Landlord any additional Percentage Rent shown to be payable, and if the Gross Sales for any Calendar Year or partial Calendar Year were understated by more than Fifteen Thousand Dollars (\$15,000.00), Tenant shall also pay the cost of Landlord's inspection and audit. Landlord does not in any way, or for any purpose, become a partner or joint venturer with Tenant hereunder. The provisions of this Lease relating to Percentage Rent are included solely for the purpose of providing a method whereby rentals are to be measured and ascertained.

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3.03. The Rent shall be paid in lawful money of the United States to Landlord at its office, or such other place, or Landlord's agent, as Landlord shall designate by notice to Tenant. Tenant shall pay the Rent promptly when due without notice or demand therefor and without any abatement, deduction or setoff for any reason whatsoever, except as may be expressly provided in this Lease. If Tenant makes any payment to Landlord by check, same shall be by check of Tenant and Landlord shall not be required to accept the check of any other Person, and any check received by Landlord shall be deemed received subject to collection. If any check is mailed by Tenant, Tenant shall post such check in sufficient time prior to the date when payment is due so that such check will be received by Landlord on or before the date when payment is due.

3.04. No payment by Tenant or receipt or acceptance by Landlord of a lesser amount than the correct Rent shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance or pursue any other remedy in this Lease or at law provided.

3.05. If Tenant is in arrears in payment of Rent, Tenant waives Tenant's right, if any, to designate the items to which any payments made by Tenant are to be credited, and Landlord may apply any payments made by Tenant to such items as Landlord sees fit, irrespective of and notwithstanding any designation or request by Tenant as to the items to which any such payments shall be credited.

3.06. In the event that any installment of Rent due hereunder shall be overdue for five (5) business days, a "Late Charge" equal to three percent (3%) or the maximum rate permitted by law, whichever is less ("Late Payment Rate") for Rent so overdue may be charged by Landlord for each month or part thereof that the same remains overdue. Any such Late Charges if not previously paid shall, at the option of the Landlord, be added to and become part of the next succeeding Rent payment to be made hereunder.

ARTICLE 4 - USE OF DEMISED PREMISES

4.01. Tenant shall use and occupy the Demised Premises for the Permitted Uses, and Tenant shall not use or permit or suffer the use of the Demised Premises or any part thereof for any other purpose.

4.02. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business in the Demised Premises or any part thereof, Tenant shall duly procure and thereafter maintain such license or permit and submit the same to Landlord for inspection. Tenant shall at all times comply with the terms and conditions of each such license or permit. Tenant shall not at any time use or occupy, or suffer or permit anyone to use or occupy the Demised Premises, or do or permit anything to be done in the Demised Premises, in any manner which (a) violates the Certificate of Occupancy for the Demised Premises or for the Building; (b) causes or is

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reasonably likely to cause injury to the Building or any equipment, facilities or systems therein; (c) constitutes a violation of the Legal Requirements or Insurance Requirements; (d) impairs or tends to impair the appearance of the Building; (e) impairs or tends to impair the proper and economic maintenance, operation and repair of the Building and/or its equipment, facilities or systems; or (f) materially annoys or inconveniences other tenants or occupants of the Building.

ARTICLE 5 - PREPARATION OF DEMISED PREMISES

5.01. The Demised Premises shall be completed and prepared for Tenant's occupancy in the manner described in, and subject to the provisions of, Exhibit C. Except as expressly provided to the contrary in this Lease, the taking of possession by Tenant of the Demised Premises shall be conclusive evidence as against Tenant that the Demised Premises and the Building were in good and satisfactory condition at the time such possession was taken. Except as expressly provided to the contrary in this Lease, Tenant is leasing the Demised Premises "as is" on the date hereof.

5.02. If the substantial completion of the Landlord's Work shall be delayed due to (a) any act or omission of Tenant or any of its employees, agents or contractors (including, without limitation, [i] any delays due to changes in or additions to the Landlord's Work, or [ii] any delays by Tenant in the submission of plans, drawings, specifications or other information or in approving any working drawings or estimates or in giving any authorizations or approvals), or (b) any additional time needed for the completion of the Landlord's Work by the inclusion in the Landlord's Work of any items specified by Tenant that require long lead time for delivery or installation, then the Demised Premises shall be deemed Ready for Occupancy on the date when they would have been ready but for such delay(s). The Demised Premises shall be conclusively presumed to be in satisfactory condition on the Commencement Date except for the minor or insubstantial details of which Tenant gives Landlord notice within thirty (30) days after the Commencement Date specifying such details (the "Punch List") with reasonable particularity. Landlord shall use best efforts to complete said Punch List within thirty (30) days of Landlord's receipt of Tenant's Punch List.

5.03. INTENTIONALLY OMITTED.

5.04. Landlord reserves the right, at any time and from time to time, to increase, reduce or change the number, type, size, location, elevation, nature and use of any of the Common Areas and the Building and any other buildings and other improvements on the Land and in the Development, including, without limitation, the right to move and/or remove same, provided same shall not unreasonably block or interfere with Tenant's means of ingress or egress to and from the Demised Premises.

ARTICLE 6 - TAX AND OPERATING EXPENSE PAYMENTS

6.01. Throughout the Term, Tenant agrees to pay to Landlord as an Additional Charge hereunder, within fifteen (15) days in advance of the final

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date for which such is due without interest or penalty, Tenant's Fraction of the Real Estate Taxes. If any assessment is payable in annual installments or in a lump sum and Tenant does not elect to reimburse Landlord for such assessment in a lump sum, there shall be added to the amount of the Real Estate Taxes payable

for the Calendar Year in which such assessment is payable and such subsequent Calendar Year only that amount of such assessment, together with such interest thereon, as would have been payable to the municipality in said Calendar Year if Landlord had elected to pay said assessment in annual installments. Landlord shall submit to Tenant copies of all bills covering Real Estate Taxes together with an invoice showing the calculation of Tenant's Fraction of such Real Estate Taxes.

6.02. Real Estate Taxes, whether or not a lien upon the Demised Premises shall be apportioned between Landlord and Tenant at the beginning and end of the Term; it being intended that Tenant shall pay only that portion of the Real Estate Taxes as is allocable to the Demised Premises for the Term.

6.03. Tenant shall pay to Landlord Tenant's Fraction of the Operating Expenses within twenty (20) days after Landlord submits to Tenant an invoice for same.

6.04. Each such statement given by Landlord pursuant to Section 6.01 or Section 6.03 shall be conclusive and binding upon Tenant unless within 30 days after the receipt of such statement Tenant shall notify Landlord that it disputes the correctness of the statement, specifying the particular respects in which the statement is claimed to be incorrect. If such dispute is not settled by agreement, either party may submit the dispute to arbitration as provided in Article 34. Pending the determination of such dispute by agreement or arbitration as aforesaid, Tenant shall, within ten (10) days after receipt of such statement, pay the Additional Charges in accordance with Landlord's statement, without prejudice to Tenant's position. If the dispute shall be determined in Tenant's favor, Landlord shall forthwith pay to Tenant the amount of Tenant's overpayment resulting from compliance with Landlord's statement, plus interest thereon at the Late Payment Rate calculated from the date Tenant first made payment of such disputed charges.

6.05. Landlord hereby grants Tenant the right, upon reasonable written notice to Landlord, and at Tenant's sole cost and expense, to inspect Landlord's books and records as same relate to Tenant's Operating Expenses and Real Estate Taxes. Any such inspection shall occur at Landlord's normal place of business and during Landlord's normal business hours.

ARTICLE 7 - COMMON AREAS

7.01. Subject to the provisions of Section 5.04, Landlord will operate, manage, equip, light, repair and maintain, or cause to be operated, managed, equipped, lighted, repaired and maintained, the Common Areas for their intended purposes. Landlord reserves the right, at any time and from time to time, to construct within the Common Areas kiosks, fountains, aquariums, planters, pools and sculptures, and to install vending machines, telephone booths, benches and the like, provided same shall not unreasonably

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interfere with Tenant's means of ingress or egress to and from the Demised Premises and provided same shall not otherwise materially increase Tenant's expenses hereunder. Notwithstanding anything herein contained to the contrary, Landlord agrees that Tenant shall not be responsible for any increase in Operating Expenses related to purely esthetic improvements installed in the Common Areas by Landlord unless (i) otherwise approved by Tenant or (ii) directly benefitting Tenant's operation at the Demised Premises.

7.02. Tenant and its subtenants and concessionaires, and their respective officers, employees, agents, customers and invitees, shall have the non-exclusive right, in common with Landlord and all others to whom Landlord has granted or may hereafter grant such right, but subject to the Rules and Regulations, to use the Common Areas. Landlord reserves the right, upon fifteen (15) days notice to Tenant (except in the event of an emergency), to close temporarily all or any portions of the Common Areas when in Landlord's reasonable judgment any such closing is necessary or desirable (a) to make repairs or changes or to effect construction, (b) to prevent the acquisition of public rights in such areas, (c) to discourage unauthorized parking, or (d) to protect or preserve natural persons or property. Landlord may do such other acts in and to the Common Areas as in its judgment may be desirable to improve or maintain same; provided, however, Landlord hereby agrees to use its best efforts, in connection with the exercise of its rights under this Article 7.02,

not to materially interfere with Tenant's use and occupancy of the Demised Premises.

7.03. Tenant agrees that it, any subtenant or licensee and their respective officers, employees, contractors and agents will park their automobiles and other vehicles only where and as permitted by Landlord. Tenant will, if and when so requested by Landlord, furnish Landlord with the license numbers of any vehicles of Tenant, any subtenant or licensee and their respective officers, employees and agents.

7.04. Subject to the provisions of Article 7.02 hereinabove, Landlord hereby agrees that Tenant shall have exclusive right to the use of the area(s) outside of the loading docks located within the Demised Premises subject, also however, to Landlord's right to grant any other tenant of the Building access to and from any other portion of the Building not a part of the Demised Premises.

ARTICLE 8 - SECURITY

8.01. Tenant has deposited with Landlord the Security Deposit as security for the full and faithful payment and performance by Tenant of Tenant's obligations under this Lease. If Tenant defaults in the full and prompt payment and performance of any of its obligations under this Lease, including, without limitation, the payment of Rent, Landlord may use, apply or retain the whole or any part of the Security Deposit to the extent required for the payment of any Rent or any other sums as to which Tenant is in default or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default in respect of any of Tenant's obligations under

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this Lease, including, without limitation, any damages or deficiency in the reletting of the Demised Premises, whether such damages or deficiency accrue before or after summary proceedings or other re-entry by Landlord. If Landlord shall so use, apply or retain the whole or any part of the security, Tenant shall upon demand immediately deposit with Landlord a sum equal to the amount so used, applied and retained, as security as aforesaid. If Tenant shall fully and faithfully pay and perform all of Tenant's obligations under this Lease, the Security Deposit or any balance thereof to which Tenant is entitled shall be returned or paid over to Tenant after the date on which this Lease shall expire or sooner end or terminate, and after delivery to Landlord of entire possession of the Demised Premises. In the event of any sale or leasing of the Land, Landlord shall have the right to transfer the security to which Tenant is entitled to the vendee or lessee and Landlord shall thereupon be released by Tenant from all liability for the return or payment thereof; and Tenant shall look solely to the new landlord for the return or payment of the same; and the provisions hereof shall apply to every transfer or assignment made of the same to a new landlord. Tenant shall not assign or encumber or attempt to assign or encumber the monies deposited herein as security, and neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

8.02. Tenant shall have the option of posting a letter of credit in lieu of a cash security deposit in which case the following provisions (i.e. Articles 8.02, 8.03 and 8.04) shall apply: As security for the performance by Tenant of all the terms, conditions and covenants of this Lease upon Tenant's part to be performed, Tenant shall provide to Landlord an irrevocable Letter of Credit in the amount of Eighty Thousand Three Hundred Eighty Nine and 50/100 (\$80,389.50) in form and substance satisfactory to Landlord. Landlord shall have the right, upon thirty (30) days notice to Tenant (except for Tenant's non-payment of Rent or for Tenant's failure to comply with Article 8.03 for which no notice shall be required), and regardless of the exercise of any other remedy the Landlord may have by reason of a default, to draw upon said Letter of Credit to cure any default of Tenant and if Landlord does so, Tenant shall upon demand, additionally fund the Letter of Credit with the amount so drawn so that Landlord shall have the full deposit on hand at all times during the Term of this Lease. In the event of a sale of the Building or a lease of the Building, subject to this Lease, Landlord shall have the right to transfer the security to the vendee or lessee.

8.03. The Letter of Credit shall be the type which is automatically renewed on an annual basis (annual Renewal Date); and will contain a provision requiring the issuer thereof to give the beneficiary (Landlord) sixty (60) day advance

written notice of its intention not to renew the Letter of Credit on the next Annual Renewal Date.

8.04. In the event Tenant shall fail to deliver to Landlord a substitute irrevocable Letter of Credit, in the amount stated above, on or before thirty (30) days prior to the next Annual Renewal Date, said failure shall be deemed a default under this Lease. Landlord may, in its discretion treat this the same as a default in the payment of rent or any other default and pursue the appropriate remedy. In addition, and not in limitation,

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Landlord shall be permitted to draw upon the Letter of Credit as in the case of any other default by Tenant under this Lease.

ARTICLE 9 - SUBORDINATION

9.01. This Lease, and all rights of Tenant hereunder, are and shall be subject and subordinate to all ground leases and underlying leases of the Land and/or the Building now or hereafter existing and to all Mortgages which may now or hereafter affect the Land and/or building and/or any of such leases, whether or not such Mortgages or leases shall also cover other lands and/or buildings, to each and every advance made or hereafter to be made under such Mortgages, and to all renewals, modifications, replacements and extensions of such leases and such Mortgages and spreaders and consolidations of such Mortgages. The provisions of this Section 9.01 shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Tenant shall promptly execute, acknowledge and deliver any instrument that Landlord, the lessor under any such lease or the Mortgagee of any such Mortgage or any of their respective successors in interest may reasonably request to evidence such subordination.

9.02. If any act or omission of Landlord would give Tenant the right, immediately or after lapse of a period of time, to cancel or terminate this Lease, or to claim a partial or total eviction, Tenant shall not exercise such right (a) until it has given written notice of such act or omission to Landlord and each Superior Mortgagee and each Superior Lessor whose name and address shall previously have been furnished to Tenant by Landlord in writing, and (b) until a reasonable period for remedying such act or omission shall have elapsed following the giving of such notice and following the time when such Superior Mortgagee or Superior Lessor shall have become entitled under such Superior Mortgage or Superior Lease, as the case may be, to remedy the same (which reasonable period shall in no event be less than the period to which Landlord would be entitled under this Lease or otherwise, after similar notice, to effect such remedy), provided such Superior Mortgagee or Superior Lessor shall with due diligence give Tenant notice of intention to, and commence and continue to, remedy such act or omission.

9.03. If any Superior Lessor or Superior Mortgagee shall succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action or delivery of a new lease or deed, then at the request of such party so succeeding to Landlord's rights ("Successor Landlord") and upon such Successor Landlord's written agreement to accept Tenant's attornment, Tenant shall attorn to and recognize such Successor Landlord as Tenant's landlord under this Lease and shall promptly execute and deliver any instrument that such Successor Landlord may reasonably request to evidence such attornment. Upon such attornment this Lease shall continue in full force and effect as a direct lease between the Successor Landlord and Tenant upon all of the terms, conditions and covenants as are set forth in this Lease except that the Successor Landlord shall not (a) be liable for any previous act or omission of Landlord under this Lease; (b) be subject to any offset, not expressly provided for in this Lease, which theretofore shall have accrued to Tenant against Landlord; (c) be liable for the return of any Security Deposit, in

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whole or in part, to the extent that same is not paid over to the Successor Landlord; or (d) be bound by any previous prepayment of more than one month's Fixed Rent unless such prepayment shall have been expressly approved in writing

by the Superior Lessor of the Superior Lease or the Mortgagee of the Superior Mortgage through or by reason of which the Successor Landlord shall have succeeded to the rights of Landlord under this Lease.

9.04. If any then present or prospective Superior Mortgagee shall require any modification(s) of this Lease, Tenant shall promptly execute and deliver to Landlord such instruments effecting such modification(s) as Landlord shall request, provided that such modification(s) do not adversely affect in any material respect any of Tenant's rights or obligations under this Lease.

9.05. Landlord hereby agrees to provide Tenant with a Non-Disturbance Agreement from the existing Superior Mortgagee provided same is in the form annexed hereto as Exhibit E.

9.06. As an express condition to the agreement of Tenant to the foregoing provisions of this Article 9, Landlord hereby agrees to provide Tenant with a Non-Disturbance Agreement from any future Superior Mortgagee provided same is in the form, generally, as that annexed hereto as Exhibit E.

9.07. Landlord hereby represents that it is not presently in default of the existing Superior Mortgage.

9.08. Any Superior Mortgagee's fees and/or costs (including reasonable legal costs) associated with the acquisition and delivery of any Non-Disturbance Agreement shall be borne by Landlord.

ARTICLE 10 - QUIET ENJOYMENT

10.01. So long as Tenant pays all of the Rent and performs all of Tenant's other obligations hereunder, Tenant shall peaceably and quietly have, hold and enjoy the Demised Premises without hindrance, ejection or molestation by Landlord or any person lawfully claiming through or under Landlord, subject, nevertheless, to the provisions of this Lease and to Superior Leases and Superior Mortgages, of which Landlord has notified Tenant in writing (which notice requirement, for purposes of this Section 10.01, shall be deemed satisfied upon Tenant's execution of an estoppel certificate or non-disturbance, subordination and attornment agreement with respect to any such Superior Lessor or Superior Mortgagee).

ARTICLE 11 - ASSIGNMENT, SUBLETTING AND MORTGAGING

11.01. Tenant shall not, whether voluntarily, involuntarily, or by operation of law or otherwise, (a) assign or otherwise transfer this Lease, or offer or advertise to do so, (b) sublet the Demised Premises or any part thereof, or offer or advertise to do so, or allow the same to be used, occupied or utilized by anyone other than Tenant, or (c) mortgage, pledge, encumber or otherwise hypothecate this Lease in any manner whatsoever, without

in each instance obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed, or conditioned. Landlord hereby acknowledges that Tenant intends to sublease all or some portion of the Retail Premises. Landlord hereby consents to such subletting provided, however, in consideration thereof, Tenant hereby agrees to pay Landlord, as an Additional Charge hereunder, fifty percent (50%) of the net profit achieved from such subletting. "Net Profit", as that term is used herein, shall mean the difference between (a) the rent Tenant receives from the aforesaid subtenant(s) (which shall include, but not be limited to, all fixed rent and percentage rent, or similar such "rents" without placing any emphasis on terminology) with deduction for Tenant's reasonable expenses (i.e. brokerage commissions, reasonable cost of construction, etc.) specifically associated with such subletting and (b) the Rent Tenant is obligated to pay Landlord hereunder. Tenant agrees to provide Landlord with copies of any such sublease(s) within ten (10) days of execution of same. It is expressly understood and agreed by the parties hereto that the gross sales generated by said subtenant(s) will not be included in the definition of Gross Sales set forth at Article 1.01.(01); provided, however Tenant agrees that notwithstanding the terminology used in any sublease, it will calculate the gross sales of any such subtenant, for purposes of calculating the 50/50 division of profits discussed above, in a manner similar to the method by which Gross Sales are calculated hereunder.

11.02. If at any time (a) the original Tenant named herein, (b) the then Tenant, (c) any Guarantor, or (d) any Person owning a majority of the voting stock of, or directly or indirectly controlling, the then Tenant shall be a corporation or partnership, any transfer of voting stock or partnership interest resulting in the person(s) who shall have owned a majority of such corporation's shares of voting stock or the general partners' interest in such partnership, as the case may be, immediately before such transfer, ceasing to own a majority of such shares of voting stock or general partner's interest, as the case may be, except as the result of transfers by inheritance, shall be deemed to be an assignment of this Lease as to which Landlord's consent shall have been required, and in any such event Tenant shall notify Landlord. The provisions of this Section 11.02 shall not be applicable to any corporation all the outstanding voting stock of which is listed on a national securities exchange (as defined in the Securities Exchange Act of 1934, as amended) or is traded in the over-the-counter market with quotations reported by the National Association of Securities Dealers through its automated system for reporting quotations and shall not apply to transactions with a corporation into or with which the then Tenant is merged or consolidated or to which substantially all of the then Tenant's assets are transferred or to any corporation which controls or is controlled by the then Tenant or is under common control with the then Tenant, provided that in any of such events (i) the successor to Tenant has a net worth computed in accordance with generally accepted accounting principles at least equal to the greater of (1) the net worth of Tenant immediately prior to such merger, consolidation or transfer, or (2) the net worth of the original Tenant on the date of this Lease, and (ii) proof satisfactory to Landlord of such net worth shall have been delivered to Landlord at least 10 days prior to the effective date of any such transaction. For the purposes of this Section, the words "voting stock" shall refer to shares of stock regularly entitled to vote for the election of

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directors of the corporation. Landlord shall have the right at any time and from time to time during the Term to inspect the stock record books of the corporation to which the provisions of this Section 11.02 apply, and Tenant will produce the same on request of Landlord.

11.03. If this Lease is assigned, whether or not in violation of this Lease, Landlord may collect rent from the assignee. If the Demised Premises or any part thereof are sublet or used or occupied by anybody other than Tenant, whether or not in violation of this Lease, Landlord may, after default by Tenant, and expiration of Tenant's time to cure such default, collect rent from the subtenant or occupant. In either event, Landlord may apply the net amount collected to the Rent, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any of the provisions of Section 11.01 or Section 11.02, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the performance by Tenant of Tenant's obligations under this Lease. The consent by Landlord to any assignment, mortgaging, subletting or use or occupancy by others shall not in any way be considered to relieve Tenant from obtaining the express written consent of Landlord to any other or further assignment, mortgaging or subletting or use or occupancy by others not expressly permitted by this Article 11. References in this Lease to use or occupancy by others (that is, anyone other than Tenant) shall not be construed as limited to subtenants and those claiming under or through subtenants but shall be construed as including also licensees and others claiming under or through Tenant, immediately or remotely.

11.04. Any permitted assignment or transfer, whether made with Landlord's consent pursuant to Section 11.01 or without Landlord's consent if permitted by Section 11.02, shall be made only if, and shall not be effective until, the assignee shall execute, acknowledge and deliver to Landlord an agreement in form and substance reasonably satisfactory to Landlord whereby the assignee shall assume Tenant's obligations under this Lease and whereby the assignee shall agree that all of the provisions in this Article 11 shall, notwithstanding such assignment or transfer, continue to be binding upon it in respect to all future assignments and transfers. Notwithstanding any assignment or transfer, whether or not in violation of the provisions of this Lease, and notwithstanding the acceptance of Rent by Landlord from an assignee, transferee, or any other party, the original Tenant and any other person(s) who at any time was or were Tenant shall remain fully liable for the payment of the Rent and for Tenant's other obligations under this Lease.

11.05. The liability of the original named Tenant and any other Person(s) (including but not limited to any Guarantor) who at any time are or become responsible for Tenant's obligations under this Lease shall not be discharged, released or impaired by any agreement or stipulation made by Landlord extending the time of, or modifying any of the terms or obligations under this Lease, or by any waiver or failure of Landlord to enforce, any of this Lease.

11.06. The listing of any name other than that of Tenant, whether on the doors of the Demised Premises or the Building directory, or otherwise, shall not operate to vest any right or interest in this Lease or in the

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Demised Premises, nor shall it be deemed to be the consent of Landlord to any assignment or transfer of this Lease or to any sublease of the Demised Premises or to the use or occupancy thereof by others.

11.07. Without limiting any of the provisions of Article 27, if pursuant to the Federal Bankruptcy Code (or any similar law hereafter enacted having the same general purpose), Tenant is permitted to assign this Lease notwithstanding the restrictions contained in this Lease, adequate assurance of future performance by an assignee expressly permitted under such Code shall be deemed to mean the deposit of cash security in an amount equal to the sum of one (1) year's Fixed Rent, which deposit shall be held by Landlord for the balance of the Term, without interest, as security for the full performance of all of Tenant's obligations under this Lease, to be held and applied in the manner specified for security in Section 8.01.

11.08. If Tenant shall propose to assign or in any manner transfer this Lease or any interest therein, or sublet the Demised Premises or any part or parts thereof, or grant any concession or license or otherwise permit occupancy of all or any part of the Demised Premises by any person, Tenant shall give notice thereof to Landlord, together with a copy of the proposed instrument that is to accomplish same and such financial and other information pertaining to the proposed assignee, transferee, subtenant, concessionaire or licensee as Landlord shall reasonably require.

ARTICLE 12 - COMPLIANCE WITH LAWS

12.01. Tenant shall comply with all Legal Requirements which shall, in respect of the Demised Premises or the use and occupation thereof, or the abatement of any nuisance in, on or about the Demised Premises, impose any violation, order or duty on Landlord or Tenant; and Tenant shall pay all the costs, expenses, fines, penalties and damages which may be imposed upon Landlord or any Superior Lessor by reason of or arising out of Tenant's failure to fully and promptly comply with and observe the provisions of this Section 12.01. However, Tenant need not comply with any such law or requirement of any public authority, nor shall such failure to comply be deemed an Event of Default hereunder, so long as Tenant shall be contesting the validity thereof, or the applicability thereof to the Demised Premises, in accordance with Section 12.02.

12.02. Tenant may contest, by appropriate proceedings prosecuted diligently and in good faith, the validity, or applicability to Tenant or the Demised Premises, of any Legal Requirement, provided that (a) Landlord shall not be subject to criminal penalty or to prosecution for a crime, and neither the Demised Premises nor any part thereof shall be subject to being condemned or vacated, by reason of non-compliance or otherwise by reason of such contest; (b) before the commencement of such contest, Tenant shall furnish to Landlord the bond of a surety company satisfactory to Landlord, which bond shall be, as to its provisions and form, satisfactory to Landlord, and shall be in an amount at least equal to 100% of the cost of such compliance (as estimated by a reputable contractor designated by Landlord) and shall indemnify Landlord against the cost thereof and against all liability for

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damages, interest, penalties and expenses (including reasonable attorneys' fees and expenses), resulting from or incurred in connection with such contest or non-compliance, (c) such non-compliance or contest shall not constitute or

result in any violation of any Superior Lease or Superior Mortgage, or if any such Superior Lease and/or Superior Mortgage shall permit such non-compliance or contest on condition of the taking of action or furnishing of security by Landlord, such action shall be taken and such security shall be furnished at the expense of Tenant; and (d) Tenant shall keep Landlord advised as to the status of such proceedings. Without limiting the application of the above, Landlord shall be deemed subject to prosecution for a crime if Landlord, or its managing agent, or any officer, director, partner, shareholder or employee of Landlord or its managing agent, as an individual, is charged with a crime of any kind or degree whatsoever, whether by service of a summons or otherwise, unless such charge is withdrawn before Landlord or its managing agent, or such officer, director, partner, shareholder or employee of Landlord or its managing agent (as the case may be) is required to plead or answer thereto.

12.03. Notwithstanding the foregoing, Landlord hereby represents, to the best of its knowledge and belief, that the Building and the Land are presently in compliance with all applicable Legal Requirements, including, but not limited to, those existing environmental Legal Requirements affecting the Demised Premises, including, but not limited to, the Industrial Site Recovery Act, the Spill Compensation and Control Act and the Comprehensive Environmental Response Compensation and Liability Act. Landlord hereby agrees that it shall be responsible for the Building's and Land's compliance with those Legal Requirements in existence prior to the execution of this Lease.

12.04. Landlord hereby agrees that Tenant shall not be responsible for those violation(s) of any applicable environmental Legal Requirement resulting from the act, omission or negligence of another tenant in the Building unless, and to the extent, same is also a result of the act, omission, or negligence of Tenant, its agents, employees, representatives or contractors.

ARTICLE 13 - INSURANCE AND INDEMNITY

13.01. Landlord shall maintain or cause to be maintained All Risk insurance in respect of the Building and other improvements on the Land normally covered by such insurance at commercially competitive rates (except for the property Tenant is required to cover with insurance under Section 13.02 and similar property of other tenants and occupants of the Building or buildings and other improvements which are on land neither owned by nor leased to Landlord) for the benefit of Landlord, any Superior Lessors, any Superior Mortgagees and any other parties Landlord may at any time and from time to time designate, as their interests may appear, but not for the benefit of Tenant, and shall maintain rent insurance as required by any Superior Lessor or any Superior Mortgagee. The All Risk insurance will be in the amounts required by any Superior Lessor or any Superior Mortgagee but not less than the amount sufficient to avoid the effect of the co-insurance provisions of the applicable policy or policies. Landlord may also maintain any other forms and types of insurance which Landlord shall deem reasonable in respect of the

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Building and Land. Landlord shall have the right to provide any insurance maintained or caused to be maintained by it under blanket policies.

13.02. Tenant shall maintain the following insurance: (a) comprehensive general public liability insurance in respect of the Demised Premises and the conduct and operation of business therein, having not less than a \$5,000,000.00 combined single limit per occurrence for bodily injury or death to any one person and for bodily injury or death to any number of persons in any one occurrence, and for property damage, including water damage and sprinkler leakage legal liability (coverage to include but not be limited to (i) premises operation, completed operations, broad form contractual liability and product liability, (ii) comprehensive automobile, truck and vehicle liability insurance covering all owned, hired and non-owned vehicles used by the contractor(s) in connection with their work and any loading of such vehicles, with limits as stated above and (iii) worker's compensation, employers liability and occupational disease insurance as required by statutes, but in any event not less than \$500,000.00 for Coverage B covering all damages and injuries arising from each accident or occupational disease) (b) steam boiler, air conditioning and machinery insurance, protecting Landlord and Tenant, with limits of not less than \$500,000, if there is a boiler or pressure object or other similar equipment in the Demised Premises, and (c) All Risk insurance in respect of Tenant's stock in trade, fixtures, furniture, furnishings, removable floor

coverings, equipment, signs and all other property of Tenant in the Demised Premises in an amount sufficient to avoid the effect of the co-insurance provisions of the applicable policy or policies, and (d) such other insurance as is required for compliance with the Insurance Requirements. Landlord may at any time and from time to time require that the limits for the comprehensive general public liability insurance to be maintained by Tenant be increased to the limits that new tenants in the Building are required by Landlord to maintain, provided same are commercially reasonable and consistent with the then industry practice relative to comprehensive general public liability insurance limits. Tenant shall deliver to Landlord and any additional named insured(s) certificates for such fully paid-for policies at least ten (10) days before the Commencement Date. Tenant shall procure and pay for renewals of such insurance from time to time before the expiration thereof, and Tenant shall deliver to Landlord and any additional insured(s) certificates therefor at least thirty (30) days before the expiration of any existing policy. All such policies shall be issued by companies of recognized responsibility, having a Bests Key Rating Guide of not less than A, Class VII, licensed to do business in New Jersey, and all such policies shall contain a provision whereby the same cannot be canceled unless Landlord and any additional insured(s) are given at least thirty (30) days' prior written notice of such cancellation. The certificates of insurance to be delivered to Landlord by Tenant shall name Landlord as an additional insured and, at Landlord's request, shall also name any Superior Lessors or Superior Mortgagees of which Landlord has notified Tenant as additional insureds, and the following phrase must be typed on the certificate of insurance: "Hartz Mountain Associates, Hartz Mountain Industries, Inc., and its respective subsidiaries, affiliates, associates, joint ventures, and partnerships, are hereby named as additional insureds as their interests may appear (and if Landlord has so requested, Tenant shall include any Superior Lessors and Superior Mortgagees as additional insured(s)). It is intended for

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this insurance to be primary and non-contributing." Tenant shall give Landlord at least thirty (30) days' prior written notice that any such policy is being canceled or replaced.

13.03. Tenant shall not do, permit or suffer to be done any act, matter, thing or failure to act in respect of the Demised Premises or use or occupy the Demised Premises or conduct or operate Tenant's business in any manner objectionable to any insurance company or companies whereby the fire insurance or any other insurance then in effect in respect of the Land and Building or any part thereof shall become void or suspended or whereby any premiums in respect of insurance maintained by Landlord shall be higher than those which would normally have been in effect for the occupancy contemplated under the Permitted Uses. In case of a breach of the provisions of this Section 13.03, in addition to all other rights and remedies of Landlord hereunder, Tenant shall pay to Landlord any and all increases of premiums on any insurance, including, without limitation, rent insurance, resulting from any such breach.

13.04. Tenant shall indemnify and hold harmless Landlord and all Superior Lessors and its and their respective partners, joint venturers, directors, officers, agents, servants and employees from and against any and all claims for injuries to persons or damage to the property of third parties arising from or in connection with (a) the conduct or management of the Demised Premises or of any business therein, or any work or thing whatsoever done, or any condition created (other than by Landlord) in the Demised Premises during the Term or during the period of time, if any, prior to the Commencement Date that Tenant may have been given access to the Demised Premises; (b) any act, omission or negligence of Tenant or any of its subtenants or licensees or its or their partners, joint venturers, directors, officers, agents, employees or contractors; (c) any accident, injury or damage whatever (unless caused by Landlord's negligence) occurring in the Demised Premises; and (d) any breach or default by Tenant in the full and prompt payment and performance of Tenant's obligations under this Lease; together with all costs, expenses and liabilities incurred in or in connection with each such claim or action or proceeding brought thereon, including, without limitation, all attorneys' fees and expenses. In case any action or proceeding is brought against Landlord and/or any Superior Lessor and/or its or their partners, joint venturers, directors, officers, agents and/or employees by reason of any such claim, Tenant, upon notice from Landlord or such Superior Lessor, shall resist and defend such action or proceeding by counsel reasonably satisfactory to Landlord. Landlord hereby agrees to cooperate with Tenant and designated counsel in connection with

such defense. Landlord agrees to notify Tenant of any claim of which it becomes aware under this Article 13.04. Tenant further agrees that it or its designated counsel will not settle or otherwise compromise any such claim without the prior consent of Landlord.

13.05. Landlord shall indemnify and hold Tenant and/or its partners, joint venturers, directors, officers, agents and/or employees harmless from and against any and all claims for injuries to persons or damage to the property of third parties arising from or in connection with (a) any work done by Landlord or any condition created by Landlord in the Demised Premises or

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the Common Areas and (b) any act, omission, or negligence of Landlord in connection with the maintenance of the Demised Premises or Common Areas; together with all costs, expense and liabilities incurred in or in connection with each such claim or action or proceeding brought thereon, including, without limitation, all attorneys fees and expenses. In case any action or proceeding is brought against Tenant and/or its partners, joint venturers, directors, officers, agents and/or employees by reason of any such claim, Landlord, upon notice from Tenant, shall resist and defend such action or proceeding by counsel reasonably satisfactory to Tenant. Tenant hereby agrees to cooperate with Landlord and designated counsel in connection with such defense. Tenant agrees to notify Landlord of any claim of which it becomes aware under this Article 13.05. Landlord further agrees that it or its designated counsel will not settle or compromise any such claim without the prior consent of Tenant.

13.06. Neither party shall be liable or responsible for, and each party hereby releases the other from, all liability and responsibility to the other and any person claiming by, through or under the other, by way of subrogation, for any injury, loss or damage to any person or property in or around the Demised Premises or to the other's business covered by insurance carried or required to be carried hereunder irrespective of the cause of such injury, loss or damage, and each party shall require its insurers to include in all of such party's insurance policies which could give rise to a right of subrogation against the other a clause or endorsement whereby the insurer waives any rights of subrogation against the other or permits the insured, prior to any loss, to agree with a third party to waive any claim it may have against said third party without invalidating the coverage under the insurance policy.

ARTICLE 14 - RULES AND REGULATIONS

14.01. Tenant and its employees and agents shall faithfully observe and comply with the Rules and Regulations and such reasonable changes therein (whether by modification, elimination or addition) as Landlord at any time or times hereafter may make and communicate to Tenant, which in Landlord's judgment, shall be necessary for the reputation, safety, care or appearance of the Land and Building, or the preservation of good order therein, or the operation or maintenance of the Building or its equipment and fixtures, or the Common Areas, and which do not (i) unreasonably affect the conduct of Tenant's business in the Demised Premises, (ii) diminish, in any material sense, Tenant's rights under this Lease, or (iii) increase, in any material sense, Tenant's obligations under this Lease; provided, however, that in case of any conflict or inconsistency between the provisions of this Lease and any of the Rules and Regulations, the provisions of this Lease shall control. Landlord shall not be liable to Tenant for violation of the Rules and Regulations by any other tenant or its employees, agents, invitees or licensees. Landlord hereby agrees that it shall not enforce the Rules and Regulations as against Tenant in a discriminatory manner vis-a-vis the other tenants in the Building.

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ARTICLE 15 - ALTERATIONS AND SIGNS

15.01. Tenant shall not make any alterations or additions to the Demised Premises, or make any holes or cuts in the walls, ceilings, roofs, or floors thereof, or change the exterior color or architectural treatment of the Demised Premises, without on each occasion first obtaining the consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned;

provided, however, with respect to those alterations to the Demised Premises which do not exceed a cost, in the aggregate, of \$150,000, or otherwise impact upon the structure or systems of the Building, Landlord's consent shall not be required. With respect to those alterations wherein Landlord's consent is required, Tenant shall submit to Landlord plans and specifications for such work at the time Landlord's consent is sought. Tenant shall pay to Landlord upon demand the reasonable cost and expense of Landlord in (a) reviewing said plans and specifications and (b) inspecting the alterations to determine whether the same are being performed in accordance with the approved plans and specifications and all Legal Requirements and Insurance Requirements, including, without limitation, the fees of any architect or engineer employed by Landlord for such purpose. Before proceeding with any permitted alteration which will cost more than \$150,000 (exclusive of the costs of decorating work and items constituting Tenant's Property), as estimated by a reputable contractor designated by Landlord, Tenant shall obtain and deliver to Landlord a performance bond and a labor and materials payment bond (issued by a corporate surety licensed to do business in New Jersey), each in an amount equal to 100% of such estimated cost and in form satisfactory to Landlord. Tenant shall fully and promptly comply with and observe the Rules and Regulations then in force in respect of the making of alterations. Any review or approval by Landlord of any plans and/or specifications with respect to any alterations is solely for Landlord's benefit, and without any representation or warranty whatsoever to Tenant in respect of the adequacy, correctness or efficiency thereof or otherwise. Landlord hereby expressly consents to the alterations to be performed by Tenant in connection with initial build-out of the Demised Premises.

15.02. Tenant shall obtain all necessary governmental permits and certificates for the commencement and prosecution of permitted alterations and for final approval thereof upon completion, and shall cause alterations to be performed in compliance therewith and with all applicable Legal Requirements and Insurance Requirements. Alterations shall be diligently performed in a good and workmanlike manner, using materials and equipment at least equal in quality and class to the better of (a) the original installations of the Building, or (b) the then standards for the Building established by Landlord. Alterations shall be performed by contractors first approved by Landlord; provided, however, that any alterations in or to the mechanical, electrical, sanitary, heating, ventilating, air conditioning or other systems of the Building shall be performed only by the contractor(s) designated by Landlord. Alterations shall be made in such manner as not to unreasonably interfere with or delay and as not to impose any additional expense upon Landlord in the construction, maintenance, repair or operation of the Building; and if any such additional expense shall be incurred by Landlord as a result of Tenant's making of any alterations, Landlord shall so notify Tenant of such additional expense, and, to the extent Tenant continues to desire to perform such

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alteration, Tenant shall pay any such additional expense upon demand. Throughout the making of alterations, Tenant shall carry, or cause to be carried, worker's compensation insurance in statutory limits and general liability insurance, with completed operation endorsement, for any occurrence in or about the Building, under which Landlord and its managing agent and any Superior Lessor whose name and address shall previously have been furnished to Tenant shall be named as parties insured, in such limits as Landlord may reasonably require, with insurers reasonably satisfactory to Landlord. Tenant shall furnish Landlord with reasonably satisfactory evidence that such insurance is in effect at or before the commencement of alterations and, on request, at reasonable intervals thereafter during the making of alterations. In connection with Landlord's approval of Tenant's contractors, it is specifically agreed and understood by the parties hereto that once Landlord has so approved a particular contractor, said approval shall remain in force and effect through the Term without the need for further request by Tenant unless an until Landlord otherwise advises Tenant to the contrary.

15.03. Tenant shall not place any signs on the roof, exterior walls or grounds of the Demised Premises without first obtaining Landlord's written consent thereto, which consent shall not be unreasonably withheld, delayed or conditioned provided Tenant's signage is similar, generally, to the other signage permitted by Landlord on its other buildings in Harmon Cove and provided same is in compliance with applicable Legal Requirements. In placing any signs on or about the Demised Premises, Tenant shall, at its expense, comply with all applicable Legal Requirements and obtain all required permits and/or licenses.

15.04. Notwithstanding anything contained in this Article 15 to the contrary, Landlord hereby approves those contractors to be utilized by Tenant set forth on the attached Exhibit F.

ARTICLE 16 - LANDLORD'S AND TENANT'S PROPERTY

16.01. All fixtures, equipment, improvements and appurtenances attached to or built into the Demised Premises at the commencement of or during the Term, whether or not by or at the expense of Tenant, shall be and remain a part of the Demised Premises, shall be deemed to be the property of Landlord and shall not be removed by Tenant, except as provided in Section 16.02. Further, any carpeting or other personal property in the Demised Premises on the Commencement Date, unless installed and paid for by Tenant, shall be and shall remain Landlord's property and shall not be removed by Tenant.

16.02. All movable partitions, business and trade fixtures, machinery and equipment, material handling equipment, communications equipment and office equipment, whether or not attached to or built into the Demised Premises, which are installed in the Demised Premises by or for the account of Tenant without expense to Landlord and can be removed without structural damage to the Building and all furniture, furnishings, and other movable personal property owned by Tenant and located in the Demised Premises (collectively, "Tenant's Property") shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided that if any of the Tenant's Property is removed, Tenant shall repair or pay the

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cost of repairing any damage to the Demised Premises, the Building or the Common Areas resulting from the installation and/or removal thereof. Any equipment or other property for which Landlord shall have granted any allowance or credit to Tenant shall not be deemed to have been installed by or for the account of Tenant without expense to Landlord, shall not be considered as the Tenant's Property and shall be deemed the property of Landlord.

16.03. At or before the Expiration Date or the date of any earlier termination of this Lease, or within fifteen (15) days after such an earlier termination date, Tenant shall remove from the Demised Premises all of the Tenant's Property (except such items thereof as Landlord shall have expressly permitted to remain hereunder, which property shall become the property of Landlord if not removed), and Tenant shall repair any damage to the Demised Premises, the Building and the Common Areas resulting from any installation and/or removal of the Tenant's Property. Any items of the Tenant's Property which shall remain in the Demised Premises after the Expiration Date or after a period of fifteen (15) days following an earlier termination date, may, at the option of Landlord, be deemed to have been abandoned, and in such case such items may be retained by Landlord as its property or disposed of by Landlord, without accountability, in such manner as Landlord shall determine at Tenant's reasonable expense.

ARTICLE 17 - REPAIRS AND MAINTENANCE

17.01. Tenant shall, throughout the Term, take good care of the Demised Premises, the fixtures and appurtenances therein, and shall not do, suffer, or permit any waste with respect thereto. Tenant shall keep and maintain all interior portions of the Demised Premises including without limitation all building equipment, windows, doors, loading bay doors and shelters, plumbing and electrical systems, heating, ventilating and air conditioning ("HVAC") systems in a clean and orderly condition. The phrase "keep and maintain" as used herein includes repairs, replacement and/or restoration as appropriate. Tenant shall not permit or suffer any over-loading of the floors of the Demised Premises. Tenant shall be responsible for all repairs in and to the Demised Premises and the Building (including the facilities and systems thereof) and the Common Areas the need for which arises out of (a) the performance or existence of the Tenant's Work or alterations, (b) the installation, use or operation of the Tenant's Property in the Demised Premises, (c) the moving of the Tenant's Property in or out of the Building, or (d) the act, omission, misuse or neglect of Tenant or any of its subtenants or its or their employees, agents, contractors or invitees. Tenant shall promptly replace all scratched, damaged or broken doors and glass in and about the Demised Premises and shall be responsible for all repairs, maintenance and replacement of wall and floor

coverings in the Demised Premises and for the repair and maintenance of all sanitary and electrical fixtures and equipment therein. Tenant shall promptly make all repairs in or to the Demised Premises for which Tenant is responsible, and any repairs required to be made by Tenant to the mechanical, electrical, sanitary, heating, ventilating, air-conditioning or other systems of the Building shall be performed only by contractor(s) reasonably approved by Landlord. Any other repairs in or to the

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Building and the facilities and systems thereof for which Tenant is responsible shall be performed by Landlord at Tenant's expense; but Landlord may, at its option, before commencing any such work or at any time thereafter, require Tenant to furnish to Landlord such security, in form (including, without limitation, a bond issued by a corporate surety licensed to do business in New Jersey) and amount, as Landlord shall deem necessary to assure the payment for such work by Tenant.

17.02. Landlord shall make all structural repairs at Landlord's cost and expense except to the extent same are Tenant's responsibility as hereinabove provided in Section 17.01.

17.03. Landlord shall, at Landlord's cost and expense, make all structural repairs and replacements in and to the roof. Although Tenant's responsibility, Landlord shall also perform the normal routine maintenance and cleaning to the roof, the cost of which shall be included in the Operating Expenses.

17.04. Tenant shall not permit or suffer the overloading of the floors of the Demised Premises beyond two hundred fifty (250) pounds per square foot.

17.05. Except as otherwise expressly provided in this Lease, Landlord shall have no liability to Tenant, nor shall Tenant's covenants and obligations under this Lease be reduced or abated in any manner whatsoever, by reason of any inconvenience, annoyance, interruption or injury to business arising from Landlord's doing any repairs, maintenance, or changes which Landlord is required or permitted by this Lease, or required by Law, to make in or to any portion of the Building.

ARTICLE 18 - UTILITY CHARGES

18.01. Tenant shall pay all charges for gas, water, sewer, electricity, heat or other utility or service supplied to the Demised Premises as measured by meters relating to Tenant's use, and any cost of repair, maintenance, replacement, and reading of any meters measuring Tenant's consumption thereof. Tenant expressly agrees that Landlord shall not be responsible for the failure of supply to Tenant of any of the aforesaid, or any other utility service. Landlord shall not be responsible for any public or private telephone service to be installed in the space, particularly conduit, if required.

18.02. Tenant's use of electric energy in the Demised Premises shall not at any time exceed the capacity of any of the electrical conductors and equipment in or otherwise serving the Demised Premises. In order to insure that such capacity is not exceeded and to avert any material adverse effect upon the Building's electric service, Tenant shall not, without Landlord's prior consent in each instance (which shall not be unreasonably withheld), connect any fixtures, appliances or equipment to the Building's electric distribution system or make any alteration or addition to the electric system of the Demised Premises existing on the Commencement Date. Should Landlord grant such consent, all additional risers or other equipment required therefor

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shall be provided by Landlord and the cost thereof shall be paid by Tenant to Landlord on demand.

ARTICLE 19 - ACCESS, CHANGES AND NAME

19.01. Except for the space within the inside surfaces of all walls, hung ceilings, floors, windows and doors bounding the Demised Premises, all of the

Building, including, without limitation, exterior Building walls, core corridor walls and doors and any core corridor entrance, any terraces or roofs adjacent to the Demised Premises, and any space in or adjacent to the Demised Premises used for shafts, stacks, pipes, conduits, fan rooms, ducts, electric or other utilities, sinks or other Building facilities and the use thereof, as well as access thereto through the Demised Premises for the purpose of operating, maintenance, decoration and repair, are reserved to Landlord. Landlord also reserves the right, to install, erect, use and maintain pipes, ducts and conduits in and through the Demised Premises, provided (i) such are properly enclosed, (ii) same do not materially interfere with Tenant's use and occupancy of the Demised Premises, and (iii) Landlord shall use best efforts to locate same in "back-room" areas, closets and the like.

19.02. Landlord and its agents shall have the right to enter and/or pass through the Demised Premises at any time or times upon reasonable prior notice to Tenant and accompanied by a representative of Tenant (unless in the event of an emergency when the circumstances shall dictate the nature and extent of notice), (a) to examine the Demised Premises and to show then to actual and prospective Superior Lessors, Superior Mortgagees, or prospective purchasers of the Building, and (b) to make such repairs, alterations, additions and improvements in or to the Demised Premises and/or in or to the Building or its facilities and equipment as Landlord is required or reasonably desires to make; provided, however, Landlord agrees, in connection with such repairs, alterations, additions and improvements, to use its best efforts not to materially interfere with Tenant's use and occupancy of the Demised Premises. Landlord shall be allowed to take all materials into and upon the Demised Premises that may be required in connection therewith, without any liability to Tenant and without any reduction of Tenant's obligations hereunder. During the period of nine (9) months prior to the Expiration Date, Landlord and its agents may exhibit the Demised Premises to prospective tenants.

19.03. If at any time any windows of the Demised Premises are temporarily darkened or obstructed by reason of any repairs, improvements, maintenance and/or cleaning in or about the Building, or if any part of the Building or the Common Areas, other than the Demised Premises, is temporarily or permanently closed or inoperable, the same shall not be deemed a constructive eviction and shall not result in any reduction or diminution of Tenant's obligations under this Lease.

ARTICLE 20 - MECHANICS' LIENS AND OTHER LIENS

20.01. Nothing contained in this Lease shall be deemed, construed or interpreted to imply any consent or agreement on the part of Landlord to

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subject Landlord's interest or estate to any liability under any mechanic's or other lien law. If any mechanic's or other lien or any notice of intention to file a lien is filed against the Land, or any part thereof, or the Demised Premises, or any part thereof, for any work, labor, service or materials claimed to have been performed or furnished for or on behalf of Tenant or anyone holding any part of the Demised Premises through or under Tenant, Tenant shall cause the same to be canceled and discharged of record by payment, bond or order of a court of competent jurisdiction within thirty (30) days after notice by Landlord to Tenant.

ARTICLE 21 - NON-LIABILITY AND INDEMNIFICATION

21.01. Neither Landlord nor any partner, joint venturer, director, officer, agent, servant or employee of Landlord shall be liable to Tenant for any loss, injury or damage to Tenant or to any other Person, or to its or their property, irrespective of the cause of such injury, damage or loss, unless caused by or resulting from the negligence of Landlord, its agents, servants or employees in the operation or maintenance of the Land or Building. Further, neither Landlord nor any partner, joint venturer, director, officer, agent, servant or employee of Landlord shall be liable (a) for any such damage caused by other tenants or Persons in, upon or about the Land or Building, or caused by operations in construction of any private, public or quasi-public work; or (b) even if negligent, for consequential damages arising out of any loss of use of the Demised Premises or any equipment or facilities therein by Tenant or any Person claiming through or under Tenant.

21.02. Notwithstanding any provision to the contrary, Tenant shall look solely to the estate and property of Landlord in and to the Land and Building (or the proceeds received by Landlord on a sale of such estate and property but not the proceeds of any financing or refinancing thereof) in the event of any claim against Landlord arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of the Demised Premises or the Common Areas, and Tenant agrees that the liability of Landlord arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of the Demised Premises or the Common Areas shall be limited to such estate and property of Landlord (or sale proceeds). No other properties or assets of Landlord or any partner, joint venturer, director, officer, agent, servant or employee of Landlord shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgement (or other judicial process) or for the satisfaction of any other remedy of Tenant arising out of, or in connection with, this Lease, the relationship of Landlord and Tenant or Tenant's use of the Demised Premises or the Common Areas and if Tenant shall acquire a lien on or interest in any other properties or assets by judgment or otherwise, Tenant shall promptly release such lien on or interest in such other properties and assets by executing, acknowledging and delivering to Landlord an instrument to that effect prepared by Landlord's attorneys. Tenant hereby waives the right of specific performance and any other remedy allowed in equity if specific performance or such other remedy could result in any liability of Landlord for the payment of money to Tenant, or to any court or governmental authority (by

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way of fines or otherwise) for Landlord's failure or refusal to observe a judicial decree or determination, or to any third party.

ARTICLE 22 - DAMAGE OR DESTRUCTION

22.01. If the Building or the Demised Premises shall be partially or totally damaged or destroyed by fire or other casualty (and if this Lease shall not be terminated as in this Article 22 hereinafter provided), Landlord shall repair the damage and restore and rebuild the Building and/or the Demised Premises (except for the Tenant's Property) with reasonable dispatch after notice to it of the damage or destruction and the collection of the insurance proceeds attributable to such damage.

22.02. Subject to the provisions of Section 22.05, if all or part of the Demised Premises shall be damaged or destroyed or rendered completely or partially untenable on account of fire or other casualty, the Rent shall be abated or reduced, as the case may be, in the proportion that the untenable area of the Demised Premises bears to the total area of the Demised Premises, for the period from the date of the damage or destruction to (a) the date the damage to the Demised Premises shall be substantially repaired, or (b) if the Building and not the Demised Premises is so damaged or destroyed, the date on which the Demised Premises shall be made tenantable; provided, however, should Tenant reoccupy a portion of the Demised Premises during the period the repair or restoration work is taking place and prior to the date that the Demised Premises are substantially repaired or made tenantable the Rent allocable to such reoccupied portion, based upon the proportion which the area of the reoccupied portion of the Demised Premises bears to the total area of the Demised Premises, shall be payable by Tenant from the date of such occupancy.

22.03. If (a) the Building or the Demised Premises shall be totally damaged or destroyed by fire or other casualty, or (b) the Building shall be so damaged or destroyed by fire or other casualty (whether or not the Demised Premises are damaged or destroyed) that its repair or restoration requires the expenditure, as estimated by a reputable contractor or architect designated by Landlord, of more than twenty percent (20%) (or ten percent [10%] if such casualty occurs during the last two [2] years of the Term) of the full insurable value of the Building immediately prior to the casualty, or (c) the Building shall be damaged or destroyed by fire or other casualty (whether or not the Demised Premises are damaged or destroyed) and either the loss shall not be covered by Landlord's insurance or the net insurance proceeds (after deducting all expenses in connection with obtaining such proceeds) shall, in the estimation of a reputable contractor or architect designated by Landlord be insufficient to pay for the repair or restoration work, then in either such case Landlord may terminate this Lease by giving Tenant notice to such effect within ninety (90) days after the date of the fire or other casualty.

22.04. Except as provided in Article 22.07 hereinbelow, Tenant shall not be entitled to terminate this Lease and no damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance arising from any repair or restoration of any portion of the Demised Premises

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or of the Building pursuant to this Article 22. Landlord shall use its best efforts to make such repair or restoration promptly and in such manner as not unreasonably to interfere with Tenant's use and occupancy of the Demised Premises, but Landlord shall not be required to do such repair or restoration work except during Landlord's business hours on business days.

22.05. Intentionally omitted.

22.06. Landlord will not carry insurance of any kind on the Tenant's Property, and, except as provided by law or by reason of Landlord's breach of any of its obligations hereunder, shall not be obligated to repair any damage to or replace the Tenant's Property.

22.07. Notwithstanding anything herein contained to the contrary, Landlord hereby agrees to advise Tenant, within thirty (30) days of the date of any fire or other casualty, as to whether or not Landlord will be able to restore the Demised Premises to a tenantable condition within ten (10) months from the date of the casualty. In the event Landlord advises Tenant that it cannot so restore the Demised Premises within said ten (10) month period, Tenant shall have the right to terminate this Lease which right must be exercised within twenty (20) days of the receipt of Landlord's notice. In the event Landlord advises Tenant that it is able to restore the Premises within said ten (10) month period, or, in the event Tenant fails to so advise Landlord within the twenty (20) day period that it desires to terminate the Lease, then the provisions of Article 22.01 through 22.06 shall control. In the event Landlord advised Tenant it was able to restore the Demised Premises to a tenantable condition within ten (10) months from the date of any fire or other casualty, or, in the alternative, Tenant failed to advise Landlord that it intended to terminate the Lease such that Landlord commenced restoration of same, and in either such case, Landlord fails to restore the Premises to a tenantable condition within said ten (10) month period, Tenant shall have the right to terminate this Lease by delivering written notice to Landlord to that effect within twenty (20) days of the last day of said ten (10) month period.

It is specifically agreed by and between the parties hereto that to the extent there is any fire or other casualty during the last eighteen (18) months of the Term of the Lease or any extension thereof, and, in Tenant's reasonable business judgement, it is not able to operate its business at the Demised Premises, Tenant shall have the right to terminate this Lease by delivering written notice to Landlord to that effect which termination shall be effective on the date of Landlord's receipt of such notice.

22.08. The provisions of this Article 22 shall be deemed an express agreement governing any case of damage or destruction of the Demised Premises and/or Building by fire or other casualty, and any law providing for such a contingency in the absence of an express agreement, now or hereafter in force, shall have no application in such case.

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ARTICLE 23 - EMINENT DOMAIN

23.01 If the whole of the Demised Premises shall be taken by any public or quasi-public authority under the power of condemnation, eminent domain or expropriation, or in the event of conveyance of the whole of the Demised Premises in lieu thereof, this Lease shall terminate as of the day possession shall be taken by such authority and Landlord shall forthwith, subject to the provisions of Article 8, return Tenant's Security Deposit and any prepaid amounts. If 25% or less of the Floor Space of the Demised Premises shall be so taken or conveyed, this Lease shall terminate only in respect of the part so taken or conveyed as of the day possession shall be taken by such authority. If

more than 25% of the Floor Space of the Demised Premises shall be so taken or conveyed, this Lease shall terminate only in respect of the part so taken or conveyed as of the day possession shall be taken by such authority, but either party shall have the right, to terminate this Lease upon notice given to the other party within 30 days after such taking possession. If more than 25% of the Floor Space of the Building shall be so taken or conveyed, Landlord may, by notice to Tenant, terminate this Lease as of the day possession shall be taken. If more than 25% of the Floor Space of the Building shall be so taken or conveyed, and Tenant, in its reasonable business judgment, is unable to continue to operate in the Demised Premises, Tenant may, by notice to Landlord, terminate this Lease as of the day possession shall be taken. If so much of the parking facilities shall be so taken or conveyed that the number of parking spaces necessary, in Landlord's reasonable judgment, for the continued operation of the Building shall not be available, Landlord shall, by notice to Tenant, terminate this Lease as of the day possession shall be taken. If this Lease shall continue in effect as to any portion of the Demised Premises not so taken or conveyed, the Rent shall be computed as of the day possession shall be taken on the basis of the remaining Floor Space of the Demised Premises. Except as specifically provided herein, in the event of any such taking or conveyance there shall be no reduction in Rent. If this Lease shall continue in effect, Landlord shall, at its expense, but shall be obligated only to the extent of the net award or other compensation (after deducting all expenses in connection with obtaining same) available to Landlord for the improvements taken or conveyed (excluding any award or other compensation for land or for the unexpired portion of the term of any Superior Lease), make all necessary alterations so as to constitute the remaining Building a complete architectural and tenantable unit, except for the Tenant's Property, and Tenant shall make all alterations or replacements to the Tenant's Property and decorations in the Demised Premises. All awards and compensation for any taking or conveyance, whether for the whole or a part of the Land or Building, the Demised Premised or otherwise, shall be the property of Landlord, and Tenant hereby assigns to Landlord all of Tenant's right, title and interest in and to any and all such awards and compensation, including, without limitation, any award or compensation for the value of the unexpired portion of the Term. Tenant shall be entitled to claim, prove and receive in the condemnation proceeding such award or compensation as may be allowed for the Tenant's Property and for loss of business, good will, and depreciation or injury to and cost of removal of the Tenant's Property, but only if such award or compensation shall be made by the condemning authority in addition to, and shall not result in a reduction of, the award or compensation made by it to Landlord.

23.02. If the temporary use or occupancy of all or any part of the Demised Premises shall be taken during the Term, Tenant shall be entitled, except as hereinafter set forth, to receive that portion of the award or payment for such taking which represents compensation for the use and occupancy of the Demised Premises, for the taking of the Tenant's Property and for moving expenses, and Landlord shall be entitled to receive that portion which represents reimbursement for the cost of restoration of the Demised Premises. This Lease shall be and remain unaffected by such taking and Tenant shall continue to be responsible for all of its obligations hereunder insofar as such obligations are not affected by such taking and shall continue to pay the Rent in full when due. If the period of temporary use or occupancy shall extend beyond the Expiration Date, that part of the award or payment which represents compensation for the use and occupancy of the Demised Premises (or a part thereof) shall be divided between Landlord and Tenant so that Tenant shall receive (except as otherwise provided below) so much thereof as represents compensation for the period up to and including the Expiration Date and Landlord shall receive so much thereof as represents compensation for the period after the Expiration Date.

ARTICLE 24 - SURRENDER

24.01. On the Expiration Date, or upon any earlier termination of this Lease, Tenant shall quit and surrender the Demised Premises to Landlord "broom-clean" and in good order, condition and repair, except for ordinary wear and tear and such damage or destruction as Landlord is required to repair or restore under this Lease, and Tenant shall remove all of Tenant's Property therefrom except as otherwise expressly provided in this Lease. To the extent Tenant elects to terminate the Lease in accordance with Article 22.07 hereinabove, Tenant shall have no obligation to surrender the Premises in accordance with this Article 24.01.

24.02. If Tenant remains in possession of the Demised Premises after the expiration of the Term, Tenant shall be deemed to be occupying the Demised Premises as a tenant from month to month at the sufferance of Landlord subject to all of the provisions of this Lease, except that the monthly Fixed Rent shall be twice the Fixed Rent in effect during the last month of the Term, plus 1/12th of the average annual Percentage Rent for the immediately preceding three full Calendar Years (or for the entire Term if less than three full Calendar Years).

24.03. No act or thing done by Landlord or its agents shall be deemed an acceptance of a surrender of the Demised Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord.

ARTICLE 25 - CONDITIONS OF LIMITATION

25.01. This Lease is subject to the limitation that whenever Tenant or any Guarantor (a) shall make an assignment for the benefit of creditors, or (b) shall commence a voluntary case or have entered against it an order for

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relief under any chapter of the Federal Bankruptcy Code (Title 11 of the United States Code) or any similar order or decree under any federal or state law, now in existence, or hereafter enacted having the same general purpose, and such order or decree shall have not been stayed or vacated within 30 days after entry, or (c) shall cause, suffer, permit or consent to the appointment of a receiver, trustee, administrator, conservator, sequestrator, liquidator or similar official in any federal, state or foreign judicial or nonjudicial proceeding, to hold, administer and/or liquidate all or substantially all of its assets, and such appointment shall not have been revoked, terminated, stayed or vacated and such official discharged of his duties within 30 days of his appointment, then Landlord, at any time after the occurrence of any such event, may give Tenant a notice of intention to end the Term at the expiration of five (5) days from the date of service of such notice of intention, and upon the expiration of said five (5) day period, whether or not the Term shall theretofore have commenced, this Lease shall terminate with the same effect as if that day were the expiration date of this Lease, but Tenant shall remain liable for damages as provided in Article 27.

25.02. This Lease is subject to the further limitations that: (a) if Tenant shall default in the payment of any Rent, and such default shall continue for five (5) days after notice or (b) if Tenant shall, whether by action or inaction, be in default of any of its obligations under this Lease (other than a default in the payment of Rent) and such default shall continue and not be remedied within fifteen (15) days after Landlord shall have given to Tenant a notice specifying the same, or, in the case of a default which cannot with due diligence be cured within a period of fifteen (15) days and the continuance of which for the period required for cure will not subject Landlord or any Superior Lessor to prosecution for a crime (as more particularly described in the last sentence of Section 12.02) or termination of any Superior Lease or foreclosure of any Superior Mortgage, if Tenant shall not, (i) within said fifteen (15) day period advise Landlord of Tenant's intention to take all steps necessary to remedy such default, (ii) duly commence within said fifteen (15) day period, and thereafter diligently prosecute to completion all steps necessary to remedy the default, and (iii) complete such remedy within a reasonable time after the date of said notice by Landlord, or (c) if any event shall occur or any contingency shall arise whereby this Lease would, by operation of law or otherwise, devolve upon or pass to any person, firm or corporation other than Tenant, except as expressly permitted by Article 11, or (d) if Tenant shall abandon the Demised Premises, then, in any of said cases, Landlord may give to Tenant a notice of intention to end the Term at the expiration of five (5) days from the date of the service of such notice of intention, and upon the expiration of said five (5) days, whether or not the Term shall theretofore have commenced, this Lease shall terminate with the same effect as if that day were the expiration date of this Lease, but Tenant shall remain liable for damages as provided in Article 27.

ARTICLE 26 - RE-ENTRY BY LANDLORD

26.01. If this Lease shall terminate as provided in Article 25, Landlord or Landlord's agents and employees may immediately or at any time

thereafter re-enter the Demised Premises, or any part thereof, either by summary dispossession proceedings or by any suitable action or proceeding at law without being liable to indictment, prosecution or damages therefor, and may repossess the same, and may remove any Person therefrom, to the end that Landlord may have, hold and enjoy the Demised Premises. The word "re-enter," as used herein, is not restricted to its technical legal meaning. If this Lease is terminated under the provisions of Article 25, or if Landlord shall re-enter the Demised Premises under the provisions of this Article 26, or in the event of the termination of this Lease, or of re-entry, by or under any summary dispossession or other proceedings or action or any provision of law by reason of default hereunder on the part of Tenant, Tenant shall thereupon pay to Landlord the Rent payable up to the time of such termination of this Lease, or of such recovery of possession of the Demised Premises by Landlord, as the case may be, and shall also pay to Landlord damages as provided in Article 27.

26.02. In the event of a breach by Tenant of any of its obligations under this Lease, Landlord shall also have the right of injunction. The special remedies to which Landlord may resort hereunder are cumulative and are not intended to be exclusive of any other remedies to which Landlord may lawfully be entitled at any time and Landlord may invoke any remedy allowed at law or in equity as if specific remedies were not provided for herein.

26.03. If this Lease shall terminate under the provisions of Article 25, or if Landlord shall re-enter the Demised Premises under the provisions of this Article 26, or in the event of the termination of this Lease, or of re-entry, by or under any summary dispossession or other proceeding or action or any provision of law by reason of default hereunder on the part of Tenant, Landlord shall be entitled to retain all monies, if any, paid by Tenant to Landlord, whether as Advance Rent, security or otherwise, but such monies shall be credited by Landlord against any Rent due from Tenant at the time of such termination or re-entry or, at Landlord's option, against any damages payable by Tenant under Article 27 or pursuant to law.

ARTICLE 27 - DAMAGES

27.01. If this Lease is terminated under the provisions of Article 25 or if Landlord shall re-enter the Demised Premises under the provisions of Article 26, or in the event of the termination of this Lease, or of re-entry, by or under any summary dispossession or other proceeding or action or any provision of law by reason of default hereunder on the part of Tenant, Tenant shall pay as Additional Charges to Landlord, at the election of Landlord, either or any combination of:

(a) a sum which at the time of such termination of this Lease or at the time of any such re-entry by Landlord, as the case may be, represents the then value of the excess, if any, of (i) the aggregate amount of the Rent which would have been payable by Tenant (conclusively presuming the average monthly Percentage Rent and Additional Charges to be the same as were the average monthly Percentage Rent and Additional Charges payable for the year, or if less than 365 days have then elapsed since the Commencement Date, the partial year, immediately preceding such termination or re-entry) for the period

commencing with such earlier termination of this Lease or the date of any such re-entry, as the case may be, and ending with the Expiration Date, over (ii) the aggregate rental value of the Demised Premises for the same period; or

(b) sums equal to the Fixed Rent, Percentage Rent (in the same monthly amount as the average monthly Percentage Rent payable for the year, or if less than three hundred sixty five (365) days have then elapsed since the Commencement Date, the partial year, immediately preceding such termination or re-entry) and the Additional Charges which would have been payable by Tenant had this Lease not so terminated, or had Landlord not so re-entered the Demised Premises, payable upon the due dates therefor specified herein following such termination or such re-entry and until the Expiration Date, provided, however, that if Landlord shall relet the Demised Premises during said period, Landlord

shall credit Tenant with the net rents received by Landlord from such reletting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such reletting the expenses incurred or paid by Landlord in terminating this Lease or in re-entering the Demised Premises and in securing possession thereof, as well as the expenses of reletting, including, without limitation, altering and preparing the Demised Premises for new tenants, brokers' commissions, reasonable legal fees, and all other expenses properly chargeable against the Demised Premises and the rental therefrom, it being understood that any such reletting may be for a period shorter or longer than the period ending on the Expiration Date; but in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord hereunder, nor shall Tenant be entitled in any suit for the collection of damages pursuant to this subdivision (b) to a credit in respect of any rents from a reletting, except to the extent that such net rents are actually received by Landlord. If the Demised Premises or any part thereof should be relet in combination with other space, then proper apportionment on a square foot basis shall be made of the rent received from such reletting and of the expenses of reletting; or

(c) a sum which at the time of such termination of this Lease or at the time of any such re-entry by Landlord, as the case may be, represents the aggregate amount of the Rent which would have been payable by Tenant (conclusively presuming the average monthly Additional Charges to be the same as were the average monthly Additional Charges payable for the year, or if less than 365 days have then elapsed since the Commencement Date, the partial year, immediately preceding such termination or re-entry) for the period commencing with such earlier termination of this Lease or the date of any such re-entry, as the case may be, and ending with the Expiration Date; provided, however, that if Landlord shall relet the Demised Premises during said period, Landlord shall credit Tenant with the net rents received by Landlord from such reletting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such reletting the expenses incurred or paid by Landlord in terminating this Lease or in re-entering the Demised Premises and in securing possession thereof, as well as the expenses of reletting, including, without limitation, altering and preparing the Demised Premises for new tenants, brokers' commissions, reasonable legal fees, and all other expenses properly chargeable against the Demised Premises and the rental therefrom, it being understood that any such reletting may be for

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a period shorter or longer than the period ending on the Expiration Date; but in no event shall Landlord have to account to Tenant for any rents in excess of the total damages recovered by Landlord hereunder, nor shall Tenant be entitled in any suit for the collection of damages pursuant to this subdivision (c) to a credit in respect of any rents from a reletting, except to the extent that such net rents are actually received by Landlord. If the Demised Premises or any part thereof should be relet in combination with other space, then proper apportionment on a square foot basis shall be made of the rent received from such reletting and of the expenses of reletting.

Landlord shall not be liable in any way whatsoever for its failure or refusal to relet the Demised Premises or any part thereof, or if the Demised Premises or any part thereof are relet, for its failure to collect the rent under such reletting, and no such refusal or failure to relet or failure to collect rent shall release or affect Tenant's liability for damages or otherwise under this Lease.

27.02. Suit or suits for the recovery of such damages or, any installments thereof, may be brought by Landlord at any time and from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the Term would have expired if it had not been so terminated under the provisions of Article 25, or under any provision of law, or had Landlord not re-entered the Demised Premises. Nothing herein contained shall be construed to limit or preclude recovery by Landlord against Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant. Nothing herein contained shall be construed to limit or prejudice the right of Landlord to prove for and obtain as damages by reason of the termination of this Lease or re-entry of the Demised Premises for the default of Tenant under this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time, whether or not such amount be

greater than, equal to, or less than any of the sums referred to in Section 27.01.

27.03. In addition, if this Lease is terminated under the provisions of Article 25, Tenant covenants that: (a) the Demised Premises then shall be in the same condition as that in which Tenant has agreed to surrender the same to Landlord at the Expiration Date; (b) Tenant shall have performed prior to any such termination any obligation of Tenant contained in this Lease for the making of any alteration or for restoring or rebuilding the Demised Premises or the Building, or any part thereof; and (c) for the breach of any covenant of Tenant set forth above in this Section 27.03, Landlord shall be entitled immediately, without notice or other action by Landlord, to recover, and Tenant shall pay, as and for liquidated damages therefor, the reasonable cost of performing such covenant (as estimated by an independent contractor selected by Landlord).

27.04. In addition to any other remedies Landlord may have under this Lease, and without reducing or adversely affecting any of Landlord's rights and remedies under this Article 27, if any Rent or damages payable hereunder by Tenant to Landlord are not paid within five (5) days after demand therefor, the same shall bear interest at the Late Payment Rate or the maximum rate

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permitted by law, whichever is less, from the due date thereof until paid, and the amounts of such interest shall be Additional Charges hereunder.

ARTICLE 28 - AFFIRMATIVE WAIVERS

28.01. Tenant, on behalf of itself and any and all persons claiming through or under Tenant, does hereby waive and surrender all right and privilege which it, they or any of them might have under or by reason of any present or future law, to redeem the Demised Premises or to have a continuance of this Lease after being dispossessed or ejected from the Demised Premises by process of law or under the terms of this Lease or after the termination of this Lease as provided in this Lease.

28.02. Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, and Tenant's use or occupancy of the Demised Premises and use of the Common Area, including, without limitation, any claim of injury or damage, and any emergency and other statutory remedy with respect thereto. Tenant shall not interpose any counterclaim of any kind, except compulsory counterclaims as permitted by applicable Court Rule, in any action or proceeding commenced by Landlord to recover possession of the Demised Premises.

ARTICLE 29 - NO WAIVERS

29.01. The failure of either party to insist in any one or more instances upon the strict performance of any one or more of the obligations of this Lease, or to exercise any election herein contained, shall not be construed as a waiver or relinquishment for the future of the performance of such one or more obligations of this Lease or of the right to exercise such election, but the same shall continue and remain in full force and effect with respect to any subsequent breach, act or omission. The receipt by Landlord of Fixed Rent, Percentage Rent or Additional Charges with knowledge of breach by Tenant of any obligation of this Lease shall not be deemed a waiver of such breach.

ARTICLE 30 - CURING LANDLORD'S/TENANT'S DEFAULTS

30.01. If Tenant shall default in the performance of any of Tenant's obligations under this Lease, Landlord, without thereby waiving such default, may (but shall not be obligated to) perform the same for the account and at the expense of Tenant, without notice in a case of emergency, and in any other case only if such default continues after the expiration of fifteen (15) days from the date Landlord gives Tenant notice of the default. Bills for any expenses incurred by Landlord in connection with any such performance by it for the account of Tenant, and bills for all costs, expenses and disbursements of every kind and nature whatsoever, including reasonable attorneys' fees and

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expenses, involved in collecting or endeavoring to collect the Rent or any part thereof or enforcing or endeavoring to enforce any rights against Tenant or Tenant's obligations hereunder, under or in connection with this Lease or pursuant to law, including any such cost, expense and disbursement involved in instituting and prosecuting summary proceedings or in recovering possession of the Demised Premises after default by Tenant or upon the expiration of the Term or sooner termination of this Lease, and interest on all sums advanced by Landlord under this Article at the Late Payment Rate or the maximum rate permitted by law, whichever is less, may be sent by Landlord to Tenant monthly, or immediately, at Landlord's option, and such amounts shall be due and payable in accordance with the terms of such bills.

30.02. If Landlord shall default in the performance of any of Landlord's obligations under this Lease, Tenant, without thereby waiving such default, may (but shall not be obligated to) perform the same for the account and at the expense of Landlord, without notice in a case of emergency, and in any other case only if such default continues after the expiration of thirty (30) days from the date Tenant gives Landlord notice of the default. Bills for any expenses incurred by Tenant in connection with any such performance by it for the account of Landlord, may be sent by Tenant to Landlord monthly, or immediately, at Tenant's option, and such amounts shall be due and payable in accordance with the terms of such bills, but in no event shall any such bill be due and payable less than thirty (30) days from the date of such bills.

ARTICLE 31 - BROKER

31.01. Landlord and Tenant represent to each other that no broker except the Broker was instrumental in bringing about or consummating this Lease and that neither party had any conversations or negotiations with any broker except the Broker concerning the leasing of the Demised Premises. Landlord and Tenant agree to indemnify and hold the other harmless against and from any claims for any brokerage commissions and all costs, expenses and liabilities in connection therewith, including, without limitation, attorneys' fees and expenses, arising out of any conversations or negotiations had by Landlord or Tenant, or as the case may be, with any broker other than the Broker. Landlord shall pay any brokerage commission due the Broker pursuant to a separate agreement between Landlord and the Broker.

ARTICLE 32 - NOTICES

32.01. Any notice, statement, demand, consent, approval or other communication required or permitted to be given, rendered or made by either party to the other, pursuant to this Lease or pursuant to any applicable Legal Requirement, shall be in writing and shall be deemed to have been properly given, rendered or made only if hand delivered or sent by United States registered or certified mail, return receipt requested, addressed to the other party at the address hereinabove set forth with copies, as to Tenant, to: Fulbright and Jaworski, 666 Fifth Avenue, New York, New York 10103, Attention: Neil Gold, Esq., and to the Guarantor at the address set forth in the

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Guaranty, Attention: Chief Financial Officer; and as to Landlord, to the attention of General Counsel with a concurrent notice to the attention of Controller, and shall be deemed to have been given, rendered or made (i) if mailed, on the second day after the day so mailed, unless mailed outside the State of New Jersey, in which case it shall be deemed to have been given, rendered or made on the third business day after the day so mailed, and (ii) if hand delivered, on the date delivered. Either party may, by notice as aforesaid, designate a different address or addresses for notices, statements, demands, consents, approvals or other communications intended for it.

ARTICLE 33 - ESTOPPEL CERTIFICATES

33.01. Each party shall, at any time and from time to time, as requested by the other party, upon not less than ten (10) days' prior notice, execute and deliver to the requesting party a statement certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the

modifications), certifying the dates to which the Fixed Rent and Additional Charges have been paid, stating whether or not, to the best knowledge of the party giving the statement, the requesting party is in default in performance of any of its obligations under this Lease, and, if so, specifying each such default of which the party giving the statement shall have knowledge, and stating whether or not, to the best knowledge of the party giving the statement, any event has occurred which with the giving of notice or passage of time, or both, would constitute such a default of the requesting party, and, if so, specifying each such event; any such statement delivered pursuant hereto shall be deemed a representation and warranty to be relied upon by the party requesting the certificate and by others with whom such party may be dealing, regardless of independent investigation. Tenant also shall include in any such statement such other information concerning this Lease as Landlord may reasonably request.

ARTICLE 34 - ARBITRATION

34.01. Landlord may at any time request arbitration, and Tenant may at any time when not in default in the payment of any Rent request arbitration, of any matter in dispute but only where arbitration is expressly provided for in this Lease. The party requesting arbitration shall do so by giving notice to that effect to the other party, specifying in said notice the nature of the dispute, and said dispute shall be determined in Newark, New Jersey, by a single arbitrator, in accordance with the rules then obtaining of the American Arbitration Association (or any organization which is the successor thereto). The award in such arbitration may be enforced on the application of either party by the order or judgment of a court of competent jurisdiction. The fees and expenses of any arbitration shall be borne by the parties equally, but each party shall bear the expense of its own attorneys and experts and the additional expenses of presenting its own proof. If Tenant gives notice requesting arbitration as provided in this Article, Tenant shall simultaneously serve a duplicate of the notice on each Superior Mortgagee and Superior Lessor whose name and address shall previously have been furnished

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to Tenant by Landlord in writing, and such Superior Mortgagees and Superior Lessor shall have the right to participate in such arbitration.

ARTICLE 35 - MEMORANDUM OF LEASE

35.01. Neither party shall record this Lease. However, at the request of either party, the other party shall promptly execute, acknowledge and deliver to the requesting party a memorandum of lease in respect of this Lease sufficient for recording. Such memorandum shall not be deemed to change or otherwise affect any of the obligations or provisions of this Lease. Whichever party requests such memorandum of Lease shall pay all recording costs and expenses, including any taxes that are due upon such recording.

ARTICLE 36 - MISCELLANEOUS

36.01. Tenant expressly acknowledges and agrees that Landlord has not made and is not making, and Tenant, in executing and delivering this Lease, is not relying upon, any warranties, representations, promises or statements, except to the extent that the same are expressly set forth in this Lease or in any other written agreement(s) which may be made between the parties concurrently with the execution and delivery of this Lease. All understandings and agreements heretofore had between the parties are merged in this Lease and any other written agreement(s) made concurrently herewith, which alone fully and completely express the agreement of the parties and which are entered into after full investigation. Neither party has relied upon any statement or representation not embodied in this Lease or in any other written agreement(s) made concurrently herewith.

36.02. No agreement shall be effective to change, modify, waive, release, discharge, terminate or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing, refers expressly to this Lease and is signed by the party against whom enforcement of the change, modification, waiver, release, discharge, termination or effectuation of abandonment is sought.

36.03. If Tenant shall at any time request Landlord to sublet or let the

Demised Premises for Tenant's account, Landlord or its agent is authorized to receive keys for such purposes without releasing Tenant from any of its obligations under this Lease, and Tenant hereby releases Landlord of any liability for loss or damage to any of the Tenant's Property in connection with such subletting or letting.

36.04. Except as otherwise expressly provided in this Lease, the obligations under this Lease shall bind and benefit the successors and assigns of the parties hereto with the same effect as if mentioned in each instance where a party is named or referred to; provided, however, that (a) no violation of the provisions of Article 11 shall operate to vest any rights in any successor or assignee of Tenant and (b) the provisions of this Section

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36.04 shall not be construed as modifying the conditions of limitation contained in Article 25.

36.05. Except for Tenant's obligations to pay Rent, the time for Landlord or Tenant, as the case may be, to perform any of its respective obligations hereunder shall be extended if and to the extent that the performance thereof shall be prevented due to any Unavoidable Delay. Except as expressly provided to the contrary, the obligations of Tenant hereunder shall not be affected, impaired or excused, nor shall Landlord have any liability whatsoever to Tenant, (a) because Landlord is unable to fulfill, or is delayed in fulfilling, any of its obligations under this Lease due to any of the matters set forth in the first sentence of this Section 36.05, or (b) because of any failure or defect in the supply, quality or character of electricity, water or any other utility or service furnished to the Demised Premises for any reason beyond Landlord's reasonable control.

36.06. Any liability for payments hereunder (including, without limitation, Additional Charges) shall survive the expiration of the Term or earlier termination of this Lease.

36.07. INTENTIONALLY OMITTED.

36.08. If an excavation shall be made upon land adjacent to or under the Building, or shall be authorized to be made, Tenant shall afford to the Person causing or authorized to cause such excavation, license to enter the Demised Premises for the purpose of performing such work as said Person shall reasonably deem necessary or desirable to preserve and protect the Building from injury or damage and to support the same by proper foundations, without any claim for damages or liability against Landlord and without reducing or otherwise affecting Tenant's obligations under this Lease.

36.09. Tenant shall not exercise its rights under Article 15 or any other provision of this Lease in a manner which would violate Landlord's union contracts or create any work stoppage, picketing, labor disruption or dispute or any interference with the business of Landlord or any tenant or occupant of the Building.

36.10. If known to Tenant, or if Tenant could have reasonably known of same, Tenant shall give prompt notice to Landlord of (a) any occurrence in or about the Demised Premises for which Landlord might be liable, (b) any fire or other casualty in the Demised Premises, (c) any damage to or defect in the Demised Premises, including the fixtures and equipment thereof, for the repair of which Landlord might be responsible, and (d) any damage to or defect in any part of the Building's sanitary, electrical, heating, ventilating, air-conditioning, elevator or other systems located in or passing through the Demised Premises or any part thereof.

36.11. This Lease shall be governed by and construed in accordance with the laws of the State of New Jersey. If any provision of this Lease shall be invalid or unenforceable, the remainder of this Lease shall not be affected and shall be enforced to the extent permitted by law. The table of contents,

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captions, headings and titles in this Lease are solely for convenience of reference and shall not affect its interpretation. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted. If any words or phrases in this Lease shall have been stricken out or otherwise eliminated, whether or not any other words or phrases have been added, this Lease shall be construed as if the words or phrases so stricken out or otherwise eliminated were never included in this Lease and no implication or inference shall be drawn from the fact that said words or phrases were so stricken out or otherwise eliminated. Each covenant, agreement, obligation or other provision of this Lease on Tenant's part to be performed, shall be deemed and construed as a separate and independent covenant of Tenant, not dependent on any other provision of this Lease. All terms and words used in this Lease, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require.

36.12. Landlord represents and warrants that (a) Landlord is the sole owner of the Building, (b) Landlord has the full power and authority to enter into this Lease, and (c) no other party shall have any right to use or occupy the Demised Premises by lease or otherwise as of the Commencement Date.

36.13. Tenant represents and warrants that Tenant has the full power and authority to enter into this Lease, and undertake the obligations of Tenant hereunder.

36.14. Within thirty (30) days of each anniversary date of this Lease, Tenant shall annually furnish to Landlord a copy of its then current audited financial statement which shall be employed by Landlord for purposes of financing the Premises and not distributed otherwise without prior authorization of Tenant.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the day and year first above written.

("Landlord")
HARTZ MOUNTAIN ASSOCIATES
BY: HARTZ MOUNTAIN INDUSTRIES, INC.
("general partner")

BY: /s/ Vincent J. Rubino, Jr.

[Corporate Seal]

Vincent J. Rubino, Jr.
Vice President

("Tenant")
G-III LEATHER FASHIONS

BY: /s/ Alan Feller

[Corporate Seal]

Name: Alan Feller
Title: Secretary/Treasurer

RIDER TO LEASE DATED September 21st, 1993 BETWEEN HARTZ MOUNTAIN ASSOCIATES, AS LANDLORD AND G-III LEATHER FASHIONS, AS TENANT.

R1. If any of the provisions of this Rider shall conflict with any of the provisions, printed or typewritten, of this Lease, such conflict shall resolve in every instance in favor of the provisions of this Rider.

R2. Provided Tenant is not in default of any of the material terms and conditions of the Lease, Tenant shall have two (2) successive options to extend the Term of its lease of the Demised Premises, from the date upon which this Lease would otherwise expire for two separate extended periods of five (5) years each ("Extended Period"), the first of which is called the "First Extended

Period" and the second is called the "Second Extended Period", upon the following terms and conditions:

1. If Tenant elects to exercise any one or both of said options, it shall do so by giving notice of such election to Landlord on or before the date which is nine (9) months before the beginning of the Extended Period for which the Term is to be extended by the exercise of such option. Tenant agrees that it shall have forever waived its right to exercise any such option if it shall fail for any reason whatsoever to give such notice to Landlord by the time provided herein for the giving of such notice, whether such failure is inadvertent or intentional, time being of the essence as to the exercise of each such option.

2. If Tenant elects to exercise any one or both of said options, the Term shall be automatically extended for the Extended Period covered by the option so exercised without execution of an extension or renewal lease. Within ten (10) days after request of either party following the effective exercise of any such option, however, Landlord and Tenant shall execute, acknowledge and deliver to each other duplicate originals of an instrument in recordable form confirming that such option was effectively exercised.

3. Each Extended Period shall be upon the same terms and conditions as are in effect immediately preceding the commencement of such Extended Period; provided, however, that Tenant shall have no right or option to extend the Term for any period of time beyond the expiration of the Second Extended Period and, provided further, that in the Extended Period(s) the Fixed Rent shall be as follows:

-1-

(a) The Fixed Rent during the First Extended Period shall be Ninety-five percent (95%) of Fair Market Value ("FMV"). FMV shall be determined by mutual agreement of the parties. If the parties are unable to agree on the FMV, the parties shall choose a licensed Real Estate Appraiser who shall determine the FMV. The cost of said Real Estate Appraiser shall be borne equally by the parties. If the parties are unable to agree on a licensed Real Estate Appraiser, each party shall select one Appraiser to appraise the FMV. If the difference between the two appraisals is 20% or less of the lower appraisal, then the FMV shall be the average of the two appraisals. If the difference between the two appraisals is greater than 20% of the lower appraisal, the two Appraisers shall select a third licensed Real Estate Appraiser to appraise the FMV. The FMV shall in such case be the average of the three appraisals. The cost of the third appraisal shall be borne equally by the parties. It is expressly agreed by the parties hereto that the appraisals performed hereunder for the purposes of calculating FMV shall value the Building without consideration of the material handling equipment installed by Tenant.

(b) The Fixed Rent during the Second Extended Period shall be Ninety-five percent (95%) of FMV.

Anything to the contrary contained herein notwithstanding, the Fixed Rent for such First or Second Extended Period shall not be less than the Fixed Rent for the period immediately preceding the Extended Period for which the Fixed Rent is being calculated.

4. Any termination, expiration, cancellation or surrender of this Lease shall terminate any right or option for the Extended Period(s) not yet exercised.

5. Landlord shall have the right, for thirty (30) days after receipt of notice of Tenant's election to exercise any option to extend the Term, to reject Tenant's election if Tenant gave such notice while Tenant was in default in the performance of any of its obligations under the Lease, and such rejection shall automatically render Tenant's election to exercise such option null and void and of no effect.

6. The options provided herein to extend the Term of the Lease may not be severed from the Lease or separately sold, assigned or otherwise transferred.

-2-

R3. Notwithstanding anything contained in Article 1.01H to the contrary, Tenant's obligation to make payment of Rent (exclusive of utilities for which Tenant shall be obligated) hereunder shall commence on February 1, 1994.

("Landlord")
HARTZ MOUNTAIN ASSOCIATES
By: HARTZ MOUNTAIN INDUSTRIES, INC.
("general partner")

By: /s/ Vincent J. Rubino, Jr.

Vincent J. Rubino, Jr.
Vice President

("Tenant")
G-III LEATHER FASHIONS

By: /s/ Alan Feller

Name: Alan Feller
Title: Secretary/Treasurer

May 27, 1999

VIA HAND DELIVERY

Hartz Mountain Associates
400 Plaza Drive
Secaucus, New Jersey 07094-3688
Attn: General Counsel

Re: Lease Renewal - G-III Leather Fashions, Inc. and Hartz Mountain Associates

Dear Sir:

In accordance with our lease dated September 21st, 1993, for 1000 Secaucus Road, Secaucus, New Jersey, G-III Leather Fashions, Inc. is exercising its option to extend the term for the five year period March 1, 2000 to February 28, 2005 (the First Extended Period).

In accordance with the discussion between Ernie Christoph, of your office, and Sam Deutscher (V.P. Operations of G-III) the new fixed rent will be as follows:

PERIOD	AMOUNT
March 1, 2000 - February 28, 2001	\$5.50 sq. ft.
March 1, 2001 - February 28, 2002	\$5.50 sq. ft.
March 1, 2002 - February 28, 2003	\$5.75 sq. ft.
March 1, 2003 - February 28, 2004	\$6.00 sq. ft.
March 1, 2004 - February 28, 2005	\$6.00 sq ft.

Very truly yours,

G-III Leather Fashions, Inc.

By: /s/ Wayne S. Miller

Wayne S. Miller
Chief Financial Officer

Accepted by: /s/ Ernie Christoph

Ernie Christoph
Senior Vice President Leasing
Hartz Mountain Associates

cc: Controller, Hartz Mountain Associates
Neil Gold, Fulbright & Jaworski
Doug Danzig, Fulbright & Jaworski
Sam Deutscher
Phil Litwinoff

Agreement of Trust, made as of this day of June 1993 between 512 SEVENTH AVENUE ASSOCIATES a partnership having offices in care of Helmsley Spear Inc., 512 SEVENTH AVENUE party of the first part hereinafter referred to as "Landlord" or "Lessor" and

G-III LEATHER FASHIONS, INC.

a domestic corporation having offices at New York City party of the second part hereinafter referred to as "Tenant" or "Lessee".

Witnesseth: Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the space on the floor, as more particularly shown on the plan annexed hereto and made a part hereof, in the building known as 512 Seventh Avenue in the Borough of Manhattan, City of New York, for the term of 9 yrs, 7 mos, (or until such term shall sooner cease and expire as hereinafter provided) to commence on the 1st day of July 1993 and to end on the 31st day of January 2003 both dates inclusive at an annual rent of \$318,720.00 which Tenant agrees to pay in lawful money of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, in equal monthly installments of \$26,560.00 in advance on the first day of each month during said term, at the office of Landlord or such other place as Landlord may designate, without any set off or deduction whatsoever, except that Tenant shall pay the first monthly installment(s) on the execution hereof (unless this lease be a renewal).

Entire 34th & 35th Floors

The parties hereto for themselves, their heirs, distributees, executors, administrators, legal representatives, successors and assigns, hereby covenant and agree as follows:

FIRST:- Tenant Shall pay the rent and additional rent as above and as hereinafter provided.

RENT

SECOND:-(a) Tenant shall pay to Landlord, as additional rent hereunder. In advance, on the first day of each and every month during the term hereof, all sums expended by Landlord and or which become due to Landlord under this lease and under any collateral agreements relating to the premises. Tenant's use and occupancy thereof the supplying by Landlord to Tenant of any services in connection therewith, together with any fines or penalties imposed or assessed by any governmental authority by reason of Tenant's failure to comply with its requirements.

ADDITIONAL RENT

(b) If Tenant shall default in the observance or performance of any term or covenant on Tenant's part to be observed or performed under or by virtue of any of the terms or provisions in any paragraph of this lease. Landlord may immediately or at any time thereafter and without notice perform the same for the account of Tenant, and if Landlord makes any expenditures or incurs any obligations for the payment of money in connection therewith including, but not limited to attorneys' fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred with interest and costs shall be deemed to be additional rent hereunder.

(c) The receipt by Landlord at any term of any installment of the regular stipulated rent hereunder or of any additional rent shall not be deemed to be a waiver of any other additional rent then due. For the non-payment of any additional rent. Landlord shall have all the rights and remedies which it would have in the

case of a default in the payment of the regular stipulated rent hereunder or any installment thereof.

THIRD:- In the event that, at the commencement of the term of this lease, or thereafter. Tenant shall be in default in the payment of rent to Landlord pursuant to the terms of another lease with Landlord or with Landlord's predecessor in interest. Landlord may, at Landlord's option and without notice to Tenant, add the amount of such arrearages to any monthly installment of rent payable hereunder, and the same shall be payable to Landlord as additional rent.

RENT DUE
UNDER OTHER
LEASE AS
ADDITIONAL
RENT

FOURTH:- Tenant shall use and occupy the demised premises for Showroom, office, design & sale at wholesale and not retail of apparel.

USE

and for no other purpose. Tenant shall not suffer or permit the demised premises or any part thereof to be used by others for any purpose whatsoever, without the prior written consent of landlord in each instance.

REQUIREMENTS
OF LAW

FIFTH:- Tenant at its sole expense shall comply with all laws, orders and regulations of Federal State County and Municipal Authorities, and with any direction of any public officer or officers, pursuant to law which shall impose any violation order or duty upon Landlord or Tenant with respect to demised premises, or the use or occupation thereof*Tenant shall not do or permit to be done any act or thing upon said premises which shall or might subject Landlord to any liability or responsibility for injury to any person or persons or to property by reason of any business or operation being earned on upon said premises or for any other reason.

CERTIFICATE
OF
OCCUPANCY

SIXTH:- Tenant will not at any time use or occupy the demised premises in violation of the certificate of occupancy or certificate of compliance issued for the building of which the demised premises form a part, and in the event that any department of the City or State of New York shall hereafter at any time contend and or declare by notice, violation, order or in any other manner whatsoever that the premises hereby demised are used for a purpose which is a violation of such certificate of occupancy. Tenant shall, upon five (5) days' written notice from Landlord, immediately discontinue said use of such premises. Failure by Tenant to discontinue such use after such notice: shall be considered a default in the fulfillment of a covenant of this lease, and Landlord shall have the right to terminate this lease immediately, and in addition thereto shall have the right to exercise any and all rights and privileges and remedies given to Landlord by and pursuant to the provisions of Paragraph 40 hereof. The statement in this lease of the nature of the business to be conducted by Tenant in demised premises shall not be deemed or construed to constitute a representation or guaranty by Landlord that such business may continue to be conducted in the premises for the entire period of the lease or is lawful or permissible under the certificate of occupancy in effect for the building of which the demised premises form a part or otherwise permitted by law. If alterations or additions, including but not limited to a sprinkler system are needed to permit lawful conduct of Tenant's business or to comply with the certificate of occupancy, the same shall be made by and at the sole expense of Tenant.

NON-
HAZARDOUS
USES

SEVENTH:- Tenant shall not suffer any act to be done or any condition to exist on the demised premises or any part thereof or any article to brought thereon, which may be dangerous, unless safeguarded as required by law or by any insurance carrier having any interest in such conduct

or condition or which may in law constitute a nuisance, public or private, and as not to make void or voidable any insurance applicable to the building, under penalty of damages and forfeiture.

SAFETY
PRECAUTIONS

EIGHTH:- Tenant shall not at any time allow smoking on any part of the premises where stock is stored. Tenant shall store all silk and other textiles in steel bins or shelving, the bottoms of which shall be at least six inches above the floor, and the tops of which shall extend at least three inches and shall have drip points so as to shed water from the goods. No shelving bins shall be installed without Landlord's prior written consent. Tenant shall make all floors water-tight by painting or covering them with linoleum or other water-light floor covering. Where cleaning fluid is used, it shall be non-inflammable. Tenant shall use no cleaning fluid not approved in writing by Landlord. Tenant will not permit the accumulation of waste or refuse matter on the premises.

TENANT
TO KEEP
INSURANCE
RATE LOW

NINTH:- Tenant will conduct its business in such a manner as to enable Landlord or other tenants in the building to obtain the lowest possible insurance rate upon the entire building in which the demised premises are located, and will, at its sole expense, comply with all rules, orders, regulations or requirements of all public liability, fire and insurance policies in force at any time with respect to the demised premises, as well as all rules, orders, regulations or requirements of the New York Board of Fire Underwriters or any other similar body, and shall not do or permit anything to be done in or upon said premises or bring or keep anything therein, except as now or hereafter permitted by the Fire Department. Board of Fire Underwriters. Fire Insurance Rating Organization, or other authority having jurisdiction and then only in such quantity and manner of storage as not to increase the rate for fire insurance applicable to the building, or use the premises in a manner which shall increase the rate of fire insurance on the building of which demised premises form a part, or on property located therein, over that in effect prior to this lease. If by reason of failure of Tenant to comply with the provisions of this paragraph including, but not limited to the mere use to which Tenant puts the premises, the fire insurance rate shall at the beginning of this lease or at any time thereafter be higher than it otherwise would be then Tenant shall reimburse Landlord, as additional rent hereunder for that part of all fire insurance premiums thereafter paid by Landlord, which shall have been charged because of such failure or use by Tenant, and shall make such reimbursement upon the first day of the month following such outlay by Landlord. In any action or proceeding wherein Landlord and Tenant are parties, a schedule or "make up" of rate for the building or demised premises issued by the New York Fire Insurance Exchange, or other body making fire insurance rates for said premises, shall be conclusive evidence of the facts therein stated and of the several items and charges in the fire insurance rate then applicable to said premises Tenant shall not bring or

* Specifically excluding, however, existing violations of law which are the responsibility of Landlord.

permit to be brought or kept in or on the demised premises, and inflammable, combustible or explosive fluid, chemical, substance or material other than silk or other textiles, or cause or permit any odors of cooking or other processes, or any unusual or other objectionable

odors to permeate from the demised premises. That the premises are being used for the purpose set forth herein shall not relieve Tenant from the foregoing duties, obligation and expenses.

TENTH:-(a) Tenant shall not assign, mortgage or encumber this agreement nor underlet the demised premises or any part thereof or permit the demised premises or any part thereof to be occupied by anybody other than Tenant, without the prior written consent of Landlord in each instance. The transfer of a majority of the issued and outstanding capital stock of any corporate Lessee of this lease or a majority of the total interest in any partnership Lessee, however accomplished, and whether in a single transaction or in a series of related or unrelated transactions, shall be deemed an assignment of this lease. If this lease be assigned, or if the demised premises or any part thereof be underlet or occupied by anybody other than Tenant. Landlord may, after default by Tenant, collect rent from the assignee, under-tenant or occupant, and apply the net amount collected to the rent herein reserved, but no such assignment, underletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, under-tenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. The consent by Landlord to an assignment or underletting shall not in any wise be construed to relieve Tenant from obtaining the express consent in writing of Landlord to any further assignment or underletting.

ASSIGNMENT,
MORTGAGE
AND
SUBLEASING

(b) If the demised premises shall be underlet in whole or in part by Tenant or its heirs, executors, administrators, legal representatives, successors or assigns, such party shall, within three (3) days of such underletting, furnish Landlord with a duplicate original of such underlease and shall, on demand of Landlord, supply Landlord within three (3) days of such demand, a written list of all such under-tenants, the terms, including expiration duties of their under-tenancies, the rents payable thereunder, and any additional information requested by Landlord. This provision or compliance therewith, however, shall in no event be construed to be a consent to any underletting or a waiver of the covenant against underletting contained herein. Non-compliance by Tenant with the provisions of this paragraph shall be deemed to be a breach of this lease.

(c) Tenant assumes and shall be responsible for and liable to Landlord, for all acts and omissions on the part of any present or future under-tenant, their agents, employees, servants or licensees, and any breach or violation of any of the terms, covenants, agreements, provisions, conditions and limitations of this lease, whether by act or omission, by any under-tenant shall constitute a breach or violation of this lease by Tenant.

ELEVENTH:- Throughout the term of this lease. Tenant will take good care of the demised premises and appurtenances and suffer no waste, damage, disfigurement or injury thereto or any part thereof.

WASTE

TWELFTH:-(a) Tenant shall make no alterations, decorations, installations, additions or improvements in or to the demised premises, including, but not limited to, an air-conditioning or cooling system, unit or part thereof or other apparatus of like or other nature, nor bring materials in connection therewith on the demised premises, without Landlord's prior written consent, and then only by contractors or mechanics approved by Landlord, and subject to plans and specifications approved by Landlord. All such work, alterations, decorations, installations, additions or improvements shall be done at Tenant's sole expense and at such times

ALTERATIONS

and in such manner as Landlord may from time to time designate. All alterations, decorations, installations, additions or improvements upon demised premises, made by either party, including all paneling, decorations, partition, railings, mezzanine floors, galleries, steam, water, and air conditioning systems and units, shelving, electric fixtures and the like, shall, unless Landlord elects otherwise (which election shall be made by giving a notice pursuant to the provisions hereof not less than thirty (30) days prior to the expiration or other termination of this lease or any renewal or extension thereof) become the property of Landlord, and shall remain upon, and be surrendered with, said premises, as a part thereof, at the end of the term or renewal term, as the case may be. In the event Landlord shall elect otherwise, then such alterations, installations, additions or improvements made by Tenant upon the demised premises as the Landlord shall select, shall be removed by Tenant at Tenant's sole cost and expense. All alterations, decorations, installations, additions or improvements installed by Tenant may be used by Tenant without additional charge for such use, and without any right in the Landlord to remove the same in the absence of any default under this lease during the term hereof.

(b) Tenant, at its own expense, will promptly repair all damage and injury resulting from such removal and restore the space theretofore occupied by such fixtures and installations to good order and condition and to character and appearance equal to that of the area adjacent thereto, in default of any of which Landlord may at its option cause the same to be done at Tenant's expense.

REPAIRS

THIRTEENTH:- Tenant shall take good care of the demised premises and the fixtures and appurtenances therein, and at its sole cost and expense make all repairs thereto as and when needed to preserve them in good working order and condition. All damage or injury to the demised premises and to its fixtures, appurtenances and equipment or to the building of which the same form a part or to its fixtures, appurtenances and equipment caused by Tenant's moving property in or out of the building or by installation or removal of furniture, fixtures or other property, or resulting from fire, explosion, air-conditioning unit or system, short circuits, flow or leakage of water, steam, illuminating gas, sewer gas, sewerage or odors or by frost or by bursting or leaking of pipes or plumbing works or gas, or from any other cause of any other kind or nature whatsoever due to carelessness, omission, neglect, improper conduct or other cause of Tenant, its servants, employees, agents, visitors or licensees shall be repaired, restored or replaced promptly by Tenant at its sole cost and expense to the satisfaction of Landlord. All aforesaid repairs, restorations and replacements shall be in quality and class equal to the original work or installations. If Tenant fails to make such repairs, restorations or replacements within a reasonable time same may be made by Landlord at expense of Tenant and collectible as additional rent.

LANDLORD'S
LIABILITY, OR
ALTERATIONS
REPAIRS

FOURTEENTH:- (a) Except where otherwise provided in this lease, there shall be no allowance to Tenant for a diminution of rental value and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from Landlord. Tenant or others making any repairs, alterations, additions or improvements in or to any portion of the building or demised premises, or in or to fixtures, appurtenances, or

equipment thereof, and no liability upon Landlord for failure of Landlord or others to make any repairs, alterations, additions or improvements in or to any portion of the building or of demised premises, or in or to the fixtures, appurtenances or equipment thereof.

(b) Landlord reserves the right to stop service of the electric, water, sprinkler, steam, air conditioning, elevator, heating and plumbing systems, when necessary, by reason of accident, or emergency, or for repairs, alterations, replacements or improvements, in the judgment of Landlord desirable or necessary to be made, until said repairs, alterations, replacements or improvements shall have been completed.

EMPLOYMENT OF UNION
LABOR TO MAKE
ALTERATIONS AND
REPAIRS

FIFTEENTH:- Tenant agrees that whenever any alterations, additions, improvements, changes or repairs to the said premises are consented to by Landlord, or in the moving of merchandise, fixtures or equipment into the said building, or moving the same therefrom, only such labor under agreement with the Building Trades Employers' Association of New York City, or which shall not cause strikes or concerted labor action by other employees of the building, and which have the same or similar labor union affiliations as those employed by Landlord or Landlord's contractors, shall be employed.

DISCHARGE OF LIENS,
ETC.

SIXTEENTH:--(a) Any mechanic's lien filed against the demised premises, or the building of which the same form a part, for work claimed to have been done for, or materials claimed to have been furnished to Tenant, shall be discharged by Tenant within ten (10) days thereafter, by payment in full or at Tenant's expense, by filing the bond required by law. If Tenant fails to so pay or file any bond. Landlord may pay the amount of said lien or discharge the same by deposit, or otherwise, billing Tenant for all expenses in connection therewith as additional rent.

(b) Nothing in this lease contained shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied by inference or otherwise, to any contractor, sub-contractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to, or repair of the demised premises, or any part thereof, or for the demolition or replacement of the demised premises or any part thereof.

(c) Tenant agrees to obtain and deliver to Landlord, written and unconditional waivers of liens (and agreement that its filed plans may be replaced), for all plans, specifications and drawings for work or materials to be furnished to Tenant at the premises, signed by all architects, engineers and designers to become involved in such work for Tenant: with respect to contractors, subcontractors, materialmen and laborers, and all work or materials to be furnished to Tenant at the premises. Tenant agrees to obtain and deliver to Landlord written and unconditional waiver of mechanics liens upon the premises or the building after payments to the contractors, and subject to any applicable provisions of the Lien Law.

SIGNS

SEVENTEENTH:-- Tenant will not without Landlord's written consent, place, affix or paint any signs, awnings, projections or advertising material of any kind upon the exterior of the premises or of the building, not upon the windows, nor in any location that may be visible from any of the lobbies or passageways. If Tenant shall cause or permit any sign or other object, similar or dissimilar, to be placed on or affixed to any

part of the building not inside the space specifically demised hereunder. Landlord shall have the right, without notice or liability to Tenant, to remove and dispose of the same and to make any repairs necessitated by such removal, all at Tenant's sole expense and risk. Landlord's expenses in so doing shall be deemed additional rent hereunder and collectible as such.

EIGHTEENTH:-(a) Tenant will not cause or permit any connection to be made to the wiring on the electrical panel boards of the building without the prior written consent and supervision of Landlord.

MISCELLANEOUS
PROHIBITED ACTIONS
OF TENANT

(b) Tenant agrees that it will not drive nails in, drill in, disfigure or deface any part of the building nor suffer the same to be done, nor cause or permit the floors, walls, doors or ceilings of the demised premises to be drilled, hammered, pounded or otherwise dealt with in a noisy or disturbing manner at any time during customary business hours (i.e. between 9:00 A.M. and 5:00 P.M.) whether or not such activities are incidental to or part of work to which Landlord has consented.

(c) Tenant shall not install any pressing equipment, whether connected to Tenant's gas-fired boiler or to the building steam system, without first having plans and specifications approved by Landlord.

The vacuum used by pressing machines for the drying of garments shall be created by an electrically driven vacuum pump. Tenant shall not use any vacuum created by the use of steam from a gas-fired boiler or from the building steam system.

(d) Tenant shall not permit any connection to be made at the demised premises with any high pressure steam lines, electric current lines or water lines without Landlord's prior written consent.

(e) Tenant shall not make any electrical or plumbing installation without Landlord's prior written consent. All water lines must be installed in red brass.

(f) Window air-conditioning units shall in no event be installed without Landlord's prior written approval or be mounted so as to extend outward beyond the line of the window frame.

(g) Tenant shall install no linoleum, rubber, mastic or vinyl tile floor covering, unless it is laid over a layer of felt, double cemented in the manner approved by Landlord.

(h) Tenant shall not place a load upon any floor of the demised premises exceeding the floor load per square foot area which such floor was designed to carry and which is allowed by law. Landlord reserves the right to prescribe the weight and position of all safes which must be placed so as to distribute the weight. Business machines and mechanical equipment shall be placed and maintained by Tenant at Tenant's expense in settings sufficient in Landlord's judgment to absorb and prevent vibration, noise and annoyance. Tenant agrees that upon the written request of Landlord, Tenant will, within fifteen (15) days of the mailing of such request, provide rubber or other approved settings for absorbing, preventing and decreasing noise and/or vibration from any or all machines or machinery, such insulation or other devices for the prevention, decrease or elimination of noise satisfactory to Landlord shall be made in such manner and of such material as Landlord may direct. In the event that Tenant fails to comply with the aforesaid

request within the fifteen (15) days aforementioned. Landlord may, at its option, by notice in writing to Tenant, cause the term of this lease to expire. Landlord in such event shall have the right to re-enter the premises by summary proceedings or otherwise without liability. Landlord shall not give less than thirty (30) days' notice of its election to terminate the lease as above provided. Landlord shall have the right to enter the demised premises with workmen and materials and to insulate the machinery as above provided, collecting from Tenant the cost of such work as additional rent in the event that Tenant fails to comply with the written request aforementioned alter the expiration of fifteen (15) days from the receipt thereof.

(i) Tenant shall not move any safe, heavy machinery, heavy equipment, freight, bulky matter, or fixtures into or out of the building without Landlord's prior written consent and the filing with Landlord of a Rigger's Liability Insurance Certificate satisfactory of Landlord. If such safe, machinery, equipment, freight, bulky matter or fixtures require special handling, Tenant agrees to employ only persons holding a Master Rigger's License to do said work, and that all work in connection therewith shall comply with the Administrative Code of the City of New York.

(j) If the demised premises be or become infested with vermin. Tenant shall, at Tenant's expense, cause the same to be exterminated from time to time to the satisfaction of Landlord, and shall employ such exterminators and such exterminating company or companies as shall be approved by Landlord.

5

(k) The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were designed or constructed, and no sweepings, rubbish, rags, acids or other substances shall be deposited therein.

(l) Tenant agrees to provide proper receptacles as called for by the Fire Department. Board of Fire Underwriters. Fire Insurance Rating Organization or of the authority having jurisdiction. Tenant hereby agrees to cause its rubbish or waste to be disposed of at its own cost and expense, subject to all the rules and regulations that from time to time may be made in connection therewith by Landlord, including a regulation that Tenant shall use a single rubbish or waste remover designated by Landlord for the removal of the rubbish or waste of the tenants in the building. Tenant further agrees that it shall not at any time store any of its rubbish or waste in the lobbies, foyers, passage-ways or other spaces adjacent to the premises herein demised, nor shall Tenant place the rubbish (which is to be taken by the waste remover) in the said areas prior to 5:00 P.M.

(m) If Tenant is a lessee of any store in said building, the said Tenant hereby agrees to keep the sidewalk, entrance and passage-ways unencumbered and unobstructed, and agrees, further, to remove all ice and snow from the sidewalks immediately in front of the demised premises.

(n) Tenant will not suffer, permit or allow unusual or objectionable odors to be produced upon or permeate from the demised premises.

WINDOW CLEANING

NINETEENTH:- Tenant will not clean, nor require, permit, suffer or allow any window in the demised

premises to be cleaned, from the outside in violation of Section 202 of the Labor Law or of the rules of the Board of Standards and Appeals, or of any other board or body having or asserting jurisdiction.

NOTICE OF DAMAGE TO
PREMISES

TWENTIETH:- Tenant shall give prompt notice to Landlord of any accidents to or defects in the pipes and apparatus in the building or of any fire that may occur.

LANDLORD'S ACCESS TO
PREMISES

TWENTY-FIRST:-- Tenant shall permit Landlord to erect, use and maintain, pipes and conduits in and through the demised premises. Landlord or Landlord's agents shall have the right to enter the demised premises at reasonable times after notice to Tenant to examine the same, and to show them to prospective purchasers or lessees of the building and to make such decorations, repairs, alterations, improvements or additions as Landlord may deem necessary or desirable, and Landlord and its representatives shall be allowed to take and store all material into and upon said premises that may be required therefor without the same constituting an eviction of Tenant in whole or in part and the rent reserved shall in no wise abate while said decorations, repairs, alterations, improvements, or additions are being made, by reason of loss or interruption of business of Tenant* or otherwise. During the six months prior to the expiration of the term of this lease, or any renewal term. Landlord may exhibit the premises to prospective tenants or purchasers, and place upon said premises, or the exterior thereof, the usual notice "To Let" or "For Sale", which notices Tenant shall permit to remain thereon without molestation. If, during the last month of the term, Tenant shall have removed all or substantially all of Tenant's property therefrom. Landlord may immediately enter and alter, renovate and redecorate the demised premises, without elimination or abatement of rent, or incurring liability to Tenant for any compensation, and such acts shall have no effect upon this lease. If Tenant shall not be personally present to open and permit an entry into said premises, at any time, when for any reason an entry therein shall be necessary or permissible. Landlord or Landlord's agents may enter the same by a master key or may forcibly enter the same without rendering Landlord or such agents liable therefor (if during such entry Landlord or Landlord's agents shall accord reasonable care to Tenant's property), and without in any manner affecting the obligations and covenants of this lease. *Nothing herein contained, however, shall be deemed or construed to impose upon Landlord any obligation, responsibility or liability whatsoever, for the care, supervision or repair, of the building or any part thereof, other than as herein provided. Landlord shall also have the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to Tenant therefor, to change the arrangement and/or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets, or other public parts of the building and to change the name, number or designation by which the building is commonly known.

ELECTRICITY

TWENTY-SECOND:-- Lessee agrees that Lessor may furnish electricity to Lessee on a "submetering" basis or on a "rent inclusion" basis.

(a) Submetering: If and so long as Lessor provides electricity to the demised premises on a submetering basis. Lessee covenants and agrees to purchase the same from Lessor or Lessor's designated agent at charges, terms and rates set, from time to time, during the term of this lease by Lessor but not more than those specified

*Landlord shall endeavor to minimize interference with Tenant's business.

in the service classification in effect on January 1, 1970 pursuant to which Lessor then purchased electric current from the public utility corporation serving the part of the city where the building is located: provided, however, said charges shall be increased in the same percentage as any percentage increase in the billing to Lessor for electricity for the entire building, by reason of increase in Lessor's electric rates or service classifications, subsequent to January 1, 1970, and so as to reflect any increase in Lessor's electric charges, fuel adjustment, or by taxes or charges of any kind imposed on Lessor's electricity purchases, or for any other such reason, subsequent to said date. Any such percentage increase in Lessor's billing for electricity due to changes in rates or service classifications shall be computed by the application of the average consumption (energy and demand) of electricity for the entire building for the twelve (12) full months immediately prior to the rate and/or service classification change, or any changed methods of or rules on billing for same, on a consistent basis to the new rate and/or service classification and to the service classification in effect on January 1, 1970. If the average consumption of electricity for the entire building for said prior twelve (12) months cannot reasonably be applied and used with respect to changed methods of or rules on billing, then the percentage increase shall be computed by the use of the average consumption (energy and demand) for the entire building for the first three (3) months after such change, projected to a full twelve (12) months; and that same consumption, so projected, shall be applied to the service classification in effect on January 1, 1970. Where more than one meter measures the service of Lessee in the building, the service rendered through each meter may be computed and billed separately in accordance with the rates herein. Bills therefore shall be rendered at such times as Lessor may elect and the amount, as computed from a meter, shall be deemed to be, and be paid as, additional rent. In the event that such bills are not paid within five (5) days after the same are rendered. Lessor may, without further notice, discontinue the service of electric current to the demised premises without releasing Lessee from any liability under this lease and without Lessor or Lessor's agent incurring any liability for any damage or loss sustained by Lessee by such discontinuance of service. If any tax is imposed upon Lessor's receipt from the sale or resale of electrical energy or gas or telephone service to Lessee by any Federal, State or Municipal Authority, Lessee covenants and agrees that, where permitted by law, Lessee's pro-rata share of such taxes shall be passed on to, and included in the bill of, and paid by, Lessee to Lessor.

(b) Rent Inclusion: If and so long as Lessor provides electricity to the demised premises on a rent inclusion basis. Lessee agrees that the fixed annual rent shall be increased by the amount of the Electricity Rent Inclusion Factor ("ERIF"), as hereinafter defined. Lessee acknowledges and agrees (i) that the fixed annual rent* hereinabove set forth in this lease does not yet, but is to include an ERIF of \$2.75 per rentable square foot to compensate Lessor for electrical wiring and other installations necessary for, and for its obtaining and making available to Lessee the redistribution of, electric current as an additional service; and (ii) that said ERIF, which shall be subject to periodic adjustments as hereinafter provided, has been partially based upon an estimate of the Lessee's connected electrical load, which shall be deemed to be the demand (KW), and hours of use

thereof, which shall be deemed to be the energy (KWH) for ordinary lighting and light office equipment and the operation of the usual small business machines, including Xerox or other copying machines (such lighting and equipment are hereinafter called "Ordinary Equipment") during ordinary business hours ("ordinary business hours" shall be deemed to mean 50 hours per week), with Lessor providing an average connected load of 4 1/2 watts of electricity for all purposes per rentable square foot. Any installation and use of equipment other than Ordinary Equipment and/or any connected load and/or any energy usage by Lessee in excess of the foregoing shall result in adjustment of the ERIF as hereinafter provided. For purposes of this Article the rentable square foot area of the presently demised premises shall be deemed to be 21,248 square feet.

If the cost to Lessor of electricity shall have been, or shall be, increased or decreased subsequent to January 1, 1990 (whether such change occurs prior to or during the term of this lease), by change in Lessor's electric rates or service classifications, or by any increase, subsequent to the last such electric rate or service classification change, in fuel adjustments or charges of any kind, or by taxes, imposed on Lessor's electricity purchases, or for any other such reason, then the ERIF, which is a portion of the fixed annual rent, shall be changed in the same percentage as any such change in cost due to changes in electric rates or service classifications, and, also, Lessee's payment obligation, for electricity redistribution, shall change from time to time so as to reflect any such increase in fuel adjustments or charges, and taxes. Any such percentage increases in Lessor's cost due to changes in electric rates or service classifications shall be computed by the application of the average consumption (energy and demand) of electricity for the entire building for the twelve (12) full months immediately prior to the rate and/or service classification change, other change in cost, or any changed methods of or rules on billing for same, on a consistent basis to the new rate and/or service classification and to

*\$2.90 effective 4/17/92.

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the immediately prior existing rate and/or service classifications. If the average consumption of electricity for the entire building for said prior twelve (12) months cannot reasonably be applied and used with respect to changed methods of or rules on billing, then the percentage increase shall be computed by the use of the average consumption (energy and demand) for the entire building for the first three (3) months after such change, projected to a full twelve (12) months, so as to reflect the different seasons; and the same consumption, so projected, shall be applied to the rate and/or service classification which existed immediately prior to the change. The parties agree that a reputable, independent electrical consultant, selected by Lessor ("Lessor's electrical consultant"), shall determine the percentage change for the changes in the ERIF due to Lessor's changed costs, and that Lessor's electrical consultant may from time to time make surveys in the demised premises of the electrical equipment and fixtures and the use of current. (i) If any such survey shall reflect an average connected load in the demised premises in excess of 4 1/2 watts of electricity for all purposes per rentable square foot and/or energy usage in excess of ordinary business hours (each such excess is hereinafter called "excess electricity") then the connected load

and/or the hours of use portion(s) of the then existing ERIF shall each be increased by an amount which is equal to a fraction of the then existing ERIF, the numerator of which is the excess electricity (i.e. excess connected load and/or excess usage) and the denominator of which is the average connected load and/or the usage thereof which was the basis for the computation of the then existing ERIF. Such fractions shall be determined by Lessor's electrical consultant. The fixed annual rent shall then be appropriately adjusted, effective as of the date of any such change in connected load and/or usage, as disclosed by said survey, (ii) If such survey shall disclose installation and use of other than Ordinary Equipment, then effective as of the date of said survey, there shall be added to the ERIF portion of the fixed annual rent (computed and fixed as hereinabove described) an additional amount equal to what would be paid under the SC-4 Rate I Service classification in effect on January 1, 1990 (and not the time-of-day rate schedule) for such load and usage of electricity, with the connected load deemed to be the demand (KW) and the hours of use thereof deemed to be the energy (KWH), as hereinbefore provided, (which addition to the ERIF shall be increased or decreased by all electricity cost changes of Lessor, as hereinabove provided, from January 1, 1990 through the date of billing).

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In no event, whether because of surveys or for any other reason, is the originally specified \$2.75 per rentable square foot ERIF portion of the fixed annual rent (plus any net increase thereof, but not decrease, by virtue of all electric rate or service classification changes subsequent to January 1, 1990) to be reduced.

(c) General Conditions: The determinations by Lessor's electrical consultant shall be binding and conclusive on Lessor and on Lessee from and after the delivery of copies of such determinations to Lessor and Lessee, unless, within fifteen (15) days after delivery thereof, Lessee disputes such determination. If Lessee so disputes the determination, it shall, at its own expense, obtain from a reputable, independent electrical consultant its own determinations in accordance with the provisions of this Article. Lessee's consultant and Lessor's consultant then shall seek to agree. If they cannot agree within thirty (30) days they shall choose a third reputable electrical consultant, whose cost shall be shared equally by the parties, to make similar determinations which shall be controlling. (If they cannot agree on such third consultant within (10) days, then either party may apply to the Supreme Court in the County of New York for such appointment.) However, pending such controlling determinations, Lessee shall pay to Lessor the amount of additional rent or ERIF in accordance with the determinations of Lessor's electrical consultant. If the controlling determinations differ from Lessor's electrical consultant, then the parties shall promptly make adjustment for any deficiency owed by Lessee or overage paid by Lessee.

At the option of Lessor, Lessee agrees to purchase from Lessor or its agents all lamps and bulbs used in the demised premises and to pay for the cost of installation thereof. Lessor shall not be liable to Lessee for any loss or damage or expense which Lessee may sustain or incur if either the quantity or character of electric service is changed or is no longer available or suitable for Lessee's requirements. Lessee covenants and agrees that at all times its use of electric current shall never exceed the capacity of existing feeders to the building or the risers or wiring installation. Lessee agrees not to connect any additional electrical equipment to the building electric distribution system, other than lamps, typewriters and other small office machines which consume

comparable amounts of electricity, without Lessor's prior written consent, which consent shall not be unreasonably withheld. Any riser or risers to supply Lessee's electrical requirements, upon written request of Lessee, will be installed by Lessor, at the sole cost and expense of Lessee, if, in Lessor's sole judgment, the same are necessary and will not cause permanent damage or injury to the building or demised premises or cause or create a

*\$2.90 effective 4/17/92.

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dangerous or hazardous condition or entail excessive or unreasonable alterations, repairs or expense or interfere with or disturb other tenants or occupants. In addition to the installation of such riser or risers. Lessor will also at the sole cost and expense of Lessee, install all other equipment proper and necessary in connection therewith subject to the aforesaid terms and conditions. The parties acknowledge that they understand that it is anticipated that electric rates, charges, etc., may be changed by virtue of time-of-day rates or other methods of billing, and that the references in the foregoing two paragraphs to changes in methods of or rules on billing are intended to include any such changes. Supplementing Article 53 hereof, if all or part of the submetering additional rent or the ERIF payable in accordance with Subdivision (A) or (B) of this Article becomes uncollectible or reduced or refunded by virtue of any law, order or regulation, the parties agree that, at Lessor's option, in lieu of submetering additional rent or ERIF, and in consideration of Lessee's use of the buildings electrical distribution system and receipt of redistributed electricity and payment by Lessor of consultants' fees and other redistribution costs, the fixed annual rental rate(s) to be paid under this Lease shall be increased by an "alternative charge" which shall be a sum equal to \$2.75 per year per rentable sq. ft. of the demised premises, changed in the same percentage as any changes in the cost to Lessor for electricity for the entire building subsequent to January 1, 1990, because of electric rate or service classification changes, as in Subdivision (B) hereof provided, and such percentage change to be computed as in Subdivision (B) provided. The Lessor reserves the right, at any time upon thirty (30) days' written notice, to change its furnishing of electricity to Lessee from a rent inclusion basis to a submetering basis, or vice versa. The Lessor reserves the right to terminate the furnishing of electricity on a rent inclusion, submetering, or any other basis at any time, upon thirty (30) days' written notice to the Lessee, in which event the Lessee may make application directly to the public utility for the Lessee's entire separate supply of electric current and Lessor shall permit its wires and conduits, to the extent available and safely capable, to be used for such purpose. Any meters, risers or other equipment or connections necessary to furnish electricity on a submetering basis or to enable Lessee to obtain electric current directly from such utility shall be installed at Lessee's sole cost and expense. Only rigid conduit or electricity metal tubing (EMT) will be allowed. The Lessor, upon the expiration of the aforesaid thirty (30) days' written notice to the Lessee may discontinue furnishing the electric current but this lease shall otherwise remain in full force and effect. If Lessee was provided electricity on a rent inclusion basis when it was so discontinued, then commencing when Lessee receives such direct service and as long as Lessee shall continue to receive such service, the fixed annual rental rate payable under this lease shall be reduced by the amount of the ERIF which

was payable immediately prior to such discontinuance of electricity on a rent inclusion basis.

TWENTY-THIRD:--(a) If Landlord installs a water meter to measure Tenant's water consumption for all purposes, Tenant shall pay Landlord for the cost of meter and the cost of the installation thereof and throughout the duration of Tenant's occupancy Tenant shall keep said meter and installation equipment in good working order and repair at Tenant's own cost and expense, in default of which Landlord may cause such meter and equipment to be replaced or repaired and collect the cost thereof from Tenant. Tenant agrees to pay for water consumed, as shown on said meter as and when bills are rendered, and on default in making such payment Landlord may pay such charges and collect the same from Tenant Landlord may inspect such water meter at any time and shall have access thereto at all times for the purpose of such inspection.

WATER
SEWER
RENTS

(b) In addition to the foregoing, Tenant agrees to pay its proportionate share of the water consumed in the toilets and other portions of the premises over which Landlord may reserve control, irrespective of the fact that the same shall be located outside of the demised premises.

(c) Tenant covenants and agrees to pay its pro-rata share of the sewer rent, charge or any other tax, rent levy or charge which now or hereafter is assessed, imposed or a lien upon the demised premises or the realty of which they are part pursuant to law, order or regulation made or issued in connection with the use, consumption, maintenance or supply of water, water system or sewage or sewage connection or system.

(d) The bill rendered by Landlord for metered water, sewer or any other charges provided for in this paragraph "23," shall be based upon Tenant's consumption and shall be payable by Tenant as additional rent. Any such costs or expenses incurred or payments made by landlord for any of the reasons or purposes hereinabove stated, shall be deemed to be additional rent payable by Tenant and collectible by Landlord as such. If the building or the demised premises or any part thereof be supplied with water through a meter through which water is also supplied to other premises, Tenant shall pay to Landlord as additional rent, on the first day of each month, \$255.00, as Tenant's portion. Independently of and in addition to

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any of the remedies reserved to Landlord hereinabove or elsewhere in this lease, Landlord may sue for and collect any monies to be paid by Tenant or paid by Landlord for any of the reasons or purposes hereinabove set FORTH.

SPRINKLER

TWENTY-FOURTH:--If the sprinkler system or any of its appliances shall be damaged or injured or not in proper working order by reason of any act or omission of Tenant, Tenant's agents, servants, employees, licensees or visitors, Tenant shall forthwith restore the same in good working condition at its own expense; and

if the New York Board of Fire Underwriters or the New York Fire Insurance Rating Organization or any bureau, department or official of the State or City Government, require or recommend that any changes, modifications, alterations or additional sprinkler heads or other equipment be made or supplied by reason of Tenant's business, or the location of partitions, trade fixtures,

or other contents of the demised premises, or for any other reason, or if any such changes, modifications, alterations, additional sprinkler heads or other equipment, become necessary to prevent the imposition of a penalty or charge against the full allowance for a sprinkler system in the fire insurance rate as fixed by said Rating Organization, or by any Fire Insurance Company, Tenant shall, at Tenant's expense, promptly make and supply such changes, modifications, alterations, additional sprinkler heads or other equipment Tenant shall pay to Landlord as additional rent the sum of \$ 255.00 on the first day of each month during the term of this lease, as Tenant's portion of the contract price for sprinkler supervisory service.

AIR
CONDITIONING

TWENTY-FIFTH:-- With reference to the 34th Floor part of the demised premises, Tenant shall install at its own cost and expense the air conditioning system which affects the whole or a portion of the demised premises, and shall, at its own cost and expense, maintain and operate said system in compliance with all present and future laws and governmental requirements, and shall obtain all governmental licenses and permits now or hereafter required. Tenant shall pay for all electric current, water and refrigerants used in connection with said system. Tenant, at its own cost and expense, shall make or cause to be made, all repairs, alterations, changes, additions or improvements in and to said system which may be necessary or which may be required or recommended by Landlord or by any governmental authority, and shall furnish all parts and supplies necessary or desirable in connection therewith, but no alterations, changes, additions or improvements shall be made by Tenant without the advance written consent of Landlord. Landlord's charges for electric current, water and refrigerants and for such parts, supplies, repairs, alterations, changes, additions or improvements as are caused to be furnished or made by Landlord shall be payable by Tenant as additional rent upon presentation of Landlord's bill for same. The non-functioning or defective functioning of said air conditioning system, or Tenant's inability to operate or maintain the same in compliance with lawful requirements or Landlord's removal thereof or termination of the operation thereof as provided in this paragraph, or any delay, discomfort or inconvenience suffered by Tenant in connection therewith, or, without limitation of or by the foregoing, any other matter or thing related to such system, shall not give rise to any obligation or liability on the part of Landlord and shall not affect this lease or be deemed to release or discharge Tenant of any of Tenant's obligations or liabilities under this lease or otherwise. Title to said system and all present and future parts thereof is and shall be vested in Landlord. *

ELEVATOR

TWENTY-SIXTH:--(a) As long as Tenant is not in default under any of the covenants of this lease, Landlord shall provide necessary elevator facilities on business days from 8:00A.M to 6:00P.M., and on Saturdays from 8:00A.M. to 1:00P.M. On Sundays, holidays and nights, Landlord will furnish at least one (1) elevator.

(b) If the building of which the demised premises are a part supplies manually operated elevator service, Landlord may proceed with alterations necessary to substitute automatic control elevator service upon ten (10) days' written notice to Tenant without in any way affecting the obligations of Tenant hereunder, provided that the same shall be done with the minimum amount of inconvenience to Tenant, and Landlord pursues with due diligence the completion of the alterations. Where automatic control elevator service is now, or hereafter furnished, and the demised premises contain an entire floor or floors. Tenant will provide, at its own cost and expense, locks for all entrances to such floor or floors

from the elevators.

(c) Tenant agrees it will not permit its employees other than office help to use the passenger elevator in said building, nor will it permit them to use the stairs leading to and from the passenger entrance to said

*(See Article Sixty Sixth and Sixty Seventh hereof). See Article Twenty-Fifth-A with reference to the 35th Floor part of the demised premises.

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building. Landlord may prescribe and regulate which elevator and entrance shall be used by Tenant's employees and for Tenant's shipping.

TWENTY-SEVENTH:-Landlord will:

(a) Furnish heat to the demised premises, when and as required by law. on business days during regular business hours.

HEAT. CLEANING.
PUBLIC AREAS

(b) Cause to be kept clean the public halls and public portions of the building, which are used in common by all tenants.

TWENTY-EIGHTH:-It is expressly agreed that if in consequence of the use of the demised premises for manufacturing purposes any Municipal or State Authority requires alterations and additions to such premises or the building of which they are a part. Landlord, in addition to other remedies provided for in this lease. shall have the option of terminating this lease on sixty (60) days' written notice to Tenant. Upon expiration of said sixty (60) days, the term of this lease shall terminate, and Tenant shall immediately vacate the premises. In such event. Landlord shall refund to Tenant the unearned pro rata portion of any rent paid in advance. Landlord reserves the privilege of complying with any order, rule or regulation as aforementioned in order to remove such violation, if any. In such event. Tenant waives any and all claims for damages growing out of the work in the building or on the premises in connection therewith. In the event that the violation can be removed by Tenant's limiting the number of employees in the demised premises. Tenant shall so limit the number of employees immediately and no claim for damages or any loss may be made against Landlord therefor.

REQUIRED
ALTERATIONS.
MACHINERY

TWENTY-NINTH:-Tenant shall have the use of the partitions existing in the premises demised herein and of all other equipment, fixtures and appurtenances installed by Landlord prior to or during the term hereof. The ownership of all such property shall at all times be vested in Landlord and possession thereof shall revert to Landlord upon the expiration of the lease.

FIXTURES &
PARTITIONS
INSTALLED
BY LANDLORD

THIRTIETH:--If any vault space is adjacent to the demised premises, the same shall not be or be deemed to be part of the demised premises or its appurtenances. Landlord may permit Tenant to use such vault space gratuitously, but such permission may be revoked by Landlord at any time on two (2) days" notice. Landlord shall have the right at any time to cause a wall to be erected for the purpose of sealing off such vault space from the demised premises. Said wall may be erected wholly or partly on that portion of the demised premises which abuts such vault space. Landlord and its designees shall have the right from time to time to enter and remain upon the demised premises, with men and materials, for the purpose of erecting such wall. Tenant shall not

VAULTS

be entitled to any compensation, abatement of rent, or other claim by reason of any action taken under this paragraph by or on behalf of Landlord. Any fee or license charge or tax of municipal authorities for such vault shall be paid by Tenant.

THIRTY-FIRST:--Landlord or its agents shall not be liable for any damage to property of Tenant or of others entrusted to employees of the building, nor for the loss of or damage to any property of Tenant by theft or otherwise. Landlord or its agents shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling ceilings, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of said building or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place or by dampness or by any other cause of whatsoever nature, including but not limited to the making of repairs and improvements, unless caused by or due to the negligence of Landlord, its agents, servants or employees: nor shall Landlord or us agents be liable for any such damage caused by other tenants or persons in said building or caused by operations in construction of any private, public or quasi public work; nor shall Landlord be liable for any latent defect in the demised premises or in the building of which they form a part. Tenant shall give immediate notice to Landlord in case of fire or accidents in the demised premises or in the building or of defects therein or in any fixtures or equipment.

LIABILITY OF
LANDLORD.
PROPERTY
LOSS.
DAMAGE

THIRTY-SECOND:--Tenant shall, throughout the term and thereafter, indemnify Landlord and save it harmless and free from damages, liabilities, penalties, losses, expenses, causes of action, claims, suits and judgments, as well as all expenses and attorneys' fees, arising from injury during said term to the Premises of any nature, and also for any matter or thing growing out of the occupation of the demised premises or the streets, sidewalks, or vaults adjacent thereto occasioned in whole or part by any act or acts, omission or omissions of Tenant, its employees, guests, agents, assigns or undertenants.

INDEMNITY

THIRTY-THIRD:--Neither this lease nor any obligation hereunder on Tenant's part to be performed (including, but not limited to. Tenant's obligation to pay the rents provided for hereunder) shall in any wise be

LIABILITY OF
LANDLORD SERVICE
INTERRUPTION
ACTS BEYOND CONTROL

released, discharged, impaired, excused or otherwise affected because of Landlord's inability to supply, furnish or make such services, fixtures, equipment, repairs, additions, improvements, alterations and or decorations. If any, as Landlord may be required to supply, furnish or make hereunder or in connection herewith, or because of any delay in supplying, furnishing or making any of the foregoing, if such inability or delay directly or indirectly results from or is caused by or attributable to any cause or thing whatsoever beyond Landlord's control including, but not limited to, any law or ordinance or any governmental order, rule, regulation or requirement, or any shortages in supplies, materials or labor, or any acts of God, or any labor difficulties, disasters or acts of public enemies, and in any such event Landlord shall be relieved of any liability to Tenant which it might otherwise have had by reason of any such requirement. Lessee agrees to look solely to Lessor's estate and interest in the land and building, or the lease of the building or of the land

and building, and the demised premises, for the satisfaction of any right or remedy of Lessee for the collection of a judgment (or other judicial process) requiring the payment of money by Lessor, in the event of any liability by Lessor, and no other property or assets of Lessor shall be subject to levy, execution or other enforcement procedure for the satisfaction of Lessee's remedies under or with respect to this lease, the relationship of landlord and tenant hereunder, or Lessee's use and occupancy of the demised premises or any other liability of Lessor to Lessee (except for negligence).

SUBORDINATION

THIRTY-FOURTH:--This lease is and shall be subject and subordinate at all times to all present or future leases and subleases of the entire building or of the land and entire building of which the demised premises form a part, and to all mortgages which now affect or may hereafter affect or be made in respect of such leases and subleases or the real property of which the demised premises form a part (whether or not such leases or mortgages also affect any other or additional real property), and to all renewals, modifications, consolidations, replacements and extensions thereof, and to all advances made or hereafter to be made upon the security thereof. This clause shall be self-operative and no further instrument in writing to effectuate such subordination shall be necessary. In confirmation of such subordination, however, Tenant shall, on demand, promptly execute, acknowledge and deliver such further instruments or certificates that Landlord may request. Tenant hereby irrevocably appoints Landlord the attorney-in-fact of Tenant to execute, acknowledge and deliver any such instrument or certificate for or on behalf of Tenant. In the event that any Master Lease or any other ground or underlying lease is terminated, or any mortgage foreclosed, this lease shall not terminate or be terminable by Lessee unless Lessee was specifically named in any termination or foreclosure judgment or final order. In the event that the Master Lease or any other ground or underlying lease is terminated as aforesaid. Lessee agrees to enter into a new lease covering the within premises, for the remaining term of this lease and otherwise on the same terms, conditions and rentals as herein provided, with and at the election of the holder of any superior lease, or if there is no superior lease in existence, then with and at the election of the holder of the fee title to the premises. If the current term of the Master Lease shall expire prior to the date set forth herein for the expiration of this lease, then, unless Lessor, at its sole option, shall have elected to extend or renew the term of the Master Lease, the term of this lease shall expire on the date of expiration of the Master Lease, notwithstanding the later expiration date hereinabove set forth. If the Master Lease is renewed, then the term of this lease shall expire as hereinabove set forth. From time to time, Lessee, on at least ten (10) days' prior written request by Lessor, will deliver to Lessor a statement in writing certifying that this lease is unmodified and in full force and effect (or if there shall have been modifications, that the same is in full force and effect as modified and stating the modifications) and the dates to which the rent and other charges have been paid and stating whether or not the Lessor is in default in performance of any covenant, agreement or condition contained in this lease and, if so, specifying each such default of which Lessee may have knowledge. This paragraph shall not be deemed modified in whole or in part by any provision of this lease or any rider thereto during the term hereof, unless such provisions or rider shall by its terms expressly so modify it.

FIRE

THIRTY-FIFTH:--Provided the damage be not caused by the fault or neglect of Tenant or of its employees,

agents, visitors or licensees. In the event of damage by fire, or other action of the elements, to the demised premises not rendering all of them until for occupancy. Landlord shall repair the same with reasonable dispatch after notice of such damage, and the rent accrued or accruing shall not cease; but if the damage be so extensive as to render all of the demised premises untenable, the rent shall cease until they be repaired, provided the damage be not caused by the carelessness or negligence of Tenant or of the agents or servants of Tenant. No penalty shall accrue for reasonable delay which may arise by reason of adjustment of insurance on the part of Landlord and/or Tenant, and for reasonable delay on account of "labor troubles" or any other cause beyond Landlord's control. If the demised premises are totally damaged or are rendered wholly untenable by fire or other cause, and if Landlord shall decide not to restore or not to rebuild the same, or if the building shall be so damaged that Landlord shall decide to demolish it or to rebuild it or if the cost of restoration of the

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building of which the demised premises are a part, resulting from the aforesaid fire or other casualty shall exceed the sum of \$3,000,000, then or in any of such events Landlord may, within ninety (90) days after such fire or other cause, give Tenant a notice in writing of termination, which notice shall be given as provided in this lease, and thereupon the term of this lease shall expire by lapse of time upon the third day after such notice is given, and Tenant shall vacate the demised premises and surrender the same to Landlord. If Tenant shall not be in default under this lease then, upon the termination of this lease under the conditions provided for in the sentence immediately preceding. Tenant's liability for rent shall cease as of the day following the casualty. Tenant hereby expressly waives the provisions of Section 227 of the Real Property Law and agrees that the foregoing provisions of this paragraph shall govern and control in lieu thereof. If the damage or destruction be due to the fault or neglect of Tenant, the debris shall be removed by and at the expense of Tenant.

(See Article Seventyth)

THIRTY-SIXTH:-If the whole or any part of the demised premises shall be acquired or condemned by Eminent Domain for any public or quasi public use or purpose, then and in that event, the term of this lease shall cease and terminate from the date of title vesting in such proceeding. If any part of the land or the building of which the demised premises are a part shall be so acquired or condemned, then and in that event the term of this lease, at the option of Landlord, shall cease and terminate on ten (10) days' notice by Landlord to Tenant. In neither event shall Tenant have any claim for the value of any unexpired term of said lease.

CONDEMNATION

THIRTY-SEVENTH:-If when and to the extent permitted by law the parties agree that the following provisions shall apply to this lease and tenancy (and that the provisions of 11 U.S.C. Section 365(b) shall be applied): (a) If at any time prior to the date herein fixed as the commencement of the term of this lease there shall be filed against Tenant thereof or if such filing is made by Tenant in any court pursuant to any statute either of the United States or of any Statute a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a

BANKRUPTCY

portion of Tenant's property, and within thirty (30) days thereof Tenant fails to secure a discharge thereof, or if Tenant makes an assignment for the benefit of creditors, or petition for or enter into an arrangement, this lease shall ipso facto be cancelled and terminated, and in which event, neither Tenant nor any person claiming through or under Tenant or by virtue of any statute or of an order of any court shall be entitled to possession of the demised premises and Landlord, in addition to the other rights and remedies given by (c) hereof and by virtue of any other provision herein or elsewhere in this lease contained or by virtue of any statute or rule of law, may retain as liquidated damages any rent, security, deposit or monies, received by him from Tenant or others in behalf of Tenant upon the execution hereof.

(b) If at the date fixed as the commencement of the term of this lease or if at any time during the term hereby demised, there shall be filed against Tenant thereof or if such filing is made by Tenant in any court pursuant to any statute of the United States or any State a petition of bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's property, and within thirty (30) days thereof Tenant fails to secure a discharge thereof, or if Tenant makes an assignment for the benefit of creditors or petition for or enter into an arrangement, this lease, at the option of Landlord, exercised within a reasonable time after notice of the happening of any one or more of such events, may be cancelled and terminated, and in which event neither Tenant nor any person claiming through or under Tenant by virtue of any statute or of an order of any court shall be entitled to possession or to remain in possession of the premises demised, but shall forthwith quit and surrender the premises, and Landlord, in addition to the other rights and remedies Landlord has by virtue of any other provision herein or elsewhere in this lease contained or by virtue of any statute or rule of law, may retain as liquidated damages any rent, security, deposit or monies received by him from Tenant or others in behalf of Tenant.

(c) It is stipulated and agreed that in the event of the termination of this lease pursuant to (a) or (b) hereof. Landlord shall forthwith, notwithstanding any other provisions of this lease to the contrary, be entitled to recover from Tenant as and for liquidated damages an amount equal to the difference between the rent reserved hereunder for the unexpired portion of the term demised and the then fair and reasonable rental value of the demised premises for the same period. In the computation of such damages, the difference between any installment of rent becoming due hereunder after the date of termination and the fair and reasonable rental value of the demised premises for the period for which such installment was payable shall be discounted to the date of termination at the rate of four per cent (4%) per annum. If such premises or any part thereof be re-let by Landlord for the unexpired term of said lease, or any part thereof, before presentation of proof of such liquidated damages to any court, commission or tribunal, the amount of rent reserved upon such re-letting shall be prima facie to be the fair and reasonable rental value for the part or the whole of the premises so re-let during the term of the re-letting. Nothing herein contained shall limit or prejudice the right of Landlord to prove for and obtain as liquidated damages by reason of such termination, an amount equal to the maximum

allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to or less than the amount of the difference referred to above.

SECURITY

THIRTY-EIGHTH:-Tenant has deposited with Landlord the sum of \$26,560 as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this lease: it is agreed that in the event Tenant defaults in respect of any of the terms, provisions and conditions of this lease, including, but not limited to the payment of rent and additional rent. Landlord may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any rent and additional rent or any other sum as to which Tenant is in default or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default in respect of any of the terms, covenants and conditions of this lease, including but not limited to any damages or deficiency in the re-letting of the premises, whether such damage or deficiency accrued before or after summary proceedings or other re-entry by Landlord. Tenant shall, upon demand, deposit with Landlord the full amount so used, in order that Landlord shall have the full security deposit on hand at all times. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this lease, the security shall be returned to Tenant after the date fixed as the end of the lease and after delivery of entire possession of the demised premises to Landlord. In the event of any transfer or conveyance by Landlord of its lease to the building of which the demised premises form a part hereinafter referred to. Landlord shall have the right to transfer the security to the transferee or grantee, and Landlord shall thereupon be released by Tenant from all liability for the return of such security, and Tenant agrees to look to the new Landlord solely for the return of said security; and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the security to a new Landlord. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the monies deposited herein as security and that neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

DEFAULT

THIRTY-NINTH:-(a) If Tenant defaults in fulfilling any of the covenants of this lease other than the covenants for the payment of rent or additional rent, or of any ancillary agreement, or if the demised premises become vacant or deserted, then, in any one or more of such events, upon Landlord serving a written five (5) days' notice upon Tenant specifying the nature of said default and upon the expiration of said five (5) days. If Tenant shall have failed to comply with or remedy such default, or if the said default or omission complained of shall be of such a nature that the same cannot be completely cured or remedied within said five (5) day period, and if Tenant shall not have diligently commenced curing such default within such five (5) day period, and shall not thereafter with reasonable diligence and in good faith proceed to remedy or cure such default, then Landlord may serve a written three (3) days' notice of cancellation of this lease upon Tenant, and upon the expiration of said three (3) days, this lease and the term thereunder shall end and expire as fully and completely as if the date of expiration of such three (3) day period were the day herein definitely fixed for the end and expiration of this lease and the term thereof, and Tenant shall then quit and surrender the demised premises to Landlord, but Tenant shall remain liable as hereinafter provided.

(b) If the notice provided for in (a) hereof shall have been given, and the term shall expire as aforesaid: or (1) if Tenant shall make default in the payment of the rent reserved herein or any item of additional rent herein mentioned or any part of either or in making any other payment herein provided: (1) within five (5) years after notice or (2) if any execution or attachment shall be issued against Tenant or any of Tenant's property whereupon the demised premises shall be taken or occupied or attempted to be taken or occupied by someone other than Tenant: or (3) if Tenant shall make default with respect to any other lease between Landlord and Tenant: or (4) if Tenant shall fail to move into or take possession of the premises within fifteen (15) days after commencement of the term of this lease, of which fact Landlord shall be the sole judge; then and in any of such events Landlord may without notice, re-enter the demised premises either by force or otherwise, and dispossess Tenant by summary proceedings or otherwise: and the legal representative of Tenant or other occupant of demised premises and remove their effects and hold the premises as if this lease had not been made, and Tenant hereby waives the service of notice of intention to re-enter or to institute legal proceedings to that end. If Tenant shall make default hereunder prior to the date fixed as the commencement of any renewal or extension of this lease. Landlord may cancel and terminate such renewal or extension agreement by written notice.

(c) If Tenant is presently in possession of the demised premises pursuant to a lease in writing heretofore made and if, before the commencement of the term herein provided the aforesaid lease shall be terminated or Tenant shall be dispossessed or shall voluntarily or involuntarily vacate, surrender or remove from the \$ 16,287.00 to BE TRANSFERRED from PREVIOUS LEASE for 34-03

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demised premises, then this lease shall, at the option of Landlord, be terminated, but Tenant shall nevertheless remain liable as hereinbefore provided.

FORTIETH:-In case of any such default, re-entry expiration and/or dispossess by summary proceedings or otherwise, (a) the rent and additional rent shall become due thereupon and be paid up to the time of such re-entry dispossess and or expiration, together with such expenses as Landlord may incur for legal expenses, attorneys' fees, brokerage, and or putting the demised premises in good order, or for preparing the same for re-rental: (b) Landlord may re-let the premises or any part or parts thereof, either in the name of Landlord or otherwise, for a term or terms, which may at Landlords option be less than or exceed the period which would otherwise have constituted the balance of the term of this lease and may grant concessions or free rent: and/or (c) Tenant or the legal representatives of Tenant shall also pay Landlord as liquidated damages for the failure of Tenant to observe and perform said Tenant's covenants herein contained, any deficiency between the rent hereby reserved and/or covenanted to be paid and the net amount, if any, of the rents collected on account of, the lease or leases of the demised premises for each month of the period which would otherwise have constituted the balance of the term of this lease. The rent received from any re-letting or re-lettings, but only for the unexpired portion of this lease, shall be applied first to the payment of Landlord's expenses in resuming possession and re-letting the premises, which expenses shall include but

REMEDIES OF LANDLORD

not be limited to attorneys' fees, brokerage commissions, cleaning, repairs, painting and decoration. The balance, if any, shall be applied in payment of all unpaid rent, additional rent and other charges due from Tenant hereunder. irrespective of whether the liability therefor arose prior or subsequent to the date of the expiration of the term hereof. Tenant hereby covenants and agrees to pay to Landlord, within a reasonable time after demand therefor shall be made, the balance, if any, remaining unpaid. In the event that any re-letting hereunder results in Landlord's receiving from Tenant in any month an amount in excess of the amount due for such month, then and in that event Tenant shall not be obligated to make any payment to Landlord for rent due in such month, nor shall Landlord at any time be obligated to make any refund or apply any credit to Tenant with respect to such rent, and Tenant shall have no claim by way of defense to a suit or otherwise that Landlord has received for any prior month or that any new tenant has agreed to pay for any subsequent month a greater amount than that hereinabove reserved to be paid as rent for that month. The failure or refusal of Landlord to re-let the premises or any part or parts thereof shall not release or affect Tenant's liability for damages. Any security in Landlord's possession not retained by it as liquidated damages may be applied by it for any or all of the aforesaid purposes. Any such liquidated damages shall be paid as additional rent hereunder in monthly installments by Tenant on the rent day specified in this lease and any suit brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of Landlord to collect the deficiency for any subsequent month by a similar proceeding. Landlord, at Landlord's option, may make such alterations, repairs, replacements and, or decorations in the demised premises as Landlord in Landlord's sole judgment considers advisable and necessary for the purpose of re-letting the demised premises; and the making of such alterations and, or decorations shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Landlord shall in no event be liable in any way whatsoever for failure to re-let the demised premises, or in the event that the demised premises are re-let, for failure to collect the rent thereof under such re-letting. In the event of a breach or threatened breach by Tenant of any of the covenants or provisions hereof. Landlord shall have the right of injunction and the right to invoke any remedy allowed at law or inequity as if re-entry, summary proceedings and other remedies were not herein provided for. Mention in this lease of any particular remedy, shall not preclude Landlord from any other remedy, in law or in equity.

FORTY-FIRST:-Notwithstanding anything elsewhere contained in this lease, if by reason of any present or future cause or thing whatsoever (including, without limitation, by reason of any statute, ordinance, judgment, decree, court order or governmental rule or regulation). Tenant will not or shall not be required to pay to Landlord the full amount of rent and additional rent reserved hereunder. then Landlord, at its unrestricted option, may give Tenant not less than live (5) days' notice of intention to end this lease and the term hereof, and thereupon, on the date specified in said notice, this lease and the term hereof shall expire as fully and completely as if that date were the date, herein originally fixed for the expiration of this lease and the term hereof.

FORTY-SECOND:-It is mutually agreed by and between Landlord and Tenant that the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with

COURT ORDER RELATING
TO RENT

WAIVER OF TRIAL BY
JURY

this lease, the relationship of landlord and tenant. Tenant's use or occupancy of said premises, except for personal injury or property damage, or involving the right to any statutory relief or remedy. Tenant will not

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interpose any counterclaim of any nature in any summary proceeding. The provisions of this paragraph shall be binding upon the respective heirs, distributees, executors, administrators, successors and assigns of the parties hereto and all subtenants hereunder.

WAIVER OF
REDEMPTION

FORTY-THIRD:--Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Landlord obtaining possession of demised premises, by reason of the violation by Tenant of any of the covenants and conditions of this lease, or otherwise.

NO WAIVER

FORTY-FOURTH:--(a) If there be any agreement between Landlord and Tenant providing for the cancellation of this lease upon certain provisions or contingencies, and/or an agreement for the renewal hereof at the expiration of the term first above mentioned, the right to such renewal or the execution of a renewal agreement between Landlord and Tenant prior to the expiration of such first mentioned term shall not be considered an extension thereof or a vested right in Tenant to such further term, so as to prevent Landlord from cancelling this lease and any such extension thereof during the remainder of the original term hereby granted: such privilege, if and when so exercised by Landlord, shall cancel and terminate this lease and any such renewal or extension previously entered into between said Landlord and Tenant or the right of Tenant to any such renewal or extension: any right herein contained on the part of Landlord to cancel this lease shall continue during any extension or renewal hereof; any option on the part of Tenant herein contained for an extension or renewal hereof shall not be deemed to give Tenant any option for a further extension beyond the first renewal or extended term.

(b) No act or thing done by Landlord or Landlord's agents during the term hereby demised shall constitute an actual or constructive eviction by Landlord, nor shall be deemed an acceptance of a surrender of said demised premises, and no agreement to accept such surrender shall be valid unless in writing signed by Landlord. In the event that any payment herein provided for by Tenant to Landlord shall become overdue for a period in excess of ten (10) days, then at Landlord's option a "late charge" for such period and for each additional period of twenty (20) days or any part thereof shall become immediately due and owing to Landlord, as additional rent by reason of the failure of Tenant to make prompt payment, at the following rates: for individual and partnership tenants, said late charge shall be computed at the maximum legal rate of interest: for corporate or governmental entity tenants the late charge shall be computed at two percent per month unless there is an applicable maximum legal rate of interest which then shall be used. No employee of Landlord or of Landlord's agents shall have any power to accept the keys of said premises prior to the termination of the lease. The delivery of keys to any employee of Landlord or of Landlord's agents shall not operate as a termination of the lease or a surrender of the premises. In the event of Tenant at any time desiring to have Landlord sublet the premises for Tenant's account. Landlord or Landlord's agents are authorized to receive

said keys for such purposes without releasing Tenant from any of the obligations under this lease, and Tenant hereby relieves Landlord of any liability for loss of or damage to any of Tenant's effects in connection with such subletting.

(c) The failure of Landlord to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this lease, or any of the Rules and Regulations set forth or hereafter adopted by Landlord, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Landlord of rent with knowledge of the breach of any covenant of this lease shall not be deemed a waiver of such breach.

(d) The failure of Landlord to enforce any of the Rules and Regulations set forth, or hereafter adopted, against Tenant and, or any other tenant in the building shall not be deemed a waiver of any such Rules and Regulations. No provision of this lease shall be deemed to have been waived by Landlord, unless such waiver be in writing signed by Landlord.

(e) No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this lease provided.

LICENSE

FORTY-FIFTH:--Tenant covenants that Tenant will not, without the consent of Landlord first obtained in each case, make or grant any license in respect of the demised premises or any part thereof, or in respect of the use thereof, and will not permit any such license to be made or granted.

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FORTY-SIXTH:-Landlord shall replace, at the expense of Tenant, any and all plate and other glass damaged or broken from any cause whatsoever in and about the demised premises. Landlord may insure, and keep insured, at Tenant's expense, all plate and other glass in the demised premises for and in the name of Landlord. Bills for the premiums therefor shall be rendered by Landlord to Tenant at such times as Landlord may elect, and shall be due from, and payable by Tenant when rendered, and the amount thereof shall be deemed to be and be paid as, additional rent.

GLASS AND GLASS
INSURANCE

FORTY-SEVENTH:-If an excavation shall be made upon land adjacent to the demised premises, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, license to enter upon the demised premises for the purpose of doing such work as said person shall deem necessary to preserve the wall or the building of which demised premises form a part from injury or damage and to support the same by proper foundations without any claim for damages or indemnity against Landlord, or diminution or abatement of rent.

ADJACENT
EXCAVATION-SHORING

FORTY-EIGHTH:-Except as otherwise in this lease provided, a bill, statement, notice or communication which Landlord may desire or be required to give to

BILLS AND
NOTICES

Tenant, shall be deemed sufficiently given or rendered if in writing delivered to Tenant personally or sent by registered or certified mail addressed to Tenant at the building of which the demised premises form a part or at the last known residence address or business address of Tenant or left at any of the aforesaid premises addressed to Tenant, and the time of the rendition of such bill or statement and of the giving of such notice or communication shall be deemed to be the time when the same is delivered to Tenant, mailed, or left at the premises as herein provided. Any notice by Tenant to Landlord must be served by registered or certified mail addressed to Landlord at the address first hereinabove given or at such other address as Landlord shall designate by written notice.

FORTY-NINTH:-If and so long as Tenant pays the rent and additional rent reserved hereby and performs and observes the covenants and provisions hereof, Tenant shall quietly enjoy the demised premises, subject, however, to the terms, conditions, exceptions and reservations of this lease, and to the ground, underlying and overriding leases and mortgages hereinbefore mentioned.

QUIET
ENJOYMENT

FIFTIETH:-Upon the expiration or other termination of the term of this lease, Tenant shall quit and surrender to Landlord the demised premises, broom clean, in good order and condition, ordinary wear excepted. Lessee acknowledges that possession of the demised premises must be surrendered to the Lessor at the expiration or sooner termination of the term of this Lease. Lessee agrees it shall indemnify and save Lessor harmless against costs, claims, loss or liability resulting from delay by Lessee in so surrendering the demised premises, including, without limitation, any claims made by any succeeding tenant, founded on such delay. The parties recognize and agree that the damage to Lessor resulting from any failure by Lessee timely to surrender possession of the demised premises as aforesaid will be extremely substantial, will exceed the amount of monthly rent theretofore payable hereunder, and will be impossible of accurate measurement. Lessee therefore agrees that if possession of the demised premises is not surrendered to Lessor within seven (7) days after the date of the expiration or termination of the term of this Lease, then Lessee agrees to pay Lessor as liquidated damages for each month and for each portion of any month during which Lessee holds over in the premises after expiration or termination of the term of this Lease, a sum equal to three times the average rent and additional rent which was payable per month under this Lease during the last six months of the term thereof. The aforesaid provisions of this article shall survive the expiration or sooner termination of the term of this Lease. If the last day of the term of this lease or any renewal thereof falls on Sunday, this lease shall expire on the business day immediately preceding.

QUIT AND
SURRENDER

FIFTY-FIRST:-If Landlord shall be unable to give possession of the demised premises on the date of the commencement of the term hereof for any reason, Landlord shall not be subject to any liability. Under such circumstances, the rent reserved and covenanted to be paid herein shall not commence until the possession of demised premises is given or the premises are available for occupancy by Tenant, and no such failure to give possession on the date of commencement of the term shall in any wise affect the validity of this lease or the obligations of Tenant hereunder, nor shall same be construed in any wise to extend the term of this lease. If Landlord is unable to give possession of the demised premises on the date of the commencement of the term hereof by reason of the holding over or retention of possession of any tenant, tenants or occupants or for any

FAILURE
TO GIVE
POSSESSION

other reason, or if repairs, improvements or decorations of the demised premises or of the building of which said premises form a part, are not completed, no abatement or diminution of the rent to be paid hereunder shall be allowed to Tenant nor shall the validity of the lease be impaired under such circumstances. If permission is given to Tenant to enter into the possession of the demised premises or to occupy premises other

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than the demised premises prior to the date specified as the commencement of the term of this lease. Tenant covenants and agrees that such occupancy shall be deemed to be under all the terms, covenants, conditions and provisions of this lease, except as to the covenant to pay rent. In either case rent shall commence on the date specified in this lease.

REPRESENTATIONS

FIFTY--SECOND:--Landlord or Landlord's agents have made no representations or promises with respect to the said building or demised premises except as herein expressly set forth. The taking possession of the demised premises by Tenant shall be conclusive evidence, as against Tenant, that Tenant accepts same "as is" and that said premises and the building of which the same form a part were in good and satisfactory condition at the time such possession was so taken.

RENT
CONTROL

FIFTY-THIRD:--In the event the fixed annual rent or additional rent or any part thereof provided to be paid by Lessee under the provisions of this lease during the demised term shall become uncollectible or shall be reduced or required to be reduced or refunded by virtue of any Federal, State, County or City law, order or regulation, or by any direction of a public officer or body pursuant to law, or the orders, rules, code, or regulations of any organization or entity formed pursuant to law, whether such organization or entity be public or private, then Lessor, at its option, may at any time thereafter terminate this lease, by not less than thirty (30) days' written notice to Lessee, on a date set forth in said notice, in which event this lease and the term hereof shall terminate and come to an end on the date fixed in said notice as if the said date were the date originally fixed herein for the termination of the demised term. Lessor shall not have the right so to terminate this lease if Lessee within such period of thirty (30) days shall in writing lawfully agree that the rentals herein reserved are reasonable rentals and agree to continue to pay said rentals and if such agreement by Lessee shall be legally enforceable by Lessor.

COVENANTS
BINDING
SUCCESSORS

FIFTY-FOURTH:--The covenants, conditions and agreements contained in this lease shall bind and inure to the benefit of Landlord and Tenant and their respective heirs, distributees, executors, administrators, successors, and, except as otherwise provided in this lease, their assigns.

LEASE
EMBODIES
UNDERSTANDING OF
PARTIES

FIFTY-FIFTH:--Except as may be otherwise contained in a written instrument or instruments duly executed and delivered by and between the parties hereto, this lease contains the entire agreement and understanding of the parties with respect to the demised premises and the respective rights and duties of the parties in relation thereto and in relation to each other. There are no oral understandings or agreements between the parties of any kind. Landlord has made no representations or warranties to Tenant of any kind. All oral representations, warranties and promises prior to or contemporaneous with this written lease (if any be claimed) are and shall be

deemed merged into this lease. This lease cannot be changed or supplemented orally. All promises and agreements made by or between the parties subsequent to the execution and delivery of this lease shall be and be deemed to be null, void and unenforceable unless contained in a writing duly executed and delivered by and between the parties hereto, whether or not the same relate in any way to this lease or any matter covered hereby.

DEFINITIONS

FIFTY-SIXTH:--(a) The term "Landlord" as used in this lease means only the owner or the mortgagee in possession for the time being of the land and building (or the owner of a lease of the entire building or of the land and entire building) of which the demised premises form a part so that in the event of any sale or sales of said land and entire building or of any transfer or conveyance of said lease or in the event of a lease of said entire building or of the land and entire building, the said Landlord shall be and hereby is entirely freed and relieved of all liability for the performance of all covenants and obligations on the part of Landlord to be performed hereunder, and it shall be deemed and considered without further agreement between the parties or other successors in interest or between the parties and the purchaser at any such sale or any transferee or mortgagee or any lessee of the entire building or of the land and entire building that the purchaser, lessee, transferee or grantee has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder. Tenant acknowledges that it has been informed and understands that Landlord is a lessee of the land and entire building of which the demised premises form a part. The term "lease of the entire building or of the land and entire building" shall be deemed to include a sublease thereof, and the term "lessee of the entire building or of the land and entire building" shall be deemed to include a sublessee thereof.

(b) The words "re-entry" as used in this lease are not restricted to their technical legal meaning.

(c) The term "business days" as used in this lease shall exclude Saturdays (except such portion thereof as is covered by the insertion of specific hours herein). Sundays and all days observed by the State or Federal Government as legal holidays.

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(d) From time to time, Tenant, on at least ten (10) days' prior written request by Landlord, will deliver to Landlord a statement in writing certifying that this lease is unmodified and in full force and effect (or if there shall have been modifications, that the same is in full force and effect as modified and stating the modifications) and the dates to which the rent and other charges have been paid and stating whether or not Landlord is in default in performance of any covenant, agreement or condition contained in this lease and if so, specifying each such default of which Tenant may have knowledge.

FIFTY-SEVENTH:--The fixed annual rent reserved in this lease and payable hereunder shall be adjusted, as of the times and in the manner set forth in this Article: (SEE ALSO ARTICLE SIXTY NINTH)

COST OF LIVING
ADJUSTMENTS

(a) Definitions: For the purposes of this Article, the following definitions shall apply;

(i) The term "Base Year" shall mean the full

calendar year 1994.

(ii) The term "Price Index" shall mean the 'Consumer Price Index' published by the Bureau of Labor Statistics of the U.S. Department of Labor, All Items, New York, N.Y.-Northeastern, N.J., all urban consumers (presently denominated "CPI-U"), or a successor or substitute index appropriately adjusted.

(iii) The term "Price Index for the Base Year" shall mean the average of the monthly All Items Price Indexes for each of the 12 months of the Base Year.

(b) Effective as of each January and July subsequent to the Base Year, there shall be made a cost of living adjustment of the fixed annual rental rate payable hereunder. The July adjustment shall be based on the percentage difference between the Price Index for the preceding month of June and the Price Index for the Base Year. The January adjustment shall be based on such percentage difference between the Price Index for the preceding month of December and the Price Index for the Base Year.

(i) In the event the Price Index for June in any calendar year during the term of this lease reflects an increase over the Price Index for the Base Year, then the fixed annual rent herein provided to be paid as of the July 1st following such month of June (unchanged by any adjustments under this Article) shall be multiplied by the percentage difference between the Price Index for June and the Price Index for the Base Year, and the resulting sum shall be added to such fixed annual rent, effective as of such July 1st. Said adjusted fixed annual rent shall thereafter be payable hereunder, in equal monthly installments, until it is readjusted pursuant to the terms of this lease.

(ii) In the event the Price Index for December in any calendar year during the term of this lease reflects an increase over the Price Index for the Base Year, then the fixed annual rent herein provided to be paid as of the January 1st following such month of December (unchanged by any adjustments under this Article) shall be multiplied by the percentage difference between the Price Index for December and the Price Index for the Base Year, and the resulting sum shall be added to such fixed annual rent effective as of such January 1st. Said adjusted fixed annual rent shall thereafter be payable hereunder, in equal monthly installments, until it is readjusted pursuant to the terms of this lease.

The following illustrates the intentions of the parties hereto as to the computation of the aforementioned cost of living adjustment in the annual rent payable hereunder.

Assuming that said fixed annual rent is \$10,000, that the Price Index for the Base Year was 102.0 and that the Price Index for the month of June in a calendar year following the Base Year was 105.0, then the percentage increase thus reflected, i.e. 2,941% ($3.0/102.0$) would be multiplied by \$10,000, and said fixed annual rent would be increased by \$294.10 effective as of July 1st of said calendar year.

In the event that the Price Index ceases to use 82-84=100 as the basis of calculation or if a substantial change is made in the terms or number of items contained in the Price Index, then the Price Index shall be adjusted to the figure that would have been arrived at had the manner of computing the Price Index in effect at the date of this lease not been altered. In the event such Price Index (or a successor or substitute index) is not available, a reliable governmental or other

non-partisan publication evaluating the information theretofore used in determining the Price Index shall be used.

No adjustments or recomputations, retroactive or otherwise, shall be made due to any revision which may later be made in the first published figure of the Price Index for any month.

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(c) Landlord will cause statements of the cost of living adjustments provided for in subdivision (b) to be prepared in reasonable detail and delivered to Tenant.

(d) In no event shall the fixed annual rent originally provided to be paid under this lease (exclusive of the adjustments under this Article) be reduced by virtue of this Article.

(e) Any delay or failure of Landlord, beyond July or January of any year, in computing or billing for the rent adjustments hereinabove provided, shall not constitute a waiver of or in any way impair the continuing obligation of Tenant to pay such rent adjustments hereunder.

(f) Notwithstanding any expiration or termination of this lease prior to the lease expiration date (except in the case of a cancellation by mutual agreement) Tenant's obligation to pay rent as adjusted under this Article shall continue and shall cover all periods up to the lease expiration date, and shall survive any expiration or termination of this lease.

TAX ESCALATION

FIFTY-EIGHTH:--Tenant shall pay to Landlord, as additional rent, tax escalation in accordance with this Article:

(a) Definitions: For the purpose of this Article, the following definitions shall apply.

(i) The term "base tax year" as hereinafter set forth for the determination of real estate tax escalation, shall mean the New York City real estate tax year commencing July 1, 1993 and ending June 30, 1994.

(ii) The term "The Percentage", for purposes of computing tax escalation, shall mean and Twenty hundredths of one percent (4.20%). The Percentage has been computed on the basis of a fraction, the denominator of which is the rentable square foot area of the presently demised premises and the denominator of which is the total rentable square foot area of the office and commercial space in the building project. The parties acknowledge and agree that the rentable square foot area of the presently demised premises shall be deemed to be 21,248 _____ sq.ft. and that the total rentable square foot area of the office and commercial space in the building project shall be deemed to be 505,591 _____ sq.ft.

(iii) The term "the building project" shall mean the aggregate combined parcel of land on a portion of which are the improvements of which the demised premises form a part, with all the improvements thereon, said improvements being a part of the block and lot for tax purposes which are applicable to the aforesaid land.

(iv) The term "comparative year" shall mean the

twelve (12) months following the base tax year, and each subsequent period of twelve (12) months (or such other period of twelve (12) months occurring during the term of this lease as hereafter may be duly adopted as the fiscal year for real estate tax purposes by the City of New York).

(v) The term "real estate taxes" shall mean the total of all taxes and special or other assessments levied, assessed or imposed at any time by any governmental authority upon or against the building project, and also any tax or assessment levied, assessed or imposed at any time by any governmental authority in connection with the receipt of income or rents from said, building project to the extent that same shall be in lieu of all or a portion of any of the aforesaid taxes or assessments, or additions or increases thereof, upon or against said building project. If, due to a future change in the method of taxation or in the taxing authority, or for any other reason, a franchise, income, transit, profit or other tax or governmental imposition, however designated, shall be levied against Landlord in substitution in whole or in part for the real estate taxes, or in lieu of additions to or increases of said real estate taxes, then such franchise, income, transit, profit or other tax or governmental imposition shall be deemed to be included within the definition of "real estate taxes" for the purposes hereof. As to special assessments which are payable over a period of time extending beyond the term of this lease, only a pro rata portion thereof, covering the portion of the term of this lease unexpired at the time of the imposition of such assessment, shall be included in "real estate taxes". If, by law, any assessment may be paid in installments, then, for the purposes hereof (a) such assessment shall be deemed to have been payable in the maximum number of installments permitted by law and (b) there shall be included in real estate taxes, for each comparative year in which such installments may be paid, the installments of such assessment so becoming payable during such comparative year, together with interest payable during such comparative year.

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(vi) Where a "transition assessment" is imposed by the City of New York for any tax (fiscal) year, then the phrases "assessed value" and "assessments" shall mean the transition assessment for that tax (fiscal) year.

(vii) The phrase "real estate taxes payable during the base tax year" shall mean that amount obtained by multiplying the assessed value of the land and buildings of the building project for the base tax year by the tax rate for the base tax year for each \$100 of such assessed value.

(b) 1. In the event that the real estate taxes payable for any comparative year shall exceed the amount of the real estate taxes payable during the base tax year, Tenant shall pay to Landlord, as additional rent for such comparative year, an amount equal to The Percentage of the excess. Before or after the start of each comparative year, Landlord shall furnish to Tenant a statement of the real estate taxes payable for such comparative year, and a statement of the real estate taxes payable during the base tax year. If the real estate taxes payable for such comparative year exceed the

real estate taxes payable during the base tax year, additional rent for such comparative year, in an amount equal to The Percentage of the excess, shall be due from Tenant to Landlord, and such additional rent shall be payable by Tenant to Landlord within ten (10) days after receipt of the aforesaid statement. The benefit of any discount for any earlier payment or prepayment of real estate taxes shall accrue solely to the benefit of Landlord, and such discount shall not be subtracted from the real estate taxes payable for any comparative year.

2. Should the real estate taxes payable during the base tax year be reduced by final determination of legal proceedings, settlement or otherwise, then, the real estate taxes payable during the base tax year shall be correspondingly revised, the additional rent theretofore paid or payable hereunder for all comparative years shall be recomputed on the basis of such reduction, and Tenant shall pay to Landlord as additional rent, within ten (10) days after being billed therefor, any deficiency between the amount of such additional rent as theretofore computed and the amount thereof due as the result of such recomputations. Should the real estate taxes payable during the base tax year be increased by such final determination of legal proceedings, settlement or otherwise, then appropriate recomputation and adjustment also shall be made.

3. If, after Tenant shall have made a payment of additional rent under this subdivision (c), Landlord shall receive a refund of any portion of the real estate taxes payable for any comparative year after the base tax year on which such payment of additional rent shall have been based, as a result of a reduction of such real estate taxes by final determination of legal proceedings, settlement or otherwise, Landlord shall within ten (10) days after receiving the refund pay to Tenant The Percentage of the refund less The Percentage of expenses (including attorneys' and appraisers, fees) incurred by Landlord in connection with any such application or proceeding. If, prior to the payment of taxes for any comparative year, Landlord shall have obtained a reduction of that comparative year's assessed valuation of the building project, and therefore of said taxes, then the term "real estate taxes" for that comparative year shall be deemed to include the amount of Landlord's expenses in obtaining such reduction in assessed valuation, including attorneys' and appraisers' fees.

4. The statements of the real estate taxes to be furnished by Landlord as provided above shall be certified by Landlord and shall constitute a final determination as between Landlord and Tenant of the real estate taxes for the periods represented thereby, unless Tenant within thirty (30) days after they are furnished shall give a written notice to Landlord that it disputes their accuracy or their appropriateness, which notice shall specify the particular respects in which the statement is inaccurate or inappropriate. If Tenant shall so dispute said statement then, pending the resolution of such dispute, Tenant shall pay the additional rent to Landlord in accordance with the statement furnished by Landlord.

5. In no event shall the fixed annual rent under this lease (exclusive of the additional rents under this Article) be reduced by virtue of this Article.

6. If the commencement date of the term of this lease is not the first day of the first comparative year, then the additional rent due hereunder for such first comparative year shall be a proportionate share of said additional rent for the entire comparative year, said proportionate share to be based upon the length of time that the lease term will be in existence during such

first comparative year. Upon the date of any expiration or termination of this lease (except termination because of Tenant's default) whether the same be the date hereinabove set forth for the expiration of the term or any prior or subsequent date, a proportionate share of said additional rent for the comparative year during which such expiration or termination occurs shall immediately become due and payable by Tenant to Landlord, if it was not theretofore already billed and paid. The said proportionate share shall be based upon the length of time that this lease shall have been in existence

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during such comparative year. Landlord shall promptly cause statements of said additional rent for that comparative year to be prepared and furnished to Tenant. Landlord and tenant shall thereupon make appropriate adjustments of amounts then owing.

7. Landlord's and Tenant's obligations to make the adjustments referred to in subdivision (6) above shall survive any expiration or termination of this lease.

8. Any delay or failure of Landlord in billing any tax escalation hereinabove provided shall not constitute a waiver of or in any way impair the continuing obligation of Tenant to pay such tax escalation hereunder.

OCCUPANCY AND USE BY
TENANT

FIFTY-NINTH:--(A). Tenant acknowledges that its continued occupancy of the demised premises, and the regular conduct of its business therein, are of utmost importance to the Landlord in the renewal of other leases in the building, in the renting of vacant space in the building, in the providing of electricity, air conditioning, steam and other services to the tenants in the building, and in the maintenance of the character and quality of the tenants in the building. Tenant therefore covenants and agrees that it will occupy the entire demised premises and will conduct its business therein in the regular and usual manner, throughout the term of this lease. Tenant acknowledges that Landlord is executing this lease in reliance upon these covenants and that these covenants are a material element of consideration inducing the Landlord to execute this lease. Tenant further agrees that if it vacates the demised premises or fails to so conduct its business therein, at any time during the term of this lease, without the prior written consent of the Landlord, then all rent and additional rent reserved in this lease from the date of such breach to the expiration date of this lease shall become immediately due and payable to Landlord.

(B). The parties recognize and agree that the damage to Landlord resulting from any breach of the covenants in subdivision (A) hereof will be extremely substantial, will be far greater than the rent payable for the balance of the term of this lease, and will be impossible of accurate measurement. The parties therefore agree that in the event of a breach or threatened breach of the said covenants, in addition to all of Landlord's other rights and remedies, at law or in equity or otherwise, Landlord shall have the right of injunction to preserve Tenant's occupancy and use. The words "become vacant or deserted" as used elsewhere in this lease shall include Tenant's failure to occupy or use as by this Article required.

(C). If Tenant breaches either of the covenants in subdivision (A) above, and this lease be terminated because of such default, then, in addition to Landlord's rights of re-entry, restoration, preparation for and

rerental, and anything elsewhere in this lease to the contrary notwithstanding, Landlord shall retain its right to judgment on and collection of Tenant's aforesaid obligation to make a single payment to Landlord of a sum equal to the total of all rent and additional rent reserved for the remainder of the original term of this lease, subject to future credit or repayment to Tenant in the event of any rerenting of the premises by Landlord, after first deducting from rerental income all expenses incurred by Landlord in reducing to judgment or otherwise collecting Tenant's aforesaid obligation, and in obtaining possession of, restoring, preparing for and re-letting the premises. In no event shall Tenant be entitled to a credit or repayment for rerental income which exceeds the sums payable by Tenant hereunder or which covers a period after the original term of this lease.

(D). If any provision of this article of this lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Article, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Article and of this lease shall be valid and be enforced to the fullest extent permitted by law.

SIXTIETH:--The Landlord shall be under no obligation to provide access between the "A" Wing and the "B" Wing on the floor of the premises demised herein, and any passageways which may now or hereafter exist between said wings may be discontinued at any time at the discretion of the Landlord.

CAPTIONS

SIXTY-FIRST:--The captions are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this lease nor the intent of any provision thereof.

RULES AND REGULATIONS

SIXTY-SECOND:--Tenant and Tenant's servants, employees, agents, visitors, and licensees shall observe faithfully, and comply strictly with, the Rules and Regulations and such other and further reasonable and non-discriminatory Rules and Regulations as Landlord or Landlord's agents may from time to time adopt. Notice of any additional rules or regulations shall be given in such manner as Landlord may elect. In case Tenant disputes the reasonableness of any additional Rule or Regulation hereafter made or adopted by Landlord or Landlord's agents, the parties hereto agree to submit the question of the reasonableness of such Rule or Regulation for decision to the

Chairman of the Board of Directors of the Management Division of The Real Estate Board of New York, Inc., or to such impartial person or persons as he may designate, whose determination shall be final and conclusive upon the parties hereto. The right to dispute the reasonableness of any additional Rule or Regulation upon Tenant's part shall be deemed waived unless the same shall be asserted by service of a notice in writing upon Landlord within ten (10) days after the adoption of any such additional Rule or Regulation. Nothing in this lease contained shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations or terms, covenants or conditions in any other lease, as against any other tenant and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its servants, employees, agents, visitors or licensees.

The use in the demised premises of auxiliary heating devices, such as portable electric heaters, heat lamps or other devices whose principal function at the time of operation is to produce space heating, is prohibited.

SIXTY-THIRD:--It is understood and agreed that this lease is submitted to Tenant on the understanding that it shall not be considered an offer and shall not bind Landlord in any way until (i) Tenant has duly executed and delivered duplicate originals to Landlord and (ii) Landlord has executed and delivered one of said originals to Tenant.

(SEE RIDER ATTACHED)

In Witness Whereof, Landlord and Tenant have respectively signed and sealed this lease as of the day and year first above written:

LANDLORD:
500/512 SEVENTH AVENUE ASSOCIATES
HELMSLEY-SPEAR, INC., AGENTS

Witness for Landlord:

By: /s/ Irving Schneider

EXECUTIVE VICE PRESIDENT

TENANT:
G-III LEATHER FASHIONS, INC.

Witness for Tenant:

By: /s/ Alan Feller

ACKNOWLEDGEMENTS.

LANDLORD

PARTNERSHIP TENANT

State of New York)
 ss.
County of New York)

State of New York)
 ss.
County of New York)

On this ____ day of _____,
19___, before me personally came _____,
to me known and known to me to be a partner of _____, a
co-partnership, mentioned and described in, and which executed the
foregoing instrument, and the said _____ duly acknowledge to me that he
executed the said instrument for and on behalf of and with the authority
of said _____ for the uses and purposes therein mentioned

On this ____ day of _____,
19___, before me personally came _____, to me known
and known to me to be a partner of _____, a co-partnership,
mentioned and described in, and which executed the foregoing instrument, and
the said _____ duly acknowledge to _____ that he executed the said instrument for
and on behalf of and with the authority of said _____ for the uses and
purposes therein mentioned

INDIVIDUAL TENANT

CORPORATE TENANT

State of New York)
 ss.
County of New York)

State of New York)
 ss.
County of New York)

On this ____ day of _____,
19___, before me personally came _____, to me known
and known to me to be the individual described in, and who executed, the
forgoing instrument, and acknowledge to me that he executed the same.

On this 15 day of JUNE, 1993,
before me personally came ALAN FELLER, to me known who being by me duly sworn
did depose and say that resides at 345 West 37th Street NEW YORK, NEW YORK.
that he is the SECRETARY AND TREASURER OF G-III LEATHER FASHIONS INC. the
corporation described in and which executed the forgoing instrument and

that he signed his name thereto by order
of the Board of Directors said
corporation

THOMAS D. PATTI
NOTARY PUBLIC State of New York
NO. 31-8296075
Qualified in New York County
Commission Expires January 31, 1995

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TWENTY-FIFTH-A

AIR
CONDITIONING

TWENTY-FIFTH-A With reference to the 35th Floor part of the demised premises Tenant shall have the privilege of using the air conditioning system which affects the whole or a portion of the demised premises, and shall, at its own cost and expense, maintain and operate said system in compliance with all present and future laws and governmental requirements, and shall obtain all governmental licenses and permits now or hereafter required. Tenant shall pay for all electric current, water and refrigerants used in connection, with said system. Tenant, at its own cost and expense, shall make or cause to be made, all repairs, alterations, changes, additions or improvements in and to said system which may be necessary or which may be required or recommended by Landlord or by any governmental authority, and shall furnish all parts and supplies necessary or desirable in connection therewith, but no alterations, changes, additions or improvements shall be made by Tenant without the advance written consent of Landlord. Landlord's charges for electric current, water and refrigerants and for such parts, supplies, repairs, alterations, changes, additions or improvements as are caused to be furnished or made by Landlord shall be payable by Tenant as additional rent upon presentation of Landlord's bill for same. If Tenant shall default in paying any such bill for five (5) days, Landlord shall have the right, in addition to any other rights under this lease to terminate the operation of said air conditioning system without notice to Tenant, and if such default shall continue for sixty (60) days, Landlord shall have the right to remove the whole or any part of said system from the demised premises without notice to Tenant. The non-functioning or defective functioning of said air conditioning system, or Tenant's inability to operate or maintain the same in compliance with lawful requirements, or Landlord's removal thereof or termination of the operation thereof as provided in this paragraph, or any delay, discomfort or inconvenience suffered by Tenant in connection therewith, or, without limitation of or by the foregoing, any other matter or thing related to such system, shall not give rise to any obligation or liability on the part of Landlord and shall not affect this lease or be deemed to release or discharge Tenant of any of Tenant's obligations or liabilities under this lease or otherwise. Title to said system and all present and future parts thereof is and shall be vested in Landlord.

ADDITIONAL CLAUSES attached to and forming a part of lease dated June __, 1993 between 500-512 SEVENTH AVENUE ASSOCIATES and G-III LEATHER FASHIONS, INC.

SIXTY FOURTH: It is understood and agreed tenant shall be permitted to list its firm name or divisions of its firm but no more than five (5) listings in the lobby board of the building. The charge to the tenant shall be \$75.00 for all listings plus tax, per side of building or the charge then in effect.

SIXTY FIFTH: (a) It is understood and agreed that tenant shall have immediate possession of the demised premises free of rent upon execution of this lease through December 31, 1993, but shall be subject to all other terms and conditions of this lease including the payment of electricity.

(b) From and after the execution of this Lease by Landlord and Tenant, and delivery to Tenant of a fully-executed copy thereof Tenant may continue to occupy 34-03 at its present fixed and additional rent and upon its commencement of construction of its Initial Alteration Work, (as hereinafter defined), Landlord will make space in the building available to Tenant, on a temporary basis, (the "Temporary Space"). The term of such occupancy shall end on December 31, 1993 but will be extended to February 28, 1994 if Tenant's Initial Work is not substantially completed by December 31, 1993. Tenant agrees to take possession of the Temporary Space in its "as is" condition with no obligation in Landlord to do any work therein or thereto to make such space suitable and ready for Tenant's occupancy and use. Tenant shall surrender broom-clean possession to landlord of the Temporary Space on or before December 31, 1993. For the Temporary Space, Tenant shall pay fixed rental of \$15 per square foot calculated on a maximum of 4,300 square feet, plus electricity. Otherwise, Tenant's occupancy and use of the Temporary Space shall be pursuant to all of the applicable provisions of this Lease.

In the event that Tenant shall fail timely to vacate and surrender the Temporary Space by December 31, 1993 or any extension thereof, then Tenant shall pay to Landlord, as liquidated damages, for each month or portion thereof during which Tenant continues to occupy the Temporary Space after the commencement date of the term of this Lease, a sum equal to \$30 per square foot, it being agreed that the damage to landlord resulting from the failure by Tenant to timely vacate and surrender the Temporary Space will be substantial and will be impossible of accurate measurement.

(c) Notwithstanding any of the foregoing it is expressly understood and agreed that the monthly Rent and Additional Rent payments for the demised premises shall begin on January 1, 1994 whether or not Tenant has completed its Initial Alteration Work.

SIXTY SIXTH: Tenant shall perform all initial alteration work to make the demised premises suitable and ready for Tenant's occupancy and use (the "Initial Alteration Work"). Tenant shall, within sixty (60) days after the execution of this Lease by Tenant, furnish Landlord for its approval a complete set of architectural and engineering plans and specifications for such work including air conditioning. Landlord, promptly upon receipt of same, shall approve such plans and specifications, or return them with advice as to what changes are required for its approval to be forthcoming.

Tenant, at its own cost and expense (except as herein provided), will cause the Initial Alteration Work to be effected in accordance with Tenant's approved plans and specifications, pursuant to the provisions of Article TWELFTH and FIFTEENTH, as supplemented by Article SIXTEENTH, hereof, and in accordance with all applicable laws, rules and regulations.

Tenant as part of its Initial Alteration Work will install an air conditioning unit or units sufficient to air condition all or part of the demised premises. In connection therewith Tenant agrees to pay as Additional Rent an Electric Riser Charge of \$5.00 per ton, per month for each unit.

SIXTY SEVENTH: Provided Tenant is not then in material default under this Lease beyond any grace period, landlord will pay up to the first \$488,704 ("Landlord's Work Contribution") of the costs of labor and materials, excluding the costs of Tenant's personal property, in effecting the Initial Alteration Work. If such costs are lower than \$488,704, then Landlord's aforescribed contribution obligation shall be satisfied by its paying such amount lower than \$488,704. Any such costs in excess of \$488,704 shall be paid promptly by Tenant.

In connection with the Initial Alteration Work, Tenant shall provide Landlord with true copies of paid bills, showing the cost of the items of the Initial Alteration Work to be included in the aforesaid total up to \$488,704, and Landlord shall reimburse Tenant for the amount set forth in said bills in accordance with Landlord's obligation hereunder within twenty (20) days unless Landlord requests further verification of payment.

SIXTY EIGHTH: Landlord AGREES that, at its expense, it shall effect the following work ("Landlord's Work") in and to the demised premises, in a Building standard manner and using Building standard materials, which work shall constitute Landlord's sole obligation hereunder:

1. Install bathrooms as required pursuant to the Americans With Disabilities Act. Landlord will use best efforts to coordinate its construction with that of Tenant.
2. Remove existing installations from 35th Floor and from the portion of the 34th Floor not presently occupied by Tenant So that same shall be delivered vacant and free of same in "shell" condition.

SIXTY NINTH: Anything in Article FIFTY-SEVENTH to the contrary notwithstanding, the cost of living adjustment of the fixed annual rental rate computed as provided in said Article FIFTY-SEVENTH, which shall be payable for any single calendar year, or for any portion thereof, shall not exceed an amount equal to four (4%) of the fixed annual rental rate payable under this lease as of December 1st of the immediately preceding calendar year (including any Adjustments Under Article FIFTY-SEVENTH).

Please note that this limitation is intended to operate as follows: if the Base Year fixed annual rental rate is \$10,000, and the percentage limitation is, say, 4%, then the maximum escalation for the first calendar year following the Base Year is 4% X \$10,000, or \$400 (for a maximum rental of \$10,400); the maximum escalation for the second calendar year following the Base Year is 4% X \$10,400, or \$416 (for a maximum rental of \$10,816); for the third year, the maximum escalation is 4% X \$10,816, or \$432.64 (for a maximum rental of \$11,248.64), etc.

SEVENTYTH: Anything to the contrary contained in Article Thirty-Fifth notwithstanding, should Landlord elect not to give such notice of termination and the demised premises are not restored so that Tenant may resume its regular course of business operations within 180 days after such fire or other cause, Tenant shall have the right to give Landlord a notice in writing of termination, which notice shall be given as provided in this Lease

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and thereupon the term of this Lease shall expire by lapse of time on the third day after such notice is given, and Tenant shall vacate the demised premises and surrender same to Landlord.

LANDLORD:
500-512 SEVENTH AVENUE ASSOCIATES
HELMSLEY-SPEAR, INC., AGENTS

By: /s/ Irving Schneider

EXECUTIVE VICE PRESIDENT

TENANT:
G-III LEATHER FASHIONS, INC.

By: /s/ Alan Feller

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RULES AND REGULATIONS

1. The sidewalks, entrances, passages, courts, elevators, vestibules, stairways, corridors or halls shall not be obstructed or encumbered by any

Tenant or used for any purpose other than ingress and egress to and from the demised premises, and if said premises are situate on the ground floor of the building the Tenant thereof shall further, at said Tenant's own expense, keep the sidewalks and curb directly in front of said premises clean and free from ice, snow, etc.

2. The freight and not the passenger elevators shall be used by the working hands of Tenant and persons calling for and delivering goods to and from the demised premises.

3. No awnings or other projections shall be attached to the outside walls of the building without the prior written consent of Landlord. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the demised premises, without the prior written consent of the Landlord. Such awnings, projections curtains, blinds, shades, screens or other fixtures must be of a quality, type, design and color, and attached in the manner approved by Landlord.

4. No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any Tenant on any part of the outside or inside of the demised premises or building without the prior written consent of Landlord. Interior signs on doors shall be inscribed, painted or affixed for each Tenant by Landlord at the expense of such Tenant, and shall be of a size, color and style acceptable to Landlord. Only the Tenant named in the lease shall be entitled to appear on the Directory Board or Tablet. Additional names may be added in Landlord's sole discretion under such terms and conditions as he may approve.

5. The sashes, sash doors, skylights, windows and doors that reflect or admit light and air into the halls, passageways or other public places in the building shall not be covered by any Tenant, nor shall any bottles, parcels, or other articles be placed on the windowsills.

6. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by Tenant who, or whose servants, employees, agents, visitors or licensees, shall have caused the same.

7. No Tenant shall mark, paint, drill into, or in any way deface any part of the demised premises or the building of which they form a part. No boring, cutting or stringing of wires shall be permitted, except with the prior written consent of Landlord, and as Landlord may direct. No linoleum or other floor covering shall be laid in direct contact with the floor of the demised premises, but if any such covering is required by Tenant, an interlining of builder's deadening felt shall first be affixed to the floor with paste or other water soluble material, the use of cement or other adhesive non-soluble in water is expressly prohibited.

8. No Tenant shall make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them whether by the use of any instrument, radio, talking machine, musical noise, whistling, singing or in any other way.

9. No Tenant, nor any of Tenant's servants, employees, agents, visitors, or licensees, shall at any time bring or keep upon the demised premises any inflammable, combustible or explosive fluid, chemical and substance, or cause or permit any unusual or objectionable odors to be produced upon or permeate from the demised premises. No animals or birds shall be kept by Tenant in or about the building.

10. Landlord reserves the right to inspect all freight to be brought into the building and to exclude from the building all freight which violates any of these Rules and Regulations or the lease of which these Rules and Regulations are a part.

11. Landlord shall have the right to prohibit any advertising by any Tenant which, in its opinion, tends to impair the reputation of the building or its desirability and, upon written notice from Landlord. Tenant shall refrain from or discontinue such advertising.

12. Canvassing, soliciting and peddling in the building is prohibited and each Tenant shall co-operate to prevent the same.

13. There shall not be used in any space, or in the public halls of any building, either by any Tenant or by jobbers or others, in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side guards.

14. No Tenant shall purchase spring water, ice, towels, or other like service, from any company or persons not approved by Landlord.

15. The use in the demised premises of auxiliary heating devices, such as portable electric heaters, heat lamps or other devices whose principal function at the time of operation is to produce space heating, is prohibited.

[MAP OMITTED]

NAVARRE MERCANTILE BUILDING, S.W. Corner 7th Ave & 38th Street

[MAP OMITTED]

NAVARRE MERCANTILE BUILDING, S.W. Corner 7th Ave & 38th Street

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FIRST AMENDMENT TO LEASE

BETWEEN

500-512 SEVENTH AVENUE LIMITED PARTNERSHIP, LANDLORD

AND

G-111 LEATHER FASHIONS, INC., Tenant

PREMISES:

ENTIRE 34TH AND 35TH FLOORS
512 SEVENTH AVENUE
NEW YORK, NEW YORK

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FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") made as of the 1st day of July, 2000, by and between 500-512 SEVENTH AVENUE LIMITED PARTNERSHIP, a New York limited partnership, having an office c/o Newmark & Company Real Estate, Inc. ("Landlord"), and G-111 LEATHER FASHIONS, INC., a New York corporation, having an office at 512 Seventh Avenue, New York, New York ("Tenant").

WITNESSETH:

WHEREAS, by Agreement of Lease dated as of June, 1993 (such lease, as the same may have been or may hereafter be amended, is hereinafter called the "Lease"), Landlord's predecessor-in-interest, did demise and let unto Tenant and Tenant did hire and take from Landlord's predecessor-in-interest the entire thirty-fourth (34th) and thirty-fifth (35th) floors (collectively, the "demised premises") as more particularly described in the Lease in the building (the "Building") known by the street address 512 Seventh Avenue, New York, New York;

WHEREAS, the term of the Lease currently expires on January 31, 2003;

WHEREAS, Tenant desires to extend the term of the Lease and Landlord is agreeable thereto on the terms and conditions hereinafter set forth; and

WHEREAS, Landlord and Tenant desire to modify and amend the Lease as hereinafter provided.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. All capitalized terms used herein shall have the meanings ascribed to them in the Lease unless otherwise specifically set forth herein to the contrary.

2. The term of the Lease is hereby extended for an additional term (the "Extended Term") of ten (10) years and nine (9) months commencing on July 1, 2000 (the "Extended Term Commencement Date") and ending on March 31, 2011 (the "Expiration Date"), as if the Expiration Date was originally set forth in the Lease as the expiration date thereof, instead of January 31, 2003.

3. Effective as of the first day of the Extended Term:

(a) The fixed annual rent to be paid by Tenant to Landlord under the

Lease during the Extended Term shall be abated during the period commencing on the Extended Term Commencement Date and ending on December 31, 2000, and thereafter shall be payable as follows:

(i) For the period commencing on January 1, 2001 and ending on December 31, 2001, the fixed annual rent shall be Five Hundred Fifty Two Thousand Four Hundred Forty-Eight and 00/100 Dollars (\$552,448.00) per year, or Forty Six Thousand Thirty-Seven and 33/100 Dollars (\$46,037.33) per month;

(ii) For the period commencing on January 1, 2002 and ending on December 31, 2002, the fixed annual rent shall be Five Hundred Sixty-Nine Thousand Twenty-One and 44/100 Dollars (\$569,021.44) per year, or Forty-Seven Thousand Four Hundred Eighteen and 45/100 Dollars (\$47,418.45) per month;

(iii) For the period commencing on January 1, 2003 and ending on December 31, 2003, the fixed annual rent shall be Five Hundred Eighty-Six Thousand Ninety-Two and 08/100 Dollars (\$586,092.08) per year, or Forty-Eight Thousand Eight Hundred Forty-One and 01/100 Dollars (\$48,841.01) per month;

(iv) For the period commencing on January 1, 2004 and ending on December 31, 2004, the fixed annual rent shall be Six Hundred Three Thousand Six Hundred Seventy-Four and 85/100 Dollars (\$603,674.85) per year, or Fifty Thousand Three Hundred Six and 24/100 Dollars (\$50,306.24) per month;

(v) For the period commencing on January 1, 2005 and ending on December 31, 2005, the fixed annual rent shall be Six Hundred Twenty-One Thousand Seven Hundred Eighty Five and 09/100 Dollars (\$621,785.09) per year, or Fifty-One Thousand Eight Hundred Fifteen and 42/100 Dollars (\$51,815.42) per month;

(vi) For the period commencing on January 1, 2006 and ending on December 31, 2006, the fixed annual rent shall be Seven Hundred Twenty-Five Thousand Three Hundred Fifty-Nine and 97/100 Dollars (\$725,359.97) per year, or Sixty Thousand Four Hundred Forty-Six and 66/100 Dollars (\$60,446.66) per month;

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(vii) Notwithstanding anything to the contrary contained herein, for the period commencing on January 1, 2006 and ending on March 31, 2006, the fixed annual rent shall be abated;

(viii) For the period commencing on January 1, 2007 and ending on December 31, 2007, the fixed annual rent shall be Seven Hundred Forty-Four Thousand Five Hundred Seventy One and 01/100 Dollars (\$744,571.01) per year, or Sixty-Two Thousand Forty-Seven and 58/100 Dollars (\$62,047.58) per month;

(ix) For the period commencing on January 1, 2008 and ending on December 31, 2008, the fixed annual rent shall be Seven Hundred Sixty-Four Thousand Three Hundred Fifty-Eight and 38/100 Dollars (\$764,358.38) per year, or Sixty-Three Thousand Six Hundred Ninety-Six and 53/100 Dollars (\$63,696.53) per month;

(x) For the period commencing on January 1, 2009 and ending on December 31, 2009, the fixed annual rent shall be Seven Hundred Eighty-Four Thousand Seven Hundred Thirty-Nine and 38/100 Dollars (\$734,739.38) per year, or Sixty Five Thousand Three Hundred Ninety-Four and 95/100 (\$65,394.95) per month; and

(xi) For the period commencing on January 1, 2010 and ending on December 31, 2010, the fixed annual rent shall be Eight Hundred Five Thousand Seven Hundred Thirty-One and 80/100 Dollars (\$805,731.80) per year, or Sixty-Seven Thousand One Hundred Forty-Four and 32/100 Dollars (\$67,144.32) per month; and

(xii) For the period commencing on January 1, 2011 and ending on March 31, 2011, the fixed annual rent shall be Eight Hundred Twenty-Seven Thousand One Hundred Eighty-Four and 64/100 Dollars (\$827,184.64) per year, or Sixty-Eight Thousand Nine Hundred Thirty-Two and 05/100 Dollars (\$68,932.05) per month.

Except as set forth above, the fixed annual rent shall be paid by Tenant to Landlord in equal monthly installments in advance on the first day of

each and every month without any set-off or deduction whatsoever in the manner provided in the Lease.

(b) The Fourth Article of the Lease is hereby deleted and the following is substituted therefor:

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"Tenant shall use and occupy the demised premises for showroom, design, general offices and sales offices for sale at wholesale and not retail, of all apparel and accessories."

(c) The Tenth Article of the Lease is hereby deleted and the following is substituted therefor:

"TENTH: - (i) Tenant shall not (A) assign or otherwise transfer this Lease or the term and estate hereby granted, (B) sublet the demised premises or any part thereof or allow the same to be used or occupied by others or in violation of Fourth Article hereof, (C) mortgage, pledge or encumber this Lease or the demised premises or any part thereof in any manner or permit any lien to be filed against this Lease, the demised premises or the Building by reason of any act or omission on the part of Tenant or enter into any agreement which would permit the filing of a lien by any broker (except for a broker's agreement in connection with a proposed assignment by Tenant of its rights and obligations under the Lease or a sublease of all or a portion of the demised premises), or (D) advertise, or authorize a broker to advertise, for a subtenant or an assignee at a specified rental rate, without, in each instance, obtaining the prior consent of Landlord, except as otherwise expressly provided in this Article 10. For purposes of this Article 10, (w) the transfer of a majority of the issued and outstanding capital stock of any corporate tenant, or of a corporate subtenant, or the transfer of a majority of the total interest in any partnership tenant or subtenant, however accomplished, whether in a single transaction or in a series of related or unrelated transactions, shall be deemed an assignment of this Lease, or of such sublease, as the case may be, except that the transfer of the outstanding capital stock of any corporate tenant, or subtenant, shall be deemed not to include the sale of such stock by persons or parties, through the "over-the-counter market" or through any recognized stock exchange, other than those deemed "insiders" within the meaning of the Securities Exchange Act of 1934 as amended (provided, however, that any transfer of stock of Tenant or any affiliate of Tenant by Morris Goldfarb to members of his immediate family for estate planning purposes shall not be deemed to effect an assignment of the Lease), (x) a takeover agreement shall be deemed a transfer of this Lease, (y) any person or legal representative of Tenant, to whom Tenant's interest under this Lease passes by

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operation of law, or otherwise, shall be bound by the provisions of this Article 10, and (z) a modification, amendment or extension of a sublease shall be deemed a sublease.

(ii) The provisions of subparagraph (i) hereof shall not apply to transactions with a corporation into or with which Tenant is merged or consolidated or with an entity to which substantially all of Tenant's assets are transferred or, if Tenant is a partnership, with a successor partnership (provided such merger or transfer of assets is for a good business purpose and not principally for the purpose of transferring the leasehold estate created hereby, and provided further, that either the (x) the assignee has a net worth at least equal to or in excess of the net worth of Tenant immediately prior to such merger or transfer, or (y) such assignee delivers a letter of credit, in the form annexed hereto as Exhibit A, in the amount equal to the product of (A) twelve (12) and (B) the then prevailing monthly fixed rent).

(iii) Any assignment or transfer, whether made with Landlord's consent as required by subparagraph (i) or without Landlord's consent pursuant to subparagraph (ii) hereof, shall be made only if, and shall not be effective

until, the assignee shall execute, acknowledge and deliver to Landlord a recordable agreement (unless the assignment shall be a "deemed" assignment by reason of a transfer of a majority interest in Tenant), in form and substance reasonably satisfactory to Landlord, whereby the assignee shall assume the obligations and performance of this Lease and agree to be personally bound by and upon all of the covenants, agreements, terms, provisions and conditions hereof on the part of Tenant to be performed or observed and whereby the assignee shall agree that the provisions of subparagraph (i) hereof shall, notwithstanding such an assignment or transfer, continue to be binding upon it in the future. Tenant covenants that, notwithstanding any assignment or transfer, whether or not in violation of the provisions of this Lease, and notwithstanding the acceptance of fixed annual rent by Landlord from an assignee or transferee or any other party, Tenant shall remain fully and primarily liable for the payment of the fixed annual rent and additional rent due and to become due under this Lease and for the performance of all of the covenants, agreements, terms, provisions and conditions of this Lease on the part of Tenant to be performed or observed.

(iv) The liability of Tenant, and the due performance by Tenant of the obligations on its part to be performed under this Lease, shall not

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such payment within thirty (30) days after the giving of such notice, then Tenant shall be entitled to offset the amount not paid against the next rent coming due under the Lease. Notwithstanding anything herein to the contrary, such offset right shall not be binding upon nor inure to any mortgagee or superior lessor.

(E) If pursuant to the exercise of any of Landlord's options pursuant to this subparagraph (v) this Lease is terminated as to only a portion of the demised premises, then the fixed annual rent payable hereunder and the additional rent payable pursuant to the terms of this Lease shall be adjusted in proportion to the portion of the demised premises affected by such termination.

(vi) In the event that Landlord does not exercise any of the options available to it pursuant to subparagraph (v) hereof, Landlord shall not unreasonably withhold or delay its consent to an assignment of this Lease or a subletting of the whole or any part of the demised premises for substantially the remainder of the term of this Lease, provided:

(A) Tenant shall furnish Landlord with the name and business address of the proposed subtenant or assignee and information with respect to the nature and character of the proposed subtenant's or assignee's business, or activities, such references and current financial information with respect to net worth, credit and financial responsibility as are reasonably satisfactory to Landlord, and an executed counterpart of the sublease or assignment agreement;

(B) The proposed subtenant or assignee is a party whose financial net worth, credit and financial responsibility is, considering the responsibilities involved, reasonably satisfactory to Landlord;

(C) The nature and character of the proposed subtenant or assignee, its business or activities and intended use of the demised premises is, in Landlord's reasonable judgment, in keeping with the standards of the Building and the floor or floors on which the demised premises are located;

(D) The proposed subtenant or assignee is not then an occupant of any part of the Building or a party who dealt with Landlord or Landlord's agent (directly or through a broker) with respect

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to space in the Building during the six (6) months immediately preceding Tenant's request for Landlord's consent;

(E) All costs incurred with respect to providing reasonably appropriate means of ingress and egress from the sublet space or to separate the sublet space from the remainder of the demised premises shall, subject to the provisions of this Lease with respect to alterations, installations, additions or improvements be borne by Tenant;

(F) Each sublease shall specifically state that (x) it is subject to all of the applicable terms, covenants, agreements, provisions, and conditions of this Lease, (y) the subtenant will not have the right to a further sublease thereunder (except the subtenant of an entire floor of the demised premises shall have all the rights to assign and sublease afforded to the named Tenant herein (i.e., G-III Leather Fashions, Inc.); provided, notwithstanding the provisions of subparagraph (vii)(B) of this Article 10, such subtenant shall pay to Landlord any and all rents, additional charge or other consideration payable under such sub-sublease or otherwise to subtenant by the sub-subtenant which is in excess of the fixed annual rent and additional rent accruing during the term of such sub-sublease in respect of the sub-subleased space (at the rate per square foot payable by subtenant thereunder) pursuant to the terms of this Lease (including, but not limited to, sums paid for the sale or rental of subtenant's fixtures, leasehold improvements, equipment, furniture or other personal property, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of subtenant's federal income tax returns), and less the reasonable costs of effecting such transaction, including, without limitation, brokerage commissions, legal fees and build out costs, or to allow the demised premises to be used by others, without the consent of Landlord in each instance, and (z) a consent by Landlord thereto shall not be deemed or construed to modify, amend or affect the terms and provisions of this Lease, or Tenant's obligations hereunder, which shall continue to apply to the premises involved, and the occupants thereof, as if the sublease had not been made;

(G) Tenant shall together with requesting Landlord's consent hereunder, have paid Landlord any reasonable out-of-pocket costs incurred by Landlord to review the requested consent including any attorneys fees incurred by Landlord;

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(H) The proposed subtenant or assignee is not (w) a retail branch of a bank trust company, safe deposit business, savings and loan association or loan company; (x) an employment or recruitment agency; (y) school, college, university or educational institution whether or not for profit; (z) a government or any subdivision or agency thereof;

(I) In the case of a subletting of a portion of the demised premises, the layout of the portion so sublet shall be commercially reasonable and suitable for normal renting purposes and such subletting will not result in more than two (2) occupants (including Tenant) occupying the demised premises; and

(J) Tenant shall not have advertised or listed with any brokers the proposed assignment or subletting at a rental rate less than the rental rates then being charged under leases being entered into by Landlord for comparable space in the Building.

(vii) If Tenant shall assign this Lease or sublease all or any part of the demised premises, Tenant shall pay to Landlord, as additional rent:

(A) in the case of an assignment, an amount equal to one-quarter (1/4) of all sums and other considerations paid to Tenant by the assignee for or by reason of such assignment or otherwise (including, but not limited to, sums paid for the sale of Tenant's fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property, less, in the case of a sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax returns); and

(B) in the case of a sublease, one-quarter (1/4) of the amount equal to any and all rents, additional charge or other consideration payable under the sublease or otherwise to Tenant by the subtenant which is in excess of the fixed annual rent and additional rent accruing during the

term of the sublease in respect of the subleased space (at the rate per square foot payable by Tenant hereunder) pursuant to the terms hereof (including, but not limited to, sums paid for the sale or rental of Tenant's fixtures, leasehold improvements, equipment, furniture or other personal property, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax returns).

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The sums payable under this subparagraph (vii) shall be paid to Landlord as and when paid by the subtenant or assignee, as the case may be, to Tenant.

(viii) If Tenant defaults in the payment of any rent, Landlord is authorized to collect any rents due or accruing from any assignee, subtenant or other occupant of the demised premises and to apply the net amounts collected to the fixed annual rent and additional rent reserved herein. The receipt by Landlord of any amounts from an assignee or subtenant, or other occupant of any part of the demised premises shall not be deemed or construed as releasing Tenant from Tenant's obligations hereunder or the acceptance of that party as a direct tenant."

(d) The Twelfth Article of the Lease is hereby supplemented with the following:

"(c) Notwithstanding anything to the contrary, Landlord shall have the right and privilege to serve at any time up to six (6) months prior to the expiration of the term of this Lease, a notice upon Tenant that any 'nonstandard alterations' shall be removed and, in the event of service of such notice, Tenant will, at Tenant's cost and expense, remove the same in accordance with such request and repair any damage to the demised premises caused by such removal; provided that Landlord shall have advised Tenant at the time it consented to any such nonstandard alteration that Landlord may require its removal at the end of the Lease term, if and to the extent that Tenant shall have requested in writing such advice from Landlord when it requested Landlord's consent to such alteration. For the purposes of this Article 12, a 'nonstandard alteration' shall mean auditoriums or similar type special use areas, vaults, atriums, kitchen equipment and installations, internal stairways, slab reinforcements, raised floors or other alterations which impede the installation of duct work or other normal installations above the finished ceiling or which are not suitable for normal office occupancy or which would be unusually difficult or costly to remove in comparison to usual alterations required for general office purposes. Notwithstanding the foregoing, it is understood and agreed by the parties hereto that all improvements and other alterations to the demised premises made by or on behalf of Tenant prior to July 1, 2000, shall be deemed to be standard alterations which Landlord may not require Tenant to remove."

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(e) The Twenty-Second Article of the Lease is hereby deleted and the following is substituted therefor:

"(i) Tenant agrees that Landlord shall furnish electricity to Tenant on a 'submetering' basis. Landlord shall install any submeters reasonably required in Landlord's judgment in the demised premises for the purposes of this Article, at Tenant's sole cost and expense. Electricity and electric service, as used herein, shall mean any element affecting the generation, transmission, and/or distribution or redistribution of electricity, including, but not limited to, services which facilitate the distribution of service.

(ii) Tenant covenants and agrees to purchase electricity from Landlord or Landlord's designated agent at charges, terms and rates, including, without limitation, fuel adjustments and taxes, equal to those specified in the Con Edison SC#4-I rate schedule effective on the date Landlord first provides electricity to the demised premises on a submetering basis (the "effective" date), or any successor rate schedule or

service classification, plus five percent (5%) for transmission line loss and other redistribution costs. Where more than one (1) meter measures the service of Tenant in the Building, then the service registered by each meter shall be aggregated and billed at the applicable rate as if there were only one (1) sub-meter measuring Tenant's aggregate use in the entire demised premises. Bills therefore shall be rendered at such times as Landlord may elect and the amount, as computed from a meter, shall be deemed to be, and be paid as, Additional Charges. If any tax is imposed by any Federal, State or Municipal authority upon Landlord's receipts from the sale or resale of electrical energy to Tenant hereunder, Tenant covenants and agrees that where permitted by law, Tenant's pro-rata share of such taxes shall be included in the amount of Additional Charges to be paid by Tenant to Landlord hereunder.

(iii) If all or part of the submetering additional rent payable in accordance with this Article 22 becomes uncollectible or reduced or refunded by virtue of any law, order or regulation, the parties agree that, at Landlord's option, in lieu of submetering Additional Charges, and in consideration of Tenant's use of the Building's electrical distribution system and receipt of redistributed electricity and payment by Landlord of consultant's fees and other redistribution costs, the fixed annual rent to be paid under this Lease shall be increased by an "alternative charge" which shall be the

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average per rentable square foot rate payable by Tenant for electricity during the prior twelve (12) month period pursuant to this Article.

(iv) Landlord shall not be liable for any loss or damage or expense which Tenant may sustain or incur if either the quantity or character of electric service is changed or is no longer available or suitable for Tenant's requirements. Tenant covenants and agrees that at all times its use of electric current shall never exceed the capacity of existing feeders to the Building or wiring installation. Any riser or risers to supply Tenant's electrical requirements, upon written request of Tenant, will be installed by Landlord, at the sole cost and expense of Tenant, if, in Landlord's reasonable judgment, the same are reasonably necessary and will not cause permanent damage or injury to the Building or demised premises or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations, repairs or expenses or otherwise interfere with or disturb other tenants or occupants of the Building, except to a de minimis extent. In addition to the installation of such riser or risers, Landlord will also at the sole cost and expense of Tenant, install all other equipment proper and necessary in connection therewith subject to the aforesaid terms and conditions. The parties acknowledge that they understand that it is anticipated that electric rates, charges, etc., may be changed by virtue of time-of-day rates or other methods of billing, electricity purchases and the redistribution thereof, and that the references in the foregoing paragraphs to changes in methods of or rules on billing are intended to include any such changes. Anything hereinabove to the contrary notwithstanding, in no event is the submetering additional rent or any "alternative charge", to be less than an amount equal to the total of Landlord's payment to public utilities and/or other providers for the electricity consumed by Tenant (and any taxes thereon or on redistribution of same) plus five percent (5%) for transmission line loss and other redistribution costs. Landlord reserves the right to terminate the furnishing of electricity upon sixty (60) days' prior written notice to Tenant; provided Landlord terminates the furnishing of electricity to at least fifty percent (50%) of the tenants of the Building (not including those retail tenants on the ground floor of the Building) to whom Landlord is furnishing electricity on a submetered basis, in which event the Tenant may make application directly to the public utility and/or other providers for the Tenant's entire separate supply of electric current and Landlord shall permit its wires and conduits, to the extent available and safely capable, to be used for such purpose, but only to the extent of Tenant's then

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authorized load. Any meters, risers, or other equipment or connections reasonably necessary to furnish electricity on a submetering basis or to enable Tenant to obtain electric current directly from such utility and/or other providers shall be installed at Tenant's sole cost and expense. Only rigid conduit or electrical metal tubing (EMT) will be allowed. Landlord, upon the expiration of the aforesaid sixty (60) days' prior written notice period may discontinue furnishing the electric current but this Lease shall otherwise remain in full force and effect.

(v) Tenant's use of electric energy in the demised premises shall not at any time exceed the capacity of any of the electrical conductors and equipment in or otherwise serving the demised premises. In order to insure that such capacity is not exceeded and to avert possible adverse effect upon the Building's distribution of electricity via the Building's electric system, Tenant shall not, without Landlord's prior consent in each instance (which consent shall not be unreasonably withheld or delayed), connect any fixtures, appliances or equipment (other than normal business machines and personal computers, which do not materially increase Tenant's electrical consumption) to the Building's electric system or make any alterations or additions to the electric system of the demised premises existing on the Extended Term Commencement Date. Landlord shall continue to make electrical energy available to the demised premises in accordance with current practice.

(vi) (1) Upon Tenant's request therefor, Landlord shall provide Tenant with utility invoices and other reasonable documentation supporting its computation of Additional Charges hereunder.

(2) At Landlord's option, Tenant shall purchase from Landlord or Landlord's agent all lighting tubes, lamps, bulbs and ballasts used in the demised premises and Tenant shall pay Landlord's reasonable charges for providing and installing same, on demand, as additional rent."

(f) Tenant shall simultaneously upon execution of the First Amendment of Lease dated as of July 1, 2000 (the "Amendment") deliver to Landlord additional cash security in the amount of Thirty Thousand, Thirty and 83/100 Dollars (\$30,030.83). With Tenant's delivery of this additional cash security, the amount of security provided for in the Thirty-Eighth Article of the

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Lease is hereby amended to be the aggregate amount of Fifty-Six Thousand Five Hundred Ninety and 83/100 Dollars (\$56,590.83).

(g) The Thirty-Ninth Article of the Lease is hereby amended as follows:

(i) All references to "five (5) days" in subparagraph (a) thereof are hereby deleted and "fifteen (15) days" is substituted therefor.

(ii) Subparagraph (b) thereof is hereby amended by deleting proviso (1) therefrom and substituting the following therefor:

"(1) if Tenant shall make default in the payment of the rent reserved herein for a period of five (5) days after receipt of written notice from Landlord that same is past due or default in the payment of additional rent due herein for a period of fifteen (15) days after receipt of written notice from Landlord that same is past due..."

(h) The Forty-Eighth Article of the Lease is hereby amended such that notices sent by Tenant to Landlord shall be sent as set forth in the Lease to c/o Newmark & Company Real Estate, Inc., 125 Park Avenue, New York, New York 10017. A copy of any default or any other notices shall be sent to Arent Fox Kintner Plotkin & Kahn, PLLC, 1675 Broadway, New York, New York 10019, Attention: Jill Hayman, Esq. The Forty-Eighth Article of the Lease is hereby further amended such that a copy of notices sent by Landlord to Tenant shall also be sent to Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York 10103, Attention: Douglas J. Danzig, Esq.

(i) The Fifty-Seventh Article of the Lease is hereby deleted.

(j) The term "base tax year" as set forth in the Fifty-Eighth Article of the Lease is hereby amended to mean "the New York City real estate tax year commencing July 1, 2000 and ending June 30, 2001".

(k) The Sixty-Fifth Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-FIFTH: - Within fifteen (15) days after the Amendment has been fully executed, Landlord shall pay Tenant, as a contribution to the cost of Tenant's work to prepare the demised premises for Tenant's occupancy, the amount of One Hundred Six Thousand Two Hundred Forty and 00/100 (\$106,240.00) Dollars. On February 1, 2006,

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Landlord shall pay Tenant, as a second (2nd) contribution to the cost of Tenant's work to prepare the demised premises for Tenant's occupancy, the amount of Three Hundred Eighteen Thousand Seven Hundred Twenty and 00/100 (\$318,720.00) Dollars."

(I) The Sixty-Sixth Article of the Lease is hereby deleted and the following is substituted thereof:

"SIXTY-SIXTH: - (i) If Tenant shall fail to pay any installment of fixed annual rent for more than five (5) days after the same becomes due and payable or any amount of additional rent for more than fifteen (15) days after the same becomes due and payable (collectively, the "Default Periods"), Tenant shall pay Landlord a late charge of ten cents (\$0.10) for each dollar of such fixed annual rent or additional rent as shall not have been paid to Landlord within said respective Default Periods. Such late charge shall be without prejudice to any of Landlord's rights and remedies hereunder or at law for nonpayment of rent, shall be in addition thereto and shall be deemed to be additional rent. Notwithstanding anything to the contrary contained herein, Tenant shall be permitted to pay an installment of fixed annual rent late once per calendar year without incurring a late charge, provided such payment is received no later than the tenth (10th) day of the month in which such payment is due. Further, notwithstanding anything to the contrary contained herein, Landlord shall waive the late charge for one (1) late payment of additional rent by Tenant per calendar year, provided such payment is received no later than thirty (30) days after the date such payment was due.

(ii) If in accordance with the Thirty-Ninth Article of the Lease, Tenant shall be in default in the payment of (A) any installment of fixed annual rent or any amount of additional rent or (B) any other sum of money which shall become due and payable by Tenant to Landlord pursuant to the terms of this Lease or by reason of Tenant's occupancy of the demised premises, in addition to (and not in lieu of) the late charge provided for in subparagraph (i) above, Tenant shall pay interest thereon at a rate equal to the lesser of four percent (4%) above the prime rate per annum from time to time set forth in The Wall Street Journal, calculated on the basis of the actual days elapsed, based on a 360-day year, or the minimum rate of interest allowed by applicable law(s), if any, then prevailing, from the date on which such installment or payment is due to the date of payment thereof, and such interest shall be deemed to be additional rent.

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(iii) Except as required by statute and under the laws, nothing contained in Article 39 or in this Article 66 shall be deemed to require Landlord to give the notices therein or herein (if any) provided for prior to the commencement of a summary proceeding for nonpayment of rent or a plenary action for the recovery of rent on account of any default in the payment of the same, it being intended that such notices are for the sole purpose of creating a conditional limitation hereunder pursuant to which this Lease shall terminate and if Tenant thereafter remains in possession or occupancy, it shall become a holdover tenant."

(m) The Sixty-Seventh Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-SEVENTH: - (i) This Lease shall be governed in all respects by the laws of the State of New York.

(ii) If, in connection with obtaining financing for the Building, a bank, insurance company or other lending institution shall request reasonable modifications to this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder, decrease the obligations of Landlord hereunder, except to a de minimis extent, or otherwise materially or adversely affect Tenant's leasehold interest hereby created.

(iii) Tenant shall not be entitled to exercise any right of termination or other option granted to it by this Lease (if any) at any time when Tenant is in monetary default, after applicable notice, grace and/or cure periods, in the performance or observance of any of the covenants, terms, provisions or conditions on its part to be performed or observed under this Lease.

(iv) Tenant shall not occupy any space in the Building (by assignment, sublease or otherwise) other than the demised premises or other premises leased to Tenant directly by Landlord (except if the named Tenant herein is subsequently purchased by a third party which leases space in the Building), except with the prior written consent of Landlord in each instance..

(v) Tenant acknowledges that it has no rights to any development rights, "air rights" or comparable rights appurtenant to the land or building, and consents, without further consideration, to any utilization

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of such rights by Landlord and agrees to promptly execute and deliver any instruments which may be requested by Landlord, including instruments which may be reasonably requested by Landlord, including instruments merging zoning lots, evidencing acknowledgment and consent. The provisions of this paragraph shall be deemed to be and shall be construed as an express waiver by Tenant of any interest Tenant may have as a "party in interest" (as such quoted term is defined in Section 12 Zoning Lot of the Zoning Resolution of the City of New York) in the building or the land.

(vi) Any and all payments and charges to be paid by Tenant hereunder other than the annual rent payable pursuant to this Lease shall be additional rent hereunder for non-payment of which Landlord shall have all of the remedies provided herein or at law.

(vii) If this Lease be a renewal of an existing lease between the parties or their predecessors in interest, then any obligation of Tenant for the payment of rent or additional rent or the performance of any obligation under such existing lease which accrues prior to the expiration thereof shall constitute an obligation under this Lease, except as modified by the Amendment (as that term is defined in Article 38 of this Lease), for non-payment or non-performance for which Landlord shall have all of the remedies provided herein."

(n) The Sixty-Eighth Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-EIGHTH: - As a material inducement to Landlord for entering into this Lease, Tenant covenants and agrees that except for the inside surfaces of all walls, windows and doors bounding the demised premises, all of the remainder of the Building is exclusively reserved to Landlord, subject to Tenant's right to use the common areas of the Building in accordance with the applicable provisions of this Lease (including, without limitation, the lobby, elevators and core bathrooms, as opposed to private bathrooms, on the thirty-fourth (34th) and thirty-fifth (35th) floors of the Building). Notwithstanding anything to the contrary contained herein, Tenant shall have the right to use in accordance with the Lease, the electric and telephone closets and so-called "slop" sinks on the thirty-fourth (34th) and thirty-fifth (35th) floors of the Building."

(o) The Sixty-Ninth Article of the Lease is hereby deleted.

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(p) The second sentence of the Twenty-First Article of the Lease shall be amended to read as follows:

"Landlord or Landlord's agents shall have the right to enter the demised premises at reasonable times after notice (which may be oral) to Tenant to examine the same..."

4. Each party hereto covenants, warrants and represents to the other party that it has had no dealings, conversations or negotiations with any broker other than Newmark & Company Real Estate, Inc., concerning the execution and delivery of this Amendment. Each party hereto agrees to defend, indemnify and hold harmless the other party against and from any claims for any brokerage commissions and all costs, expenses and liabilities in connection therewith, including, without limitation, reasonable attorneys' fees and disbursements, arising out of its respective representations and warranties contained in this Paragraph 4 being untrue. Landlord shall pay any brokerage fees which may be due to Newmark & Company Real Estate, Inc. in connection with this Amendment pursuant to a separate agreement.

5. Except as expressly set forth in this Amendment, the terms and conditions of the Lease shall continue in full force and effect without any change or modification and shall apply for the balance of the term of the Lease as hereby extended. In the event of a conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall govern.

6. This Amendment shall not be altered, amended, changed, waived, terminated or otherwise modified in any respect or particular, and no consent or approval required pursuant to this Amendment shall be effective, unless the same shall be in writing and signed by or on behalf of the party to be charged.

7. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, executors, administrators, successors and permitted assigns.

8. All prior statements, understandings, representations and agreements between the parties, oral or written, are superseded by and merged in this Amendment, which alone fully and completely expresses the agreement between them in connection with this transaction and which is entered into after full investigation, neither party relying upon any statement, understanding, representation or agreement made by the other not embodied in this Amendment relating to the demised premises. Landlord acknowledges that Tenant occupies

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other space in the Building pursuant to separate agreements between Landlord and Tenant which may be renewed and amended from time to time.

9. No failure or delay of either party in the exercise of any right or remedy given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified herein for exercise of such right or remedy has expired) shall constitute a waiver of any other or further right or remedy nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or any other right or remedy. No waiver by either party of any breach hereunder or failure or refusal by the other party to comply with its obligations shall be deemed a waiver of any other or subsequent breach, failure or refusal to so comply.

10. This Amendment shall be interpreted and enforced in accordance with the laws of the state in which the demised premises are located without reference to principles of conflicts of laws.

11. If any provision of this Amendment shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Amendment and to this end the provisions of this Amendment are intended to be and shall be severable.

Notwithstanding the foregoing sentence, if (i) any provision of this Amendment is finally determined by a court of competent jurisdiction to be unenforceable or invalid in whole or in part, (ii) the opportunity for all appeals of such determination have expired, and (iii) such unenforceability or invalidity alters the substance of this Amendment (taken as a whole) so as to deny either party, in a material way, the realization of the intended benefit of its bargain, such party may terminate this Amendment within thirty (30) days after the final determination by notice to the other. If such party so elects to terminate this Amendment, then this Amendment shall be terminated and neither party shall have any further rights, obligations or liabilities hereunder, except those obligations which expressly survive the termination of this Amendment.

12. LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT EACH MAY HAVE TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AMENDMENT OR ANY OTHER DOCUMENT EXECUTED AND DELIVERED BY EITHER PARTY IN CONNECTION HEREWITH (INCLUDING ANY ACTION TO RESCIND OR CANCEL THIS AMENDMENT ON THE GROUNDS THAT THIS AMENDMENT WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE).

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13. This Amendment may be executed in any number of counterparts. It is not necessary that all parties sign all or any one of the counterparts, but each party must sign at least one counterpart for this Amendment to be effective.

14. This Amendment shall not be binding upon either party unless and until it is fully executed and delivered to both parties.

* * * * *

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

500-512 SEVENTH AVENUE LIMITED PARTNERSHIP

By: 500-512 ArCap LLC, its General Partner

By: Archon Capital, L.P., its sole Member

By: WH MezzCo GP, L.L.C., its General Partner

By: /s/ Alan S. Kava

Name: Alan S. Kava
Title: Vice President

By: GS MezzCo GP, L.L.C., its General Partner

By: _____

Name:
Title:

TENANT:

G-III LEATHER FASHIONS, INC.

By: WAYNE S. MILLER

Name: WAYNE S. MILLER

Title: CFO

Agreement of Lease, made as of this 31st day of January, 1994 between 500/512 SEVENTH AVENUE ASSOCIATES, a partnership having offices in care of Helmsley-Spear, Inc., 500/512 SEVENTH AVENUE party of the first part, hereinafter referred to as "Landlord" or "Lessor", and G-III LEATHER FASHIONS, INC. a domestic corporation having offices at New York City, party of the second part, hereinafter referred to as "Tenant" or "Lessee".

Witnesseth: Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the space on the floor, as more particularly shown on the plan annexed hereto and made a part hereof, in the building known as 512 Seventh Avenue 33rd Floor in the Borough of Manhattan. City of New York, for the term of 9 Years (or until such term shall sooner cease and expire as hereinafter provided) to commence on the 1st day of February 1994, and to end on the 31st day of January, 2003, both dates inclusive, at an annual rent of \$159,360.00 which Tenant agrees to pay in lawful money of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, in equal monthly installments of \$13,280.00 in advance on the first day of each month during said term, at the office of Landlord or such other place as Landlord may designate, without any set off or deduction whatsoever, except that Tenant shall pay the first monthly installment(s) on the execution hereof (unless this lease be a renewal).

The parties hereto, for themselves, their heirs, distributees, executors, administrators, legal representatives, successors and assigns, hereby covenant and agree as follows:

FIRST:--Tenant shall pay the rent and additional RENT rent as above and as hereinafter provided.

SECOND:--(a) Tenant shall pay to Landlord, as ADDITIONAL RENT additional rent hereunder, in advance, on the first day of each and every month during the term hereof, all sums expended by Landlord and/or which become due to Landlord under this lease and under any collateral agreements relating to the premises. Tenant's use and occupancy thereof, the supplying by Landlord to Tenant of any services in connection therewith, together with any fines or penalties imposed or assessed by any governmental authority by reason of Tenant's failure to comply with its requirements.

(b) If Tenant shall default in the observance or performance of any term or covenant on Tenant's part to be observed or performed under or by virtue of any of the terms or provisions in any paragraph of this lease, Landlord may immediately or at any time thereafter and without notice perform the same for the account of Tenant, and if Landlord makes any expenditures or incurs any obligations for the payment of money in connection therewith including, but not limited to, attorneys' fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred with interest and costs shall be deemed to be additional rent hereunder.

(c) The receipt by Landlord at any time of any installment of the regular stipulated rent hereunder or of any additional rent shall not be deemed to be a waiver of any other additional rent then due. For the non-payment of any additional rent, Landlord shall have all the rights and remedies which it would have in the case of a default in the payment of the regular stipulated

rent hereunder or any installment thereof.

THIRD: -- In the event that, at the commencement of the term of this lease, or thereafter. Tenant shall be in default in the payment of rent to Landlord pursuant to the terms of another lease with Landlord or with Landlord's predecessor in interest. Landlord may, at Landlord's option and without notice to Tenant, add the amount of such arrearages to any monthly installment of rent payable hereunder, and the same shall be payable to Landlord as additional rent.

RENT DUE UNDER OTHER
LEASE AS ADDITIONAL
RENT

FOURTH:--Tenant shall use and occupy the demised premises for Showroom office for sale at wholesale and not retail of womens apparel.

USE

and for no other purpose. Tenant shall not suffer or permit the demised premises or any part thereof to be used by others for any purpose whatsoever, without the prior written consent of Landlord in each instance.

REQUIREMENTS OF LAW

FIFTH:-- Tenant at its sole expense shall comply with all laws, orders and regulations of Federal, State, County and Municipal Authorities, and with any direction of any public officer or officers, pursuant to law, which shall impose any violation, order or duty upon Landlord or Tenant with respect to demised premises, or the use or occupation thereof. *Tenant shall not do, or permit to be done, any act or thing upon said premises which shall or might subject Landlord to any liability or responsibility for injury to any person or persons or to property by reason of any business or operation being carried on upon said premises or for any other reason.

CERTIFICATE OF
OCCUPANCY

SIXTH:-- Tenant will not at any time use or occupy the demised premises in violation of the certificate of occupancy or certificate of compliance issued for the building of which the demised premises form a part, and in the event that any department of the City or State of New York shall hereafter at any time contend and/or declare by notice, violation, order or in any other manner whatsoever that the premises hereby demised are used for a purpose which is a violation of such certificate of occupancy. Tenant shall, upon five (5) days' written notice from Landlord, immediately discontinue said use of such premises. Failure by Tenant to discontinue such use after such notice shall be considered a default in the fulfillment of a covenant of this lease, and Landlord shall have the right to terminate this lease immediately, and in addition thereto shall have the right to exercise any and all rights and privileges and remedies given to Landlord by and pursuant to the provisions of Paragraph 40 hereof. The statement in this lease of the nature of the business to be conducted by Tenant in demised premises shall not be deemed or construed to constitute a representation or guaranty by Landlord that such business may continue to be conducted in the premises for the entire period of the lease or is lawful or permissible under the certificate of occupancy in effect for the building of which the demised premises form a part, or otherwise permitted by law. If alterations or additions, including but not limited to a sprinkler system, are needed to permit lawful conduct of Tenant's business or to comply with the certificate of occupancy, the same shall be made by and at the sole expense of Tenant.

NON-HAZARDOUS USES

SEVENTH:-- Tenant shall not suffer any act to be done or any condition to exist on the demised premises or any part thereof or any article to be brought thereon, which may be dangerous, unless safeguarded as required by law, or by any insurance carrier having any interest in such conduct or condition or which may, in law, constitute a

nuisance, public or private, and as not to make void or voidable any insurance applicable to the building, under penalty of damages and forfeiture.

SAFETY PRECAUTIONS

EIGHTH:-- Tenant shall not at any time allow smoking on any part of the premises where stock is stored. Tenant shall store all silk and other textiles in steel bins or shelving, the bottoms of which shall be at least six inches above the floor, and the tops of which shall extend at least three inches and shall have drip points so as to shed water from the goods. No shelving bins shall be installed without Landlord's prior written consent. Tenant shall make all floors water-tight by painting or covering them with linoleum or other water-tight floor covering. Where cleaning fluid is used, it shall be non-inflammable. Tenant shall use no cleaning fluid not approved in writing by Landlord. Tenant will not permit the accumulation of waste or refuse matter on the premises.

TENANT TO KEEP
INSURANCE RATE LOW

NINTH: --Tenant will conduct its business in such a manner as to enable Landlord or other tenants in the building to obtain the lowest possible insurance rate upon the entire building in which the demised premises are located, and will, at its sole expense, comply with all rules, orders, regulations or requirements of all public liability, fire and insurance policies in force at any time with respect to the demised premises, as well as all rules, orders, regulations or requirements of the New York Board of Fire Underwriters or any other similar body, and shall not do or permit anything to be done in or upon said premises or bring or keep anything therein, except as now or hereafter permitted by the Fire Department. Board of Fire Underwriters, Fire Insurance Rating Organization, or other authority having jurisdiction and then only in such quantity and manner of storage as not to increase the rate for fire insurance applicable to the building, or use the premises in a manner which shall increase the rate of fire insurance on the building of which demised premises form a part, or on property located therein, over that in effect prior to this lease. If by reason of failure of Tenant to comply with the provisions of this paragraph including, but not limited to, the mere use to which Tenant puts the premises, the fire insurance rate shall at the beginning of this lease or at any time thereafter be higher than it otherwise would be, then Tenant shall reimburse Landlord, as additional rent hereunder, for that part of all fire insurance premiums thereafter paid by Landlord, which shall have been charged because of such failure or use by Tenant, and shall make such reimbursement upon the first day of the month following such outlay by Landlord. In any action or proceeding wherein Landlord and Tenant are parties, a schedule or "make up" of rate for the building or demised premises issued by the New York Fire Insurance Exchange, or other body making fire insurance rates for said premises, shall be conclusive evidence of the facts therein stated and of the several items and charges in the fire insurance rate then applicable to said premises. Tenant shall not bring or

*Specifically excluding, however, existing violations of law which are the responsibility of Landlord.

permit to be brought or kept in or on the demised premises, any inflammable, combustible or explosive fluid, chemical, substance or material other than silk or other textiles, or cause or permit any odors of cooking or other processes, or any unusual or other objectionable odors to permeate from the demised premises. That the

premises are being used for the purpose set forth herein shall not relieve Tenant from the foregoing duties, obligation and expenses.

TENTH:--(a) Tenant shall not assign, mortgage or encumber this agreement nor underlet the demised premises or any part thereof or permit the demised premises or any part thereof to be occupied by anybody other than Tenant, without the prior written consent of Landlord in each instance. The transfer of a majority of the issued and outstanding capital stock of any corporate Lessee of this lease or a majority of the total interest in any partnership Lessee, however accomplished, and whether in a single transaction or in a series of related or unrelated transactions, shall be deemed an assignment of this lease. If this lease be assigned, or if the, demised premises or any part thereof be underlet or occupied by anybody other than Tenant. Landlord may, after default by Tenant, collect rent from the assignee, under-tenant or occupant, and apply the net amount collected to the rent herein reserved, but no such assignment, underletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, under-tenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. The consent by Landlord to an assignment or underletting shall not in any wise be construed to relieve Tenant from obtaining the express consent in writing of Landlord to any further assignment or underletting.

ASSIGNMENT, MORTGAGE
AND SUBLEASING

(b) If the demised premises shall be underlet in whole or in part by Tenant or its heirs, executors, administrators, legal representatives, successors or assigns, such party shall, within three (3) days of such underletting, furnish Landlord with a duplicate original of such underlease and shall, on demand of Landlord, supply Landlord within three (3) days of such demand, a written list of all such under-tenants, the terms, including expiration dates of their under-tenancies, the rents payable thereunder, and any additional information requested by Landlord. This provision or compliance therewith, however, shall in no event be construed to be a consent to any underletting or a waiver of the covenant against underletting contained herein. Non-compliance by Tenant with the provisions of this paragraph shall be deemed to be a breach of this lease.

(c) Tenant assumes and shall be responsible for and liable to Landlord, for all acts and omissions on the part of any present or future under-tenant, their agents, employees, servants or licensees, and any breach or violation of any of the terms, covenants, agreements, provisions, conditions and limitations of this lease, whether by act or omission, by any under-tenant shall constitute a breach or violation of this lease by Tenant.

ELEVENTH:-- Throughout the term of this lease, Tenant will take good care of the demised premises and appurtenances and suffer no waste, damage, disfigurement or injury thereto or any part thereof.

WASTE

TWELFTH:-- (a) Tenant shall make no alterations, decorations, installations, additions or improvements in or to the demised premises, including, but not limited to, an air-conditioning or cooling system, unit or part thereof or other apparatus of like or other nature, nor bring materials in connection therewith on the demised premises, without Landlord's prior written consent, and then only by contractors or mechanics approved by Landlord, and subject to plans and specifications approved by Landlord. All such work, alterations, decorations, installations, additions or improvements shall be done at Tenant's sole expense and at such times and in such manner as Landlord may from time to time

ALTERATIONS

designate. All alterations, decorations, installations, additions or improvements upon demised premises, made by either party, including all paneling, decorations, partitions, railings, mezzanine floors, galleries, steam, water, and air conditioning systems and units, shelving, electric fixtures and the like, shall, unless Landlord elects otherwise (which election shall be made by giving a notice pursuant to the provisions hereof not less than thirty (30) days prior to the expiration or other termination of this lease or any renewal or extension thereof) become the property of Landlord, and shall remain upon, and be surrendered with, said premises, as a part thereof, at the end of the term or renewal term, as the case may be. In the event Landlord shall elect otherwise, then such alterations, installations, additions or improvements made by Tenant upon the demised premises as the Landlord shall select, shall be removed by Tenant at Tenant's sole cost and expense. All alterations, decorations, installations, additions or improvements installed by Tenant may be used by Tenant without additional charge for such use, and without any right in the Landlord to remove the same in the absence of any default under this lease during the term hereof.

(b) Tenant, at its own expense, will promptly repair all damage and injury resulting from such removal and restore the space theretofore occupied by such fixtures and installations to good order and condition and to character and appearance equal to that of the area adjacent thereto, in default of any of which Landlord may at its option cause the same to be done at Tenant's expense.

REPAIRS

THIRTEENTH: -- Tenant shall take good care of the demised premises and the fixtures and appurtenances therein, and at its sole cost and expense make all repairs thereto as and when needed to preserve them in good working order and condition. All damage or injury to the demised premises and to its fixtures, appurtenances and equipment or to the building of which the same form a part or to its fixtures, appurtenances and equipment caused by Tenant's moving property in or out of the building or by installation or removal of furniture, fixtures or other property, or resulting from fire, explosion, air-conditioning unit or system, short circuits, flow or leakage of water, steam, illuminating gas, sewer gas, sewerage or odors or by frost or by bursting or leaking of pipes or plumbing works or gas, or from any other cause of any other kind or nature whatsoever due to carelessness, omission, neglect, improper conduct or other cause of Tenant, its servants, employees, agents, visitors or licensees shall be repaired, restored or replaced promptly by Tenant at its sole cost and expense to the satisfaction of Landlord. All aforesaid repairs, restorations and replacements shall be in quality and class equal to the original work or installations. If Tenant fails to make such repairs, restorations or replacements within a reasonable time same may be made by Landlord at expense of Tenant and collectible as additional rent.

LANDLORD'S
LIABILITY,
ALTERATIONS
OR REPAIRS

FOURTEENTH:--(a) Except where otherwise provided in this lease, there shall be no allowance to Tenant for a diminution of rental value and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from Landlord. Tenant or others making any repairs, alterations, additions or improvements in or to any portion of the building or demised premises, or in or to fixtures, appurtenances, or equipment thereof, and no liability upon Landlord for

failure of Landlord or others to make any repairs, alterations, additions or improvements in or to any portion of the building or of demised premises, or in or to the fixtures, appurtenances or equipment thereof.

(b) Landlord reserves the right to stop service of the electric, water, sprinkler, steam, air conditioning, elevator, heating and plumbing systems, when necessary, by reason of accident, or emergency, or for repairs, alterations, replacements or improvements, in the judgment of Landlord desirable or necessary to be made, until said repairs, alterations, replacements or improvements shall have been completed.

EMPLOYMENT OF
UNION LABOR TO MAKE
ALTERATIONS AND
REPAIRS

FIFTEENTH:-- Tenant agrees that whenever any alterations, additions, improvements, changes or repairs to the said premises are consented to by Landlord, or in the moving of merchandise, fixtures or equipment into the said building, or moving the same therefrom, only such labor under agreement with the Building Trades Employers' Association of New York City, or which shall not cause strikes or concerted labor action by other employees of the building, and which have the same or similar labor union affiliations as those employed by Landlord or Landlord's contractors, shall be employed.

DISCHARGE OF
LIENS, ETC.

SIXTEENTH:--(a) Any mechanic's lien filed against the demised premises, or the building of which the same form a part, for work claimed to have been done for, or materials claimed to have been furnished to Tenant, shall be discharged by Tenant within ten (10) days thereafter, by payment in full or at Tenant's expense, by filing the bond required by law. If Tenant fails to so pay or file any bond, Landlord may pay the amount of said lien or discharge the same by deposit, or otherwise, billing Tenant for all expenses in connection therewith as additional rent.

(b) Nothing in this lease contained shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied by inference or otherwise, to any contractor, sub-contractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to, or repair of the demised premises, or any part thereof, or for the demolition or replacement of the demised premises or any part thereof.

(c) Tenant agrees to obtain and deliver to Landlord, written and unconditional waivers of liens (and agreement that its filed plans may be replaced), for all plans, specifications and drawings for work or materials to be furnished to Tenant at the premises, signed by all architects, engineers and designers to become involved in such work for Tenant; with respect to contractors, subcontractors, materialman and laborers, and all work or materials to be furnished to Tenant at the premises. Tenant agrees to obtain and deliver to Landlord written and unconditional waiver of mechanics liens upon the premises or the building after payments to the contractors, and subject to any applicable provisions of the Lien Law.

SIGNS

SEVENTEENTH: -- Tenant will not, without Landlord's written consent, place, affix or paint any signs, awnings, projections or advertising material of any kind upon the exterior of the premises or of the building, not upon the windows, nor in any location that may be visible from any of the lobbies or passageways. If Tenant shall cause or permit any sign or other object, similar or dissimilar, to be placed on or affixed to any

part of the building not inside the space specifically demised hereunder. Landlord shall have the right, without notice or liability to Tenant, to remove and dispose of the same and to make any repairs necessitated by such removal, all at Tenant's sole expense and risk. Landlord's expense in so doing shall be deemed additional rent hereunder and collectible as such.

EIGHTEENTH:--(a) Tenant will not cause or permit any connection to be made to the wiring on the electrical panel boards of the building without the prior written consent and supervision of Landlord.

(b) Tenant agrees that it will not drive nails in, drill in, disfigure or deface any part of the building nor suffer the same to be done, nor cause or permit the floors, walls, doors or ceilings of the demised premises to be drilled, hammered, pounded or otherwise dealt with in a noisy or disturbing manner at any time during customary business hours (i.e.. between 9:00 A.M. and 5:00 P.M.) whether or not such activities are incidental to or part of work to which Landlord has consented.

(c) Tenant shall not install any pressing equipment, whether connected to Tenant's gas-fired boiler or to the building steam system, without first having plans and specifications approved by Landlord.

The vacuum used by pressing machines for the drying of garments shall be created by an electrically driven vacuum pump. Tenant shall not use any vacuum created by the use of steam from a gas-fired boiler or from the building steam system.

(d) Tenant shall not permit any connection to be made at the demised premises with any high pressure steam lines, electric current lines or water lines without Landlord's prior written consent.

(e) Tenant shall not make any electrical or plumbing installation without Landlord's prior written consent. All water lines must be installed in red brass.

(f) Window air-conditioning units shall in no event be installed without Landlords' prior written approval or be mounted so as to extend outward beyond the line of the window frame.

(g) Tenant shall install no linoleum, rubber, mastic or vinyl tile floor covering, unless it is laid over a layer of felt, double cemented in the manner approved by Landlord.

(h) Tenant shall not place a load upon any floor of the demised premises exceeding the floor load per square foot area which such floor was designed to carry and which is allowed by law. Landlord reserves the right to prescribe the weight and position of all safes which must be placed so as to distribute the weight. Business machines and mechanical equipment shall be placed and maintained by Tenant at Tenant's expense in settings sufficient in Landlord's judgment to absorb and prevent vibration, noise and annoyance. Tenant agrees that upon the written request of Landlord. Tenant will, within fifteen (15) days of the mailing of such request, provide rubber or other approved settings for absorbing, preventing and decreasing noise and/or vibration from any or all machines or machinery, such insulation or other devices for the prevention, decrease or elimination of noise satisfactory to Landlord shall be made in such manner and of such material as Landlord may direct. In the event that Tenant fails to comply with the aforesaid request within the fifteen (15) days aforementioned.

MISCELLANEOUS
PROHIBITED ACTIONS
OF TENANT

Landlord may, at its option, by notice in writing to Tenant, cause the term of this lease to expire. Landlord in such event shall have the right to re-enter the premises by summary proceedings or otherwise without liability. Landlord shall not give less than thirty (30) days' notice of its election to terminate the lease as above provided. Landlord shall have the right to enter the demised premises with workmen and materials and to insulate the machinery as above provided, collecting from Tenant the cost of such work as additional rent in the event that Tenant fails to comply with the written request aforementioned after the expiration of fifteen (15) days from the receipt thereof.

(i) Tenant shall not move any safe, heavy machinery, heavy equipment, freight, bulky matter, or fixtures into or out of the building without Landlord's prior written consent and the filing with Landlord of a Rigger's Liability, Insurance Certificate satisfactory of Landlord. If such safe, machinery, equipment, freight, bulky matter or fixtures require special handling. Tenant agrees to employ only persons holding a Master Rigger's License to do said work, and that all work in connection therewith shall comply with the Administrative Code of the City of New York.

(j) If the demised premises be or become infested with vermin. Tenant shall, at Tenant's expense, cause the same to be exterminated from time to time to the satisfaction of Landlord, and shall employ such exterminators and such exterminating company or companies as shall be approved by Landlord.

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(k) The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were designed or constructed, and no sweepings, rubbish, rags, acids or other substances shall be deposited therein.

(i) Tenant agrees to provide proper receptacles as called for by the Fire Department. Board of Fire Underwriters. Fire Insurance Rating Organization or of the authority having jurisdiction. Tenant hereby agrees to cause its rubbish or waste to be disposed of at its own cost and expense, subject to all the rules and regulations that from time to time may be made in connection therewith by Landlord, including a regulation that Tenant shall use a single rubbish or waste remover designated by Landlord for the removal of the rubbish or waste of the tenants in the building. Tenant further agrees that it shall not at any time store any of its rubbish or waste in the lobbies, foyers, passage-ways or other spaces adjacent to the premises herein demised, nor shall Tenant place the rubbish (which is to be taken by the waste remover) in the said areas prior to 5:00 P.M.

(m) If Tenant is a lessee of any store in said building, the said Tenant hereby agrees to keep the sidewalk, entrance and passage-ways unencumbered and unobstructed, and agrees, further, to remove all ice and snow from the sidewalks immediately in front of the demised premises.

(n) Tenant will not suffer, permit or allow unusual or objectionable odors to be produced upon or permeate from the demised premises.

WINDOW
CLEANING

NINETEENTH: --Tenant will not clean, nor require, permit, suffer or allow any window in the demised premises to be cleaned, from the outside in violation of

Section 202 of the Labor Law or of the rules of the Board of Standards and Appeals, or of any other board or body having or asserting jurisdiction.

NOTICE OF
DAMAGE TO
PIPES, OF FIRE

TWENTIETH: --Tenant shall give prompt notice to Landlord of any accidents to or defects in the pipes and apparatus in the building or of any fire that may occur.

LANDLORD'S
ACCESS TO
PREMISES

TWENTY-FIRST:--Tenant shall permit Landlord to erect, use and maintain, pipes and conduits in and through the demised premises. Landlord or Landlord's agents shall have the right to enter the demised premises at reasonable times after notice to Tenant to examine the same, and to show them to prospective purchasers or lessees of the building, and to make such decorations, repairs, alterations, improvements or additions as Landlord may deem necessary or desirable, and Landlord and its representatives shall be allowed to take and store all material into and upon said premises that may be required therefor without the same constituting an eviction of Tenant in whole or in part and the rent reserved shall in no wise abate while said decorations, repairs, alterations, improvements, or additions are being made, by reason of loss or interruption of business of Tenant, or otherwise. During the six months prior to the expiration of the term of this lease, or any renewal term. Landlord may exhibit the premises to prospective tenants or purchasers, and place upon said premises, or the exterior thereof, the usual notice "To Let" or "For Sale", which notices Tenant shall permit to remain thereon without molestation. If during the last month of the term. Tenant shall have removed all or substantially all of Tenant's property therefrom. Landlord may immediately enter and alter, renovate and redecorate the demised premises, without elimination or abatement of rent, or incurring liability to Tenant for any compensation, and such acts shall have no effect upon this lease. If Tenant shall not be personally present to open and permit an entry into said premises, at any time, when for any reason an entry therein shall be necessary or permissible. Landlord or Landlord's agents may enter the same by a master key, or may forcibly enter the same, without rendering Landlord or such agents liable therefor (if during such entry Landlord or Landlord's agents shall accord reasonable care to Tenant's property), and without in any manner affecting the obligations and covenants of this lease.** Nothing herein contained, however, shall be deemed or construed to impose upon Landlord any obligation, responsibility or liability whatsoever, for the care, supervision or repair, of the building or any part thereof, other than as herein provided. Landlord shall also have the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to Tenant therefor, to change the arrangement and/or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets, or other public parts of the building and to change the name, number or designation by which the building is commonly known.

ELECTRICITY

TWENTY-SECOND: -- Lessee agrees that Lessor may furnish electricity to Lessee on a "submetering" basis or on a "rent inclusion" basis.

(a) Submetering: If and so long as Lessor provides electricity to the demised premises on a submetering basis. Lessee covenants and agrees to purchase the same from Lessor or Lessor's designated agent at charges, terms and rates set, from time to time, during the term of this lease by Lessor but not more than those specified

**Landlord shall endeavor to minimize interference with Tenant's business.

in the service classification in effect on January 1, 1970 pursuant to which Lessor then purchased electric current from the public utility corporation serving the part of the city where the building is located; provided, however, said charges shall be increased in the same percentage as any percentage increase in the billing to Lessor for electricity for the entire building, by reason of increase in Lessor's electric rates or service classifications, subsequent to January 1, 1970, and so as to reflect any increase in Lessor's electric charges, fuel adjustment, or by taxes or charges of any kind imposed on Lessor's electricity purchases, or for any other such reason, subsequent to said date. Any such percentage increase in Lessor's billing for electricity due to changes in rates or service classifications shall be computed by the application of the average consumption (energy and demand) of electricity for the entire building for the twelve (12) full months immediately prior to the rate and/or service classification change, or any changed methods of or rules on billing for same, on a consistent basis to the new rate and/or service classification and to the service classification in effect on January 1, 1970. If the average consumption of electricity for the entire building for said prior twelve (12) months cannot reasonably be applied and used with respect to changed methods of or rules on billing, then the percentage increase shall be computed by the use of the average consumption (energy and demand) for the entire building for the first three (3) months after such change, projected to a full twelve (12) months; and that same consumption, so projected, shall be applied to the service classification in effect on January 1, 1970. Where more than one meter measures the service of Lessee in the building, the service rendered through each meter may be computed and billed separately in accordance with the rates herein. Bills therefore shall be rendered at such times as Lessor may elect and the amount, as computed from a meter, shall be deemed to be, and be paid as, additional rent. In the event that such bills are not paid within five (5) days after the same are rendered. Lessor may, without further notice, discontinue the service of electric current to the demised premises without releasing Lessee from any liability under this lease and without Lessor or Lessor's agent incurring any liability for any damage or loss sustained by Lessee by such discontinuance of service. If any tax is imposed upon Lessor's receipt from the sale or resale of electrical energy or gas or telephone service to Lessee by any Federal, State or Municipal Authority, Lessee covenants and agrees that, where permitted by law, Lessee's pro-rata share of such taxes shall be passed on to, and included in the bill of, and paid by, Lessee to Lessor.

(b) Rent Inclusion: If and so long as Lessor provides electricity to the demised premises on a rent inclusion basis, Lessee agrees that the fixed annual rent shall be increased by the amount of the Electricity Rent Inclusion Factor ("ERIF"), as hereinafter defined. Lessee acknowledges and agrees (i) that the fixed annual rent hereinabove set forth in this lease does not yet, but is to include an ERIF of \$2.95 per rentable square foot to compensate Lessor for electrical wiring and other installations necessary for, and for its obtaining and making available to Lessee the redistribution of, electric current as an additional service; and (ii) that said ERIF, which shall be subject to periodic adjustments as hereinafter provided, has been partially based upon an estimate of the Lessee's connected electrical load, which shall be deemed to be the demand (KW), and hours of use thereof, which shall be deemed to be the energy (KWH) for

ordinary lighting and light office equipment and the operation of the usual small business machines, including Xerox or other copying machines (such lighting and equipment are hereinafter called "Ordinary Equipment") during ordinary business hours ("ordinary business hours" shall be deemed to mean 50 hours per week), with Lessor providing an average connected load of 4 1/2 watts of electricity for all purposes per rentable square foot. Any installation and use of equipment other than Ordinary Equipment and/or any connected load and/or any energy usage by Lessee in excess of the foregoing shall result in adjustment of the ERIF as hereinafter provided. For purposes of this Article the rentable square foot area of the presently demised premises shall be deemed to be 10,624 square feet.

If the cost to Lessor of electricity shall have been, or shall be, increased or decreased subsequent to May 1, 1993 (whether such change occurs prior to or during the term of this lease), by change in Lessor's electric rates or service classifications, or by any increase, subsequent to the last such electric rate or service classification change, in fuel adjustments or charges of any kind, or by taxes, imposed on Lessor's electricity purchases, or for any other such reason, then the ERIF, which is a portion of the fixed annual rent, shall be changed in the same percentage as any such change in cost due to changes in electric rates or service classifications, and, also, Lessee's payment obligation, for electricity redistribution, shall change from time to time so as to reflect any such increase in fuel adjustments or charges, and taxes. Any such percentage increases in Lessor's cost due to changes in electric rates or service classifications shall be computed by the application of the average consumption (energy and demand) of electricity for the entire building for the twelve (12) full months immediately prior to the rate and/or service classification change, other change in cost, or any changed methods of or rules on billing for same, on a consistent basis to the new rate and/or service classification and to the immediately prior existing

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rate and/or service classifications. If the average consumption of electricity for the entire building for said prior twelve (12) months cannot reasonably be applied and used with respect to changed methods of or rules on billing, then the percentage increase shall be computed by the use of the average consumption (energy and demand) for the entire building for the first three (3) months after such change, projected to a full twelve (12) months, so as to reflect the different seasons; and the same consumption, so projected, shall be applied to the rate and/or service classification which existed immediately prior to the change.

The parties agree that a reputable, independent electrical consultant, selected by Lessor ("Lessor's electrical consultant"), shall determine the percentage change for the changes in the ERIF due to Lessor's changed costs, and that Lessor's electrical consultant may from time to time make surveys in the demised premises of the electrical equipment and fixtures and the use of current. (i) If any such survey shall reflect an average connected load in the demised premises in excess of 4 1/2 watts of electricity for all purposes per rentable square foot and/or energy usage in excess of ordinary business hours (each such excess is hereinafter called "excess electricity") then the connected load and/or the hours of use portion(s) of the then existing

ERIF shall each be increased by an amount which is equal to a fraction of the then existing ERIF, the numerator of which is the excess electricity (i.e. excess connected load and/or excess usage) and the denominator of which is the average connected load and/or the usage thereof which was the basis for the computation of the then existing ERIF. Such fractions shall be determined by Lessor's electrical consultant. The fixed annual rent shall then be appropriately adjusted, effective as of the date of any such change in connected load and/or usage, as disclosed by said survey. (ii) If such survey shall disclose installation and use of other than Ordinary Equipment, then effective as of the date of said survey, there shall be added to the ERIF portion of the fixed annual rent (computed and fixed as hereinabove described) an additional amount equal to what would be paid under the SC-4 Rate I Service Classification in effect on May 1, 1993 (and not the time-of-day rate schedule) for such load and usage of electricity, with the connected load deemed to be the demand (KW) and the hours of use thereof deemed to be the energy (KWH), as hereinbefore provided, (which addition to the ERIF shall be increased or decreased by all electricity cost changes of Lessor, as hereinabove provided, from May 1, 1993 through the date of billing).

In no event, whether because of surveys or for any other reason, is the originally specified \$2.95 per rentable square foot ERIF portion of the fixed annual rent (plus any net increase thereof, but not decrease, by virtue of all electric rate or service classification changes subsequent to May 1, 1993) to be reduced.

(c) General Conditions: The determinations by Lessor's electrical consultant shall be binding and conclusive on Lessor and on Lessee from and after the delivery of copies of such determinations to Lessor and Lessee, unless, within fifteen (15) days after delivery thereof, Lessee disputes such determination. If Lessee so disputes the determination, it shall at its own expense, obtain from a reputable, independent electrical consultant its own determinations in accordance with the provisions of this Article. Lessee's consultant and Lessor's consultant then shall seek to agree. If they cannot agree within thirty (30) days they shall choose a third reputable electrical consultant, whose cost shall be shared equally by the parties, to make similar determinations which shall be controlling. (If they cannot agree on such third consultant within (10) days, then either party may apply to the Supreme Court in the County of New York for such appointment.) However, pending such controlling determinations, Lessee shall pay to Lessor the amount of additional rent or ERIF in accordance with the determinations of Lessor's electrical consultant. If the controlling determinations differ from Lessor's electrical consultant, then the parties shall promptly make adjustment for any deficiency owed by Lessor or overage paid by Lessee.

At the option of Lessor, Lessee agrees to purchase from Lessor or its agents all lamps and bulbs used in the demised premises and to pay for the cost of installation thereof. Lessor shall not be liable to Lessor for any loss or damage or expense which Lessee may sustain or incur if either the quantity or character of electric service is changed or is no longer available or suitable for Lessee's requirements. Lessee covenants and agrees that at all times its use of electric current shall never exceed the capacity of existing feeders to the building or the risers or wiring installation. Lessee agrees not to connect any additional electrical equipment to the building electric distribution system, other than lamps, typewriters and other small office machines which consume comparable amounts of electricity, without Lessor's prior written consent, which consent shall not be unreasonably

withheld. Any riser or risers to supply Lessee's electrical requirements, upon written request of Lessee, will be installed by Lessor, at the sole cost and expense of Lessee, if, in Lessor's sole judgment, the same are necessary and will not cause permanent damage or injury to the building or demised premises or cause or create a dangerous or

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hazardous condition or entail excessive or unreasonable alterations, repairs or expense or interfere with or disturb other tenants or occupants. In addition to the installation of such riser or risers, Lessor will also at the sole cost and expense of Lessee, install all other equipment proper and necessary in connection therewith subject to the aforesaid terms and conditions. The parties acknowledge that they understand that it is anticipated that electric rates, charges, etc., may be changed by virtue of time-of-day rates or other methods of billing, and that the references in the foregoing two paragraphs to changes in methods of or rules on billing are intended to include any such changes. Supplementing Article 53 hereof, if all or part of the submetering additional rent or the ERIF payable in accordance with Subdivision (A) or (B) of this Article becomes uncollectible or reduced or refunded by virtue of any law, order or regulation, the parties agree that, at Lessor's option, in lieu of submetering additional rent or ERIF, and in consideration of Lessee's use of the building's electrical distribution system and receipt of redistributed electricity and payment by Lessor of consultants' fees and other redistribution costs, the fixed annual rental rate(s) to be paid under this Lease shall be increased by an "alternative charge" which shall be a sum equal to \$2.95 per year per rentable sq. ft. of the demised premises, changed in the same percentage as any changes in the cost to Lessor for electricity for the entire building subsequent to May 1, 1993, because of electric rate or service classification changes, as in Subdivision (B) hereof provided, and such percentage change to be computed as in Subdivision (B) provided. The Lessor reserves the right, at any time upon thirty (30) days' written notice, to change its furnishing of electricity to Lessee from a rent inclusion basis to a submetering basis, or vice versa. The Lessor reserves the right to terminate the furnishing of electricity on a rent inclusion, submetering, or any other basis at any time, upon thirty (30) days' written notice to the Lessee, in which event the Lessee may make application directly to the public utility for the Lessee's entire separate supply of electric current and Lessor shall permit its wires and conduits, to the extent available and safely capable, to be used for such purpose. Any meters, risers or other equipment or connections necessary to furnish electricity on a submetering basis or to enable Lessee to obtain electric current directly from such utility shall be installed at Lessee's sole cost and expense. Only rigid conduit or electricity metal tubing (EMT) will be allowed. The Lessor, upon the expiration of the aforesaid thirty (30) days' written notice to the Lessee may discontinue furnishing the electric current but this lease shall otherwise remain in full force and effect. If Lessee was provided electricity on a rent inclusion basis when it was so discontinued, then commencing when Lessee receives such direct service and as long as Lessee shall continue to receive such service, the fixed annual rental rate payable under this lease shall be reduced by the amount of the ERIF which was payable immediately prior to such discontinuance of electricity on a rent inclusion basis.

TWENTY-THIRD:-(a) If Landlord installs a water meter to measure Tenant's water consumption for all purposes, Tenant shall pay Landlord for the cost of the meter and the cost of the installation thereof and throughout the duration of Tenant's occupancy Tenant shall keep said meter and installation equipment in good working order and repair at Tenant's own cost and expense, in default of which Landlord may cause such meter and equipment to be replaced or repaired and collect the cost thereof from Tenant. Tenant agrees to pay for water consumed, as shown on said meter as and when bills are rendered, and on default in making such payment Landlord may pay such charges and collect the same from Tenant. Landlord may inspect such water meter at any time and shall have access thereto at all times for the purpose of such inspection.

(b) In addition to the foregoing, Tenant agrees to pay its proportionate share of the water consumed in the toilets and other portions of the premises over which Landlord may reserve control, irrespective of the fact that the same shall be located outside of the demised premises.

(c) Tenant covenants and agrees to pay its pro-rata share of the sewer rent, charge or any other tax, rent levy or charge which now or hereafter is assessed, imposed or a lien upon the demised premises or the realty of which they are part pursuant to law, order or regulation made or issued in connection with the use, consumption, maintenance or supply of water, water system or sewage or sewerage connection or system.

(d) The bill rendered by Landlord for metered water, sewer or any other charges provided for in this paragraph "23," shall be based upon Tenant's consumption and shall be payable by Tenant as additional rent. Any such costs or expenses incurred or payments made by Landlord for any of the reasons or purposes hereinabove stated, shall be deemed to be additional rent payable by Tenant and collectible by Landlord as such. If the building or the demised premises or any part thereof be supplied with water through a meter through which water is also supplied to other premises. Tenant shall pay to Landlord as additional rent, on the first day of each month, \$128.00 as Tenant's portion. Independently of and in addition to any of the remedies reserved

to Landlord hereinabove or elsewhere in this lease. Landlord may sue for and collect any monies to be paid by Tenant or paid by Landlord for any of the reasons or purposes hereinabove set forth.

TWENTY-FOURTH:- If the sprinkler system or any of its appliances shall be damaged or injured or not in proper working order by reason of any act or omission of Tenant, Tenant's agents, servants, employees, licensees or visitors. Tenant shall forthwith restore the same in good working condition at its own expense: and if the New York Board of Fire Underwriters or the New York Fire Insurance Rating Organization or any bureau, department or official of the State or City Government, require or recommend that any changes, modifications, alterations or additional sprinkler heads or other equipment be made or supplied by reason of Tenant's business, or the location of partitions, trade fixtures, or other contents of the demised premises, or for any other reason, or if any such changes, modifications, alterations, additional sprinkler heads or other equipment, become necessary to prevent the imposition of a penalty or charge against the full

allowance for a sprinkler system in the fire insurance rate as fixed by said Rating Organization, or by any Fire Insurance Company, Tenant shall, at Tenant's expense, promptly make and supply such changes, modifications, alterations, additional sprinkler heads or other equipment. Tenant shall pay to Landlord as additional rent the sum of \$ 128.00 on the first day of each month during the term of this lease, as Tenant's portion of the contract price for sprinkler supervisory service.

TWENTY-FIFTH:- Tenant shall have the privilege of using the air conditioning system which affects the whole or a portion of the demised premises, and shall, at its own cost and expense, maintain and operate said system in compliance with all present and future laws and governmental requirements, and shall obtain all governmental licenses and permits now or hereafter required. Tenant shall pay for all electric current, water and refrigerants used in connection with said system. Tenant, at its own cost and expense, shall make or cause to be made, all repairs, alterations, changes, additions or improvements in and to said system which may be necessary or which may be required or recommended by Landlord or by any governmental authority, and shall furnish all parts and supplies necessary or desirable in connection therewith, but no alterations, changes, additions or improvements shall be made by Tenant without the advance written consent of Landlord. Landlord's charges for electric current, water and refrigerants and for such parts, supplies, repairs, alterations, changes, additions or improvements as are caused to be furnished or made by Landlord shall be payable by Tenant as additional rent upon presentation of Landlord's bill for same. The non-functioning or defective functioning of said air conditioning system, or Tenant's inability to operate or maintain the same in compliance with lawful requirements, or any delay, discomfort or inconvenience suffered by Tenant in connection therewith, or, without limitation of or by the foregoing, any other matter or thing related to such system, shall not give rise to any obligation or liability on the part of Landlord and shall not affect this lease or be deemed to release or discharge Tenant of any of Tenant's obligations or liabilities under this lease or otherwise. Title to said system and all present and future parts thereof is and shall be vested in Landlord.

TWENTY-SIXTH:- (a) As long as Tenant is not in default under any of the covenants of this lease. Landlord shall provide necessary elevator facilities on business days from 8:00 A.M. to 6:00 P.M., and on Saturdays from 8:00 A.M. to 1:00 P.M. On Sundays, holidays and nights, Landlord will furnish at least one (1) elevator.

(b) If the building of which the demised premises are a part supplies manually operated elevator service. Landlord may proceed with alterations necessary to substitute automatic control elevator service upon ten (10) days' written notice to Tenant without in any way affecting the obligations of Tenant hereunder, provided that the same shall be done with the minimum amount of inconvenience to Tenant, and Landlord pursues with due diligence the completion of the alterations. Where automatic control elevator service is now, or hereafter furnished and the demised premises contain an entire floor or floors. Tenant will provide, at its own cost and expense, locks for all entrances to such floor or floors from the elevators.

(c) Tenant agrees it will not permit its employees other than office help to use the passenger elevator in said building, nor will it permit them to use the stairs leading to and from the passenger entrance to said

building. Landlord may prescribe and regulate which elevator and entrance shall be used by Tenant's employees and for Tenant's shipping.

TWENTY-SEVENTH:- Landlord will:

(a) Furnish heat to the demised premises, when and as required by law, on business days during regular business hours.

HEAT, CLEANING,
PUBLIC AREAS

(b) Cause to be kept clean the public halls and public portions of the building, which are used in common by all tenants.

TWENTY-EIGHTH:-- It is expressly agreed that if in consequence of the use of the demised premises for manufacturing purposes any Municipal or State Authority requires alterations and additions to such premises or the building of which they are a part. Landlord, in addition to other remedies provided for in this lease, shall have the option of terminating this lease on sixty (60) days' written notice to Tenant. Upon expiration of said sixty (60) days, the term of this lease shall terminate, and Tenant shall immediately vacate the premises. In such event, Landlord shall refund to Tenant the unearned pro rata portion of any rent paid in advance. Landlord reserves the privilege of complying with any order, rule or regulation as aforementioned in order to remove such violation, if any. In such event, Tenant waives any and all claims for damages growing out of the work in the building or on the premises in connection therewith. In the event that the violation can be removed by Tenant's limiting the number of employees in the demised premises. Tenant shall so limit the number of employees immediately and no claim for damages or any loss may be made against Landlord therefor.

REQUIRED
ALTERATIONS.
MACHINERY

TWENTY-NINTH:-- Tenant shall have the use of the partitions existing in the premises demised herein and of all other equipment, fixtures and appurtenances installed by Landlord prior to or during the term hereof. The ownership of all such property shall at all times be vested in Landlord and possession thereof shall revert to Landlord upon the expiration of the lease.

FIXTURES &
PARTITIONS INSTALLED
BY LANDLORD

THIRTIETH:-- If any vault space is adjacent to the demised premises, the same shall not be or be deemed to be part of the demised premises or its appurtenances. Landlord may permit Tenant to use such vault space gratuitously, but such permission may be revoked by Landlord at any time on two (2) days' notice. Landlord shall have the right at any time to cause a wall to be erected for the purpose of sealing off such vault space from the demised premises. Said wall may be erected wholly or partly on that portion of the demised premises which abuts such vault space. Landlord and its designees shall have the right from time to time to enter and remain upon the demised premises, with men and materials, for the purpose of erecting such wall. Tenant shall not be entitled to any compensation, abatement of rent, or other claim by reason of any action taken under this paragraph by or on behalf of Landlord. Any fee or license charge or tax of municipal authorities for such vault shall be paid by Tenant.

VAULTS

THIRTY-FIRST:-- Landlord or its agents shall not be liable for any damage to property of Tenant or of others entrusted to employees of the building, nor for the loss of or damage to any property of Tenant by theft or otherwise. Landlord or its agents shall not be liable for

LIABILITY OF
LANDLORD,
PROPERTY
LOSS,
DAMAGE

any injury or damage to persons or property resulting from fire, explosion, falling ceilings, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of said building or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place or by dampness or by any other cause of whatsoever nature, including but not limited to the making of repairs and improvements, unless caused by or due to the negligence of Landlord, its agents, servants or employees: nor shall Landlord or its agents be liable for any such damage caused by other tenants or persons in said building or caused by operations in construction of any private, public or quasi public work; nor shall Landlord be liable for any latent defect in the demised premises or in the building of which they form a part. Tenant shall give immediate notice to Landlord in case of fire or accidents in the demised premises or in the building or of defects therein or in any fixtures or equipment.

THIRTY-SECOND:-- Tenant shall, throughout the term and thereafter, indemnify Landlord and save it harmless and free from damages, liabilities, penalties, losses, expenses, causes of action, claims, suits and judgments, as well as all expenses and attorneys' fees, arising from injury during said term to the premises of any nature, and also for any matter or thing growing out of the occupation of the demised premises or the streets, sidewalks, or vaults adjacent thereto occasioned in whole or part by any act or acts, omission or omissions of Tenant, its employees, guests, agents, assigns or undertenants.

INDEMNITY

THIRTY-THIRD:-- Neither this lease nor any obligation hereunder on Tenant's part to be performed (including, but not limited to. Tenant's obligation to pay the rents provided for hereunder) shall in any wise be

LIABILITY OF
LANDLORD, SERVICE
INTERRUPTION ACTS
BEYOND CONTROL

released, discharged, impaired, excused or otherwise affected because of Landlord's inability to supply, furnish or make such services, fixtures, equipment, repairs, additions, improvements, alterations and/or decorations, if any, as Landlord may be required to supply, furnish or make hereunder or in connection herewith, or because of any delay in supplying, furnishing or making any of the foregoing, if such inability or delay directly or indirectly results from or is caused by or attributable to any cause or thing whatsoever beyond Landlord's control, including, but not limited to, any law or ordinance or any governmental order, rule, regulation or requirement, or any shortages in supplies, materials or labor, or any acts of God, or any labor difficulties, disasters or acts of public enemies, and in any such event Landlord shall be relieved of any liability to Tenant which it might otherwise have had by reason of any such requirement. Lessee agrees to look solely to Lessor's estate and interest in the land and building, or the lease of the building or of the land and building, and the demised premises, for the satisfaction of any right or remedy of Lessee for the collection of a judgment (or other judicial process) requiring the payment of money by Lessor, in the event of any liability by Lessor, and no other property or assets of Lessor shall be subject to levy, execution or other enforcement procedure for the satisfaction of Lessee's remedies under or with respect to this lease, the relationship of landlord and tenant hereunder, or Lessee's use and occupancy of the demised premises or any other liability of Lessor to Lessee (except for

negligence).

SUBORDINATION

THIRTY-FOURTH:-- This lease is and shall be subject and subordinate at all times to all present or future leases and subleases of the entire building or of the land and entire building of which the demised premises form a part, and to all mortgages which now affect or may hereafter affect or be made in respect of such leases and subleases or the real property of which the demised premises form a part (whether or not such leases or mortgages also affect any other or additional real property), and to all renewals, modifications, consolidations, replacements and extensions thereof, and to all advances made or hereafter to be made upon the security thereof. This clause shall be self-operative and no further instrument in writing to effectuate such subordination shall be necessary. In confirmation of such subordination, however, Tenant shall, on demand, promptly execute, acknowledge and deliver such further instruments or certificates that Landlord may request. Tenant hereby irrevocably appoints Landlord the attorney-in-fact of Tenant to execute, acknowledge and deliver any such instrument or certificate for or on behalf of Tenant. In the event that any Master Lease or any other ground or underlying lease is terminated, or any mortgage foreclosed, this lease shall not terminate or be terminable by Lessee unless Lessee was specifically named in any termination or foreclosure judgment or final order. In the event that the Master Lease or any other ground or underlying lease is terminated as aforesaid, Lessee agrees to enter into a new lease covering the within premises, for the remaining term of this lease and otherwise on the same terms, conditions and rentals as herein provided, with and at the election of the holder of any superior lease, or if there is no superior lease in existence, then with and at the election of the holder of the fee title to the premises. If the current term of the Master Lease shall expire prior to the date set forth herein for the expiration of this lease, then, unless Lessor, at its sole option, shall have elected to extend or renew the term of the Master Lease, the term of this lease shall expire on the date of expiration of the Master Lease, notwithstanding the later expiration date hereinabove set forth. If the Master Lease is renewed, then the term of this lease shall expire as hereinabove set forth. From time to time, Lessee, on at least ten (10) days' prior written request by Lessor, will deliver to Lessor a statement in writing certifying that this lease is unmodified and in full force and effect (or if there shall have been modifications, that the same is in full force and effect as modified and stating the modifications) and the dates to which the rent and other charges have been paid and stating whether or not the Lessor is in default in performance of any covenant, agreement or condition contained in this lease and, if so, specifying each such default of which Lessee may have knowledge. This paragraph shall not be deemed modified in whole or in part by any provision of this lease or any rider thereto during the term hereof, unless such provisions or rider shall by its terms expressly so modify it.

FIRE

THIRTY-FIFTH: -- Provided the damage be not caused by the fault or neglect of Tenant or of its employees, agents, visitors or licensees, in the event of damage by fire, or other action of the elements, to the demised premises not rendering all of them unfit for occupancy, Landlord shall repair the same with reasonable dispatch after notice of such damage, and the rent accrued or accruing shall not cease: but if the damage be so extensive, as to render all of the demised premises untenable, the rent shall cease until they be repaired, provided the damage be not caused by the carelessness or negligence of Tenant or of the agents or servants of Tenant. No penalty shall accrue for

reasonable delay which may arise by reason of adjustment of insurance on the part of Landlord and/or Tenant, and for reasonable delay on account of "labor troubles" or any other cause beyond Landlord's control. If the demised premises are totally damaged or are rendered wholly untenable by fire or other cause, and if Landlord shall decide not to restore or not to rebuild the same, or if the building shall be so damaged that Landlord shall decide to demolish it or to rebuild it or if the cost of restoration of the

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building of which the demised premises are a part, resulting from the aforesaid fire or other casualty shall exceed the sum of \$3,000,000, then or in any of such events Landlord may, within ninety (90) days after such fire or other cause, give Tenant a notice in writing of termination which notice shall be given as provided in this lease, and thereupon the term of this lease shall expire by lapse of time upon the third day after such notice is given, and Tenant shall vacate the demised premises and surrender the same to Landlord. If Tenant shall not be in default under this lease then, upon the termination of this lease under the conditions provided for in the sentence immediately preceding. Tenant's liability for rent shall cease as of the day following the casualty. Tenant hereby expressly waives the provisions of Section 227 of the Real Property Law and agrees that the foregoing provisions of this paragraph shall govern and control in lieu thereof. If the damage or destruction be due to the fault or neglect of Tenant, the debris shall be removed by and at the expense of Tenant.

THIRTY-SIXTH:--If the whole or any part of the demised premises shall be acquired or condemned by Eminent Domain for any public or quasi public use or purpose, then and in that event, the term of this lease shall cease and terminate from the date of title vesting in such proceeding. If any part of the land or the building of which the demised premises are a part shall be so acquired or condemned, then and in that event the term of this lease, at the option of Landlord, shall cease and terminate on ten (10) days' notice by Landlord to Tenant. In neither event shall Tenant have any claim for the value of any unexpired term of said lease.

CONDEMNATION

THIRTY-SEVENTH:--If, when and to the extent permitted by law, the parties agree that the following provisions shall apply to this lease and tenancy (and that the provisions of 11 U.S.C. Section 365(b) shall be applied): (a) If at any time prior to the date herein fixed as the commencement of the term of this lease there shall be filed against Tenant thereof or if such filing is made by Tenant in any court pursuant to any statute either of the United States or of any State a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's property, and within thirty (30) days thereof Tenant fails to secure a discharge thereof, or if Tenant makes an assignment for the benefit of creditors, or petition for or enter into an arrangement, this lease shall ipso facto be cancelled and terminated, and in which event, neither Tenant nor any person claiming through or under Tenant or by virtue of any statute or of an order of any court shall be entitled to possession of the demised premises and Landlord, in addition to the other rights and remedies given by (c) hereof and by virtue of any other provision herein or elsewhere in this

BANKRUPTCY

lease contained or by virtue of any statute or rule of law, may retain as liquidated damages any rent, security, deposit or monies, received by him from Tenant or others in behalf of Tenant upon the execution hereof.

(b) If at the date fixed as the commencement of the term of this lease or if at any time during the term hereby demised, there shall be filed against Tenant thereof or if such filing is made by Tenant in any court pursuant to any statute of the United States or any State a petition of bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's property, and within thirty (30) days thereof Tenant fails to secure a discharge thereof, or if Tenant makes an assignment for the benefit of creditors or petition for or enter into an arrangement, this lease, at the option of Landlord, exercised within a reasonable time after notice of the happening of any one or more of such events, may be cancelled and terminated, and in which event neither Tenant nor any person claiming through or under Tenant by virtue of any statute or of an order of any court shall be entitled to possession or to remain in possession of the premises demised, but shall forthwith quit and surrender the premises, and Landlord, in addition to the other rights and remedies Landlord has by virtue of any other provision herein or elsewhere in this lease contained or by virtue of any statute or rule of law, may retain as liquidated damages any rent, security, deposit or monies received by him from Tenant or others in behalf of Tenant.

(c) It is stipulated and agreed that in the event of the termination of this lease pursuant to (a) or (b) hereof. Landlord shall forthwith, notwithstanding any other provisions of this lease to the contrary, be entitled to recover from Tenant as and for liquidated damages an amount equal to the difference between the rent reserved hereunder for the unexpired portion of the term demised and the then fair and reasonable rental value of the demised premises for the same period. In the computation of such damages, the difference between any installment of rent becoming due hereunder after the date of termination and the fair and reasonable rental value of the demised premises for the period for which such installment was payable shall be discounted to the date of termination at the rate of four percent (4%) per annum. If such premises or any pan thereof be re-let by Landlord for the unexpired term of said lease, or any pan thereof, before presentation of proof of such liquidated damages to any court, commission or tribunal, the amount of rent reserved upon such re-letting shall be prima facie to be the fair and reasonable rental value for the pan or the whole of the premises so re-let during the term of the re-letting. Nothing herein contained shall limit or prejudice the right of Landlord to prove for and obtain as liquidated damages by reason of such termination, an amount equal to the maximum

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allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to, or less than the amount of the difference referred to above.

SECURITY

THIRTY-EIGHTH:--Tenant has deposited with Landlord the sum of \$ 13,536.00 as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this lease; it is agreed that in the event Tenant defaults in respect of any of

the terms, provisions and conditions of this lease, including, but not limited to, the payment of rent and additional rent. Landlord may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any rent and additional rent or any other sum as to which Tenant is in default or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default in respect of any of the terms, covenants and conditions of this lease, including but not limited to, any damages or deficiency in the re-letting of the premises, whether such damage or deficiency accrued before or after summary proceedings or other re-entry by Landlord. Tenant shall, upon demand, deposit with Landlord the full amount so used, in order that Landlord shall have the full security deposit on hand at all times. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this lease, the security shall be returned to Tenant after the date fixed as the end of the lease and after delivery of entire possession of the demised premises to Landlord. In the event of any transfer or conveyance by Landlord of its lease to the building of which the demised premises form a part hereinafter referred to. Landlord shall have the right to transfer the security to the transferee or grantee, and Landlord shall thereupon be released by Tenant from all liability for the return of such security, and Tenant agrees to look to the new Landlord solely for the return of said security; and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the security to a new Landlord. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the monies deposited herein as security and that neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

DEFAULT

THIRTY-NINTH:--(a) If Tenant defaults in fulfilling any of the covenants of this lease other than the covenants for the payment of rent or additional rent, or of any ancillary agreement, or if the demised premises become vacant or deserted, then, in any one or more of such events, upon Landlord serving a written five (5) days' notice upon Tenant specifying the nature of said default and upon the expiration of said five (5) days, if Tenant shall have failed to comply with or remedy such default, or if the said default or omission complained of shall be of such a nature that the same cannot be completely cured or remedied within said five (5) day period, and if Tenant shall not have diligently commenced curing such default within such five (5) day period, and shall not thereafter with reasonable diligence and in good faith proceed to remedy or cure such default, then Landlord may serve a written three (3) days' notice of cancellation of this lease upon Tenant, and upon the expiration of said three (3) days, this lease and the term thereunder shall end and expire as fully and completely as if the date of expiration of such three (3) day period were the day herein definitely fixed for the end and expiration of this lease and the term thereof, and Tenant shall then quit and surrender the demised premises to Landlord, but Tenant shall remain liable as hereinafter provided.

(b) If the notice provided for in (a) hereof shall have been given, and the term shall expire as aforesaid; or (1) if Tenant shall make default in the payment of the rent reserved herein or any item of additional rent herein mentioned or any part of either or in making any other payment herein provided: (1) within 5 days after notice or (2) if any execution or Attachment shall be issued against Tenant or any of Tenant's property whereupon the demised premises shall be taken or occupied or attempted to be taken or occupied by someone other

than Tenant: or (3) if Tenant shall make default with respect to any other lease between Landlord and Tenant: or (4) if Tenant shall fail to move into or take possession of the premises within fifteen (15) days after commencement of the term of this lease, of which fact Landlord shall be the sole judge: then and in any of such events Landlord may without notice, re-enter the demised premises either by force or otherwise, and dispossess Tenant by summary proceedings or otherwise: and the legal representative of Tenant or other occupant of demised premises and remove their effects and hold the premises as if this lease had not been made, and Tenant hereby waives the service of notice of intention to re-enter or to institute legal proceedings to that end. If Tenant shall make default hereunder prior to the date fixed as the commencement of any renewal or extension of this lease. Landlord may cancel and terminate such renewal or extension agreement by written notice.

(c) If Tenant is presently in possession of the demised premises pursuant to a lease in writing heretofore made and if, before the commencement of the term herein provided the aforesaid lease shall be terminated or Tenant shall be dispossessed or shall voluntarily or involuntarily vacate, surrender or remove from the

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demised premises, then this lease shall, at the option of Landlord, be terminated, but Tenant shall nevertheless remain liable as hereinbefore provided.

FORTIETH:--In case of any such default, re-entry, expiration and/or dispossess by summary proceedings or otherwise, (a) the rent and additional rent shall become due thereupon and be paid up to the time of such re-entry, dispossess and/or expiration, together with such expenses as Landlord may incur for legal expenses, attorneys' fees, brokerage, and/or putting the demised premises in good order, or for preparing the same for re-rental; (b) Landlord may re-let the premises or any pan or pans thereof, either in the name of Landlord or otherwise, for a term or terms, which may at Landlord's option be less than or exceed the period which would otherwise have constituted the balance of the term of this lease and may grant concessions or free rent; and/or (c) Tenant or the legal representatives of Tenant shall also pay Landlord as liquidated damages for the failure of Tenant to observe and perform said Tenant's covenants herein contained, any deficiency between the rent hereby reserved and/or covenanted to be paid and the net amount, if any, of the rents collected on account of the lease or leases of the demised premises for each month of the period which would otherwise have constituted the balance of the term of this lease. The rent received from any re-letting or re-lettings, but only for the unexpired portion of this lease, shall be applied first to the payment of Landlord's expenses in resuming, possession and re-letting the premises, which expenses shall include but not be limited to attorneys' fees, brokerage commissions, cleaning, repairs, painting and decoration. The balance, if any, shall be applied in payment of all unpaid rent, additional rent and other charges due from Tenant hereunder, irrespective of whether the liability therefor arose prior or subsequent to the date of the expiration of the term hereof. Tenant hereby covenants and agrees to pay to Landlord, within a reasonable time after demand therefor shall be made, the balance, if any, remaining unpaid. In the event that any re-letting hereunder results in Landlord's receiving from Tenant in any month an amount in excess of the amount due for such

REMEDIES OF LANDLORD

month, then and in that event Tenant shall not be obligated to make any payment to Landlord for rent due in such month, nor shall Landlord at any time be obligated to make any refund or apply any credit to Tenant with respect to such rent, and Tenant shall have no claim by way of defense to a suit or otherwise that Landlord has received for any prior month or that any new tenant has agreed to pay for any subsequent month a greater amount than that hereinabove reserved to be paid as rent for that month. The failure or refusal of Landlord to re-let the premises or any pan or pans thereof shall not release or affect Tenant's liability for damages. Any security in Landlord's possession not retained by it as liquidated damages may be applied by it for any or all of the aforesaid purposes. Any such liquidated damages shall be paid as additional rent hereunder in monthly installments by Tenant on the rent day specified in this lease and any suit brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of Landlord to collect the deficiency for any subsequent month by a similar proceeding. Landlord, at Landlord's option, may make such alterations, repairs, replacements and/or decorations in the demised premises as Landlord in Landlord's sole judgment considers advisable and necessary for the purpose of re-letting the demised premises; and the making of such alterations and/or decorations shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Landlord shall in no event be liable in any way whatsoever for failure to re-let the demised premises, or in the event that the demised premises are re-let, for failure to collect the rent thereof under such re-letting. In the event of a breach or threatened breach by Tenant of any of the covenants or provisions hereof. Landlord shall have the right of injunction and the right to invoke any remedy allowed at law or inequity as if re-entry, summary proceedings and other remedies were not herein provided for. Mention in this lease of any particular remedy, shall not preclude Landlord from any other remedy, in law or in equity.

FORTY-FIRST:--Notwithstanding anything elsewhere contained in this lease, if by reason of any present or future cause or thing whatsoever (including, without limitation, by reason of any statute, ordinance, judgment, decree, court order or governmental rule or regulation). Tenant will not or shall not be required to pay to Landlord the full amount of rent and additional rent reserved hereunder, then Landlord, at its unrestricted option, may give Tenant not less than five (5) days' notice of intention to end this lease and the term hereof, and thereupon, on the date specified in said notice, this lease and the term hereof shall expire as fully and completely as if that date were the date, herein originally fixed for the expiration of this lease and the term hereof.

FORTY-SECOND:--It is mutually agreed by and between Landlord and Tenant that the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this lease, the relationship of landlord and tenant. Tenant's use or occupancy of said premises, except for personal injury or property damage, or involving the right to any statutory relief or remedy. Tenant will not

COURT ORDER RELATING
TO RENT

WAIVER OF TRIAL BY
JURY

interpose any counterclaim of any nature in any summary proceeding. The provisions of this paragraph shall be

binding upon the respective heirs, distributees, executors, administrators, successors and assigns of the parties hereto and all subtenants hereunder.

WAIVER OF
REDEMPTION

FORTY-THIRD:--Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Landlord obtaining possession of demised premises, by reason of the violation by Tenant of any of the covenants and conditions of this lease, or otherwise.

NO WAIVER

FORTY-FOURTH:--(a) If there be any agreement between Landlord and Tenant providing for the cancellation of this lease upon certain provisions or contingencies, and/or an agreement for the renewal hereof at the expiration of the term first above mentioned, the right to such renewal or the execution of a renewal agreement between Landlord and Tenant prior to the expiration of such first mentioned term shall not be considered an extension thereof or a vested right in Tenant to such further term, so as to prevent Landlord from cancelling this lease and any such extension thereof during the remainder of the original term hereby granted; such privilege, if and when so exercised by Landlord, shall cancel and terminate this lease and any such renewal or extension previously entered into between said Landlord and Tenant or the right of Tenant to any such renewal or extension; any right herein contained on the part of Landlord to cancel this lease shall continue during any extension or renewal hereof; any option on the part of Tenant herein contained for an extension or renewal hereof shall not be deemed to give Tenant any option for a further extension beyond the first renewal or extended term.

(b) No act or thing done by Landlord or Landlord's agents during the term hereby demised shall constitute an actual or constructive eviction by Landlord, nor shall be deemed an acceptance of a surrender of said demised premises, and no agreement to accept such surrender shall be valid unless in writing signed by Landlord. In the event that any payment herein provided for by Tenant to Landlord shall become overdue for a period in excess of ten (10) days, then at Landlord's option a "late charge" for such period and for each additional period of twenty (20) days or any part thereof shall become immediately due and owing to Landlord, as additional rent by reason of the failure of Tenant to make prompt payment, at the following rates: for individual and partnership tenants, said late charge shall be computed at the maximum legal rate of interest; for corporate or governmental entity tenants the late charge shall be computed at two percent per month unless there is an applicable maximum legal rate of interest which then shall be used. No employee of Landlord or of Landlord's agents shall have any power to accept the keys of said premises prior to the termination of the lease. The delivery of keys to any employee of Landlord or of Landlord's agents shall not operate as a termination of the lease or a surrender of the premises. In the event of Tenant at any time desiring to have Landlord sublet the premises for Tenant's account. Landlord or Landlord's agents are authorized to receive said keys for such purposes without releasing Tenant from any of the obligations under this lease, and Tenant hereby relieves Landlord of any liability for loss of or damage to any of Tenant's effects in connection with such subletting.

(c) The failure of Landlord to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this lease, or any of the Rules and Regulations set forth or hereafter adopted by Landlord, shall not prevent a subsequent act, which would have originally constituted a violation, from

having all the force and effect of an original violation. The receipt by Landlord of rent with knowledge of the breach of any covenant of this lease shall not be deemed a waiver of such breach.

(d) The failure of Landlord to enforce any of the Rules and Regulations set forth, or hereafter adopted, against Tenant and/or any other tenant in the building shall not be deemed a waiver of any such Rules and Regulations. No provision of this lease shall be deemed to have been waived by Landlord, unless such waiver be in writing signed by Landlord.

(e) No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this lease provided.

LICENSE

FORTY-FIFTH:--Tenant covenants that Tenant will not, without the consent of Landlord first obtained in each case, make or grant any license in respect of the demised premises or any part thereof, or in respect of the use thereof, and will not permit any such license to be made or granted.

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FORTY-SIXTH:--Landlord shall replace, at the expense of Tenant, any and all plate and other glass damaged or broken from any cause whatsoever in and about the demised premises. Landlord may insure, and keep insured, at Tenant's expense, all plate and other glass in the demised premises for and in the name of Landlord. Bills for the premiums therefor shall be rendered by Landlord to Tenant at such times as Landlord may elect, and shall be due from, and payable by, Tenant when rendered, and the amount thereof shall be deemed to be, and be paid as, additional rent.

GLASS AND
GLASS
INSURANCE

FORTY-SEVENTH:--If an excavation shall be made upon land adjacent to the demised premises, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, license to enter upon the demised premises for the purpose of doing such work as said person shall deem necessary to preserve the wall or the building of which demised premises form a part from injury or damage and to support the same by proper foundations without any claim for damages or indemnity against Landlord, or diminution or abatement of rent.

ADJACENT
EXCAVATION-
SHORING

FORTY-EIGHTH:--Except as otherwise in this lease provided, a bill, statement, notice or communication which Landlord may desire or be required to give to Tenant, shall be deemed sufficiently given or rendered if in writing delivered to Tenant personally or sent by registered or certified mail addressed to Tenant at the building of which the demised premises form a part or at the last known residence address or business address of Tenant or left at any of the aforesaid premises addressed to Tenant, and the time of the rendition of such bill or statement and of the giving of such notice or communication shall be deemed to be the time when the same is delivered to Tenant, mailed, or left at the premises as herein provided. Any notice by Tenant to Landlord must be served by registered or certified mail

BILLS AND
NOTICES

addressed to Landlord at the address first hereinabove given or at such other address as Landlord shall designate by written notice.

FORTY-NINTH:--If and so long as Tenant pays the rent and additional rent reserved hereby and performs and observes the covenants and provisions hereof. Tenant shall quietly enjoy the demised premises, subject, however, to the terms, conditions, exceptions and reservations of this lease, and to the ground, underlying and overriding leases and mortgages hereinbefore mentioned.

QUIET
ENJOYMENT

FIFTIETH:--Upon the expiration or other termination of the term of this lease, Tenant shall quit and surrender to Landlord the demised premises, broom clean, in good order and condition, ordinary wear excepted. Lessee acknowledges that possession of the demised premises must be surrendered to the Lessor at the expiration or sooner termination of the term of this Lease. Lessee agrees it shall indemnify and save Lessor harmless against costs, claims, loss or liability resulting from delay by Lessee in so surrendering the demised premises, including, without limitation, any claims made by any succeeding tenant, founded on such delay. The parties recognize and agree that the damage to Lessor resulting from any failure by Lessee timely to surrender possession of the demised premises as aforesaid will be extremely substantial, will exceed the amount of monthly rent theretofore payable hereunder, and will be impossible of accurate measurement Lessee therefore agrees that if possession of the demised premises is not surrendered to Lessor within seven (7) days after the date of the expiration or termination of the term of this Lease, then Lessee agrees to pay Lessor as liquidated damages for each month and for each portion of any month during which Lessee holds over in the premises after expiration or termination of the term of this Lease, a sum equal to three times the average rent and additional rent which was payable per month under this Lease during the last six months of the term thereof. The aforesaid provisions of this article shall survive the expiration or sooner termination of the term of this Lease. If the last day of the term of this lease or any renewal thereof falls on Sunday, this lease shall expire on the business day immediately preceding.

QUIT AND
SURRENDER

FIFTY-FIRST:--If Landlord shall be unable to give possession of the demised premises on the date of the commencement of the term hereof for any reason. Landlord shall not be subject to any liability. Under such circumstances, the rent reserved and covenanted to be paid herein shall not commence until the possession of demised premises is given or the premises are available for occupancy by Tenant, and no such failure to give possession on the date of commencement of the term shall in any wise affect the validity of this lease or the obligations of Tenant hereunder, nor shall same be construed in any wise to extend the term of this lease. If Landlord is unable to give possession of the demised premises on the date of the commencement of the term hereof by reason of the holding over or retention of possession of any tenant, tenants or occupants or for any other reason, or if repairs, improvements or decorations of the demised premises or of the building of which said premises form a part, are not completed, no abatement or diminution of the rent to be paid hereunder shall be allowed to Tenant nor shall the validity of the lease be impaired under such circumstances. If permission is given to Tenant to enter into the possession of the demised premises or to occupy premises other

FAILURE
TO GIVE
POSSESSION

than the demised premises prior to the date specified as the commencement of the term of this lease. Tenant covenants and agrees that such occupancy shall be deemed to be under all the terms, covenants, conditions and provisions of this lease, except as to the covenant to pay rent. In either case rent shall commence on the date specified in this lease.

REPRESENTATIONS

FIFTY-SECOND:--Landlord or Landlord's agents have made no representations or promises with respect to the said building or demised premises except as herein expressly set forth. The taking possession of the demised premises by Tenant shall be conclusive evidence, as against Tenant, that Tenant accepts same "as is" and that said premises and the building of which the same form a part were in good and satisfactory condition at the time such possession was so taken.

RENT CONTROL

FIFTY-THIRD:--In the event the fixed annual rent or additional rent or any part thereof provided to be paid by Lessee under the provisions of this lease during the demised term shall become uncollectible or shall be reduced or required to be reduced or refunded by virtue of any Federal, State, County or City law, order or regulation, or by any direction of a public officer or body pursuant to law, or the orders, rules, code, or regulations of any organization or entity formed pursuant to law. whether such organization or entity be public or private, then Lessor, at its option, may at any time thereafter terminate this lease, by not less than thirty (30) days' written notice to Lessee, on a date set forth in said notice, in which event this lease and the term hereof shall terminate and come to an end on the date fixed in said notice as if the said date were the date originally fixed herein for the termination of the demised term. Lessor shall not have the right so to terminate this lease if Lessee within such period of thirty (30) days shall in writing lawfully agree that the rentals herein reserved are reasonable rentals and agree to continue to pay said rentals and if such agreement by Lessee shall be legally enforceable by Lessor.

COVENANTS
BINDING
SUCCESSORS

FIFTY-FOURTH:--The covenants, conditions and agreements contained in this lease shall bind and inure to the benefit of Landlord and Tenant and their respective heirs, distributees, executors, administrators, successors, and, except as otherwise provided in this lease, their assigns.

LEASE
EMBODIES
UNDER STANDING
OF PARTIES

FIFTY-FIFTH:--Except as may be otherwise contained in a written instrument or instruments duly executed and delivered by and between the parties hereto, this lease contains the entire agreement and understanding of the parties with respect to the demised premises and the respective rights and duties of the parties in relation thereto and in relation to each other. There are no oral understandings or agreements between the parties of any kind. Landlord has made no representations or warranties to Tenant of any kind. All oral representations, warranties and promises prior to or contemporaneous with this written lease (if any be claimed) are and shall be deemed merged into this lease. This lease cannot be changed or supplemented orally. All promises and agreements made by or between the parties subsequent to the execution and delivery of this lease shall be and be deemed to be null, void and unenforceable unless contained in a writing duly executed and delivered by and between the parties hereto, whether or not the same relate in any way to this lease or any matter covered hereby.

DEFINITIONS

FIFTY-SIXTH:-- (a) The term "Landlord" as used in this lease means only the owner or the mortgagee in possession for the time being, of the land and building (or the owner of a lease of the entire building or of the land and entire building) of which the demised premises form a part so that in the event of any sale or sales of said land and entire building or of any transfer or conveyance of said lease or in the event of a lease of said entire building or of the land and entire building, the said Landlord shall be and hereby is entirely freed and relieved of all liability for the performance of all covenants and obligations on the part of Landlord to be performed hereunder, and it shall be deemed and considered without further agreement between the parties or other successors in interest or between the parties and the purchaser at any such sale or any transferee or mortgagee or any lessee of the entire building or of the land and entire building that the purchaser, lessee, transferee or grantee has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder. Tenant acknowledges that it has been informed and understands that Landlord is a lessee of the land and entire building of which the demised premises form a part. The term "lease of the entire building or of the land and entire building" shall be deemed to include a sublease thereof, and the term "lessee of the entire building or of the land and entire building" shall be deemed to include a sublessee thereof.

(b) The words "re-entry" as used in this lease are not restricted to their technical legal meaning.

(c) The term "business days" as used in this lease shall exclude Saturdays (except such portion thereof as is covered by the insertion of specific hours herein). Sundays and all days observed by the State or Federal Government as legal holidays.

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(d) From time to time, Tenant, on at least ten (10) days' prior written request by Landlord, will deliver to Landlord a statement in writing certifying that this lease is unmodified and in full force and effect (or if there shall have been modifications, that the same is in full force and effect as modified and stating the modifications) and the dates to which the rent and other charges have been paid and stating whether or not Landlord is in default in performance of any covenant, agreement or condition contained in this lease and if so, specifying each such default of which Tenant may have knowledge.

FIFTY-SEVENTH:-- The fixed annual rent reserved in this lease and payable hereunder shall be adjusted, as of the times and in the manner set forth in this Article:

COST OF LIVING
ADJUSTMENTS

(a) Definitions: For the purposes of this Article, the following definitions shall apply:

(i) The term "Base Year" shall mean the full calendar year during which the term of this lease commences.

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(ii) The term "Price Index" shall mean the 'Consumer Price Index' published by the Bureau of Labor - Statistics of the U.S. Department of Labor, All Items, New York, N.Y.--Northeastern, N.J., all urban consumers (presently denominated "CPI-U"), or a successor or substitute index appropriately adjusted.

(iii) The term "Price Index for the Base Year" shall

mean the average of the monthly All Items Price Indexes for each of the 12 months of the Base Year.

(b) Effective as of each January and July subsequent to the Base Year, there shall be made a cost of living adjustment of the fixed annual rental rate payable hereunder. The July adjustment shall be based on the percentage difference between the Price Index for the preceding month of June and the Price Index for the Base Year. The January adjustment shall be based on such percentage difference between the Price Index for the preceding month of December and the Price Index for the Base Year.

(i) In the event the Price Index for June in any calendar year during the term of this lease reflects an increase over the Price Index for the Base Year, then the fixed annual rent herein provided to be paid as of the July 1st following such month of June (unchanged by any adjustments under this Article) shall be multiplied by the percentage difference between the Price Index for June and the Price Index for the Base Year, and the resulting sum shall be added to such fixed annual rent, effective as of such July 1st. Said adjusted fixed annual rent shall thereafter be payable hereunder, in equal monthly installments, until it is readjusted pursuant to the terms of this lease.

(ii) In the event the Price Index for December in any calendar year during the term of this lease reflects an increase over the Price Index for the Base Year, then the fixed annual rent herein provided to be paid as of the January 1st following such month of December (unchanged by any adjustments under this Article) shall be multiplied by the percentage difference between the Price Index for December and the Price Index for the Base Year, and the resulting sum shall be added to such fixed annual rent effective as of such January 1st. Said adjusted fixed annual rent shall thereafter be payable hereunder, in equal monthly installments, until it is readjusted pursuant to the terms of this lease.

The following illustrates the intentions of the parties hereto as to the computation of the aforementioned cost of living adjustment in the annual rent payable hereunder.

Assuming that said fixed annual rent is \$10,000, that the Price Index for the Base Year was 102.0 and that the Price Index for the month of June in a calendar year following the Base Year was 105.0, then the percentage increase thus reflected, i.e. 2.941% ($3.0/102.0$) would be multiplied by 510,000, and said fixed annual rent would be increased by \$294.10 effective as of July 1st of said calendar year.

In the event that the Price Index ceases to use 82-84=100 as the basis of calculation or if a substantial change is made in the terms or number of items contained in the Price Index, then the Price Index shall be adjusted to the figure that would have been arrived at had the manner of computing the Price Index in effect at the date of this lease not been altered. In the event such Price Index (or a successor or substitute index) is not available, a reliable governmental or other non-partisan publication evaluating the information theretofore used in determining the Price Index shall be used.

No adjustments or recomputations, retroactive or otherwise, shall be made due to any revision which may later be made in the first published figure of the Price Index for any month.

(c) Landlord will cause statements of the cost of living adjustments provided for in subdivision (b) to be prepared in reasonable detail and delivered to Tenant.

(d) In no event shall the fixed annual rent originally provided to be paid under this lease (exclusive of the adjustments under this Article) be reduced by virtue of this Article.

(e) Any delay or failure of Landlord, beyond July or January of any year, in computing or billing for the rent adjustments hereinabove provided, shall not constitute a waiver of or in any way impair the continuing obligation of Tenant to pay such rent adjustments hereunder.

(f) Notwithstanding any expiration or termination of this lease prior to the lease expiration date (except in the case of a cancellation by mutual agreement) Tenant's obligation to pay rent as adjusted under this Article shall continue and shall cover all periods up to the lease expiration date, and shall survive any expiration or termination of this lease.

TAX
ESCALATION

FIFTY-EIGHTH:-- Tenant shall pay to Landlord, as additional rent, tax escalation in accordance with this Article:

(a) Definitions: For the purpose of this Article, the following definitions shall apply:

(i) The term "base tax year" as hereinafter set forth for the determination of real estate tax escalation, shall mean the New York City real estate tax year commencing July 1, 1994 and ending June 30, 1995.

(ii) The term "The Percentage", for purposes of computing tax escalation, shall mean Two & ten hundredths of one percent (2.10%). The Percentage has been computed on the basis of a fraction, the numerator of which is the rentable square foot area of the presently demised premises and the denominator of which is the total rentable square foot area of the office and commercial space in the building project. The parties acknowledge and agree that the rentable square foot area of the presently demised premises shall be deemed to be 10,624 sq.ft. and that the total rentable square foot area of the office and commercial space in the building project shall be deemed to be 505,591 sq.ft.

(iii) The term "the building project" shall mean the aggregate combined parcel of land on a portion of which are the improvements of which the demised premises form a part, with all the improvements thereon, said improvements being a part of the block and lot for tax purposes which are applicable to the aforesaid land.

(iv) The term "comparative year" shall mean the twelve (12) months following the base tax year, and each subsequent period of twelve (12) months (or such other period of twelve (12) months occurring during the term of this lease as hereafter may be duly adopted as the fiscal year for real estate tax purposes by the City of New York).

(v) The term "real estate taxes" shall mean the total of all taxes and special or other assessments levied, assessed or imposed at any time by any governmental authority upon or against the building

project, and also any tax or assessment levied, assessed or imposed at any time by any governmental authority in connection with the receipt of income or rents from said building project to the extent that same shall be in lieu of all or a portion of any of the aforesaid taxes or assessments, or additions or increases thereof, upon or against said building project. If, due to a future change in the method of taxation or in the taxing authority, or for any other reason, a franchise, income, transit, profit or other tax or governmental imposition, however designated, shall be levied against Landlord in substitution in whole or in part for the real estate taxes, or in lieu of additions to or increases of said real estate taxes, then such franchise, income, transit, profit or other tax or governmental imposition shall be deemed to be included within the definition of "real estate taxes" for the purposes hereof. As to special assessments which are payable over a period of time extending beyond the term of this lease, only a pro rata portion thereof, covering the portion of the term of this lease unexpired at the time of the imposition of such assessment, shall be included in "real estate taxes". If, by law, any assessment may be paid in installments, then, for the purposes hereof (a) such assessment shall be deemed to have been payable, in the maximum number of installments permitted by law and (b) there shall be included in real estate taxes, for each comparative year in which such installments may be paid, the installments of such assessment so becoming payable during such comparative year, together with interest payable during such comparative year.

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(vi) Where a "transition assessment" is imposed by the City of New York for any tax (fiscal) year, then the phrases "assessed value" and "assessments" shall mean the transition assessment for that tax (fiscal) year.

(vii) The phrase "real estate taxes payable during the base tax year" shall mean that amount obtained by multiplying the assessed value of the land and buildings of the building project for the base tax year by the tax rate for the base tax year for each \$100 of such assessed value.

(b) 1. In the event that the real estate taxes payable for any comparative year shall exceed the amount of the real estate taxes payable during the base tax year, Tenant shall pay to Landlord, as additional rent for such comparative year, an amount equal to The Percentage of the excess. Before or after the start of each comparative year, Landlord shall furnish to Tenant a statement of the real estate taxes payable for such comparative year, and a statement of the real estate taxes payable during the base tax year. If the real estate taxes payable for such comparative year exceed the real estate taxes payable during the base tax year, additional rent for such comparative year, in an amount equal to The Percentage of the excess, shall be due from Tenant to Landlord, and such additional rent shall be payable by Tenant to Landlord within ten (10) days after receipt of the aforesaid statement. The benefit of any discount for any earlier payment or prepayment of real estate taxes shall accrue solely to the benefit of Landlord, and such discount shall not be subtracted from the real estate taxes payable for any comparative year.

2. Should the real estate taxes payable during the base tax year be reduced by final determination of legal proceedings, settlement or otherwise, then, the real estate taxes payable during the base tax year shall be correspondingly revised, the additional rent theretofore paid or payable hereunder for all comparative years shall be recomputed on the basis of such reduction, and Tenant shall pay to Landlord as additional rent, within ten (10) days after being billed therefor, any deficiency between the amount of such additional rent as theretofore computed and the amount thereof due as the result of such recomputations. Should the real estate taxes payable during the base tax year be increased by such final determination of legal proceedings, settlement or otherwise, then appropriate recomputation and adjustment also shall be made.

3. If, after Tenant shall have made a payment of additional rent under this subdivision (c), Landlord shall receive a refund of any portion of the real estate taxes payable for any comparative year after the base tax year on which such payment of additional rent shall have been based, as a result of a reduction of such real estate taxes by final determination of legal proceedings, settlement or otherwise, Landlord shall within ten (10) days after receiving the refund pay to Tenant The Percentage of the refund less The Percentage of expenses (including attorneys' and appraisers' fees) incurred by Landlord in connection with any such application or proceeding. If, prior to the payment of taxes for any comparative year, Landlord shall have obtained a reduction of that comparative year's assessed valuation of the building project, and therefore of said taxes, then the term "real estate taxes" for that comparative year shall be deemed to include the amount of Landlord's expenses in obtaining such reduction in assessed valuation, including attorneys' and appraisers' fees.

4. The statements of the real estate taxes to be furnished by Landlord as provided above shall be certified by Landlord and shall constitute a final determination as between Landlord and Tenant of the real estate taxes for the periods represented thereby, unless Tenant within thirty (30) days after they are furnished shall give a written notice to Landlord that it disputes their accuracy or their appropriateness, which notice shall specify the particular respects in which the statement is inaccurate or inappropriate. If Tenant shall so dispute said statement then, pending the resolution of such dispute, Tenant shall pay the additional rent to Landlord in accordance with the statement furnished by Landlord.

5. In no event shall the fixed annual rent under this' lease (exclusive of the additional rents under this Article) be reduced by virtue of this Article.

6. If the commencement date of the term of this lease is not the first day of the first comparative year, then the additional rent due hereunder for such first comparative year shall be a proportionate share of said additional rent for the entire comparative year, said proportionate share to be based upon the length of time that the lease term will be in existence during such first comparative year. Upon the date of any expiration or termination of this lease (except termination because of Tenant's default) whether the same be the date hereinabove set forth for the expiration of the term or any prior or subsequent date, a proportionate share of said additional rent for the comparative year during which such expiration or termination occurs shall immediately become due and payable by Tenant to Landlord, if it was not theretofore already billed and paid. The said proportionate share shall be based upon the length of time that this lease shall have been in existence

during such comparative year. Landlord shall promptly cause statements of said additional rent for that comparative year to be prepared and furnished to Tenant. Landlord and Tenant shall thereupon make appropriate adjustments of amounts then owing.

7. Landlord's and Tenant's obligations to make the adjustments referred to in Subdivision (6) above shall survive any expiration or termination of this lease.

8. Any delay or failure of Landlord in billing any tax escalation hereinabove provided shall not constitute a waiver of or in any way impair the continuing obligation of Tenant to pay such tax escalation hereunder.

OCCUPANCY AND USE
BY TENANT

FIFTY-NINTH:--(A). Tenant acknowledges that its continued occupancy of the demised premises, and the regular conduct of its business therein, are of utmost importance to the Landlord in the renewal of other leases in the building, in the renting of vacant space in the building, in the providing of electricity, air conditioning, steam and other services to the tenants in the building, and in the maintenance of the character and quality of the tenants in the building. Tenant therefore covenants and agrees that it will occupy the entire demised premises and will conduct its business therein in the regular and usual manner, throughout the term of this lease. Tenant acknowledges that Landlord is executing this lease in reliance upon these covenants and that these covenants are a material element of consideration inducing the Landlord to execute this lease. Tenant further agrees that if it vacates the demised premises or fails to so conduct its business therein, at any time during the term of this lease, without the prior written consent of the Landlord, then all rent and additional rent reserved in this lease from the date of such breach to the expiration date of this lease shall become immediately due and payable to Landlord.

(B). The parties recognize and agree that the damage to Landlord resulting from any breach of the covenants in subdivision (A) hereof will be extremely substantial will be far greater than the rent payable, for the balance of the term of this lease, and will be impossible of accurate measurement. The parties therefore agree that in the event of a breach or threatened breach of the said covenants, in addition to all of Landlord's other rights and remedies, at law or in equity or otherwise, Landlord shall have the right of injunction to preserve Tenant's occupancy and use. The words "become vacant or deserted" as used elsewhere in this lease shall include Tenant's failure to occupy or use as by this Article required.

(C). If Tenant breaches either of the covenants in subdivision (A) above, and this lease be terminated because of such default, then, in addition to Landlord's rights of re-entry, restoration, preparation for and re-rental, and anything elsewhere in this lease to the contrary notwithstanding, Landlord shall retain its right to judgment on and collection of Tenant's aforesaid obligation to make a single payment to Landlord of a sum equal to the total of all rent and additional rent reserved for the remainder of the original term of this lease, subject to future credit or repayment to Tenant in the event of any re-renting of the premises by Landlord, after first deducting from re-rental income all expenses incurred by Landlord in reducing to judgment or otherwise

collecting Tenant's aforesaid obligation, and in obtaining possession of, restoring, preparing for and re-letting the premises. In no event shall Tenant be entitled to a credit or repayment for rental income which exceeds the sums payable by Tenant hereunder or which covers a period after the original term of this lease.

(D). If any provision of this Article of this lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Article, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Article and of this lease shall be valid and be enforced to the fullest extent permitted by law.

SIXTIETH:--The Landlord shall be under no obligation to provide access between the "A" Wing and the "B" Wing on the floor of the premises demised herein, and any passageways which may now or hereafter exist between said wings may be discontinued at any time at the discretion of the Landlord.

CAPTIONS

SIXTY-FIRST:--The captions are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this lease nor the intent of any provision thereof.

RULES AND
REGULATIONS

SIXTY-SECOND:--Tenant and Tenant's servants, employees, agents, visitors, and licensees shall observe and non-discriminate faithfully, and comply strictly with, the Rules and Regulations and such other and further reasonable and non-discrimination Rules and Regulations as Landlord or Landlord's agents may from time to time adopt. Notice of any additional rules or regulations shall be given in such manner as Landlord may elect. In case Tenant disputes the reasonableness of any additional Rule or Regulation hereafter made or adopted by Landlord or Landlord's agents, the parties hereto agree to submit the question of the reasonableness of such Rule or Regulation for decision to the

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Chairman of the Board of Directors of the Management Division of The Real Estate Board of New York, Inc., or to such impartial person or persons as he may designate, whose determination shall be final and conclusive upon the parties hereto. The right to dispute the reasonableness of any additional Rule or Regulation upon Tenant's part shall be deemed waived unless the same shall be asserted by service of a notice in writing upon Landlord within ten (10) days after the adoption of any such additional Rule or Regulation. Nothing in this lease contained shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations or terms, covenants or conditions in any other lease, as against any other tenant and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its servants, employees, agents, visitors or licensees.

The use in the demised premises of auxiliary heating devices, such as portable electric heaters, heat lamps or other devices whose principal function at the time of operation is to produce space heating is prohibited.

SIXTY-THIRD:-- It is understood and agreed that this lease is submitted to Tenant on the understanding that it shall not be considered an offer and shall not bind

Landlord in any way until (i) Tenant has duly executed and delivered duplicate originals to Landlord and (ii) Landlord has executed and delivered one of said originals to Tenant.

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In Witness Whereof, Landlord and Tenant have respectively signed and sealed this lease as of the day and year first above written.

500/512 SEVENTH AVENUE ASSOCIATES
HELMSLEY-SPEAR, INC., AGENTS

Witness for Landlord:

By: /s/ Irving Schneider

EXECUTIVE VICE PRESIDENT

G-III LEATHER FASHIONS, INC.

Witness for Tenant:

By: /s/ Alan Feller

TENANT

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ADDITIONAL CLAUSES attached to and forming a part of lease dated January 31st, 1994 between 500-512 SEVENTH AVENUE ASSOCIATES and G-III LEATHER FASHIONS, INC.

SIXTY FOURTH: It is understood and agreed tenant shall be permitted to list its firm name or divisions of its firm but no more than five (5) listings in the lobby board of the building. The charge to the tenant shall be \$75.00 for all listings plus tax, per side of building or the charge then in effect.

SIXTY FIFTH: It is understood and agreed that tenant shall have immediate possession of the demised premises free of rent upon execution of this lease through January 31, 1995, but shall be subject to all other terms and conditions of this lease including the payment of electricity.

SIXTY SIXTH: Tenant shall perform all initial alteration work to make the demised premises suitable and ready for Tenant's occupancy and use (the "Initial Alteration Work"). Tenant shall, within sixty (60) days after the execution of this Lease by Tenant, furnish Landlord for its approval a complete set of architectural and engineering plans and specifications for such work including air conditioning. Landlord, promptly upon receipt of same, shall approve such plans and specifications, or return them with advice as to what changes are required for its approval to be forthcoming.

Tenant, at its own cost and expense (except as herein provided), will cause the initial Alteration Work to be effected in accordance with Tenant's approved plans and specifications, pursuant to the provisions of Article TWELFTH and FIFTEENTH, as supplemented by Article SIXTEENTH, hereof, and in accordance with all applicable laws, rules and regulations.

Tenant as part of its Initial Alteration Work will install an air conditioning unit or units sufficient to air condition all or part of the demised premises. In connection therewith Tenant agrees to pay as Additional Rent an Electric Riser Charge of \$5.00 per ton, per month for each unit.

SIXTY SEVENTH: Provided Tenant is not then in material default under this Lease beyond any grace period, Landlord will pay up to the first \$265,600 ("Landlord's Work Contribution") of the costs of labor and materials, excluding the costs of

Tenant's personal property, in effecting the Initial Alteration Work. If such costs are lower than \$265,600, the Landlord's aforesaid contribution obligation shall be satisfied by its paying such amount lower than \$265,600. Any such costs in excess of \$265,600 shall be paid promptly by Tenant.

In connection with the Initial Alteration Work, Tenant shall provide Landlord with true copies of paid bills, showing the cost of the items of the Initial Alteration Work to be included in the aforesaid total up to \$265,600, and Landlord shall reimburse Tenant for the amount set forth in said bills in accordance with Landlord's

obligation hereunder within twenty (20) days unless Landlord requests further verification of payment.

SIXTY EIGHTH: Landlord agrees that, at its expense, it shall affect the following work ("Landlord's Work") in and to the demised premises, in a Building standard manner and using Building standard materials, which work shall constitute Landlord's sole obligation hereunder:

1. Install bathrooms as required pursuant to the Americans With Disabilities Act. Landlord will use best efforts to coordinate its construction with that of Tenant.
2. Remove existing installations from the demised premises so that same shall be delivered vacant and free of same in "shell" condition.

Landlord shall substantially complete the portion of Landlord's Work described in clause 1 above within 60 working days of the date hereof. Landlord shall substantially complete the portion of Landlord's Work described in clause 2 above within 30 working days of the date hereof. If Landlord fails to complete any such portion of Landlord's Work within the time periods specified above, Tenant shall have the right to have such work done by Tenant's contractors and materialmen at Landlord's cost and expense. Landlord shall reimburse Tenant promptly for such costs and expenses upon presentation by Tenant of paid invoices therefor.

Anything herein contained to the contrary notwithstanding, the time by which Landlord shall substantially complete the work required to be performed by it in the demised premises shall be extended for such period as Landlord is prevented from substantially completing such work due to strikes, lockouts, labor disputes, Acts of God, governmental restrictions, enemy or hostile governmental action, fire or other casualty, or any other reason beyond Landlord's reasonable control. Further, if Landlord's work is not substantially completed and is delayed by acts, omissions or changes made or requested by Tenant, its agents, designers, architects or any other party acting or apparently acting on Tenant's behalf, then the time by which Landlord shall substantially complete the work required to be performed by it in the demised premises shall be extended by the period or such delay.

SIXTY NINTH: Anything in Article FIFTY SEVENTH to the contrary notwithstanding, the cost of living adjustment of the fixed annual rental rate computed as provided in said Article FIFTY SEVENTH, which shall be payable for any single calendar year, or for any portion thereof, shall not exceed an amount equal to four percent (4%) of the fixed annual rental rate payable under this lease as of December 1st or of the immediately preceding calendar year (including any adjustments under Article FIFTY SEVENTH).

SEVENTIETH: Anything to the contrary contained in Article THIRTY FIFTH notwithstanding, should Landlord elect not to give such notice of termination and the demised premises are not restored so that Tenant may resume its regular course of business operations within 180 days after such fire or other cause, Tenant shall have the right to give Landlord a notice in writing of termination, which notice shall be given as provided in this Lease and thereupon the term of this Lease shall expire by lapse of time on the third day after such notice is given, and Tenant shall vacate the demised premises and surrender same to Landlord.

LANDLORD:
500-512 SEVENTH AVENUE ASSOCIATES
HELMSLEY-SPEAR, INC., AGENTS

By: /s/ Irving Schneider

EXECUTIVES VICE PRESIDENT

TENANT:

G-III LEATHER FASHIONS, INC.

By: /s/ Alan Feller

Name:

Title:

RULES AND REGULATIONS

1. The sidewalks, entrances, passages, courts, elevators, vestibules, stairways, corridors or halls shall not be obstructed or encumbered by any Tenant or used for any purpose other than ingress and egress to and from the demised premises, and if said premises are situate on the ground floor of the building the Tenant thereof shall further, at said Tenant's own expense, keep the sidewalks and curb directly in front of said premises clean and free from ice, snow, etc.
2. The freight and not the passenger elevators shall be used by the working hands of Tenant and persons calling for and delivering goods to and from the demised premises.
3. No awnings or other projections shall be attached to the outside walls of the building without the prior written consent of Landlord. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the demised premises, without the prior written consent of the Landlord. Such awnings, projections curtains, blinds, shades, screens or other fixtures must be of a quality, type, design and color, and attached in the manner approved by Landlord.
4. No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any Tenant on any part of the outside or inside of the demised premises or building without the prior written consent of Landlord. Interior signs on doors shall be inscribed, painted or affixed for each Tenant by Landlord at the expense of such Tenant, and shall be of a size, color and style acceptable to Landlord. Only the Tenant named in the lease shall be entitled to appear on the Directory Board or Tablet. Additional names may be added in Landlord's sole discretion under such terms and conditions as he may approve.
5. The sashes, sash doors, skylights, windows and doors that reflect or admit light and air into the halls, passageways or other public places in the building shall not be covered by any Tenant, nor shall any bottles, parcels, or other articles be placed on the windowsills.
6. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by Tenant who, or whose servants, employees, agents, visitors or licensees, shall have caused the same.
7. No Tenant shall mark, paint, drill into, or in any way deface any part of the demised premises or the building of which they form a part. No boring, cutting or stringing of wires shall be permitted, except with the prior written consent of Landlord, and as Landlord may direct. No linoleum or other floor covering shall be laid in direct contact with the floor of the demised premises, but if any such covering is required by Tenant, an interlining of builder's deadening felt shall first be affixed to the floor with paste or other water soluble material, the use of cement or other adhesive non-soluble in water is expressly prohibited.
8. No Tenant shall make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them whether by the use of any instrument, radio, talking machine, musical noise, whistling, singing or in any other way.

9. No Tenant, nor any of Tenant's servants, employees, agents, visitors, or licensees, shall at any time bring or keep upon the demised premises any inflammable, combustible or explosive fluid, chemical and substance, or cause or permit any unusual or objectionable odors to be produced upon or permeate from the demised premises. No animals or birds shall be kept by Tenant in or about the building.

10. Landlord reserves the right to inspect all freight to be brought into the building and to exclude from the building all freight which violates any of these Rules and Regulations or the lease of which these Rules and Regulations are a part.

11. Landlord shall have the right to prohibit any advertising by any Tenant which, in its opinion, tends to impair the reputation of the building or its desirability and, upon written notice from Landlord. Tenant shall refrain from or discontinue such advertising.

12. Canvassing, soliciting and peddling in the building is prohibited and each Tenant shall co-operate to prevent the same.

13. There shall not be used in any space, or in the public halls of any building, either by any Tenant or by jobbers or others, in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side guards.

14. No Tenant shall purchase spring water, ice, towels, or other like service, from any company or persons not approved by Landlord.

15. The use in the demised premises of auxiliary heating devices, such as portable electric heaters, heat lamps or other devices whose principal function at the time of operation is to produce space heating, is prohibited.

[MAP OMITTED]

NAVARRA MERCANTILE BUILDING, S. W. Corner 7th Ave & 38th Street

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FIRST AMENDMENT TO LEASE

BETWEEN

500-512 SEVENTH AVENUE LIMITED PARTNERSHIP, LANDLORD

AND

G-III LEATHER FASHIONS, INC., TENANT

PREMISES:

ENTIRE 33RD FLOOR
512 SEVENTH AVENUE
NEW YORK, NEW YORK

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FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") made as of the 1st day of July, 2000, by and between 500-512 SEVENTH AVENUE LIMITED PARTNERSHIP, a New York limited partnership, having an office c/o Newmark & Company Real Estate, Inc. ("Landlord"), and G-III LEATHER FASHIONS, INC., a New York corporation, having an office at 512 Seventh Avenue, New York, New York ("Tenant").

WITNESSETH:

WHEREAS, by Agreement of Lease dated as of January 31, 1994 (such lease, as the same may have been or may hereafter be amended, is hereinafter called the "Lease"), Landlord's predecessor-in-interest, did demise and let unto Tenant and Tenant did hire and take from Landlord's predecessor-in-interest the entire thirty-third (33rd) floor (the "demised premises") as more particularly described in the Lease in the building (the "Building") known by the street address 512 Seventh Avenue, New York, New York;

WHEREAS, the term of the Lease currently expires on January 31, 2003;

WHEREAS, Tenant desires to extend the term of the Lease and Landlord is agreeable thereto on the terms and conditions hereinafter set forth; and

WHEREAS, Landlord and Tenant desire to modify and amend the Lease as hereinafter provided.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. All capitalized terms used herein shall have the meanings ascribed to them in the Lease unless otherwise specifically set forth herein to the contrary.

2. The term of the Lease is hereby extended for an additional term (the "Extended Term") of ten (10) years and nine (9) months commencing on July 1, 2000 (the "Extended Term Commencement Date") and ending on March 31, 2011 (the "Expiration Date"), as if the Expiration Date was originally set forth in the Lease as the expiration date thereof, instead of January 31, 2003.

3. Effective as of the first day of the Extended Term:

(a) The fixed annual rent to be paid by Tenant to Landlord under the

Lease during the Extended Term shall be abated during the period commencing on the Extended Term Commencement Date and ending on December 31, 2000, and thereafter shall be payable as follows:

(i) For the period commencing on January 1, 2001 and ending on December 31, 2001, the fixed annual rent shall be Two Hundred Seventy-Six Thousand Two Hundred Twenty-Four and 00/100 Dollars (\$276,224.00) per year, or Twenty-Three Thousand Eighteen and 67/100 Dollars (\$23,018.67) per month;

(ii) For the period commencing on January 1, 2002 and ending on December 31, 2002, the fixed annual rent shall be Two Hundred Eighty-Four Thousand Five Hundred Ten and 72/100 Dollars (\$284,510.72) per year, or Twenty-Three Thousand Seven Hundred Nine and 23/100 Dollars (\$23,709.23) per month;

(iii) For the period commencing on January 1, 2003 and ending on December 31, 2003, the fixed annual rent shall be Two Hundred Ninety-Three Thousand Forty-Six and 04/100 Dollars (\$293,046.04) per year, or Twenty-Four Thousand Four Hundred Twenty and 50/100 Dollars (\$24,420.50) per month;

(iv) For the period commencing on January 1, 2004 and ending on December 31, 2004, the fixed annual rent shall be Three Hundred One Thousand Eight Hundred Thirty-Seven and 42/100 Dollars (\$301,837.42) per year, or Twenty-Five Thousand One Hundred Fifty-Three and 12/100 Dollars (\$25,153.12) per month;

(v) For the period commencing on January 1, 2005 and ending on December 31, 2005, the fixed annual rent shall be Three Hundred Ten Thousand Eight Hundred Ninety-Two and 55/100 Dollars (\$310,892.55) per year, or Twenty-Five Thousand Nine Hundred Seven and 71/100 Dollars (\$25,907.71) per month;

(vi) For the period commencing on January 1, 2006 and ending on December 31, 2006, the fixed annual rent shall be Three Hundred Sixty-Two Thousand Six Hundred Seventy-Nine and 99/100 Dollars (\$362,679.99) per year, or Thirty Thousand Two Hundred Twenty-Three and 33/100 Dollars (\$30,223.33) per month;

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(vii) Notwithstanding anything to the contrary contained herein, for the period commencing on January 1, 2006 and ending on March 31, 2006, the fixed annual rent shall be abated;

(viii) For the period commencing on January 1, 2007 and ending on December 31, 2007, the fixed annual rent shall be Three Hundred Seventy-Two Thousand Two Hundred Eighty-Five and 51/100 Dollars (\$372,285.51) per year, or Thirty-One Thousand Twenty-Three and 79/100 Dollars (\$31,023.79) per month;

(ix) For the period commencing on January 1, 2008 and ending on December 31, 2008, the fixed annual rent shall be Three Hundred Eighty-Two Thousand One Hundred Seventy-Nine and 19/100 Dollars (\$382,179.19) per year, or Thirty-One Thousand Eight Hundred Forty-Eight and 27/100 Dollars (\$31,848.27) per month;

(x) For the period commencing on January 1, 2009 and ending on December 31, 2009, the fixed annual rent shall be Three Hundred Ninety-Two Thousand Three Hundred Sixty-Nine and 69/100 Dollars (\$392,369.69) per year, or Thirty-Two Thousand Six Hundred Ninety-Seven and 47/100 Dollars (\$32,697.47) per month;

(xi) For the period commencing on January 1, 2010 and ending on December 31, 2010, the fixed annual rent shall be Four Hundred Two Thousand Eight Hundred Sixty-Five and 90/100 Dollars (\$402,865.90) per year, or Thirty-Three Thousand Five Hundred Seventy-Two and 16/100 Dollars (\$33,572.16) per month; and

(xii) For the period commencing on January 1, 2011 and ending on March 31, 2011, the fixed annual rent shall be Four Hundred Thirteen Thousand Five Hundred Ninety-Two and 32/100 Dollars (\$413,592.32) per year, or Thirty-Four Thousand Four Hundred Sixty-Six and 03/100 Dollars (\$34,466.03) per month.

Except as set forth above, the fixed annual rent shall be paid by Tenant to Landlord in equal monthly installments in advance on the first day of each and every month without any set-off or deduction whatsoever in the manner provided in the Lease.

(b) The Fourth Article of the Lease is hereby deleted and the following is substituted therefor:

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"Tenant shall use and occupy the demised premises for showroom, design, general offices and sales offices for sale at wholesale and not retail, of all apparel and accessories."

(c) The Tenth Article of the Lease is hereby deleted and the following is substituted therefor:

"TENTH: - (i) Tenant shall not (A) assign or otherwise transfer this Lease or the term and estate hereby granted, (B) sublet the demised premises or any part thereof or allow the same to be used or occupied by others or in violation of Fourth Article hereof, (C) mortgage, pledge or encumber this Lease or the demised premises or any part thereof in any manner or permit any lien to be filed against this Lease, the demised premises or the Building by reason of any act or omission on the part of Tenant or enter into any agreement which would permit the filing of a lien by any broker (except for a broker's agreement in connection with a proposed assignment by Tenant of its rights and obligations under the Lease or a sublease of all or a portion of the demised premises), or (D) advertise, or authorize a broker to advertise, for a subtenant or an assignee at a specified rental rate without, in each instance, obtaining the prior consent of Landlord, except as otherwise expressly provided in this Article 10. For purposes of this Article 10, (w) the transfer of a majority of the issued and outstanding capital stock of any corporate tenant, or of a corporate subtenant, or the transfer of a majority of the total interest in any partnership tenant or subtenant, however accomplished, whether in a single transaction or in a series of related or unrelated transactions, shall be deemed an assignment of this Lease, or of such sublease, as the case may be, except that the transfer of the outstanding capital stock of any corporate tenant, or subtenant, shall be deemed not to include the sale of such stock by persons or parties, through the "over-the-counter market" or through any recognized stock exchange, other than those deemed "insiders" within the meaning of the Securities Exchange Act of 1934 as amended (provided, however, that any transfer of stock of Tenant or any affiliate of Tenant by Morris Goldfarb to members of his immediate family for estate planning purposes shall not be deemed to effect an assignment of the Lease), (x) a takeover agreement shall be deemed a transfer of this Lease, (y) any person or legal representative of Tenant, to whom Tenant's interest under this Lease passes by operation of law, or otherwise, shall be bound by the provisions of this

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Article 10, and (z) a modification, amendment or extension of a sublease shall be deemed a sublease.

(ii) The provisions of subparagraph (i) hereof shall not apply to transactions with a corporation into or with which Tenant is merged or consolidated or with an entity to which substantially all of Tenant's assets are transferred or, if Tenant is a partnership, with a successor partnership (provided such merger or transfer of assets is for a good business purpose and not principally for the purpose of transferring the leasehold estate created hereby, and provided further, that either the (x) the assignee has a net worth at least equal to or in excess of the net worth of Tenant immediately prior to such merger or transfer, or (y) such assignee delivers a letter of credit, in the form annexed hereto as Exhibit A, in the amount equal to the product of (A) twelve (12) and (B) the then prevailing monthly fixed rent).

(iii) Any assignment or transfer, whether made with Landlord's consent as required by subparagraph (i) or without Landlord's consent pursuant to subparagraph (ii) hereof, shall be made only if, and shall not be effective until, the assignee shall execute, acknowledge and deliver to Landlord a recordable agreement (unless the assignment shall be a "deemed" assignment by reason of a transfer of a majority interest in Tenant), in form and substance reasonably satisfactory to Landlord, whereby the assignee shall assume the obligations and performance of this Lease and agree to be personally bound by and upon all of the covenants, agreements, terms, provisions and conditions hereof on the part of Tenant to be performed or observed and whereby the assignee shall agree that the provisions of subparagraph (i) hereof shall, notwithstanding such an assignment or transfer, continue to be binding upon it in the future. Tenant covenants that, notwithstanding any assignment or transfer, whether or not in violation of the provisions of this Lease, and notwithstanding the acceptance of fixed annual rent by Landlord from an assignee or transferee or any other party, Tenant shall remain fully and primarily liable for the payment of the fixed annual rent and additional rent due and to become due under this Lease and for the performance of all of the covenants, agreements, terms, provisions and conditions of this Lease on the part of Tenant to be performed or observed.

(iv) The liability of Tenant, and the due performance by Tenant of the obligations on its part to be performed under this Lease, shall not be discharged, released or impaired in any respect by an agreement or

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stipulation made by Landlord or any grantee or assignee of Landlord, by way of mortgage, or otherwise, extending the time of, or modifying any of the obligations contained in this Lease, or by any waiver or failure of Landlord to enforce any of the obligations on Tenant's part to be performed under this Lease, and Tenant shall continue to be liable hereunder. If any such agreement or modification operates to increase the obligations of a tenant under this Lease, the liability under this subparagraph (iv) of the tenant named in the Lease or any of its successors in interest, (unless such party shall have expressly consented in writing to such agreement or modification) shall continue to be no greater than if such agreement or modification had not been made. To charge Tenant named in this Lease and its successors in interest after this Lease shall be assigned, no demand or notice of any default to the named Tenant shall be required. Tenant and each of its successors in interest hereby expressly waive any such demand or notice.

(v) (A) Should Tenant determine, subject to the provisions of this Lease, to assign this Lease, other than by an assignment contemplated by subparagraph (ii) hereof, Tenant shall not less than forty-five (45) days prior to the effective date of the contemplated assignment, deliver to Landlord a term sheet setting forth the terms and the effective date of the contemplated assignment transaction, the identity of the proposed assignee and information (including, without limitation, current financial information regarding net worth, credit and financial responsibility) with respect to the nature and character of the proposed assignee's business, and Landlord shall then have the right to elect, by notifying Tenant within thirty (30) days of such delivery, to (x) terminate this Lease, as of such effective date as if it were the Expiration Date set forth in this Lease or (y) accept an assignment of this Lease from Tenant, and Tenant shall then promptly execute and deliver to Landlord, or Landlord's designee if so elected by Landlord, in form reasonably satisfactory to Landlord's counsel, an assignment which shall be effective as of such effective date.

(B) In the event that this Lease shall be assigned to Landlord or Landlord's designee or if the demised premises shall be sublet to Landlord or Landlord's designee pursuant to this subparagraph (v), the provisions of any such sublease or assignment and the obligations of Landlord and the rights of Tenant with respect thereto shall not be binding upon or otherwise affect the rights of any holder of a superior mortgage or of a lessor under a superior lease unless such holder or

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lessor shall elect by written notice to Tenant to succeed to the position of Landlord or its designee, as the case may be, thereunder.

(C) Should Tenant determine subject to the provisions of this Lease, to sublet the demised premises or any portion thereof, other than by a sublease contemplated by subparagraph (ii) hereof, Tenant shall, not less than forty-five (45) days prior to the effective date of the contemplated sublease, deliver to Landlord, a term sheet setting forth the terms of the contemplated sublease transaction, the effective date therefor, the identity of the proposed subtenant, and information with respect to the nature and character of the proposed subtenant's business, and Landlord shall then have the right to elect, by notifying Tenant within thirty (30) days of such delivery, to (x) terminate this Lease as to the portion of the demised premises affected by such subletting or as to the entire demised premises, in the case of a subletting thereof, as of such effective date, (y) in the case of a proposed subletting of the entire demised premises, accept an assignment of this Lease to Landlord from Tenant, and Tenant shall then promptly execute and deliver to Landlord, or Landlord's designee if so elected by Landlord, in form reasonably satisfactory to Landlord's and Tenant's counsel, an assignment which shall be effective as of such effective date, (z) accept a sublease from Tenant of the portion of the demised premises affected by such proposed subletting or the entire demised premises in the case of a proposed subletting thereof, and Tenant shall then promptly execute and deliver a sublease to Landlord, or Landlord's designee if so elected by Landlord, for the term provided in the aforementioned term sheet, commencing with such effective date, at (1) the rental terms reflected in such term sheet or (2) the rental terms contained in this Lease on a per rentable square foot basis, as elected by Landlord in such notice.

(D) If Landlord should elect to have Tenant execute and deliver a sublease to Landlord or its designee pursuant to any of the provisions of this subparagraph (v), said sublease shall be in a form reasonably satisfactory to Landlord's counsel and on all the terms contained in this Lease, except that:

(1) The rental terms, if elected by Landlord, may be either as provided in item (1) or item (2) of subparagraph (v)(C) hereof,

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(2) Except as provided in this subparagraph (v)(D), the terms of the sublease shall be on the same terms set forth in the term sheet delivered to Landlord (as described in subparagraph (v)(C) hereof),

(3) The subtenant thereunder shall have the right to underlet the subleased premises, in whole or in part, without Tenant's consent,

(4) The subtenant thereunder shall have the right to make, or cause to be made, any changes, alterations, decorations, additions and improvements that such subtenant may desire or authorize,

(5) Such sublease shall expressly negate any intention that any estate created by or under such sublease be merged with any other estate held by either of the parties thereto,

(6) Any consent required of Tenant, as lessor under that sublease, shall be deemed granted if consent with respect thereto is granted by Landlord,

(7) There shall be no limitation as to the use of the sublet premises by the subtenant thereunder,

(8) Any failure of the subtenant thereunder to comply with the provisions of said sublease, other than with respect to the payment of rent to Tenant, shall not constitute a default thereunder or hereunder if Landlord has consented to such non-compliance,

(9) Such sublease shall provide that Tenant's obligations with respect to vacating the demised premises and removing any changes, alterations, decorations, additions or improvements made in the subleased premises shall be limited to those which accrued and related to such as were made prior to the effective date of the sublease, and

(10) If subtenant shall fail to pay the rent under the sublease to Tenant within ten (10) days after such installment of rent shall have become due, then Tenant may give subtenant notice thereof and if subtenant shall continue to fail to make any

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such payment within thirty (30) days after the giving of such notice, then Tenant shall be entitled to offset the amount not paid against the next rent coming due under the Lease. Notwithstanding anything herein to the contrary, such offset right shall not be binding upon nor inure to any mortgagee or superior lessor.

(E) If pursuant to the exercise of any of Landlord's options pursuant to this subparagraph (v) this Lease is terminated as to only a portion of the demised premises, then the fixed annual rent payable hereunder and the additional rent payable pursuant to the terms of this Lease shall be adjusted in proportion to the portion of the demised premises affected by such termination.

(vi) In the event that Landlord does not exercise any of the options available to it pursuant to subparagraph (v) hereof, Landlord shall not unreasonably withhold or delay its consent to an assignment of this Lease or a subletting of the whole or any part of the demised premises for substantially the remainder of the term of this Lease, provided:

(A) Tenant shall furnish Landlord with the name and business address of the proposed subtenant or assignee and information with respect to the nature and character of the proposed subtenant's or assignee's business, or activities, such references and current financial information with respect to net worth, credit and financial responsibility as are reasonably satisfactory to Landlord, and an executed counterpart of the sublease or assignment agreement;

(B) The proposed subtenant or assignee is a party whose financial net worth, credit and financial responsibility is, considering the responsibilities involved, reasonably satisfactory to Landlord;

(C) The nature and character of the proposed subtenant or assignee, its business or activities and intended use of the demised premises is, in Landlord's reasonable judgment, in keeping with the standards of the Building and the floor or floors on which the demised premises are located;

(D) The proposed subtenant or assignee is not then an occupant of any part of the Building or a party who dealt with Landlord or Landlord's agent (directly or through a broker) with respect

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to space in the Building during the six (6) months immediately preceding Tenant's request for Landlord's consent;

(E) All costs incurred with respect to providing reasonably appropriate means of ingress and egress from the sublet space or to separate the sublet space from the remainder of the demised premises shall, subject to the provisions of this Lease with respect to alterations, installations, additions or improvements, be borne by Tenant;

(F) Each sublease shall specifically state that (x) it is subject to all of the applicable terms, covenants, agreements, provisions, and conditions of this Lease, (y) the subtenant will not have the right to a further sublease thereunder (except the subtenant of an entire floor of the demised premises shall have all the rights to assign and sublease afforded to the named Tenant herein (i.e., G-111 Leather Fashions, Inc.); provided, notwithstanding the provisions of subparagraph (vii) (B) of this Article 10, such subtenant shall pay to Landlord any and all rents, additional charge or other consideration payable under such sub-sublease or otherwise to subtenant by the sub-subtenant which is in excess of the fixed annual rent and additional rent accruing during the term of such sub-sublease in

respect of the sub-subleased space (at the rate per square foot payable by subtenant thereunder) pursuant to the terms of this Lease (including, but not limited to, sums paid for the sale or rental of subtenant's fixtures, leasehold improvements, equipment, furniture or other personal property, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of subtenant's federal income tax returns), and less the reasonable costs of effecting such transaction, including, without limitation, brokerage commissions, legal fees and build out costs, or to allow the demised premises to be used by others, without the consent of Landlord in each instance, and (z) a consent by Landlord thereto shall not be deemed or construed to modify, amend or affect the terms and provisions of this Lease, or Tenant's obligations hereunder, which shall continue to apply to the premises involved, and the occupants thereof, as if the sublease had not been made;

(G) Tenant shall, together with requesting Landlord's consent hereunder, have paid Landlord any reasonable out-of-pocket costs incurred by Landlord to review the requested consent including any attorneys fees incurred by Landlord;

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(H) The proposed subtenant or assignee is not (w) a retail branch of a bank trust company, safe deposit business, savings and loan association or loan company; (x) an employment or recruitment agency; (y) a school, college, university or educational institution, whether or not for profit; (z) a government or any subdivision or agency thereof;

(I) In the case of a subletting of a portion of the demised premises, the layout of the portion so sublet shall be commercially reasonable and suitable for normal renting purposes and such subletting will not result in more than two (2) occupants (including Tenant) occupying the demised premises; and

(J) Tenant shall not have advertised or listed with any brokers the proposed assignment or subletting at a rental rate less than the rental rates then being charged under leases being entered into by Landlord for comparable space in the Building.

(vii) If Tenant shall assign this Lease or sublease all or any part of the demised premises, Tenant shall pay to Landlord, as additional rent:

(A) in the case of an assignment, an amount equal to one-quarter (1/4) of all sums and other considerations paid to Tenant by the assignee for or by reason of such assignment or otherwise (including, but not limited to, sums paid for the sale of Tenant's fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property, less, in the case of a sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax returns); and

(B) in the case of a sublease, one-quarter (1/4) of the amount equal to any and all rents, additional charge or other consideration payable under the sublease or otherwise to Tenant by the subtenant which is in excess of the fixed annual rent and additional rent accruing during the term of the sublease in respect of the subleased space (at the rate per square foot payable by Tenant hereunder) pursuant to the terms hereof (including, but not limited to, sums paid for the sale or rental of Tenant's fixtures, leasehold improvements, equipment, furniture or other personal property, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax returns).

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The sums payable under this subparagraph (vii) shall be paid to Landlord as and when paid by the subtenant or assignee, as the case may be, to Tenant.

(viii) If Tenant defaults in the payment of any rent, Landlord is

authorized to collect any rents due or accruing from any assignee, subtenant or other occupant of the demised premises and to apply the net amounts collected to the fixed annual rent and additional rent reserved herein. The receipt by Landlord of any amounts from an assignee or subtenant, or other occupant of any part of the demised premises shall not be deemed or construed as releasing Tenant from Tenant's obligations hereunder or the acceptance of that party as a direct tenant."

(d) The Twelfth Article of the Lease is hereby supplemented with the following:

"(c) Notwithstanding anything to the contrary, Landlord shall have the right and privilege to serve at any time up to six (6) months prior to the expiration of the term of this Lease, a notice upon Tenant that any 'nonstandard alterations' shall be removed and, in the event of service of such notice, Tenant will, at Tenant's cost and expense, remove the same in accordance with such request and repair any damage to the demised premises caused by such removal; provided that Landlord shall have advised Tenant at the time it consented to any such nonstandard alteration that Landlord may require its removal at the end of the Lease term, if and to the extent that Tenant shall have requested in writing such advice from Landlord when it requested Landlord's consent to such alteration. For the purposes of this Article 12, a 'nonstandard alteration' shall mean auditoriums or similar type special use areas, vaults, atriums, kitchen equipment and installations, internal stairways, slab reinforcements, raised floors or other alterations which impede the installation of duct work or other normal installations above the finished ceiling or which are not suitable for normal office occupancy or which would be unusually difficult or costly to remove in comparison to usual alterations required for general office purposes. Notwithstanding the foregoing, it is understood and agreed by the parties hereto that all improvements and other alterations to the demised premises made by or on behalf of Tenant prior to July 1, 2000, shall be deemed to be standard alterations which Landlord may not require Tenant to remove."

(e) The Twenty-Second Article of the Lease is hereby deleted and the following is substituted therefor:

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(i) Tenant agrees that Landlord shall furnish electricity to Tenant on a 'submetering' basis. Landlord shall install any submeters reasonably required, in Landlord's judgment, in the demised premises for the purposes of this Article, at Tenant's sole cost and expense. Electricity and electric service, as used herein, shall mean any element affecting the generation, transmission, and/or distribution or redistribution of electricity, including, but not limited to, services which facilitate the distribution of service.

(ii) Tenant covenants and agrees to purchase electricity from Landlord or Landlord's designated agent at charges, terms and rates, including, without limitation, fuel adjustments and taxes, equal to those specified in the Con Edison SC#4-I rate schedule effective on the date Landlord first provides electricity to the demised premises on a submetering basis (the "effective" date), or any successor rate schedule or service classification, plus five percent (5%) for transmission line loss and other redistribution costs. Where more than one (1) meter measures the service of Tenant in the Building, then the service registered by each meter shall be aggregated and billed at the applicable rate as if there were only one (1) sub-meter measuring Tenant's aggregate use in the entire demised premises. Bills therefore shall be rendered at such times as Landlord may elect and the amount, as computed from a meter, shall be deemed to be, and be paid as, Additional Charges. If any tax is imposed by any Federal, State or Municipal authority upon Landlord's receipts from the sale or resale of electrical energy to Tenant hereunder, Tenant covenants and agrees that where permitted by law, Tenant's pro-rata share of such taxes shall be included in the amount of Additional Charges to be paid by Tenant to Landlord hereunder.

(iii) If all or part of the submetering additional rent payable in accordance with this Article 22 becomes uncollectible or reduced or refunded by virtue of any law, order or regulation, the parties agree that, at Landlord's option, in lieu of submetering Additional Charges, and in consideration of Tenant's use of the Building's electrical distribution system and receipt of

redistributed electricity and payment by Landlord of consultant's fees and other redistribution costs, the fixed annual rent to be paid under this Lease shall be increased by an "alternative charge" which shall be the average per rentable square foot rate payable by Tenant for electricity during the prior twelve (12) month period pursuant to this Article.

(iv) Landlord shall not be liable for any loss or damage or expense which Tenant may sustain or incur if either the quantity or

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character of electric service is changed or is no longer available or suitable for Tenant's requirements. Tenant covenants and agrees that at all times its use of electric current shall never exceed the capacity of existing feeders to the Building or wiring installation. Any riser or risers to supply Tenant's electrical requirements, upon written request of Tenant, will be installed by Landlord, at the sole cost and expense of Tenant, if, in Landlord's reasonable judgment, the same are reasonably necessary and will not cause permanent damage or injury to the Building or demised premises or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations, repairs or expenses or otherwise interfere with or disturb other tenants or occupants of the Building except to a de minimis extent. In addition to the installation of such riser or risers, Landlord will also, at the sole cost and expense of Tenant, install all other equipment proper and necessary in connection therewith subject to the aforesaid terms and conditions. The parties acknowledge that they understand that it is anticipated that electric rates, charges, etc., may be changed by virtue of time-of-day rates or other methods of billing, electricity purchases and the redistribution thereof, and that the references in the foregoing paragraphs to changes in methods of or rules on billing are intended to include any such changes. Anything hereinabove to the contrary notwithstanding, in no event is the submetering, additional rent or any "alternative charge" to be less than an amount equal to the total of Landlord's payment to public utilities and/or other providers for the electricity consumed by Tenant (and any taxes thereon or on redistribution of same) plus five percent (5%) for transmission line loss and other redistribution costs. Landlord reserves the right to terminate the furnishing of electricity upon sixty (60) days' prior written notice to Tenant; provided Landlord terminates the furnishing of electricity to at least fifty percent (50%) of the tenants of the Building (not including those retail tenants on the ground floor of the Building) to whom Landlord is furnishing electricity on a submetered basis, in which event the Tenant may make application directly to the public utility and/or other providers for the Tenant's entire separate supply of electric current and Landlord shall permit its wires and conduits, to the extent available and safely capable, to be used for such purpose, but only to the extent of Tenant's then authorized load. Any meters, risers, or other equipment or connections reasonably necessary to furnish electricity on a submetering basis or to enable Tenant to obtain electric current directly from such utility and/or other providers shall be installed at Tenant's sole cost and expense. Only rigid conduit or electrical metal tubing (EMT) will be allowed. Landlord, upon the expiration of the aforesaid sixty (60) days' prior written notice period may discontinue furnishing the electric current but this Lease shall otherwise remain in full force and effect.

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(v) Tenant's use of electric energy in the demised premises shall not at any time exceed the capacity of any of the electrical conductors and equipment in or otherwise serving the demised premises. In order to insure that such capacity is not exceeded and to avert possible adverse effect upon the Building's distribution of electricity via the Building's electric system, Tenant shall not, without Landlord's prior consent in each instance (which consent shall not be unreasonably withheld or delayed), connect any fixtures, appliances or equipment (other than normal business machines and personal computers, which do not materially increase Tenant's electrical consumption) to the Building's electric system or make any alterations or additions to the electric system of the demised premises existing on the Extended Term Commencement Date. Landlord shall continue to make electrical energy available to the demised premises in accordance with current practice.

(vi) (1) Upon Tenant's request therefor, Landlord shall provide Tenant with utility invoices and other reasonable documentation supporting its computation of Additional Charges hereunder.

(2) At Landlord's option, Tenant shall purchase from Landlord or Landlord's agent all lighting tubes, lamps, bulbs and ballasts used in the demised premises and Tenant shall pay Landlord's reasonable charges for providing and installing same, on demand, as additional rent."

(f) Tenant shall simultaneously upon execution of the First Amendment of Lease dated as of July 1, 2000 (the "Amendment") deliver to Landlord additional cash security in the amount of Fourteen Thousand Seven Hundred Fifty-Nine and 42/100 Dollars (\$14,759.42). With Tenant's delivery of this additional cash security, the amount of security provided for in the Thirty-Eighth Article of the Lease is hereby amended to be the aggregate amount of Twenty-Eight Thousand Two Hundred Ninety-Five and 42/100 Dollars (\$28,295.42).

(g) The Thirty-Ninth Article of the Lease is hereby amended as follows:

(i) All references to "five (5) days" in subparagraph (a) thereof are hereby deleted and "fifteen (15) days" is substituted therefor.

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(ii) Subparagraph (b) thereof is hereby amended by deleting proviso (1) therefrom and substituting the following therefor:

"(1) if Tenant shall make default in the payment of the rent reserved herein for a period of five (5) days after receipt of written notice from Landlord that same is past due or default in the payment of additional rent due herein for a period of fifteen (15) days after receipt of written notice from Landlord that same is past due..."

(h) The Forty-Eighth Article of the Lease is hereby amended such that notices sent by Tenant to Landlord shall be sent as set forth in the Lease to c/o Newmark & Company Real Estate, Inc., 125 Park Avenue, New York, New York 10017. A copy of any default or any other notices shall be sent to Arent Fox Kintner Plotkin & Kahn, PLLC, 1675 Broadway, New York, New York 10019, Attention: Jill Hayman, Esq. The Forty-Eighth Article of the Lease is hereby further amended such that a copy of notices sent by Landlord to Tenant shall also be sent to Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York 10103, Attention: Douglas J. Danzig, Esq.

(i) The Fifty-Seventh Article of the Lease is hereby deleted.

(j) The term "base tax year" as set forth in the Fifty-Eighth Article of the Lease is hereby amended to mean "the New York City real estate tax year commencing July 1, 2000 and ending June 30, 2001".

(k) The Sixty-Fifth Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-FIFTH: - Within fifteen (15) days after the Amendment has been fully executed, Landlord shall pay Tenant, as a contribution to the cost of Tenant's work to prepare the demised premises for Tenant's occupancy, the amount of Fifty-Three Thousand One Hundred Twenty and 00/100 (\$53,120.00) Dollars. On February 1, 2006, Landlord shall pay Tenant, as a second (2nd) contribution to the cost of Tenant's work to prepare the demised premises for Tenant's occupancy, the amount of One Hundred Fifty-Nine Thousand Three Hundred Sixty and 00/100 (\$159,360.00) Dollars."

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(l) The Sixty-Seventh Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-SEVENTH: - (i) If Tenant shall fail to pay any installment of fixed annual rent for more than five (5) days after the same becomes due and payable or any amount of additional rent for more than fifteen (15) days after the same becomes due and payable (collectively, the "Default Periods"), Tenant shall pay Landlord a late charge of ten cents (\$0.10) for each dollar of such fixed annual rent or additional rent as shall not have been paid to Landlord within said respective Default Periods. Such late charge shall be without prejudice to any of Landlord's rights and remedies hereunder or at law for nonpayment of rent, shall be in addition thereto and shall be deemed to be additional rent. Notwithstanding anything to the contrary contained herein, Tenant shall be permitted to pay an installment of fixed annual rent late once per calendar year without incurring a late charge, provided such payment is received no later than the tenth (10th) day of the month in which such payment is due. Further, notwithstanding anything to the contrary contained herein, Landlord shall waive the late charge for one (1) late payment of additional rent by Tenant per calendar year, provided such payment is received no later than thirty (30) days after the date such payment was due.

(ii) If in accordance with the Thirty-Ninth Article of the Lease, Tenant shall be in default in the payment of (A) any installment of fixed annual rent or any amount of additional rent or (B) any other sum of money which shall become due and payable by Tenant to Landlord pursuant to the terms of this Lease or by reason of Tenant's occupancy of the demised premises, in addition to (and not in lieu of) the late charge provided for in subparagraph (i) above, Tenant shall pay interest thereon at a rate equal to the lesser of four percent (4%) above the prime rate per annum from time to time set forth in The Wall Street Journal, calculated on the basis of the actual days elapsed, based on a 360-day year, or the minimum rate of interest allowed by applicable law(s), if any, then prevailing, from the date on which such installment or payment is due to the date of payment thereof, and such interest shall be deemed to be additional rent.

(iii) Except as required by statute and under the laws, nothing contained in Article 39 or in this Article 67 shall be deemed to require Landlord to give the notices therein or herein (if any) provided for prior to the commencement of a summary proceeding for nonpayment of rent or a plenary action for the recovery of rent on account of any

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default in the payment of the same, it being intended that such notices are for the sole purpose of creating a conditional limitation hereunder pursuant to which this Lease shall terminate and if Tenant thereafter remains in possession or occupancy, it shall become a holdover tenant."

(m) The Sixty-Eighth Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-EIGHTH: - (i) This Lease shall be governed in all respects by the laws of the State of New York.

(ii) If, in connection with obtaining financing for the Building, a bank, insurance company or other lending institution shall request reasonable modifications to this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder, decrease the obligations of Landlord hereunder, except to a de minimis extent, or otherwise materially or adversely affect Tenant's leasehold interest hereby created.

(iii) Tenant shall not be entitled to exercise any right of termination or other option granted to it by this Lease (if any) at any time when Tenant is in monetary default, after applicable notice, grace and/or cure periods, in the performance or observance of any of the covenants, terms, provisions or conditions on its part to be performed or observed under this Lease.

(iv) Tenant shall not occupy any space in the Building (by assignment, sublease or otherwise) other than the demised premises or other premises leased to Tenant directly by Landlord (except if the named Tenant herein is subsequently purchased by a third party which leases space in the Building), except with the prior written consent of Landlord in each

instance.

(v) Tenant acknowledges that it has no rights to any development rights, "air rights" or comparable rights appurtenant to the land or building, and consents, without further consideration, to any utilization of such rights by Landlord and agrees to promptly execute and deliver any instruments which may be requested by Landlord, including instruments which may be reasonably requested by Landlord, including instruments merging zoning lots, evidencing acknowledgment and

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consent. The provisions of this paragraph shall be deemed to be and shall be construed as an express waiver by Tenant of any interest Tenant may have as a "party in interest" (as such quoted term is defined in Section 12 Zoning Lot of the Zoning Resolution of the City of New York) in the building or the land.

(vi) Any and all payments and charges to be paid by Tenant hereunder other than the annual rent payable pursuant to this Lease shall be additional rent hereunder for non-payment of which Landlord shall have all of the remedies provided herein or at law.

(vii) If this Lease be a renewal of an existing lease between the parties or their predecessors in interest, then any obligation of Tenant for the payment of rent or additional rent or the performance of any obligation under such existing lease which accrues prior to the expiration thereof shall constitute an obligation under this Lease, except as modified by the Amendment (as that term is defined in Article 38 of this Lease), for non-payment or non-performance for which Landlord shall have all of the remedies provided herein."

(n) The Sixty-Ninth Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-NINTH: - As a material inducement to Landlord for entering into this Lease, Tenant covenants and agrees that except for the inside surfaces of all walls, windows and doors bounding the demised premises, all of the remainder of the Building is exclusively reserved to Landlord, subject to Tenant's right to use the common areas of the Building in accordance with the applicable provisions of this Lease (including, without limitation, the lobby, elevators and core bathrooms, as opposed to private bathrooms, on the thirty-third (33rd) floor of the Building). Notwithstanding anything to the contrary contained herein, Tenant shall have the right to use in accordance with the Lease, the electric and telephone closets and so-called "slop" sinks on the thirty-third (33rd) floor of the Building."

(o) The second sentence of the Twenty-First Article of the Lease shall be amended to read as follows:

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"Landlord or Landlord's agents shall have the right to enter the demised premises at reasonable times after notice (which may be oral) to Tenant to examine the same..."

4. Each party hereto covenants, warrants and represents to the other party that it has had no dealings, conversations or negotiations with any broker other than Newmark & Company Real Estate, Inc., concerning the execution and delivery of this Amendment. Each party hereto agrees to defend, indemnify and hold harmless the other party against and from any claims for any brokerage commissions and all costs, expenses and liabilities in connection therewith, including, without limitation, reasonable attorneys' fees and disbursements, arising out of its respective representations and warranties contained in this Paragraph 4 being untrue. Landlord shall pay any brokerage fees which may be due to Newmark & Company Real Estate, Inc. in connection with this Amendment pursuant to a separate agreement.

5. Except as expressly set forth in this Amendment, the terms and

conditions of the Lease shall continue in full force and effect without any change or modification and shall apply for the balance of the term of the Lease as hereby extended. In the event of a conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall govern.

6. This Amendment shall not be altered, amended, changed, waived, terminated or otherwise modified in any respect or particular, and no consent or approval required pursuant to this Amendment shall be effective, unless the same shall be in writing and signed by or on behalf of the party to be charged.

7. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, executors, administrators, successors and permitted assigns.

8. All prior statements, understandings, representations and agreements between the parties, oral or written, are superseded by and merged in this Amendment, which alone fully and completely expresses the agreement between them in connection with this transaction and which is entered into after full investigation, neither party relying upon any statement, understanding, representation or agreement made by the other not embodied in this Amendment relating to the demised premises. Landlord acknowledges that Tenant occupies other space in the Building pursuant to separate agreements between Landlord and Tenant which may be renewed and amended from time to time.

9. No failure or delay of either party in the exercise of any right or remedy given to such party hereunder or the waiver by any party of any condition

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hereunder for its benefit (unless the time specified herein for exercise of such right or remedy has expired) shall constitute a waiver of any other or further right or remedy nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or any other right or remedy. No waiver by either party of any breach hereunder or failure or refusal by the other party to comply with its obligations shall be deemed a waiver of any other or subsequent breach, failure or refusal to so comply.

10. This Amendment shall be interpreted and enforced in accordance with the laws of the state in which the demised premises are located without reference to principles of conflicts of laws.

11. If any provision of this Amendment shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Amendment and to this end the provisions of this Amendment are intended to be and shall be severable. Notwithstanding the foregoing sentence, if (i) any provision of this Amendment is finally determined by a court of competent jurisdiction to be unenforceable or invalid in whole or in part, (ii) the opportunity for all appeals of such determination have expired, and (iii) such unenforceability or invalidity alters the substance of this Amendment (taken as a whole) so as to deny either party, in a material way, the realization of the intended benefit of its bargain, such party may terminate this Amendment within thirty (30) days after the final determination by notice to the other. If such party so elects to terminate this Amendment, then this Amendment shall be terminated and neither party shall have any further rights, obligations or liabilities hereunder, except those obligations which expressly survive the termination of this Amendment.

12. LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT EACH MAY HAVE TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AMENDMENT OR ANY OTHER DOCUMENT EXECUTED AND DELIVERED BY EITHER PARTY IN CONNECTION HERewith (INCLUDING ANY ACTION TO RESCIND OR CANCEL THIS AMENDMENT ON THE GROUNDS THAT THIS AMENDMENT WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE).

13. This Amendment may be executed in any number of counterparts. It is not necessary that all parties sign all or any one of the counterparts, but each party must sign at least one counterpart for this Amendment to be effective.

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14. This Amendment shall not be binding upon either party unless and until it is fully executed and delivered to both parties.

* * * * *

[The remainder of this page is left intentionally blank; the signature page follows]

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

500-512 SEVENTH AVENUE LIMITED PARTNERSHIP

By: 500-512 ArCap LLC, its General Partner

By: Archon Capital, L.P., its sole Member

By: WH MezzCo GP, L.L.C., its General Partner

By: /s/ Alan S. Kava

Name: Alan S. Kava
Title Vice President

By: GS MezzCo GP, L.L.C., its General Partner

By:

Name:
Title:

TENANT:

G-LLL LEATHER FASHIONS, INC.

By: /s/ Wayne S. Miller

Name: WAYNE S. MILLER
Title: CFO

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G-III APPAREL GROUP, LTD.
1989 STOCK OPTION PLAN

1. Purpose. The purpose of this stock option plan (the "Plan") is to enable G-III Apparel Group, Ltd. (the "Company") and its stockholders to secure the benefits of common stock ownership by key personnel of the Company and its subsidiaries. The Board of Directors of the Company (the "Board") believes that the granting of options under the Plan will foster the Company's ability to attract, retain and motivate those individuals who will be largely responsible for the continued profitability and long-term future growth of the Company.

2. Stock Subject to the Plan. The Company may issue and sell a total of 1,130,000 shares of its common stock, \$.01 par value (the "Common Stock"), pursuant to the Plan. Such shares may be either authorized and unissued or held by the Company in its treasury. The maximum option grant which may be made in any calendar year to any employee shall not cover more than 150,000 shares. New options may be granted under the Plan with respect to shares of Common Stock which are covered by the unexercised portion of an option which has terminated or expired.

3. Administration. The Plan shall be administered by a committee (the "Committee") consisting of at least two directors appointed by and serving at the pleasure of the Board.

To the extent required by the applicable provisions of Rule 16b-3 issued by the Securities and Exchange Commission under the Securities Exchange Act of 1934, no member of the Committee shall have been eligible to receive shall have received an option under the Plan within one year before his or her appointment or such other period as may be prescribed by said Rule. Subject to the provisions of the Plan, the Committee, acting in its sole and absolute discretion, shall have full power and authority to grant options under the Plan, to interpret the provisions of the Plan and option agreements made under the Plan, to supervise the administration of the Plan, and to take such other action as may be necessary or desirable in order to carry out the provisions of the Plan. A majority of the members of the Committee shall constitute a quorum. The Committee may act by the vote of a majority of its members present at a meeting at which there is a quorum or by unanimous written consent. The decision of the Committee as to any disputed question, including questions of construction, interpretation and administration, shall be final and conclusive on all persons. The Committee shall keep a record of its proceedings and acts and shall keep or caused to be kept such books and records as may be necessary in connection with the proper administration of the Plan.

4. Grant of Options. Options may be granted under the Plan to present or future key employees of the Company or a subsidiary of the Company (a "Subsidiary") within the meaning of

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Section 425(f) of the Internal Revenue Code of 1986 (the "Code"), and to consultants or other independent contractors who perform services for the Company or a Subsidiary, but not to directors who perform services for the Company solely in their capacities as directors. Subject to the provisions of the Plan, the Committee shall from time to time select the key personnel of the Company and its Subsidiaries to whom options under the Plan will be granted, and shall fix the number of shares covered by each such option and establish the terms and conditions thereof (including, without limitation, exercise price and restrictions on exercisability of the option or on the shares of Common Stock issued upon exercise thereof and whether or not the option is to be treated as an incentive stock option within the meaning of Section 422 of the Code (an "Incentive Stock Option")).

5. Terms and Conditions of Options. Each option granted under the Plan shall be evidenced by a written agreement in a form approved by the Committee. Each such option shall be subject to the terms and conditions set forth in this

paragraph and such additional terms and conditions not inconsistent with the Plan (and, in the case of an Incentive Stock Option, not inconsistent with the provisions of the Code applicable thereto) as the Committee deems appropriate.

(a) Option Price. In the case of an option which is not treated as an Incentive Stock Option, the purchase price per share shall not be less than the par value of a share of Common Stock on the date the option is granted; and, in the case of an Incentive Stock Option, the purchase price per

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share shall not be less than 100% of the fair market value of a share of Common Stock on the date the option is granted (110% in the case of an optionee who, at the time the option is granted, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or a Subsidiary (a "ten percent shareholder")). For purposes hereof, the fair market value of a share of Common Stock on any date shall be equal to the closing sale price per share as published by a national securities exchange on which shares of the Common Stock are traded on such date or, if there is no sale of Common Stock on such date, the average of the bid and asked prices on such exchange at the closing of trading on such date or, if shares of the Common Stock are not listed on a national securities exchange on such date, the average of the bid and asked prices in the over the counter market at the close of trading on such date, or if the Common Stock is not traded on a national securities exchange or the over the counter market, the fair market value of a share of the Common Stock on such date as determined in good faith by the Committee.

(b) Option Period. The period during which an option may be exercised shall be fixed by the Committee and shall not exceed 10 years from the date the option is granted (5 years in the case of an Incentive Stock Option granted to a "ten percent shareholder").

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(c) Exercise of Options. No option shall be exercisable unless the person to whom the option was granted remains in the continuous employ or service of the Company or a Subsidiary for at least six months (or for such other period as the Committee may designate) from the date the option is granted. Subject to earlier termination of the option as provided herein, unless the Committee determines otherwise, the option will become exercisable in accordance with the following schedule based upon the number of full years of the optionee's continuous employment or service with the Company or a Subsidiary following the date of grant:

Full Years of Continuous Employment/ Service	Incremental Percentage of Option Exercisable	Cumulative Percentage of Option Exercisable
Less than 1	0%	0%
1	20%	20%
2	20%	40%
3	20%	60%
4	20%	80%
5 or more	20%	100%

All or part of the exercisable portion of an option may be exercised at any time during the option period, except that, without the consent of the Committee, no partial exercise of an option shall be for less than 100 shares. An option may be exercised by transmitting to the Company (1) a written notice specifying the number of shares to be purchased, and (2) payment in full of the purchase price (or, if applicable, delivery of a secured obligation therefor),

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together with the amount, if any, deemed necessary by the Committee to enable the Company to satisfy its income tax withholding obligations with respect to such exercise (unless other arrangements acceptable to the Committee are made with respect to the satisfaction of such withholding obligations).

(d) Payment of Option Price. The purchase price of shares of Common Stock acquired pursuant to the exercise of an option granted under the Plan shall be payable in cash and/or such other form of payment as may be permitted under the option agreement, including, without limitation, previously-owned shares of Common Stock. The Committee may permit the payment of all or a portion of the purchase price in installments (together with interest) over a period of not more than 5 years.

(e) Rights as a Stockholder. No shares of Common Stock shall be issued in respect of the exercise of an option granted under the Plan until full payment therefore has been made (and/or provided for where all or a portion of the purchase price is being paid in installments). The holder of an option shall have no rights as a stockholder with respect to any shares covered by an option until the date a stock certificate for such shares is issued to him or her. Except as otherwise provided herein, no adjustments shall be

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made for dividends or distributions of other rights for which the record date is prior to the date such stock certificate is issued.

(f) Transferability of Options. No option shall be assignable or transferable except upon the optionee's death to a beneficiary designated by the optionee in accordance with procedures established by the Committee or, if no designated beneficiary shall survive the optionee, pursuant to the optionee's will or by the laws of descent and distribution. During an optionee's lifetime, options may be exercised only by the optionee or the optionee's guardian or legal representative.

(g) Termination of Employment or Other Service. If an optionee ceases to be employed by or to perform services for the Company and any Subsidiary for any reason other than death or disability (defined below), then each outstanding option granted to him or her under the Plan shall terminate on the date three months after the date of such termination of employment or service (or, if earlier, the date specified in the option agreement). If an optionee's employment or service is terminated by reason of the optionee's death or disability (or if the optionee's employment or service is terminated by reason of his or her disability and the optionee dies within one year after such termination of employment or service), then each outstanding option granted to the optionee under the Plan shall terminate on the date one year after the date of such termination of employment or service (or one year after the later death of a disabled

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optionee) or, if earlier, the date specified in the option agreement. For purposes hereof, the term "disability" shall mean the inability of an optionee to perform the customary duties of his or her employment or other service for the Company or a Subsidiary by reason of a physical or mental incapacity which is expected to result in death or be of indefinite duration.

(h) Incentive Stock Options. In the case of an Incentive Stock Option granted under the Plan, at the time the option is granted, the aggregate fair market value (determined at the time of grant) of the shares of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by the optionee during any calendar year shall not exceed \$100,000.

(i) Changes in Capital Stock. The aggregate number and class of shares for which options may be granted under the Plan, the maximum number of shares

for which options may be granted to any employee in any calendar year, the number and class of shares covered by each outstanding option and the exercise price per share shall be adjusted proportionately or as otherwise deemed appropriate by the Board to reflect any increase or decrease in the number of issued shares of Common Stock resulting from a split-up or consolidation of shares or any like capital adjustment, or the payment of any stock dividend, and/or to reflect a change in the character or class of shares covered by the plan arising from a readjustment or recapitalization of the Company's capital stock. In the case of a merger, sale of assets or similar transaction which results in a replacement of the Company's shares of Common Stock with stock of another corporation,

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the Company will make a reasonable effort, but shall not be required, to replace any outstanding options with comparable options to purchase the stock of such other corporation, or will provide for immediate exercisability of all outstanding options, with all options not being exercised within the time period specified by the Board being terminated.

(j) Other Provisions. The Committee may impose such other conditions with respect to the exercise of options, including, without limitation, any conditions relating to the application of federal or state securities laws, as it may deem necessary or advisable.

6. Amendment and Termination of the Plan. The Board may amend or terminate the Plan. Except as otherwise provided in the Plan with respect to equity changes, any amendment which would increase the aggregate number of shares of Common Stock as to which options may be granted under the Plan, materially increase the benefits under the Plan, or modify the class of persons eligible to receive options under the Plan shall be subject to the approval of the holders of a majority of the Common Stock issued and outstanding. No amendment or termination may adversely affect any outstanding option without the written consent of the optionee.

7. No Rights Conferred. Nothing contained herein will be deemed to give any individual any right to receive an option

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under the Plan or to be retained in the employ or service of the Company or any Subsidiary.

8. Governing Law. The Plan and each option agreement shall be governed by the laws of the State of Delaware.

9. Decisions of Board or Committee to be Final. Any decision or determination made by the Board pursuant to the provisions hereof and, except to the extent rights or powers under the plan are reserved specifically to the discretion of the Board, all decisions and determinations of the Committee shall be final and binding on all persons.

10. Term of the Plan. The Plan shall be effective as of October 17, 1989, the date on which it was adopted by the Board, subject to the approval of the stockholders of the Company, which approval was granted on November 1, 1989. The Plan will terminate on October 16, 1999, unless sooner terminated by the Board. The rights of optionees under options outstanding at the time of the termination of the Plan shall not be affected solely by reason of the termination and shall continue in accordance with the terms of the option (as then in effect or thereafter amended).

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[G-III LOGO]
APPAREL GROUP, LTD.

EXHIBIT A

December 2, 1998

Mr. Aron Goldfarb
200 East 65th Street
New York, New York 10021

Dear Mr. Goldfarb:

This letter will confirm the following agreement between G-III Apparel Group, Ltd. (the "Company") and you.

- 1) You will continue to be a Consultant to the Company.
- 2) In consideration of your consulting to the Company, you will continue to be paid \$1,000 per month.
- 3) The Company shall continue to provide medical insurance to you and your wife Esther Goldfarb.
- 4) The Company shall continue to provide you with an automobile or shall reimburse you for the cost thereof.
- 5) The Company shall continue to furnish you with office space, secretarial support and other office services for so long as you shall desire.
- 6) If you shall pre-decease your wife, this agreement and all benefits hereunder shall terminate, provided, however, that the Company shall continue to provide the medical insurance referred to in Section 3 to your wife.

If the foregoing accurately sets forth our understanding, please execute both copies of this letter and return one executed copy to the undersigned.

Very truly yours,

G-III Apparel Group, Ltd.

By /s/ Wayne S. Miller

Accepted and Agreed to:

/s/ Aron Goldfarb

SUBSIDIARIES OF G-III

NAME OF SUBSIDIARY	JURISDICTION OF ORGANIZATION
-----	-----
G-III Leather Fashions, Inc.	New York
Siena Leather Ltd.	New York
J. Percy for Marvin Richards, Ltd.	New York
CK Outerwear, LLC	New York
Fabio Licensing, LLC	New York
G-III Brands, Ltd.	Delaware
G-III License Company, LLC	Delaware
G-III Retail Outlets Inc.	Delaware
Global Apparel Sourcing, Ltd.	Delaware
Indawa Holding Corp.	Delaware
PT BaliHides	Indonesia
G-III Hong Kong Ltd.	Hong Kong
Kostroma Limited	Hong Kong
Wee Beez International Limited	Hong Kong
Global International Trading Company	Korea

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-8 Registration Nos. 33-45460, 33-45461, 33-81066, 333-51765, 333-80937, 333-39298, 333-125804 and Form S-3 Registration No. 333-128239) of our report dated March 30, 2006, with respect to the consolidated financial statements and schedule of G-III Apparel Group, Ltd. and subsidiaries included in the Annual Report (Form 10-K) for the year ended January 31, 2006.

/s/ ERNST & YOUNG LLP
New York, New York
April 27, 2006

302 CERTIFICATION

I, Morris Goldfarb, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of G-III Apparel Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2006

/s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

302 CERTIFICATION

I, Neal S. Nackman, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of G-III Apparel Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2006

/s/ Neal S. Nackman
Neal S. Nackman
Chief Financial Officer
