

TERMS AND CONDITIONS

FOR

LEASED EQUIPMENT

(With Third Party Financing)

LE-1

NOVEMBER 1989

1. Delivery of the Equipment, Test, and Acceptance

a. Upon delivery of the Equipment to Lessor or to Lessee as Lessor's authorized agent from the equipment manufacturer, Lessee agrees to accept delivery of the Equipment on behalf of Lessor provided it is found to be in good conditions and it is of the type and quantity as indicated in the applicable Equipment Schedule.

b. Upon delivery at Lessee's premises, the Equipment will be operated in a testing mode in accordance with applicable criteria. Provided that the Equipment is found to have met the testing criteria at the end of the test period, Lessee agrees to sign the Certificate of Acceptance set forth as Exhibit G to this Agreement for the applicable Equipment Schedule whereupon Lessee shall commence payments at the Monthly Rental Charge starting with the Lease Commencement Date as set forth in the Lease Agreement and further provided that Lessor has furnished Lessee with a Certificate of Title for the applicable Equipment Schedule.

c. In the event that the equipment fails to meet the test criteria, it shall be returned to the manufacturer at Lessor's expense and this Lease Agreement as to that equipment shall be deemed to be null and void.

2. Monthly Rental Charge

a. The Monthly Rental Charge for the equipment described in the applicable Equipment Schedule Exhibit A hereof shall be as stated in the applicable Equipment Schedule. The Monthly Rental Charge is computed and fixed upon the execution of the Equipment Schedule by applying the Lease Rate Factor shown below to the Lessee's purchase price for the Equipment on such Equipment Schedule.

b. If the Equipment has met the applicable testing criteria and has been accepted by Lessee, and further provided that Lessor has furnished Lessee with the Certificate of Title for the applicable Equipment Schedule in the form set forth in Exhibit F hereto, payment will be made to Lessor or Lessor's assignee (provided Lessee has received notice of such assignment) thirty (30) days after receipt and approval of a proper invoice per paragraph 8 of the Lease Agreement and as further described in Section C below. If payment is to be made to an assignee the invoice must reference the name of the original Lessor as well as the Lease Agreement number.

c. The Monthly Rental Charge for the Equipment shall be in the amount stated on the Equipment Schedule pertaining thereto and will begin on the next regular business day following the Commencement Date as hereinafter defined. In the event the manufacturer's price listed on the Equipment Schedule decreases prior to the Commencement Date, and Lessor receives the benefit thereof, the Monthly Rental Charge shall be computed by multiplying the lower purchase price by the Lease Rate Factor. Monthly Rental Charges are due and payable by Lessee in advance on the next regular business day following the Commencement Date and the same date each month thereafter throughout the original term of this Lease Agreement and any extension.

Subsequent Monthly Rental Charges will be invoiced monthly in advance and any other applicable charges will be invoiced monthly as accrued. Monthly Rental Charges as well as any other applicable charges will be invoiced on the next regular business day following the Commencement Date and the same date of each month thereafter in advance and will be due in full within thirty (30) days after receipt and approval of proper invoice.

Monthly Rental Charges for fractional parts of a month will be computed at the rate of one-thirtieth (1/30th) of the monthly charge for each day of such fractional part of the month.

3. Appointment of Agent

a. Appointment of Authorized Agent. For purposes of accepting delivery of the Equipment from the manufacturer or seller thereof, the Lessor hereby appoints the Lessee as authorized representative of the Lessor. Until such authority shall have been terminated pursuant to paragraph (b) of this Section, such authorized representative shall be authorized to take possession of the Equipment upon the delivery thereof to the Lessee by the manufacturer or seller thereof; to accept on behalf of the Lessor all purchase documents, if any, delivered at such time with respect to the Equipment; to return to the manufacturer or seller thereof the Equipment if it is found not to be in good order; to execute on behalf of the Lessor a Certificate of Acceptance with respect to the Equipment if the Equipment is found to be in good order, and to take such other action on behalf of the Lessor as shall be required to accept delivery of the Equipment set forth and described in such Certificate of Acceptance.

b. Termination of Appointment of Authorized Agent. If any of the conditions set forth in Section 8 hereof to be fulfilled on the Commencement Date shall not have been fulfilled as set forth therein or waived by Lessor, the authority of the authorized

representative granted pursuant to paragraph (a) of this Section shall terminate.

4. Purchase of the Equipment by the Lessor

Subject to the provisions of Section 5. of the Terms and Conditions, Lessor agrees to purchase the Equipment. Payment of the purchase price with respect to the Equipment shall be made by Lessor on or before 30 days after the commencement Date, provided that passage of title to Lessor occurs by the Commencement Date as defined in Section 3. of the Lease Agreement.

5. Conditions Precedent to Payment for the Equipment

The obligation of the Lessor to pay the purchase price of the Equipment shall be subject to the fulfillment of the following conditions:

a. The representations and warranties of the Lessee set forth in Section 6 hereof shall be true and correct in all material respects on and as of the Commencement Date and no Default or Event of Default shall have occurred and be continuing.

b. The Lessor shall have received such evidence of insurance covering the Equipment as demonstrated to the satisfaction of the Lessor in compliance with the terms of this Lease. Lessor agrees that the equipment may be covered under Lessee's Blanket Multiple Perils Policy.

6. Representations, Warranties and Agreements of the Lessee

The Lessee represents, warrants and agrees as follows:

a. Due Organization. The Lessee is a corporation duly organized and validly existing in good standing under the laws of the jurisdiction of its incorporation, is duly qualified to do business in each jurisdiction where the conduct of its business requires it to be so qualified, and has the corporate power and authority to hold property under lease and to enter into and perform its obligations under this Lease and any purchase documents to which the Lessee is a party.

b. Due Authorization; Enforceability; No Violation. This Lease has been duly authorized, executed and delivered by the Lessee and, assuming due authorization, execution and delivery by the Lessor, is a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms. Any purchase documents to which the Lessee is a party have been duly authorized by it and, upon execution and delivery thereof, will be legal, valid and binding obligations of the Lessee, enforceable in accordance with their terms. The execution and delivery by the Lessee of this Lease and any purchase documents to which the Lessee is a party are not, and the performance by it of its obligations under each will not be, inconsistent with its charter or by-laws, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Lessee, and do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument to which the Lessee is a party or by which it is bound.

c. Governmental Approvals. No consent or approval of, giving of notice to, registration with, or taking of any other action in respect of or by, any Federal, state or local government authority or agency or other person is required with respect to the execution,

delivery and performance by the Lessee of this Lease or any of the purchase documents to which the Lessee is a party, or if any such approval, notice, registration or action is required, it has been duly given or obtained.

d. Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against or affecting the Lessee in any court or before any governmental commission, board or authority which, if adversely determined, will have a material adverse effect on the ability of the Lessee to perform its obligations under this Lease or any of the purchase documents to which the Lessee is a party.

e. Condition of the Equipment. It is the intent of the Lessee and the Lessor that the Equipment is personal property and, when subjected to use by the Lessee under this Lease, it is not a fixture under applicable law.

7. Warranty of Lessor

Lessor represents and agrees that, as of the date of installation referred to in the applicable Certificate of Acceptance, each item of Equipment is a size, design, capacity and manufacture selected by Lessee. Lessee in turn agrees that, if the Equipment is of the size, design, capacity and manufacturer selected and is in proper working order, it will accept such item and will execute and deliver a Certificate of Acceptance with respect to the Equipment provided that written representation as required by Section 3 of Lease Agreement has been received by Lessee that title has passed to Lessor.

Unless otherwise stated herein, (i) Lessor hereby assigns to Lessee, or (ii) Lessor authorizes Lessee to assert for Lessor's account, the warranties and rights made by the manufacturer(s) of the new Equipment for the duration of this Lease, which rights, including but not limited to any rights pertaining to patent indemnification, Lessor agrees shall enure to the benefit of Lessee. Except as otherwise provided, LESSOR SHALL HAVE NO LIABILITY TO LESSEE FOR ANY CLAIM, LOSS OR DAMAGE CAUSED OR ARISING IN BREACH OF WARRANTY, EXCEPT FOR MATTERS ARISING FROM LESSOR'S NEGLIGENCE OR STRICT LIABILITY IN TORT. LESSOR MAKES NO EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, INCLUDING THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE EQUIPMENT.

8. Net Lease

This Lease is a net lease and Lessee acknowledges and agrees that Lessee's obligation to pay all Rent and other sums payable hereunder, except as provided in Section 3 of the Lease Agreement and paragraph 1 and 2 of these Terms and Conditions of this Agreement,

and the rights of Lessor in and to such payments, shall be absolute and unconditional, subject to receipt of the Certificate of Title accompanied by substantiating documentation as required and Lessee's right of quiet enjoyment and use of the Equipment not being disturbed by any party claiming through or under Lessor, its assignee or any successors in interest. Notwithstanding anything to the contrary herein, Lessee may exercise any remedies that it may have against the Lessor, it being the intent of this provision that Lessor's assignees shall take free and clear of all defenses that Lessee has against Lessor.

9. Loss and/or Damage

Lessee agrees to bear the risk of loss, theft, damage to or destruction of the Equipment while it is in Lessee's custody and control during the Lease term or any extensions thereof except as caused by the negligence or willful misconduct of Lessor, its agents, representatives, employees, assignee, or any other successor in interest.

In the event of loss or damage to the Equipment for which Lessee has assumed responsibility, Lessee agrees as follows:

- (i) Place the Equipment in good repair, condition and working order; or
- (ii) If the Equipment is determined to be lost, stolen, destroyed or damaged beyond repair, Lessee shall pay to Lessor the following:
 - (a) All Monthly Charges and other charges hereunder due and owing as of the time of the event of loss, destruction or damage, plus
 - (b) The Stipulated Loss Value set forth in Exhibit C of this Lease Agreement as of the event of loss, destruction or damage. Upon such payment, this Lease Agreement shall terminate without any further liability to Lessee except as expressly provided in this Agreement. Upon such payment by Lessee, Lessee shall have the right to dispose of the Equipment as it sees fit.
 - (c) In the event Lessor, after having received payment from Lessee for loss of the Equipment, recovers insurance proceeds on the same Equipment, Lessee shall be entitled to be reimbursed up to the amount of the Stipulated Loss Value which it had previously paid to Lessor.

10. Taxes

The Lessee agrees to pay the Lessor for all sales, use, personal property, or other taxes, fees, levies, imposts, duties, charges or withholding, imposed on the rental payments pursuant to this Lease and imposed against the Lessor, the Lessee or the Equipment by any Federal, state or local taxing authority upon or with respect to the Equipment or upon the sale, delivery, leasing, possession, use or operation, with respect to this Lease (excluding, however, taxes on, or measured by, the income or gross receipts of the Lessor); unless the Lessee shall have given to the Lessor written notice contesting any such imposition, which notice shall state that such imposition is being contested by the Lessee in good faith with due diligence and by appropriate

proceedings. If a claim is made against the Lessee or the Lessor for any imposition of tax, the party receiving notice of such claim shall promptly notify the other. In case any report or return is required to be made with respect to any obligation of the Lessee under this Section or arising out of

this Section, the Lessee will either (after notice to the Lessor) make such report or return in such manner as will show the ownership of the Equipment in the Lessor and send a copy of such report or return to the Lessor or will notify the Lessor of such requirement and make such report or return. The Lessor agrees to cooperate fully with the Lessee in the preparation of any such report or return. Any of the above taxes paid on an annual basis shall be prorated for any year that the lease is not effective for the entire year.

11. Events of Default

The term Event of Default, whenever used herein, means any of the following events under this lease:

(a) The Lessee shall fail to make any payment of Monthly Rental Charges or any other amount due and properly owing under the terms of this Agreement within 30 days after the giving of written notice by the Lessor that the same shall have become due provided that receipt of the Certificate of Title accompanied by substantiating documentation as required and Lessee's quiet enjoyment and use of the Equipment has not been disturbed by any party claiming through or under Lessor, its assignee or successors in interest; or

(b) The Lessee shall fail to carry and maintain insurance on or with respect to the Equipment in an amount at least equal to the Stipulated Loss Value and such failure shall continue unremedied for 15 days after written notice thereof from the Lessor to the Lessee. However, Lessor agrees that the Lessee may satisfy this requirement by including the Equipment under its multiple perils policy as long as such coverage is equal to or in excess of the Stipulated Loss Value; or

(c) The Lessee shall fail to materially perform or observe any other covenant, condition or agreement to be performed or observed by it under this Lease or any agreement, document or certificate delivered by the Lessee in connection herewith and such failure shall continue for 30 days after written notice thereof from the Lessor to the Lessee; or

(d) Any representation or warranty made by the Lessee in this Lease or any agreement, document or certificate delivered by the Lessee in connection herewith shall prove to have been incorrect in any material respect when any such representation or warranty was made or given; or

(e) A petition in bankruptcy or for reorganization or arrangement shall be filed by the Lessee; or the Lessee shall make an assignment for the benefit of creditors or consent to the appointment of a trustee or a receiver, or a trustee or receiver shall be appointed for the Lessee, for the Equipment or for a substantial part of the Lessee's property within its consent, and any such trustee or receiver shall not be dismissed within a period of 60 days; or bankruptcy, reorgani- zation or insolvency proceedings shall be instituted against the

Lessee and shall not be dismissed within a period of 60 days.

12. Remedies

Upon the occurrence of the events set forth in subparagraph (a), (b) or (e) in Paragraph 11, Events of Default and Lessee's failure to timely cure, Lessor may declare this Lease Agreement to be in default. Such written declaration to Lessee shall be by certified mail and will apply to all Schedules hereunder except as specifically excepted therefrom by Lessor in the declaration of default. Upon receipt of said declaration from Lessor, Lessee agrees to (1) make payment of all current rents due and owing up to the date of default, and (2) to pay to Lessor the Stipulated Loss Value computed as of the date of default. Lessee agrees that it will make payment of any disputed amounts to Lessor within thirty (30) days after receipt of said declaration. Lessee further agrees that, in the Event of Default resulting from conditions set forth in subparagraphs (a), (b) or (e) of Paragraph 11 Events of Default, Lessee shall return the Equipment to a destination specified by Lessor.

Following the return of the Equipment, Lessor shall proceed to sell the Equipment, the proceeds of such sale to be applied by Lessor in the following order: (1) to pay all reasonable and reasonably incurred costs, charges and expenses incurred by Lessor as a result of the default; and (2) to pay to Lessor an amount equal to any unpaid rent due and payable up to the date of default hereunder which may be still owing and not previously paid; and (3) if the amount received from the sale and the Stipulated Loss Value paid to Lessor by Lessee exceeds the amount of the Stipulated Loss Value and Lessor's costs, to reimburse Lessee in the amount of any such excess.

Upon the occurrence of the events set forth in subparagraphs (c) or (d) of Paragraph 11, Events of Default, Lessor shall have such remedies as are available to it at law or in equity.

13. Effect of Waiver

No delay or omission to exercise any right or remedy accruing to Lessor upon any breach or default by Lessee shall impair any such right or remedy or be construed to be a waiver of any such breach or default; nor shall any waiver or any single breach or default be deemed a waiver of any other breach or default thereafter occurring. Any waiver, permit, consent or approval on the part of Lessor of any breach or default under this Lease or of any provision or condition hereof must be in writing and shall be effective only to the extent such writing specifically sets forth.

14. Installation, Maintenance and Repair

Lessee shall, at its own expense, arrange for delivery, installation, maintenance and repair of the Equipment by any party acceptable to Lessor, and Lessee shall use its best efforts to keep the Equipment in good repair, condition and working order. Lessee shall maintain in force a maintenance agreement with respect to the Equipment with or any other party acceptable to Lessor for the duration of this Lease term or any extensions thereof. Lessor shall be entitled to inspect the Equipment upon notice at the location thereof during reasonable business hours and subject to Lessee's and the U.S. Government's security requirements.

15. Liens

The Lessee agrees that it will not directly or indirectly create, incur, assume or suffer to exist any liens, claims or encumbrances on or with respect to the Equipment, the Lessor's title thereto or any interest of the Lessor therein and the Lessee will promptly take such action as may be duly necessary to discharge any such Lien, except for (a) Liens placed on the Equipment by Lessor, (b) Liens for taxes either not yet due or being contested by the Lessee in good faith with due diligence and by appropriate proceedings, and (c) inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of business of the Lessee.

16. Assignment

For the purpose of providing funds for financing the purchase of the Equipment, Lessee agrees (a) that Lessor may assign, sell or encumber all or any other part of this Lease, the Equipment and the rental payments hereunder provided Lessee receives prompt written notice of same and (b) in the event of any such assignment of rental payments hereunder and written notice thereof to Lessee, to pay, subject to receipt of the Certificate of Title accompanied by substantiating documentation required herein and Lessee's quiet enjoyment and use of the Equipment not being disturbed by any party claiming through or under Lessor, its assignee and successors in interest, directly to any such assignee all rentals and other sums due or to become due under this Lease.

Lessor agrees that should Lessor make any further assignment, including, but not limited to, assignment of residual rights to the equipment, and/or right to payment for any period following expiration of this lease agreement (including extension of this agreement), or any agreement which names Lessor as the agent of any assignor for the purpose of disposition of the equipment upon expiration of the lease, Lessor shall timely notify and provide Lessee with a copy of such assignment and/or agreement.

Notwithstanding the foregoing, any such assignment (a) shall be subject to Lessee's right to possess and use the Equipment so long as Lessee is not in default under this Lease and (b) shall not release any of Lessor's obligations hereunder or any claim which Lessee has against Lessor.

This Lease shall be binding upon Lessee and its successors and assigns, and shall inure to the benefit of Lessor and its successors and assigns, and all references to Lessor shall include such successors and assigns.

17. Assignment and/or Sublease by Lessee

Lessee will not, without the prior written consent of Lessor, which consent shall not be unreasonably withheld, sublet or otherwise relinquish possession of the Equipment or assign any of its rights hereunder. No such assignment or sublease shall relieve Lessee of its obligations under this Agreement. No sublease will be permitted unless the rights of the sublessee are expressly made subject and subordinate to the rights of the Lessor and any security assignee of Lessor. Lessor agrees that it is permissible for Lessee to sell use

time on the Equipment.

18. Enforcement of Warranties

Lessor agrees to use its best efforts to preserve in full force and effect and enforce any Equipment manufacturer warranty, express or implied, issued on or applicable to, each item of Equipment, which is enforceable by Lessor (and authorizes Lessee to obtain all service furnished by the Equipment manufacturer in connection therewith) and Lessee agrees to use its best efforts to preserve in full force and effect and enforce any such warranty enforceable by Lessee. Lessor and Lessee agree to cooperate with respect to the enforcement of any such warranty enforceable by either of them.

19. Alterations, Attachments and Field Modifications

Lessee may, at its own expense and with Lessor's or its assignee's prior written approval, make alterations in or add attachments to the Equipment provided such alterations and attachments shall not interfere with the normal operation of the Equipment. All such alterations and attachments, unless Lessor shall otherwise agree in writing, shall be removed by Lessee upon termination of the applicable Equipment Schedule pertaining to the related Equipment. Further, all the Equipment shall be restored to its original condition, reasonable wear and tear excepted, upon termination of the applicable Equipment Schedule pertaining thereto. During the term of the Lease, Lessor shall, upon receipt of a written request from Lessee, provide a lease quotation for alterations and attachments to any of the Equipment. Lessor agrees to use its best efforts to obtain the lowest lease rate available at such time for this type of transaction. Lessee shall pay the Equipment manufacturer or such other organization approved by Lessor that is responsible for maintenance of the Equipment for all field installation and transportation charges made in connection with any modifications of the Equipment.

20. Compliance With Law

(a) This Agreement shall be governed by the laws of the State of California.

(b) Lessor agrees to comply with all applicable local, state and Federal laws and executive orders and regulations issued pursuant thereto and agrees to defend, indemnify and hold Lockheed Missiles & Space Company, Inc., harmless against any loss, cost, damage or liability (including Attorney's fees) by reason of Seller's violation thereof.

21. Designation of Ownership

If at any time during the term hereof, Lessor supplies Lessee with labels, plates, or other markings stating that the Equipment is owned by Lessor, Lessee agrees to affix and keep same upon a prominent place on the Equipment. Lessee agrees to execute Uniform Commercial Code financing statements in a form acceptable to Lessee and any other instruments reasonably necessary to perfect the interest of Lessor or its successors or assigns in this Lease, the payments due hereunder and the Equipment. Lessor may file a copy of this Lease in lieu of a financing statement.

22. Surrender/Return of Equipment

Upon the expiration or earlier termination of this Lease with respect to the Equipment, and provided Lessee has not paid Lessor the Stipulated Loss Value of the Equipment as provided for in this Agreement, Lessee shall return same to Lessor in good repair, condition and working order, ordinary wear and tear excepted.

23. Amendments and Modifications

The terms of this Lease shall not be waived, altered, modified, amended, supplemented in any manner whatsoever except by written instrument signed by the Lessor and/or its assignee and the Lessee.

24. Quiet Enjoyment

So long as no default has occurred and is continuing hereunder, Lessee shall have quiet use and possession of the Equipment without interference or interruption from Lessor or anyone claiming by, through or under Lessor or its assignee or any other successor in interest.

25. Transportation/Movement of Equipment

All transportation, rigging and drayage charges for delivery and return of Equipment shall be paid by Lessor. Necessary packing cases for the return of the Equipment and a representative to supervise the packing will be furnished by Lessee. Lessee will furnish such labor as may be necessary for packing and unpacking the Equipment when in the possession of the Lessee.

26. Indemnification

In the event Lessor, its officers, employees, agents, suppliers, or subcontractors at any tier enter premises occupied by or under the control of Lessee, the Government, or third parties in the performance of this Lease, Lessor shall defend, indemnify, and hold harmless Lessee, its officers, employees and agents from any claim, suit, loss, cost damage, expense (including attorney's fees), or liability by reason of property damage or personal injury (including death) to any person, including Lessor's employees, of whatsoever nature or kind arising out of, as a result of, or in connection with such performance occasioned in whole or in part by the actions or omissions of Lessor, its officers, employees, agents, suppliers, or subcontractors at any tier. Without in any way limiting the foregoing undertakings, Lessor and its suppliers and subcontractors at any tier shall maintain public liability and property damage insurance in reasonable limits covering the obligations set forth and shall maintain proper Worker's Compensation insurance or approved self insurance program covering all employees performing this Lease.

27. Labor Disputes

Whenever any actual or potential labor dispute develops or threatens to delay the timely performance of this Lease, Lessor shall immediately give notice thereof to Lessee. Lessor

shall insert the substance of this provision in its purchase orders/agreements issued hereunder.

28. Nondisclosure of Information

Lessor shall not, without prior written consent of Lessee (through Lessee's Public Relations organization), disclose any information relative to this Lease.

29. Gratuities

Lessee may, by written notice to Lessor, terminate for default the right of Lessor to proceed under this Lease if Lessee has reasonable cause to believe that gratuities (in the form of entertainment, gifts or otherwise) were offered or given by Lessor, or any agent or representative of Lessor, to any officer or employee of Lessee with a view toward securing this Lease or securing favorable treatment with respect to the award or amendment of this Lease or the making of any determination with respect to the performance of this Lease. The rights and remedies of Lessee provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Lease.

30. Remedies

The rights and remedies of Lessee provided herein shall be cumulative and in addition to any other rights and remedies provided by law or equity.