

## **SETTLEMENT AGREEMENT**

This Settlement Agreement (hereafter, "Agreement") is made and entered into by and between the Port of Seattle, a Washington municipal corporation (the "Port"), and Host International, Inc., a Delaware corporation ("Host").

**WHEREAS**, The Port and Host are parties to a Lease and Concession Agreement dated June 6, 2003, which Lease and Concession Agreement has been amended from time to time (as amended, the "Lease"); and

**WHEREAS**, the Port's Internal Audit department conducted an audit of Host's revenue reporting (the "Audit") for the period January 1, 2009 through December 31, 2011 (the "Audit Period") and identified a potential underpayment of concession fees to the Port associated with the use of an incorrect category for "Branded Food and Beverage" for certain Gross Sales associated with three Great American Bagel Bakery and the Diva Espresso locations (the "Audit Finding"); and

**WHEREAS**, Host took issue with the Audit Finding and asserted that its payment of concessions fees was substantially in accordance with the terms of the Lease; and

**WHEREAS**, the parties now wish to settle the issue regarding the Audit Finding, specifically including for certain years following the Audit Period;

**NOW, THEREFORE**, in consideration of the mutual agreements, the parties agree:

1. Payment to Port. Host shall pay the Port the sum of Three Hundred Eleven Thousand Nine Hundred Thirty One Dollars and No Cents (\$311,931.00) to fully resolve any claims related to or arising out of the Audit Finding. This amount specifically includes any

additional amounts due and owing for the Great American Bagel Bakery locations through December 31, 2012 and for the Diva Espresso location through December 31, 2013 (the “Settlement Period”).

2. Release. The Port and Host mutually release and forever discharge each other from any and all claims, actions, suits, liabilities and demands of any kind (whether, in law or in equity, known or unknown, past, present or future) related to or arising out of the Audit Finding, specifically including, but not limited to, any claim for additional concession fees from either the Great American Bagel Bakery or Diva Espresso locations up to and through the end of the Settlement Period (which varies depending on location).

3. Future Interpretation. Unless otherwise specifically agreed in writing by the Port in connection with any on-going review of Host’s Branded Food and Beverage concepts, the parties agree that the Port shall only credit payments to the franchisor or licensor for the right to use the franchisor’s or licensor’s trademark and/or trade name (and not payments for the purchase of goods and/or services from the franchisor or licensor, whether or not such purchases are non-discretionary) towards the requirement that such payments be “not less than three percent (3%) of gross sales per year” to qualify as a Branded Food and Beverage facility.

4. Compromise of Claims. It is expressly understood and agreed that this represents a compromise of disputed claims and shall not be construed as an admission of liability by either party.

5. No Effect on Other Audit Findings. This Agreement shall not affect or otherwise relate to any audit findings in the Audit other than the Audit Period. The parties have separately addressed any such audit findings.

6. Complete Agreement; Counterparts. This Agreement represents the entire agreement and understanding of the parties relative to its subject matter. The parties agree that, in entering into this Agreement, they are not relying upon any representations other than those expressly set forth herein. This Agreement may be executed in counterparts and when the parties have signed and delivered to each other at least one such counterpart, each counterpart shall be deemed an original and, when taken together with other signed counterparts, shall constitute one agreement that shall be binding upon and effective as to all Parties. Facsimiles and/or electronic copies shall constitute originals and proof of valid execution.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the following dates, the latter of which shall constitute its Effective Date.

PORT OF SEATTLE

HOST INTERNATIONAL, INC.

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_