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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant To Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2004

Commission file number 1-11437

LOCKHEED MARTIN CORPORATION
(Exact name of registrant as specified in its charter)

MARYLAND	**52-1893632**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
6801 ROCKLEDGE DRIVE, BETHESDA, MD	**20817**
(Address of principal executive offices)	**(Zip Code)**

(301) 897-6000
(Registrant's telephone number, including area code)

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 whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding as of September 30, 2004**
Common stock, $1 par value	442,676,492

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Lockheed Martin Corporation
Unaudited Condensed Consolidated Statement of Earnings

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(In millions, except per share data)			
Net sales	$ 8,438	$ 8,078	$25,561	$22,846
Cost of sales	7,921	7,540	24,043	21,426
Earnings from operations	517	538	1,518	1,420
Other income and expenses, net	44	(110)	123	(17)
	561	428	1,641	1,403
Interest expense	109	117	323	376
Earnings before income taxes	452	311	1,318	1,027
Income tax expense	145	94	424	318
Net earnings	$ 307	$ 217	$ 894	$ 709
Earnings per common share:				
Basic	$ 0.69	$ 0.49	$ 2.02	$ 1.59
Diluted	$ 0.69	$ 0.48	$ 2.00	$ 1.57
Cash dividends declared per common Share	$ 0.22	$ 0.12	$ 0.66	$ 0.36

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Lockheed Martin Corporation
Unaudited Condensed Consolidated Balance Sheet

	September 30, 2004	December 31, 2003
	(In millions)	
Assets		
Current assets:		
Cash and cash equivalents	$ 2,823	$ 1,010
Short-term investments	87	240
Receivables	3,845	4,039
Inventories	1,795	2,348
Deferred income taxes	1,014	921
Other current assets	688	843
Total current assets	10,252	9,401
Property, plant and equipment, net	3,372	3,489
Investments in equity securities	1,108	1,060
Goodwill	7,879	7,879
Purchased intangibles, net	700	807
Prepaid pension asset	1,076	1,213
Other assets	2,257	2,326
	$ 26,644	$ 26,175
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,547	$ 1,434
Customer advances and amounts in excess of costs incurred	4,099	4,256
Salaries, benefits and payroll taxes	1,355	1,418
Income taxes	108	91
Current maturities of long-term debt	—	136
Other current liabilities	1,464	1,558
Total current liabilities	8,573	8,893
Long-term debt	6,070	6,072
Post-retirement benefit liabilities	1,466	1,440
Accrued pension liabilities	1,228	1,100
Other liabilities	2,067	1,914
Stockholders' equity:		
Common stock, $1 par value per share	440	446
Additional paid-in capital	2,365	2,477
Retained earnings	5,654	5,054
Unearned compensation	(23)	—
Unearned ESOP shares	—	(17)
Accumulated other comprehensive loss	(1,196)	(1,204)
Total stockholders' equity	7,240	6,756
	$ 26,644	$ 26,175

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Lockheed Martin Corporation
Unaudited Condensed Consolidated Statement of Cash Flows

	Nine Months Ended September 30,	
	2004	2003
	(In millions)	
Operating Activities:		
Net earnings	$ 894	$ 709
Adjustments to reconcile earnings to net cash provided by operating activities:		
Depreciation and amortization of property, plant and equipment	378	344
Amortization of purchased intangibles	107	94
Changes in operating assets and liabilities:		
Receivables	165	97
Inventories	693	23
Accounts payable	113	196
Customer advances and amounts in excess of costs incurred	(157)	(540)
Other	642	751
Net cash provided by operating activities	2,835	1,674
Investing Activities:		
Expenditures for property, plant and equipment	(393)	(367)
Sale (purchase) of short-term investments	153	(247)
Acquisition of businesses / investments in affiliated companies	—	(219)
Other	40	18
Net cash used for investing activities	(200)	(815)
Financing Activities:		
Repayments related to long-term debt	(137)	(2,185)
Issuance of long-term debt	—	1,000
Long-term debt issuance and repayment costs	—	(175)
Issuances of common stock	74	40
Repurchases of common stock	(465)	(279)
Common stock dividends	(294)	(163)
Net cash used for financing activities	(822)	(1,762)
Net increase (decrease) in cash and cash equivalents	1,813	(903)
Cash and cash equivalents at beginning of period	1,010	2,738
Cash and cash equivalents at end of period	$2,823	$ 1,835

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2004

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Lockheed Martin Corporation (Lockheed Martin or the Corporation) has continued to follow the accounting policies set forth in the consolidated financial statements included in its 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission. In the opinion of management, the interim financial information provided herein reflects all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results of operations for the interim periods. The results of operations for the quarter and nine months ended September 30, 2004 are not necessarily indicative of results to be expected for the full year.

NOTE 2 – STOCK-BASED COMPENSATION AND EARNINGS PER SHARE

The Corporation measures compensation cost for stock-based compensation plans using the intrinsic value method of accounting as prescribed in Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees,” and related interpretations. The Corporation has adopted those provisions of Statement of Financial Accounting Standards (FAS) 123, “Accounting for Stock-Based Compensation,” as amended, which require disclosure of the pro forma effects on net earnings and earnings per share as if compensation cost had been recognized using the fair value-based method at the date of grant for options awarded.

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

For purposes of pro forma disclosures, the options' estimated fair values are amortized to expense over the options' vesting periods. The Corporation's reported and pro forma earnings per share information follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(In millions, except per share data)			
Net earnings:				
As reported	$ 307	$ 217	$ 894	$ 709
Fair value-based compensation cost, net of taxes	(11)	(16)	(36)	(46)
Pro forma net earnings	$ 296	$ 201	$ 858	$ 663
Average common shares outstanding:				
Average number of common shares outstanding for basic computations	441.4	446.6	443.2	446.9
Dilutive stock options – based on the treasury stock method	4.5	3.8	3.6	3.6
Average number of common shares outstanding for diluted computations	445.9	450.4	446.8	450.5
Earnings per basic share:				
As reported	$ 0.69	$ 0.49	$ 2.02	$ 1.59
Pro forma	$ 0.67	$ 0.46	$ 1.94	$ 1.49
Earnings per diluted share:				
As reported	$ 0.69	$ 0.48	$ 2.00	$ 1.57
Pro forma	$ 0.67	$ 0.45	$ 1.92	$ 1.47

NOTE 3 – INVENTORIES

	September 30, 2004	December 31, 2003
	(In millions)	
Work in process, primarily related to long-term contracts and programs in progress	$ 5,047	$ 5,434
Less customer advances and progress payments	(3,578)	(3,396)
	1,469	2,038
Other inventories	326	310
	$ 1,795	$ 2,348

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

Work in process inventories included amounts advanced to Khrunichev State Research and Production Space Center, the Russian manufacturer of Proton launch vehicles and provider of related launch services, of $304 million and $327 million at September 30, 2004 and December 31, 2003, respectively.

NOTE 4 – POSTRETIREMENT BENEFIT PLANS

The net pension cost as determined by FAS 87, "Employers' Accounting for Pensions," and the net postretirement benefit cost as determined by FAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," related to the Corporation's plans include the following components:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(In millions)			
Defined benefit pension plans				
Service cost	$ 185	$ 168	$ 557	$ 464
Interest cost	375	382	1,124	1,054
Expected return on plan assets	(424)	(459)	(1,274)	(1,268)
Amortization of prior service cost	19	21	59	59
Recognized net actuarial losses	67	16	200	45
Amortization of transition asset	—	—	(1)	(1)
Total net pension expense	$ 222	$ 128	$ 665	$ 353
Retiree medical and life insurance plans				
Service cost	$ 12	$ 11	$ 37	$ 30
Interest cost	57	55	169	152
Expected return on plan assets	(23)	(18)	(67)	(50)
Amortization of prior service cost	2	—	6	—
Recognized net actuarial losses	15	13	45	36
Total net postretirement expense	$ 63	$ 61	$ 190	$ 168

In the third quarter of 2004, the Corporation made a $400 million contribution to the defined benefit pension plans' trust, of which $20 million represented the remainder of its 2004 required contributions and $380 million represented a discretionary prepayment that will reduce the Corporation's cash funding requirements for 2005. In the fourth quarter of 2003, the Corporation made a discretionary prepayment of $450 million, the majority of which reduced its cash funding requirements for 2004.

Approximately $320 million is expected to be contributed to its retiree medical and life insurance plans in 2004. Contributions for the nine months ended September 30, 2004 were $164 million.

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

The Lockheed Martin Corporation Salaried Savings Plan includes a 401(k) feature that has an Employee Stock Ownership Plan (ESOP). The Corporation's match to the Salaried Savings Plan consists of shares of its common stock, which has been partially fulfilled with stock released from the ESOP at approximately 2.4 million shares per year. The Corporation paid the final quarterly installment of the ESOP debt in April 2004 and allocated the remaining shares held by the ESOP in May 2004. In subsequent periods, the Corporation has fulfilled its match to the Salaried Savings Plan through purchases of common stock in the open market or through newly issued shares from the Corporation.

NOTE 5 – CONTINGENCIES

The Corporation or its subsidiaries are parties to or have property subject to litigation and other proceedings, including matters arising under provisions relating to the protection of the environment. In the opinion of management and in-house counsel, the probability is remote that the outcome of the environmental matters described below will have a material adverse effect on the Corporation's consolidated results of operations, financial position or cash flows. These matters include the following items:

Environmental matters – The Corporation is a party to various agreements, proceedings and potential proceedings for environmental clean-up issues, including matters at various sites where it has been designated a potentially responsible party (PRP) by the Environmental Protection Agency or by a state agency. Financial statement accruals are recorded for environmental matters in the period in which it becomes probable that a liability has been incurred and the amounts can be reasonably estimated. At September 30, 2004 and December 31, 2003, the total amount of liabilities recorded for environmental matters was approximately $425 million. Approximately two-thirds of that amount relates to sites in Redlands, Burbank and Glendale, California, and in Great Neck, New York, primarily for remediation of soil and groundwater contamination. The remainder of the liability relates to other properties (current operating facilities and certain facilities operated in prior years) for which the financial exposure could be estimated, and includes amounts for disposal of hazardous wastes and soil and groundwater remediation. In cases where a date to complete activities at a particular environmental site cannot be estimated by reference to specific orders, agreements or otherwise, the Corporation projects costs over a reasonable time frame not to exceed 20 years. For a more detailed discussion of environmental remediation activities, see Note 15 to the Corporation's consolidated financial statements in its Annual Report on Form 10-K for the year ended December 31, 2003.

Under prior year agreements with the U.S. Government, certain remediation expenditures, net of recoveries from insurance or other PRPs, are allowable in establishing the prices of the Corporation's products and services. The Corporation has recorded an asset for the portion of environmental costs that are probable of future recovery in the pricing of its products and services for U.S. Government business. The amount that is expected to be allocated to commercial businesses has been expensed through cost of sales. The recorded amounts do not reflect the possible future recoveries of portions of the environmental costs through insurance policy coverage or from other

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

PRPs, which the Corporation is pursuing as required by agreement and U.S. Government regulation. Any such recoveries, when received, would reduce the allocated amounts to be included in the Corporation's U.S. Government sales and cost of sales.

Waste remediation contract – In 1994, the Corporation was awarded a $180 million fixed-price contract by the U.S. Department of Energy (DoE) for the design, construction and limited test of remediation facilities, and the remediation of waste found in Pit 9, located on the Idaho National Engineering and Environmental Laboratory reservation. The DoE, through its management contractor, terminated the Pit 9 contract for default on June 1, 1998. The DoE's lawsuit, together with the Corporation's counterclaims, were tried in the U.S. District Court in Pocatello, Idaho from August through November 2003. At trial, the DoE sought damages and interest totaling approximately $100 million. The Corporation sought to overturn the termination for default and damages of approximately $270 million. The matter was submitted to the trial court for decision in March 2004. The Corporation has assumed that it will recover some portion of its costs, which are recorded in inventories, based on its estimate of the probable outcome of the case. It is not possible to predict the outcome of the lawsuit with certainty. The court may award damages to either party in the full amount it sought at trial or in some lesser amount. The Corporation is waiting for the court to render a decision. The final resolution of the lawsuit will likely depend upon the outcome of further proceedings and possible negotiations with the DoE.

NOTE 6 – INFORMATION ON BUSINESS SEGMENTS

The Corporation operates in five business segments: Aeronautics, Electronic Systems, Space Systems, Integrated Systems & Solutions (IS&S), and Information & Technology Services (I&TS). In the following tables of financial data, the total of the operating results of the principal business segments is reconciled to the corresponding consolidated amount. With respect to the caption "Operating profit," the reconciling item "Unallocated Corporate expense, net" includes the FAS/CAS pension adjustment (see discussion below), earnings and losses from equity investments (mainly telecommunications), interest income, costs for stock-based compensation programs, the effects of items not considered part of management's evaluation of segment operating performance, Corporate costs not allocated to the operating segments and other miscellaneous Corporate activities. For "Net sales," all activities other than those pertaining to the principal business segments are included in "Other."

The FAS/CAS pension adjustment represents the difference between pension expense calculated for financial reporting purposes under GAAP in accordance with FAS 87, and pension costs calculated and funded in accordance with U.S. Government Cost Accounting Standards (CAS), which are reflected in the business segment results. CAS is a major factor in determining pension funding requirements for the Corporation, and governs the extent of allocability and recoverability of pension costs on government contracts. The CAS cost is recovered through pricing of the Corporation's products and services on U.S. Government contracts, and therefore recognized in segment net sales.

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

The results of operations of the Corporation's segments only include pension expense as determined and funded in accordance with CAS rules.

Selected Financial Data by Business Segment

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(In millions)			
Net sales				
Aeronautics	$ 2,765	$ 2,675	$ 8,780	$ 7,168
Electronic Systems	2,278	2,234	6,616	6,389
Space Systems	1,434	1,498	4,559	4,570
Integrated Systems & Solutions	966	922	2,836	2,504
Information & Technology Services	991	743	2,760	2,202
Total business segments	8,434	8,072	25,551	22,833
Other	4	6	10	13
Total	$ 8,438	$ 8,078	$25,561	$22,846
Operating profit				
Aeronautics	$ 225	$ 183	$ 670	$ 490
Electronic Systems	222	223	644	617
Space Systems	113	95	362	300
Integrated Systems & Solutions	90	75	251	214
Information & Technology Services	73	51	204	150
Total business segments	723	627	2,131	1,771
Unallocated Corporate expense, net	(162)	(199)	(490)	(368)
Total	$ 561	$ 428	$ 1,641	$ 1,403
Intersegment revenue [(a)]				
Aeronautics	$ 12	$ 11	$ 48	$ 27
Electronic Systems	138	150	426	388
Space Systems	57	33	154	93
Integrated Systems & Solutions	137	122	397	355
Information & Technology Services	180	190	542	589
Total business segments	524	506	1,567	1,452
Other	26	22	76	60
Total business segments	$ 550	$ 528	$ 1,643	$ 1,512

(a) Intercompany transactions between segments are eliminated in consolidation and therefore excluded from the net sales and operating profit amounts presented above.

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

NOTE 7 – OTHER

On June 26, 2004, the Corporation announced that it had terminated the September 2003 merger agreement, as amended, with The Titan Corporation (Titan), as Titan did not satisfy certain closing conditions on or before June 25, 2004. Under the terms of the amended merger agreement, either party could terminate the merger agreement if Titan either (i) had not obtained written confirmation from the Department of Justice that the investigation of alleged Foreign Corrupt Practices Act (FCPA) violations by Titan was resolved and the Department did not intend to pursue any claims against Titan; or (ii) Titan had not entered into a plea agreement on or prior to June 25, 2004. Titan did not satisfy either requirement.

In the third quarter of 2003, the Corporation completed a tender offer to purchase for cash any and all of its outstanding 7.25% notes due May 15, 2006 and 8.375% debentures due June 15, 2024. The Corporation retired a total principal amount of $720 million of the notes and debentures. In addition, the Corporation repurchased $251 million of outstanding long-term debt in the open market. The Corporation recorded a charge, net of state income tax benefits, totaling $127 million in other income and expenses related to the tender offer and open market purchases. The charge reduced net earnings by $83 million ($0.18 per diluted share). Earlier in 2003, the Corporation issued irrevocable redemption notices for and repaid two issuances of callable debentures totaling $450 million. The Corporation recorded a charge in other income and expenses, net of state income tax benefits, of $19 million related to the early repayment of these two issuances of debt. The charge reduced net earnings for the nine months ended September 30, 2003 by $13 million ($0.03 per diluted share).

In the second quarter of 2003, the Corporation recorded a charge, net of state income tax benefits, of $41 million related to its decision to exit the commercial mail sorting business. The charge, which related primarily to the impairment of assets of the business, reduced net earnings by $27 million ($0.06 per diluted share).

In March 2003, Lockheed Martin paid $130 million to acquire the outstanding borrowings of Space Imaging, LLC, an equity investee, under Space Imaging's credit facility, and the Corporation's guarantee of Space Imaging's borrowings under the credit facility was eliminated. The Corporation reversed, net of state income taxes, approximately $19 million of the charge recorded in 2002 related to its investment in Space Imaging and the guarantee. This gain increased first quarter 2003 net earnings by $13 million ($0.03 per diluted share). The $130 million is included in investing activities on the statement of cash flows for the period ended September 30, 2003.

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

The components of comprehensive income for the three months and nine months ended September 30, 2004 and 2003 consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(In millions)			
Net earnings	$ 307	$ 217	$ 894	$ 709
Other comprehensive income (loss):				
Net unrealized gain from available-for-sale investments	1	(3)	7	29
Other	(2)	(6)	1	(19)
	(1)	(9)	8	10
Comprehensive income	$ 306	$ 208	$ 902	$ 719

The Corporation made federal and foreign income tax payments, net of refunds received, of $280 million and $144 million for the nine months ended September 30, 2004 and 2003, respectively. These amounts are net of capital loss carry-back income tax refunds of $143 million and $136 million, respectively, related to the Corporation's divestiture activities. The Corporation's total interest payments were $228 million and $320 million for the nine months ended September 30, 2004 and 2003, respectively.

The Corporation's short-term investments at September 30, 2004 principally include U.S. Government obligations and corporate debt securities. All short-term investments are classified as available-for-sale and therefore are reported at fair value, generally based on quoted market prices. Unrealized gains and losses are excluded from earnings and included in other comprehensive income, net of income taxes. Certain of the investments have maturity dates that extend beyond one year. However, the Corporation has classified all investments as short-term, as they are available to sell to meet current operating, capital expenditure and debt service requirements, as well as discretionary investment needs.

Lockheed Martin Corporation

Report of Independent Registered Public Accounting Firm

Board of Directors
Lockheed Martin Corporation

We have reviewed the unaudited condensed consolidated balance sheet of Lockheed Martin Corporation as of September 30, 2004, and the related unaudited condensed consolidated statement of earnings for the three-month and nine-month periods ended September 30, 2004 and 2003, and the unaudited condensed consolidated statement of cash flows for the nine-month periods ended September 30, 2004 and 2003. These financial statements are the responsibility of the Corporation's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the unaudited condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Lockheed Martin Corporation as of December 31, 2003, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended not presented herein, and in our report dated January 27, 2004, we expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph relating to the Corporation's 2002 adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." In our opinion, the information set forth in the accompanying unaudited condensed consolidated balance sheet as of December 31, 2003, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

McLean, Virginia
October 26, 2004

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Lockheed Martin Corporation
September 30, 2004

Lockheed Martin Corporation is mainly involved in the research, design, development, manufacture, integration, operation and support of advanced technology systems, products and services. We serve domestic and international defense, civil government and commercial customers. Over 75% of our sales over the past three years have been to agencies of the U.S. Government. Our main areas of focus are in the defense and intelligence, space, homeland security, and government information technology markets.

We operate in five principal business segments: Aeronautics, Electronic Systems, Space Systems, Integrated Systems & Solutions (IS&S) and Information & Technology Services (I&TS). As a lead systems integrator, our products and services range from aircraft, spacecraft and launch vehicles to missiles, electronics and information systems, including integrated network-centric solutions.

The following discussion should be read along with our 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission, and with the unaudited condensed consolidated financial statements included in this Form 10-Q.

RESULTS OF OPERATIONS

Consolidated Results of Operations

Since our operating cycle is long-term and involves many types of development and production contracts with varying production delivery schedules, the results of operations of a particular quarter, or quarter-to-quarter comparisons of recorded sales and profits, may not be indicative of our future operating results. The following discussions of comparative results among periods should be viewed in this context.

Net sales for the third quarter of 2004 were $8.4 billion, a 4% increase over the third quarter 2003 sales of $8.1 billion. Net sales for the nine months ended September 30, 2004 were $25.6 billion, a 12% increase over the $22.8 billion recorded in the comparable 2003 period. During the quarter and nine months ended September 30, 2004, sales increased from the comparable 2003 periods in all business segments, except Space Systems, where sales declined slightly in each period.

Lockheed Martin Corporation
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued)

For the quarter and nine months ended September 30, 2003, the following items, among other things, were included in "Unallocated Corporate (expense) income, net" (see the related section under "Discussion of Business Segments" below):

- In the third quarter of 2003, we recognized a loss of $127 million related to the early repayment of $971 million of long-term debt securities.
- In the second quarter of 2003, we recorded a $41 million charge related to our decision to exit the commercial mail sorting business.
- In addition to the debt repayment noted above, we recognized a loss of $19 million in the first quarter of 2003 associated with our decision to call and prepay $450 million of debentures originally due in 2023.
- In the first quarter of 2003, we recognized a gain of $19 million on the partial reversal of a 2002 charge related to the guarantee of our share of Space Imaging, LLC's credit facility.

On a net basis, these items reduced our net earnings by $83 million ($0.18 per diluted share) and $110 million ($0.24 per diluted share) for the quarter and nine months ended September 30, 2003, respectively. There were no comparable items related to the quarter or nine months ended September 30, 2004.

Operating profit (earnings before interest and taxes) for the third quarter of 2004 was $561 million, an increase of 31% from the $428 million recorded in the comparable 2003 period. Operating profit for the nine months ended September 30, 2004 was $1.6 billion, an increase of 17% from the $1.4 billion recorded in the comparable 2003 period. During the quarter and nine months ended September 30, 2004, operating profit increased from the comparable 2003 periods in all five business segments except Electronic Systems, where there was a slight decline in the third quarter of 2004 when compared to the third quarter of 2003.

Interest expense for the third quarter and nine months ended September 30, 2004 was $109 million and $323 million, respectively, representing a decrease of $8 million and $53 million from the comparable periods in 2003. This was primarily the result of the reduction in our debt portfolio and the favorable impact of having issued $1.0 billion of convertible debentures in August 2003 to replace higher cost debt.

Our effective income tax rate for both the quarter and nine months ended September 30, 2004 was 32.2%. The effective rate for both periods were lower than the statutory rate of 35% primarily due to tax benefits related to export sales. Our effective income tax rates for the quarter and nine months ended September 30, 2003 were 30.2% and 31.0%, respectively. The effective rates for both periods were lower than the statutory rate of 35% primarily due to the effects of tax benefits related to export sales and the realization of tax savings initiatives.

Lockheed Martin Corporation
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued)

Recently enacted tax legislation has repealed the Extraterritorial Income (ETI) exclusion relating to export sales. Over a transition period beginning with 2005, the new tax rules phase-out the ETI exclusion benefit and provide for a new tax deduction in computing profits from the sale of products manufactured in the United States. The tax benefit we realize from the new legislation is expected to be substantially the same as the benefit we realized under the repealed ETI exclusion. We do not expect that this new legislation will have a material impact on our effective tax rate or deferred tax balances, based on current accounting rules.

Net earnings for the third quarter of 2004 were $307 million ($0.69 per diluted share) compared to $217 million ($0.48 per diluted share) reported in the third quarter of 2003. Net earnings for the nine months ended September 30, 2004 were $894 million ($2.00 per diluted share) compared to $709 million ($1.57 per diluted share) reported in the comparable 2003 period.

Discussion of Business Segments

The following tables of financial information and related discussions of the results of operations of our business segments are consistent with the presentation of segment information in Note 6 to the financial statements in this Form 10-Q.

The Aeronautics segment generally includes fewer programs that have much larger sales and operating results than programs included in the other segments. Therefore, due to the larger number of comparatively smaller programs in the remaining segments, the discussions of the results of operations of these business segments generally focus on lines of business within the segments.

Aeronautics

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(In millions)			
Net sales	$ 2,765	$ 2,675	$ 8,780	$ 7,168
Operating profit	$ 225	$ 183	$ 670	$ 490

Net sales for Aeronautics increased by 3% for the quarter and 22% for the nine months ended September 30, 2004 from the 2003 periods. In the quarter, most of the sales growth was attributable to a $70 million increase in Air Mobility as a result of higher volume on C-5 programs. In Combat Aircraft, increased sales due to higher volume on the F-35 and F/A-22 programs offset lower sales volume on F-16 programs. For the nine-month period, a $1.5 billion increase in Combat Aircraft due to higher

volume on the F-35, F-16 and F/A-22 programs accounted for the increase in sales. The remaining increase in sales was due to increases in Air Mobility and other programs, primarily as a result of higher C-5 volume.

Segment operating profit increased by 23% for the quarter and 37% for the nine months ended September 30, 2004 from the 2003 periods. In the quarter, Combat Aircraft operating profit increased $30 million primarily as a result of higher volume and improved performance on the F/A-22 program, which more than offset a decline in sales volume on F-16 programs. The remaining increase in operating profit for the quarter was primarily due to profits recognized on the two C-130J aircraft delivered this quarter. For the nine month period, Combat Aircraft operating profit increased $110 million primarily as a result of higher sales volume on the programs discussed above and performance on F/A-22 and other combat aircraft programs. The remaining increase was primarily attributable to profits recognized on C-130J deliveries in 2004. The Corporation began recognizing profits on C-130J deliveries in 2004 (approximately $50 million year-to-date) upon resolution of certain technical aircraft performance risks, manufacturing performance improvements and the achievement of stable production as a result of securing a multi-year contract in 2003.

Electronic Systems

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(In millions)			
Net sales	$ 2,278	$ 2,234	$ 6,616	$ 6,389
Operating profit	$ 222	$ 223	$ 644	$ 617

Net sales for Electronic Systems increased 2% for the quarter and 4% for the nine months ended September 30, 2004 from the 2003 periods. For both the quarter and the nine-month periods, higher volume in Maritime Systems & Sensors (MS2) more than offset slight declines in Missiles & Fire Control (M&FC) and Platform, Training & Transportation Solutions (PT&TS). In MS2, higher volume on surface systems programs accounted for the increased sales. M&FC sales declined primarily due to lower volume on air defense programs.

Segment operating profit decreased nominally for the quarter and increased by 4% for the nine months ended September 30, 2004, compared to the 2003 periods. In the quarter, decreases in operating profit on air defense programs at M&FC and on simulation and training programs at PT&TS offset improved performance on radar and marine programs at MS2. For the year, improved performance on radar programs at MS2 and on fire control programs at M&FC more than offset a decrease in operating profit on simulation and training programs at PT&TS. In both periods, the decrease in operating profit at PT&TS was due to the recording of a $25 million loss provision on certain international simulation and training contracts.

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Space Systems

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(In millions)			
Net sales	$ 1,434	$ 1,498	$ 4,559	$ 4,570
Operating profit	$ 113	$ 95	$ 362	$ 300

Net sales for Space Systems decreased by 4% for the quarter and nominally for the nine months ended September 30, 2004 from the 2003 periods. For the quarter, sales declined in both Launch Services and Satellites. In Launch Services, a decline in activities on the Titan launch vehicle program was partially offset by an additional Proton launch in 2004. The decrease in Satellites was due to one less commercial satellite delivery, which more than offset higher volume on government satellite programs.

For the nine months ended September 30, 2004, sales decreases in Satellites more than offset increases in Strategic and Defensive Missile Systems (S&DMS) and Launch Services. The decrease in Satellites was due to one less commercial satellite delivery in 2004, which was partially offset by increased volume on government satellite programs. In S&DMS the increase was primarily attributable to fleet ballistic missile programs. The higher volume in Launch Services was due to increases in both Atlas launches (five in 2004 compared to three in 2003) and Proton launches (three in 2004 compared to two in 2003) that more than offset a decline in the Titan launch vehicle program.

Segment operating profit increased by 19% for the quarter and 21% for the nine months ended September 30, 2004, when compared to the 2003 periods. For the quarter, Launch Services operating profit increased due to improved profitability and higher volume in both the Atlas and Proton programs, which more than offset a decline in activities on the Titan launch vehicle program. Satellites' operating profit decreased due to the absence of a commercial satellite delivery, which was partially offset by improved performance on government satellite programs. In the third quarter of 2003, government satellites operating profit included a $30 million charge related to a handling incident on a NASA satellite program.

For the nine-month period, Launch Services' operating profit increased primarily due to U.S. Government support of the Atlas program and the benefit resulting from the first quarter termination of a launch vehicle contract by a commercial customer, which more than offset a decline in activities on the Titan launch vehicle program. Satellites' operating profit declined due to cost growth on a government satellite program and a decline in commercial satellite deliveries.

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Integrated Systems & Solutions

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(In millions)			
Net sales	$ 966	$ 922	$ 2,836	$ 2,504
Operating profit	$ 90	$ 75	$ 251	$ 214

Net sales for Integrated Systems & Solutions increased by 5% for the quarter and 13% for the nine months ended September 30, 2004 from the 2003 periods. For both the quarter and nine-month periods, a higher volume of intelligence, defense and information assurance activities resulted in increased sales.

Segment operating profit increased by 20% for the quarter and 17% for the nine months ended September 30, 2004 from the comparable 2003 periods. The increases in operating profit for both the quarter and year were primarily attributable to higher volume and performance improvements on the activities described above.

Information &Technology Services

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(In millions)			
Net sales	$ 991	$ 743	$ 2,760	$ 2,202
Operating profit	$ 73	$ 51	$ 204	$ 150

Net sales for Information & Technology Services increased by 33% for the quarter and 25% for the nine months ended September 30, 2004 from the 2003 periods. For both the quarter and year-to-date periods, the increases in sales were primarily attributable to higher volume in Information Technology. Information Technology's sales improved due to the net impact of an acquisition and a divestiture, as well as organic growth. The remaining increase in sales was primarily attributable to higher volume in Defense Services in both periods. NASA sales declined in both periods.

Segment operating profit increased by 43% for the quarter and 36% for the nine months ended September 30, 2004 from the 2003 periods. In both periods the operating profit increased mainly due to improvements in Information Technology and Defense Services.

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Unallocated Corporate (Expense) Income, Net

The following table shows the components of Unallocated Corporate (expense) income, net. For a discussion of the FAS/CAS pension adjustment and other types of items included in Unallocated Corporate (expense) income, net, see Note 6 to the financial statements in this Form 10-Q.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(In millions)			
FAS/CAS pension adjustment	$ (148)	$ (80)	$ (446)	$ (220)
Items not considered in segment operating performance	—	(127)	—	(168)
Other, net	(14)	8	(44)	20
	$ (162)	$ (199)	$ (490)	$ (368)

The change in "Other, net" between the quarterly and nine-month periods is primarily due to the impact of the increase in our stock price in 2004, which increased our stock-based compensation programs' obligations, and lower earnings on our equity investments in 2004.

The following table shows the CAS cost that is included as expense in the segments' operating results, the related FAS expense, and the resulting FAS/CAS pension adjustment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(In millions)			
FAS 87 expense	$ (222)	$ (128)	$ (665)	$ (353)
CAS cost	(74)	(48)	(219)	(133)
FAS/CAS pension adjustment – expense	$ (148)	$ (80)	$ (446)	$ (220)

The increases in the FAS 87 expense and the CAS cost amounts in 2004 compared to 2003 are consistent with our expectations based on the assumptions we used in computing these amounts as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our 2003 Annual Report on Form 10-K under the caption "Critical Accounting Policies." Under the current assumptions, we would expect the FAS 87 expense for 2005 to increase slightly over 2004 amounts. We do not expect to finalize the assumptions related to 2005 expense until the end of this year. Any changes to the current assumptions could further impact the 2005 expense. We currently expect our 2005 CAS cost to increase substantially over 2004 amounts; however, our 2005 funding requirement will be mitigated in large part by the $380 million discretionary prepayment made to the defined benefit pension plans' trust in 2004.

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LIQUIDITY AND CASH FLOWS

We have established strategic cash deployment objectives to help ensure that we keep a focus toward growing our core business and increasing shareholder value, and that we are in a position to take advantage of opportunities when they arise. These objectives include internal investment in our business (e.g., capital expenditures, independent research and development), debt reduction, acquisitions of businesses that will complement our core products and services, share repurchases, and increases in dividends. The following discussion highlights activities through the third quarter of 2004 that support these objectives.

Operating Activities

Our operating cash flow continues to be the primary source of funds for financing our activities. Cash from operations amounted to $2.8 billion during the nine-months ended September 30, 2004 and $1.7 billion during the comparable 2003 period. Our earnings, adjusted for non-cash items such as depreciation and amortization, as well as working capital improvements, were the driving forces behind the cash flows during the nine-months ended September 30, 2004. In the third quarter of 2004, we made a $400 million contribution to our defined benefit pension plans' trust that reduced our cash from operations. Of the total contribution, $380 million represented a discretionary prepayment that will reduce our cash funding requirements for 2005. Also during the nine-months ended September 30, 2004, we made income tax payments of $423 million and received a $143 million capital loss carry-back income tax refund. During the nine-months ended September 30, 2003, our income tax payments amounted to $280 million and we received a capital loss carry-back income tax refund of $136 million. Our cash flow from working capital has improved in 2004 when compared to the prior year. We attribute this to our continued discipline in managing our cash conversion cycle, including the negotiation of performance-based progress payment or advance payment terms in our contracts, inventory management, and billing and collection activities. We expect cash from operations to continue to be strong.

Investing Activities

Capital expenditures– Capital expenditures for property, plant and equipment amounted to $393 million during the nine-months ended September 30, 2004 and $367 million during the comparable 2003 period. We expect a higher level of capital expenditures in 2004 versus 2003 consistent with the expected growth in our business.

Acquisitions, divestitures and other activities – We selectively identify businesses for potential acquisition and divestiture. During the nine-months ended September 30, 2003, we paid $130 million associated with our investment in Space Imaging, LLC (see the

related discussion in Note 7 – "Other") and $80 million associated with acquisitions of government IT businesses. During the nine-months ended September 30, 2004, in anticipation of our acquisition of The Titan Corporation, we liquidated $240 million from short-term investments to cash; however we terminated the merger agreement with Titan in June 2004 (see Note 7). In the third quarter of 2004 we purchased $87 million of short-term investments.

In August 2004, Intelsat, Ltd. announced that it had entered into a definitive agreement for the sale of the company to Zeus Holdings Limited for $18.75 per share. We own 40.1 million shares of Intelsat. At this value, the transaction is not expected to have a material impact on our net earnings; however, we would expect to receive after-tax proceeds of about $680 million. The transaction is subject to regulatory approvals and other closing conditions, and is expected to close in the fourth quarter of this year or early in 2005.

In June 2004, New Skies Satellites, N.V. announced that it signed a definitive agreement for the sale of the company to an affiliate of The Blackstone Group for $956 million in cash, or approximately $7.96 per diluted share. We own 18.6 million shares of New Skies. At this transaction value, we would recognize an after-tax gain of approximately $60 million ($0.13 per diluted share) and receive after-tax proceeds of about $150 million. The transaction is subject to regulatory approvals and other closing conditions, and is expected to close in the fourth quarter of this year or early in 2005.

Intelsat, in which we hold a 25% interest, as well as Inmarsat Holdings, Ltd., in which we hold a 14% interest, are subject to regulation by the Federal Communications Commission (FCC). In addition, the Open-Market Reorganization for the Betterment of International Telecommunications Act (the ORBIT Act), passed by Congress in 2000, established deadlines for Intelsat and Inmarsat to privatize and complete initial public offerings in a pro-competitive manner. In October 2004, Congress passed an amendment to the ORBIT Act that allows both Intelsat and Inmarsat to comply with the ORBIT Act requirement through either an initial public offering or an alternate means with the approval of the FCC.

In May 2004, we announced an agreement to sell our COMSAT General business to Intelsat, Ltd. The purchase price is $90 million in cash. The transaction is expected to close in the fourth quarter of this year and is not expected to have a material impact on net earnings.

Financing Activities

Issuance and repayment of long-term debt– Cash provided from operations has been our principal source of funds to reduce our long-term debt. We used $137 million during the nine-months ended September 30, 2004 and $764 million in the comparable 2003 period for scheduled repayments of debt maturities. Also, during the nine-months ended

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September 30, 2003, we issued $1.0 billion of floating rate convertible senior debentures that bear interest at three-month LIBOR less 25 basis points, reset quarterly (the interest rate on this debt at September 30, 2004 was 1.46%). We used the proceeds from that issuance, along with cash provided by operations, to repay $1,421 million of debt in advance of its maturity and retire other high cost debt. We used $175 million of cash for debt issuance and repayment costs to complete those transactions. Interest rates on the debt we retired early ranged from 7.25% to 8.375%.

Share dividends and repurchases –Shareholders were paid dividends of $294 million during the nine-months ended September 30, 2004 compared to $163 million during the comparable 2003 period. We paid quarterly dividends of $0.22 per share during the nine-months ended September 30, 2004 compared to quarterly dividends of $0.12 per share during the same period in 2003. In September, the Corporation increased its regular quarterly dividend on common stock to $0.25 per share. The dividend is payable December 30, 2004 to holders of record on December 1, 2004.

We have a share repurchase program in place for the repurchase of up to 43 million shares of our common stock from time-to-time at management's discretion. At September 30, 2004, a total of 21.9 million shares may be repurchased in the future under the program. During the first nine months of 2004, we repurchased 9.3 million shares of our common stock for $465 million. During the comparable period of 2003, we repurchased 6.3 million shares of our stock for $279 million. See Part II, Item 2 of this Form 10-Q, on page 35, for additional information regarding the repurchase of shares during the quarter ended September 30, 2004.

As part of our stock repurchase program, we may from time-to-time enter into structured stock repurchase transactions with financial institutions. These agreements generally require us to make an up-front cash payment in exchange for the right to receive shares of our common stock or cash at the expiration of the agreement, dependent upon the closing price of our common stock at the maturity date. We entered into two such transactions during the third quarter of 2004 which, in the aggregate, required up-front cash payments totaling $100 million. Based on the closing price of our common stock on the maturity date of the agreements, the transactions resulted in our receiving cash payments, and therefore did not result in the repurchase of any shares of our common stock. The impact of the two transactions was not material to our earnings, cash flows or financial position. There were no such transactions outstanding at September 30, 2004.

CAPITAL RESOURCES

At September 30, 2004, our total long-term debt amounted to $6.1 billion, a decrease of $138 million from $6.2 billion at December 31, 2003, which was mainly attributable to scheduled debt maturities. Our long-term debt is mainly in the form of publicly issued notes and debentures. The majority of our long-term debt bears interest at fixed rates. We have $1.0 billion of convertible debentures that have a floating interest rate based on LIBOR. We improved our debt-to-total capital ratio from 48% at December 31, 2003 to 46% at September 30, 2004. We held cash and cash equivalents of approximately $2.8 billion and short-term debt investments of $87 million at September 30, 2004.

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Our stockholders' equity amounted to $7.2 billion at September 30, 2004, an increase of about $484 million from December 31, 2003. Net earnings and stock plan activities more than offset our repurchases of common stock and payment of dividends.

At September 30, 2004, we had in place a $1.5 billion revolving credit facility which expires in July 2009, and a $500 million revolving credit facility which expires in July 2005. There were no borrowings outstanding under either facility at that date.

We actively seek to finance our business in a manner that preserves financial flexibility while minimizing borrowing costs to the extent practicable. Our management continually reviews changes in financial, market and economic conditions to manage the types, amounts and maturities of our indebtedness. We may at times refinance existing indebtedness, vary our mix of variable-rate and fixed-rate debt, or seek alternative financing sources for our cash and operational needs.

On October 25, 2004, we announced tender offers to purchase any and all of our outstanding 7.70% Notes due June 15, 2008 and an amount of our outstanding 8.20% Notes due December 1, 2009 such that the total repurchased principal would be up to $850 million. Prior to the commencement of the tender offer, there was $391 million of the 7.70% Notes outstanding and $993 million of the 8.20% Notes outstanding. If we repurchase $850 million of the debt securities, we would expect to record an after-tax charge for early repayment of debt in the fourth quarter of 2004, currently estimated to be approximately $90 million ($0.20 per diluted share), and expect a reduction of our interest expense in future periods, currently estimated to be approximately $75 million annually ($45 million after-tax, or $0.10 per diluted share). The exact amount of the charge and the reduction in interest expense will not be determined until the tender offers have been completed, and will depend on the amount of debt tendered and the aggregate purchase price for the bonds. We intend to use existing cash to repay the debt.

Cash and cash equivalents, cash flow from operations and other available financing resources are expected to be sufficient to meet anticipated operating, capital expenditure, dividend and debt service requirements, as well as acquisitions, share repurchases and other discretionary investment needs, projected over the next three years. Consistent with our goal to generate cash to reduce debt and invest in our core businesses, we expect that, depending on prevailing financial, market and economic conditions, we will continue to explore the sale of non-core businesses, passive equity investments and surplus real estate.

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ADVANCES TO RUSSIAN MANUFACTURERS

Lockheed-Khrunichev-Energia International, Inc. (LKEI), a joint venture we have with two Russian government-owned space firms, has exclusive rights to market launches of commercial, non-Russian-origin space payloads on the Proton family of rockets from a launch site in Kazakhstan. Atlas and Proton launch services are marketed around the world through International Launch Services (ILS), a joint venture between Lockheed Martin and LKEI. We consolidate the results of operations of LKEI and ILS into our financial statements based on our controlling financial interest. Contracts for launch services usually require substantial advances from the customer before the launch. Advances received from customers for Proton launch services not yet provided totaled $317 million at September 30, 2004 and $250 million at December 31, 2003, and were included as a liability on our balance sheet in the caption "Customer advances and amounts in excess of costs incurred."

A sizable percentage of the advances we receive from customers for Proton launch services are sent to Khrunichev State Research and Production Space Center (Khrunichev), the manufacturer of the launch vehicle and provider of the related launch services in Russia. If a contracted launch service is not provided, a sizeable percentage of the related advance would have to be refunded to the customer. In addition, we have previously sent advances to Khrunichev that are covered by an arrangement to reduce future launch payments from us to Khrunichev, contingent on the receipt of new orders as well as a minimum number of actual launches each year. The advances sent to Khrunichev are included on our balance sheet in inventories. Total payments to Khrunichev included in inventories at September 30, 2004 and December 31, 2003, net of reserves, were $304 million and $327 million, respectively. Our ability to realize these amounts may be affected by the continuing overcapacity in the launch vehicle market, Khrunichev's ability to provide the launch services and the political environment in Russia. Through September 2004, launch services through LKEI and ILS have been provided according to contract terms.

OTHER MATTERS

The Financial Accounting Standards Board has issued a proposed standard related to Share-Based Payments that, upon implementation, would adversely impact our net earnings and earnings per share, but would not be expected to impact our cash from operations. The proposed standard would require stock options and other share-based payments made to employees to be accounted for as compensation expense and recorded at fair value. While many technical issues are yet to be resolved, including the selection and use of an appropriate valuation model, information about the fair value of stock options under the Black-Scholes model and its pro forma impact on our net earnings and

earnings per share for the quarter and nine months ended September 30, 2004 (which may differ from the ultimate impact of the proposed new standard) can be found in Note 2 to the financial statements in this Form 10-Q.

The Emerging Issues Task Force recently approved new rules which could require that the dilutive effect of contingently convertible debt instruments, such as the $1.0 billion of floating rate convertible debentures we issued in 2003, be reflected in our calculation of diluted earnings per share. Previous rules provided for the exclusion of the effect of such instruments until the contingency had been satisfied. The new rules are expected to become effective at December 31, 2004. Our floating rate convertible debentures are convertible by holders into shares of our common stock on a contingent basis under the circumstances described in the indenture. Under the terms of our indenture, upon conversion, we have the right to deliver, in lieu of common stock, cash or a combination of cash and common stock. If the entire principal amount of the floating rate convertible debentures were included in the calculation of our average shares outstanding as of September 30, 2004, an additional 13.2 million shares would have been added to the calculation disclosed in Note 2. We also have the ability to amend the indenture to eliminate the right to settle the principal amount in common stock under certain circumstances. If we were to amend our indenture in this manner, we do not believe that the new rules would have any effect on the calculation of our average shares outstanding until the conversion price is exceeded.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in December 2003. Under the new law, Medicare will provide a prescription drug benefit beginning in 2006. The Act also provides for a federal subsidy to eligible sponsors of retiree health care benefits. The Financial Accounting Standards Board decided to allow companies to defer recognition of the impact of the new law on the benefit obligations they provide their retirees, which we elected to do. Accordingly, the accumulated postretirement benefit obligation (APBO) for our retiree health care benefits, as well as the net periodic postretirement benefit cost, included in our financial statements do not reflect the effects of the Act. In May 2004, the FASB issued Staff Position No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act," which provides specific authoritative guidance on the accounting for the federal subsidy. Proposed regulations have been issued recently that were intended to clarify eligibility requirements for the subsidy, how some of the key provisions of the Act will be applied and administered, and how the Act will impact the prescription drug benefits that we provide our retirees. Based on current estimates and pending finalization of the regulations related to the Act, we do not expect the effects of the Act will have a material impact on our net earnings, financial position or cash flows, and therefore remeasurement of the APBO prior to our plan measurement date of December 31, 2004 is not required. We do expect a reduction in our APBO and net periodic postretirement benefits cost upon remeasurement of the APBO at December 31, 2004.

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Our independent auditor, Ernst & Young LLP (E&Y) recently notified the Securities and Exchange Commission ("SEC"), the Public Company Accounting Oversight Board and the Audit and Ethics Committee of our Board of Directors that certain non-audit services E&Y performed in China and Taiwan for a number of public companies, including Lockheed Martin, have raised questions regarding E&Y's independence in its performance of audit services. With respect to Lockheed Martin, E&Y performed tax calculation and preparation services for certain of our employees located in China and Taiwan, as well as accounting assistance for one of our small, representative offices. As part of the tax filings, affiliates of E&Y made payments of the relevant taxes on behalf of the Corporation. The payment of those taxes involved handling of the Corporation's funds, which is not permitted under SEC auditor independence rules. These actions by affiliates of E&Y have been discontinued, and both the amount of the taxes and the fees paid to E&Y in connection with these services are de minimis.

The Audit and Ethics Committee and E&Y discussed E&Y's independence with respect to the Corporation in light of the foregoing facts. E&Y informed the Audit and Ethics Committee that it does not believe that the holding and paying of those funds or the accounting services provided impaired E&Y's independence with respect to Lockheed Martin. The Corporation, based on its own review, is not aware of any additional non-audit services that may compromise E&Y's independence in performing audit services for the Corporation.

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Item 3. Quantitative and Qualitative Disclosure of Market Risk

Our main exposure to market risk relates to interest rates and, to a lesser extent, foreign currency exchange rates. Our financial instruments that are subject to interest rate risk principally include fixed-rate and floating rate long-term debt. The majority of our long-term debt obligations are not callable until maturity. We sometimes use interest rate swaps to manage our exposure to fixed and variable interest rates; however, at the end of the third quarter of 2004, we had no such agreements in place.

We use forward foreign exchange contracts to manage our exposure to fluctuations in foreign currency exchange rates. These contracts are designated as qualifying hedges of the cash flows associated with firm commitments or specific anticipated transactions, and related gains and losses on the contracts, to the extent they are effective hedges, are recognized in income when the hedged transaction occurs. To the extent the hedges are ineffective, gains and losses on the contracts are recognized currently. At September 30, 2004, the fair value of forward exchange contracts outstanding, as well as the amounts of gains and losses recorded during the quarter then ended, were not material. We do not hold or issue derivative financial instruments for trading purposes.

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Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic filings with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to use its judgment in evaluating the cost to benefit relationship of possible controls and procedures. Also, we have investments in certain unconsolidated entities. As we do not control or manage these entities, our disclosure controls and procedures with respect to those entities are necessarily substantially more limited than those we maintain with respect to our consolidated subsidiaries.

At September 30, 2004, we performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. The evaluation was performed with the participation of senior management of each business segment and key Corporate functions, and under the supervision of the CEO and CFO. Based on the evaluation, our management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective.

We routinely review our system of internal controls over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating the activities of two business units, and migrating certain processes to our shared services organization. In addition, when we acquire new businesses, we incorporate our controls and procedures into the acquired business as part of our integration activities.

There were no changes in our internal controls over financial reporting during the most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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FORWARD-LOOKING STATEMENTS

Statements in this Form 10-Q that are "forward-looking statements" are based on Lockheed Martin's current expectations and assumptions. The words "believe," "estimate," "anticipate," "project," "intend," "expect," "plan," "outlook," "forecast" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks and uncertainties. Actual results could differ materially because of factors such as: the availability of government funding domestically and internationally; changes in government and customer priorities and requirements (including changes to respond to terrorist threats and improve homeland security); the impact of continued hostilities in Iraq on funding for existing defense programs; the award or termination of contracts; difficulties in developing and producing operationally advanced technology systems; the timing and customer acceptance of product deliveries; performance issues with key suppliers, subcontractors and customers; cost reduction and productivity efforts; changes in assumptions included in program estimates at complete; financial market and other changes that may impact pension plan assumptions; the results of the Corporation's announced debt tender offers; charges from any future impairment reviews that may result in the recognition of losses and a reduction in the book value of investments, goodwill or other long-term assets; the future impact of legislation, or changes in accounting or tax rules or pronouncements; the future impact of acquisitions, divestitures, joint ventures or teaming arrangements; the outcome of legal proceedings and other contingencies (including lawsuits, government investigations or audits; and environmental remediation efforts); the competitive environment for defense and information technology products and services; and economic, business and political conditions domestically and internationally.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Form 10-Q. We undertake no duty to update any forward-looking statements to reflect subsequent events, actual results or changes in our expectations after the date of this Form 10-Q. The forward-looking statements in this document are intended to be subject to the safe harbor protection provided by Sections 27A of the Securities Act and 21E of the Exchange Act.

These are only some of the factors that may affect the forward-looking statements contained in this Form 10-Q. For further information regarding risks and uncertainties associated with our business, please see our Securities and Exchange Commission filings including, but not limited to, the discussions of "Government Contracts and Regulations" and "Risk Factors and Forward-Looking Statements" on pages 20 through 21 and pages 23 through 30, respectively, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2003; "Note 4 – Postretirement Benefit Plans" and "Note 5 – Contingencies" of the Notes to Unaudited Condensed Consolidated Financial Statements on pages 9 through 10 and pages 10 through 11, respectively, of this Form 10-Q; "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 16 through 29 of this Form 10-Q; and Part II – Item 1, "Legal Proceedings" on pages 33 through 35 of this Form 10-Q.

Lockheed Martin Corporation

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Corporation is a party to or has property subject to litigation and other proceedings, including matters arising under provisions relating to the protection of the environment, as described in "Note 5 – Contingencies" of the Notes to Unaudited Condensed Consolidated Financial Statements in this Form 10-Q, and in the Corporation's 2003 Annual Report on Form 10-K (Form 10-K), or arising in the ordinary course of business. In the opinion of management and in-house counsel, the probability is remote that the outcome of any such litigation or other proceedings will have a material adverse effect on the Corporation's results of operations or financial position.

The Corporation is primarily engaged in providing products and services under contracts with the U.S. Government and, to a lesser degree, under direct foreign sales contracts, some of which are funded by the U.S. Government. These contracts are subject to extensive legal and regulatory requirements and, from time to time, agencies of the U.S. Government investigate whether the Corporation's operations are being conducted in accordance with these requirements. U.S. Government investigations of the Corporation, whether relating to these contracts or conducted for other reasons, could result in administrative, civil or criminal liabilities, including repayments, fines or penalties being imposed upon the Corporation, or could lead to suspension or debarment from future U.S. Government contracting. U.S. Government investigations often take years to complete and many result in no adverse action against the Corporation. For the U.S. Government investigations described in the Corporation's Form 10-K, it is too early for Lockheed Martin to determine whether adverse decisions relating to these investigations could ultimately have a material adverse effect on its results of operations or financial position.

We are subject to federal and state requirements for protection of the environment, including those for discharge of hazardous materials and remediation of contaminated sites. As a result, we are a party to or have our property subject to various other lawsuits or proceedings involving environmental protection matters. Due in part to their complexity and pervasiveness, such requirements have resulted in our being involved with related legal proceedings, claims and remediation obligations. The extent of our financial exposure cannot in all cases be reasonably estimated at this time. For information regarding these matters, including current estimates of the amounts that we believe are required for remediation or clean-up to the extent estimable, see "Note 5 - Contingencies" on pages 10 through 11 of this Form 10-Q.

As previously reported, in 1994, we were awarded a $180 million fixed-price contract by the DoE for the design, construction and limited test of remediation facilities, and the remediation of waste found in Pit 9, located on the Idaho National Engineering and Environmental Laboratory reservation. The DoE, through Lockheed Martin Idaho Technologies Company, its management contractor, terminated the Pit 9 contract for

default on June 1, 1998. The DoE lawsuit, together with our counterclaims, were tried in the U.S. District Court in Pocatello, Idaho from August through November 2003. At trial, the DoE sought damages and interest totaling approximately $100 million. We sought to overturn the termination for default and damages of approximately $270 million. The matter was submitted to the trial court for decision in March 2004. We have assumed that we will recover some portion of our costs, which are recorded in inventory, based on our estimate of the outcome of the case. It is not possible to predict the outcome of the lawsuit with certainty. The court may award damages to either party in the full amount it sought at trial or in some lesser amount. We are waiting for the court to render a decision. The final resolution of the lawsuit will likely depend upon the outcome of further proceedings and possible negotiations with the DoE.

As previously reported, we filed a civil complaint in the United States District Court for the Middle District of Florida in Orlando against The Boeing Company and various individuals. On May 24, 2004, we filed an amended and supplemental complaint, which alleges that the defendants solicited, acquired and used our proprietary information during the competition for awards under the U.S. Air Force's EELV program and others in violation of the Racketeer Influenced and Corrupt Organizations (RICO) Act, and other Federal and state laws. On August 9, 2004, Boeing filed a six-count counterclaim. The counterclaim alleges tortious interference with business and contract, unfair and deceptive trade practices under Florida law, and false advertising under the Lanham Act, based on our purported disclosure to the Air Force and the government of Boeing's possession and use of our documents in the EELV and other competitions. We believe that the counterclaim is without merit and moved to dismiss it.

As previously reported, on February 6, 2004, we submitted a certified contract claim to the United States seeking contractual indemnity for remediation and litigation costs (past and future) associated with the Redlands site. On August 31, 2004, the United States denied the claim. We are reviewing the decision and considering an appeal.

As previously reported, nine lawsuits have been filed against the Corporation as a result of a shooting incident in July 2003 at the Corporation's aircraft parts manufacturing facility in Meridian, Mississippi, which resulted in the deaths of seven employees of the company and the wounding of eight others. Six of the lawsuits were filed in the U.S. District Court for the Southern District of Mississippi, and three lawsuits were filed in the Circuit Court of Lauderdale County, Mississippi. The lawsuits allege various torts, including wrongful death, intentional infliction of injury, negligent supervision and intentional infliction of emotional distress. In addition, four of the actions in federal court allege racial or gender discrimination. It is the Corporation's position that the claims are without merit. On August 16, 2004, the U.S. District Court denied the Corporation's motion to dismiss one of the lawsuits, ruling that the lawsuit was not barred by the exclusivity provisions of the Mississippi worker's compensation statute. We have requested that the court reconsider its ruling or, in the alternative, certify an interlocutory appeal to the United States Court of Appeals for the Fifth Circuit.

In addition, as previously reported, subsequent to the shooting, 21 charges of race-related discrimination, one charge of sexual discrimination and one disability-related charge were filed by employees with the offices of the Equal Employment Opportunity Commission (EEOC). The Jackson, Mississippi EEOC office has issued determination letters for the race-related discrimination charges finding that there is reasonable cause to believe that the African American employees were racially harassed and subject to a racially hostile work environment. If conciliation of these cases is unsuccessful, the EEOC can either issue right to sue letters allowing the complainants to pursue private litigation (which many have already filed) or the EEOC may elect to file suit or attempt to join pending litigation on behalf of the employees.

In addition, see the “Legal Proceedings” section of the Form 10-K for a description of previously reported matters.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

The following table provides information about purchases by Lockheed Martin during the three-month period ended September 30, 2004 of equity securities that are registered by the Corporation pursuant to Section 12 of the Exchange Act.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs [1]	Maximum Number of Shares that May Yet Be Purchased Under the Programs [2]
July 2004	—	$ —	—	25,490,300
August 2004	2,957,600	53.43	2,957,600	22,532,700
September 2004	593,000	54.22	593,000	21,939,700

(1) The Corporation repurchased a total of 3,550,600 shares of its common stock during the quarter ended September 30, 2004 under a share repurchase program that it announced in October 2002.

(2) The Corporation’s Board of Directors has approved a share repurchase program for the repurchase of up to 43 million shares of its common stock from time-to-time. Under the program, management has discretion to determine the number and price of the shares to be repurchased, and the timing of any repurchases in compliance with applicable law and regulation.

Lockheed Martin Corporation

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 10.1	Five-Year Credit Agreement, dated as of July 15, 2004, among Lockheed Martin Corporation and the Banks listed therein
Exhibit 10.2	364-Day Credit Agreement, dated as of July 15, 2004, among Lockheed Martin Corporation and the Banks listed therein
Exhibit 10.3	Form of Stock Option Award Agreement under the Lockheed Martin Corporation 2003 Incentive Performance Award Plan
Exhibit 10.4	Form of Restricted Stock Award Agreement under the Lockheed Martin Corporation 2003 Incentive Performance Award Plan
Exhibit 12	Lockheed Martin Corporation Computation of Ratio of Earnings to Fixed Charges for the nine months ended September 30, 2004
Exhibit 15	Acknowledgement of Independent Registered Public Accounting Firm
Exhibit 31.1	Rule 13a-14(a) Certification of Robert J. Stevens
Exhibit 31.2	Rule 13a-14(a) Certification of Christopher E. Kubasik
Exhibit 32.1	Certification Pursuant to 18 U.S.C. Section 1350 of Robert J. Stevens
Exhibit 32.2	Certification Pursuant to 18 U.S.C. Section 1350 of Christopher E. Kubasik

(b) Reports on Form 8-K filed in the third quarter of 2004.

1. Current report on Form 8-K filed on July 27, 2004.

   The Corporation furnished information contained in its press release dated July 27, 2004 related to the Corporation’s financial results for quarter ended June 30, 2004.

2. Current report on Form 8-K filed on September 2, 2004.

   The Corporation filed information concerning the retirement of Vance D. Coffman, Chairman of Lockheed Martin Corporation, as an employee of the Corporation effective September 1, 2004.

Lockheed Martin Corporation

(c) Reports on Form 8-K filed subsequent to the third quarter of 2004.

1. Current report on Form 8-K filed on October 26, 2004.

   The Corporation furnished information contained in its press release dated October 26, 2004 related to the Corporation's financial results for quarter ended September 30, 2004 and filed information contained in its press release dated October 25, 2004 announcing that it was commencing cash tender offers for two series of its outstanding debt.

Lockheed Martin Corporation

SIGNATURES

Pursuant to the requirements 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.

Lockheed Martin Corporation
(Registrant)

Date: October 28, 2004

by: /s/ Rajeev Bhalla

Rajeev Bhalla
Vice President and Controller
(Chief Accounting Officer)

Exhibit 10.1

EXECUTION COPY

$1,500,000,000

FIVE-YEAR CREDIT AGREEMENT

dated as of

July 15, 2004

among

LOCKHEED MARTIN CORPORATION,

The BANKS Listed Herein,

JPMORGAN CHASE BANK,
as Syndication Agent

CITICORP USA, INC.,
MIZUHO CORPORATE BANK, LTD. and
US BANK, N.A.,
as Documentation Agents,

and

BANK OF AMERICA, N.A.,
as Administrative Agent

J.P. MORGAN SECURITIES INC. and
BANC OF AMERICA SECURITIES LLC,
Joint Lead Arrangers and Bookrunners

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FIVE-YEAR CREDIT AGREEMENT

AGREEMENT dated as of July 15, 2004 among LOCKHEED MARTIN CORPORATION, the BANKS listed on the signature pages hereof, JPMORGAN CHASE BANK, as Syndication Agent, CITICORP USA, INC., MIZUHO CORPORATE BANK, LTD. and US BANK, N.A., as Documentation Agents, and BANK OF AMERICA, N.A., as Administrative Agent.

NOW, THEREFORE, the undersigned parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Definitions.* The following terms, as used herein and in any Exhibit or Schedule hereto, have the following meanings:

"**Administrative Agent**" means Bank of America, N.A. in its capacity as administrative agent for the Banks hereunder, and its successor or successors in such capacity.

"**Administrative Questionnaire**" means, with respect to each Bank, an administrative questionnaire in the form prepared by the Administrative Agent and submitted to the Agents with a copy to the Company duly completed by such Bank.

"**Agents**" means the Administrative Agent, the Syndication Agent and the Documentation Agents, and "**Agent**" means any of the foregoing.

"**Agreement**" means this Five-Year Credit Agreement as it may be amended from time to time.

"**Applicable Lending Office**" means, with respect to any Bank, (i) in the case of its Domestic Loans, its Domestic Lending Office, (ii) in the case of its Eurodollar Loans, its Eurodollar Lending Office and (iii) in the case of its Competitive Bid Loans, its Competitive Bid Lending Office.

"**Approved Fund**" means any Fund that is administered or managed by a Bank or an affiliate of a Bank.

"**Arrangers**" means J.P. Morgan Securities Inc. and Banc of America Securities LLC, in their capacity as joint lead arrangers and bookrunners in respect of this Agreement.

"**Assignment and Assumption Agreement**" means an agreement, substantially in the form of Exhibit K hereto, under which an interest of a Bank

hereunder is transferred to an Eligible Assignee pursuant to Section 9.08(c) hereof.

"**Available Amount**" has the meaning set forth in Section 6.02.

"**Bank**" means (i) each bank or other financial institution listed on the signature pages hereof, (ii) each Person that becomes a Bank pursuant to either Section 9.01 or Section 9.08(c), and (iii) their respective successors.

"**Base Rate**" means, for any day, a rate per annum equal to the higher of (i) the Prime Rate for such day or (ii) the sum of 1/2 of 1% plus the Federal Funds Rate for such day, each change in the Base Rate to become effective on the day on which such change occurs.

"**Base Rate Loan**" means any Committed Loan in respect of which interest is to be computed on the basis of the Base Rate.

"**Capitalized Lease Obligations**" means any and all monetary obligations under any leasing arrangements which have been capitalized, as such obligations are reported in the consolidated financial statements of the Company and its Consolidated Subsidiaries.

"**Cash Collateral Account**" has the meaning set forth in Section 6.02.

"**Change in Law**" means, for purposes of Section 8.01 and Section 8.02, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency.

"**Closing Date**" means July 15, 2004.

"**Collateral**" has the meaning set forth in Section 6.02.

"**Commitment**" means as to each Bank at any time, the amount set forth opposite such Bank's name on the Commitment Schedule or in the applicable Assignment and Assumption Agreement, as such amount may be decreased pursuant to the terms of this Agreement.

"**Commitment Schedule**" means the Commitment Schedule attached hereto as Schedule I.

"**Commitment Termination Date**" means July 15, 2009 (or if such date is not a Domestic Business Day, the next preceding Domestic Business Day).

"**Committed Loan**" means a Loan made by a Bank pursuant to Section 2.01.

"**Committed Notes**" means promissory notes of the Company, substantially in the form of Exhibit G-1 hereto, evidencing the obligation of the Company to repay the Committed Loans, and "**Committed Note**" means any one of such promissory notes issued hereunder.

"**Company**" means Lockheed Martin Corporation, a Maryland corporation, and its successors.

"**Competitive Bid Eurodollar Loan**" means a loan to be made by a Bank pursuant to a Eurodollar Auction (including such a loan bearing interest at the Base Rate pursuant to Section 8.02).

"**Competitive Bid Lending Office**" means, as to each Bank, its Domestic Lending Office or such other office, branch or affiliate of such Bank as it may hereafter designate as its Competitive Bid Lending Office by notice to the Company and the Administrative Agent; *provided* that any Bank may from time to time by notice to the Company and the Administrative Agent designate separate Competitive Bid Lending Offices for its Competitive Bid Eurodollar Loans, on the one hand, and its Competitive Bid Rate Loans, on the other hand, in which case all references herein to the Competitive Bid Lending Office of such Bank shall be deemed to refer to either or both of such offices, as the context may require.

"**Competitive Bid Loan**" means a Competitive Bid Eurodollar Loan or a Competitive Bid Rate Loan.

"**Competitive Bid Margin**" has the meaning set forth in Section 2.03(d).

"**Competitive Bid Notes**" means promissory notes of the Company, substantially in the form of Exhibit G-2 hereto, evidencing the obligation of the Company to repay the Competitive Bid Loans, and "**Competitive Bid Note**" means any one of such promissory notes issued hereunder.

"**Competitive Bid Quote**" means an offer by a Bank, in substantially the form of Exhibit D hereto, to make a Competitive Bid Loan in accordance with Section 2.03.

"**Competitive Bid Quote Request**" means the notice, in substantially the form of Exhibit B hereto, to be delivered by the Company in accordance with Section 2.03 in requesting Competitive Bid Quotes.

"**Competitive Bid Rate**" has the meaning set forth in Section 2.03(d).

"**Competitive Bid Rate Loan**" means a Loan to be made by a Bank pursuant to a Rate Auction.

"**Consolidated Subsidiary**" means at any date any Subsidiary the accounts of which would be consolidated with the Company in its consolidated financial statements if such statements were prepared as of such date. For purposes of Section 4.04 and 5.01 and the definition of the term "**Exempt Subsidiary**", Consolidated Subsidiary includes any Exempt Subsidiary.

"**Credit Exposure**" means, with respect to any Bank at any time, (i) the amount of its Commitment (whether used or unused) at such time or (ii) if the Commitments have terminated in their entirety, the sum of the aggregate outstanding principal amount of its Loans at such time plus the aggregate amount of its Letter of Credit Liabilities at such time.

"**Debt**" means all indebtedness for borrowed money, ESOP guarantees and Capitalized Lease Obligations reported as debt in the consolidated financial statements of the Company and the Consolidated Subsidiaries, *plus* all indebtedness for borrowed money and capitalized lease obligations incurred by third parties and guaranteed by the Company or a Consolidated Subsidiary not otherwise reported as debt in such consolidated financial statements.

"**Default**" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"**Deficit Amount**" has the meaning set forth in Section 6.02.

"**Designated Lender**" means, with respect to any Designating Bank, an Approved Fund designated by it pursuant to Section 9.09(a) as a Designated Lender for purposes of this Agreement.

"**Designated Representative**" means any officer or employee as shall be so identified in an Officer's Certificate.

"**Designating Bank**" means, with respect to each Designated Lender, the Bank that designated such Designated Lender pursuant to Section 9.09(a).

"**Documentation Agent**" means each of Citicorp USA, Inc., Mizuho Corporate Bank, Ltd. and US Bank, N.A., in its capacity as documentation agent in respect of this Agreement.

"**Dollars**" or "**$**" means lawful currency of the United States.

"**Domestic Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in San Francisco or New York are authorized by law to close.

"**Domestic Lending Office**" means, as to each Bank, its office located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Domestic Lending Office) or such other office

as such Bank may hereafter designate as its Domestic Lending Office by notice to the Company and the Administrative Agent.

"**Effective Date**" means the dates the Commitments become effective in accordance with Section 3.01.

"**Eligible Assignee**" means (i) an affiliate of the assignor Bank or (ii) any other financial institution or Approved Fund that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business, subject in the case of clause (i) to the approval of the Administrative Agent and the Issuing Banks and subject in the case of clause (ii) to the approval of the Administrative Agent, the Issuing Banks and, unless an Event of Default has occurred and is continuing, the Company (each such approval not to be unreasonably withheld or delayed). The withholding of consent to an assignment by the Company shall not be deemed unreasonable if based solely upon the Company's desire to (A) balance relative loan exposures to the assignee among all credit facilities of the Company or (B) avoid payment of any additional amounts payable to the assignee under Article 8 which would arise from such assignment.

"**Environmental Laws**" means any and all applicable federal, state and local statutes, regulations, ordinances, rules, administrative orders, consent decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, hazardous substances, or hazardous wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances, or hazardous wastes.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, and the rules and regulations promulgated thereunder, in each case as in effect from time to time.

"**ERISA Group**" means the Company and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with the Company, are treated as a single employer under Section 414 of the Internal Revenue Code.

"**Eurodollar Auction**" means a solicitation of Competitive Bid Quotes setting forth Competitive Bid Margins based on the Eurodollar Rate pursuant to Section 2.03.

"**Eurodollar Business Day**" means any Domestic Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

"**Eurodollar Lending Office**" means, as to each Bank, its office, branch or affiliate located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Eurodollar Lending Office) or such other office, branch or affiliate of such Bank as it may hereafter designate as its Eurodollar Lending Office by notice to the Company and the Administrative Agent.

"**Eurodollar Loan**" means any Committed Loan in respect of which interest is to be computed on the basis of the Eurodollar Rate.

"**Eurodollar Margin**" means the percentage determined pursuant to Section 2.08(d) and Schedule I.

"**Eurodollar Rate**" means for any Interest Period with respect to any Eurodollar Loan or Competitive Bid Eurodollar Loan:

(a) the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page of the Telerate screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Eurodollar Business Days prior to the first day of such Interest Period, or

(b) if the rate referenced in the preceding subsection (a) does not appear on such page or service or such page of service shall cease to available, the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Eurodollar Business Days prior to the first day of such Interest Period, or

(c) if the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the Administrative Agent as the rate of interest at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request approximately 4:00 p.m. (London time) two Eurodollar Business Days prior to the first day of such Interest Period.

"**Event of Default**" has the meaning set forth in Section 6.01.

"**Excess Collateral**" has the meaning set forth in Section 6.02.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Exempt Subsidiary**" means Lockheed Martin Finance Corporation, CalComp Technology, Inc., Space Imaging LLC, Space Imaging Inc. and any other entity of which the Company owns a sufficient number of securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other governing body that is designated as such pursuant to an Officer's Certificate; *provided* that no such designation may be made unless, as of the end of the most recent fiscal quarter prior to such designation, the book value, net of depreciation and amortization and after intercompany eliminations, of the assets of such entity, when aggregated with the book values, net of depreciation and amortization and after intercompany eliminations, of the assets of all Exempt Subsidiaries, other than Lockheed Martin Finance Corporation and CalComp Technology, Inc., does not exceed 6% of the book value of the total assets of the Company and its Consolidated Subsidiaries. Exempt Subsidiary includes any direct or indirect subsidiary of an Exempt Subsidiary.

"**Existing Credit Agreement**" means the Five-Year Credit Agreement dated as of November 19, 2001, as amended from time to time prior to the Effective Date.

"**Facility Fee**" has the meaning set forth in Section 2.11.

"**Failed Loan**" has the meaning specified in Section 2.04(e).

"**Federal Funds Rate**" means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day, *provided* that (i) if such day is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day, and (ii) if no such rate is so published on such next succeeding Domestic Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Administrative Agent on such day on such transactions as determined by it.

"**Fixed Rate Loans**" means Eurodollar Loans or Competitive Bid Loans (excluding Competitive Bid Eurodollar Loans bearing interest at the Base Rate pursuant to Section 8.02) or any combination of the foregoing.

"**Foreign Person**" has the meaning set forth in Section 8.03(c).

"**Fund**" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"**Governmental Authority**" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"**Indemnitee**" has the meaning set forth in Section 9.04(b).

"**Interest Period**" means: (a) as to each (1) Eurodollar Loan, a period commencing on the date of borrowing specified in the applicable Notice of Borrowing or on the date specified in the applicable Notice of Conversion/Continuation, and ending one, two, three, six or (as provided in Section 2.08(b)) twelve months thereafter, and (2) Competitive Bid Eurodollar Loan, the period commencing on the date of borrowing specified in the applicable Notice of Borrowing and ending such whole number of months thereafter, in each case as selected by the Company, *provided* that:

(i) any Interest Period (other than an Interest Period determined pursuant to clause (iii) below) which would otherwise end on a day which is not a Eurodollar Business Day shall be extended to the next succeeding Eurodollar Business Day unless such Eurodollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Eurodollar Business Day;

(ii) any Interest Period (other than an Interest Period determined pursuant to clause (iii) below) which begins on the last Eurodollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Eurodollar Business Day of a calendar month; and

(iii) any Interest Period which would otherwise end after the Commitment Termination Date shall end on the Commitment Termination Date; and

(b) as to each Competitive Bid Rate Loan, the period commencing on the date of borrowing specified in the applicable Notice of Borrowing and ending such number of days thereafter (but not less than seven days), in each case as selected by the Company; *provided* that:

(i) any Interest Period (other than an Interest Period determined pursuant to clause (ii) below) which would otherwise end on a day which is not a Eurodollar Business Day shall be extended to the next succeeding Eurodollar Business Day; and

(ii) any Interest Period which would otherwise end after the Commitment Termination Date shall end on the Commitment Termination Date.

"**Internal Revenue Code**" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"**Invitation for Competitive Bid Quotes**" means the notice substantially in the form of Exhibit C hereto to the Banks in connection with the solicitation by the Company of Competitive Bid Quotes.

"**Issuing Banks**" means JPMorgan Chase Bank, Bank of America, N.A. and any other Bank that may agree to issue letters of credit hereunder pursuant to an instrument in form satisfactory to the Administrative Agent, in each case as issuer of a letter of credit hereunder.

"**Letter of Credit**" means a letter of credit issued or to be issued hereunder by an Issuing Bank.

"**Letter of Credit Liabilities**" means, for any Bank and at any time, such Bank's ratable participation in the sum of (x) the aggregate amount then owing by the Company in respect of amounts drawn under Letters of Credit and (y) the aggregate amount then available for drawing under all Letters of Credit.

"**Letter of Credit Termination Date**" means the tenth Domestic Business Day prior to the Commitment Termination Date.

"**Lien**" means any mortgage, pledge, security interest, lien, or encumbrance.

"**Loan**" and "**Loans**" mean and include each and every loan made by a Bank under this Agreement.

"**Material Adverse Effect**" means a material adverse effect on (a) the ability of the Company, to perform its obligations under this Agreement or any of the Notes, (b) the validity or enforceability of this Agreement or any of the Notes, (c) the rights and remedies of any Bank or the Agents under this Agreement or any of the Notes, or (d) the timely payment of the principal of or interest on the Loans or other amounts payable in connection therewith.

"**Material Debt**" means Debt (other than Loans under this Agreement) of the Company and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, in an aggregate principal amount exceeding $150,000,000.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Multiemployer Plan**" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions.

"**Note**" or "**Notes**" has the meaning set forth in Section 2.06.

"**Notice of Borrowing**" means a Notice of Committed Borrowing (as defined in Section 2.02) or a Notice of Competitive Bid Borrowing (as defined in Section 2.03(f)).

"**Notice of Conversion/Continuation**" has the meaning set forth in Section 2.05.

"**Notice of Issuance**" has the meaning set forth in Section 2.15(b).

"**Officer's Certificate**" means a certificate signed by an officer of the Company.

"**Other Taxes**" has the meaning set forth in Section 8.03(b).

"**Parent**" means with respect to any Bank, any Person controlling such Bank.

"**Participant**" has the meaning set forth in Section 9.08(d).

"**PBGC**" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"**Percentage**" means, with respect to any Bank at any time, the percentage which the amount of its Commitment at such time represents of the aggregate amount of all the Commitments at such time. At any time after the Commitments shall have terminated, the term "**Percentage**" shall refer to a Bank's Percentage immediately before such termination, adjusted to reflect any subsequent assignments pursuant to Section 9.08(b).

"**Person**" means any individual, firm, company, corporation, joint venture, joint-stock company, limited liability company or partnership, trust, unincorporated organization, government or state entity, or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing.

"**Plan**" means at any time an employee pension benefit plan (other than a Multiemployer Plan) that is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group.

"**Post-Default Rate**" means, with respect to any Loan or any interest payment at any date on or after the due date of such Loan or interest payment, a rate per annum equal to the sum of 2% plus the Base Rate for such date.

"**Pricing Schedule**" means the Pricing Schedule attached hereto as Schedule II.

"**Prime Rate**" means the rate of interest in effect for such day as publicly announced from time by Bank of America as its "prime rate." Such rate is a rate set by Bank of America, N.A. based upon various factors including Bank of America, N.A.'s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America, N.A. shall take effect at the opening of business on the day specified in the public announcement of such change.

"**Principal Property**" means, at any time, any manufacturing facility that is located in the United States, is owned by the Company or any of its Subsidiaries, and has a book value, net of any depreciation or amortization, pursuant to the then most recently delivered financial statements, in excess of $15,000,000.

"**Quarterly Date**" means the last day of March, June, September and December in each year, commencing September 30, 2004.

"**Rate Auction**" means a solicitation of Competitive Bid Quotes setting forth Competitive Bid Rates pursuant to Section 2.03.

"**Rating Agency**" means either of Moody's or S&P.

"**Regulation U**" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"**Required Banks**" means at any time and for any specific purpose the Bank or Banks having, in the aggregate, more than 50% of the total Credit Exposures.

"**Restricted Subsidiary**" means (x) any Significant Subsidiary, (y) any Subsidiary that has substantially all of its property located in the United States and that owns a Principal Property and (z) any Subsidiary theretofore designated a Restricted Subsidiary pursuant to the next sentence and not subsequently designated not a Restricted Subsidiary pursuant to the sentence thereafter. If at the end of any fiscal quarter, the aggregate principal amount of Debt of the Company and its Subsidiaries secured by Liens exceeds $150,000,000 and the aggregate total assets (net of depreciation and amortization, and after intercompany eliminations, but without giving effect, as to any Restricted Subsidiary pursuant to clause (z) above, to assets encumbered by Liens to secure

Debt) of the Company and all of its Restricted Subsidiaries ("**Total Restricted Assets**") are less than 85% of the total assets of the Company and its Subsidiaries (net of depreciation and amortization, and after intercompany eliminations, but without giving effect, as to any Restricted Subsidiary pursuant to clause (z) above, to assets encumbered by Liens to secure Debt) ("**Total Assets**"), then the Company shall, not later than the date on which financial statements for the fiscal period then ending are required to be delivered pursuant to this Agreement, designate other Subsidiaries as Restricted Subsidiaries such that, after giving effect thereto, Total Restricted Assets equal or exceed 85% of Total Assets. If at the end of any fiscal quarter, Total Restricted Assets are more than 85% of Total Assets, the Company may designate Restricted Subsidiaries which are not then Restricted Subsidiaries pursuant to clause (x) or (y) above as being no longer Restricted Subsidiaries, *provided* that after giving effect thereto, Total Restricted Assets equal or exceed 85% of Total Assets. Subsidiaries of a Restricted Subsidiary are not Restricted Subsidiaries solely by virtue of such subsidiary status.

"**Retiring Bank**" has the meaning set forth in Section 9.01(a).

"**S&P**" means Standard & Poor's Ratings Services and its successors.

"**Significant Subsidiary**" means a Subsidiary with a book value of total assets, net of depreciation and amortization and after intercompany eliminations, in excess of $150,000,000.

"**Stockholders' Equity**" means consolidated stockholders' equity of the Company and the Consolidated Subsidiaries reported as stockholders' equity on the consolidated balance sheet of the Company and the Consolidated Subsidiaries.

"**Stop Issuance Notice**" has the meaning defined in Section 2.16.

"**Subsidiary**" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the Board of Directors or other persons performing similar functions are at the time directly or indirectly owned by the Company, other than any such corporation or other entity that is an Exempt Subsidiary.

"**Syndication Agent**" means JPMorgan Chase Bank in its capacity as Syndication Agent in respect of this Agreement.

"**Taxes**" has the meaning set forth in Section 8.03.

"**Total Commitments**" means, at the time for any determination thereof, the aggregate of the Commitments of the Banks.

"**Total Usage**" means, as to any Bank at any time of determination, the sum of (i) the aggregate principal amount of all Committed Loans by such Bank

at such time outstanding, (ii) the aggregate amount of such Bank's Letter of Credit Liabilities and (iii) the product derived by multiplying (a) the aggregate principal amount of all Competitive Bid Loans at such time outstanding and (b) such Bank's Percentage.

"**Tranche**" means (i) a group of Competitive Bid Loans borrowed on the same date for the same Interest Period and (ii) a group of Eurodollar Loans which are Committed Loans having the same Interest Period.

"**United States**" means the United States of America, including the States and the District of Columbia, but excluding the Commonwealths, territories and possessions of the United States.

"**Unfunded Liabilities**" means, with respect to any Plan at any time, the amount (if any) by which (i) the present value of all benefits under such Plan exceeds (ii) the fair market value of all Plan assets allocable to such benefits (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or an appointed trustee under Title IV of ERISA.

Section 1.02. *Accounting Terms and Determinations.* Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time applied on a basis consistent (except for changes concurred in by the Company's independent public accountants) with the most recent audited consolidated financial statements of the Company and its Consolidated Subsidiaries delivered to the Banks; *provided* that, if the Company notifies the Syndication Agent that the Company wishes to amend any covenant contained in Article 5 to eliminate the effect of any change after the date hereof in generally accepted accounting principles (which, for purposes of this proviso shall include the generally accepted application or interpretation thereof) on the operation of such covenant (or if the Syndication Agent notifies the Company that the Required Banks wish to amend any such covenant for such purpose), then the Company's compliance with such covenant shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles is adopted by the Company, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and the Required Banks.

ARTICLE 2
THE CREDITS

Section 2.01. *The Committed Loans.* On or after the Effective Date each of the Banks severally agrees, upon the terms and conditions of this Agreement,

to make Loans to the Company under this Section 2.01 from time to time prior to the Commitment Termination Date or the termination in full of such Bank's Commitment, whichever is earlier, such that the Total Usage of such Bank shall at no time exceed such Bank's Commitment in effect at such time. No more than twelve Tranches of Eurodollar Loans and Competitive Bid Loans (as set forth in Section 2.03(b) below) shall be outstanding at any time. Within such limits, the Company may borrow, repay and reborrow under this Section 2.01 Each borrowing from the Banks shall be in an aggregate amount of not less than $10,000,000 and in multiples of $1,000,000.

Section 2.02. *Method of Committed Borrowing*. The Company shall give the Administrative Agent written or telephonic notice (a "**Notice of Committed Borrowing**") no later than 1:00 p.m. (New York time) or, with respect to any Base Rate Loan, 11:00 a.m. (New York time) (i) at least three Eurodollar Business Days before the date of each borrowing hereunder on the basis of the Eurodollar Rate (or at least four Eurodollar Business Days before the date of a borrowing hereunder with an Interest Period of twelve months in accordance with Section 2.08(b)) or, (ii) on the day of each borrowing hereunder on the basis of the Base Rate, specifying in each case the date of such borrowing, which shall be a Domestic Business Day in the case of a Base Rate Loan or a Eurodollar Business Day in the case of a Eurodollar Loan, the amount to be borrowed, any election as between the Base Rate and the Eurodollar Rate, and, if the Eurodollar Rate is elected, a selection of the applicable Interest Period. A written Notice of Committed Borrowing shall be executed by an officer or a Designated Representative and shall be substantially in the form of Exhibit A hereto. A telephonic notice hereunder may only be provided by an officer or a Designated Representative, such notice to be promptly followed by a written Notice of Committed Borrowing executed as set forth above.

Section 2.03. *Competitive Bid Borrowings*. (a) In addition to Committed Loans pursuant to Section 2.01 the Company may, as set forth in this Section 2.03 from time to time prior to the Commitment Termination Date or earlier termination of the Commitments, request the Banks to make offers to make Competitive Bid Loans to the Company, but only to the extent that, after giving effect thereto, the Total Usage of all Banks does not exceed the Total Commitments. Such Banks may, but shall have no obligation to, make such offers and the Company may, but shall have no obligation to, accept any such offers in the manner set forth in this Section.

(b) When the Company wishes to request offers to make Competitive Bid Loans under this Section, it shall transmit to the Administrative Agent by facsimile transmission a Competitive Bid Quote Request so as to be received no later than 1:00 p.m. (New York time) on (x) the fourth Eurodollar Business Day prior to the date of the Loan proposed therein, in the case of a Eurodollar Auction or (y) the Domestic Business Day next preceding the date of the Loan proposed therein, in the case of a Rate Auction (or, in either case, such other time or date as the Company and the Administrative Agent shall have mutually agreed and shall

have notified the Banks not later than the date of the Competitive Bid Quote Request for the first Eurodollar Auction or Rate Auction for which such change is to be effective) specifying:

(i) the proposed funding date of such Loan, which shall be a Eurodollar Business Day in the case of a Eurodollar Auction or a Domestic Business Day in the case of a Rate Auction,

(ii) the aggregate amount of such Loan, which shall be $10,000,000 or a larger multiple of $1,000,000,

(iii) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period,

(iv) the interest payment date or dates applicable thereto, and

(v) whether the Competitive Bid Quotes requested are to set forth a Competitive Bid Margin or a Competitive Bid Rate.

The Company may request offers to make Competitive Bid Loans for more than one Interest Period in a single Competitive Bid Quote Request.

(c) Promptly upon receipt of a Competitive Bid Quote Request, the Administrative Agent shall send to the Banks by facsimile transmission an Invitation for Competitive Bid Quotes, which shall constitute an invitation by the Company to each such Bank to submit Competitive Bid Quotes offering to make the Competitive Bid Loans to which such Competitive Bid Quote Request relates in accordance with this Section.

(d) (i) Each Bank may submit a Competitive Bid Quote containing an offer or offers to make Competitive Bid Loans in response to any Invitation for Competitive Bid Quotes. Each Competitive Bid Quote must comply with the requirements of this subsection (d) and must be submitted to the Administrative Agent by facsimile transmission at its offices specified on the signature pages hereto not later than (x) 10:45 a.m. (New York time) on the third Eurodollar Business Day prior to the proposed date of borrowing, in the case of a Eurodollar Auction or (y) 9:15 a.m. (New York time) on the proposed date of borrowing, in the case of a Rate Auction (or, in either case, such other time or date as the Company and the Administrative Agent shall have mutually agreed and shall have notified the Banks not later than the date of the Competitive Bid Quote Request for the first Eurodollar Auction or Rate Auction for which such change is to be effective); *provided* that Competitive Bid Quotes submitted by the Administrative Agent (or any affiliate of the Administrative Agent) in the capacity of a Bank may be submitted, and may only be submitted, if the Administrative Agent or such affiliate in the capacity of a Bank notifies the Administrative Agent of the terms of the offer or offers contained therein not later than 15 minutes prior to the deadline for the other Banks. Subject to Articles 3 and 6, any Competitive Bid

Quote so made shall be irrevocable except with the written consent of the Administrative Agent given on the instructions of the Company.

(ii) Each Competitive Bid Quote shall specify:

(A) the proposed date of borrowing,

(B) the principal amount of the Competitive Bid Loan for which each such offer is being made, which principal amount (w) may be greater than or less than the Commitment of the quoting Bank, (x) must be $5,000,000 or a larger multiple of $1,000,000, (y) may not exceed the principal amount of Competitive Bid Loans for which offers were requested and (z) may be subject to an aggregate limitation as to the principal amount of Competitive Bid Loans for which offers being made by such quoting Bank may be accepted,

(C) in the case of a Eurodollar Auction, the margin above or below the applicable Eurodollar Rate (the "**Competitive Bid Margin**") offered for each such Competitive Bid Loan, expressed as a percentage (specified to the nearest 1/100th of 1%) to be added to or subtracted from such Eurodollar Rate,

(D) in the case of a Rate Auction, the rate of interest per annum (specified to the nearest 1/100th of 1%) (the "**Competitive Bid Rate**") offered for each such Competitive Bid Loan, and

(E) the identity of the quoting Bank.

A Competitive Bid Quote may set forth up to five separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Competitive Bid Quotes.

(iii) Any Competitive Bid Quote shall be disregarded if it:

(A) is not substantially in conformity with Exhibit D hereto or does not specify all of the information required by subsection (d)(ii);

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bid Quotes; or

(D) arrives after the time set forth in subsection (d)(i).

(e) The Administrative Agent shall promptly notify the Company of the terms (x) of any Competitive Bid Quote submitted by a Bank that is in accordance with subsection (d) and (y) of any Competitive Bid Quote that amends, modifies or is otherwise inconsistent with a previous Competitive Bid Quote submitted by such Bank with respect to the same Competitive Bid Quote Request. Any such subsequent Competitive Bid Quote shall be disregarded by the Administrative Agent unless such subsequent Competitive Bid Quote is submitted solely to correct a manifest error in such former Competitive Bid Quote. The Administrative Agent's notice to the Company shall specify (A) the aggregate principal amount of Competitive Bid Loans for which offers have been received for each Interest Period specified in the related Competitive Bid Quote Request, (B) the respective principal amounts and Competitive Bid Margins or Competitive Bid Rates, as the case may be, so offered and (C) if applicable, any limitations on the aggregate principal amount of Competitive Bid Loans for which offers in any single Competitive Bid Quote may be accepted.

(f) Not later than (x) 1:00 p.m. (New York time) on the third Eurodollar Business Day prior to the proposed date of borrowing, in the case of a Eurodollar Auction, or (y) 11:00 a.m. (New York time) on the proposed date of borrowing, in the case of a Rate Auction (or, in either case, such other time or date as the Company and the Administrative Agent shall have mutually agreed and shall have notified to the Banks not later than the date of the Competitive Bid Quote Request for the first Eurodollar Auction or Rate Auction for which such change is to be effective), the Company shall notify the Administrative Agent by telephonic notice of its acceptance or non-acceptance of the offers so notified to it pursuant to subsection (e). A telephonic notice hereunder may only be provided by an officer or a Designated Representative. In the case of acceptance, such telephonic notice shall be promptly followed by a written notice executed by an officer or a Designated Representative (a "**Notice of Competitive Bid Borrowing**"), substantially in the form of Exhibit E hereto, specifying the aggregate principal amount of offers for each Interest Period that are accepted. The Company may accept any Competitive Bid Quote in whole or in part; provided that:

(i) the aggregate principal amount of each borrowing of Competitive Bid Loans may not exceed the applicable amount set forth in the related Competitive Bid Quote Request,

(ii) the principal amount of each borrowing of Competitive Bid Loans must be $10,000,000 or a larger multiple of $1,000,000,

(iii) acceptance of offers may only be made on the basis of ascending Competitive Bid Margins or Competitive Bid Rates, as the case may be, and

(iv) the Company may not accept any offer that is described in subsection (d)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(g) If offers are made by two or more Banks with the same Competitive Bid Margins or Competitive Bid Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which such offers are accepted for the related Interest Period, the principal amount of Competitive Bid Loans in respect of which such offers are accepted shall be allocated by the Administrative Agent among such Banks as nearly as possible (in multiples of $1,000,000, as the Administrative Agent may deem appropriate) in proportion to the aggregate principal amounts of such offers. Determinations by the Administrative Agent of the amounts of Competitive Bid Loans shall be conclusive in the absence of manifest error.

Section 2.04. *Notice to Banks; Funding of Loans.* (a) Upon receipt of a Notice of Borrowing, the Administrative Agent shall give each Bank prompt notice of each such borrowing, specifying the relevant information including such Bank's portion of such borrowing (if any) and the date on which funds are to be made available. If a Notice of Borrowing is revoked by the Company after receipt thereof by the Administrative Agent, the Company shall be subject to the provisions of Section 2.14.

(b) Not later than 1:00 p.m. (New York time) on the date specified by the Administrative Agent pursuant to Section 2.04(a), each Bank participating therein shall make available its share of such borrowing, in Dollars, in immediately available funds, to the Administrative Agent at its address referred to in Section 9.02. Unless (i) the Administrative Agent has not received a written Notice of Borrowing pursuant to Section 2.02 or 2.03(f) or (ii) the Administrative Agent determines that any applicable condition set forth in Article 3 has not been satisfied, the amounts so received by the Administrative Agent shall be made available immediately upon receipt to the Company by wire transfer in Dollars, in immediately available funds, to an account of the Company maintained at a financial institution located in the United States designated by the Company to the Administrative Agent.

(c) Unless the Administrative Agent shall have received notice from a Bank (x) not later than 1:00 p.m. (New York time) on the date of the borrowing, in the case of Base Rate Loans and (y) at least one Domestic Business Day prior to the date of the borrowing, in the case of any other Loans, that such Bank will not make available to the Administrative Agent such Bank's share of the borrowing, the Administrative Agent may assume that such Bank has made such share available to the Administrative Agent on the date of the borrowing in accordance with subsection (b) of this Section 2.04 and the Administrative Agent may, in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent that such Bank shall not have so made such share available to the Administrative Agent, such Bank and the Company severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Company until the date such amount is repaid to the Administrative Agent, at the Federal Funds Rate. If such

Bank shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Bank's Loan for purposes of this Agreement, and the Company shall not be required to repay such amount pursuant to this subsection (c).

(d) The failure of any Bank to make a Loan required to be made by it as part of any borrowing hereunder shall not relieve any other Bank of its obligation, if any, hereunder to make its Loan on the date of such borrowing, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on the date of the borrowing.

(e) If any Bank shall fail to make any Loan (the "**Failed Loan**") which such Bank is otherwise obligated hereunder to make to the Company on the date of borrowing thereof and the Administrative Agent shall not have received notice from the Company or such Bank that any condition precedent to the making of the Failed Loan has not been satisfied, then, until such Bank shall have made or be deemed to have made (pursuant to the last sentence of this subsection (e)) the Failed Loan in full or the Administrative Agent shall have received notice from the Company or such Bank that any condition precedent to the Failed Loan was not satisfied at the time the Failed Loan was to have been made, whenever the Administrative Agent shall receive any amount from the Company for the account of such Bank, (i) the amount so received will, upon receipt by the Administrative Agent, be deemed to have been paid to the Bank in satisfaction of the obligation for which paid, without actual disbursement of such amount to the Bank, (ii) the Bank will be deemed to have made the same amount available to the Administrative Agent for disbursement as a Loan to the Company up to the amount of such Failed Loan and (iii) the Administrative Agent will, accordingly, disburse such amount (up to the amount of the Failed Loan) to the Company or, if the Administrative Agent has previously made such amount available to the Company on behalf of such Bank pursuant to the provisions hereof, reimburse itself (up to the amount of the amount made available to the Company); *provided, however*, that the Administrative Agent shall have no obligation to disburse any such amount to the Company or otherwise apply it or deem it applied as provided herein unless the Administrative Agent shall have determined in its sole discretion that to so disburse such amount will not violate any law, rule, regulation or requirement applicable to the Administrative Agent. Upon any such disbursement by the Administrative Agent, such Bank shall be deemed to have made a Base Rate Loan to the Company in satisfaction, to the extent thereof, of such Bank's obligation to make the Failed Loan. If and during the time that a Failed Loan shall exist, the Company shall have the right to terminate in full the Commitment of the Bank causing such Failed Loan as provided in Section 9.01(a).

Section 2.05. *Conversion/Continuation of Loans.* (a) With respect to Committed Loans, the Company shall have the option to (i) convert all or any part of (A) outstanding Base Rate Loans equal to $10,000,000 and multiples of $1,000,000 in excess of that amount to Eurodollar Loans and (B) outstanding Eurodollar Loans equal to $10,000,000 and multiples of $1,000,000 in excess of

that amount to Base Rate Loans, or (ii) upon the expiration of any Interest Period applicable to outstanding Eurodollar Loans, to continue all or any portion of such Loans equal to $10,000,000 and multiples of $1,000,000 in excess of that amount as Eurodollar Loans. The Interest Period of any Base Rate Loan or Eurodollar Loan converted to a Fixed Rate Loan pursuant to clause (i) above shall commence on the date of such conversion. The succeeding Interest Period of any Fixed Rate Loan continued pursuant to clause (ii) above shall commence on the last day of the Interest Period of the Loan so continued. Eurodollar Loans may only be converted on the last day of the then current Interest Period applicable thereto or on the date required pursuant to Section 8.02.

(b) The Company shall deliver a written or telephonic notice of such continuation or conversion (a "**Notice of Conversion/Continuation**") to the Administrative Agent no later than (y) 1:00 p.m. (New York time) at least three Eurodollar Business Days (four Eurodollar Business Days if the Interest Period is for twelve months) in advance of the date of the proposed conversion to, or continuation of, a Eurodollar Loan, and (z) 11:00 a.m. (New York time) on the day of a conversion to a Base Rate Loan. A written Notice of Conversion/Continuation shall be executed by an officer or a Designated Representative, shall be in substantially the form attached as Exhibit F and shall specify: (i) the proposed conversion/continuation date (which shall be a Eurodollar Business Day in the case of a Eurodollar Loan or a Domestic Business Day in the case of a Base Rate Loan), (ii) the aggregate amount of the Loans being converted/continued, (iii) an election between the Base Rate and the Eurodollar Rate and (iv) in the case of a conversion to, or a continuation of Eurodollar Loans, the requested Interest Period. A telephonic Notice of Conversion/Continuation may only be provided by an officer or a Designated Representative, which notice must be promptly followed by a written Notice of Conversion/Continuation executed as set forth above. Upon receipt of a Notice of Conversion/Continuation, the Administrative Agent shall give each Bank prompt notice of the contents thereof and such Bank's pro rata share of all conversions and continuations requested therein. If no timely Notice of Conversion/Continuation is delivered by the Company as to any Eurodollar Loan and such Loan is not repaid by the Company at the end of the applicable Interest Period, such Loan shall be converted to a Base Rate Loan.

Section 2.06. *Loan Accounts and Notes.* (a) Except as provided in subsection (b) below, the Committed Loans and Competitive Bid Loans of each Bank shall be evidenced by a loan account in the Company's name maintained by such Bank and the Administrative Agent in the ordinary course of business. Such loan account maintained by the Administrative Agent shall be conclusive evidence absent manifest error of the amount of the Loan made by such Bank to the Company, the interest accrued and payable thereon and all interest and principal payments made thereon. Any failure so to record or any error in doing so shall in no way limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans.

(b) Upon written request made to the Syndication Agent by a Bank, the Company shall deliver to the Syndication Agent for such Bank a single Committed Note and a single Competitive Bid Note, if applicable, evidencing the Committed Loans and the Competitive Bid Loans, respectively, of such requesting Bank, payable to the order of each such Bank for the account of its Applicable Lending Office. Each such Note shall be in substantially the form of Exhibit G-1 or G-2 hereto, as appropriate. Each reference in this Agreement to the "**Note**" or "**Notes**" of such Bank shall be deemed to refer to and include any or all of such Notes, as the context may require.

(c) Upon receipt from the Company of the requesting Bank's Notes, the Syndication Agent shall forward such Notes to such Bank. Such Bank shall record the date and amount of each Loan made by it and the date and amount of each payment of principal made by the Company with respect thereto, and may, if such Bank so elects in connection with any transfer or enforcement of its Notes, endorse on the schedule forming a part thereof appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding; *provided* that the failure of any Bank that has requested a Note or Notes to make any such recordation or endorsement shall not affect the obligations of the Company hereunder or under the Note(s). Each Bank that receives a Note or Notes from the Company is hereby irrevocably authorized by the Company to so endorse its Note(s) and to attach to and make a part of its Note(s) a continuation of any such schedule as and when required.

Section 2.07. *Payment of Principal.* (a) Each Committed Loan shall fall due and be paid as to principal (i) on the Commitment Termination Date and (ii) on any date that the aggregate Total Usage of all Banks then outstanding exceeds Total Commitments, but ratably only to the extent of such excess.

(b) Each Competitive Bid Loan shall fall due and be paid as to principal on the last day of the Interest Period applicable to such Loan.

Section 2.08. *Interest.* Payment of interest on the Loans shall be in accordance with the following:

(a) Interest shall, subject to any decrease or increase pursuant to clause (d) of this Section 2.08, accrue (y) on each Base Rate Loan for each day at a rate per annum equal to the Base Rate for such day and (z) on each Eurodollar Loan for each day during each period commencing on the first day of an Interest Period therefor to but excluding the last day of such Interest Period, at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period plus the Eurodollar Margin for such day, all as selected and specified in a notice to the Administrative Agent furnished pursuant to Section 2.02 or Section 2.05; *provided* that:

(i) each selection by the Company as between the Base Rate and the Eurodollar Rate shall be made, as among the Banks, pro rata in

accordance with their respective Commitments, except as variation from such pro-rationing may be required by virtue of suspension as to a particular Bank of its Commitment to make Eurodollar Loans, as contemplated by Section 8.02(a); and

(ii) subject to the other provisions of this Section 2.08 there may be outstanding hereunder at the same time Committed Loans (or portions thereof) which are Base Rate Loans and other Committed Loans (or portions thereof) which are Eurodollar Loans.

(b) If requested to do so by the Company, through the Administrative Agent, at least six Eurodollar Business Days before the beginning of any Interest Period applicable to a Eurodollar Loan, each Bank will advise the Company, through the Administrative Agent, before 10:00 a.m. (New York time) four Eurodollar Business Days preceding the beginning of such Interest Period, as to whether such Bank consents to the selection by the Company of a duration of twelve months for such Interest Period. If, but only if, all of the Banks so consent, the Company shall be entitled to select a duration of twelve months for such Interest Period pursuant to Section 2.02 or 2.05.

(c) Interest accrued on a Base Rate Loan shall be paid on each Quarterly Date and on the Commitment Termination Date (or earlier date of termination of the Commitments in their entirety). Interest accrued on a Eurodollar Loan shall be paid (i) on the last day of the Interest Period for such Loan, (ii) in the case of a Eurodollar Loan with an Interest Period of more than three months, at intervals of three months from the first day of such Interest Period and (iii) on the date of any prepayment pursuant to Section 2.09 or conversion pursuant to Section 8.02 (but only to the extent accrued with respect to the amount being prepaid or converted). Interest accrued on a Competitive Bid Loan shall be paid on the last day of the Interest Period for such Loan, the date of any prepayment pursuant to Section 2.09 or conversion pursuant to Section 8.02 or as provided in the Competitive Bid Quote Request for such Loan.

(d) The Eurodollar Margin shall be determined by reference to the senior unsecured long-term debt ratings of the Company by S&P and Moody's, as specified on Schedule I hereto. Any change in the Eurodollar Margin shall become effective on the day on which such a Rating Agency shall publicly announce a change in such rating.

(e) Subject to Section 8.02, each Competitive Bid Eurodollar Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period (determined as if the Competitive Bid Eurodollar Loan were a Eurodollar Loan) plus (or minus) the Competitive Bid Margin quoted by the Bank making such Loan in accordance with Section 2.03. Each Competitive Bid Rate Loan shall bear interest on the outstanding principal amount thereof, for the

Interest Period applicable thereto, at a rate per annum equal to the Competitive Bid Rate quoted by the Bank making such Loan in accordance with Section 2.03.

(f) Interest on past-due principal and interest shall accrue at the Post-Default Rate during the period from and including the due date thereof to but excluding the date that such amount is paid and shall be payable on demand.

(g) The Administrative Agent shall determine, in accordance with the provisions of this Agreement, each Base Rate and Eurodollar Rate applicable to the Loans hereunder. The Administrative Agent shall give prompt notice to the Company and the Banks of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(h) Interest on Fixed Rate Loans and Base Rate Loans (if the Federal Funds Rate is the basis for the effective rate of interest) shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed, calculated as to each Interest Period (or period ending on a repayment date or date of conversion to a Eurodollar Loan or prepayment date selected pursuant to Section 2.09 or required pursuant to Section 8.02) from and including the first day thereof to but excluding the last day thereof. Interest on Base Rate Loans (if the Prime Rate is the effective rate of interest) shall be computed on the basis of a year of 365 or 366 days, as the case may be, and paid for the actual number of days elapsed, calculated from and including the date of such Base Rate Loan to but excluding the date of repayment or conversion of such Loan to a Fixed Rate Loan.

Section 2.09. *Optional Prepayments.* (a) The Company may, upon notice to the Administrative Agent not later than 11:30 a.m. (New York time) on the date of such prepayment, prepay Base Rate Loans (without penalty or premium), or any Competitive Bid Loan bearing interest at the Base Rate pursuant to Section 8.02 (without penalty or premium), in whole at any time, or from time to time in part in amounts aggregating not less than $10,000,000.

(b) Subject to Section 2.14, the Company may, upon at least three Eurodollar Business Days' notice to the Administrative Agent, prepay Eurodollar Loans, in whole at any time, or from time to time in part in amounts aggregating not less than $10,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment.

(c) Except as provided in subsection (a) above, the Company may not prepay all or any portion of the principal amount of any Competitive Bid Loan prior to the maturity thereof.

(d) Upon receipt of a notice of prepayment, the Administrative Agent shall give each Bank prompt notice of the contents thereof and the amount of such Bank's Loans being prepaid pursuant thereto.

Section 2.10. *General Provisions as to Payments.* (a) All payments by the Company of principal, interest, Facility Fee and other charges under this Agreement shall be made not later than 2:00 p.m. (New York time) on the date when due, in Dollars, in immediately available funds, without set-off, counterclaim or deduction, to the Administrative Agent at its address referred to in Section 9.02. If a Fed-Wire reference or tracer number for any such payment has been received, from the Company or otherwise, by the Administrative Agent by that time the Company will not be penalized for a payment received after 2:00 p.m. (New York time). The Administrative Agent will promptly distribute to each Bank its ratable share of each such payment received by the Administrative Agent for the account of the Banks. Whenever any payment of principal of, or interest on, the Base Rate Loans, the Competitive Bid Rate Loans or of the Facility Fee or any other amounts payable to the Banks hereunder shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day. Whenever any payment of principal of, or interest on, the Eurodollar Loans or the Competitive Bid Eurodollar Loans shall be due on a day which is not a Eurodollar Business Day, the date for payment thereof shall be extended to the next succeeding Eurodollar Business Day unless such Eurodollar Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Eurodollar Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(b) Unless the Administrative Agent shall have received notice from the Company prior to the date on which any payment is due to the Banks hereunder that the Company will not make such payment in full, the Administrative Agent may assume that the Company has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent that the Company shall not have so made such payment, each Bank shall repay to the Administrative Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Administrative Agent, at the Federal Funds Rate.

Section 2.11. *Fees.* (a) Commencing on the Effective Date, the Company agrees to pay to the Banks a facility fee (the "**Facility Fee**") on the daily actual aggregate amount of the Facility Fee Base at a rate per annum determined by reference to the senior unsecured long-term debt ratings of the Company by S&P and Moody's, as specified on Schedule I hereto. Any change in the Facility Fee shall become effective on the day on which such a Rating Agency publicly announces a change in such rating. Notwithstanding the foregoing, Facility Fees in respect of the Facility Fee Base, as defined below, of any Bank shall cease to accrue, and accrued but unpaid Facility Fees shall be payable, on the date (if any)

on which such Bank's Facility Fee Base is reduced to zero pursuant hereto. For this purpose the "**Facility Fee Base**" is the aggregate amount of the Credit Exposures; *provided* that following termination of the Commitments, the Facility Fee Base at any date shall not include any principal amounts bearing interest at such date at the Post Default Rate.

(b) The Company shall pay (i) to the Administrative Agent on behalf of the Banks a Letter of Credit fee accruing daily on the aggregate undrawn amount of all outstanding Letters of Credit at a rate per annum equal to the Eurodollar Margin for such day and (ii) to each Issuing Bank for its own account a letter of credit fronting fee accruing daily on the aggregate amount then available for drawing under all Letters of Credit issued by such Issuing Bank at such rate per annum as may be mutually agreed between the Company and such Issuing Bank from time to time.

(c) Fees payable pursuant to this Section 2.11 shall be determined as follows: (i) Facility Fees shall be computed on the basis of a year of 365 days (or 366 days in a leap year) for the actual number of days elapsed and (ii) Letter of Credit fees shall be computed on the basis of a year of 360 days for the actual number of days elapsed. All such fees shall be payable in arrears on each Quarterly Date during the period from and including the Effective Date to but excluding the date the Facility Fee Base is reduced to zero and on the date the Facility Fee Base is reduced to zero and shall be paid by the Company to the Administrative Agent for the account of the Banks.

Section 2.12. *Reduction or Termination of Commitments.* The Company shall have the right at any time or from time to time, upon not less than three Domestic Business Days' prior written notice to the Administrative Agent, to terminate the Commitments of the Banks, in whole or in part, provided that each partial termination shall be in an aggregate amount of not less than $25,000,000 and a multiple of $5,000,000, and shall reduce the Commitments of the applicable Banks proportionately (the signature pages hereto shall be deemed to be amended to reflect the reduction in such Commitment); and *provided further* that after giving effect to any such termination or reduction and any prepayment or repayment of the Loans on or before the effective date thereof, the Total Usage of each Bank shall not exceed its Commitment as so reduced (or shall be zero in the case of the termination of the Commitments). The Administrative Agent shall give prompt written notice to each Bank of each such reduction or termination. The Commitment of a Bank may also be terminated under the provisions of Section 9.01(a).

Section 2.13. *Lending Offices.* Each Loan shall be made and maintained by the Applicable Lending Office of each respective Bank. Subject to the provisions of Sections 8.01, 8.02 and 9.08(d), each Bank may transfer any Loan to or designate a different office of itself or any subsidiary or affiliate and such office shall thereupon become an Applicable Lending Office.

Section 2.14. *Reimbursement.* The Company shall reimburse each Bank for all reasonable out-of-pocket costs and expenses, including the cost of any liquidation and redeployment of funds borrowed by such Bank (but excluding loss of margin for the period after any payment, conversion or failure to borrow, convert or continue as described herein), in the event that the Company makes any payment of principal with respect to, or converts, any Fixed Rate Loan on any day other than the last day of an Interest Period applicable thereto (pursuant to Section 2.09 or otherwise) or any borrowing, conversion, continuation or prepayment notified to the Banks pursuant to Section 2.02, 2.03, 2.05 or 2.09(b) relative to Fixed Rate Loans shall not be consummated because of the Company's failure to satisfy one or more of the applicable conditions precedent in Article 3 or because the Company fails to borrow, convert, continue or prepay at the specified time. Any Bank requesting reimbursement from the Company for such costs and expenses pursuant to this Section 2.14 shall provide the Company through the Administrative Agent with the calculation of the amount of such costs and expenses in reasonable detail.

Section 2.15. *Letters of Credit.*

(a) *Commitment to Issue Letters of Credit*. Subject to the terms and conditions hereof, and so long as no Stop Issuance Notice is in effect, each Issuing Bank in reliance upon the agreements of the other Banks set forth in this Section 2.15 agrees to issue Letters of Credit from time to time before the Letter of Credit Termination Date upon the request of the Company; *provided* that (i) immediately after each Letter of Credit is issued (x) the Total Usage of all Banks shall not exceed the aggregate amount of the Commitments and (y) the aggregate amount of the Letter of Credit Liabilities of all Banks shall not exceed $300,000,000 and (ii) each such Letter of Credit shall only back performance of non-financial or commercial contracts or undertakings of the Company and its Subsidiaries of the type which qualify for a 50% conversion factor for purposes of risk-based capital adequacy regulations applicable to the Banks from time to time. Upon the date of issuance by an Issuing Bank of a Letter of Credit, the Issuing Bank shall be deemed, without further action by any party hereto, to have sold to each Bank, and each Bank shall be deemed, without further action by any party hereto, to have purchased from the Issuing Bank, a participation in such Letter of Credit and the related Letter of Credit Liabilities in the proportion its respective Commitment bears to the aggregate Commitments. Each Bank acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(b) *Method for Issuance; Terms; Extensions.*

(i) The Company shall give the Issuing Bank selected by it notice at least three Domestic Business Days (or such shorter notice as may be acceptable to the Issuing Bank in its discretion) prior to the requested date of issuance or extension of a Letter of Credit specifying the date such Letter of Credit is to be issued or extended, and describing the terms of such Letter of Credit and the nature of the transactions to be supported thereby in reasonable detail (such notice, a "**Notice of Issuance**"). Upon receipt of a Notice of Issuance, the Issuing Bank shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Bank of the contents thereof and of the amount of such Bank's participation in such Letter of Credit.

(ii) The obligation of the Issuing Bank to issue each Letter of Credit shall, in addition to the conditions precedent set forth in Section 3.02, be subject to the conditions precedent that such Letter of Credit shall be in such form and contain such terms as shall be satisfactory to the Issuing Bank and the Company. The Company shall also pay to the Issuing Bank for its own account issuance, drawing, amendment and extension charges in the amounts and at the times as agreed between the Company and the Issuing Bank.

(iii) The renewal of any Letter of Credit shall be deemed to be an issuance of such Letter of Credit, and if any Letter of Credit contains a provision pursuant to which it is deemed to be renewed unless notice of termination is given by the Issuing Bank, the Issuing Bank shall give such notice of termination if and only if (x) the Issuing Bank is so instructed by the Company in writing not less than three Domestic Business Days prior to the deadline for doing so, (y) a Stop Issuance Notice is in effect or (z) the extended term of such Letter of Credit would end after the Letter of Credit Termination Date. No Letter of Credit shall have a term extending or extendible beyond the Letter of Credit Termination Date.

(c) *Payments; Reimbursement Obligations*.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the Issuing Bank shall notify the Administrative Agent and the Administrative Agent shall promptly notify the Company and each other Bank as to the amount to be paid as a result of such demand or drawing and the date such payment is to be made by the Issuing Bank (the "**Payment Date**"). Subject to subsection (d)(vi) below, the Company shall be irrevocably and unconditionally obligated to reimburse the Issuing Bank for any amounts paid by the Issuing Bank upon any drawing under any Letter of Credit, without presentment, demand, protest or other formalities of any kind. Such reimbursement shall be due from the Company on the date of receipt by it of notice from the Issuing Bank of its obligation to make such payment (or, if such notice is received by the Company after 1:00 P.M.

(New York time) on any date, on the next succeeding Domestic Business Day); and *provided further* that if and to the extent any such reimbursement is not made by the Company in accordance with this clause (i) or clause (ii) on the Payment Date, then (irrespective of when notice thereof is received by the Company), such reimbursement obligation shall bear interest, payable on demand, for each day from and including the Payment Date to but not including the date such reimbursement obligation is paid in full at a rate per annum equal to the rate applicable to Base Rate Loans for such day.

(ii) All such amounts paid by the Issuing Bank and remaining unpaid by the Company (a "**Reimbursement Obligation**") shall, if and to the extent that the amount of such Reimbursement Obligation would be permitted as a Borrowing pursuant to Section 2.01, and unless the Company otherwise instructs the Administrative Agent by not less than one Domestic Business Day's prior notice, convert automatically to Base Rate Loans on the date such Reimbursement Obligation arises. The Administrative Agent shall, on behalf of the Company (which hereby irrevocably directs the Administrative Agent so to act on its behalf), give notice no later than 11:00 a.m. (New York time) on such date requesting each Bank to make, and each Bank hereby agrees to make, a Base Rate Loan, in an amount equal to such Bank's Percentage of the Reimbursement Obligation with respect to which such notice relates. Each Bank shall make such Loan available to the Administrative Agent at its address referred to in Section 9.02 in immediately available funds, not later than 1:00 p.m. (New York time), on the date specified in such notice. The Administrative Agent shall pay the proceeds of such Loans to the Issuing Bank, which shall immediately apply such proceeds to repay the Reimbursement Obligation.

(iii) To the extent the Reimbursement Obligation is not refinanced by a Bank pursuant to clause (ii) above, subject to subsection (d)(vi) below, such Bank will pay to the Administrative Agent, for the account of the Issuing Bank, immediately upon the Issuing Bank's demand at any time during the period commencing after such Reimbursement Obligation arises until reimbursement therefor in full by the Company, an amount equal to such Bank's Percentage of such Reimbursement Obligation, together with interest on such amount for each day from the date of the Issuing Bank's demand for such payment (or, if such demand is made after 1:00 P.M. (New York time) on such date, from the next succeeding Domestic Business Day) to the date of payment by such Bank of such amount at a rate of interest per annum equal to the Federal Funds Rate for the first three Domestic Business Days after the date of such demand and thereafter at a rate per annum equal to the Base Rate for each additional day. The Issuing Bank will pay to each Bank ratably all amounts received from the Company for application in payment

of its Reimbursement Obligations in respect of any Letter of Credit, but only to the extent such Bank has made payment to the Issuing Bank in respect of such Letter of Credit pursuant hereto.

(iv) In the event that any payment of any Reimbursement Obligation by the Company to any Issuing Bank is required to be returned to the Company (x) if and to the extent the Banks shall have previously funded their participations in such Reimbursement Obligation pursuant to clause (iii) above, each Bank shall return to the Issuing Bank any portion of such payment previously distributed to it by the Issuing Bank and (y) if and to the extent the Banks shall not have previously funded such Reimbursement Obligation, the Banks obligations under clause (iii) above shall apply as if such Reimbursement Obligation were due but not paid at such time.

(v) To the extent there is a conflict between this Agreement and any Issuing Bank's application, reimbursement agreement or related document or agreement, the terms of this Agreement shall govern.

(d) *Obligations Absolute*. The obligations of the Company and each Bank under subsection (c) above shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including without limitation the following circumstances:

(i) any lack of validity or enforceability of this Agreement or any Letter of Credit or any document related hereto or thereto;

(ii) any amendment or waiver of or any consent to departure from all or any of the provisions of this Agreement or any Letter of Credit or any document related hereto or thereto;

(iii) the use which may be made of the Letter of Credit by, or any acts or omission of, a beneficiary of a Letter of Credit (or any Person for whom the beneficiary may be acting);

(iv) the existence of any claim, set-off, defense or other rights that the Company may have at any time against a beneficiary of a Letter of Credit (or any Person for whom the beneficiary may be acting), any Bank (including the Issuing Bank) or any other Person, whether in connection with this Agreement or the Letter of Credit or any document related hereto or thereto or any unrelated transaction;

(v) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(vi) payment under a Letter of Credit against presentation to the Issuing Bank of documents that do not comply with the terms of such Letter of Credit; *provided*, that the Issuing Bank's determination that documents presented under such Letter of Credit comply with the terms thereof shall not have constituted gross negligence or willful misconduct of the Issuing Bank; or

(vii) any other act or omission to act or delay of any kind by any Bank (including the Issuing Bank), the Administrative Agent or any other Person or any other event or circumstance whatsoever that might, but for the provisions of this subsection (vii), constitute a legal or equitable discharge of or defense to the Company's or the Bank's obligations hereunder.

(e) *Indemnification; Expenses*.

(i) Company hereby indemnifies and holds harmless each Bank (including each Issuing Bank) and the Administrative Agent from and against any and all claims, damages, losses, liabilities, costs or expenses which it may reasonably incur in connection with a Letter of Credit issued pursuant to this Section 2.15 (including any Letter of Credit which may be issued that does not meet the requirements of Section 2.15(a)(ii)); *provided* that the Company shall not be required to indemnify any Bank, or the Administrative Agent, for any claims, damages, losses, liabilities, costs or expenses, to the extent the same has been caused by (A) the gross negligence or willful misconduct of such Person or (B) the Issuing Bank's failure to pay under any Letter of Credit after the presentation to it of documents strictly complying with the terms and conditions of such Letter of Credit.

(ii) None of the Banks (including an Issuing Bank) nor the Administrative Agent nor any of their officers or directors or employees or agents shall be liable or responsible, by reason of or in connection with the execution and delivery or transfer of or payment or failure to pay under any Letter of Credit, including without limitation any of the circumstances enumerated in Section 2.15(d) above; *provided* that, notwithstanding Section 2.15(d), the Company shall have a claim for direct (but not consequential, punitive or any other indirect) damage suffered by it, to the extent caused by (x) subject to the immediately following sentence, the Issuing Bank's gross negligence or willful misconduct in determining whether documents presented under any Letter of Credit complied with the terms of such Letter of Credit or (y) the Issuing Bank's failure to pay under any Letter of Credit after the presentation to it of documents strictly complying with the terms and conditions of the Letter of Credit. The parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make

payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(iii) Nothing in this subsection (e) is intended to limit the obligations of the Company under any other provision of this Agreement. To the extent the Company does not indemnify an Issuing Bank as required by this subsection, the Banks agree to do so ratably in accordance with their Commitments.

Section 2.16. *Stop Issuance Notice.* If the Required Banks determine at any time that the conditions set forth in Section 3.02 would not be satisfied in respect of a Borrowing at such time, then the Required Banks may request that the Administrative Agent issue a "**Stop Issuance Notice**", and the Administrative Agent shall issue such notice to each Issuing Bank. Such Stop Issuance Notice shall be withdrawn upon a determination by the Required Banks that the circumstances giving rise thereto no longer exist. No Letter of Credit shall be issued while a Stop Issuance Notice is in effect. The Required Banks may request issuance of a Stop Issuance Notice only if there is a reasonable basis therefor, and shall consider reasonably and in good faith a request from the Company for withdrawal of the same on the basis that the conditions in Section 3.02 are satisfied; *provided* that the Administrative Agent and the Issuing Banks may and shall conclusively rely on any Stop Issuance Notice while it remains in effect. The absence of a Stop Issuance Notice at any time shall not affect the rights and obligations of the parties hereto at any time that the conditions set forth in Section 3.02 would not be satisfied in respect of a Borrowing at such time or create any implication that such conditions would be satisfied at such time.

ARTICLE 3
CONDITIONS

Section 3.01. *Conditions to Effectiveness.* The Commitments shall become effective on the date that each of the following conditions shall have been satisfied (or waived in accordance with Section 9.07):

(a) *Counterparts*. The Administrative Agent and the Syndication Agent shall have received counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, telegraphic, telex, facsimile transmission or other written confirmation from such party of execution of a counterpart hereof by such party).

(b) *Account*. The Company shall have designated in writing to the Administrative Agent its account pursuant to Section 2.04(b).

(c) *Signatures*. The Company shall have certified the name and signature of each officer authorized to sign this Agreement and any Notes on its behalf and each Designated Representative authorized to give Notices of Borrowing or give Notices of Conversion/Continuation under this Agreement. The Banks may conclusively rely on such certification until they respectively receive notice in writing to the contrary.

(d) *Opinion of Company Counsel*. The Administrative Agent and the Syndication Agent shall have received (i) an opinion of King & Spalding, special counsel for the Company, substantially in the form of Exhibit H-1 hereto, and (ii) an opinion of the General Counsel, the Associate General Counsel or an Assistant General Counsel of the Company, substantially in the form of Exhibit H-2 hereto; the Company hereby expressly instructs each such counsel to prepare such opinion for the benefit of the Agents and the Banks.

(e) *Opinion of Bank Counsel*. The Administrative Agent and the Syndication Agent shall have received an opinion of Davis Polk & Wardwell, special counsel for the Agents, substantially in the form of Exhibit I hereto.

(f) *Proof of Corporate Action*. The Company shall have delivered copies certified by (i) its Secretary or an Assistant Secretary of its Charter and Bylaws and of all corporate action taken by the Company to authorize the execution, delivery and performance of this Agreement and the Notes and the borrowing hereunder.

(g) *Fees*. The Banks and the Agents shall have received the fees, as otherwise agreed to by them and the Company, then or theretofore payable.

(h) *Existing Credit Agreement*. Each of the Administrative Agent and the Syndication Agent shall have received evidence satisfactory to it of the payment of all principal and interest on any loans outstanding under, and of all other amounts payable under, the Existing Credit Agreement;

provided that this Agreement shall not become effective or be binding unless all of the foregoing conditions are satisfied no later than July 30, 2004. The Administrative Agent shall promptly notify the Company and the Banks of the Effective Date, and such notice shall be conclusive and binding on all parties hereto. The Banks that are parties to the Existing Credit Agreement, comprising the "**Required Banks**" as defined in the Existing Credit Agreement, and the Company agree to eliminate the requirement under Section 2.12 of the Existing Credit Agreement that notice of optional termination of the commitments thereunder be given three Domestic Business Days in advance, and further agree that the commitments under the Existing Credit Agreement shall terminate in their entirety simultaneously with and subject to the effectiveness of this Agreement and that the Company shall be obligated to pay the accrued facility fees thereunder to but excluding the date of such effectiveness.

Section 3.02. *Conditions to All Loans and Letters of Credit.* The obligation of each Bank to make each Loan to be made by it on or after the Effective Date (including the initial Loan) and the obligation of an Issuing Bank to issue (or renew or extend the term of) any Letter of Credit, is subject to the following conditions precedent:

(a) *Events of Default, etc*. No Event of Default shall have occurred and be continuing; and except as otherwise described by the Company in a writing to the Syndication Agent and waived by the Required Banks, the representations of the Company in Article 4 (other than Sections 4.04(c), 4.05, 4.11 and 4.12) shall be true on and as of the date of such Loan or issuance of any Letter of Credit with the same force and effect as if made on and as of such date. Notwithstanding the foregoing, for purposes of the representations of the Company in Article 4 in respect of any Loans to be made on the Effective Date, the limitation in the parenthetical included in the previous sentence shall not apply.

(b) *Company Representation*. Each Notice of Borrowing or Notice of Issuance given by the Company shall constitute a representation by the Company as to the satisfaction in respect of such borrowing or issuance of the conditions referred to in Section 3.02(a).

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

The Company represents and warrants that:

Section 4.01. *Corporate Existence and Power.* Each of the Company and its Restricted Subsidiaries is a corporation duly organized and validly existing under the laws of the state of its incorporation without limitation on the duration of its existence, is in good standing therein, and is duly qualified to transact business in all jurisdictions where such qualification is necessary, except for such jurisdictions where the failure to be so qualified or licensed will not be reasonably likely to have a Material Adverse Effect; the Company has corporate power to enter into and perform this Agreement; and the Company has the corporate power to borrow Loans, request Letters of Credit and issue Notes as contemplated by this Agreement.

Section 4.02. *No Contravention.* The execution and delivery by the Company of this Agreement and any Notes and the performance by the Company of its respective obligations under this Agreement and any Notes, do not contravene, or constitute a default under, any provision of applicable law or regulation or such corporation’s Charter or Certificate of Incorporation, as the case may be, or Bylaws or any indenture, agreement, instrument, judgment or order to which the Company is a party or by which it or any of its material assets or properties may be bound or affected which would be reasonably likely to have a Material Adverse Effect.

Section 4.03. *Corporate Authorization; Binding Effect.* The Company has taken all corporate action necessary to authorize its execution and delivery of this Agreement and any Notes and the consummation of the transactions contemplated hereby; this Agreement and any Notes constitute the valid and binding agreements of the Company enforceable against the Company in accordance with their respective terms, except to the extent limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws of general application relating to or affecting the enforcement of creditors' rights or by general equitable principles.

Section 4.04. *Financial Information.* (a) The consolidated balance sheets of the Company and its Consolidated Subsidiaries as of December 31, 2003 and 2002 and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the years then ended, audited by Ernst & Young LLP and set forth in the Company's 2003 Form 10-K, a copy of which has been made available to each of the Banks, present fairly, in all material respects, the consolidated financial position of the Company and its Consolidated Subsidiaries as of such dates and the consolidated results of their operations and their cash flows for each of the years then ended in conformity with generally accepted accounting principles.

(b) The unaudited consolidated balance sheet of the Company and its Consolidated Subsidiaries as of March 31, 2004 and the related unaudited consolidated statements of income and cash flows for the three months then ended, set forth in the Company's March 31, 2004 Form 10-Q, a copy of which has been made available to each of the Banks, present fairly, in all material respects, on a basis consistent with the financial statements referred to in subsection (a) of this Section, the consolidated financial position of the Company and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such nine-month period (subject to normal year end adjustments).

(c) Since December 31, 2003, there has occurred no change in the consolidated financial condition of the Company and its Consolidated Subsidiaries which would be reasonably likely to have a Material Adverse Effect.

Section 4.05. *Litigation; Taxes.* (a) There are no suits, actions or proceedings pending, or to the knowledge of any member of the Company's legal department threatened, against or affecting the Company or any Subsidiary, the adverse determination of which is reasonably likely to occur, and if so adversely determined would be reasonably likely to have a Material Adverse Effect.

(b) The Company and each Subsidiary have filed all material tax returns which to the knowledge of any member of the Company's tax department were required to be filed and have paid or have adequately provided for all taxes shown thereon to be due, including interest and penalties, except for (i) those not yet delinquent, (ii) those the nonpayment of which would not be reasonably likely to

have a Material Adverse Effect and (iii) those being contested in good faith and adequately covered by reserves.

Section 4.06. *Margin Regulations.* No part of the proceeds of any Loan will be used in a manner which would violate, or result in a violation of, Regulation U.

Section 4.07. *Governmental Approvals.* No consent, approval, authorization, permit or license from, or registration or filing with, any Governmental Authority is required in connection with the making of this Agreement, with the exception of routine periodic filings made under the Exchange Act and the filing of International Capital Form CQ-1's.

Section 4.08. *Pari Passu Obligations.* Under applicable United States laws (including state and local laws) in force at the date hereof, the claims and rights of the Banks and the Agents against the Company under this Agreement and the Notes will not be subordinate to, and will rank at least *pari passu* with, the claims and rights of any other unsecured creditors of the Company (except to the extent provided by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights and by general principles of equity).

Section 4.09. *No Defaults.* The payment obligations of the Company and the Restricted Subsidiaries in respect of any Material Debt are not overdue.

Section 4.10. *Full Disclosure.* All information furnished to the Banks in writing prior to the date hereof in connection with the transactions contemplated hereby does not, collectively, contain any misstatement of a material fact or omit to state a fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading in any material respect on and as of the date hereof.

Section 4.11. *ERISA.* Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in substantial compliance in all material respects with the presently applicable material provisions of ERISA and the Internal Revenue Code with respect to each Plan. No member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan or Multiemployer Plan or made any amendment to any Plan which, in either case has resulted or could result in the imposition of a material Lien or the posting of a material bond or other material security under ERISA or the Internal Revenue Code or (iii) incurred any material liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

Section 4.12. *Environmental Matters.* The financial statements described in Section 4.04 provide certain information regarding the current and potential obligations arising from various consent decrees, cleanup and abatement orders, and current or potential proceedings pertaining to actual or alleged soil and water contamination, disposal of hazardous wastes, and other environmental matters related to properties currently owned by the Company or its Restricted Subsidiaries, previously owned properties, and other properties. Since December 31, 2003, environmental matters have not caused any material adverse change in the consolidated financial condition of the Company and the Consolidated Subsidiaries from that shown by such financial statements.

In the ordinary course of business, the ongoing operations of the Company and its Restricted Subsidiaries are reviewed from time to time to determine compliance with applicable Environmental Laws. Based on these reviews, to the knowledge of the Company, ongoing operations at the Principal Properties are currently being conducted in substantial compliance with applicable Environmental Laws except to the extent that noncompliance would not be reasonably likely to result in a material adverse change in the consolidated financial condition of the Company and the Consolidated Subsidiaries.

ARTICLE 5
COVENANTS

From the Effective Date and so long as any Bank has any Credit Exposure under this Agreement, the Company agrees that, unless the Required Banks shall otherwise consent in writing:

Section 5.01. *Information.* The Company will deliver to the Administrative Agent for each of the Banks:

(a) as soon as available and in any event within 60 days after the end of each of its first three quarterly accounting periods in each fiscal year, consolidated statements of earnings and cash flows of the Company and the Consolidated Subsidiaries for the period from the beginning of such fiscal year to the end of such fiscal period and the related consolidated balance sheet of the Company and the Consolidated Subsidiaries as at the end of such fiscal period, all in reasonable detail (it being understood that delivery of such statements as filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this subsection);

(b) as soon as available and in any event within 120 days after the end of each fiscal year, consolidated statements of earnings and cash flows of the Company and the Consolidated Subsidiaries for such year and the related consolidated balance sheets of the Company and the Consolidated Subsidiaries as at the end of such year, all in reasonable detail and accompanied by an opinion of independent public accountants of recognized standing selected by the Company

as to such consolidated financial statements (it being understood that delivery of such statements as filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this subsection);

(c) promptly after their becoming available:

(i) copies of all financial statements, stockholder reports and proxy statements that the Company shall have sent to its stockholders generally; and

(ii) copies of all registration statements filed by the Company under the Securities Act of 1933, as amended (other than registration statements on Form S-8 or any registration statement filed in connection with a dividend reinvestment plan), and regular and periodic reports, if any, which the Company shall have filed with the Securities and Exchange Commission (or any governmental agency or agencies substituted therefor) under Section 13 or Section 15(d) of the Exchange Act, or with any national or international securities exchange (other than those on Form 11-K or any successor form);

(d) from time to time, with reasonable promptness, but subject to restrictions imposed by applicable security clearance regulations, such further information regarding the business and financial condition of the Company and its Subsidiaries as any Bank may reasonably request through the Syndication Agent;

(e) prompt notice of the occurrence of any Default; and

(f) prompt notice of all litigation and of all proceedings before any governmental or regulatory agency pending (or, to the knowledge of the General Counsel of the Company, threatened) and affecting the Company or any Restricted Subsidiary, except litigation or proceedings which, the adverse determination of which is not reasonably likely to occur, or which, if so adversely determined, would not be reasonably likely to result in a Material Adverse Effect.

Each set of financial statements delivered pursuant to clause (a) or clause (b) of this Section 5.01 shall be accompanied by a certificate in the form attached hereto as Exhibit J signed by a financial officer of the Company (i) stating that such officer has no knowledge, except as specifically stated, of any Default and (ii) including the computations showing whether the Company was, at the end of the relevant fiscal period, in compliance with the provisions of Section 5.09).

Information required to be delivered pursuant to clauses (a), (b) or (c) above which is filed by the Company with the Securities and Exchange Commission shall be deemed to have been delivered (x) in the case of clauses (a) and (b), on the date when so filed (it being understood that deemed delivery does not affect the requirement of a certificate as set forth in the preceding paragraph) and (y) in the case of clause (c), on the date on which the Company provides notice to the

Administrative Agent (which shall promptly advise the Banks of such notice) that such information has been posted on the Company's website on the Internet at the website address listed on the signature pages hereof, at sec.gov/edaux/searches.htm or at another website identified in such notice and accessible by the Banks without charge; *provided* that (i) such notice may be included in a certificate delivered pursuant to the preceding paragraph and (ii) the Company shall deliver paper copies of the information referred to in clauses (a), (b) or (c) to the Administrative Agent for any Bank which requests such delivery.

Section 5.02. *Payment of Obligations.* The Company will pay and discharge, and will cause each Restricted Subsidiary to pay and discharge, all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any property belonging to it, prior to the date on which penalties attach thereto, and all lawful material claims which, if unpaid, might become a Lien upon the property of the Company or such Restricted Subsidiary; *provided* that neither the Company nor any such Restricted Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim (i) the payment of which is being contested in good faith and by proper proceedings, (ii) not yet delinquent or (iii) the non-payment of which, if taken in the aggregate, would not be reasonably likely to result in a Material Adverse Effect.

Section 5.03. *Insurance.* The Company will maintain, and will cause each Restricted Subsidiary to maintain, insurance from responsible companies in such amounts and against such risks as is customarily carried by owners of similar businesses and properties in the same general areas in which the Company or such Restricted Subsidiary operates or, to the customary extent, self-insurance.

Section 5.04. *Maintenance of Existence.* The Company will preserve and maintain, and will cause each Restricted Subsidiary to preserve and maintain, its corporate existence and all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business, and conduct its business in an orderly, efficient and regular manner. Nothing herein contained shall prevent the termination of the business or corporate existence of any Subsidiary which in the judgment of the Company is no longer necessary or desirable, a merger or consolidation of a Subsidiary into or with the Company (if the Company is the surviving corporation) or another Subsidiary or any merger, consolidation or transfer of assets permitted by Section 5.07, as long as immediately after giving effect to any such transaction, no Default shall have occurred and be continuing.

Section 5.05. *Maintenance of Properties.* The Company will keep, and will cause each Restricted Subsidiary to keep, all of its properties necessary, in the judgment of the Company, in its business in good working order and condition, ordinary wear and tear excepted. Nothing in this Section 5.05 shall prevent the Company or any Restricted Subsidiary from discontinuing the operation or maintenance, or both the operation and maintenance, of any properties of the Company or any such Restricted Subsidiary if such

discontinuance is, in the judgment of the Company (or such Restricted Subsidiary), desirable in the conduct of its business.

Section 5.06. *Compliance with Laws.* The Company will comply, and will cause each Restricted Subsidiary to comply, with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority, a breach of which would be reasonably expected to have a Material Adverse Effect, except where contested in good faith and by proper proceedings.

Section 5.07. *Mergers, Consolidations and Sales of Assets.* (a) The Company shall not consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(i) the Company or another solvent corporation that is incorporated under the laws of the United States, any state thereof or the District of Columbia is the surviving corporation of any such consolidation or merger or is the Person that acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety;

(ii) if a Person other than the Company is the surviving corporation as described in subsection (i) above or is the Person that acquires the property and assets of the Company substantially as an entirety, it shall expressly assume the performance of every covenant of this Agreement and of the Notes on the part of the Company, as the case may be, to be performed or observed;

(iii) immediately after giving effect to such transaction, no Default shall have occurred and be continuing; and

(iv) if the Company is not the surviving corporation, the Company has delivered to the Syndication Agent an Officer's Certificate and a legal opinion of its General Counsel, Associate General Counsel or Assistant General Counsel, upon the express instruction of the Company for the benefit of the Syndication Agent and the Banks, each stating that such transaction complies with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with.

(b) Upon any consolidation by the Company with, or merger by the Company into, any corporation described in Section 5.07(a)(i) or any conveyance or transfer of the properties and assets of the Company substantially as an entirety to any corporation described in Section 5.07(a)(i), such corporation into which the Company is merged or consolidated or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of the Company, under this Agreement with the same effect as if such corporation had been named as the Company, herein, and thereafter, in the case of

a transfer or conveyance permitted by Section 5.07(a), the Company, shall be relieved of all obligations and covenants under this Agreement and the Notes.

Section 5.08. *Limitation on Liens.* The Company will not, and will not permit any Restricted Subsidiary to, create or suffer to exist any Lien upon any of its assets, now owned or hereafter acquired, securing any Debt; *provided*, *however*, that the foregoing restrictions shall not apply to:

(a) Liens on any assets owned by the Company or any Restricted Subsidiary existing at the date of this Agreement;

(b) Liens on assets of a corporation or other entity existing at the time such corporation or other entity is merged into or consolidated with the Company or a Restricted Subsidiary (to the extent applicable, in accordance with Section 5.07) or at the time of a purchase, lease or other acquisition of the assets of a corporation or other entity as an entirety or substantially as an entirety by the Company or a Restricted Subsidiary, whether or not any indebtedness secured by such Liens is assumed by the Company or such Restricted Subsidiary;

(c) Liens on assets of a corporation or other entity existing at the time such corporation or other entity becomes a Restricted Subsidiary;

(d) Liens securing Debt of a Restricted Subsidiary owing to the Company or to another Restricted Subsidiary;

(e) materialmen's, suppliers', tax or other similar Liens arising in the ordinary course of business securing obligations which are not overdue or are being contested in good faith by appropriate proceedings; and Liens arising by operation of law in favor of any lender to the Company or any Restricted Subsidiary in the ordinary course of business constituting a banker's lien or right of offset in moneys of the Company or a Restricted Subsidiary deposited with such lender in the ordinary course of business;

(f) Liens on assets existing at the time of acquisition of such assets by the Company or a Restricted Subsidiary, or Liens to secure the payment of all or any part of the purchase price of assets upon the acquisition of such assets by the Company or a Restricted Subsidiary or to secure any Debt incurred or guaranteed by the Company or a Restricted Subsidiary prior to, at the time of, or within one year after the later of the acquisition, completion of construction (including any improvements on an existing asset) or commencement of full operation of such asset, which Debt is incurred or guaranteed for the purpose of financing all or any part of the purchase price thereof or construction or improvements thereon, and which Debt may be in the form of obligations incurred in connection with industrial revenue bonds or similar financings and letters of credit issued in connection therewith; *provided*, however, that in the case of any such acquisition, construction or improvement the Lien shall not apply to any asset theretofore owned by the Company or a Restricted Subsidiary, other than, in the case of any

such construction or improvement, any theretofore unimproved real property on which the property so constructed or the improvement made is located;

(g) Liens in favor of any customer (including any Governmental Authority) to secure partial, progress, advance or other payments or performance pursuant to any contract or statute or to secure any related indebtedness or to secure Debt guaranteed by a Governmental Authority;

(h) Liens on cash or certificates of deposit or other bank obligations in an amount substantially equal in value (at the time such Liens are created) to, and securing, indebtedness in an aggregate principal amount not in excess of $300,000,000 (or the equivalent amount in a different currency);

(i) Liens equally and ratably securing the Loans and such Debt; *provided* that the Required Banks may, in their sole discretion, refuse to take any Lien on any asset (which refusal will not limit the Company's or any Restricted Subsidiary's ability to incur a Lien otherwise permitted by this Section 5.08(i)); such Lien may equally and ratably secure the Loans and any other obligation of the Company or any of its Subsidiaries, other than an obligation that is subordinated to the Loans;

(j) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in the foregoing; *provided, however*, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or part of the asset which secured the Lien so extended, renewed or replaced (plus improvements and construction on such asset); and

(k) Liens securing Debt in an aggregate amount that, together with all other Debt of the Company and its Restricted Subsidiaries that is secured by Liens not otherwise permitted under subsections (a) through (j) above (if originally issued, assumed or guaranteed at such time), does not at the time exceed the greater of 10% of Stockholders' Equity as of the end of the fiscal quarter preceding the date of determination or $1,000,000,000. For purpose of this Section 5.08(k), the term "**Consolidated Subsidiaries**" in the definition of Stockholders' Equity includes any Exempt Subsidiaries.

This covenant shall not apply to any "**margin stock**" within the meaning of Regulation U in excess of 25% in value of the assets covered by this covenant. For the avoidance of doubt, the creation of a security interest arising solely as a result of, or the filing of UCC financing statements in connection with, any sale by the Company or any of its Subsidiaries of accounts receivable not prohibited by Section 5.07 shall not constitute a Lien prohibited by this covenant.

Section 5.09. *Leverage Ratio.* The Company will not permit, as of the last day of any fiscal quarter, the ratio of (a) Debt to (b) the sum of Debt and Stockholders' Equity, each, on a consolidated basis to exceed 65.0%. For purposes of this Section 5.09, (i) the term "Consolidated Subsidiaries" in the definitions of Debt and Stockholders' Equity includes any Exempt Subsidiaries, and (ii) Debt will exclude up to (x) $150,000,000 of Debt of Lockheed Martin Finance Corporation and (y) $500,000,000 of Debt consisting of guarantees.

Section 5.10. *Use of Facility.* The Company will use the Letters of Credit and the proceeds of the Loans for any lawful corporate purposes.

ARTICLE 6
DEFAULTS

Section 6.01. *Events of Default.* If one or more of the following events ("**Events of Default**") shall have occurred and be continuing:

(a) the Company shall fail to pay the principal of any Loan when due or make a payment to reimburse any drawing under any Letter of Credit when required hereunder;

(b) the Company shall fail to pay within 5 days of the due date thereof any Facility Fee, any Letter of Credit fees or any interest on any Loan;

(c) the Company shall fail to pay within 30 days after written request for payment by any Bank acting through the Administrative Agent any other amount payable under this Agreement;

(d) the Company shall fail to observe or perform any agreement contained in Sections 5.07 through 5.09;

(e) the Company shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by clauses (a) through (d) above) for 30 days after written notice thereof has been given to the Company by the Syndication Agent at the request of the Required Banks;

(f) any representation or warranty made by the Company in Article 4 of this Agreement or any certificate or writing furnished pursuant to this Agreement shall prove to have been incorrect in any material respect when made and such deficiency shall remain unremedied for 5 days after written notice thereof shall have been given to the Company by the Syndication Agent at the request of the Required Banks;

(g) any Material Debt shall become due before stated maturity by the acceleration of the maturity thereof by reason of default, or any Material Debt shall become due by its terms and shall not be paid and, in any case aforesaid in

this clause (g), corrective action satisfactory to the Required Banks shall not have been taken within 5 days after written notice of the situation shall have been given to the Company by the Syndication Agent at the request of the Required Banks;

(h) the Company or any Restricted Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(i) an involuntary case or other proceeding shall be commenced against the Company or any Restricted Subsidiary seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days; or an order for relief shall be entered against the Company or any Restricted Subsidiary under the federal bankruptcy laws as now or hereafter in effect;

(j) a final judgment for the payment of money in excess of $150,000,000 shall have been entered against the Company or any Restricted Subsidiary, and the Company or such Restricted Subsidiary shall not have satisfied the same within 60 days, or caused execution thereon to be stayed within 60 days, and such failure to satisfy or stay such judgment shall remain unremedied for 5 days after notice thereof shall have been given to the Company by the Syndication Agent at the request of the Required Banks;

(k) a final judgment either (1) requiring termination or imposing liability (other than for premiums under Section 4007 of ERISA) under Title IV of ERISA in respect of, or requiring a trustee to be appointed under Title IV of ERISA to administer, any Plan or Plans having aggregate Unfunded Liabilities in excess of $150,000,000 or (2) in an action relating to a Multiemployer Plan involving a current payment obligation in excess of $150,000,000, which judgment, in either case, has not been satisfied or stayed within 60 days and such failure to satisfy or stay is unremedied for 5 days after notice thereof shall have been given to the Company by the Syndication Agent at the request of the Required Banks;

(l) during any two-year period, individuals who at the beginning of such period constituted the Company’s Board of Directors (together with any new director whose election by the Board of Directors or whose nomination for

election by the stockholders of the Company was approved by a vote of at least two-thirds of the directors then in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the directors then in office;

(m) any person or group of persons (within the meaning of Section 13 or 14 of the Exchange Act) (other than an employee benefit or stock ownership plan of the Company or any of its Subsidiaries) shall have acquired, directly or indirectly, shares of capital stock (whether common or preferred or a combination thereof) having ordinary voting power to elect a majority of the members of the Board of Directors of the Company;

then, and in every such event, the Syndication Agent shall, if requested by the Required Banks, (i) by notice to the Administrative Agent and the Company terminate the Commitments and they shall thereupon terminate, and (ii) by notice to the Administrative Agent and the Company declare the Loans, interest accrued thereon and all other amounts payable hereunder to be, and the same shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; *provided* that in the event of (A) the filing by the Company of a petition, or (B) an actual or deemed entry of an order for relief with respect to the Company, under the federal bankruptcy laws as now or hereafter in effect, without any notice to the Company or any other act by the Syndication Agent, the Administrative Agent or the Banks, the Commitments shall thereupon terminate and the Loans, interest accrued thereon and all other amounts payable hereunder shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

Section 6.02. *Cash Cover.* The Company agrees, in addition to the provisions of Section 6.01 hereof, that upon the occurrence and during the continuance of any Event of Default, it shall, if requested by the Syndication Agent upon the instruction of the Required Banks, pay to the Administrative Agent an amount in immediately available funds (which funds shall be held by the Administrative Agent in a Cash Collateral Account as described below) equal to the aggregate amount available for drawing under all Letters of Credit outstanding at such time (the "**Available Amount**"); *provided* that in the event of (A) the filing by the Company of a petition or (B) an actual or deemed entry of an order for relief with respect to the Company, under the federal bankruptcy laws as now or hereafter in effect, the Company shall pay such amount forthwith without any notice or demand or any other act by the Syndication Agent or the Banks.

Upon receipt of notice requiring the Company to deposit cash pursuant to the preceding paragraph, the Company shall deposit an amount in immediately available funds equal to the Available Amount to be held by the Administrative Agent in a special account denominated the "**Cash Collateral Account**". If any provision of any debt instrument or other agreement or instrument binding upon

the Company would be contravened by any such deposit, the Company shall either (x) obtain a waiver of such provision or (y) prepay the debt incurred under such debt instrument and terminate such debt instrument; it being understood and agreed that the risk of any such contravention shall be borne solely by the Company and not by the Banks and shall in no event constitute a defense available to the Company for nonperformance of its obligations hereunder.

Effective upon the creation of the Cash Collateral Account and the depositing of funds therein pursuant to the immediately preceding paragraph, the Company hereby pledges, assigns and grants a security interest in the Cash Collateral Account, all monies from time to time on deposit therein, all securities, instruments and other "investment property" (as defined by the New York Uniform Commercial Code) in which such monies may from time to time be invested, and all proceeds of any of the foregoing (the "**Collateral**") to the Administrative Agent, for the benefit of the Banks, in order to secure the payment when due of all amounts payable by the Company in respect of the Letters of Credit.

If requested by the Company, the Administrative Agent may from time to time invest amounts on deposit in the Cash Collateral Account in securities issued or fully guaranteed or insured by the United States Government or any agency thereof or certificates of deposit of any Bank or any bank organized under the laws of the United States or any State thereof having capital and surplus in excess of $100,000,000, all with a maturity of one year or less, or commercial paper of a domestic issuer rated in one of the two highest grades by either S&P or Moody's; provided that the Administrative Agent shall not be liable to the Company for any diminution in the value of such investments.

Any income, gain or other proceeds of any such investments shall be credited to the Cash Collateral Account.

If at any time the Available Amount as of such date exceeds the amount of Collateral in the Cash Collateral Account (such deficit the "**Deficit Amount**"), the Company shall, if requested by the Administrative Agent on behalf of the Banks, forthwith deposit with the Administrative Agent an amount in immediately available funds not less than the Deficit Amount.

If at any time the amount of Collateral in the Cash Collateral Account exceeds the Available Amount as of such date (such excess the "**Excess Collateral**"), the Administrative Agent shall, if no Default shall then be continuing, release, upon request of the Company to or on the instructions of the Company, Collateral in an amount not exceeding the amount of the Excess Collateral.

The Company agrees that in addition to any other rights and remedies afforded by applicable law and subject to any mandatory provisions of applicable law, the Administrative Agent, on behalf of the Banks, may at any time set off,

debit and apply any of the credit balances then or thereafter on deposit in the Cash Collateral Account, and may transfer to and/or register in the names of the Banks' nominees, sell, assign, deliver or realize upon the whole or any part of the Collateral, and apply the proceeds thereof to payment of the obligations secured thereby. The Company hereby authorizes the Administrative Agent, on behalf of the Banks, to execute and file, in the name of the Company or, otherwise, all such financing statements and other instruments as the Administrative. Agent in its sole discretion may deem necessary or desirable in order to further perfect the Lien upon the Collateral created by this Section.

Upon the date the Credit Exposures are reduced to zero, the Administrative Agent shall promptly release to or on the instructions of the Company any Collateral held by the Administrative Agent hereunder.

ARTICLE 7
THE AGENTS

Section 7.01. *Appointment and Authorization.* (a) Each Bank appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the Notes as are delegated to such Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto; *provided, however*, that the Agents shall not commence any legal action or proceeding before a court of law on behalf of any Bank without such Bank's prior consent.

(b) The Issuing Bank shall act on behalf of the Banks with respect to any Letter of Credit issued by it and the documents therewith until such time (and except for so long) as the Agents may agree at the request of the Required Banks to act for the Issuing Bank with respect thereto; *provided, however*, that the Issuing Bank shall have all of the benefits and immunities (i) provided to the Agents in this Article 7 with respect to any acts taken or omissions suffered by the Issuing Bank in connection with Letters of Credit issued by it or proposed to be issued by it and the application and agreements for Letters of Credit as fully as if the term "Agent" as used in this Article 7 included the Issuing Bank with respect to such acts or omissions, and (ii) as additionally provided herein with respect the Issuing Banks, subject in each case to the express limitations of Section 2.15 which limitations shall apply to the rights and obligations of the Banks and Issuing Banks under this Article 7 to the same extent as such limitations apply to the rights and obligations of the Company and Issuing Banks pursuant to such Section 2.15.

Section 7.02. *Agents and Affiliates.* Each of Bank of America, N.A. and JPMorgan Chase Bank and their respective affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Company or any Subsidiary or affiliate of the Company as if it were not an Agent hereunder. With respect to its Commitment and Loans made by it, each of Bank of America,

N.A. and JPMorgan Chase Bank (and any of their respective successors acting as an Agent), in its capacity as a Bank hereunder, shall have the same rights and obligations hereunder as any other Bank and may exercise (or be subject to) the same as though it were not an Agent. The term "**Bank**" or "**Banks**" shall, unless otherwise expressly indicated, include each of Bank of America, N.A. and JPMorgan Chase Bank (and any successor acting as an Agent) in its capacity as a Bank.

Section 7.03. *Action by Agents.* The obligations of the Agents hereunder are only those expressly set forth herein. Without limiting the generality of the foregoing, the Agents shall not be required to take any action with respect to any Default, except as expressly provided in Article 6.

Section 7.04. *Consultation with Experts.* Each Agent may consult with legal counsel (who may be counsel for the Company), independent public accountants and other experts selected by it and shall not be liable to any Bank for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 7.05. *Liability of Agents.* No Agent nor any of its directors, officers, agents, or employees shall be liable for any action taken or not taken by it in connection herewith (i) with the consent or at the request of the Required Banks (or such other number or percentage of the Banks as required by the terms of this Agreement) or (ii) in the absence of its own gross negligence or willful misconduct. No Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made by any Person in connection with this Agreement or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of the Company; (iii) the satisfaction of any condition specified in Article 3, except receipt of items required to be delivered to such Agent; or (iv) the validity, effectiveness (except for its own due execution and delivery) or genuineness of this Agreement, the Notes or any other instrument or writing furnished in connection herewith. No Agent shall incur any liability by acting in reasonable reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, facsimile transmission or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

Section 7.06. *Indemnification.* Each Bank shall, ratably in accordance with its Commitment, indemnify each Agent (to the extent not reimbursed by the Company) against any cost, expense (including counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such Agent's gross negligence or willful misconduct) that such Agent may suffer or incur in connection with this Agreement or any action taken or omitted by such Agent hereunder.

Section 7.07. *Credit Decision.* Each Bank acknowledges that it has, independently and without reliance upon either Agent or any other Bank, and

based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon either Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under this Agreement.

Section 7.08. *Successor Agents.* An Agent may resign at any time by giving written notice thereof to the Banks and the Company. Upon any such resignation, the Company shall, with the consent of the Required Banks, have the right to appoint a successor Agent (which may be the other institution then acting as Agent). If no successor Agent shall have been so appointed, and shall have accepted such appointment, within 60 days after the retiring Agent gives notice of resignation, the retiring Agent may, on behalf of the Banks, appoint a successor Agent (which may be the other institution then acting as Agent), which shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $50,000,000; *provided* that if the retiring Agent shall notify the Company and the Banks that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (i) the retiring Agent shall be discharged from its duties and obligations hereunder and (ii) all payments, communications and determinations provided to be made by, to or through such retiring Agent, including under Section 5.01 hereof, shall instead be made by or to each Bank and Issuing Bank directly, until such time as the Required Banks appoint a successor Agent as provided for in this Section. Upon the acceptance of its appointment as an Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder as Agent (if not already discharged therefrom as provided in this Section). After any retiring Agent's resignation hereunder as an Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent.

Section 7.09. *Agents' Fees.* The Company shall pay to each Agent for its own account fees in the amounts and at the times previously agreed upon between the Company and each Agent.

Section 7.10. *Documentation Agents.* Nothing in this Agreement shall impose upon the Documentation Agents, in such capacity, any duty or obligation whatsoever.

ARTICLE 8
CHANGE IN CIRCUMSTANCES

Section 8.01. *Increased Cost and Reduced Return; Capital Adequacy.* (a) If after the date hereof, in the case of any Committed Loan or Letter of Credit, or

the date of the related Competitive Bid Quote, in the case of any Competitive Bid Loan, a Change in Law shall impose, modify or deem applicable any reserve, special deposit, assessment or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System pursuant to Regulation D) against assets of, deposits with or for the account of, or credit extended by, any Bank or shall impose on any Bank or the London interbank market any other condition affecting such Bank's Fixed Rate Loans, its Notes or its Letter of Credit Liabilities, and the result of any of the foregoing is to increase the cost to such Bank of making or maintaining any such Fixed Rate Loans or of issuing or participating in Letters of Credit, or to reduce the amount of any sum received or receivable by such Bank under this Agreement or under its Note, by an amount deemed by such Bank to be material, then, within 15 days after written demand therefor made through the Administrative Agent, in the form of the certificate referred to in Section 8.01(c), the Company shall pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction; *provided* that the Company shall not be required to pay any such compensation with respect to any period prior to the 30th day before the date of any such demand.

(b) Without limiting the effect of Section 8.01(a) (but without duplication), if any Bank determines at any time after the date on which this Agreement becomes effective that a Change in Law will have the effect of increasing the amount of capital required to be maintained by such Bank (or its Parent) based on the existence of such Bank's Loans, Letter of Credit Liabilities, Commitment and/or other obligations hereunder, then the Company shall pay to such Bank, within 15 days after its written demand therefor made through the Administrative Agent in the form of the certificate referred to in Section 8.01(c) such additional amounts as shall be required to compensate such Bank for any reduction in the rate of return on capital of such Bank (or its Parent) as a result of such increased capital requirement; *provided* that the Company shall not be required to pay any such compensation with respect to any period prior to the 30th day before the date of any such demand; *provided further, however*, that to the extent (i) a Bank shall increase its level of capital above the level maintained by such Bank on the date of this Agreement and there has not been a Change in Law or (ii) there has been a Change in Law and a Bank shall increase its level of capital by an amount greater than the increase attributable (taking into consideration the same variables taken into consideration in determining the level of capital maintained by such Bank on the date of this Agreement) to such Change in Law, the Company shall not be required to pay any amount or amounts under this Agreement with respect to any such increase in capital. Thus, for example, a Bank which is "**adequately capitalized**" (as such term or any similar term is used by any applicable bank regulatory agency having authority with respect to such Bank) may not require the Company to make payments in respect of increases in such Bank's level of capital made under the circumstances described in clause (i) or (ii) above which improve its capital position from "**adequately capitalized**" to

"**well capitalized**" (as such term or any similar term is used by any applicable bank regulatory agency having authority with respect to such Bank).

(c) Each Bank will promptly notify the Company, through the Administrative Agent, of any event of which it has knowledge, occurring after the date on which this Agreement becomes effective, which will entitle such Bank to compensation pursuant to this Section 8.01 and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section 8.01 and setting forth the additional amount or amounts to be paid to it hereunder and setting forth the basis for the determination thereof shall be conclusive in the absence of manifest error. In determining such amount, such Bank shall act reasonably and in good faith, and may use any reasonable averaging and attribution methods.

Section 8.02. *Illegality.* (a) Notwithstanding any other provision herein, if, after the date on which this Agreement becomes effective, a Change in Law shall make it unlawful or impossible for any Bank to (i) honor any Commitment it may have hereunder to make any Eurodollar Loan, then such Commitment shall be suspended, or (ii) maintain any Eurodollar Loan or any Competitive Bid Eurodollar Loan, then all Eurodollar Loans and Competitive Bid Eurodollar Loans of such Bank then outstanding shall be converted into Base Rate Loans as provided in Section 8.02(b), and any remaining Commitment of such Bank hereunder to make Eurodollar Loans (but not other Loans) shall be immediately suspended, in either case until such Bank may again make and/or maintain Eurodollar Loans (as the case may be), and borrowings from such Bank, at a time when borrowings from the other Banks are to be of Eurodollar Loans, shall be made, simultaneously with such borrowings from the other Banks, by way of Base Rate Loans. Upon the occurrence of any such change, such Bank shall promptly notify the Company thereof (with a copy to the Administrative Agent), and shall furnish to the Company in writing evidence thereof certified by such Bank. Before giving any notice pursuant to this Section 8.02, such Bank shall designate a different Applicable Lending Office if such designation will avoid the need for giving such notice and will not, in the sole reasonable judgment of such Bank, be otherwise disadvantageous to such Bank.

(b) Any conversion of any outstanding Eurodollar Loan or an outstanding Competitive Bid Loan which is required under this Section 8.02 shall be effected immediately (or, if permitted by applicable law, on the last day of the Interest Period therefor).

Section 8.03. *Taxes on Payments.* (a) All payments in respect of the Loans and the Letter of Credit Liabilities shall be made free and clear of and without any deduction or withholding for or on account of any present and future taxes, assessments or governmental charges imposed by the United States, or any political subdivision or taxing authority thereof or therein, excluding taxes

imposed on a Bank's net income and franchise taxes (all such non-excluded taxes being hereinafter called "**Taxes**"), except as expressly provided in this Section 8.03, If any Taxes are imposed and required by law to be deducted or withheld from any amount payable to any Bank, then the Company shall (i) increase the amount of such payment so that such Bank will receive a net amount (after deduction of all Taxes) equal to the amount due hereunder, (ii) pay such Taxes to the appropriate taxing authority for the account of such Bank, and (iii) as promptly as possible thereafter, send such Bank evidence showing payment thereof, together with such additional documentary evidence as such Bank may from time to time require. If the Company fails to perform its obligations under (ii) or (iii) above, the Company shall indemnify such Bank for any incremental taxes, interest or penalties that may become payable as a result of any such failure; *provided, however*, that the Company will not be required to make any payment to any Bank under this Section 8.03 if withholding is required in respect of such Bank by reason of such Bank's inability or failure to furnish under subsection (c) a duly completed extension or renewal of a Form W-8BEN or Form W-8ECI (or successor form), as applicable, unless such inability results from an amendment to or a change in any applicable law or regulation or in the interpretation thereof by any regulatory authority (including without limitation any change in an applicable tax treaty), which amendment or change becomes effective after the date hereof.

(b) The Company shall indemnify the Agents and each Bank against any transfer taxes, documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement or any Notes (hereinafter referred to as "**Other Taxes**").

(c) Each Bank that is a foreign person (*i.e.* a person who is not a United States person for United States federal income tax purposes) (a "**Foreign Person**") agrees that it shall deliver to the Company (with a copy to the Administrative Agent) (i) within twenty Domestic Business Days after the date on which this Agreement becomes effective or the date of the Assignment and Assumption Agreement whereby it became a "Bank" hereunder, two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, as appropriate, indicating that such Bank is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, (ii) from time to time, such duly completed extensions or renewals of such forms (or successor forms) as may reasonably be requested by the Company or as are required under applicable law but only to the extent such Bank determines that it may properly effect such extensions or renewals under applicable tax treaties, laws, regulations and directives and (iii) in the event of a transfer of any Loan to a subsidiary or affiliate of such Bank, a new Internal Revenue Service Form W-8BEN or W-8ECI (or any successor form), as the case may be, for such subsidiary or affiliate indicating that such subsidiary or affiliate is, on the date of delivery thereof, entitled to receive payments under this Agreement without deduction or withholding of any United States federal income

taxes. The Company and the Administrative Agent shall each be entitled to rely on such forms in its possession until receipt of any revised or successor form pursuant to the preceding sentence.

(d) If a Bank, at the time it first becomes a party to this Agreement (or because of a change in an Applicable Lending Office) is subject to a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes and Other Taxes, respectively. For any period with respect to which a Bank has failed to provide the Company with the appropriate form pursuant to Section 8.03(c) (unless such failure is due to a change in treaty, law or regulation, or in the interpretation thereof by any regulatory authority, occurring subsequent to the date on which a form originally was required to be provided), such Bank shall not be entitled to additional payments under Section 8.03(a) with respect to Taxes imposed by the United States; *provided, however*, that should a Bank, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, the Company shall take such steps as such Bank shall reasonably request to assist such Bank to recover such Taxes.

(e) If the Company is required to pay additional amounts to or for the account of any Bank pursuant to this Section 8.03, then such Bank will change the jurisdiction of one or more Applicable Lending Offices so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the sole judgment of such Bank, is not otherwise disadvantageous to such Bank.

(f) If any Bank is able to apply for any credit, refund, deduction or other reduction in Taxes or Other Taxes in an amount which is reasonably determined by such Bank to be material, which arises by reason of any payment made by the Company pursuant to this Section 8.03, such Bank will use reasonable efforts to obtain such credit, refund, deduction or other reduction and, upon receipt thereof, will pay to the Company an amount, not exceeding the amount of such payment by the Company, equal to the net after tax value to such Bank, in its good faith determination, of such part of such credit, refund, deduction or other reduction as it determines to be allocable to such payment by the Company, having regard to all of its dealings giving rise to similar credits, refunds, deductions or other reductions during the same tax period and to the cost of obtaining the same; *provided, however*, that (i) such Bank shall not be obligated to disclose to the Company any information regarding its tax affairs or computations and (ii) nothing contained in this Section 8.03(f) shall be construed so as to interfere with the right of such Bank to arrange its tax affairs as it deems appropriate.

ARTICLE 9

MISCELLANEOUS

Section 9.01. *Termination of Commitment of a Bank; New Banks.* (a) (1) If and during the time a Failed Loan shall exist, (2) upon receipt of notice from any Bank for compensation or indemnification pursuant to Section 8.01(c) or Section 8.03, (3) if any Bank shall fail to comply with the requirements of Section 8.03(c) or (4) upon receipt of notice that the Commitment of a Bank to make Eurodollar Loans has been suspended, the Company shall have the right to terminate the Commitment in full of the Bank causing such Failed Loan or providing such notice (a "**Retiring Bank**"). The termination of the Commitment of a Retiring Bank pursuant to this Section 9.01(a) shall be effective on the tenth Domestic Business Day following the date of a notice of such termination to the Retiring Bank through the Syndication Agent, subject to the satisfaction of the following conditions:

(i) in the event that on such effective date there shall be any Loans outstanding hereunder, the Company shall have prepaid on such date the aggregate principal amount of such Loans held by the Retiring Bank only;

(ii) in addition to the payment of the principal of the Loans held by the Retiring Bank pursuant to clause (i) above, the Company shall have paid such Retiring Bank all accrued interest thereon, and Facility Fee and any other amounts then payable to it hereunder, including, without limitation, all amounts payable by the Company to such Bank under Section 2.14 by reason of the prepayment of Loans pursuant to clause (i) with respect to the period ending on such effective date; *provided* that the provisions of Section 8.01, Section 8.03 and Section 9.04 shall survive for the benefit of any Retiring Bank; and

(iii) if at the time there are any Letter of Credit Liabilities, the applicable conditions to the issuance of the related Letters of Credit would be satisfied on the effective date of termination of the Retiring Bank's Commitment and after giving effect thereto.

Upon satisfaction of the conditions set forth in clauses (i), (ii) and (iii) above, such Bank shall cease to be a Bank hereunder. On the date of termination of the Retiring Bank's Commitment pursuant to this Section, its participation in all outstanding Letters of Credit and related reimbursement obligations shall terminate, and the Percentages of the Banks and their participations therein shall be redetermined as if such Letters of Credit were issued on such date.

(b) In lieu of the termination of a Bank's Commitment pursuant to Section 9.01(a), the Company may notify the Syndication Agent that the Company desires to replace such Retiring Bank with an Eligible Assignee (which may be one or more of the Banks), which will purchase the Loans and assume the

Commitment of the Retiring Bank. Upon the Company's selection of a bank to replace a Retiring Bank, such bank's agreement thereto and the fulfillment of the conditions to assignment and assumption set forth in Section 9.08, such bank shall become a Bank hereunder for all purposes in accordance with Section 9.08.

Section 9.02. *Notices.* All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telecopy, facsimile transmission or similar writing) and shall be given to such party (a) in the case of the Company, or any Agent, at its address set forth on the signature pages hereof, (b) in the case of any Bank, at its address set forth in its Administrative Questionnaire or(c) in the case of any party, such other address as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Company. Each such notice, request or other communication shall be effective (i) if given by registered or certified mail, upon the earlier of the date of actual receipt or the date of delivery indicated on the return receipt delivered to the sender or (ii) if given by any other means, when received at the address or telecopier number specified in this Section and an oral or written confirmation of receipt is received from the recipient.

Section 9.03. *No Waivers.* No failure or delay by any Agent or Bank in exercising any right, power or privilege hereunder or under any Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 9.04. *Expenses; Indemnification.* (a) The Company shall pay (i) the reasonable fees and expenses of special counsel for the Agents in connection with the preparation of this Agreement (or the amendment, modification or waiver thereof) as previously agreed upon between the Company, the Arrangers and the Agents and (ii) if an Event of Default occurs, all reasonable out-of-pocket expenses incurred by the Agents and the Banks, including reasonable fees and expenses of counsel (including in-house counsel), in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom.

(b) The Company agrees to indemnify each Agent and Bank, their respective affiliates and the respective directors, officers, agents and employees of the foregoing (each an "**Indemnitee**") and hold each Indemnitee harmless from and against (and to reimburse each Indemnitee on demand for) any and all claims, liabilities, losses, damages, costs and reasonable expenses of any kind, including, without limitation, the reasonable fees and disbursements of counsel, incurred by such Indemnitee in response to or in defense of any investigative, administrative or judicial proceeding relating to or arising out of this Agreement or any actual or proposed use of proceeds of Loans hereunder or any related transaction; *provided* that no Indemnitee shall have the right to be indemnified hereunder (i) to the extent such indemnification relates to relationships of, between or among each of,

or any of, the Agents, the Banks or any Assignee or Participant or (ii) for such Indemnitee's own gross negligence or willful misconduct.

Section 9.05. *Pro Rata Treatment.* Except as expressly provided in this Agreement with respect to Competitive Bid Loans or otherwise, (a) each borrowing from, and change in the Commitments of, the Banks shall be made pro rata according to their respective Commitments, and (b) each payment and prepayment on the Loans shall be made to all the Banks, pro rata in accordance with the unpaid principal amount of the Loans held by each of them.

Section 9.06. *Sharing of Set-offs.* Each Bank agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise (except as contemplated by Section 2.03, Section 2.14, Article 8 or Section 9.01), receive payment of a proportion of the aggregate amount then due with respect to the Loans and Letter of Credit Liabilities held by it which is greater than the proportion received by any other Bank in respect of the aggregate amount then due with respect to the Loans and Letter of Credit Liabilities held by such other Bank, the Bank receiving such proportionately greater payment shall purchase such participations in the Loans and Letter of Credit Liabilities held by the other Banks, and such other adjustments shall be made, as may be required so that all such payments with respect to the Loans and Letter of Credit Liabilities held by the Banks shall be shared by the Banks pro rata; *provided* that nothing in this Section shall impair the right of any Bank to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Company, other than its indebtedness hereunder.

Section 9.07. *Amendments and Waivers.* Any provision of this Agreement or the Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Company and the Required Banks (and, if the rights or duties of any Issuing Bank or Agent are affected thereby, by it); *provided* that no such amendment or waiver shall, unless signed by each affected Bank, (i) subject any Bank to any additional obligation, (ii) reduce the principal of or rate of interest on any Loan or Letter of Credit Liabilities or any fees hereunder or (iii) postpone the date fixed for any payment of principal of or interest on any Loan or Letter of Credit Liabilities or for termination of any Commitment or Letter of Credit; and *provided further* that, no such amendment or waiver shall, unless signed by all the Banks, change the percentage of the Credit Exposures that shall be required for the Banks or any of them to take any action under this Section 9.07 or any other provision of this Agreement.

Section 9.08. *Successors and Assigns; Participations; Novation.* (a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby; provided that, except in accordance with Sections 5.04 and 5.07, the Company may not assign or transfer any of its respective rights or obligations under this Agreement without the consent of all Banks.

(b) Any Bank may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans and Letter of Credit Liabilities at the time owing to it); *provided* that (i) except in the case of an assignment of the entire remaining amount of the assigning Bank's Commitment and the Loans and Letter of Credit Liabilities at the time owing to it or in the case of an assignment to a Bank or an affiliate of a Bank or an Approved Fund with respect to a Bank, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) subject to each such assignment (determined as of the date the Assignment and Assumption Agreement, as hereinafter defined, with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Company otherwise consent (each such consent not to be unreasonably withheld or delayed), (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Bank's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned, except that this clause (ii) shall not apply to rights in respect of outstanding Competitive Bid Loans and (iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption Agreement substantially in the form of Exhibit K hereto (an "**Assignment and Assumption Agreement**"), together with a processing and recordation fee of $3,500 and the Eligible Assignee, if it shall not be a Bank, shall deliver to the Administrative Agent an Administrative Questionnaire. Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption Agreement, the Eligible Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption Agreement, have the rights and obligations of a Bank under this Agreement, and the assigning Bank thereunder shall, to the extent of the interest assigned by such Assignment and Assumption Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption Agreement covering all of the assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 8.01, Section 8.03 and 9.04). Any assignment or transfer by a Bank of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Bank of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Company, shall maintain a copy of each Assignment and Assumption Agreement delivered to it and a register for the recordation of the names and addresses of the Banks, and the Commitments of, and principal amount of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, absent manifest error, and the Company, the Administrative Agent and the Banks may treat each

Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Bank may, without the consent of, or notice to, the Company or the Administrative Agent, sell participations to one or more banks or other financial institutions (a "**Participant**") in all or a portion of such Bank's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans and/or Letter of Credit Liabilities owing to it); *provided* that (i) such Bank's obligations under this Agreement shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Company, the Administrative Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Bank sells such a participation shall provide that such Bank shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Bank will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clause (i), (ii) or (iii) of Section 9.07 that affects such Participant. Subject to paragraph (e) of this Section, the Company agrees that each Participant shall be entitled to the benefits of Article 8 to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.06 as though it were a Bank, provided such Participant agrees to be subject to Section 9.06 as though it were a Bank.

(e) A Participant shall not be entitled to receive any greater payment under Article 8 than the applicable Bank would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company's prior written consent. A Participant that would be a Foreign Person if it were a Bank shall not be entitled to the benefits of Section 8.03 unless the Company is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Company, to comply with Section 8.03(c) as though it were a Bank.

(f) Notwithstanding any provision of this Section 9.08 to the contrary, any Bank may assign or pledge any of its rights and interests in the Loans and Letter of Credit Liabilities to a Federal Reserve Bank without the consent of the Company.

Section 9.09. *Designated Lenders.* (a) Subject to the provisions of this subsection (a), any Bank may at any time designate an Approved Fund to provide all or a portion of the Loans to be made by such Bank pursuant to this Agreement; *provided* that such designation shall not be effective unless the Company and the

Administrative Agent consent thereto (which consents shall not be unreasonably withheld). When a Bank and its Approved Fund shall have signed an agreement substantially in the form of Exhibit L hereto (a "**Designation Agreement**") and the Company and the Administrative Agent shall have signed their respective consents thereto, such Approved Fund shall become a Designated Lender for purposes of this Agreement. The Designating Bank shall thereafter have the right to permit such Designated Lender to provide all or a portion of the Loans to be made by such Designating Bank pursuant to Section 2.01 or 2.03, and the making of such Loans or portion thereof shall satisfy the obligation of the Designating Bank to the same extent, and as if, such Loans or portion thereof were made by the Designating Bank. As to any Loans or portion thereof made by it, each Designated Lender shall have all the rights that a Bank making such Loans or portion thereof would have had under this Agreement and otherwise; *provided* that (x) its voting rights under this Agreement shall be exercised solely by its Designating Bank; (y) its Designating Bank shall remain solely responsible to the other parties hereto for the performance of such Designated Lender's obligations under this Agreement, including its obligations in respect of the Loans or portion thereof made by it, and (z) such Designated Lender shall be subject to the limitations of Section 9.08(e) to the same extent as a Participant. No additional Note shall be required to evidence the Loans or portion thereof made by a Designated Lender; and the Designating Bank shall be deemed to hold its Note as agent for its Designated Lender to the extent of the Loans or portion thereof funded by such Designated Lender. Each Designating Bank shall act as administrative agent for its Designated Lender and give and receive notices and other communications on its behalf. Any payments for the account of any Designated Lender shall be paid to its Designating Bank as administrative agent for such Designated Lender and neither the Company nor the Administrative Agent shall be responsible for any Designating Bank's application of such payments. In addition, any Designated Lender may, with notice to (but without the prior written consent of) the Company and the Administrative Agent assign all or portions of its interest in any Loans to its Designating Bank or to any financial institutions consented to by the Company and the Administrative Agent that provide liquidity and/or credit facilities to or for the account of such Designated Lender to support the funding of Loans or portions thereof made by it.

(b) Each party to this Agreement agrees that it will not institute against, or join any other person in instituting against, any Designated Lender any bankruptcy, insolvency, reorganization or other similar proceeding under any federal or state bankruptcy or similar law, for one year and a day after all outstanding senior indebtedness of such Designated Lender is paid in full. The Designating Bank for each Designated Lender agrees to indemnify, save, and hold harmless each other party hereto for any loss, cost, damage and expense arising out of its inability to institute any such proceeding against such Designated Lender. This subsection (b) shall survive the termination of this Agreement.

Section 9.10. *Visitation.* Subject to restrictions imposed by applicable security clearance regulations, the Company will upon reasonable notice permit representatives of any Bank at such Bank's expense to visit any of its major properties.

Section 9.11. *No Reliance on Margin Stock.* Each of the Banks represents to the Administrative Agent and each of the other Banks that it in good faith is not relying upon any "**margin stock**" (as defined in Regulation U) as collateral in the extension or maintenance of the credit provided for in this Agreement.

Section 9.12. *Governing Law; Submission to Jurisdiction.* This Agreement and each Note shall be governed by and construed in accordance with the internal laws of the State of New York. Each of the Company, the Agents and the Banks hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State Court sitting in New York for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each of the Company, the Agents and the Banks irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

Section 9.13. *Counterparts; Integration.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

Section 9.14. *WAIVER OF JURY TRIAL.* EACH OF THE COMPANY, THE AGENTS AND THE BANKS HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 9.15. *Confidentiality.* Each Bank agrees, with respect to any information delivered or made available by the Company to it that is clearly indicated to be confidential information or private data, to use all reasonable efforts to protect such confidential information from unauthorized use or disclosure and to restrict disclosure to only those Persons employed or retained by such Bank who are or are expected to become engaged in evaluating, approving, structuring or administering this Agreement and the transactions contemplated hereby. Nothing herein shall prevent any Bank from disclosing such information (i) to any other Bank, (ii) to its affiliates, officers, directors, employees, agents, attorneys and accountants who have a need to know such information in accordance with customary banking practices and who receive such information

having been made aware of and having agreed to the restrictions set forth in this Section, (iii) upon the order of any court or administrative agency, (iv) upon the request or demand of any regulatory agency or authority having jurisdiction over such Bank, (v) which has been publicly disclosed, (vi) to the extent reasonably required in connection with any litigation to which any Agent, any Bank, the Company or their respective affiliates may be a party, (vii) to the extent reasonably required in connection with the exercise of any remedy hereunder and (viii) with the prior written consent of the Company; *provided*, *however*, that before any disclosure is permitted under (iii) or (vi) of this Section 9.15, each Bank shall, if not legally prohibited, notify and consult with the Company, promptly and in a timely manner, concerning the information it proposes to disclose, to enable the Company to take such action as may be appropriate under the circumstances to protect the confidentiality of the information in question, and *provided further* that any disclosure under the foregoing proviso be limited to only that information discussed with the Company. The use of the term "**confidential**" in this Section 9.15 is not intended to refer to data classified by the government of the United States under laws and regulations relating to the handling of data, but is intended to refer to information and other data regarded by the Company as private.

Section 9.16. *USA Patriot Act.* Each Bank hereby notifies the Company that pursuant to the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), it is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow such Bank to identify the Company in accordance with said Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

LOCKHEED MARTIN CORPORATION

By: /s/ Anthony G. Van Schaick
Name: Anthony G. Van Schaick
Title: Vice President and Treasurer

SCHEDULE II

PRICING SCHEDULE

The "**Eurodollar Margin**" and "**Facility Fee Rate**" for any day are the respective rates per annum set forth below in the applicable row and column corresponding to the Pricing Level and Usage that apply on such day:

Pricing	Level I	Level II	Level III	Level IV	Level V
Eurodollar Margin:					
Usage £ 33 1/3%	30.0 bps	37.5 bps	47.5 bps	77.5 bps	115.0 bps
Usage > 33 1/3%	42.5 bps	50.0 bps	60.0 bps	90.0 bps	127.5 bps
Facility Fee Rate	10.0 bps	12.5 bps	15.0 bps	22.5 bps	35.0 bps

For purposes of this Schedule, the following terms have the following meanings (subject to the final paragraph of this Schedule):

"**Level I Pricing**" applies on any day if on such day the Company's unsecured long-term debt is rated A- or higher by S&P *or* A3 or higher by Moody's.

"**Level II Pricing**" applies on any day if on such day Level I Pricing does not apply and the Company's unsecured long-term debt is rated BBB+ or higher by S&P *or* Baa1 or higher by Moody's.

"**Level III Pricing**" applies on any day if on such day none of Level I Pricing or Level II Pricing applies and the Company's unsecured long-term debt is rated BBB or higher by S&P *or* Baa2 or higher by Moody's.

"**Level IV Pricing**" applies on any day if on such day none of Level I Pricing, Level II Pricing or Level III Pricing applies and the Company's unsecured long-term debt is rated BBB- or higher by S&P *or* Baa3 or higher by Moody's.

"**Level V Pricing**" applies on any day if no other Pricing Level applies.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Pricing Level**" refers to the determination of which of Level I Pricing, Level II Pricing, Level III Pricing, Level IV Pricing or Level V Pricing applies. Level I Pricing is the lowest Pricing Level and Level V Pricing the highest.

"**S&P**" means Standard & Poor's Ratings Services and its successors.

The "**Usage**" applicable to any date is the percentage equivalent of a fraction the numerator of which is the sum of the aggregate outstanding principal amount of the Loans plus the aggregate Letter of Credit Liabilities at such date

and the denominator of which is the aggregate amount of the Commitments at such date. If for any reason any Loans remain outstanding following the termination of the Commitments, Usage will be deemed to be 100%.

The credit ratings to be utilized for purposes of this Pricing Schedule are those assigned to the senior unsecured long-term debt securities of the Company without third-party credit enhancement, and any rating assigned to any other debt security of the Company shall be disregarded. The credit ratings in effect on any day are those in effect at the close of business on such day. If the Company is split-rated and the ratings differential is one notch, the higher of the two ratings will apply (*e.g.*, BBB/Baa3 results in Level III Pricing). If the Company is split-rated and the ratings differential is more than one notch, the average of the two ratings (or the higher of two intermediate ratings) shall be used (*e.g.*, BBB/Ba1 results in Level IV Pricing, as does BBB/Ba2).

If the Company receives notice from a Rating Agency of a change in the rating of its senior unsecured long-term debt, the Company will advise the Administrative Agent.

Exhibit 10.2

EXECUTION COPY

$500,000,000

364-DAY CREDIT AGREEMENT

dated as of

July 15, 2004

among

LOCKHEED MARTIN CORPORATION,

The BANKS Listed Herein,

JPMORGAN CHASE BANK,
as Syndication Agent

CITICORP USA, INC.,
MIZUHO CORPORATE BANK, LTD. and
US BANK, N.A.,
as Documentation Agents,

and

BANK OF AMERICA, N.A.,
as Administrative Agent

J.P. MORGAN SECURITIES INC. and
BANC OF AMERICA SECURITIES LLC,
Joint Lead Arrangers and Bookrunners

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364-DAY CREDIT AGREEMENT

AGREEMENT dated as of July 15, 2004 among LOCKHEED MARTIN CORPORATION, the BANKS listed on the signature pages hereof, JPMORGAN CHASE BANK, as Syndication Agent, CITICORP USA, INC., MIZUHO CORPORATE BANK, LTD. and US BANK, N.A., as Documentation Agents, and BANK OF AMERICA, N.A., as Administrative Agent.

NOW, THEREFORE, the undersigned parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Definitions.* The following terms, as used herein and in any Exhibit or Schedule hereto, have the following meanings:

"**Administrative Agent**" means Bank of America, N.A. in its capacity as administrative agent for the Banks hereunder, and its successor or successors in such capacity.

"**Administrative Questionnaire**" means, with respect to each Bank, an administrative questionnaire in the form prepared by the Administrative Agent and submitted to the Agents with a copy to the Company duly completed by such Bank.

"**Agents**" means the Administrative Agent, the Syndication Agent and the Documentation Agents, and "**Agent**" means any of the foregoing.

"**Agreement**" means this 364-Day Credit Agreement as it may be amended from time to time.

"**Applicable Lending Office**" means, with respect to any Bank, (i) in the case of its Domestic Loans, its Domestic Lending Office, (ii) in the case of its Eurodollar Loans, its Eurodollar Lending Office and (iii) in the case of its Competitive Bid Loans, its Competitive Bid Lending Office.

"**Approved Fund**" means any Fund that is administered or managed by a Bank or an affiliate of a Bank.

"**Arrangers**" means J.P. Morgan Securities Inc. and Banc of America Securities LLC, in their capacity as joint lead arrangers and bookrunners in respect of this Agreement.

"**Assignment and Assumption Agreement**" means an agreement, substantially in the form of Exhibit K hereto, under which an interest of a Bank

hereunder is transferred to an Eligible Assignee pursuant to Section 9.08(c) hereof.

"**Bank**" means (i) each bank or other financial institution listed on the signature pages hereof, (ii) each Person that becomes a Bank pursuant to either Section 9.01 or Section 9.08(b), and (iii) their respective successors.

"**Base Rate**" means, for any day, a rate per annum equal to the higher of (i) the Prime Rate for such day or (ii) the sum of 1/2 of 1% plus the Federal Funds Rate for such day, each change in the Base Rate to become effective on the day on which such change occurs.

"**Base Rate Loan**" means any Committed Loan in respect of which interest is to be computed on the basis of the Base Rate.

"**Capitalized Lease Obligations**" means any and all monetary obligations under any leasing arrangements which have been capitalized, as such obligations are reported in the consolidated financial statements of the Company and its Consolidated Subsidiaries.

"**Change in Law**" means, for purposes of Section 8.01 and Section 8.02, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency.

"**Closing Date**" means July 15, 2004.

"**Commitment**" means as to each Bank at any time, the amount set forth opposite such Bank's name on the Commitment Schedule or in the applicable Assignment and Assumption Agreement, as such amount may be decreased pursuant to the terms of this Agreement.

"**Commitment Schedule**" means the Commitment Schedule attached hereto as Schedule I.

"**Commitment Termination Date**" means July 14, 2005 (or if such date is not a Domestic Business Day, the next preceding Domestic Business Day).

"**Committed Loan**" means a Loan made by a Bank pursuant to Section 2.01.

"**Committed Notes**" means promissory notes of the Company, substantially in the form of Exhibit G-1 hereto, evidencing the obligation of the Company to repay the Committed Loans, and "**Committed Note**" means any one of such promissory notes issued hereunder.

"**Company**" means Lockheed Martin Corporation, a Maryland corporation, and its successors.

"**Competitive Bid Eurodollar Loan**" means a loan to be made by a Bank pursuant to a Eurodollar Auction (including such a loan bearing interest at the Base Rate pursuant to Section 8.02).

"**Competitive Bid Lending Office**" means, as to each Bank, its Domestic Lending Office or such other office, branch or affiliate of such Bank as it may hereafter designate as its Competitive Bid Lending Office by notice to the Company and the Administrative Agent; *provided* that any Bank may from time to time by notice to the Company and the Administrative Agent designate separate Competitive Bid Lending Offices for its Competitive Bid Eurodollar Loans, on the one hand, and its Competitive Bid Rate Loans, on the other hand, in which case all references herein to the Competitive Bid Lending Office of such Bank shall be deemed to refer to either or both of such offices, as the context may require.

"**Competitive Bid Loan**" means a Competitive Bid Eurodollar Loan or a Competitive Bid Rate Loan.

"**Competitive Bid Margin**" has the meaning set forth in Section 2.03(d).

"**Competitive Bid Notes**" means promissory notes of the Company, substantially in the form of Exhibit G-2 hereto, evidencing the obligation of the Company to repay the Competitive Bid Loans, and "**Competitive Bid Note**" means any one of such promissory notes issued hereunder.

"**Competitive Bid Quote**" means an offer by a Bank, in substantially the form of Exhibit D hereto, to make a Competitive Bid Loan in accordance with Section 2.03.

"**Competitive Bid Quote Request**" means the notice, in substantially the form of Exhibit B hereto, to be delivered by the Company in accordance with Section 2.03 in requesting Competitive Bid Quotes.

"**Competitive Bid Rate**" has the meaning set forth in Section 2.03(d).

"**Competitive Bid Rate Loan**" means a Loan to be made by a Bank pursuant to a Rate Auction.

"**Consolidated Subsidiary**" means at any date any Subsidiary the accounts of which would be consolidated with the Company in its consolidated financial statements if such statements were prepared as of such date. For purposes of Section 4.04 and 5.01 and the definition of the term "**Exempt Subsidiary**", Consolidated Subsidiary includes any Exempt Subsidiary.

"**Credit Exposure**" means, with respect to any Bank at any time, (i) the amount of its Commitment (whether used or unused) at such time or (ii) if the Commitments have terminated in their entirety, the aggregate outstanding principal amount of its Loans at such time.

"**Debt**" means all indebtedness for borrowed money, ESOP guarantees and Capitalized Lease Obligations reported as debt in the consolidated financial statements of the Company and the Consolidated Subsidiaries, *plus* all indebtedness for borrowed money and capitalized lease obligations incurred by third parties and guaranteed by the Company or a Consolidated Subsidiary not otherwise reported as debt in such consolidated financial statements.

"**Default**" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"**Designated Lender**" means, with respect to any Designating Bank, an Approved Fund designated by it pursuant to Section 9.09(a) as a Designated Lender for purposes of this Agreement.

"**Designated Representative**" means any officer or employee as shall be so identified in an Officer's Certificate.

"**Designating Bank**" means, with respect to each Designated Lender, the Bank that designated such Designated Lender pursuant to Section 9.09(a).

"**Documentation Agent**" means each of Citicorp USA, Inc., Mizuho Corporate Bank, Ltd. and US Bank, N.A., in its capacity as documentation agent in respect of this Agreement.

"**Dollars**" or "**$**" means lawful currency of the United States.

"**Domestic Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in San Francisco or New York are authorized by law to close.

"**Domestic Lending Office**" means, as to each Bank, its office located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Domestic Lending Office) or such other office as such Bank may hereafter designate as its Domestic Lending Office by notice to the Company and the Administrative Agent.

"**Effective Date**" means the dates the Commitments become effective in accordance with Section 3.01.

"**Eligible Assignee**" means (i) an affiliate of the assignor Bank or (ii) any other financial institution or Approved Fund that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and

similar extensions of credit in the ordinary course of its business, subject in the case of clause (i) to the approval of the Administrative Agent and the Issuing Banks and subject in the case of clause (ii) to the approval of the Administrative Agent and, unless an Event of Default has occurred and is continuing, the Company (each such approval not to be unreasonably withheld or delayed). The withholding of consent to an assignment by the Company shall not be deemed unreasonable if based solely upon the Company's desire to (A) balance relative loan exposures to the assignee among all credit facilities of the Company or (B) avoid payment of any additional amounts payable to the assignee under Article 8 which would arise from such assignment.

"**Environmental Laws**" means any and all applicable federal, state and local statutes, regulations, ordinances, rules, administrative orders, consent decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, hazardous substances, or hazardous wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances, or hazardous wastes.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, and the rules and regulations promulgated thereunder, in each case as in effect from time to time.

"**ERISA Group**" means the Company and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with the Company, are treated as a single employer under Section 414 of the Internal Revenue Code.

"**Eurodollar Auction**" means a solicitation of Competitive Bid Quotes setting forth Competitive Bid Margins based on the Eurodollar Rate pursuant to Section 2.03.

"**Eurodollar Business Day**" means any Domestic Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

"**Eurodollar Lending Office**" means, as to each Bank, its office, branch or affiliate located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Eurodollar Lending Office) or such other office, branch or affiliate of such Bank as it may hereafter designate as its Eurodollar Lending Office by notice to the Company and the Administrative Agent.

"**Eurodollar Loan**" means any Committed Loan in respect of which interest is to be computed on the basis of the Eurodollar Rate.

"**Eurodollar Margin**" means the percentage determined pursuant to Section 2.08(d) and Schedule I.

"**Eurodollar Rate**" means for any Interest Period with respect to any Eurodollar Loan or Competitive Bid Eurodollar Loan:

(a) the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page of the Telerate screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Eurodollar Business Days prior to the first day of such Interest Period, or

(b) if the rate referenced in the preceding subsection (a) does not appear on such page or service or such page of service shall cease to available, the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Eurodollar Business Days prior to the first day of such Interest Period, or

(c) if the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the Administrative Agent as the rate of interest at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request approximately 4:00 p.m. (London time) two Eurodollar Business Days prior to the first day of such Interest Period.

"**Event of Default**" has the meaning set forth in Section 6.01.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Exempt Subsidiary**" means Lockheed Martin Finance Corporation, CalComp Technology, Inc., Space Imaging LLC, Space Imaging Inc. and any other entity of which the Company owns a sufficient number of securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other governing body that is designated as such pursuant to an Officer's Certificate; *provided* that no such designation may be made unless, as of the end of the most recent fiscal quarter prior to such designation, the book value, net of depreciation and amortization and after intercompany eliminations, of the assets of such entity, when aggregated with the book values, net of depreciation and amortization and after intercompany eliminations, of the assets of all Exempt Subsidiaries, other than Lockheed Martin Finance Corporation and CalComp

Technology, Inc., does not exceed 6% of the book value of the total assets of the Company and its Consolidated Subsidiaries. Exempt Subsidiary includes any direct or indirect subsidiary of an Exempt Subsidiary.

"**Existing Credit Agreement**" means the Five-Year Credit Agreement dated as of November 19, 2001, as amended from time to time prior to the Effective Date.

"**Facility Fee**" has the meaning set forth in Section 2.11.

"**Failed Loan**" has the meaning specified in Section 2.04(e).

"**Federal Funds Rate**" means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day, *provided* that (i) if such day is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day, and (ii) if no such rate is so published on such next succeeding Domestic Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Administrative Agent on such day on such transactions as determined by it.

"**Fixed Rate Loans**" means Eurodollar Loans or Competitive Bid Loans (excluding Competitive Bid Eurodollar Loans bearing interest at the Base Rate pursuant to Section 8.02) or any combination of the foregoing.

"**Foreign Person**" has the meaning set forth in Section 8.03(c).

"**Fund**" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"**Governmental Authority**" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"**Indemnitee**" has the meaning set forth in Section 9.04(b).

"**Interest Period**" means: (a) as to each (1) Eurodollar Loan, a period commencing on the date of borrowing specified in the applicable Notice of Borrowing or on the date specified in the applicable Notice of

Conversion/Continuation, and ending one, two, three, six or (as provided in Section 2.08(b)) twelve months thereafter, and (2) Competitive Bid Eurodollar Loan, the period commencing on the date of borrowing specified in the applicable Notice of Borrowing and ending such whole number of months thereafter, in each case as selected by the Company, *provided* that:

(i) any Interest Period (other than an Interest Period determined pursuant to clause (iii) below) which would otherwise end on a day which is not a Eurodollar Business Day shall be extended to the next succeeding Eurodollar Business Day unless such Eurodollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Eurodollar Business Day;

(ii) any Interest Period (other than an Interest Period determined pursuant to clause (iii) below) which begins on the last Eurodollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Eurodollar Business Day of a calendar month; and

(iii) any Interest Period which would otherwise end after the Commitment Termination Date shall end on the Commitment Termination Date; and

(b) as to each Competitive Bid Rate Loan, the period commencing on the date of borrowing specified in the applicable Notice of Borrowing and ending such number of days thereafter (but not less than seven days), in each case as selected by the Company; *provided* that:

(i) any Interest Period (other than an Interest Period determined pursuant to clause (ii) below) which would otherwise end on a day which is not a Eurodollar Business Day shall be extended to the next succeeding Eurodollar Business Day; and

(ii) any Interest Period which would otherwise end after the Commitment Termination Date shall end on the Commitment Termination Date.

"**Internal Revenue Code**" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"**Invitation for Competitive Bid Quotes**" means the notice substantially in the form of Exhibit C hereto to the Banks in connection with the solicitation by the Company of Competitive Bid Quotes.

"**Lien**" means any mortgage, pledge, security interest, lien, or encumbrance.

"**Loan**" and "**Loans**" mean and include each and every loan made by a Bank under this Agreement.

"**Material Adverse Effect**" means a material adverse effect on (a) the ability of the Company, to perform its obligations under this Agreement or any of the Notes, (b) the validity or enforceability of this Agreement or any of the Notes, (c) the rights and remedies of any Bank or the Agents under this Agreement or any of the Notes, or (d) the timely payment of the principal of or interest on the Loans or other amounts payable in connection therewith.

"**Material Debt**" means Debt (other than Loans under this Agreement) of the Company and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, in an aggregate principal amount exceeding $150,000,000.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Multiemployer Plan**" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions.

"**Note**" or "**Notes**" has the meaning set forth in Section 2.06.

"**Notice of Borrowing**" means a Notice of Committed Borrowing (as defined in Section 2.02) or a Notice of Competitive Bid Borrowing (as defined in Section 2.03(f)).

"**Notice of Conversion/Continuation**" has the meaning set forth in Section 2.05.

"**Officer's Certificate**" means a certificate signed by an officer of the Company.

"**Other Taxes**" has the meaning set forth in Section 8.03(b).

"**Parent**" means with respect to any Bank, any Person controlling such Bank.

"**Participant**" has the meaning set forth in Section 9.08(d).

"**PBGC**" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"**Percentage**" means, with respect to any Bank at any time, the percentage which the amount of its Commitment at such time represents of the aggregate amount of all the Commitments at such time. At any time after the Commitments shall have terminated, the term "**Percentage**" shall refer to a Bank's Percentage

immediately before such termination, adjusted to reflect any subsequent assignments pursuant to Section 9.08(b).

"**Person**" means any individual, firm, company, corporation, joint venture, joint-stock company, limited liability company or partnership, trust, unincorporated organization, government or state entity, or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing.

"**Plan**" means at any time an employee pension benefit plan (other than a Multiemployer Plan) that is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group.

"**Post-Default Rate**" means, with respect to any Loan or any interest payment at any date on or after the due date of such Loan or interest payment, a rate per annum equal to the sum of 2% plus the Base Rate for such date.

"**Pricing Schedule**" means the Pricing Schedule attached hereto as Schedule II.

"**Prime Rate**" means the rate of interest in effect for such day as publicly announced from time by Bank of America as its "prime rate." Such rate is a rate set by Bank of America, N.A. based upon various factors including Bank of America, N.A.'s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America, N.A. shall take effect at the opening of business on the day specified in the public announcement of such change.

"**Principal Property**" means, at any time, any manufacturing facility that is located in the United States, is owned by the Company or any of its Subsidiaries, and has a book value, net of any depreciation or amortization, pursuant to the then most recently delivered financial statements, in excess of $15,000,000.

"**Quarterly Date**" means the last day of March, June, September and December in each year, commencing September 30, 2004.

"**Rate Auction**" means a solicitation of Competitive Bid Quotes setting forth Competitive Bid Rates pursuant to Section 2.03.

"**Rating Agency**" means either of Moody's or S&P.

"**Regulation U**" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"**Required Banks**" means at any time and for any specific purpose the Bank or Banks having, in the aggregate, more than 50% of the total Credit Exposures.

"**Restricted Subsidiary**" means (x) any Significant Subsidiary, (y) any Subsidiary that has substantially all of its property located in the United States and that owns a Principal Property and (z) any Subsidiary theretofore designated a Restricted Subsidiary pursuant to the next sentence and not subsequently designated not a Restricted Subsidiary pursuant to the sentence thereafter. If at the end of any fiscal quarter, the aggregate principal amount of Debt of the Company and its Subsidiaries secured by Liens exceeds $150,000,000 and the aggregate total assets (net of depreciation and, amortization, and after intercompany eliminations, but without giving effect, as to any Restricted Subsidiary pursuant to clause (z) above, to assets encumbered by Liens to secure Debt) of the Company and all of its Restricted Subsidiaries ("**Total Restricted Assets**") are less than 85% of the total assets of the Company and its Subsidiaries (net of depreciation and amortization, and after intercompany eliminations, but without giving effect, as to any Restricted Subsidiary pursuant to clause (z) above, to assets encumbered by Liens to secure Debt) ("**Total Assets**"), then the Company shall, not later than the date on which financial statements for the fiscal period then ending are required to be delivered pursuant to this Agreement, designate other Subsidiaries as Restricted Subsidiaries such that, after giving effect thereto, Total Restricted Assets equal or exceed 85% of Total Assets. If at the end of any fiscal quarter, Total Restricted Assets are more than 85% of Total Assets, the Company may designate Restricted Subsidiaries which are not then Restricted Subsidiaries pursuant to clause (x) or (y) above as being no longer Restricted Subsidiaries, *provided* that after giving effect thereto, Total Restricted Assets equal or exceed 85% of Total Assets. Subsidiaries of a Restricted Subsidiary are not Restricted Subsidiaries solely by virtue of such subsidiary status.

"**Retiring Bank**" has the meaning set forth in Section 9.01(a).

"**S&P**" means Standard & Poor's Ratings Services and its successors.

"**Significant Subsidiary**" means a Subsidiary with a book value of total assets, net of depreciation and amortization and after intercompany eliminations, in excess of $150,000,000.

"**Stockholders' Equity**" means consolidated stockholders' equity of the Company and the Consolidated Subsidiaries reported as stockholders' equity on the consolidated balance sheet of the Company and the Consolidated Subsidiaries.

"**Subsidiary**" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the Board of Directors or other persons performing similar functions are at the time

directly or indirectly owned by the Company, other than any such corporation or other entity that is an Exempt Subsidiary.

"**Syndication Agent**" means JPMorgan Chase Bank in its capacity as Syndication Agent in respect of this Agreement.

"**Taxes**" has the meaning set forth in Section 8.03.

"**Total Commitments**" means, at the time for any determination thereof, the aggregate of the Commitments of the Banks.

"**Total Usage**" means, as to any Bank at any time of determination, the sum of (i) the aggregate principal amount of all Committed Loans by such Bank at such time outstanding and (ii) the product derived by multiplying (a) the aggregate principal amount of all Competitive Bid Loans at such time outstanding and (b) such Bank's Percentage.

"**Tranche**" means (i) a group of Competitive Bid Loans borrowed on the same date for the same Interest Period and (ii) a group of Eurodollar Loans which are Committed Loans having the same Interest Period.

"**United States**" means the United States of America, including the States and the District of Columbia, but excluding the Commonwealths, territories and possessions of the United States.

"**Unfunded Liabilities**" means, with respect to any Plan at any time, the amount (if any) by which (i) the present value of all benefits under such Plan exceeds (ii) the fair market value of all Plan assets allocable to such benefits (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or an appointed trustee under Title IV of ERISA.

Section 1.02. *Accounting Terms and Determinations.* Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time applied on a basis consistent (except for changes concurred in by the Company's independent public accountants) with the most recent audited consolidated financial statements of the Company and its Consolidated Subsidiaries delivered to the Banks; *provided* that, if the Company notifies the Syndication Agent that the Company wishes to amend any covenant contained in Article 5 to eliminate the effect of any change after the date hereof in generally accepted accounting principles (which, for purposes of this proviso shall include the generally accepted application or interpretation thereof) on the operation of such covenant (or if the Syndication Agent notifies the Company that the Required Banks wish to amend any such covenant for such

purpose), then the Company's compliance with such covenant shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles is adopted by the Company, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and the Required Banks.

ARTICLE 2
THE CREDITS

Section 2.01. *The Committed Loans*. On or after the Effective Date each of the Banks severally agrees, upon the terms and conditions of this Agreement, to make Loans to the Company under this Section 2.01 from time to time prior to the Commitment Termination Date or the termination in full of such Bank's Commitment, whichever is earlier, such that the Total Usage of such Bank shall at no time exceed such Bank's Commitment in effect at such time. No more than twelve Tranches of Eurodollar Loans and Competitive Bid Loans (as set forth in Section 2.03(b) below) shall be outstanding at any time. Within such limits, the Company may borrow, repay and reborrow under this Section 2.01 Each borrowing from the Banks shall be in an aggregate amount of not less than $10,000,000 and in multiples of $1,000,000.

Section 2.02. *Method of Committed Borrowing*. The Company shall give the Administrative Agent written or telephonic notice (a "**Notice of Committed Borrowing**") no later than 1:00 p.m. (New York time) or, with respect to any Base Rate Loan, 11:00 a.m. (New York time) (i) at least three Eurodollar Business Days before the date of each borrowing hereunder on the basis of the Eurodollar Rate (or at least four Eurodollar Business Days before the date of a borrowing hereunder with an Interest Period of twelve months in accordance with Section 2.08(b)) or, (ii) on the day of each borrowing hereunder on the basis of the Base Rate, specifying in each case the date of such borrowing, which shall be a Domestic Business Day in the case of a Base Rate Loan or a Eurodollar Business Day in the case of a Eurodollar Loan, the amount to be borrowed, any election as between the Base Rate and the Eurodollar Rate, and, if the Eurodollar Rate is elected, a selection of the applicable Interest Period. A written Notice of Committed Borrowing shall be executed by an officer or a Designated Representative and shall be substantially in the form of Exhibit A hereto. A telephonic notice hereunder may only be provided by an officer or a Designated Representative, such notice to be promptly followed by a written Notice of Committed Borrowing executed as set forth above.

Section 2.03. *Competitive Bid Borrowings*. (a) In addition to Committed Loans pursuant to Section 2.01 the Company may, as set forth in this Section 2.03 from time to time prior to the Commitment Termination Date or earlier termination of the Commitments, request the Banks to make offers to make Competitive Bid Loans to the Company, but only to the extent that, after giving

effect thereto, the Total Usage of all Banks does not exceed the Total Commitments. Such Banks may, but shall have no obligation to, make such offers and the Company may, but shall have no obligation to, accept any such offers in the manner set forth in this Section.

(b) When the Company wishes to request offers to make Competitive Bid Loans under this Section, it shall transmit to the Administrative Agent by facsimile transmission a Competitive Bid Quote Request so as to be received no later than 1:00 p.m. (New York time) on (x) the fourth Eurodollar Business Day prior to the date of the Loan proposed therein, in the case of a Eurodollar Auction or (y) the Domestic Business Day next preceding the date of the Loan proposed therein, in the case of a Rate Auction (or, in either case, such other time or date as the Company and the Administrative Agent shall have mutually agreed and shall have notified the Banks not later than the date of the Competitive Bid Quote Request for the first Eurodollar Auction or Rate Auction for which such change is to be effective) specifying:

(i) the proposed funding date of such Loan, which shall be a Eurodollar Business Day in the case of a Eurodollar Auction or a Domestic Business Day in the case of a Rate Auction,

(ii) the aggregate amount of such Loan, which shall be $10,000,000 or a larger multiple of $1,000,000,

(iii) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period,

(iv) the interest payment date or dates applicable thereto, and

(v) whether the Competitive Bid Quotes requested are to set forth a Competitive Bid Margin or a Competitive Bid Rate.

The Company may request offers to make Competitive Bid Loans for more than one Interest Period in a single Competitive Bid Quote Request.

(c) Promptly upon receipt of a Competitive Bid Quote Request, the Administrative Agent shall send to the Banks by facsimile transmission an Invitation for Competitive Bid Quotes, which shall constitute an invitation by the Company to each such Bank to submit Competitive Bid Quotes offering to make the Competitive Bid Loans to which such Competitive Bid Quote Request relates in accordance with this Section.

(d) (i) Each Bank may submit a Competitive Bid Quote containing an offer or offers to make Competitive Bid Loans in response to any Invitation for Competitive Bid Quotes. Each Competitive Bid Quote must comply with the requirements of this subsection (d) and must be submitted to the Administrative Agent by facsimile transmission at its offices specified on the signature pages

hereto not later than (x) 10:45 a.m. (New York time) on the third Eurodollar Business Day prior to the proposed date of borrowing, in the case of a Eurodollar Auction or (y) 9:15 a.m. (New York time) on the proposed date of borrowing, in the case of a Rate Auction (or, in either case, such other time or date as the Company and the Administrative Agent shall have mutually agreed and shall have notified the Banks not later than the date of the Competitive Bid Quote Request for the first Eurodollar Auction or Rate Auction for which such change is to be effective); *provided* that Competitive Bid Quotes submitted by the Administrative Agent (or any affiliate of the Administrative Agent) in the capacity of a Bank may be submitted, and may only be submitted, if the Administrative Agent or such affiliate in the capacity of a Bank notifies the Administrative Agent of the terms of the offer or offers contained therein not later than 15 minutes prior to the deadline for the other Banks. Subject to Articles 3 and 6, any Competitive Bid Quote so made shall be irrevocable except with the written consent of the Administrative Agent given on the instructions of the Company.

(ii) Each Competitive Bid Quote shall specify:

(A) the proposed date of borrowing,

(B) the principal amount of the Competitive Bid Loan for which each such offer is being made, which principal amount (w) may be greater than or less than the Commitment of the quoting Bank, (x) must be $5,000,000 or a larger multiple of $1,000,000, (y) may not exceed the principal amount of Competitive Bid Loans for which offers were requested and (z) may be subject to an aggregate limitation as to the principal amount of Competitive Bid Loans for which offers being made by such quoting Bank may be accepted,

(C) in the case of a Eurodollar Auction, the margin above or below the applicable Eurodollar Rate (the "**Competitive Bid Margin**") offered for each such Competitive Bid Loan, expressed as a percentage (specified to the nearest 1/100th of 1%) to be added to or subtracted from such Eurodollar Rate,

(D) in the case of a Rate Auction, the rate of interest per annum (specified to the nearest 1/100th of 1%) (the "**Competitive Bid Rate**") offered for each such Competitive Bid Loan, and

(E) the identity of the quoting Bank.

A Competitive Bid Quote may set forth up to five separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Competitive Bid Quotes.

(iii) Any Competitive Bid Quote shall be disregarded if it:

(A) is not substantially in conformity with Exhibit D hereto or does not specify all of the information required by subsection (d)(ii);

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bid Quotes; or

(D) arrives after the time set forth in subsection (d)(i).

(e) The Administrative Agent shall promptly notify the Company of the terms (x) of any Competitive Bid Quote submitted by a Bank that is in accordance with subsection (d) and (y) of any Competitive Bid Quote that amends, modifies or is otherwise inconsistent with a previous Competitive Bid Quote submitted by such Bank with respect to the same Competitive Bid Quote Request. Any such subsequent Competitive Bid Quote shall be disregarded by the Administrative Agent unless such subsequent Competitive Bid Quote is submitted solely to correct a manifest error in such former Competitive Bid Quote. The Administrative Agent's notice to the Company shall specify (A) the aggregate principal amount of Competitive Bid Loans for which offers have been received for each Interest Period specified in the related Competitive Bid Quote Request, (B) the respective principal amounts and Competitive Bid Margins or Competitive Bid Rates, as the case may be, so offered and (C) if applicable, any limitations on the aggregate principal amount of Competitive Bid Loans for which offers in any single Competitive Bid Quote may be accepted.

(f) Not later than (x) 1:00 p.m. (New York time) on the third Eurodollar Business Day prior to the proposed date of borrowing, in the case of a Eurodollar Auction, or (y) 11:00 a.m. (New York time) on the proposed date of borrowing, in the case of a Rate Auction (or, in either case, such other time or date as the Company and the Administrative Agent shall have mutually agreed and shall have notified to the Banks not later than the date of the Competitive Bid Quote Request for the first Eurodollar Auction or Rate Auction for which such change is to be effective), the Company shall notify the Administrative Agent by telephonic notice of its acceptance or non-acceptance of the offers so notified to it pursuant to subsection (e). A telephonic notice hereunder may only be provided by an officer or a Designated Representative. In the case of acceptance, such telephonic notice shall be promptly followed by a written notice executed by an officer or a Designated Representative (a "**Notice of Competitive Bid Borrowing**"), substantially in the form of Exhibit E hereto, specifying the aggregate principal amount of offers for each Interest Period that are accepted. The Company may accept any Competitive Bid Quote in whole or in part; provided that:

(i) the aggregate principal amount of each borrowing of Competitive Bid Loans may not exceed the applicable amount set forth in the related Competitive Bid Quote Request,

(ii) the principal amount of each borrowing of Competitive Bid Loans must be $10,000,000 or a larger multiple of $1,000,000,

(iii) acceptance of offers may only be made on the basis of ascending Competitive Bid Margins or Competitive Bid Rates, as the case may be, and

(iv) the Company may not accept any offer that is described in subsection (d)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(g) If offers are made by two or more Banks with the same Competitive Bid Margins or Competitive Bid Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which such offers are accepted for the related Interest Period, the principal amount of Competitive Bid Loans in respect of which such offers are accepted shall be allocated by the Administrative Agent among such Banks as nearly as possible (in multiples of $1,000,000, as the Administrative Agent may deem appropriate) in proportion to the aggregate principal amounts of such offers. Determinations by the Administrative Agent of the amounts of Competitive Bid Loans shall be conclusive in the absence of manifest error.

Section 2.04. *Notice to Banks; Funding of Loans.* (a) Upon receipt of a Notice of Borrowing, the Administrative Agent shall give each Bank prompt notice of each such borrowing, specifying the relevant information including such Bank's portion of such borrowing (if any) and the date on which funds are to be made available. If a Notice of Borrowing is revoked by the Company after receipt thereof by the Administrative Agent, the Company shall be subject to the provisions of Section 2.14.

(b) Not later than 1:00 p.m. (New York time) on the date specified by the Administrative Agent pursuant to Section 2.04(a), each Bank participating therein shall make available its share of such borrowing, in Dollars, in immediately available funds, to the Administrative Agent at its address referred to in Section 9.02. Unless (i) the Administrative Agent has not received a written Notice of Borrowing pursuant to Section 2.02 or 2.03(f) or (ii) the Administrative Agent determines that any applicable condition set forth in Article 3 has not been satisfied, the amounts so received by the Administrative Agent shall be made available immediately upon receipt to the Company by wire transfer in Dollars, in immediately available funds, to an account of the Company maintained at a financial institution located in the United States designated by the Company to the Administrative Agent.

(c) Unless the Administrative Agent shall have received notice from a Bank (x) not later than 1:00 p.m. (New York time) on the date of the borrowing, in the case of Base Rate Loans and (y) at least one Domestic Business Day prior to the date of the borrowing, in the case of any other Loans, that such Bank will not make available to the Administrative Agent such Bank's share of the borrowing, the Administrative Agent may assume that such Bank has made such share available to the Administrative Agent on the date of the borrowing in accordance with subsection (b) of this Section 2.04 and the Administrative Agent may, in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent that such Bank shall not have so made such share available to the Administrative Agent, such Bank and the Company severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Company until the date such amount is repaid to the Administrative Agent, at the Federal Funds Rate. If such Bank shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Bank's Loan for purposes of this Agreement, and the Company shall not be required to repay such amount pursuant to this subsection (c).

(d) The failure of any Bank to make a Loan required to be made by it as part of any borrowing hereunder shall not relieve any other Bank of its obligation, if any, hereunder to make its Loan on the date of such borrowing, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on the date of the borrowing.

(e) If any Bank shall fail to make any Loan (the "**Failed Loan**") which such Bank is otherwise obligated hereunder to make to the Company on the date of borrowing thereof and the Administrative Agent shall not have received notice from the Company or such Bank that any condition precedent to the making of the Failed Loan has not been satisfied, then, until such Bank shall have made or be deemed to have made (pursuant to the last sentence of this subsection (e)) the Failed Loan in full or the Administrative Agent shall have received notice from the Company or such Bank that any condition precedent to the Failed Loan was not satisfied at the time the Failed Loan was to have been made, whenever the Administrative Agent shall receive any amount from the Company for the account of such Bank, (i) the amount so received will, upon receipt by the Administrative Agent, be deemed to have been paid to the Bank in satisfaction of the obligation for which paid, without actual disbursement of such amount to the Bank, (ii) the Bank will be deemed to have made the same amount available to the Administrative Agent for disbursement as a Loan to the Company up to the amount of such Failed Loan and (iii) the Administrative Agent will, accordingly, disburse such amount (up to the amount of the Failed Loan) to the Company or, if the Administrative Agent has previously made such amount available to the Company on behalf of such Bank pursuant to the provisions hereof, reimburse itself (up to the amount of the amount made available to the Company); *provided*,

however, that the Administrative Agent shall have no obligation to disburse any such amount to the Company or otherwise apply it or deem it applied as provided herein unless the Administrative Agent shall have determined in its sole discretion that to so disburse such amount will not violate any law, rule, regulation or requirement applicable to the Administrative Agent. Upon any such disbursement by the Administrative Agent, such Bank shall be deemed to have made a Base Rate Loan to the Company in satisfaction, to the extent thereof, of such Bank's obligation to make the Failed Loan. If and during the time that a Failed Loan shall exist, the Company shall have the right to terminate in full the Commitment of the Bank causing such Failed Loan as provided in Section 9.01(a).

Section 2.05. *Conversion/Continuation of Loans.* (a) With respect to Committed Loans, the Company shall have the option to (i) convert all or any part of (A) outstanding Base Rate Loans equal to $10,000,000 and multiples of $1,000,000 in excess of that amount to Eurodollar Loans and (B) outstanding Eurodollar Loans equal to $10,000,000 and multiples of $1,000,000 in excess of that amount to Base Rate Loans, or (ii) upon the expiration of any Interest Period applicable to outstanding Eurodollar Loans, to continue all or any portion of such Loans equal to $10,000,000 and multiples of $1,000,000 in excess of that amount as Eurodollar Loans. The Interest Period of any Base Rate Loan or Eurodollar Loan converted to a Fixed Rate Loan pursuant to clause (i) above shall commence on the date of such conversion. The succeeding Interest Period of any Fixed Rate Loan continued pursuant to clause (ii) above shall commence on the last day of the Interest Period of the Loan so continued. Eurodollar Loans may only be converted on the last day of the then current Interest Period applicable thereto or on the date required pursuant to Section 8.02.

(b) The Company shall deliver a written or telephonic notice of such continuation or conversion (a "**Notice of Conversion/Continuation**") to the Administrative Agent no later than (y) 1:00 p.m. (New York time) at least three Eurodollar Business Days (four Eurodollar Business Days if the Interest Period is for twelve months) in advance of the date of the proposed conversion to, or continuation of, a Eurodollar Loan, and (z) 11:00 a.m. (New York time) on the day of a conversion to a Base Rate Loan. A written Notice of Conversion/Continuation shall be executed by an officer or a Designated Representative, shall be in substantially the form attached as Exhibit F and shall specify: (i) the proposed conversion/continuation date (which shall be a Eurodollar Business Day in the case of a Eurodollar Loan or a Domestic Business Day in the case of a Base Rate Loan), (ii) the aggregate amount of the Loans being converted/continued, (iii) an election between the Base Rate and the Eurodollar Rate and (iv) in the case of a conversion to, or a continuation of Eurodollar Loans, the requested Interest Period. A telephonic Notice of Conversion/Continuation may only be provided by an officer or a Designated Representative, which notice must be promptly followed by a written Notice of Conversion/Continuation executed as set forth above. Upon receipt of a Notice of Conversion/Continuation, the Administrative Agent shall give each Bank prompt

notice of the contents thereof and such Bank's pro rata share of all conversions and continuations requested therein. If no timely Notice of Conversion/Continuation is delivered by the Company as to any Eurodollar Loan and such Loan is not repaid by the Company at the end of the applicable Interest Period, such Loan shall be converted to a Base Rate Loan.

Section 2.06. *Loan Accounts and Notes.* (a) Except as provided in subsection (b) below, the Committed Loans and Competitive Bid Loans of each Bank shall be evidenced by a loan account in the Company's name maintained by such Bank and the Administrative Agent in the ordinary course of business. Such loan account maintained by the Administrative Agent shall be conclusive evidence absent manifest error of the amount of the Loan made by such Bank to the Company, the interest accrued and payable thereon and all interest and principal payments made thereon. Any failure so to record or any error in doing so shall in no way limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans.

(b) Upon written request made to the Syndication Agent by a Bank, the Company shall deliver to the Syndication Agent for such Bank a single Committed Note and a single Competitive Bid Note, if applicable, evidencing the Committed Loans and the Competitive Bid Loans, respectively, of such requesting Bank, payable to the order of each such Bank for the account of its Applicable Lending Office. Each such Note shall be in substantially the form of Exhibit G-1 or G-2 hereto, as appropriate. Each reference in this Agreement to the "**Note**" or "**Notes**" of such Bank shall be deemed to refer to and include any or all of such Notes, as the context may require.

(c) Upon receipt from the Company of the requesting Bank's Notes, the Syndication Agent shall forward such Notes to such Bank. Such Bank shall record the date and amount of each Loan made by it and the date and amount of each payment of principal made by the Company with respect thereto, and may, if such Bank so elects in connection with any transfer or enforcement of its Notes, endorse on the schedule forming a part thereof appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding; *provided* that the failure of any Bank that has requested a Note or Notes to make any such recordation or endorsement shall not affect the obligations of the Company hereunder or under the Note(s). Each Bank that receives a Note or Notes from the Company is hereby irrevocably authorized by the Company to so endorse its Note(s) and to attach to and make a part of its Note(s) a continuation of any such schedule as and when required.

Section 2.07. *Payment of Principal.* (a) Each Committed Loan shall fall due and be paid as to principal (i) on the Commitment Termination Date and (ii) on any date that the aggregate Total Usage of all Banks then outstanding exceeds Total Commitments, but ratably only to the extent of such excess.

(b) Each Competitive Bid Loan shall fall due and be paid as to principal on the last day of the Interest Period applicable to such Loan.

Section 2.08. *Interest.* Payment of interest on the Loans shall be in accordance with the following:

(a) Interest shall, subject to any decrease or increase pursuant to clause (d) of this Section 2.08, accrue (y) on each Base Rate Loan for each day at a rate per annum equal to the Base Rate for such day and (z) on each Eurodollar Loan for each day during each period commencing on the first day of an Interest Period therefor to but excluding the last day of such Interest Period, at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period plus the Eurodollar Margin for such day, all as selected and specified in a notice to the Administrative Agent furnished pursuant to Section 2.02 or Section 2.05; *provided* that:

(i) each selection by the Company as between the Base Rate and the Eurodollar Rate shall be made, as among the Banks, pro rata in accordance with their respective Commitments, except as variation from such pro-rationing may be required by virtue of suspension as to a particular Bank of its Commitment to make Eurodollar Loans, as contemplated by Section 8.02(a); and

(ii) subject to the other provisions of this Section 2.08 there may be outstanding hereunder at the same time Committed Loans (or portions thereof) which are Base Rate Loans and other Committed Loans (or portions thereof) which are Eurodollar Loans.

(b) If requested to do so by the Company, through the Administrative Agent, at least six Eurodollar Business Days before the beginning of any Interest Period applicable to a Eurodollar Loan, each Bank will advise the Company, through the Administrative Agent, before 10:00 a.m. (New York time) four Eurodollar Business Days preceding the beginning of such Interest Period, as to whether such Bank consents to the selection by the Company of a duration of twelve months for such Interest Period. If, but only if, all of the Banks so consent, the Company shall be entitled to select a duration of twelve months for such Interest Period pursuant to Section 2.02 or 2.05.

(c) Interest accrued on a Base Rate Loan shall be paid on each Quarterly Date and on the Commitment Termination Date (or earlier date of termination of the Commitments in their entirety). Interest accrued on a Eurodollar Loan shall be paid (i) on the last day of the Interest Period for such Loan, (ii) in the case of a Eurodollar Loan with an Interest Period of more than three months, at intervals of three months from the first day of such Interest Period and (iii) on the date of any prepayment pursuant to Section 2.09 or conversion pursuant to Section 8.02 (but only to the extent accrued with respect to the amount being prepaid or converted). Interest accrued on a Competitive Bid Loan shall be paid on the last day of the

Interest Period for such Loan, the date of any prepayment pursuant to Section 2.09 or conversion pursuant to Section 8.02 or as provided in the Competitive Bid Quote Request for such Loan.

(d) The Eurodollar Margin shall be determined by reference to the senior unsecured long-term debt ratings of the Company by S&P and Moody's, as specified on Schedule I hereto. Any change in the Eurodollar Margin shall become effective on the day on which such a Rating Agency shall publicly announce a change in such rating.

(e) Subject to Section 8.02, each Competitive Bid Eurodollar Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period (determined as if the Competitive Bid Eurodollar Loan were a Eurodollar Loan) plus (or minus) the Competitive Bid Margin quoted by the Bank making such Loan in accordance with Section 2.03. Each Competitive Bid Rate Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the Competitive Bid Rate quoted by the Bank making such Loan in accordance with Section 2.03.

(f) Interest on past-due principal and interest shall accrue at the Post-Default Rate during the period from and including the due date thereof to but excluding the date that such amount is paid and shall be payable on demand.

(g) The Administrative Agent shall determine, in accordance with the provisions of this Agreement, each Base Rate and Eurodollar Rate applicable to the Loans hereunder. The Administrative Agent shall give prompt notice to the Company and the Banks of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(h) Interest on Fixed Rate Loans and Base Rate Loans (if the Federal Funds Rate is the basis for the effective rate of interest) shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed, calculated as to each Interest Period (or period ending on a repayment date or date of conversion to a Eurodollar Loan or prepayment date selected pursuant to Section 2.09 or required pursuant to Section 8.02) from and including the first day thereof to but excluding the last day thereof. Interest on Base Rate Loans (if the Prime Rate is the effective rate of interest) shall be computed on the basis of a year of 365 or 366 days, as the case may be, and paid for the actual number of days elapsed, calculated from and including the date of such Base Rate Loan to but excluding the date of repayment or conversion of such Loan to a Fixed Rate Loan.

Section 2.09. *Optional Prepayments.* (a) The Company may, upon notice to the Administrative Agent not later than 11:30 a.m. (New York time) on the date of such prepayment, prepay Base Rate Loans (without penalty or premium), or any Competitive Bid Loan bearing interest at the Base Rate pursuant to Section

8.02 (without penalty or premium), in whole at any time, or from time to time in part in amounts aggregating not less than $10,000,000.

(b) Subject to Section 2.14, the Company may, upon at least three Eurodollar Business Days' notice to the Administrative Agent, prepay Eurodollar Loans, in whole at any time, or from time to time in part in amounts aggregating not less than $10,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment.

(c) Except as provided in subsection (a) above, the Company may not prepay all or any portion of the principal amount of any Competitive Bid Loan prior to the maturity thereof.

(d) Upon receipt of a notice of prepayment, the Administrative Agent shall give each Bank prompt notice of the contents thereof and the amount of such Bank's Loans being prepaid pursuant thereto.

Section 2.10. *General Provisions as to Payments.* (a) All payments by the Company of principal, interest, Facility Fee and other charges under this Agreement shall be made not later than 2:00 p.m. (New York time) on the date when due, in Dollars, in immediately available funds, without set-off, counterclaim or deduction, to the Administrative Agent at its address referred to in Section 9.02. If a Fed-Wire reference or tracer number for any such payment has been received, from the Company or otherwise, by the Administrative Agent by that time the Company will not be penalized for a payment received after 2:00 p.m. (New York time). The Administrative Agent will promptly distribute to each Bank its ratable share of each such payment received by the Administrative Agent for the account of the Banks. Whenever any payment of principal of, or interest on, the Base Rate Loans, the Competitive Bid Rate Loans or of the Facility Fee or any other amounts payable to the Banks hereunder shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day. Whenever any payment of principal of, or interest on, the Eurodollar Loans or the Competitive Bid Eurodollar Loans shall be due on a day which is not a Eurodollar Business Day, the date for payment thereof shall be extended to the next succeeding Eurodollar Business Day unless such Eurodollar Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Eurodollar Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(b) Unless the Administrative Agent shall have received notice from the Company prior to the date on which any payment is due to the Banks hereunder that the Company will not make such payment in full, the Administrative Agent may assume that the Company has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an

amount equal to the amount then due such Bank. If and to the extent that the Company shall not have so made such payment, each Bank shall repay to the Administrative Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Administrative Agent, at the Federal Funds Rate.

Section 2.11. *Fees.* (a) Commencing on the Effective Date, the Company agrees to pay to the Banks a facility fee (the "**Facility Fee**") on the daily actual aggregate amount of the Facility Fee Base at a rate per annum determined by reference to the senior unsecured long-term debt ratings of the Company by S&P and Moody's, as specified on Schedule I hereto. Any change in the Facility Fee shall become effective on the day on which such a Rating Agency publicly announces a change in such rating. Notwithstanding the foregoing, Facility Fees in respect of the Facility Fee Base, as defined below, of any Bank shall cease to accrue, and accrued but unpaid Facility Fees shall be payable, on the date (if any) on which such Bank's Facility Fee Base is reduced to zero pursuant hereto. For this purpose the "**Facility Fee Base**" is the aggregate amount of the Credit Exposures; *provided* that following termination of the Commitments, the Facility Fee Base at any date shall not include any principal amounts bearing interest at such date at the Post Default Rate.

(b) Facility Fees payable pursuant to this Section 2.11 shall be computed on the basis of a year of 365 days (or 366 days in a leap year) for the actual number of days elapsed. Facility Fees shall be payable in arrears on each Quarterly Date during the period from and including the Effective Date to but excluding the date the Facility Fee Base is reduced to zero and on the date the Facility Fee Base is reduced to zero and shall be paid by the Company to the Administrative Agent for the account of the Banks.

Section 2.12. *Reduction or Termination of Commitments.* The Company shall have the right at any time or from time to time, upon not less than three Domestic Business Days' prior written notice to the Administrative Agent, to terminate the Commitments of the Banks, in whole or in part, provided that each partial termination shall be in an aggregate amount of not less than $25,000,000 and a multiple of $5,000,000, and shall reduce the Commitments of the applicable Banks proportionately (the signature pages hereto shall be deemed to be amended to reflect the reduction in such Commitment); and *provided further* that after giving effect to any such termination or reduction and any prepayment or repayment of the Loans on or before the effective date thereof, the Total Usage of each Bank shall not exceed its Commitment as so reduced (or shall be zero in the case of the termination of the Commitments). The Administrative Agent shall give prompt written notice to each Bank of each such reduction or termination. The Commitment of a Bank may also be terminated under the provisions of Section 9.01(a).

Section 2.13. *Lending Offices.* Each Loan shall be made and maintained by the Applicable Lending Office of each respective Bank. Subject to the provisions of Sections 8.01, 8.02 and 9.08(d), each Bank may transfer any Loan to or designate a different office of itself or any subsidiary or affiliate and such office shall thereupon become an Applicable Lending Office.

Section 2.14. *Reimbursement.* The Company shall reimburse each Bank for all reasonable out-of-pocket costs and expenses, including the cost of any liquidation and redeployment of funds borrowed by such Bank (but excluding loss of margin for the period after any payment, conversion or failure to borrow, convert or continue as described herein), in the event that the Company makes any payment of principal with respect to, or converts, any Fixed Rate Loan on any day other than the last day of an Interest Period applicable thereto (pursuant to Section 2.09 or otherwise) or any borrowing, conversion, continuation or prepayment notified to the Banks pursuant to Section 2.02, 2.03, 2.05 or 2.09(b) relative to Fixed Rate Loans shall not be consummated because of the Company's failure to satisfy one or more of the applicable conditions precedent in Article 3 or because the Company fails to borrow, convert, continue or prepay at the specified time. Any Bank requesting reimbursement from the Company for such costs and expenses pursuant to this Section 2.14 shall provide the Company through the Administrative Agent with the calculation of the amount of such costs and expenses in reasonable detail.

ARTICLE 3
CONDITIONS

Section 3.01. *Conditions to Effectiveness.* The Commitments shall become effective on the date that each of the following conditions shall have been satisfied (or waived in accordance with Section 9.07):

(a) *Counterparts*. The Administrative Agent and the Syndication Agent shall have received counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, telegraphic, telex, facsimile transmission or other written confirmation from such party of execution of a counterpart hereof by such party).

(b) *Account*. The Company shall have designated in writing to the Administrative Agent its account pursuant to Section 2.04(b).

(c) *Signatures*. The Company shall have certified the name and signature of each officer authorized to sign this Agreement and any Notes on its behalf and each Designated Representative authorized to give Notices of Borrowing or give Notices of Conversion/Continuation under this Agreement. The Banks may conclusively rely on such certification until they respectively receive notice in writing to the contrary.

(d) *Opinion of Company Counsel*. The Administrative Agent and the Syndication Agent shall have received (i) an opinion of King & Spalding, special counsel for the Company, substantially in the form of Exhibit H-1 hereto, and (ii) an opinion of the General Counsel, the Associate General Counsel or an Assistant General Counsel of the Company, substantially in the form of Exhibit H-2 hereto; the Company hereby expressly instructs each such counsel to prepare such opinion for the benefit of the Agents and the Banks.

(e) *Opinion of Bank Counsel*. The Administrative Agent and the Syndication Agent shall have received an opinion of Davis Polk & Wardwell, special counsel for the Agents, substantially in the form of Exhibit I hereto.

(f) *Proof of Corporate Action*. The Company shall have delivered copies certified by (i) its Secretary or an Assistant Secretary of its Charter and Bylaws and of all corporate action taken by the Company to authorize the execution, delivery and performance of this Agreement and the Notes and the borrowing hereunder.

(g) *Fees*. The Banks and the Agents shall have received the fees, as otherwise agreed to by them and the Company, then or theretofore payable.

(h) *Existing Credit Agreement*. Each of the Administrative Agent and the Syndication Agent shall have received evidence satisfactory to it of the payment of all principal and interest on any loans outstanding under, and of all other amounts payable under, the Existing Credit Agreement;

provided that this Agreement shall not become effective or be binding unless all of the foregoing conditions are satisfied no later than July 30, 2004. The Administrative Agent shall promptly notify the Company and the Banks of the Effective Date, and such notice shall be conclusive and binding on all parties hereto. The Banks that are parties to the Existing Credit Agreement, comprising the "**Required Banks**" as defined in the Existing Credit Agreement, and the Company agree to eliminate the requirement under Section 2.12 of the Existing Credit Agreement that notice of optional termination of the commitments thereunder be given three Domestic Business Days in advance, and further agree that the commitments under the Existing Credit Agreement shall terminate in their entirety simultaneously with and subject to the effectiveness of this Agreement and that the Company shall be obligated to pay the accrued facility fees thereunder to but excluding the date of such effectiveness.

Section 3.02. *Conditions to All Loans.* The obligation of each Bank to make each Loan to be made by it on or after the Effective Date (including the initial Loan) is subject to the following conditions precedent:

(a) *Events of Default, etc*. No Event of Default shall have occurred and be continuing; and except as otherwise described by the Company in a writing to the Syndication Agent and waived by the Required Banks, the representations of

the Company in Article 4 (other than Sections 4.04(c), 4.05, 4.11 and 4.12) shall be true on and as of the date of such Loan with the same force and effect as if made on and as of such date. Notwithstanding the foregoing, for purposes of the representations of the Company in Article 4 in respect of any Loans to be made on the Effective Date, the limitation in the parenthetical included in the previous sentence shall not apply.

(b) *Company Representation*. Each Notice of Borrowing or Notice of Issuance given by the Company shall constitute a representation by the Company as to the satisfaction in respect of such borrowing or issuance of the conditions referred to in Section 3.02(a).

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

The Company represents and warrants that:

Section 4.01. *Corporate Existence and Power.* Each of the Company and its Restricted Subsidiaries is a corporation duly organized and validly existing under the laws of the state of its incorporation without limitation on the duration of its existence, is in good standing therein, and is duly qualified to transact business in all jurisdictions where such qualification is necessary, except for such jurisdictions where the failure to be so qualified or licensed will not be reasonably likely to have a Material Adverse Effect; the Company has corporate power to enter into and perform this Agreement; and the Company has the corporate power to borrow Loans and issue Notes as contemplated by this Agreement.

Section 4.02. *No Contravention.* The execution and delivery by the Company of this Agreement and any Notes and the performance by the Company of its respective obligations under this Agreement and any Notes, do not contravene, or constitute a default under, any provision of applicable law or regulation or such corporation's Charter or Certificate of Incorporation, as the case may be, or Bylaws or any indenture, agreement, instrument, judgment or order to which the Company is a party or by which it or any of its material assets or properties may be bound or affected which would be reasonably likely to have a Material Adverse Effect.

Section 4.03. *Corporate Authorization; Binding Effect.* The Company has taken all corporate action necessary to authorize its execution and delivery of this Agreement and any Notes and the consummation of the transactions contemplated hereby; this Agreement and any Notes constitute the valid and binding agreements of the Company enforceable against the Company in accordance with their respective terms, except to the extent limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws of general application relating to or affecting the enforcement of creditors' rights or by general equitable principles.

Section 4.04. *Financial Information.* (a) The consolidated balance sheets of the Company and its Consolidated Subsidiaries as of December 31, 2003 and 2002 and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the years then ended, audited by Ernst & Young LLP and set forth in the Company's 2003 Form 10-K, a copy of which has been made available to each of the Banks, present fairly, in all material respects, the consolidated financial position of the Company and its Consolidated Subsidiaries as of such dates and the consolidated results of their operations and their cash flows for each of the years then ended in conformity with generally accepted accounting principles.

(b) The unaudited consolidated balance sheet of the Company and its Consolidated Subsidiaries as of March 31, 2004 and the related unaudited consolidated statements of income and cash flows for the three months then ended, set forth in the Company's March 31, 2004 Form 10-Q, a copy of which has been made available to each of the Banks, present fairly, in all material respects, on a basis consistent with the financial statements referred to in subsection (a) of this Section, the consolidated financial position of the Company and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such nine-month period (subject to normal year end adjustments).

(c) Since December 31, 2003, there has occurred no change in the consolidated financial condition of the Company and its Consolidated Subsidiaries which would be reasonably likely to have a Material Adverse Effect.

Section 4.05. *Litigation; Taxes.* (a) There are no suits, actions or proceedings pending, or to the knowledge of any member of the Company's legal department threatened, against or affecting the Company or any Subsidiary, the adverse determination of which is reasonably likely to occur, and if so adversely determined would be reasonably likely to have a Material Adverse Effect.

(b) The Company and each Subsidiary have filed all material tax returns which to the knowledge of any member of the Company's tax department were required to be filed and have paid or have adequately provided for all taxes shown thereon to be due, including interest and penalties, except for (i) those not yet delinquent, (ii) those the nonpayment of which would not be reasonably likely to have a Material Adverse Effect and (iii) those being contested in good faith and adequately covered by reserves.

Section 4.06. *Margin Regulations.* No part of the proceeds of any Loan will be used in a manner which would violate, or result in a violation of, Regulation U.

Section 4.07. *Governmental Approvals.* No consent, approval, authorization, permit or license from, or registration or filing with, any Governmental Authority is required in connection with the making of this

Agreement, with the exception of routine periodic filings made under the Exchange Act and the filing of International Capital Form CQ-1's.

Section 4.08. *Pari Passu Obligations.* Under applicable United States laws (including state and local laws) in force at the date hereof, the claims and rights of the Banks and the Agents against the Company under this Agreement and the Notes will not be subordinate to, and will rank at least *pari passu* with, the claims and rights of any other unsecured creditors of the Company (except to the extent provided by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights and by general principles of equity).

Section 4.09. *No Defaults.* The payment obligations of the Company and the Restricted Subsidiaries in respect of any Material Debt are not overdue.

Section 4.10. *Full Disclosure.* All information furnished to the Banks in writing prior to the date hereof in connection with the transactions contemplated hereby does not, collectively, contain any misstatement of a material fact or omit to state a fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading in any material respect on and as of the date hereof.

Section 4.11. *ERISA.* Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in substantial compliance in all material respects with the presently applicable material provisions of ERISA and the Internal Revenue Code with respect to each Plan. No member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan or Multiemployer Plan or made any amendment to any Plan which, in either case has resulted or could result in the imposition of a material Lien or the posting of a material bond or other material security under ERISA or the Internal Revenue Code or (iii) incurred any material liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

Section 4.12. *Environmental Matters.* The financial statements described in Section 4.04 provide certain information regarding the current and potential obligations arising from various consent decrees, cleanup and abatement orders, and current or potential proceedings pertaining to actual or alleged soil and water contamination, disposal of hazardous wastes, and other environmental matters related to properties currently owned by the Company or its Restricted Subsidiaries, previously owned properties, and other properties. Since December 31, 2003, environmental matters have not caused any material adverse change in the consolidated financial condition of the Company and the Consolidated Subsidiaries from that shown by such financial statements.

In the ordinary course of business, the ongoing operations of the Company and its Restricted Subsidiaries are reviewed from time to time to determine compliance with applicable Environmental Laws. Based on these reviews, to the knowledge of the Company, ongoing operations at the Principal Properties are currently being conducted in substantial compliance with applicable Environmental Laws except to the extent that noncompliance would not be reasonably likely to result in a material adverse change in the consolidated financial condition of the Company and the Consolidated Subsidiaries.

ARTICLE 5
COVENANTS

From the Effective Date and so long as any Bank has any Credit Exposure under this Agreement, the Company agrees that, unless the Required Banks shall otherwise consent in writing:

Section 5.01. *Information.* The Company will deliver to the Administrative Agent for each of the Banks:

(a) as soon as available and in any event within 60 days after the end of each of its first three quarterly accounting periods in each fiscal year, consolidated statements of earnings and cash flows of the Company and the Consolidated Subsidiaries for the period from the beginning of such fiscal year to the end of such fiscal period and the related consolidated balance sheet of the Company and the Consolidated Subsidiaries as at the end of such fiscal period, all in reasonable detail (it being understood that delivery of such statements as filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this subsection);

(b) as soon as available and in any event within 120 days after the end of each fiscal year, consolidated statements of earnings and cash flows of the Company and the Consolidated Subsidiaries for such year and the related consolidated balance sheets of the Company and the Consolidated Subsidiaries as at the end of such year, all in reasonable detail and accompanied by an opinion of independent public accountants of recognized standing selected by the Company as to such consolidated financial statements (it being understood that delivery of such statements as filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this subsection);

(c) promptly after their becoming available:

(i) copies of all financial statements, stockholder reports and proxy statements that the Company shall have sent to its stockholders generally; and

(ii) copies of all registration statements filed by the Company under the Securities Act of 1933, as amended (other than registration statements on Form S-8 or any registration statement filed in connection with a dividend reinvestment plan), and regular and periodic reports, if any, which the Company shall have filed with the Securities and Exchange Commission (or any governmental agency or agencies substituted therefor) under Section 13 or Section 15(d) of the Exchange Act, or with any national or international securities exchange (other than those on Form 11-K or any successor form);

(d) from time to time, with reasonable promptness, but subject to restrictions imposed by applicable security clearance regulations, such further information regarding the business and financial condition of the Company and its Subsidiaries as any Bank may reasonably request through the Syndication Agent;

(e) prompt notice of the occurrence of any Default; and

(f) prompt notice of all litigation and of all proceedings before any governmental or regulatory agency pending (or, to the knowledge of the General Counsel of the Company, threatened) and affecting the Company or any Restricted Subsidiary, except litigation or proceedings which, the adverse determination of which is not reasonably likely to occur, or which, if so adversely determined, would not be reasonably likely to result in a Material Adverse Effect.

Each set of financial statements delivered pursuant to clause (a) or clause (b) of this Section 5.01 shall be accompanied by a certificate in the form attached hereto as Exhibit J signed by a financial officer of the Company (i) stating that such officer has no knowledge, except as specifically stated, of any Default and (ii) including the computations showing whether the Company was, at the end of the relevant fiscal period, in compliance with the provisions of Section 5.09).

Information required to be delivered pursuant to clauses (a), (b) or (c) above which is filed by the Company with the Securities and Exchange Commission shall be deemed to have been delivered (x) in the case of clauses (a) and (b), on the date when so filed (it being understood that deemed delivery does not affect the requirement of a certificate as set forth in the preceding paragraph) and (y) in the case of clause (c), on the date on which the Company provides notice to the Administrative Agent (which shall promptly advise the Banks of such notice) that such information has been posted on the Company's website on the Internet at the website address listed on the signature pages hereof, at sec.gov/edaux/searches.htm or at another website identified in such notice and accessible by the Banks without charge; *provided* that (i) such notice may be included in a certificate delivered pursuant to the preceding paragraph and (ii) the Company shall deliver paper copies of the information referred to in clauses (a), (b) or (c) to the Administrative Agent for any Bank which requests such delivery.

Section 5.02. *Payment of Obligations.* The Company will pay and discharge, and will cause each Restricted Subsidiary to pay and discharge, all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any property belonging to it, prior to the date on which penalties attach thereto, and all lawful material claims which, if unpaid, might become a Lien upon the property of the Company or such Restricted Subsidiary; *provided* that neither the Company nor any such Restricted Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim (i) the payment of which is being contested in good faith and by proper proceedings, (ii) not yet delinquent or (iii) the non-payment of which, if taken in the aggregate, would not be reasonably likely to result in a Material Adverse Effect.

Section 5.03. *Insurance.* The Company will maintain, and will cause each Restricted Subsidiary to maintain, insurance from responsible companies in such amounts and against such risks as is customarily carried by owners of similar businesses and properties in the same general areas in which the Company or such Restricted Subsidiary operates or, to the customary extent, self-insurance.

Section 5.04. *Maintenance of Existence.* The Company will preserve and maintain, and will cause each Restricted Subsidiary to preserve and maintain, its corporate existence and all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business, and conduct its business in an orderly, efficient and regular manner. Nothing herein contained shall prevent the termination of the business or corporate existence of any Subsidiary which in the judgment of the Company is no longer necessary or desirable, a merger or consolidation of a Subsidiary into or with the Company (if the Company is the surviving corporation) or another Subsidiary or any merger, consolidation or transfer of assets permitted by Section 5.07, as long as immediately after giving effect to any such transaction, no Default shall have occurred and be continuing.

Section 5.05. *Maintenance of Properties.* The Company will keep, and will cause each Restricted Subsidiary to keep, all of its properties necessary, in the judgment of the Company, in its business in good working order and condition, ordinary wear and tear excepted. Nothing in this Section 5.05 shall prevent the Company or any Restricted Subsidiary from discontinuing the operation or maintenance, or both the operation and maintenance, of any properties of the Company or any such Restricted Subsidiary if such discontinuance is, in the judgment of the Company (or such Restricted Subsidiary), desirable in the conduct of its business.

Section 5.06. *Compliance with Laws.* The Company will comply, and will cause each Restricted Subsidiary to comply, with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority, a breach of which would be reasonably expected to have a Material Adverse Effect, except where contested in good faith and by proper proceedings.

Section 5.07. *Mergers, Consolidations and Sales of Assets.* (a) The Company shall not consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(i) the Company or another solvent corporation that is incorporated under the laws of the United States, any state thereof or the District of Columbia is the surviving corporation of any such consolidation or merger or is the Person that acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety;

(ii) if a Person other than the Company is the surviving corporation as described in subsection (i) above or is the Person that acquires the property and assets of the Company substantially as an entirety, it shall expressly assume the performance of every covenant of this Agreement and of the Notes on the part of the Company, as the case may be, to be performed or observed;

(iii) immediately after giving effect to such transaction, no Default shall have occurred and be continuing; and

(iv) if the Company is not the surviving corporation, the Company has delivered to the Syndication Agent an Officer's Certificate and a legal opinion of its General Counsel, Associate General Counsel or Assistant General Counsel, upon the express instruction of the Company for the benefit of the Syndication Agent and the Banks, each stating that such transaction complies with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with.

(b) Upon any consolidation by the Company with, or merger by the Company into, any corporation described in Section 5.07(a)(i) or any conveyance or transfer of the properties and assets of the Company substantially as an entirety to any corporation described in Section 5.07(a)(i), such corporation into which the Company is merged or consolidated or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of the Company, under this Agreement with the same effect as if such corporation had been named as the Company, herein, and thereafter, in the case of a transfer or conveyance permitted by Section 5.07(a), the Company, shall be relieved of all obligations and covenants under this Agreement and the Notes.

Section 5.08. *Limitation on Liens.* The Company will not, and will not permit any Restricted Subsidiary to, create or suffer to exist any Lien upon any of its assets, now owned or hereafter acquired, securing any Debt; *provided, however*, that the foregoing restrictions shall not apply to:

(a) Liens on any assets owned by the Company or any Restricted Subsidiary existing at the date of this Agreement;

(b) Liens on assets of a corporation or other entity existing at the time such corporation or other entity is merged into or consolidated with the Company or a Restricted Subsidiary (to the extent applicable, in accordance with Section 5.07) or at the time of a purchase, lease or other acquisition of the assets of a corporation or other entity as an entirety or substantially as an entirety by the Company or a Restricted Subsidiary, whether or not any indebtedness secured by such Liens is assumed by the Company or such Restricted Subsidiary;

(c) Liens on assets of a corporation or other entity existing at the time such corporation or other entity becomes a Restricted Subsidiary;

(d) Liens securing Debt of a Restricted Subsidiary owing to the Company or to another Restricted Subsidiary;

(e) materialmen's, suppliers', tax or other similar Liens arising in the ordinary course of business securing obligations which are not overdue or are being contested in good faith by appropriate proceedings; and Liens arising by operation of law in favor of any lender to the Company or any Restricted Subsidiary in the ordinary course of business constituting a banker's lien or right of offset in moneys of the Company or a Restricted Subsidiary deposited with such lender in the ordinary course of business;

(f) Liens on assets existing at the time of acquisition of such assets by the Company or a Restricted Subsidiary, or Liens to secure the payment of all or any part of the purchase price of assets upon the acquisition of such assets by the Company or a Restricted Subsidiary or to secure any Debt incurred or guaranteed by the Company or a Restricted Subsidiary prior to, at the time of, or within one year after the later of the acquisition, completion of construction (including any improvements on an existing asset) or commencement of full operation of such asset, which Debt is incurred or guaranteed for the purpose of financing all or any part of the purchase price thereof or construction or improvements thereon, and which Debt may be in the form of obligations incurred in connection with industrial revenue bonds or similar financings and letters of credit issued in connection therewith; *provided*, however, that in the case of any such acquisition, construction or improvement the Lien shall not apply to any asset theretofore owned by the Company or a Restricted Subsidiary, other than, in the case of any such construction or improvement, any theretofore unimproved real property on which the property so constructed or the improvement made is located;

(g) Liens in favor of any customer (including any Governmental Authority) to secure partial, progress, advance or other payments or performance pursuant to any contract or statute or to secure any related indebtedness or to secure Debt guaranteed by a Governmental Authority;

(h) Liens on cash or certificates of deposit or other bank obligations in an amount substantially equal in value (at the time such Liens are created) to, and securing, indebtedness in an aggregate principal amount not in excess of $300,000,000 (or the equivalent amount in a different currency);

(i) Liens equally and ratably securing the Loans and such Debt; *provided* that the Required Banks may, in their sole discretion, refuse to take any Lien on any asset (which refusal will not limit the Company's or any Restricted Subsidiary's ability to incur a Lien otherwise permitted by this Section 5.08(i)); such Lien may equally and ratably secure the Loans and any other obligation of the Company or any of its Subsidiaries, other than an obligation that is subordinated to the Loans;

(j) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in the foregoing; *provided, however*, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or part of the asset which secured the Lien so extended, renewed or replaced (plus improvements and construction on such asset); and

(k) Liens securing Debt in an aggregate amount that, together with all other Debt of the Company and its Restricted Subsidiaries that is secured by Liens not otherwise permitted under subsections (a) through (j) above (if originally issued, assumed or guaranteed at such time), does not at the time exceed the greater of 10% of Stockholders' Equity as of the end of the fiscal quarter preceding the date of determination or $1,000,000,000. For purpose of this Section 5.08(k), the term "**Consolidated Subsidiaries**" in the definition of Stockholders' Equity includes any Exempt Subsidiaries.

This covenant shall not apply to any "**margin stock**" within the meaning of Regulation U in excess of 25% in value of the assets covered by this covenant. For the avoidance of doubt, the creation of a security interest arising solely as a result of, or the filing of UCC financing statements in connection with, any sale by the Company or any of its Subsidiaries of accounts receivable not prohibited by Section 5.07 shall not constitute a Lien prohibited by this covenant.

Section 5.09. *Leverage Ratio.* The Company will not permit, as of the last day of any fiscal quarter, the ratio of (a) Debt to (b) the sum of Debt and Stockholders' Equity, each, on a consolidated basis to exceed 65.0%. For purposes of this Section 5.09, (i) the term "Consolidated Subsidiaries" in the definitions of Debt and Stockholders' Equity includes any Exempt Subsidiaries, and (ii) Debt will exclude up to (x) $150,000,000 of Debt of Lockheed Martin Finance Corporation and (y) $500,000,000 of Debt consisting of guarantees.

Section 5.10. *Use of Facility.* The Company will use the proceeds of the Loans for any lawful corporate purposes.

ARTICLE 6
DEFAULTS

Section 6.01. *Events of Default.* If one or more of the following events ("**Events of Default**") shall have occurred and be continuing:

(a) the Company shall fail to pay the principal of any Loan when due;

(b) the Company shall fail to pay within 5 days of the due date thereof any Facility Fee or any interest on any Loan;

(c) the Company shall fail to pay within 30 days after written request for payment by any Bank acting through the Administrative Agent any other amount payable under this Agreement;

(d) the Company shall fail to observe or perform any agreement contained in Sections 5.07 through 5.09;

(e) the Company shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by clauses (a) through (d) above) for 30 days after written notice thereof has been given to the Company by the Syndication Agent at the request of the Required Banks;

(f) any representation or warranty made by the Company in Article 4 of this Agreement or any certificate or writing furnished pursuant to this Agreement shall prove to have been incorrect in any material respect when made and such deficiency shall remain unremedied for 5 days after written notice thereof shall have been given to the Company by the Syndication Agent at the request of the Required Banks;

(g) any Material Debt shall become due before stated maturity by the acceleration of the maturity thereof by reason of default, or any Material Debt shall become due by its terms and shall not be paid and, in any case aforesaid in this clause (g), corrective action satisfactory to the Required Banks shall not have been taken within 5 days after written notice of the situation shall have been given to the Company by the Syndication Agent at the request of the Required Banks;

(h) the Company or any Restricted Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or

taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(i) an involuntary case or other proceeding shall be commenced against the Company or any Restricted Subsidiary seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days; or an order for relief shall be entered against the Company or any Restricted Subsidiary under the federal bankruptcy laws as now or hereafter in effect;

(j) a final judgment for the payment of money in excess of $150,000,000 shall have been entered against the Company or any Restricted Subsidiary, and the Company or such Restricted Subsidiary shall not have satisfied the same within 60 days, or caused execution thereon to be stayed within 60 days, and such failure to satisfy or stay such judgment shall remain unremedied for 5 days after notice thereof shall have been given to the Company by the Syndication Agent at the request of the Required Banks;

(k) a final judgment either (1) requiring termination or imposing liability (other than for premiums under Section 4007 of ERISA) under Title IV of ERISA in respect of, or requiring a trustee to be appointed under Title IV of ERISA to administer, any Plan or Plans having aggregate Unfunded Liabilities in excess of $150,000,000 or (2) in an action relating to a Multiemployer Plan involving a current payment obligation in excess of $150,000,000, which judgment, in either case, has not been satisfied or stayed within 60 days and such failure to satisfy or stay is unremedied for 5 days after notice thereof shall have been given to the Company by the Syndication Agent at the request of the Required Banks;

(l) individuals who as of the Effective Date constituted the Company's Board of Directors (together with any new director whose election by the Board of Directors or whose nomination for election by the stockholders of the Company was approved by a vote of at least two-thirds of the directors then in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the directors then in office;

(m) any person or group of persons (within the meaning of Section 13 or 14 of the Exchange Act) (other than an employee benefit or stock ownership plan of the Company or any of its Subsidiaries) shall have acquired, directly or indirectly, shares of capital stock (whether common or preferred or a combination

thereof) having ordinary voting power to elect a majority of the members of the Board of Directors of the Company;

then, and in every such event, the Syndication Agent shall, if requested by the Required Banks, (i) by notice to the Administrative Agent and the Company terminate the Commitments and they shall thereupon terminate, and (ii) by notice to the Administrative Agent and the Company declare the Loans, interest accrued thereon and all other amounts payable hereunder to be, and the same shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; *provided* that in the event of (A) the filing by the Company of a petition, or (B) an actual or deemed entry of an order for relief with respect to the Company, under the federal bankruptcy laws as now or hereafter in effect, without any notice to the Company or any other act by the Syndication Agent, the Administrative Agent or the Banks, the Commitments shall thereupon terminate and the Loans, interest accrued thereon and all other amounts payable hereunder shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

ARTICLE 7
THE AGENTS

Section 7.01. *Appointment and Authorization.* Each Bank appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the Notes as are delegated to such Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto; *provided, however*, that the Agents shall not commence any legal action or proceeding before a court of law on behalf of any Bank without such Bank's prior consent.

Section 7.02. *Agents and Affiliates.* Each of Bank of America, N.A. and JPMorgan Chase Bank and their respective affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Company or any Subsidiary or affiliate of the Company as if it were not an Agent hereunder. With respect to its Commitment and Loans made by it, each of Bank of America, N.A. and JPMorgan Chase Bank (and any of their respective successors acting as an Agent), in its capacity as a Bank hereunder, shall have the same rights and obligations hereunder as any other Bank and may exercise (or be subject to) the same as though it were not an Agent. The term "**Bank**" or "**Banks**" shall, unless otherwise expressly indicated, include each of Bank of America, N.A. and JPMorgan Chase Bank (and any successor acting as an Agent) in its capacity as a Bank.

Section 7.03. *Action by Agents.* The obligations of the Agents hereunder are only those expressly set forth herein. Without limiting the generality of the

foregoing, the Agents shall not be required to take any action with respect to any Default, except as expressly provided in Article 6.

Section 7.04. *Consultation with Experts.* Each Agent may consult with legal counsel (who may be counsel for the Company), independent public accountants and other experts selected by it and shall not be liable to any Bank for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 7.05. *Liability of Agents.* No Agent nor any of its directors, officers, agents, or employees shall be liable for any action taken or not taken by it in connection herewith (i) with the consent or at the request of the Required Banks (or such other number or percentage of the Banks as required by the terms of this Agreement) or (ii) in the absence of its own gross negligence or willful misconduct. No Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made by any Person in connection with this Agreement or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of the Company; (iii) the satisfaction of any condition specified in Article 3, except receipt of items required to be delivered to such Agent; or (iv) the validity, effectiveness (except for its own due execution and delivery) or genuineness of this Agreement, the Notes or any other instrument or writing furnished in connection herewith. No Agent shall incur any liability by acting in reasonable reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, facsimile transmission or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

Section 7.06. *Indemnification.* Each Bank shall, ratably in accordance with its Commitment, indemnify each Agent (to the extent not reimbursed by the Company) against any cost, expense (including counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such Agent's gross negligence or willful misconduct) that such Agent may suffer or incur in connection with this Agreement or any action taken or omitted by such Agent hereunder.

Section 7.07. *Credit Decision.* Each Bank acknowledges that it has, independently and without reliance upon either Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon either Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under this Agreement.

Section 7.08. *Successor Agents.* An Agent may resign at any time by giving written notice thereof to the Banks and the Company. Upon any such resignation, the Company shall, with the consent of the Required Banks, have the

right to appoint a successor Agent (which may be the other institution then acting as Agent). If no successor Agent shall have been so appointed, and shall have accepted such appointment, within 60 days after the retiring Agent gives notice of resignation, the retiring Agent may, on behalf of the Banks, appoint a successor Agent (which may be the other institution then acting as Agent), which shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $50,000,000; *provided* that if the retiring Agent shall notify the Company and the Banks that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (i) the retiring Agent shall be discharged from its duties and obligations hereunder and (ii) all payments, communications and determinations provided to be made by, to or through such retiring Agent, including under Section 5.01 hereof, shall instead be made by or to each Bank directly, until such time as the Required Banks appoint a successor Agent as provided for in this Section. Upon the acceptance of its appointment as an Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder as Agent (if not already discharged therefrom as provided in this Section). After any retiring Agent's resignation hereunder as an Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent.

Section 7.09. *Agents' Fees.* The Company shall pay to each Agent for its own account fees in the amounts and at the times previously agreed upon between the Company and each Agent.

Section 7.10. *Documentation Agents.* Nothing in this Agreement shall impose upon the Documentation Agents, in such capacity, any duty or obligation whatsoever.

ARTICLE 8
CHANGE IN CIRCUMSTANCES

Section 8.01. *Increased Cost and Reduced Return; Capital Adequacy.* (a) If after the date hereof, in the case of any Committed Loan, or the date of the related Competitive Bid Quote, in the case of any Competitive Bid Loan, a Change in Law shall impose, modify or deem applicable any reserve, special deposit, assessment or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System pursuant to Regulation D) against assets of, deposits with or for the account of, or credit extended by, any Bank or shall impose on any Bank or the London interbank market any other condition affecting such Bank's Fixed Rate Loans or its Notes, and the result of any of the foregoing is to increase the cost to such Bank of making or maintaining any such Fixed Rate Loans, or to reduce the

amount of any sum received or receivable by such Bank under this Agreement or under its Note, by an amount deemed by such Bank to be material, then, within 15 days after written demand therefor made through the Administrative Agent, in the form of the certificate referred to in Section 8.01(c), the Company shall pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction; *provided* that the Company shall not be required to pay any such compensation with respect to any period prior to the 30th day before the date of any such demand.

(b) Without limiting the effect of Section 8.01(a) (but without duplication), if any Bank determines at any time after the date on which this Agreement becomes effective that a Change in Law will have the effect of increasing the amount of capital required to be maintained by such Bank (or its Parent) based on the existence of such Bank's Loans, Commitment and/or other obligations hereunder, then the Company shall pay to such Bank, within 15 days after its written demand therefor made through the Administrative Agent in the form of the certificate referred to in Section 8.01(c) such additional amounts as shall be required to compensate such Bank for any reduction in the rate of return on capital of such Bank (or its Parent) as a result of such increased capital requirement; *provided* that the Company shall not be required to pay any such compensation with respect to any period prior to the 30th day before the date of any such demand; *provided further, however*, that to the extent (i) a Bank shall increase its level of capital above the level maintained by such Bank on the date of this Agreement and there has not been a Change in Law or (ii) there has been a Change in Law and a Bank shall increase its level of capital by an amount greater than the increase attributable (taking into consideration the same variables taken into consideration in determining the level of capital maintained by such Bank on the date of this Agreement) to such Change in Law, the Company shall not be required to pay any amount or amounts under this Agreement with respect to any such increase in capital. Thus, for example, a Bank which is "**adequately capitalized**" (as such term or any similar term is used by any applicable bank regulatory agency having authority with respect to such Bank) may not require the Company to make payments in respect of increases in such Bank's level of capital made under the circumstances described in clause (i) or (ii) above which improve its capital position from "**adequately capitalized**" to "**well capitalized**" (as such term or any similar term is used by any applicable bank regulatory agency having authority with respect to such Bank).

(c) Each Bank will promptly notify the Company, through the Administrative Agent, of any event of which it has knowledge, occurring after the date on which this Agreement becomes effective, which will entitle such Bank to compensation pursuant to this Section 8.01 and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section 8.01 and setting forth the additional

amount or amounts to be paid to it hereunder and setting forth the basis for the determination thereof shall be conclusive in the absence of manifest error. In determining such amount, such Bank shall act reasonably and in good faith, and may use any reasonable averaging and attribution methods.

Section 8.02. *Illegality.* (a) Notwithstanding any other provision herein, if, after the date on which this Agreement becomes effective, a Change in Law shall make it unlawful or impossible for any Bank to (i) honor any Commitment it may have hereunder to make any Eurodollar Loan, then such Commitment shall be suspended, or (ii) maintain any Eurodollar Loan or any Competitive Bid Eurodollar Loan, then all Eurodollar Loans and Competitive Bid Eurodollar Loans of such Bank then outstanding shall be converted into Base Rate Loans as provided in Section 8.02(b), and any remaining Commitment of such Bank hereunder to make Eurodollar Loans (but not other Loans) shall be immediately suspended, in either case until such Bank may again make and/or maintain Eurodollar Loans (as the case may be), and borrowings from such Bank, at a time when borrowings from the other Banks are to be of Eurodollar Loans, shall be made, simultaneously with such borrowings from the other Banks, by way of Base Rate Loans. Upon the occurrence of any such change, such Bank shall promptly notify the Company thereof (with a copy to the Administrative Agent), and shall furnish to the Company in writing evidence thereof certified by such Bank. Before giving any notice pursuant to this Section 8.02, such Bank shall designate a different Applicable Lending Office if such designation will avoid the need for giving such notice and will not, in the sole reasonable judgment of such Bank, be otherwise disadvantageous to such Bank.

(b) Any conversion of any outstanding Eurodollar Loan or an outstanding Competitive Bid Loan which is required under this Section 8.02 shall be effected immediately (or, if permitted by applicable law, on the last day of the Interest Period therefor).

Section 8.03. *Taxes on Payments.* (a) All payments in respect of the Loans shall be made free and clear of and without any deduction or withholding for or on account of any present and future taxes, assessments or governmental charges imposed by the United States, or any political subdivision or taxing authority thereof or therein, excluding taxes imposed on a Bank's net income and franchise taxes (all such non-excluded taxes being hereinafter called "**Taxes**"), except as expressly provided in this Section 8.03, If any Taxes are imposed and required by law to be deducted or withheld from any amount payable to any Bank, then the Company shall (i) increase the amount of such payment so that such Bank will receive a net amount (after deduction of all Taxes) equal to the amount due hereunder, (ii) pay such Taxes to the appropriate taxing authority for the account of such Bank, and (iii) as promptly as possible thereafter, send such Bank evidence showing payment thereof, together with such additional documentary evidence as such Bank may from time to time require. If the Company fails to perform its obligations under (ii) or (iii) above, the Company shall indemnify such Bank for any incremental taxes, interest or penalties that

may become payable as a result of any such failure; *provided*, *however*, that the Company will not be required to make any payment to any Bank under this Section 8.03 if withholding is required in respect of such Bank by reason of such Bank's inability or failure to furnish under subsection (c) a duly completed extension or renewal of a Form W-8BEN or Form W-8ECI (or successor form), as applicable, unless such inability results from an amendment to or a change in any applicable law or regulation or in the interpretation thereof by any regulatory authority (including without limitation any change in an applicable tax treaty), which amendment or change becomes effective after the date hereof.

(b) The Company shall indemnify the Agents and each Bank against any transfer taxes, documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement or any Notes (hereinafter referred to as "**Other Taxes**").

(c) Each Bank that is a foreign person (*i.e.* a person who is not a United States person for United States federal income tax purposes) (a "**Foreign Person**") agrees that it shall deliver to the Company (with a copy to the Administrative Agent) (i) within twenty Domestic Business Days after the date on which this Agreement becomes effective or the date of the Assignment and Assumption Agreement whereby it became a "Bank" hereunder, two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, as appropriate, indicating that such Bank is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, (ii) from time to time, such duly completed extensions or renewals of such forms (or successor forms) as may reasonably be requested by the Company or as are required under applicable law but only to the extent such Bank determines that it may properly effect such extensions or renewals under applicable tax treaties, laws, regulations and directives and (iii) in the event of a transfer of any Loan to a subsidiary or affiliate of such Bank, a new Internal Revenue Service Form W-8BEN or W-8ECI (or any successor form), as the case may be, for such subsidiary or affiliate indicating that such subsidiary or affiliate is, on the date of delivery thereof, entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes. The Company and the Administrative Agent shall each be entitled to rely on such forms in its possession until receipt of any revised or successor form pursuant to the preceding sentence.

(d) If a Bank, at the time it first becomes a party to this Agreement (or because of a change in an Applicable Lending Office) is subject to a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes and Other Taxes, respectively. For any period with respect to which a Bank has failed to provide the Company with the appropriate form pursuant to Section 8.03(c) (unless such failure is due to a change in treaty, law or regulation, or in the interpretation thereof by any regulatory authority, occurring subsequent to the date on which a form originally was required to be provided), such Bank shall not be entitled to additional

payments under Section 8.03(a) with respect to Taxes imposed by the United States; *provided, however*, that should a Bank, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, the Company shall take such steps as such Bank shall reasonably request to assist such Bank to recover such Taxes.

(e) If the Company is required to pay additional amounts to or for the account of any Bank pursuant to this Section 8.03, then such Bank will change the jurisdiction of one or more Applicable Lending Offices so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the sole judgment of such Bank, is not otherwise disadvantageous to such Bank.

(f) If any Bank is able to apply for any credit, refund, deduction or other reduction in Taxes or Other Taxes in an amount which is reasonably determined by such Bank to be material, which arises by reason of any payment made by the Company pursuant to this Section 8.03, such Bank will use reasonable efforts to obtain such credit, refund, deduction or other reduction and, upon receipt thereof, will pay to the Company an amount, not exceeding the amount of such payment by the Company, equal to the net after tax value to such Bank, in its good faith determination, of such part of such credit, refund, deduction or other reduction as it determines to be allocable to such payment by the Company, having regard to all of its dealings giving rise to similar credits, refunds, deductions or other reductions during the same tax period and to the cost of obtaining the same; *provided, however*, that (i) such Bank shall not be obligated to disclose to the Company any information regarding its tax affairs or computations and (ii) nothing contained in this Section 8.03(f) shall be construed so as to interfere with the right of such Bank to arrange its tax affairs as it deems appropriate.

ARTICLE 9
MISCELLANEOUS

Section 9.01. *Termination of Commitment of a Bank; New Banks.* (a) (1) If and during the time a Failed Loan shall exist, (2) upon receipt of notice from any Bank for compensation or indemnification pursuant to Section 8.01(c) or Section 8.03, (3) if any Bank shall fail to comply with the requirements of Section 8.03(c) or (4) upon receipt of notice that the Commitment of a Bank to make Eurodollar Loans has been suspended, the Company shall have the right to terminate the Commitment in full of the Bank causing such Failed Loan or providing such notice (a "**Retiring Bank**"). The termination of the Commitment of a Retiring Bank pursuant to this Section 9.01(a) shall be effective on the tenth Domestic Business Day following the date of a notice of such termination to the Retiring Bank through the Syndication Agent, subject to the satisfaction of the following conditions:

(i) in the event that on such effective date there shall be any Loans outstanding hereunder, the Company shall have prepaid on such date the aggregate principal amount of such Loans held by the Retiring Bank only; and

(ii) in addition to the payment of the principal of the Loans held by the Retiring Bank pursuant to clause (i) above, the Company shall have paid such Retiring Bank all accrued interest thereon, and Facility Fee and any other amounts then payable to it hereunder, including, without limitation, all amounts payable by the Company to such Bank under Section 2.14 by reason of the prepayment of Loans pursuant to clause (i) with respect to the period ending on such effective date; *provided* that the provisions of Section 8.01, Section 8.03 and Section 9.04 shall survive for the benefit of any Retiring Bank.

Upon satisfaction of the conditions set forth in clauses (i) and (ii) above, such Bank shall cease to be a Bank hereunder.

(b) In lieu of the termination of a Bank's Commitment pursuant to Section 9.01(a), the Company may notify the Syndication Agent that the Company desires to replace such Retiring Bank with an Eligible Assignee (which may be one or more of the Banks), which will purchase the Loans and assume the Commitment of the Retiring Bank. Upon the Company's selection of a bank to replace a Retiring Bank, such bank's agreement thereto and the fulfillment of the conditions to assignment and assumption set forth in Section 9.08, such bank shall become a Bank hereunder for all purposes in accordance with Section 9.08.

Section 9.02. *Notices.* All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telecopy, facsimile transmission or similar writing) and shall be given to such party (a) in the case of the Company, or any Agent, at its address set forth on the signature pages hereof, (b) in the case of any Bank, at its address set forth in its Administrative Questionnaire or (c) in the case of any party, such other address as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Company. Each such notice, request or other communication shall be effective (i) if given by registered or certified mail, upon the earlier of the date of actual receipt or the date of delivery indicated on the return receipt delivered to the sender or (ii) if given by any other means, when received at the address or telecopier number specified in this Section and an oral or written confirmation of receipt is received from the recipient.

Section 9.03. *No Waivers.* No failure or delay by any Agent or Bank in exercising any right, power or privilege hereunder or under any Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 9.04. *Expenses; Indemnification.* (a) The Company shall pay (i) the reasonable fees and expenses of special counsel for the Agents in connection with the preparation of this Agreement (or the amendment, modification or waiver thereof) as previously agreed upon between the Company, the Arrangers and the Agents and (ii) if an Event of Default occurs, all reasonable out-of-pocket expenses incurred by the Agents and the Banks, including reasonable fees and expenses of counsel (including in-house counsel), in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom.

(b) The Company agrees to indemnify each Agent and Bank, their respective affiliates and the respective directors, officers, agents and employees of the foregoing (each an "**Indemnitee**") and hold each Indemnitee harmless from and against (and to reimburse each Indemnitee on demand for) any and all claims, liabilities, losses, damages, costs and reasonable expenses of any kind, including, without limitation, the reasonable fees and disbursements of counsel, incurred by such Indemnitee in response to or in defense of any investigative, administrative or judicial proceeding relating to or arising out of this Agreement or any actual or proposed use of proceeds of Loans hereunder or any related transaction; *provided* that no Indemnitee shall have the right to be indemnified hereunder (i) to the extent such indemnification relates to relationships of, between or among each of, or any of, the Agents, the Banks or any Assignee or Participant or (ii) for such Indemnitee's own gross negligence or willful misconduct.

Section 9.05. *Pro Rata Treatment.* Except as expressly provided in this Agreement with respect to Competitive Bid Loans or otherwise, (a) each borrowing from, and change in the Commitments of, the Banks shall be made pro rata according to their respective Commitments, and (b) each payment and prepayment on the Loans shall be made to all the Banks, pro rata in accordance with the unpaid principal amount of the Loans held by each of them.

Section 9.06. *Sharing of Set-offs.* Each Bank agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise (except as contemplated by Section 2.03, Section 2.14, Article 8 or Section 9.01), receive payment of a proportion of the aggregate amount then due with respect to the Loans held by it which is greater than the proportion received by any other Bank in respect of the aggregate amount then due with respect to the Loans held by such other Bank, the Bank receiving such proportionately greater payment shall purchase such participations in the Loans held by the other Banks, and such other adjustments shall be made, as may be required so that all such payments with respect to the Loans held by the Banks shall be shared by the Banks pro rata; *provided* that nothing in this Section shall impair the right of any Bank to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Company, other than its indebtedness hereunder.

Section 9.07. *Amendments and Waivers.* Any provision of this Agreement or the Notes may be amended or waived if, but only if, such

amendment or waiver is in writing and is signed by the Company and the Required Banks (and, if the rights or duties of any Agent are affected thereby, by it); *provided* that no such amendment or waiver shall, unless signed by each affected Bank, (i) subject any Bank to any additional obligation, (ii) reduce the principal of or rate of interest on any Loan or any fees hereunder or (iii) postpone the date fixed for any payment of principal of or interest on any Loan or for termination of any Commitment; and *provided further* that, no such amendment or waiver shall, unless signed by all the Banks, change the percentage of the Credit Exposures that shall be required for the Banks or any of them to take any action under this Section 9.07 or any other provision of this Agreement.

Section 9.08. *Successors and Assigns; Participations; Novation.* (a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby; provided that, except in accordance with Sections 5.04 and 5.07, the Company may not assign or transfer any of its respective rights or obligations under this Agreement without the consent of all Banks.

(b) Any Bank may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); *provided* that (i) except in the case of an assignment of the entire remaining amount of the assigning Bank's Commitment and the Loans at the time owing to it or in the case of an assignment to a Bank or an affiliate of a Bank or an Approved Fund with respect to a Bank, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) subject to each such assignment (determined as of the date the Assignment and Assumption Agreement, as hereinafter defined, with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Company otherwise consent (each such consent not to be unreasonably withheld or delayed), (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Bank's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned, except that this clause (ii) shall not apply to rights in respect of outstanding Competitive Bid Loans and (d)(iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption Agreement substantially in the form of Exhibit K hereto (an "**Assignment and Assumption Agreement**"), together with a processing and recordation fee of $3,500 and the Eligible Assignee, if it shall not be a Bank, shall deliver to the Administrative Agent an Administrative Questionnaire. Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption Agreement, the Eligible Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption Agreement, have the rights and obligations of a Bank under this

Agreement, and the assigning Bank thereunder shall, to the extent of the interest assigned by such Assignment and Assumption Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption Agreement covering all of the assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 8.01, Section 8.03 and 9.04). Any assignment or transfer by a Bank of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Bank of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Company, shall maintain a copy of each Assignment and Assumption Agreement delivered to it and a register for the recordation of the names and addresses of the Banks, and the Commitments of, and principal amount of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, absent manifest error, and the Company, the Administrative Agent and the Banks may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Bank may, without the consent of, or notice to, the Company or the Administrative Agent, sell participations to one or more banks or other financial institutions (a "**Participant**") in all or a portion of such Bank's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); *provided* that (i) such Bank's obligations under this Agreement shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Company, the Administrative Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Bank sells such a participation shall provide that such Bank shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Bank will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clause (i), (ii) or (iii) of Section 9.07 that affects such Participant. Subject to paragraph (e) of this Section, the Company agrees that each Participant shall be entitled to the benefits of Article 8 to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.06 as though it were a Bank, provided such Participant agrees to be subject to Section 9.06 as though it were a Bank.

(e) A Participant shall not be entitled to receive any greater payment under Article 8 than the applicable Bank would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company's prior written consent. A Participant that would be a Foreign Person if it were a Bank shall not be entitled to the benefits of Section 8.03 unless the Company is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Company, to comply with Section 8.03(c) as though it were a Bank.

(f) Notwithstanding any provision of this Section 9.08 to the contrary, any Bank may assign or pledge any of its rights and interests in the Loans to a Federal Reserve Bank without the consent of the Company.

Section 9.09. *Designated Lenders.* (a) Subject to the provisions of this subsection (a), any Bank may at any time designate an Approved Fund to provide all or a portion of the Loans to be made by such Bank pursuant to this Agreement; *provided* that such designation shall not be effective unless the Company and the Administrative Agent consent thereto (which consents shall not be unreasonably withheld). When a Bank and its Approved Fund shall have signed an agreement substantially in the form of Exhibit L hereto (a "**Designation Agreement**") and the Company and the Administrative Agent shall have signed their respective consents thereto, such Approved Fund shall become a Designated Lender for purposes of this Agreement. The Designating Bank shall thereafter have the right to permit such Designated Lender to provide all or a portion of the Loans to be made by such Designating Bank pursuant to Section 2.01 or 2.03, and the making of such Loans or portion thereof shall satisfy the obligation of the Designating Bank to the same extent, and as if, such Loans or portion thereof were made by the Designating Bank. As to any Loans or portion thereof made by it, each Designated Lender shall have all the rights that a Bank making such Loans or portion thereof would have had under this Agreement and otherwise; *provided* that (x) its voting rights under this Agreement shall be exercised solely by its Designating Bank; (y) its Designating Bank shall remain solely responsible to the other parties hereto for the performance of such Designated Lender's obligations under this Agreement, including its obligations in respect of the Loans or portion thereof made by it, and (z) such Designated Lender shall be subject to the limitations of Section 9.08(e) to the same extent as a Participant. No additional Note shall be required to evidence the Loans or portion thereof made by a Designated Lender; and the Designating Bank shall be deemed to hold its Note as agent for its Designated Lender to the extent of the Loans or portion thereof funded by such Designated Lender. Each Designating Bank shall act as administrative agent for its Designated Lender and give and receive notices and other communications on its behalf. Any payments for the account of any Designated Lender shall be paid to its Designating Bank as administrative agent for such Designated Lender and neither the Company nor the Administrative Agent shall be responsible for any Designating Bank's application of such payments. In addition, any Designated Lender may, with notice to (but without

the prior written consent of) the Company and the Administrative Agent assign all or portions of its interest in any Loans to its Designating Bank or to any financial institutions consented to by the Company and the Administrative Agent that provide liquidity and/or credit facilities to or for the account of such Designated Lender to support the funding of Loans or portions thereof made by it.

(b) Each party to this Agreement agrees that it will not institute against, or join any other person in instituting against, any Designated Lender any bankruptcy, insolvency, reorganization or other similar proceeding under any federal or state bankruptcy or similar law, for one year and a day after all outstanding senior indebtedness of such Designated Lender is paid in full. The Designating Bank for each Designated Lender agrees to indemnify, save, and hold harmless each other party hereto for any loss, cost, damage and expense arising out of its inability to institute any such proceeding against such Designated Lender. This subsection (b) shall survive the termination of this Agreement.

Section 9.10. *Visitation.* Subject to restrictions imposed by applicable security clearance regulations, the Company will upon reasonable notice permit representatives of any Bank at such Bank's expense to visit any of its major properties.

Section 9.11. *No Reliance on Margin Stock.* Each of the Banks represents to the Administrative Agent and each of the other Banks that it in good faith is not relying upon any "**margin stock**" (as defined in Regulation U) as collateral in the extension or maintenance of the credit provided for in this Agreement.

Section 9.12. *Governing Law; Submission to Jurisdiction.* This Agreement and each Note shall be governed by and construed in accordance with the internal laws of the State of New York. Each of the Company, the Agents and the Banks hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State Court sitting in New York for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each of the Company, the Agents and the Banks irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

Section 9.13. *Counterparts; Integration.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

Section 9.14. *WAIVER OF JURY TRIAL.* EACH OF THE COMPANY, THE AGENTS AND THE BANKS HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 9.15. *Confidentiality.* Each Bank agrees, with respect to any information delivered or made available by the Company to it that is clearly indicated to be confidential information or private data, to use all reasonable efforts to protect such confidential information from unauthorized use or disclosure and to restrict disclosure to only those Persons employed or retained by such Bank who are or are expected to become engaged in evaluating, approving, structuring or administering this Agreement and the transactions contemplated hereby. Nothing herein shall prevent any Bank from disclosing such information (i) to any other Bank, (ii) to its affiliates, officers, directors, employees, agents, attorneys and accountants who have a need to know such information in accordance with customary banking practices and who receive such information having been made aware of and having agreed to the restrictions set forth in this Section, (iii) upon the order of any court or administrative agency, (iv) upon the request or demand of any regulatory agency or authority having jurisdiction over such Bank, (v) which has been publicly disclosed, (vi) to the extent reasonably required in connection with any litigation to which any Agent, any Bank, the Company or their respective affiliates may be a party, (vii) to the extent reasonably required in connection with the exercise of any remedy hereunder and (viii) with the prior written consent of the Company; *provided, however*, that before any disclosure is permitted under (iii) or (vi) of this Section 9.15, each Bank shall, if not legally prohibited, notify and consult with the Company, promptly and in a timely manner, concerning the information it proposes to disclose, to enable the Company to take such action as may be appropriate under the circumstances to protect the confidentiality of the information in question, and *provided further* that any disclosure under the foregoing proviso be limited to only that information discussed with the Company. The use of the term "**confidential**" in this Section 9.15 is not intended to refer to data classified by the government of the United States under laws and regulations relating to the handling of data, but is intended to refer to information and other data regarded by the Company as private.

Section 9.16. *USA Patriot Act.* Each Bank hereby notifies the Company that pursuant to the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), it is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow such Bank to identify the Company in accordance with said Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

LOCKHEED MARTIN CORPORATION

By: /s/ Anthony G. Van Schaick
Name: Anthony G. Van Schaick
Title: Vice President & Treasurer

SCHEDULE II

PRICING SCHEDULE

The "**Eurodollar Margin**" and "**Facility Fee Rate**" for any day are the respective rates per annum set forth below in the applicable row and column corresponding to the Pricing Level and Usage that apply on such day:

Pricing	Level I	Level II	Level III	Level IV	Level V
Eurodollar Margin:					
Usage ≤ 33 1/3%	32.5 bps	40.0 bps	50.0 bps	82.5 bps	125.0 bps
Usage > 33 1/3%	44.5 bps	52.5 bps	62.5 bps	95.0 bps	137.5 bps
Facility Fee Rate	8.0 bps	10.0 bps	12.5 bps	17.5 bps	25.0 bps

For purposes of this Schedule, the following terms have the following meanings (subject to the final paragraph of this Schedule):

"**Level I Pricing**" applies on any day if on such day the Company's unsecured long-term debt is rated A- or higher by S&P *or* A3 or higher by Moody's.

"**Level II Pricing**" applies on any day if on such day Level I Pricing does not apply and the Company's unsecured long-term debt is rated BBB+ or higher by S&P *or* Baa1 or higher by Moody's.

"**Level III Pricing**" applies on any day if on such day none of Level I Pricing or Level II Pricing applies and the Company's unsecured long-term debt is rated BBB or higher by S&P *or* Baa2 or higher by Moody's.

"**Level IV Pricing**" applies on any day if on such day none of Level I Pricing, Level II Pricing or Level III Pricing applies and the Company's unsecured long-term debt is rated BBB- or higher by S&P *or* Baa3 or higher by Moody's.

"**Level V Pricing**" applies on any day if no other Pricing Level applies.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Pricing Level**" refers to the determination of which of Level I Pricing, Level II Pricing, Level III Pricing, Level IV Pricing or Level V Pricing applies. Level I Pricing is the lowest Pricing Level and Level V Pricing the highest.

"**S&P**" means Standard & Poor's Ratings Services and its successors.

The "**Usage**" applicable to any date is the percentage equivalent of a fraction the numerator of which is the sum of the aggregate outstanding principal amount of the Loans at such date and the denominator of which is the aggregate

amount of the Commitments at such date. If for any reason any Loans remain outstanding following the termination of the Commitments, Usage will be deemed to be 100%.

The credit ratings to be utilized for purposes of this Pricing Schedule are those assigned to the senior unsecured long-term debt securities of the Company without third-party credit enhancement, and any rating assigned to any other debt security of the Company shall be disregarded. The credit ratings in effect on any day are those in effect at the close of business on such day. If the Company is split-rated and the ratings differential is one notch, the higher of the two ratings will apply (*e.g.*, BBB/Baa3 results in Level III Pricing). If the Company is split-rated and the ratings differential is more than one notch, the average of the two ratings (or the higher of two intermediate ratings) shall be used (*e.g.*, BBB/Ba1 results in Level IV Pricing, as does BBB/Ba2).

If the Company receives notice from a Rating Agency of a change in the rating of its senior unsecured long-term debt, the Company will advise the Administrative Agent.

Exhibit 10.3

FORM OF STOCK OPTION AWARD AGREEMENT
LOCKHEED MARTIN CORPORATION 2003 INCENTIVE PERFORMANCE AWARD PLAN

Grant Date: [insert date][1]

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

Dear Optionee:

The Stock Option Subcommittee (the "Subcommittee") of Lockheed Martin Corporation's Board of Directors has awarded to you options to purchase shares of Lockheed Martin Common Stock ("Stock") under the Lockheed Martin Corporation 2003 Incentive Performance Award Plan (the "Plan").

This letter is your Award Agreement and sets forth some of the terms and conditions of your award. Additional terms and conditions are contained in the Plan and in the Prospectus relating to the Plan of which the Plan document and this Award Agreement are a part. You should retain the Prospectus in your records.

The term "Options" as used in this Award Agreement refers only to the nonqualified stock options awarded to you under this Award Agreement. References to the "Corporation" include Lockheed Martin Corporation and its subsidiaries.

Your award is not enforceable until the Award Agreement or a receipt has been signed by you and returned to the Office of the Vice President and Corporate Secretary.

EXERCISE PRICE

The exercise price of the Options granted hereunder is $[price] per Option. Under certain circumstances set forth in the Plan and this Award Agreement, this exercise price is subject to adjustment.

The Subcommittee presently allows the exercise price of an Option to be paid in cash, by the tender of Stock or through a combination of Stock and cash. No fractional shares of Stock may be tendered in payment, nor will fractional shares be issued. The Subcommittee retains the discretion to, at any time, limit the method of payment to cash. If you elect to pay with Stock, you must have owned the shares tendered for at least six months. If Stock is tendered, it will be valued at its Fair Market Value on the date of tender.

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[1] Items in brackets are features that vary among individual award agreements.

VESTING/EXPIRATION/FORFEITURE

General Rule - An Option may not be exercised until it has vested, nor may an Option be exercised after its expiration or forfeiture. Subject to certain special rules discussed below, if you remain in the employ of the Corporation until the applicable date of vesting, the vesting schedule for your options is as follows:

First Vesting Date: [one year anniversary of Grant Date] – One-Third
Second Vesting Date: [second anniversary of Grant Date] – One-Third
Third Vesting Date: [third anniversary of Grant Date] – One-Third

If the number of Options granted cannot be evenly divided by three into whole shares, the fractional shares will vest on the Third Vesting Date. If you leave the employ of the Corporation before the date on which an Option vests, that Option is forfeited.

Vested Options, except as otherwise provided in this letter, or in the Plan, or as may be restricted by law, may be exercised for a period of ten years from the date of the grant. Options not exercised by their expiration date will be forfeited.

You should make every effort to keep the Corporate Secretary's office informed of your current address so that we may communicate with you about your options and their current status. The Corporation cannot exercise the options for you, and so you must pay close attention to their term and any impending expiration.

SPECIAL RULES AS TO VESTING

Retirement - If you retire before the First Vesting Date, you will forfeit all of the Options in accordance with the general rule set forth above. If you retire on or after the First Vesting Date, you will vest in the remaining Options on the Second Vesting Date and the Third Vesting Date as though you had remained in the employ of the Corporation through those dates. For the purposes of this provision, the term "retirement" means retirement from service under the terms of the Corporation's pension plan in which you are a participant.

Death or Disability - If you die or cease employment with the Corporation as a result of circumstances entitling you to the commencement of benefits under a long-term disability plan maintained by the Corporation, all unvested Options will immediately vest as of the date of death or the commencement of disability benefits.

SPECIAL RULES AS TO EXPIRATION AND FORFEITURE

Death or Disability - Options will expire at the end of their remaining term on the tenth anniversary of the award date.

Resignation, Lay-Off or Termination for Cause - If you resign or otherwise terminate, whether voluntarily or by action of the Corporation and in the latter case whether with or without "cause," unvested Options will be forfeited upon your termination. Vested Options

will expire at the end of their remaining term or 30 calendar days following your resignation or termination, whichever is shorter. If you are laid off, your options will be unaffected, and will vest and be exercisable until the end of their remaining term, in accordance with the terms of the Plan.

Divestiture - If the Corporation divests (as defined below) all or substantially all of a business operation of the Corporation and such divestiture results in the termination of the recipient's employment with the Corporation or its subsidiaries and transfer of such employment to the other party to the divestiture, the special rules in this paragraph will apply. Your service with the other party to the divestiture will be treated as service with the Corporation and you will continue to vest in your unvested options while employed by that party as though you had remained in the employ of the Corporation. Following a divestiture, your vested options will be exercisable until the first to occur of (i) the fifth anniversary of the effective date of the divestiture; or (ii) the original expiration date ("Divestiture Expiration Date"). If you die following divestiture but prior to the Divestiture Expiration Date, all unvested options will immediately vest as of the date of death and be exercisable by your beneficiary until the Divestiture Expiration Date. For the purposes of this provision, the term "divestiture" shall mean a transaction which results in the transfer of control of the business operation divested to any person, corporation, association, partnership, joint venture or other business entity of which less than 50% of the voting stock or other equity interests (in the case of entities other than corporations), is owned or controlled directly or indirectly, by the Corporation, one or more of the Corporation's subsidiaries or by a combination thereof.

LIMITATIONS ON EXERCISE

Notwithstanding any other provision herein, no Option may be exercised less than six months nor more than ten years after the date of grant. Further, from time to time, your ability to exercise Options which otherwise would be exercisable may be restricted, if in the opinion of counsel for the Corporation, this is necessary or advisable in order to ensure compliance with applicable Federal or state law, rules or regulations.

ASSIGNMENT/TRANSFERABILITY/BENEFICIARIES

Options may not be pledged, assigned or transferred except that Options may be transferred by will or by the laws of descent and distribution or you may provide that, upon your death, the Options are to be transferred to a beneficiary or beneficiaries that you designate. To designate a beneficiary or beneficiaries, you must complete the attached Beneficiary Designation and return it to the Office of the Vice President and Corporate Secretary (Mail Point 207).

During your lifetime, only you may exercise your Options. In the event of your death or disability, your Options may be exercised by a qualified representative of your estate, a properly designated beneficiary or beneficiaries or your guardian or authorized representative, as applicable.

TAX WITHHOLDING

When you exercise an Option, the Corporation will withhold applicable taxes as required by law. The Subcommittee presently allows you to pay the withholding tax in cash, by tendering Stock or through a combination of Stock and cash. No fractional shares of Stock may be tendered in payment. The Subcommittee retains the discretion to, at any time, limit the method of payment to cash. Unlike payment of the exercise price of the Options, if you elect to pay with Stock, you need not have owned the shares tendered for at least six months. Payment must be made at the time of exercise. To the extent that cash is not tendered, the Corporation will retain from the shares of Stock that you would otherwise receive upon exercise of the Options that number of shares sufficient to satisfy the withholding obligation. If Stock is tendered or is deemed to have been tendered, it will be valued at its Fair Market Value.

Withholding will be at the minimum rate prescribed by law. Therefore, you may owe taxes relating to the exercise in addition to the amount withheld by the Corporation. If you desire, you may request that tax be withheld at greater than the minimum rate.

Special Note for Section 16 Insiders - The Corporation's Section 16 Insiders have been informed of this fact by the Board of Directors. If you are a Section 16 Insider, your ability to satisfy your withholding obligations through the tender of Stock may be limited by the Federal securities laws. In these situations, having such treatment deemed to occur may have adverse consequences.

CHANGE OF CONTROL

In the event of a change in control of the Corporation, as defined in Section 7 of the Plan, then the vesting date of all outstanding options shall be accelerated so as to cause all outstanding options to become exercisable.

AMENDMENT AND TERMINATION OF THE PLAN OR AWARDS

As provided in Section 9 of the Plan, the Board of Directors may at any time amend, suspend or discontinue the Plan and the Subcommittee may at any time amend this Award Agreement. Notwithstanding the foregoing, no such action by the Board of Directors or the Subcommittee shall affect this Award Agreement or the award made hereunder in any manner adverse to you without your written consent.

MISCELLANEOUS

For the purpose of calculating the expiration date of the Options, all Options will be deemed to expire at the close of trading in Lockheed Martin Corporation common stock on the New York Stock Exchange (or, if the security is not so listed or if the principal market on which it is traded is not the New York Stock Exchange, such other reporting system as shall be selected by the

Committee) ten years from the award date. If the day that an Option would otherwise expire is not a day on which the Corporation is open for business, then that Option will be deemed to expire on the next day on which the Corporation is open for business. If you are on leave of absence, for the purposes of the Plan, you will be considered to still be in the employ of the Corporation unless otherwise provided in an agreement between you and the Corporation.

Neither your participation in the Plan, anything contained in this Award Agreement, nor the grant of Options shall confer upon you any right of continued employment nor limit in any way the right of the Corporation to terminate your employment at any time.

You have no rights as a stockholder to any securities covered by this Award Agreement until the date on which you become the holder of record of such securities. Capitalized terms used, but not defined herein, shall have the meanings ascribed to them in the Plan. In the event of a conflict between this Award Agreement and the Plan, the Plan document will control.

No award is enforceable until you properly acknowledge your acceptance by completing the electronic receipt or returning an executed copy of this Award Agreement to the Office of the Vice President and Corporate Secretary (Mail Point 207) as soon as possible. Acceptance of this Award Agreement constitutes your consent to any action taken under the Plan consistent with its terms with respect to this award. The Committee has authorized electronic means for the signature, delivery and acceptance of this Award Agreement. Assuming prompt and proper acknowledgment of this Award Agreement as described, this award will be effective as of the date of grant.

Sincerely,

Lillian M. Trippett
(On behalf of the Stock Option Subcommittee)

Exhibit 10.4

FORM OF RESTRICTED STOCK AWARD AGREEMENT
LOCKHEED MARTIN CORPORATION 2003 INCENTIVE PERFORMANCE AWARD PLAN

Award Date: [insert date][1]

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

Date

Name
Address
City

Dear [Name]:

The Stock Option Subcommittee of the Board of Directors ("Subcommittee") has awarded shares of Lockheed Martin Corporation common stock, par value $1.00 per share, ("Stock") to you under the Lockheed Martin Corporation 2003 Incentive Performance Award Plan ("Plan") in the form of Restricted Stock. The term "Restricted Stock" as used in this Award Agreement refers only to the Restricted Stock awarded to you under this Award Agreement.

This letter constitutes the Award Agreement and sets forth some of the terms and conditions of your award under the Plan, as determined by the Subcommittee. Additional terms and conditions are described in the Plan and in the Prospectus relating to the Plan of which the Plan and this Award Agreement are a part. You will receive the Prospectus in the near future and should retain it in your records. In the event of a conflict between this Award Agreement and the Plan, the Plan document will control. Capitalized terms not defined in this Agreement will have the same meaning as ascribed to them in the Plan.

1. CONSIDERATION FOR AWARD

The consideration for the Restricted Stock is your continued service to the Corporation as a full time employee during the Restricted Period set forth below [and your execution of the Covenant Not To Compete (included as Addendum B to this Award Agreement)]. If you do not continue to perform services for the Corporation as a full time employee during the entire Restricted Period, your award will be forfeited in whole or in part.

2. CONDITIONS TO AWARD

If you desire to accept the Restricted Stock award, you must acknowledge your acceptance and receipt of this Award Agreement and the enclosures by signing the enclosed copy of this Award Agreement in the space provided and returning the copy to Ms. Lillian M. Trippett, Vice President and Corporate Secretary, Lockheed Martin Corporation, Mail Point 200-10, 6801 Rockledge Drive, Bethesda, Maryland 20817. [To accept the Restricted Stock award,

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[1] Items in brackets are features that vary among individual award agreements.

you must also sign and return the attached Covenant Not To Compete contained in Addendum B.] A return envelope is provided for your convenience.

For your acceptance to be effective and for the award to be enforceable, you must return your signed acknowledgment [and Covenant Not To Compete (Addendum B)] by [Date]. If the signed Award Letter [and Covenant Not To Compete are] [is] not received by midnight (EST) on [Date], this Restricted Stock award will be void and of no effect and the shares that would have been issued pursuant to the award will remain available for future grants and awards under the Plan.

Upon receipt of a signed copy of this Award Agreement [and Covenant Not To Compete (Addendum B)], the Corporation will issue a certificate in your name for the shares; however the Corporation will maintain custody of the shares until the Restricted Period ends or the shares are forfeited.

3. RIGHTS OF OWNERSHIP/RESTRICTIONS ON TRANSFER

Until the expiration or termination of the periods described in Section 4 below (the “Restricted Period”), the Restricted Stock will be held in your name by the Corporation, and you will not be entitled to delivery of a certificate(s) representing the Restricted Stock. Nevertheless, subject to the forfeiture provisions described below, you will be the record owner of the Restricted Stock, will have the right to receive cash dividends on the Restricted Stock, will have the right to vote the Restricted Stock and will generally have the rights and privileges of a stockholder as to such Restricted Stock except that during the Restricted Period you may not sell, transfer, assign, pledge, use as collateral or otherwise dispose of or encumber the Restricted Stock. The Corporation may place a legend on the certificates representing the Restricted Stock indicating the existence of these restrictions.

Upon expiration or termination of the Restricted Period with respect to any particular shares, and subject to the forfeiture provisions set forth below, a certificate(s) evidencing the shares for which the restrictions have expired or terminated will be issued in your name (or other name(s) designated by you) and delivered to you. This certificate will not contain the restrictive legend referred to above although it may contain any other legend the Corporation determines is appropriate under the securities laws. At that time, the Corporation is required to collect the appropriate amount of federal, state and local taxes. In this regard, please see “Timing of Taxation and Withholding” below.

After the expiration or termination of the Restricted Period and the shares are delivered to you, you (or your designee(s)) will enjoy all of the rights and privileges associated with ownership of the shares including the right to encumber, sell or otherwise transfer the shares. You should note, however, that, while the shares would thus be free of the restrictions imposed during the Restricted Period, your ability to sell the shares may be limited under the federal securities laws. Further, the Board of Directors expects you to retain a considerable portion of this grant since your participation as a proprietary owner of the Corporation conveys your commitment to the future development of the Corporation.

You have the right to designate a beneficiary (or beneficiaries) to receive your shares in the event of your death during the Restricted Period by completing the attached beneficiary designation form and returning it to the Corporate Secretary's Office at the above address. If, at your death, a completed beneficiary designation form is not on file at the Corporate Secretary's Office (or if your designated beneficiary predeceases you), your shares will be transferred to the personal representative of your estate. The beneficiary designation applies only to this grant of Restricted Stock.

4. RESTRICTED PERIOD/FORFEITURE/CHANGE IN CONTROL

Except as set forth below—or in the event of a Change in Control of the Corporation followed by certain other events as more particularly set forth in the attached Addendum A—all of your Restricted Stock will be forfeited and all of your rights to the Restricted Stock will cease without further obligation on the part of the Corporation unless you continue to provide services to the Corporation as a regular full-time employee of the Corporation until the expiration or termination of the Restricted Periods as set forth in the following paragraphs. The terms of Addendum A are incorporated as a part of this letter and, along with this letter will, upon your signature, constitute an agreement between you and Lockheed Martin Corporation.

The Restricted Stock granted hereunder will be divided into two categories and the Restricted Period with respect to each category will expire as follows:

(i) the restrictions on the first category of [three fifths/one-third] shares will expire on [three year anniversary of award date] if you continue to be employed as a regular full-time employee by the Corporation until that date; and

(ii) the restrictions on the second category of [two fifths/two-thirds] shares will expire on [five/four year anniversary of award date] if you continue to be employed as a regular full-time employee by the Corporation until that date.

Notwithstanding the foregoing, the Restricted Period will terminate immediately with respect to all of the Restricted Stock (and you or your beneficiary will be entitled to the shares free of the restrictions imposed under this Award Agreement) if on or after the six-month anniversary of the date of this Award Agreement:

(i) you are laid off or die while still employed by the Corporation as a full time employee; or

(ii) you become totally disabled as evidenced by commencement of benefits under the Corporation's long-term disability plan applicable to Corporate Headquarters employees (or, if you are not a participant of the long term disability plan, when you would have been eligible for benefits using the standards set forth in that plan); or

(iii) the Corporation divests all or substantially all of a business operation of the Corporation and that Divestiture results in the termination of your employment with the Corporation or its subsidiaries and transfer of your employment to the other party to the Divestiture. (For the purposes of this provision, the term “Divestiture” shall mean a transaction which results in the transfer of control of the business operation divested to any person, corporation, association, partnership, joint venture or other business entity of which less than 50% of the voting stock or other equity interests (in the case of entities other than corporations), is owned or controlled directly or indirectly, by the Corporation, one or more of the Corporation’s subsidiaries or by a combination thereof following the transaction); or

(iv) you retire from the Corporation following the attainment of age 65.

5. CHANGES IN CAPITALIZATION

In the event of a stock split, stock dividend or other similar action resulting in additional shares of Stock being issued during the Restricted Period with respect to the Restricted Stock, you will have the same rights and privileges and be subject to the same restrictions and risks of forfeiture with respect to such shares, which will be treated as Restricted Stock.

6. TIMING OF TAXATION AND WITHHOLDING

The Restricted Stock will be taxable to you as compensation income at the termination or expiration of the Restricted Period (unless it is earlier forfeited) based on its Fair Market Value at that time, unless you elect to pay tax now based on the current market price. If you elect to be taxed now and the stock is later forfeited, however, no tax deduction is allowed. Therefore, you should consult your own tax advisor before making the election. If you make the election, the Corporation will collect the appropriate amount of withholding tax in cash from you. The election is not valid unless it is filed with the Internal Revenue Service within 30 days of the effective date of the Award (i.e., no later than [date]).

Unless you elect to be taxed now on the Restricted Stock as described above, any dividends paid to you with respect to the Restricted Stock during the Restricted Period will be taxable to you as compensation income and subject to withholding of income and FICA taxes. Dividends paid with respect to such stock after the termination or expiration of the Restricted Period (or during the Restricted Period if you elected to be taxed now) will generally be taxed as dividend income.

In the event you do not elect to be taxed now on the Restricted Stock Award, the Corporation will satisfy the withholding obligation at the time the Restricted Period terminates or expires with respect to a particular category of shares, by reducing the number of shares of stock

to be delivered to you with respect to that category of shares of stock. The number of shares by which your Award is reduced will be valued at its Fair Market Value on the date of expiration of the Restricted Period. We will withhold at the minimum rate prescribed by law for these awards, and you may owe additional taxes as a result of the termination or expiration of the Restricted Period.

7. AMENDMENT AND TERMINATION OF PLAN OR AWARDS

As provided in Section 9 of the Plan, subject to certain limitations contained within Section 9, the Board of Directors may at any time amend, suspend or discontinue the Plan and the Subcommittee may at any time alter or amend all Award Agreements under the Plan. Notwithstanding Section 9 of the Plan, no such amendment, suspension or discontinuance of the Plan or alteration or amendment of Award Agreements will, except with your express written consent, adversely affect the Restricted Stock awarded.

8. MISCELLANEOUS

Nothing contained in this Award Agreement shall confer upon you any right of continued employment by the Corporation or guarantee that any future awards will be made to you under the Plan. In addition, nothing in this Award Agreement limits in any way the right of the Corporation to terminate your employment at any time. The value of the Restricted Stock awarded to you will not be taken into account for other benefits offered by the Corporation, including but not limited to pension benefits. Notwithstanding any other provision of the Award Agreement to the contrary, the Restricted Stock must be held at least six months from the date of grant.

This Award Agreement (including Addendum A (Change In Control) [and Addendum B (Covenant Not To Compete)]), the Plan document and the other documents that make up the Prospectus constitute the entire agreement governing the terms of your Restricted Stock grant and supersede all other prior agreements and understandings, both written and oral, between you and the Corporation or any employee, officer or director of the Corporation.

Insiders must consult with the Office of the General Counsel or the Office of the Corporate Secretary before entering into any transactions involving the Restricted Stock even after the expiration or termination of the Restricted Period.

You must execute one copy of this Award Agreement [and Addendum B (Covenant Not To Compete)] and return [both/the] document[s] to the Office of the Corporate Secretary in the envelope provided as soon as possible, but no later than [date]. Execution of this Award Agreement constitutes your consent to and acceptance of any action taken under the Plan with respect to this award. Assuming such prompt execution of both documents, your award will be effective as of [date]. ***Failure to return the executed documents by midnight (EST) [date] will result in the cancellation of your award of Restricted Stock.***

Congratulations on this important recognition by the Board of Directors of your value to the Corporation.

Sincerely,

_____

Lillian M. Trippett
(On behalf of the Subcommittee)

Acknowledgement: _____

(Signature & Date)

ADDENDUM A

Change In Control

1. Definition

For purpose of this Restricted Stock Award Agreement "Change in Control" is defined in Section 7(c) of the 2003 Incentive Performance Award Plan.

2. Termination Rights

2.01 If, while you are employed, a Change in Control, as defined above, occurs, you may, for Good Cause as defined in Paragraph 2.02 and within two (2) years after the date of such Change in Control, give notice to the Corporation that you elect to terminate your employment for all purposes of this Agreement. You must exercise your right to terminate employment within six months after the date on which circumstances constituting Good Cause exist. The right to give such notice and receive the compensation provided for in Section 3 of this Addendum shall continue for six (6) months from the date on which circumstances constituting Good Cause exist irrespective of any termination of your employment by the Corporation within such six-month period.

2.02 Any termination of employment by you under the following circumstances shall be deemed to be for Good Cause:

(i) without your express written consent, you are assigned any duties inconsistent with your position, duties, responsibilities and status with the Corporation as in effect on the date of any Change in Control; or you are removed from, or not re-elected to, any of such positions, except for the termination of your employment for substantial and serious cause in the event of your final conviction of a felony crime involving moral turpitude, or in the event of your engaging in willful fraud or defalcation involving material funds or other assets of the Corporation; or as a result of your substantial disability;

(ii) your base salary as in effect on the date of any Change in Control, as the same thereafter may be increased from time to time, is reduced; or the Corporation fails to increase your base salary each year by an amount consistent with the increases of other Lockheed Martin executives of comparable status and performance level;

(iii) the Corporation fails to continue you as a participant in the Corporation's Management Incentive Compensation Plan (or a comparable plan if that no plan longer exists) to the extent permitted and subject to all the conditions thereunder; or fails to include you as a participant in any other bonus plan which may be provided; or fails to include you as a participant in any stock option plan or program of the Corporation offered to management employees that may then be in existence at not less than your highest level of participation during the three (3) calendar years preceding the calendar year in which such failure occurs; or fails to continue you in the Corporation's Long Term Incentive Performance Plan (if awards under such plan are made), as each plan may be modified from time to time but substantially in the form presently in effect (individually the "Plan" and collectively the "Plans"), on at least the basis as in effect at the date of any Change in Control, or to pay you any amounts earned under the Plans in accordance with the terms of the Plans;

(iv) the Corporation fails to continue in effect any benefit or compensation plan, including but not limited to the Plans, Lockheed Martin Corporation Retirement Program, Lockheed Martin Corporation Salaried Savings Plan, post-retirement death benefit plan, medical, dental, health and accident plan, disability plan, or vacation plan or plans providing you with substantially similar benefits in which you are participating on the date of any Change in Control or in which you thereafter may participate.

3. Compensation

If you give notice described in Section 2 of this Agreement, the Restricted Period on this particular grant of shares shall immediately terminate.

[ADDENDUM B[2]]

Covenant Not To Compete

WHEREAS, the Stock Option Subcommittee of the Board of Directors has approved an award to the undersigned of Restricted Stock under the Lockheed Martin Corporation ("Corporation") 2003 Incentive Performance Award Plan, contingent upon the execution and return of this Covenant Not to Compete on or before midnight, **[date]**; and

WHEREAS, by signing this Covenant Not to Compete the undersigned agrees to the following terms:

1. Restrictions Following Termination of Employment:

(a) In the event I terminate employment with the Corporation on or following a Vesting Date, for the two year period following the Vesting Date, I will not, on my own or in association with others, either be directly or indirectly employed by or engage in or be associated with or tender advice or services as an employee, advisor, director, officer, partner, consultant or otherwise by or with any corporation, partnership, or other business considered to be a Competitor of the Corporation on the date of my termination. During that two-year period, I also agree not to interfere with, disrupt, or attempt to disrupt the relationship, contractual or otherwise, between the Corporation and any customer, supplier or employee of the Corporation. This section 1(a) will not apply (i) to a position with a Competitor who employs me following my termination of employment on account of a Divestiture to which that Competitor is a party; (ii) to my termination on account of layoff; (iii) if the Chief Executive Officer of the Corporation waives in writing the restrictions of this section as it applies to a particular position or Competitor.

(b) In the event of my termination of employment for any reason, I will not use or disclose to any person Proprietary Information to which I had access or that I was responsible for creating during my employment with the Corporation. All materials to which I have had access, or which were furnished or otherwise made available to me in connection with my employment with the Corporation shall be and remain the property of the Corporation. All materials, documents and information belonging to the Corporation, including any Proprietary Information, and all reproductions of those materials, documents and information shall be returned promptly to the Corporation.

(c) Following my termination, I agree to refrain from making any statement adverse to the interests of the Corporation where it is reasonably foreseeable or intended that the statement would cause material harm to the Corporation either financially or by a diminution in reputation.

(d) I acknowledge and agree that the scope and duration of these restrictions are necessary to be effective and are fair and reasonable in light of the value of the Restricted Stock being awarded to me. I further acknowledge and agree that these restrictions are

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[2] Addendum B is not part of all award agreements.

reasonably required for the protection of the Corporation's legitimate business interests from unfair competition as a result of the high level executive and management positions I have held within the Corporation and the attendant access to and extensive knowledge of the Corporation's Proprietary Information.

(e) In the event of a breach by me of the terms of this Covenant Not To Compete, I agree, upon demand by the Corporation, to (i) deliver to the Corporation a number of shares of common stock of the Corporation equal to the number of shares of Restricted Stock granted to me under the Award Agreement for which the Restricted Period terminated or expired; or (ii) to the extent the shares of Restricted Stock for which the Restricted Period terminated or expired are no longer in my possession, an amount of cash equal to the gross amount I received (without deduction for taxes, commissions or fees) upon sale or transfer of the shares (including the value as of the Vesting Date of any shares from the Award that were withheld or sold to satisfy tax withholding requirements). Repayment of the shares or cash to the Corporation shall not be the exclusive remedy for a breach of this Covenant Not To Compete and shall not limit the Corporation from seeking damages or injunctive relief.

(f) I acknowledge that the Corporation's remedies at law may be inadequate to protect the Corporation against any actual or threatened breach of the provisions of this Covenant Not To Compete, and, therefore, without prejudice to any other rights and remedies otherwise available at law or in equity (including but not limited to, an action for damages), the Corporation shall be entitled to the granting of injunctive relief in its favor without proof of actual damages and to specific performance of any such provisions of this Covenant Not To Compete.

(g) It is the desire and intent of the parties that the provisions of this Covenant Not To Compete shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular portion of this Covenant Not To Compete is adjudicated to be invalid or unenforceable, this Covenant Not to Compete shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of this provision in the particular jurisdiction in which such adjudication is made.

2. Capitalized terms not defined in this Covenant Not To Compete will have the same meaning as ascribed to them in the Award Agreement or the Plan, as applicable.

The following capitalized terms used in this Covenant Not To Compete shall have the following meanings:

(a) "Award Agreement" shall mean the award agreement between Lockheed Martin and the undersigned effective **[date]** providing for the grant of Restricted Stock to me.

(b) "Proprietary Information" means any information of the Corporation or of others, which has come into the Corporation's or my possession, custody or knowledge in the course of my employment that has independent economic value as a result of its not being generally known to the public and is the subject of reasonable means to preserve the confidentiality of the information.

(c) “Competitor” means **[insert company names]** or any successor to all or part of the business of any such company as a result of a merger, reorganization, consolidation, spin-off, split-up, acquisition, divestiture, operation of law or similar transaction.

(d) “Vesting Date” means the date on which the Restricted Period terminates or expires with respect to all or a portion of an award of Restricted Stock pursuant to the Award Agreement.

3. The Award Agreement (including Addendum A and this Covenant Not To Compete (Addendum B)), the Plan document and the other documents that make up the Prospectus constitute the entire agreement governing the terms of your Restricted Stock grant and supersede all other prior agreements and understandings, both written and oral, between me and the Corporation or any employee, officer or director of the Corporation. In the event of a conflict between this document and the Award Agreement, the Award Agreement shall govern. This Covenant Not To Compete shall be governed by Maryland law, without regard to its provisions governing conflicts of law.

SIGNED this ____ day of _____, 2004.

_____
(Signature)

_____
(Printed Name)

_____
(Title)

ACKNOWLEDGEMENT BY CORPORATE SECRETARY’S OFFICE:

_____
(Signature)

_____
(Printed Name)

_____
(Title)

_____
(Date)]

Exhibit 12

Lockheed Martin Corporation
Computation of Ratio of Earnings to Fixed Charges
For the Nine Months Ended September 30, 2004
(In millions, except ratio)

Earnings	
Earnings from continuing operations before income taxes	$1,318
Interest expense	323
Losses (undistributed earnings) of 50% and less than 50% owned companies, net	(16)
Portion of rents representative of an interest factor	40
Amortization of debt premium and discount, net	(4)
Adjusted earnings from continuing operations before income taxes	$1,661
Fixed Charges	
Interest expense	$ 323
Portion of rents representative of an interest factor	40
Amortization of debt premium and discount, net	(4)
Capitalized interest	—
Total fixed charges	$ 359
Ratio of Earnings to Fixed Charges	4.6

Exhibit 15

Acknowledgement of Independent Registered Public Accounting Firm

October 26, 2004

Board of Directors
Lockheed Martin Corporation

We are aware of the incorporation by reference in the following Registration Statements of Lockheed Martin Corporation:

(1) Registration Statement Number 33-58067 on Form S-3, dated March 14, 1995;

(2) Registration Statement Numbers: 33-58073, 33-58075, 33-58077, 33-58079, 33-58081 and 33-58097 on Form S-8, each dated March 15, 1995;

(3) Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement (Form S-4 No. 33-57645), dated March 15, 1995;

(4) Registration Statement Number 33-63155 on Form S-8, dated October 3, 1995;

(5) Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement Number 33-58083, dated January 22, 1997;

(6) Registration Statement Numbers: 333-20117 and 333-20139 on Form S-8, each dated January 22, 1997;

(7) Registration Statement Number 333-27309 on Form S-8, dated May 16, 1997;

(8) Registration Statement Number 333-37069 on Form S-8, dated October 2, 1997;

(9) Registration Statement Number 333-40997 on Form S-8, dated November 25, 1997;

(10) Registration Statement Number 333-58069 on Form S-8, dated June 30, 1998;

(11) Registration Statement Number 333-69295 on Form S-8, dated December 18, 1998;

(12) Registration Statement Number 333-92197 on Form S-8, dated December 6, 1999;

(13) Registration Statement Number 333-92363 on Form S-8, dated December 8, 1999;

(14) Post-Effective Amendments No. 2 and 3 on Form S-8 to the Registration Statement Number 333-78279, each dated August 3, 2000;

(15) Registration Statement Number 333-43048 on Form S-3, dated August 4, 2000;

(16) Registration Statement Number 333-56926 on Form S-8, dated March 12, 2001;

(17) Registration Statement Number 333-84154 on Form S-8, dated March 12, 2002;

(18) Registration Statement Number 333-105118 on Form S-8, dated May 9, 2003;

(19) Registration Statement Number 333-113769 on Form S-8, dated March 19, 2004;

(20) Registration Statement Number 333-113770 on Form S-8, dated March 19, 2004;

(21) Registration Statement Number 333-113771 on Form S-8, dated March 19, 2004;

(22) Registration Statement Number 333-113772 on Form S-8, dated March 19, 2004;

(23) Registration Statement Number 333-113773 on Form S-8, dated March 19, 2004;

(24) Registration Statement Number 333-115357 on Form S-8, dated May 10, 2004; and

(25) Post-Effective Amendment No. 3 to Registration Statement Number 333-108333 on Form S-3, dated August 6, 2004;

of our report dated October 26, 2004, relating to the unaudited condensed consolidated financial statements of Lockheed Martin Corporation that is included in its Form 10-Q for the quarter ended September 30, 2004.

/s/ Ernst & Young LLP

McLean, Virginia
October 26, 2004

Exhibit 31.1

I, Robert J. Stevens, President and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lockheed Martin Corporation;

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 officers 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 we 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 most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 officers 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 registrant's board of directors (or persons performing the equivalent functions):

   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: October 28, 2004

/s/ Robert J. Stevens

Robert J. Stevens
President and Chief Executive Officer

Exhibit 31.2

I, Christopher E. Kubasik, Executive Vice President and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lockheed Martin Corporation;

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 officers 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 we 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 most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 officers 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 registrant's board of directors (or persons performing the equivalent functions):

   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: October 28, 2004

/s/ Christopher E. Kubasik

Christopher E. Kubasik
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Lockheed Martin Corporation (the "Corporation") on Form 10-Q for the period ended September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert J. Stevens, President and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Corporation.

/s/ Robert J. Stevens

Robert J. Stevens
President and Chief Executive Officer
October 28, 2004

A signed original of this written statement required by Section 906 has been provided to the Corporation and will be retained by the Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Lockheed Martin Corporation (the "Corporation") on Form 10-Q for the period ended September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher E. Kubasik, Executive Vice President and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Corporation.

/s/ Christopher E. Kubasik

Christopher E. Kubasik
Executive Vice President and Chief Financial Officer
October 28, 2004

A signed original of this written statement required by Section 906 has been provided to the Corporation and will be retained by the Corporation and furnished to the Securities and Exchange Commission or its staff upon request.