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

SCHEDULE 13D/A

UNDER THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. 1)*

GLOBALSTAR TELECOMMUNICATIONS LIMITED

(Name of Issuer)

COMMON STOCK, $1.00 PAR VALUE

(Title of Class of Securities)

G3930H104

(CUSIP Number)

STEPHEN M. PIPER, ESQUIRE, ASSOCIATE GENERAL COUNSEL AND ASSISTANT SECRETARY,
LOCKHEED MARTIN CORPORATION, 6801 ROCKLEDGE DRIVE, BETHESDA, MARYLAND 20817
(301) 897-6000

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

OCTOBER 31, 1997

(Date of Event which Requires Filing of this Statement)

If the filing person previously filed a statement of Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box [_].

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP NO. G3930H104	PAGE 2 OF 6 PAGES

1	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Lockheed Martin Corporation* I.R.S. Employer Identification No. 52-1893632	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP NOT APPLICABLE	(a) [_] (b) [_]
3	SEC USE ONLY	
4	SOURCE OF FUNDS 00	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) or 2(e)	[_]
6	CITIZENSHIP OR PLACE OF ORGANIZATION Maryland	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 5,022,380**
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 5,022,380**
	10	SHARED DISPOSITIVE POWER 0

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 5,022,380**	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	[_]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 16.4%	
14	TYPE OF REPORTING PERSON* CO	

* The Common Stock to which this Statement relates was acquired by Lockheed

Martin Tactical Systems, Inc. ("Tactical Systems"), a wholly owned subsidiary of Lockheed Martin Corporation. Lockheed Martin Corporation and Tactical Systems (the "Reporting Person") filed the original statement on Schedule 13D to which this Amendment No. 1 relates on April 3, 1997. Subsequent to this filing, Tactical Systems merged with and into Lockheed Martin Corporation which survived the merger.

** The original Schedule 13D reported beneficial ownership of 2,511,190 shares of Common Stock of Globalstar Telecommunications Limited ("Globalstar"). On April 8, 1997, the Board of Directors of Globalstar declared a stock dividend of one share of Common Stock for each share of Common Stock outstanding on May 28, 1997. Accordingly, the number of shares of Common Stock shown as beneficially owned by Lockheed Martin Corporation reflects the additional shares issued in the form of a stock dividend but not previously reported.

Schedule 13D/A

This Amendment No. 1 to the statement on Schedule 13D (the "Amendment") relates to shares of Common Stock, $1.00 par value per share (the "Common Stock") of Globalstar Telecommunications Limited (the "Company") and is being filed by Lockheed Martin Corporation ("Lockheed Martin") in connection with the proposed disposition of Common Stock currently owned by Lockheed Martin.

Item 1. Security and Issuer.

Common Stock
Globalstar Telecommunications Limited, a Bermuda company
Cedar House
41 Cedar Avenue
Hamilton HM12, Bermuda

Item 2. Identity and Background.

Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817

Lockheed Martin is incorporated in Maryland.

Lockheed Martin is a diversified enterprise principally engaged in the conception, design, manufacture and integration of advanced technology products and services for the United States government and private industry. Lockheed Martin also manages significant facilities for the Department of Energy.

Lockheed Martin has not, during the last five years, been convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors). On January 27, 1995, Lockheed Corporation, one of the corporations that combined to form Lockheed Martin, entered into a plea agreement pursuant to which Lockheed Corporation agreed to plead guilty to one count of conspiring to violate the bribery provisions of the Foreign Corrupt Practices Act and conspiracy to falsify its books, records and accounts. For further information concerning the plea agreement and the events out of which it arose, see the description contained under the caption "Lockheed Plea Agreement" on page 54 of the Joint Proxy Statement/Prospectus which is contained in Registration Statement No. 33-57645 on Form S-4 filed by Lockheed Martin on February 9, 1995.

Lockheed Martin has not, during the last five years, been subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or other Consideration.

Not applicable.

Item 4. Purpose of Transaction.

On October 31, 1997, Lockheed Martin and LMT Sub Inc., a Delaware corporation and a wholly owned subsidiary of Lockheed Martin ("LMT Sub"), entered into a Contribution and Assumption Agreement (the "Contribution Agreement"). The Contribution Agreement provides for the contribution by Lockheed Martin of, among other things, the shares of Common Stock of Globalstar owned by Lockheed Martin to LMT Sub. In addition, on October 31, 1997 Lockheed Martin and LMT Sub entered into an Exchange Agreement (the "Exchange Agreement") with General Electric Company, a New York corporation ("GE"), and certain of its subsidiaries.

Pursuant to the Exchange Agreement, on the terms and subject to the conditions set forth therein, Lockheed Martin will exchange all of the issued and outstanding capital stock of LMT Sub for all of the Preferred Stock (or Common Stock or a combination thereof) of Lockheed Martin owned by GE and certain of its subsidiaries. As of the closing of such exchange, LMT Sub will hold, among other things, the equity interest in Globalstar currently owned by Lockheed Martin. Upon consummation of the transactions contemplated by the Exchange Agreement, GE and all of its subsidiaries will have divested their entire equity interest in Lockheed Martin.

The foregoing summary of the Contribution Agreement and the Exchange Agreement are qualified in their entirety by reference to the copies of the Contribution Agreement and the Exchange Agreement which are attached hereto as Exhibit 1 and Exhibit 2, respectively, and incorporated herein by reference.

Item 5. Interest in Securities of the Issuer.

Lockheed Martin is currently the beneficial owner of 5,022,380 shares (approximately 16.4%) of the issued and outstanding Common Stock of Globalstar. Upon closing of the transactions contemplated by the Exchange Agreement, Lockheed Martin will own no shares of Common Stock of Globalstar.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

See Item 4 above.

The Common Stock was acquired pursuant to the terms of a Warrant Acceleration and Registration Rights Agreement dated February 12, 1997 (the "Registration Agreement"). Under the terms

of the Registration Agreement, the Company currently maintains an effective Registration Statement on Form S-3. In addition, Lockheed Martin is party to a Fee Agreement by and among Globalstar, L.P., the Company, Lockheed Martin, Loral Space & Communications LTD., DASA Globalstar Limited Partner, Inc., Qualcomm Limited Partner, Inc. and Space Systems/Loral, Inc. (the "Fee Agreement"). In addition to the registration rights contained in the Registration Agreement, under the terms of the Fee Agreement, the Company has agreed to use its best efforts to cause the Common Stock owned by Lockheed Martin to be registered under the Securities Act of 1933, as amended, at the request of Lockheed Martin and to use reasonable efforts to include the Common Stock in certain specified registrations if so requested by Lockheed Martin.

Item 7. Material to be Filed as Exhibits.

Exhibit No.	Description
1	Contribution and Assumption Agreement dated October 31, 1997 between Lockheed Martin Corporation and LMT Sub Inc.
2	Exchange Agreement dated October 31, 1997 among General Electric Company, GE Investments, Inc., GE Government Services, Inc., Client Business Services, Inc., Lockheed Martin Corporation and LMT Sub Inc.

SIGNATURE

After reasonable inquiry and to the best of his knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

LOCKHEED MARTIN CORPORATION

By: /s/ STEPHEN M. PIPER

Stephen M. Piper
Associate General Counsel and
Assistant Secretary

Dated: November 5, 1997

EXHIBIT INDEX

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EXHIBIT 1

CONTRIBUTION AND ASSUMPTION AGREEMENT

dated

OCTOBER 31, 1997

between

LOCKHEED MARTIN CORPORATION

and

LMT SUB INC.

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CONTRIBUTION AND ASSUMPTION AGREEMENT

This Agreement is made this 31st day of October, 1997, between Lockheed Martin Corporation, a Maryland corporation and the parent corporation of the Company ("LM"), and LMT Sub Inc., a Delaware corporation (the "Company"), with reference to the following background.

A. Simultaneously with the execution of this Agreement, General Electric Company, a New York corporation ("GE"), GE Investments, Inc., a Nevada corporation ("GEII"), GE Government Services, Inc., a Delaware corporation ("GEGS"), Client Business Services, Inc., a Delaware corporation ("CBSI", and together with GE, GEII and GEGS, the "GE Entities"), LM and the Company are entering into an Exchange Agreement dated October 31, 1997 (the "Exchange Agreement") pursuant to which LM desires to exchange with the GE Entities, and the GE Entities desire to exchange with LM, all of the outstanding capital stock of the Company for all of the preferred stock (or common stock or a combination thereof) of LM owned by the GE Entities (the "Exchange").

B. LM, among other things, directly and through the Transferor Subsidiaries, conducts the Thrust Reverser Business and the Access Graphics Business (each, a "Business" and together, the "Businesses").

C. Under the Exchange Agreement, it is a condition precedent to the obligations of the GE Entities to consummate the Exchange that LM contribute all of the assets used or held for use primarily in the conduct of the Businesses (other than the Excluded Assets), the Equity Securities and an amount in cash to the Company, and the Company assume certain liabilities associated with the Businesses.

D. Upon the terms and subject to the conditions of this Agreement, LM desires to, or desires to cause the Transferor Subsidiaries to, contribute all of the assets used or held for use primarily in the conduct of the Businesses (other than the Excluded Assets), the Equity Securities and an amount in cash to the Company, and the Company desires to assume certain liabilities associated with the Businesses.

E. LM and the Company are entering into this Agreement and the Exchange Agreement as a plan of reorganization intended to qualify under Section 368(a)(1)(D) of the Code.

F. LM and the Company intend that each of the various steps of the Internal Restructuring will be tax-free either as a reorganization qualifying under

Section 368(a)(1) of the Code, a liquidation qualifying under Section 332(a) of the Code, or a transfer qualifying under Section 351(a) of the Code.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1
Definitions

Section 1.01. Definitions. Defined terms used in this Agreement shall have the meanings specified in this Agreement or in Exhibit I.

ARTICLE 2
Transactions at Closing

Section 2.01. Contribution of the Transferred Assets and Assumption of the Assumed Liabilities. (a) Upon the terms and subject to the conditions set forth in this Agreement, at the Contribution Closing (i) LM agrees to, or will cause the Transferor Subsidiaries to, transfer, assign and deliver to the Company all of the right, title and interest of LM and the Transferor Subsidiaries in, to and under the Transferred Assets as further described in Section 2.04 below, and (ii) the Company agrees to accept all of the right, title and interest of LM and the Transferor Subsidiaries in, to and under all of such Transferred Assets, and the Company agrees to assume, pay, perform and discharge promptly and in full when due, all of the Assumed Liabilities (clauses (i) and (ii) and the Cash Contribution, collectively, the "Contribution and Assumption").

(b) LM and the Company agree that aggregate fair market value of the Businesses is not less than $771,300,000 (before giving effect to the adjustments contemplated by Section 2.06)

Section 2.02. Contribution of the LM Cash Contribution Amount. Upon the terms and subject to the conditions set forth in this Agreement, at the Contribution Closing LM agrees to contribute the LM Cash Contribution Amount to the Company (the "Cash Contribution").

Section 2.03. Issuance of Company Capital Stock. Upon the terms and subject to the conditions set forth in this Agreement, at the Contribution Closing and in consideration for the Contribution and Assumption, the Company agrees to

issue to LM an appropriate number of shares of Company Common Stock and the number of shares of Company Preferred Stock determined under Section 2.01(b) of the Exchange Agreement.

Section 2.04. Contribution Closing. The closing (the "Contribution Closing") of the Contribution and Assumption shall take place at the offices of Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York, on the same day as, but immediately prior to, the closing of the Exchange (the "Closing"). The parties agree that at the Contribution Closing:

(a) (i) LM shall transfer, assign and deliver, or cause the Transferor Subsidiaries to transfer, assign and deliver, to the Company all of the right, title and interest of LM and the Transferor Subsidiaries in, to and under the Transferred Assets, in the case of the Transferred Assets (other than the Equity Securities and the capital stock of the Access Graphics Foreign Subsidiaries), free and clear of all Liens other than Permitted Liens and, in the case of the Equity Securities and the capital stock of the Access Graphics Foreign Subsidiaries, as described in Section 2.04(b), and (ii) the Company shall assume and pay, perform and discharge promptly and in full when due all of the Assumed Liabilities.

(b) LM shall deliver to the Company (i) certificates for the Equity Securities to be delivered by LM pursuant to this Agreement and (ii) certificates for all of the issued and outstanding capital stock of each of the Access Graphics Foreign Subsidiaries, in each case, free and clear of all Liens, preemptive or similar rights or any other limitation or restriction (other than limitations on offers and sales under foreign, federal and state securities laws), duly endorsed or accompanied by stock powers duly endorsed in blank, with any required transfer stamps affixed thereto.

(c) LM shall deliver to the Company the LM Cash Contribution Amount in immediately available funds by wire transfer to an account of the Company at a bank designated in writing by the Company at least two Business Days prior to the Contribution Closing.

(d) The Company shall issue to LM an appropriate number of shares of Company Common Stock and the number of shares of Company Preferred Stock determined under Section 2.01(b) of the Exchange Agreement, in such denominations as LM shall designate in writing to the Company not less than two Business Days prior to the Contribution Closing.

Section 2.05. LM Estimate of Net Worth; Closing Balance Sheets. (a) Not less than three Business Days prior to the Closing Date, LM will deliver to

GE LM's calculations of the Estimate of Thrust Reverser Closing Net Worth and the Estimate of Access Graphics Closing Net Worth.

(b) As promptly as practicable, but no later than 60 days after the Closing Date, the Company (with the assistance of LM to the extent requested by the Company) will cause to be prepared and delivered to LM the Closing Balance Sheets (as defined below) and certificates based on the Closing Balance Sheets setting forth the Company's calculations of Thrust Reverser Closing Net Worth and Access Graphics Closing Net Worth. The Closing Balance Sheets (the "Closing Balance Sheets") will consist of (i) a balance sheet of the Transferred Assets and Assumed Liabilities of the Thrust Reverser Business as of the close of business on the Closing Date (the "Thrust Reverser Closing Balance Sheet") and (ii) a balance sheet of the Transferred Assets and Assumed Liabilities of the Access Graphics Business as of the close of business on the Closing Date (the "Access Graphics Closing Balance Sheet") and, in each case, will present fairly, in all material respects, the financial position of the Transferred Assets and Assumed Liabilities of each of the Businesses as of the close of business on the Closing Date in conformity and on a basis consistent with the Transaction Accounting Principles, and include line items substantially consistent with those in the Thrust Reverser Balance Sheet and the Access Graphics Balance Sheet, as the case may be. Without limiting the generality of the foregoing, assets not constituting Transferred Assets, liabilities not constituting Assumed Liabilities, the Equity Securities and the LM Cash Contribution Amount shall be excluded from the calculations of Thrust Reverser Closing Net Worth and Access Graphics Closing Net Worth. Notwithstanding anything in the foregoing to the contrary, the Closing Balance Sheets shall reflect, and the Balance Sheets shall be adjusted to reflect, the actual amount of any deferred tax asset or liability. In addition, if in connection with the preparation of the Closing Balance Sheets or the calculations of Thrust Reverser Closing Net Worth or Access Graphics Closing Net Worth, any errors are discovered that affect the value of the Transferred Assets or the amount of Assumed Liabilities set forth on the Balance Sheets, except as otherwise provided in the Transaction Accounting Principles and in Section 7.08 of the Exchange Agreement, the Balance Sheets shall be adjusted to correct for the effect of such errors.

(c) If LM disagrees with the Company's calculation of Thrust Reverser Closing Net Worth or Access Graphics Closing Net Worth delivered pursuant to Section 2.05(b) or with any assertion by the Company that there were errors that affect the value of the Transferred Assets or the amount of the Assumed Liabilities set forth on the Balance Sheets, LM may, within 30 days after delivery of the documents referred to in Section 2.05(b), deliver a notice to the Company disagreeing with the Company's calculation of Thrust Reverser Closing Net Worth or Access Graphics Closing Net Worth or any such asserted errors. Any

such notice of disagreement shall specify those items or amounts as to which LM disagrees, and LM shall be deemed to have agreed with all other items and amounts contained in the Closing Balance Sheets and the Company's calculations of Thrust Reverser Closing Net Worth and Access Graphics Closing Net Worth delivered pursuant to Section 2.05(b).

(d) If a notice of disagreement shall be duly delivered pursuant to Section 2.05(c), the Company and LM shall, during the 30 days following such delivery, consult with each other to determine if any such disputed items or amounts may be resolved to the mutual written satisfaction of the Company and LM in order to determine Thrust Reverser Closing Net Worth and Access Graphics Closing Net Worth. If any such disputed items or amounts shall not have been resolved to the mutual written satisfaction of the Company and LM within such 30-day period, the Company and LM shall promptly thereafter retain a nationally recognized accounting firm (the "Accounting Referee") other than KPMG Peat Marwick LLP or Ernst & Young LLP to promptly review this Agreement and the disputed items or amounts. In resolving any such disputed items or making any calculation of Thrust Reverser Closing Net Worth and Access Graphics Closing Net Worth, the Accounting Referee shall consider only those items or amounts in the Balance Sheets or the Closing Balance Sheets or the Company's calculations of Thrust Reverser Closing Net Worth and Access Graphics Closing Net Worth as to which LM has disagreed and, in considering such items and amounts, shall apply the Transaction Accounting Principles and Section 7.08 of the Exchange Agreement. The Accounting Referee shall deliver to the Company and LM, as promptly as practicable, a report setting forth each such determination and such calculation. Such report shall be final and binding upon the Company and LM. The cost of such review and report shall be borne equally by the Company and LM.

(e) The Company and LM agree that they will, and, to the extent reasonably required, will cause their respective independent accountants to, cooperate and assist in the preparation of the Closing Balance Sheets and the calculation of Closing Net Worth and in the conduct of the matters referred to in this Section 2.05, including, without limitation, except as may be deemed appropriate to ensure compliance with any Applicable Laws (including, without limitation, any requirements with respect to security clearances) and subject to any applicable privileges (including, without limitation, the attorney-client privilege), making available to the extent reasonably required, the books, records and work papers of the internal and external accountants and personnel of the Company and LM and, to the extent appropriate, their Affiliates.

Section 2.06. Adjustments to LM Cash Contribution Amount. (a) The LM Cash Contribution Amount shall be subject to adjustment as follows:

(i) Thrust Reverser. If Thrust Reverser Closing Net Worth, as finally determined pursuant to Section 2.05, is less than the Estimate of Thrust Reverser Closing Net Worth, then LM shall pay to the Company as an adjustment to the LM Cash Contribution Amount, in the manner provided in Section 2.06(b), an amount equal to the sum of (A) the amount of such difference plus (B) an amount computed in the manner of interest as described in Section 2.06(c) on the amount referred to in clause (A) above. If Thrust Reverser Closing Net Worth, as finally determined pursuant to Section 2.05, is greater than the Estimate of Thrust Reverser Closing Net Worth, then the Company shall pay to LM as an adjustment to the LM Cash Contribution Amount, in the manner provided in Section 2.06(b), an amount equal to the sum of (C) the amount of such difference plus (D) an amount computed in the manner of interest as described in Section 2.06(c) on the amount referred to in clause (C).

(ii) Access Graphics. If Access Graphics Closing Net Worth, as finally determined pursuant to Section 2.05, is less than the Estimate of Access Graphics Closing Net Worth, then LM shall pay to the Company as an adjustment to the LM Cash Contribution Amount, in the manner provided in Section 2.06(b), an amount equal to the sum of (E) the amount of such difference plus (F) an amount computed in the manner of interest as described in Section 2.06(c) on the amount referred to in clause (E). If Access Graphics Closing Net Worth, as finally determined pursuant to Section 2.05 is greater than the Estimate of Access Graphics Closing Net Worth, then the Company shall pay to LM as an adjustment to the LM Cash Contribution Amount, in the manner provided in Section 2.06(b), an amount equal to the sum of (G) the amount of such difference plus (H) an amount computed in the manner of interest as described in Section 2.06(c) on the amount referred to in clause (G).

(b) Any payment pursuant to Section 2.06(a) shall be made at a mutually convenient time and place, within five Business Days after Thrust Reverser Closing Net Worth and Access Graphics Closing Net Worth have been finally determined pursuant to Section 2.05, by delivery by LM or the Company, as the case may be, of immediately available funds by wire transfer to an account of the Company or LM, as the case may be, at a bank designated by the Company or LM, as the case may be, by notice to LM or the Company, as the case may be, not later than two Business Days prior to the payment date. A single payment will be made pursuant to Section 2.06(a), the amount of which payment will, if applicable, be determined by netting the amounts described in Sections 2.06(a)(i) and 2.06(a)(ii).

(c) The amounts referred to in clauses (B), (D), (F) and (H) of Section 2.06(a) shall be calculated in the manner of interest from and including the Closing Date to but excluding the date of payment at a rate per annum equal to the one month London Interbank Offered Rate as published in the Wall Street Journal, Eastern Edition, in effect from time to time during the period from the Closing Date to the date of payment, calculated daily on the basis of a year of 360 days and the actual number of days elapsed.

Section 2.07. Excluded Liabilities. The parties agree that the Company does not hereby agree to, and shall not otherwise, assume or be responsible for any of the Excluded Liabilities.

Section 2.08. License to Intellectual Property Rights. (a) In consideration of the grant described in Section 2.08(b), pursuant to an Intellectual Property License (the "Intellectual Property License") to be negotiated prior to Closing consistent with the provisions of this Section 2.08, LM shall, and shall cause the Transferor Subsidiaries and any of their Affiliates to, grant to the Company (with the right of the Company to extend such license to its Affiliates for so long as they remain Affiliates), effective as of the Closing Date, a fully paid-up, worldwide, non-exclusive license in respect of all Intellectual Property Rights owned by LM, any Transferor Subsidiary or any of their Affiliates other than the LM Trademarks and Trade Names (as defined in the Exchange Agreement) that are available to, and used or currently planned for use by, the Businesses (but not constituting Transferred Assets) on or prior to the Closing Date, to continue such use or currently planned use in the Businesses with respect to substantially similar products, services or activities of the Businesses.

(b) In consideration of the grant described in Section 2.08(a), pursuant to the Intellectual Property License, the Company shall grant to LM (with the right of LM to extend such license to its Affiliates for so long as they remain Affiliates), effective as of the Closing Date, a fully paid-up, worldwide, non-exclusive license in respect of all Intellectual Property Rights constituting Transferred Assets, for use by LM and its Affiliates in making, using or selling products, providing services or in conducting other business activities, subject to Section 4.10(a); provided, that no license shall be granted with respect to the manufacture or sale of commercial thrust reversers and parts thereof.

(c) The Company acknowledges and agrees that it shall hold all Intellectual Property Rights constituting part of the Transferred Assets subject to any licenses thereof granted by LM, any Transferor Subsidiary or their Affiliates prior to the Closing Date.

(d) Subject to Section 2.08(b), the transfer of Intellectual Property Rights to the Company shall not affect LM's or the Transferor Subsidiaries' right to use, disclose or otherwise freely deal with any know-how, trade secrets and other technical information that is resident on the Closing Date at businesses of LM, the Transferor Subsidiaries or any of their Affiliates other than the Businesses. However, with respect to documented technical information relating to the Thrust Reverser Business that is a Transferred Asset and resides at LM, any Transferor Subsidiary or any of their Affiliates at Closing and is maintained as proprietary by LM, any Transferor Subsidiary or any of their Affiliates at Closing, LM shall use the care and caution it affords its other proprietary data to protect such technical information from disclosure to third parties, unless provided to a third party pursuant to an agreement providing for like protection by the recipient, for a period of five years from the Closing Date or until such technical information is in the public domain through no fault of LM, whichever first occurs.

Section 2.09. Delivery of Transfer Documents. Subject to Section 2.10, at the Contribution Closing, LM shall deliver, or cause the Transferor Subsidiaries to deliver, to the Company such deeds (which, in the case of real property, shall be bargain and sale deeds without covenants and warranties), bills of sale, endorsements, consents, assignments and other good and sufficient instruments of conveyance and assignment as the parties and their respective counsel shall deem reasonably necessary or appropriate to vest in the Company all of LM's and the Transferor Subsidiaries' right, title and interest in, to and under the Transferred Assets.

Section 2.10. Assignment of Contracts and Rights. (a) Anything in this Agreement or the Exchange Agreement to the contrary notwithstanding, neither this Agreement nor the Exchange Agreement shall constitute an agreement to assign any Transferred Asset or any claim or right or any benefit arising under such Transferred Asset or resulting therefrom if such assignment, without the consent of a third party thereto, would constitute a breach or other contravention of such Transferred Asset, be ineffective with respect to any party thereto or in any way adversely affect the rights of the Company or LM with respect to such Transferred Asset. LM and the Company shall use their best efforts (including, for purposes hereof, the obligation to expend funds to obtain such consents to the same extent as GE would have been so obligated under Section 2.03 of the Transfer Agreement dated November 22, 1992, as amended as of March 28, 1993 among GE, Martin Marietta Corporation and LM) to obtain the consent of the other parties to any such Transferred Asset or any claim or right or any benefit arising under any such Transferred Asset for the assignment of such Transferred Asset to the Company as the Company may request.

(b) If any such consent is not obtained, or if an attempted assignment of any Transferred Asset would be ineffective or would adversely affect the rights of the Company with respect to any such Transferred Asset so that the Company would not in fact receive all such rights, as among the parties hereto, the Company will obtain the claims, rights and benefits of LM or its Subsidiary, as applicable, and assume the obligations under such Transferred Asset in accordance with this Agreement, and LM will enforce for the benefit of the Company, with the Company assuming LM's or such Subsidiary's obligations (excluding any Excluded Liability), any and all claims, rights and benefits of LM or such Subsidiary, against a third party to such Transferred Asset. In such event, LM and the Company shall, to the extent the benefits therefrom and obligations under any such Transferred Asset have not been provided by alternate arrangements satisfactory to LM and the Company, negotiate in good faith an amount to be paid by LM to the Company or by the Company to LM, as the case may be.

(c) LM will promptly pay to the Company when received all monies received by LM with respect to any Transferred Asset or any claim or right or any benefit arising under any Transferred Asset, except to the extent the same represents an Excluded Asset.

(d) The Company will promptly pay to LM when received all monies received by the Company with respect to any Excluded Asset or any claim or right or any benefit arising under any Excluded Asset, except to the extent the same represents a Transferred Asset.

Section 2.11. Conduct of the Businesses on the Closing Date. The Company agrees that, from the Closing until the close of business on the Closing Date, it shall operate the Businesses in accordance with the historical and customary operating practices relating to the conduct of the Businesses and, without limiting the foregoing, the Company agrees that it will not engage in any transaction, other than in the ordinary course of business consistent with past practices of the Business, that would have an adverse effect on the Thrust Reverser Closing Net Worth or the Access Graphics Closing Net Worth.

ARTICLE 3
Representations and Warranties of LM

Section 3.01. Representations and Warranties of LM. LM represents and warrants to the Company as set forth in Exhibit II.

ARTICLE 4
Covenants of the Parties

Section 4.01. Conduct of the Businesses Until the Closing. Except as otherwise provided herein, from the date of this Agreement until the Closing, LM shall, and shall cause each Transferor Subsidiary to, conduct the Businesses in accordance with the historical and customary operating practices relating to the conduct of the Businesses. In addition, from the date of this Agreement through the Closing Date, subject to any exceptions deemed appropriate to ensure compliance with Applicable Laws, without the Company's prior consent, which shall not be unreasonably withheld, LM will not, and will cause each of the Transferor Subsidiaries not to, take or commit to take any of the following actions:

(i) capital expenditure, or group of related capital expenditures, relating to the Businesses or the Transferred Assets in excess of $2,000,000, individually, or $5,000,000, in the aggregate;

(ii) sale or other disposal of assets (other than Inventory) with a value in excess of $2,000,000 that would constitute Transferred Assets if owned, held or used by LM or any Transferor Subsidiary on the Closing Date;

(iii) amendment of, or modification to, any Contract where the effect of such amendment or modification would be a decrease in the backlog value of the relevant Contract of at least $10,000,000;

(iv) submission of any Bid which, if accepted, would result in a fixed price Contract that would constitute a Transferred Asset with a backlog value in excess of $10,000,000 or a Loss Contract;

(v) permit the Businesses to enter into or engage in a line of business not conducted by the Businesses on the date of this Agreement; or

(vi) directly or indirectly through an Affiliate, execution of a Contract or entering into of a commitment with Airbus relating to the A340-500/600 on terms materially less favorable to the Thrust Reverser Business than those in the proposal delivered to Airbus by LM on or about October 1, 1997.

Section 4.02. Confidentiality. LM agrees that, except as otherwise provided in Section 7.03 of the Exchange Agreement, all confidential non-public information provided pursuant to this Agreement or the Exchange Agreement to LM or any of its Representatives, and, from and after the Closing, all confidential non-public information relating to the Company, the Businesses, the Transferred Assets and Assumed Liabilities, will be held in confidence, except to the extent that such information (i) can be shown to have become generally known to the public other than as a result of disclosure by LM, any of its Affiliates or any of its Representatives, or (ii) is disclosed to LM, any of its Affiliates or any of its Representatives on a non-confidential basis from a source other than the Company, any of its Affiliates or any of its Representatives, provided that such source is not known by LM, any of its Affiliates or any if its Representatives to be bound by a confidentiality agreement with, or other obligation of secrecy to, the Company. In the event that LM or any of its Affiliates becomes legally compelled (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or any law, rule, regulation or stock exchange requirement or otherwise) to disclose any such information, LM agrees to provide the Company with prompt notice of such requirement so that the Company may seek a protective order or other appropriate remedy. In the event that such protective order or remedy is not obtained, LM agrees that it will furnish, and will cause any such Affiliate to furnish, only that portion of such information which LM is advised by counsel is legally required and to cooperate in the Company's efforts to obtain assurance that confidential treatment will be accorded such information.

Section 4.03. Retention of Assets. From and after the date of this Agreement, LM shall ensure that no assets of any Business are distributed or otherwise transferred (by dividend, intercompany or intracompany loan or otherwise, other than by intercompany or intracompany loan that is consistent with past cash management practices) to LM or any Affiliate of LM (other than in the ordinary course consistent with past practices for payments to or allocated to LM or any Affiliate of LM relating to (i) materials or services used in the Businesses, (ii) costs advanced to or on behalf of the Businesses or (iii) allocations of corporate overhead costs). For purposes of the foregoing, LM shall treat each Business as if it were a separate, incorporated Subsidiary of LM. To the extent that, from and after the day after the Balance Sheet Date but prior to the Closing Date, more than a de minimis amount of assets (including, without

limitation, cash) of any Business has been so distributed or otherwise transferred (by dividend or otherwise) to LM or any Affiliate of LM, LM shall, and shall cause any such Affiliate of LM to, prior to the Contribution Closing, to cause such assets (or an equivalent amount in cash) to be contributed or otherwise transferred to such Business. Any intercompany or intracompany loans made from and after the date of this Agreement to or from any of the Businesses consistent with past cash management practices shall be repaid at or prior to the Closing.

Section 4.04. Change of Lockbox Accounts. Immediately after the Closing, LM shall take, and shall cause each of its Subsidiaries to take, such steps as the Company may reasonably request, to cause the Company or any other Person, as determined by the Company, to be substituted as the sole party having control over any lockbox or similar bank account to which customers of LM or any of its Subsidiaries directly make payments related to the Businesses.

Section 4.05. Maintenance and Enforcement of Insurance Policies. (a) On and after the date of this Agreement (including after the Closing Date), LM shall not, and shall not permit any Transferor Subsidiary to, take or fail to take any action if such action or inaction, as the case may be, would adversely affect the applicability of any insurance (including reinsurance and any established reserves under any self-insurance or deductible programs) in effect on the date of this Agreement that covers all or any part of the Transferred Assets, the Businesses or the Transferred Employees in respect of periods ending as of the Closing. Notwithstanding the foregoing, neither LM nor any Transferor Subsidiary shall have any obligation to maintain the effectiveness of any such insurance policy on or after the Closing Date or to make any monetary payment (other than with respect to reserves under self-insurance or deductible programs) in connection with any such policy.

(b) Notwithstanding any provision to the contrary in this Agreement, this Section 4.05(b) shall constitute the parties' agreement regarding the allocation of insurance proceeds with respect to claims for Environmental Liabilities that relate to the operation of the Businesses prior to, or the condition of the Transferred Assets on, the Closing Date ("Environmental Insurance Claims"). The Company acknowledges that insurance carriers of LM and its predecessor corporations have generally denied coverage, that LM is diligently pursuing recovery from such carriers and that LM has a substantial interest in maximizing its recovery from such carriers. LM shall control the Environmental Insurance Claims and shall have the right to compromise or settle any Environmental Insurance Claims. LM will act in good faith and with reasonable prudence to maximize recovery with respect to Environmental Insurance Claims and will allocate a portion of any recovery received with respect to such Environmental Insurance Claims as follows:

(i) LM shall first deduct its costs to collect such recovery and all net tax costs related to such recovery.

(ii) LM shall then deduct any amounts it owes to a Governmental Authority, prime contractor or subcontractor pursuant to a Government Contract in respect of such Environmental Liabilities.

With respect to any recovery remaining after the amounts specified in clauses (i) and (ii) have been deducted (the "Remaining Recovery"):

(A) if the recovery applies to Environmental Liabilities that are Assumed Liabilities and to Environmental Liabilities that are not Assumed Liabilities, and the recovery was not designated as arising from specific Environmental Liabilities (e.g., a global settlement with a carrier), LM will pay the Company an amount equal to the Remaining Recovery multiplied by X multiplied by (one minus Y); where X equals the total of the Environmental Insurance Claims (estimated as of the date of recovery) under said insurance policies divided by the total environmental and toxic tort claims by LM under said insurance policies; and Y equals LM's past expenditures on said Environmental Liabilities divided by the total estimated expenditures in respect of said Environmental Liabilities (estimated as of the Closing Date), or

(B) if the recovery was designated as arising from a specific Environmental Liability that is an Assumed Liability, LM will pay the Company the Remaining Recovery multiplied by (one minus Y).

Any obligations assumed in such compromise or settlement will be apportioned between LM and the Company in the same proportion as a recovery would be allocated pursuant to this Section 4.05(b).

(c) The Company agrees that all insurance policies covering the Transferred Assets, the Businesses and the Transferred Employees (but with respect to workers compensation insurance, subject to Exhibit IV) maintained by or on behalf of LM or any Transferor Subsidiary may be terminated or may terminate by their terms as of the Closing and that, from and after the Closing Date, LM and each of the Transferor Subsidiaries shall have no obligation of any kind to maintain any form of insurance (other than reserves for self-insurance and deductible programs) covering all or any part of the Transferred Assets, the Businesses or the Transferred Employees.

Section 4.06. Transitional Services Agreement. From and after the Closing and until the third anniversary of the Closing Date, (i) LM shall, or shall cause its Subsidiaries to, provide to the Company certain transitional services to the Businesses and (ii) the Company shall provide to LM certain transitional services to the VLS Business and the other LM affiliated entities co-located at the Baltimore Facility, namely, the Lockheed Martin Federal Credit Union, Lockheed Martin Enterprise Information Systems, LMC Properties, Inc. and Lockheed Martin Unmanned Systems Division, in each case, pursuant to a transitional services agreement (the "Transitional Services Agreement") to be negotiated prior to the Closing. Such services shall be provided by the providing party using the cost methodology currently used by LM or the applicable Subsidiary of LM to assess to the applicable Business the same or similar services, and if there is no such current assessment, then at the actual cost of the providing party. Except as provided in Exhibit IV, the Company or LM may elect to terminate any particular service provided to it upon 180 days' notice to the other party and in the event of a conflict between this Section and Exhibit IV, the provisions of Exhibit IV will control.

Section 4.07. Thrust Reverser Business. (a) Technical Consulting Agreement. From and after the Closing Date, (i) LM shall, or shall cause its Subsidiaries to, provide certain research, development and engineering support services to the Thrust Reverser Business, and (ii) the Company shall cause the Thrust Reverser Business to provide certain research, development and engineering support services to LM, in each case, pursuant to a Technical Consulting Agreement (the "Technical Consulting Agreement") to be negotiated prior to the Closing on terms and subject to conditions set forth in Attachment B.

(b) Option to Purchase Northrop Grumman Thrust Reverser Business. For a period of six months (the "Option Period") after LM completes its acquisition of Northrop Grumman Corporation ("Northrop Grumman"), the Company shall have the option (the "Northrop Grumman Option") to acquire the Northrop Grumman Commercial Thrust Reverser Business. The Company may exercise the Northrop Grumman Option at any time during the Option Period by delivery of written notice to LM. If the Company elects to exercise the Northrop Grumman Option, the purchase price for the Northrop Grumman Commercial Thrust Reverser Business (the "Northrop Grumman Purchase Price") shall be an amount equal to the product of (A) the 1996 earnings before interest, taxes, depreciation and amortization of the Northrop Grumman Commercial Thrust Reverser Business multiplied by (B) 11.3. During the Option Period, upon written notice by the Company to LM and provided that the Company has entered into a customary confidentiality agreement with LM, for a

three-week period, LM will, and will cause each Subsidiary of LM to, (i) give the Company and its Representatives reasonable access to the offices, properties, books and records of LM and such Subsidiary relating to the Northrop Grumman Commercial Thrust Reverser Business, (ii) furnish to the Company and its Representatives such financial and other operating data and other information relating to the Northrop Grumman Commercial Thrust Reverser Business as the Company may reasonably request and (iii) instruct its employees and Representatives to cooperate with the Company in its investigation of the Northrop Grumman Commercial Thrust Reverser Business, in each case, except as may be deemed appropriate to ensure compliance with Applicable Laws (including, without limitation, any requirements with respect to security clearances) and subject to any applicable privileges (including, without limitation, the attorney-client privilege). If the Northrop Grumman Option is exercised during the Option Period, from the date of exercise of the Northrop Grumman Option through the closing of the acquisition by the Company of the Northrop Grumman Commercial Thrust Reverser Business, LM will, and will cause each Subsidiary to, comply again with the provisions of clauses (i), (ii) and (iii) above. The closing of the acquisition by the Company of the Northrop Grumman Commercial Thrust Reverser Business will be subject to representations, warranties, covenants and agreements consistent with this Agreement and the Exchange Agreement and closing conditions consistent with the Exchange Agreement with such adjustments as are appropriate to reflect the expected tax treatment of the transaction and restrictions applicable to employee benefit plans.

(c) Survival of Certain Rights and Obligations. The parties hereby acknowledge and agree that the 1993 Thrust Reverser Agreement and any and all implementing agreements related thereto (including, without limitation, the related License Agreement and the Thrust Reverser Product Support Agreement) constitute Transferred Assets and that, with the exceptions set forth in the next sentence, the liabilities and obligations of LM associated with the 1993 Thrust Reverser Agreement that otherwise meet the definition of "Assumed Liabilities" in Exhibit I and which are not Excluded Liabilities constitute Assumed Liabilities. Notwithstanding the foregoing or anything to the contrary in Article XXVII of the 1993 Thrust Reverser Agreement, from and after the Closing, LM shall continue to be bound only by the obligations set forth in the third and fourth sentences of Article VIII A, and paragraphs B - E of Article VIII (Information and Data) and Article XX (Release of Information) of the 1993 Thrust Reverser Agreement as provided therein, and the provisions of Article XXIX (Miscellaneous) thereof shall continue to apply with respect to such obligations.

(d) Parts Manufacturing Authorization. From and after the Closing, LM shall not exercise its rights under any parts manufacturing authorization from the

Federal Aviation Administration issued to LM for the Products (as such term is defined in the 1993 Thrust Reverser Agreement).

Section 4.08. Agreement with Sun. From the date of this Agreement until the Closing, LM shall use best efforts to cause Access Graphics (i) to enter into a master reseller agreement with Sun Microsystems Computer Company ("Sun") effective not later than January 1, 1998 (the "Sun Master Reseller Agreement") that contains terms substantially similar to those contained in the master reseller agreement relating to the 1998 calendar year executed by Access Graphics, a copy of which was provided to GE, pursuant to which Sun agrees to permit Access Graphics or its Affiliates to sell returned goods and to continue to sell goods directly to LM and its Affiliates and (ii) to obtain the assignment of the rights and obligations of Access Graphics under any existing contract with Sun and such Sun Master Reseller Agreement to the Company.

Section 4.09. Loan. The Company shall provide to LM, (i) on or after the third calendar day following the Closing Date but prior to the payment of any adjustment to the LM Cash Contribution Amount pursuant to Section 2.06, loans in an aggregate principal amount not to exceed 90.0% of the LM Cash Contribution Amount as of the Closing Date and (ii) on or after the Closing Date, after the payment of any adjustment to the LM Cash Contribution Amount pursuant to Section 2.06, loans in an aggregate principal amount (including the principal amount of any loan provided pursuant to clause (i)) not to exceed the LM Cash Contribution Amount as adjusted pursuant to Section 2.06, in either case, on the terms and subject to the conditions set forth in Attachment C; provided, that the Company shall not be obligated to provide any such loan to LM, in the case of clause (i), unless the Company receives a notice in writing from LM requesting such a loan not later than 45 Business Days following the Closing Date and, in the case of clause (ii), not later than 45 Business Days following the payment of any adjustment to the LM Cash Contribution Amount pursuant to Section 2.06, or in the event that there is no such adjustment, not later than 45 Business Days following the parties' agreement on the Closing Balance Sheets.

Section 4.10. Protection of Businesses; Non-Solicitation. (a) In consideration of the benefits of this Agreement to LM and in order to induce the Company to enter into this Agreement, LM hereby covenants and agrees that, from and after the Closing and until the fourth anniversary of the Closing Date, LM shall not, directly or indirectly, engage anywhere in the world in any activities that compete, in any material respect, with any of the Businesses as conducted on the Closing Date (a "Competing Business"); provided, that this Section 4.10 shall not (i) prevent LM or any of its Affiliates from engaging anywhere in the world in any activity that LM or any of its Affiliates is engaged in on the Closing

Date after the transfer of the Businesses, (ii) apply to investments by LM or any of its Affiliates in securities of another entity which constitute, in the aggregate, less than 5% of the outstanding shares of such entity entitled to vote generally in the election of directors or similar persons, (iii) prohibit the acquisition (by merger or otherwise) of the securities or assets of a business where the gross revenues of such business attributable to Competing Businesses constitute less than 15% of the total gross revenues of such business and where the entry into Competing Businesses is not the principal purpose of such acquisition, (iv) in any manner limit the ability of LM to consummate the acquisition of Northrop Grumman and to own and operate the business of Northrop Grumman as conducted on the closing date of LM's acquisition of Northrop Grumman, provided that (A) LM and its Affiliates (including Northrop Grumman and its Affiliates after LM's acquisition of Northrop Grumman) may not, directly or indirectly, until the fourth anniversary of the Closing Date, engage anywhere in the world in the commercial thrust reverser business with respect to engines with thrust in excess of 30,000 pounds, other than with respect to commercial derivatives of Northrop Grumman's C-17 military engine or contracts for any products (including thrust reversers and components) with The Boeing Company, provided that LM shall not, directly or indirectly, bid in response to any requests for proposals of The Boeing Company for any such products issued to two or more suppliers, (B) if the Company exercises the Northrop Grumman Option, LM shall not, directly or indirectly, until the fourth anniversary of the Closing Date, engage anywhere in the world in the commercial thrust reverser business, other than with respect to commercial derivatives of Northrop Grumman's C-17 military engine or contracts for any products (including thrust reversers and components) with The Boeing Company, provided that LM shall not, directly or indirectly, bid in response to any requests for proposals of The Boeing Company for any such products issued to two or more suppliers, and (C) if, at the time of the closing of LM's acquisition of Northrop Grumman, Northrop Grumman has, directly or indirectly, acquired since the date of this Agreement any business that competes anywhere in the world with the Access Graphics Business, the Company shall have an option, exercisable at any time during the 90-day period following such closing, to acquire such business at its fair market value or (v) in any manner limit the ability of LM or any of its Subsidiaries to dispose of real property and related personalty.

(b) From and after the date of this Agreement until the second anniversary of the Closing Date, LM shall not, without prior written approval of the Company, directly or indirectly solicit any person who is an employee of any of the Businesses (or the Northrop Grumman Commercial Thrust Reverser Business if the Company exercises the Northrop Grumman Option) at any time on or after the date of this Agreement to terminate his or her relationship with any of the Businesses (or the Northrop Grumman Commercial Thrust Reverser Business if the Company exercises the Northrop Grumman Option); provided, that the

foregoing shall not apply to persons hired as a result of the use of an independent employment agency (so long as the agency was not directed to solicit such person) or as a result of the use of a general solicitation (such as an advertisement) not specifically directed to employees of the Businesses (or the Northrop Grumman Commercial Thrust Reverser Business if the Company exercises the Northrop Grumman Option). Notwithstanding the foregoing, if the Company exercises the Northrop Grumman Option, the Company agrees that, if LM requests the Company's approval to solicit certain employees of the Northrop Grumman Commercial Thrust Reverser Business, the Company will not unreasonably withhold its written approval.

(c) If any provision contained in this Section 4.10 shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Section 4.10, but this Section 4.10 shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Section 4.10. It is the intention of the parties that if any restriction or covenant contained in this Section 4.10 is held to cover a geographic area or to be for a length of time that is not permitted by Applicable Law, or is in any way construed to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under Applicable Law, a court of competent jurisdiction shall construe and interpret or reform this Section 4.10 to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those contained in this Section 4.10) as shall be valid, legal and enforceable under such Applicable Law. LM acknowledges that the Company would be irreparably harmed by any breach of this Section 4.10 and that there would be no adequate remedy at law or in damages to compensate the Company for any such breach. LM agrees that the Company shall be entitled to injunctive relief requiring specific performance by LM of this Section 4.10, and LM consents to the entry of such injunctive relief.

Section 4.11. Baltimore Facility Lease. On the Closing Date, LMC Properties, Inc. and the Company shall enter into a lease agreement (the "Baltimore Facility Lease") relating to the Premises (as defined in Attachment D) on terms and subject to the conditions set forth in Attachment D.

Section 4.12. Pratt and Whitney Claims. LM, as the Indemnifying Party, shall be entitled to settle in accordance with Section 7.04(b)(iv) all claims referred to in clause (j) of the definition of Excluded Liabilities; provided, that LM has not agreed and shall not agree, as a part of or in connection with such settlement, to any settlement terms that would affect the remaining performance, as of the

Closing Date, of the P&W Agreement in a manner that would be adverse to the interests of the Company or any of its Affiliates arising under such contract.

Section 4.13. Certain LM Arrangements. (a) On the Closing Date, LM will enter into agreements with the Company, effective as of the Closing Date, such that:

(i) until the second anniversary of the Closing Date, LM will

(A) continue in all material respects the purchasing agreements (including, without limitation, the assignment to the Company of the master purchase order) and relationships with the Access Graphics Business existing as of the date of this Agreement whereby LM, on behalf of itself and certain of its Subsidiaries for its or their internal use only, purchases a substantial portion of LM's and such Subsidiaries' requirements for purchase of Sun, Silicon Graphics, Inc. and other Unix-based products and related services (including, without limitation, Help Desk services), on terms no less favorable to the Company (or its Affiliates providing such products or services) than the terms in existence on the date of this Agreement and at levels consistent with purchases of such products and services during calendar year 1997, provided, that (x) LM shall be required to purchase Sun products and services from the Company only to the extent the Company is permitted by Sun to sell such products and services to LM, and (y) following LM's acquisition of Northrop Grumman, this clause shall not apply to any similar requirements of Northrop Grumman, and

(B) purchase from the Company (or its Affiliates) all requirements for products and services currently procured under Intra Lockheed Martin Work Transfer Agreements existing as of the date of this Agreement or as contemplated in the Aerostructures 1998 Long Range Plan and set forth in Section 4.13 of the Contribution Disclosure Schedule,

provided, that the obligations of LM pursuant to clauses (A) and (B) shall continue during such two-year period for so long as the cost, quality and schedule requirements generally prevailing on the date of this Agreement are met, and provided further, that LM shall be afforded terms no less favorable than historically provided to LM for such products and services and the profit margins charged on products and services of the Thrust Reverser Business purchased from the Company shall be no different than

those assumed for such products and services in the Aerostructures 1998 Long Range Plan; and

(ii) for a period of three years following the second anniversary of the Closing Date, LM shall afford the Company (and its Affiliates) the opportunity to bid to provide any of the products or services referred to in clauses (A) and (B) of clause (i) above, provided, that, with respect to any bids for such products or services having an aggregate value in excess of $1,000,000, in the case of the Thrust Reverser Business, $2,000,000, in the case of services provided by the Access Graphics Business, and $5,000,000, in the case of products provided by the Access Graphics Business, the Company shall have the right to match the offer of any other Person to supply such products or services to LM and its Subsidiaries and, so long as the terms on which the Company (or such Affiliate) offers to provide such products or services are at least as favorable to LM and its Subsidiaries on the basis of cost, schedule and quality as any offer received from such other Person with respect to such products and services, LM shall accept the Company's (or such Affiliate's) offer in priority to the offer of such other Person.

(b) From and after the Closing until the third anniversary of the Closing Date, LM agrees that if it or any of its Subsidiaries purchases CF6-80C engines for re-engining with respect to C5M aircraft, LM or such Subsidiary will purchase the thrust reverser for such engines on terms consistent with the pricing and other standards set forth in GE's September 29, 1997 proposal provided to LM.

Section 4.14. Customer Introductions. From and after the Closing until the second anniversary of the Closing Date, LM shall, and shall cause each Transferor Subsidiary to, upon the request of the Company, to the extent reasonably practicable, introduce the Company, or arrange for a personal introduction of the Representatives of the Company, to customers of the Businesses for the purpose of ensuring good customer relationships following the Closing.

Section 4.15. Financial Support Arrangements. (a) The Company agrees that not later than July 31, 1998 (the "RELEASE DATE"), and in a manner reasonably satisfactory to LM, the Company will assume, or otherwise ensure that LM, each Transferor Subsidiary and their Affiliates are released from all obligations of LM, such Transferor Subsidiary or any of their Affiliates under all letters of credit, surety bonds and other financial support arrangements maintained as of the Closing Date by LM, such Transferor Subsidiary or any of their Affiliates in connection with the Businesses (collectively, the "FINANCIAL SUPPORT ARRANGEMENTS"). As promptly as practicable after the Closing Date, LM shall

provide the Company with a list of such Financial Support Arrangements to the extent not listed in Section II.10 of the Contribution Disclosure Schedule.

(b) LM will use best efforts to cause each Financial Support Arrangement to remain in full force and effect in accordance with its terms until the earliest of (i) the Release Date on which the Company assumes, or otherwise ensures that LM, each Transferor Subsidiary and their Affiliates are released from, all obligations of LM, each Transferor Subsidiary and their Affiliates under such Financial Support Arrangement in accordance with Section 4.15(a), (ii) July 31, 1998 and (iii) the date such Financial Support Arrangement terminates in accordance with its terms. After the Closing Date and prior to the Release Date for any such Financial Support Arrangement, LM will not, and will not permit any Transferor Subsidiary to, waive any requirements of or agree to amend such Financial Support Arrangement without the prior written consent of the Company. Upon the receipt of a written (i) will cause (or, if the consent of another party is required, will endeavor to cause) the principal or stated amount, as applicable, of such Financial Support Arrangement to be increased or decreased as requested and (ii) will cause other provisions thereof to be modified or amended as requested.

(c) If, after the Closing Date, (i) any amounts are drawn on or paid under any Financial Support Arrangement where LM, each Transferor Subsidiary or their Affiliates are obligated to reimburse the Person making such payment or otherwise to make payment in accordance with the Financial Support Arrangement or (ii) LM, each Transferor Subsidiary or their Affiliates pay any fees, costs or expenses relating to any Financial Support Arrangement, the Company shall pay LM, the applicable Transferor Subsidiary or applicable Affiliate such amounts promptly after receipt from LM of notice thereof accompanied by written evidence of the underlying payment obligation.

(d) In the event that the Company fails to assume, or otherwise ensure that LM, each Transferor Subsidiary and their Affiliates are released from, all obligations of LM, each Transferor Subsidiary and their Affiliates under the Financial Support Arrangements not later than July 31, 1998, the Company shall (i) promptly deposit with LM or the applicable Transferor Subsidiary or applicable Affiliate cash in an amount equal to the aggregate principal or stated amount, as may be applicable, of the Financial Support Arrangements with respect to which the Release Date has not occurred or (ii) subject to the prior approval of the Treasurer of LM, provide back-up letters of credit in form and substance satisfactory to the Treasurer of LM with respect to such Financial Support Arrangements. Any cash deposited with LM or the applicable Transferor Subsidiary or applicable Affiliate in accordance with clause (i) shall be held by LM or the applicable Transferor Subsidiary or applicable Affiliate in a segregated

account, shall be used by LM or the applicable Transferor Subsidiary or applicable Affiliate solely to satisfy its payment obligations in respect of such Financial Support Arrangements and the unused portion of such cash relating to a Financial Support Arrangement shall be returned to the Company promptly after the occurrence of the Release Date with respect to such Financial Support Arrangement.

Section 4.16. No Inconsistent Positions. LM and the Company covenant and agree not to, and to cause their Affiliates not to, take any position after the Closing inconsistent with the fair market value of the Businesses on the Closing Date being not less than the amount stated in paragraph (85) of the Officers' Certificate of Marcus C. Bennett and John E. Montague referred to in Section 8.02(d)(i) of the Exchange Agreement or in paragraph (c) of the Officer's Certificate of Dennis D. Dammerman referred to in Section 8.03(b)(i) of the Exchange Agreement.

Section 4.17. Equity Securities. (a) At Closing, LM shall deliver to the Company certificates for the Equity Securities, free and clear of all Liens, preemptive rights or any other limitation or restriction (other than any applicable limitations on offers and sales under federal and state securities laws, it being understood that the terms of this parenthetical clause do not limit or affect LM's obligations under clauses (b) and (c) of this Section 4.17), duly endorsed or accompanied by stock powers duly endorsed in blank, with any required transfer stamps fixed thereto, together with the most recent Warrant Share Offering Prospectus provided by Globalstar to LM with respect to the Globalstar S-3.

(b) Prior to the Closing Date, LM shall provide a notice to Globalstar indicating that LM is distributing its Warrant Shares (as such term is defined in the Warrant Acceleration and Registration Rights Agreement) to the Company effective on the Closing Date pursuant to the plan of distribution in the Globalstar S-3.

(c) Prior to the Closing Date, LM shall use best efforts to (i) deliver to the Company at Closing the Equity Securities on a basis that such securities are freely transferable under the federal and state securities laws, and certificates for the Equity Securities without any restrictive legend of any kind whatsoever, and (ii) assuming compliance with Sections 4(f) and 8(c) of the Warrant Acceleration and Registration Rights Agreement, assign to the Company its rights and obligations as a Warrant Holder under the Warrant Acceleration and Registration Rights Agreement effective as of the Closing.

Section 4.18. Certain Contribution. Prior to the Closing, LM shall cause the approximately $66,000,000 payable by Access Graphics B.V. (Netherlands) to

LM to be contributed to the capital of Access Graphics B.V. (Netherlands). LM agrees that in the event that such contribution has not been made prior to or at the Contribution Closing, such amount shall be an Excluded Liability.

ARTICLE 5
Tax Matters

Section 5.01. Tax Matters. The parties agree as to Tax matters as set forth in Exhibit III.

ARTICLE 6
Employment and Employee Benefit Matters

Section 6.01. Employment and Employee Benefit Matters. The parties agree as to employment and employee benefit matters as set forth in Exhibit IV.

ARTICLE 7
Survival; Indemnification

Section 7.01. Survival. (a) None of the covenants, agreements, representations and warranties of the parties contained in this Agreement or the certificates to be delivered pursuant to Sections 8.02(a)(iii) and 8.03(a)(iii) of the Exchange Agreement shall survive the Closing except for those contained in Articles 2, 4 (other than Sections 4.01, 4.03, 4.08, 4.11 and 4.17) and 7, Sections 8.01, II.01 (other than with respect to the qualification to do business in any state other than Maryland), II.02, II.03(a), II.04 (with respect to clauses (i) and (ii) thereof), II.05, Exhibit III and Exhibit IV (other than Section IV.01), and those covenants and agreements which, by their terms, are to have effect after the Closing Date (each, a "SURVIVING REPRESENTATION OR COVENANT"). It is understood and agreed that, except as explicitly provided in this Agreement, after the Closing there shall be no liability or obligation under this Agreement in respect of a breach or alleged breach of any representation, warranty, covenant or agreement contained in this Agreement or such certificates. It is further understood and agreed that none of the representations and warranties that have been made by any of the parties in any other Transaction Document shall survive

the Closing, except to the extent the survival thereof is expressly provided for in any Transaction Document.

(b) Except with respect to the Excluded Liabilities and except as otherwise provided in the Transaction Documents, the Company for itself, its Affiliates and their respective Representatives, effective as of the Closing, release and discharge LM, its Affiliates and their respective Representatives from any and all claims, demands, debts, liabilities, accounts, obligations, costs, expenses, liens, actions, causes of action (whether in law, in equity or otherwise), rights of subrogation and contribution and remedies of any nature whatsoever, known or unknown, relating to or arising out of Environmental Liabilities or Environmental Laws, in either case, arising in connection with or in any way relating to the Businesses or the Transferred Assets.

Section 7.02. Indemnification. (a) Effective as of the Closing, LM hereby indemnifies the Company and its Affiliates and, to the extent actually indemnified by the Company or any such Affiliate from time to time, their respective Representatives against and agrees to hold each of them harmless on an after-Tax basis from any and all Damages incurred or suffered by any of them arising out of or related in any way to:

(i) any misrepresentation or breach of (A) any Surviving Representation or Covenant made or to be performed by LM or any Transferor Subsidiary pursuant to this Agreement, other than Section 2.01(b) or 4.16, or (B) subject in each case to Section 9.02(b) of the Exchange Agreement, the Tax Assurance Agreement or Section 2.01(b) or 4.16 of this Agreement; or

(ii) any Excluded Liability (including, without limitation, LM's or any Transferor Subsidiary's failure to perform or in due course pay and discharge any Excluded Liability).

(b) Effective as of the Closing, the Company hereby indemnifies LM and its Affiliates and, to the extent actually indemnified by LM or any such Affiliate from time to time, their respective Representatives against and agrees to hold each of them harmless on an after-Tax basis from any and all Damages incurred or suffered by any of them arising out of or related in any way to:

(i) any misrepresentation or breach of (A) any Surviving Representation or Covenant made or to be performed by the Company after the Closing Date pursuant to this Agreement, other than Section 2.01(b) or 4.16, or (B) subject to Section 9.02(d) of the Exchange

Agreement, the Tax Assurance Agreement or Section 2.01(b) or 4.16 of this Agreement; or

(ii) subject to Sections 7.03 and 7.06, any Assumed Liability (including, without limitation, any failure by the Company to perform or in due course pay and discharge any Assumed Liability).

Section 7.03. Indemnification of Company by LM for Certain Assumed Liabilities. (a) LM hereby indemnifies the Company and its Affiliates and, to the extent actually indemnified by the Company or such Affiliate from time to time, each of their respective directors, officers, employees and agents, against and agrees to hold them harmless on an after-Tax basis from:

(i) in the case of any Matter described in clause 7.03(b)(ii), Actual Net Expenditures; and

(ii) in the case of any Matter described in clause 7.03(b)(i), Actual Net Expenditures and Economic Harm (without duplication),

in each case only to the extent such Actual Net Expenditures were made by or such Economic Harm was actually realized by any of them before the tenth anniversary of the Closing Date; provided, however, that LM shall not have any obligation to indemnify with respect to any such Matter until the amount of such Actual Net Expenditures made or Actual Net Expenditures made and Economic Harm realized, as the case may be, exceeds $15,000,000 (each, an "EXCESS AMOUNT"); and further, provided, that LM shall have received (A) notice from the Company specifying such Excess Amount and (B) evidence reasonably satisfactory to LM that the Company has made such Actual Net Expenditures or suffered such Economic Harm. Promptly after receipt of such notice and evidence, LM shall pay any Excess Amount in cash or by wire transfer of immediately available funds to such account of the Company as the Company shall specify in a written notice. Any notice made pursuant to this Section 7.03(a) may not be delivered later than sixty days after the tenth anniversary of the Closing Date.

(b) For purposes of this Agreement and the Exchange Agreement, a single matter ("MATTER") shall consist of:

(i) Environmental Liabilities which arise out of a common root cause and which relate to the operation of the Businesses prior to, or the condition of the Transferred Assets as of, the Closing Date; or

(ii) liabilities to the U.S. Government arising out of a common root cause, related to Government Contracts, and based upon allegations of knowing or intentional misconduct on the part of LM employees which occurred prior to the Closing Date in connection with the operation of the Businesses.

(c) No Person shall be entitled to payment of any Excess Amount if, without LM's prior written consent, the Company (i) other than in good faith, rejected a settlement proposal in respect of such Matter or failed to settle such Matter for an amount that would have resulted in Actual Net Expenditures of less than $15,000,000 in respect of such Matter; (ii) settled any such Matter, or consented to the entry of judgment in respect of such Matter, where such settlement or judgment resulted in an Excess Amount; or (iii) did not allow LM to participate in a substantial manner with the Company in the defense of such Matter (substantially in the manner contemplated by Section 7.04(b)(ii)).

Section 7.04. Procedures for Third Party Claims. (a) Notice. The party or parties seeking indemnification under Section 7.02 or the Company under Section 7.06 (the "INDEMNIFIED PARTIES") agrees to give prompt notice to the parties against whom indemnity is sought (the "INDEMNIFYING PARTIES") of the assertion of any third party claim, or the commencement of any suit, action or proceeding in respect of which indemnity may be sought under Section 7.02 or 7.06 (the "THIRD PARTY CLAIMS"). The failure by any Indemnified Party so to notify the Indemnifying Parties shall not constitute a waiver of any Indemnified Party's claims to indemnification in the absence of material prejudice to the Indemnifying Parties. Any such notice shall be accompanied by a copy of any papers theretofore served on the Indemnified Party in connection with the applicable Third Party Claim.

(b) Defense and Settlement of Claims.

(i) Assumption of Defense by LM. Except as provided in Sections 7.04(b)(ii) and (v), upon receipt of notice from any Indemnified Party with respect to any Third Party Claim as to which indemnity is available pursuant to Section 7.02(a) or as to which indemnity may be available to the Company pursuant to Section 7.06(a), LM will, subject to the provisions of Section 7.04(b)(ii), (iii), (iv), (vi) and (vii) assume the defense and control of such Third Party Claim but shall allow the Indemnified Parties a reasonable opportunity to participate in the defense thereof with their own counsel and at their own expense. LM shall select counsel, contractors and consultants of recognized standing and competence after consultation with the Company, shall take all steps necessary in the defense or settlement thereof, and shall at all times

diligently and promptly pursue the resolution thereof. In conducting the defense thereof, LM shall at all times act as if all Damages or Product Damages, as the case may be, relating to such Third Party Claim were for its own account and shall act in good faith and with reasonable prudence to minimize Damages or Product Damages, as the case may be, therefrom. The Company shall, and shall cause each of its Affiliates, directors, officers, employees, and agents to, cooperate fully with LM in the defense of any Third Party Claim defended by LM.

(ii) Assumption of Defense by the Company. Except as provided in Section 7.04(b)(i) or 7.04(b)(v), upon receipt of notice from any Indemnified Party with respect to any Third Party Claim as to which indemnity is available pursuant to Section 7.02(b), the Company will, subject to the provisions of Section 7.04(b)(iii), (iv), (vi) and (vii), assume the defense and control of such Third Party Claim, but shall allow the Indemnified Parties a reasonable opportunity to participate in the defense thereof with their own counsel and at their own expense. Notwithstanding Section 7.04(b)(i), the Company may retain the defense and control of any Third Party Claim to the extent it relates to a Product Matter; provided that (A) the amount of potential Product Damages in respect of such claim is less than $5,000,000, and (B) the Company, in good faith, expects that the resolution of the Product Matter to which such claim relates will not result in Product Damages in excess of $15,000,000; and provided further that the Company shall allow LM a reasonable opportunity to participate in the defense thereof with its own counsel and at its own expense. The Company shall select counsel, contractors and consultants of recognized standing and competence after consultation with LM, shall take all steps necessary in the defense or settlement thereof, and shall at all times act as if all Damages or Product Damages, as the case may be, relating to such Third Party Claim were for its own account and shall act in good faith and with reasonable prudence to minimize Damages or Product Damages, as the case may be, therefrom. LM shall, and shall cause each of its Affiliates, directors, officers, employees, and agents to, cooperate fully with the Company in the defense of any Third Party Claim defended by the Company.

(iii) Continuing Notice of Certain Claims. Each Indemnifying Party conducting a defense pursuant to Section 7.04(b)(i) or 7.04(b)(ii) shall give prompt and continuing notice to the Indemnified Parties in respect of such Third Party Claim that the Indemnifying Party reasonably believes may: (A) result in the assertion of criminal liability on the part of the Indemnified Party or any of its Affiliates, directors, officers, employees or agents; (B) adversely affect the ability of the Indemnified

Party to do business in any jurisdiction or with any customer; or (C) materially affect the reputation of the Indemnified Party or any of its Affiliates, directors, officers, employees or agents.

(iv) Settlement of Claims. Except as provided in Section 7.04(b)(v) or Section 4.12, the Indemnifying Party shall be authorized to consent to a settlement of, or the entry of any judgment arising from any Third Party Claim, without the consent of any Indemnified Party; provided, that the Indemnifying Party shall (A) pay or cause to be paid all amounts arising out of such settlement or judgment concurrently with the effectiveness thereof; (B) shall not encumber any of the assets of any Indemnified Party or agree to any restriction or condition that would apply to such Indemnified Party or to the conduct of that party's business; and (C) shall obtain, as a condition of any settlement or other resolution, a complete release of each Indemnified Party.

(v) Tax Claims. Sections 7.04(b)(i) through 7.04(b)(iv), 7.04(b)(vi) and 7.04(b)(vii) shall not be applicable to any Third Party Claim relating to income or franchise taxes. Each of LM and the Company shall keep the other fully advised with respect to, and shall grant the other full rights of consultation in connection with, any such Third Party Claim and the defense or other handling of any audit, litigation or other proceeding involving the tax treatment of the Contemplated Transactions.

(vi) Shared Defense. Each party may elect to share the defense of a Third Party Claim the defense of which has been assumed or retained by the other party pursuant to Section 7.04(b)(i) or (ii). In that event, the Indemnified Party will so notify the other party in writing. Thereafter, the Company and LM shall participate on an equal basis in the defense, management and control of any such claim. LM and the Company shall select mutually satisfactory counsel, contractors and consultants to conduct the defense or settlement thereof, and shall at all times diligently and promptly pursue the resolution thereof. LM and the Company shall each be responsible for one-half of all Damages or Product Damages, as the case may be, incurred after the Indemnified Party has provided notice as specified herein, including costs of defense and investigation, with respect to such claim, provided, that (A) the Company's Actual Net Expenditures and Economic Harm with respect to any Matter governed by Section 7.03 shall in no event exceed $15,000,000, (B) the Company's liability pursuant to Section 7.06(a) shall in no event exceed the amount set forth therein and (C) the election by the Company to share in the defense of a Third Party Claim as to which indemnity is available pursuant

to Section 7.06(a) shall not increase LM's liability under such Section 7.06(a). Notwithstanding the foregoing, the Company shall manage all Remedial Actions conducted with respect to facilities which constitute Transferred Assets, provided, that LM and its Representatives shall have the right, consistent with the Company's right to manage such Remedial Actions as aforesaid, to participate fully in all decisions regarding any Remedial Action, including reasonable access to sites where any Remedial Action is being conducted, reasonable access to all documents, data, reports or information regarding the Remedial Action, reasonable access to employees and consultants of the Businesses with knowledge of relevant facts about the Remedial Action and the right to attend all meetings with any government agency or third party regarding the Remedial Action.

(vii) Dispute Resolution. If LM and the Company are unable to agree with respect to a procedural matter arising under Section 7.04(b)(vi), LM and the Company shall, within ten days after notice of disagreement given by either party, agree upon a third-party referee ("THIRD PARTY REFEREE"), who shall be an attorney and who shall have the authority to review and resolve the disputed matter. The parties shall present their differences in writing (each party simultaneously providing to the other a copy of all documents submitted) to the Third Party Referee and shall cause the Third Party Referee promptly to review any facts, law or arguments either LM or the Company may present. The Third Party Referee shall be retained to resolve specific differences between the parties within the range of such differences. Either party may request that all oral arguments presented to the Third Party Referee by either party be in each other's presence. The decision of the Third Party Referee shall be final and binding unless both LM and the Company agree otherwise. The parties shall share equally all costs and fees of the Third Party Referee.

(viii) Defense of Criminal/Civil Matters. LM, as the Indemnifying Party, shall, subject to the obligations set forth in Section 7.04(b)(iii) and (iv), assume the defense and control of any claim arising out of any alleged criminal violation, as referred to in clause (h) of the definition of "Excluded Liabilities" in Exhibit I ("CRIMINAL CLAIM"), but shall allow the Indemnified Parties a reasonable opportunity to participate in the defense of the claim with their own counsel and at their own expense. In defending a Criminal Claim, LM shall select counsel, contractors and consultants of recognized standing and competence after consultation with the Company, shall take all steps necessary in the defense or settlement of the claim, and shall at all times diligently and promptly pursue the resolution of the claim. LM shall defend such claim with the same diligence and effort as if the claim were asserted directly against it and any

Damages were sought directly from it, and LM shall act prudently and in good faith to minimize such Damages. The Company shall, and shall cause each of its Affiliates, directors, officers, employees, and agents to, cooperate fully with LM in the defense of any Criminal Claim defended by LM. In the event that any civil action arises out of the Criminal Claim, or arises out of the facts underlying the Criminal Claim, as referred to in clause (h) of the definition of "Excluded Liabilities" in Exhibit I ("Civil Claim"), the Company shall assume the defense and control of such Civil Claim. LM shall, and shall cause each of its Affiliates, directors, officers, employees, and agents to cooperate fully with the Company in the defense of any Civil Claim defended by the Company.

Section 7.05. Procedures for Direct Claims. In the event any Indemnified Party should have a claim for indemnity against any Indemnifying Party that does not involve a Third Party Claim, the Indemnified Party shall deliver notice of such claim with reasonable promptness to the Indemnifying Party. The failure by any Indemnified Party so to notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party with respect to any claim made pursuant to this Section 7.05 in the absence of material prejudice to the Indemnifying Party. The Indemnifying Party shall use best efforts to notify the Indemnified Party within 30 calendar days following its receipt of such notice whether the Indemnifying Party disputes or accepts its liability to the Indemnified Party under this Article 7; provided, that the failure by the Indemnifying Party to so notify the Indemnified Party shall not create any presumption that the Indemnifying Party has accepted its liability to the Indemnified Party under this Article 7. If the Indemnifying Party accepts its liability to the Indemnified Party under this Article 7, the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand or, in the case of any notice in which the amount of the claim (or any portion of the claim) is estimated, on such later date when the amount of such claim (or such portion of such claim) becomes finally determined. If the Indemnifying Party has disputed its liability with respect to such claim as provided above, the Indemnifying Party and the Indemnified Party shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, such dispute shall be resolved by litigation.

Section 7.06. Indemnification of the Company by LM for Certain Product Matters. (a) Effective as of the Closing, LM hereby indemnifies the Company and its Affiliates and, to the extent actually indemnified by the Company or such Affiliate from time to time, each of their respective Representatives against and agree to hold them harmless on an after-Tax basis from any and all Product Damages arising out of or related in any way to a Product Matter (as defined below), but only if the event (other than the common

root cause, including, by way of example, an accident involving a commercial aircraft while in service but not including design of a product incorporated in the aircraft) giving rise to such Product Matter occurs before the tenth anniversary of the Closing Date; provided, that LM shall not have any obligation to indemnify the Company or its Affiliates with respect to any Product Matter unless the aggregate amount of Product Damages arising out of or related in any way to such Product Matter exceeds $15,000,000 (such amount exceeding $15,000,000, the "Product Matter Excess Amount") and in that event such obligation to indemnify with respect to such Product Matter shall equal 75% of the Product Matter Excess Amount. Product Damages shall not be increased as a result of (i) action by the Company after the Closing to amend, modify or waive any provision of a contract or agreement relating to a Product or (ii) any work performed after the Closing by the Company as a concession to a customer granted after the Closing. With respect to each such Product Matter, the Company shall be obligated to pay (or cause to be paid) the first $15,000,000 of all Product Damages and 25% of the Product Matter Excess Amount.

(b) For purposes of this Agreement a Product Matter shall consist of:

(i) Personal and Property Claims which arise out of a common root cause; or

(ii) Product Liability Claims which arise out of a common root cause;

provided, that if a particular common root cause gives rise to liabilities or claims under both clauses (i) and (ii) above, all such liabilities or claims arising out of such common root cause shall be deemed to constitute a single Product Matter for purposes of determining whether Product Damages exceed $15,000,000.

(c) The Company shall provide written notice (a "Product Matter Indemnity Notice") to LM promptly after becoming aware of any Product Matter, together with the Company's good faith assessment of whether the Product Matter will likely result in more than $15,000,000 in Product Damages. In the event that either the Company or LM becomes aware of any third party claim, or the commencement of any suit, action or proceeding, in respect of a Product Matter, the Company or LM, as the case may be, shall promptly notify the other party of such claim, which shall be treated as a Third Party Claim for purposes of Section 7.04.

(d) Any party seeking reimbursement of Product Damages from the other party in accordance with Section 7.06(a) shall notify the other party specifying the amount so claimed, together with evidence reasonably satisfactory

to the notified party that the notifying party has actually incurred such Product Damages and is entitled to payment in accordance with the allocation of Product Damages set forth in Section 7.06(a). Promptly after receipt of such notice and evidence, the notified party shall pay any amount due in cash or by wire transfer of immediately available funds to such account of the notifying party as the notifying party shall specify in a written notice.

ARTICLE 8
Miscellaneous

Section 8.01. Miscellaneous. The provisions of Article 11 of the Exchange Agreement are incorporated into this Agreement by reference.

Section 8.02. Termination. This Agreement shall terminate upon the termination of the Exchange Agreement in accordance with Article 10 thereof.

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

LOCKHEED MARTIN CORPORATION

By: /s/ John E. Montague

Name: John E. Montague
Title: Vice President, Financial Strategies

LMT SUB INC.

By: /s/ Stephen M. Piper

Name: Stephen M. Piper
Title: Vice President

EXHIBIT I

DEFINITIONS

I.01. Definitions. (a) The following terms, as used in any Transaction Document, have the following meanings:

"Access Graphics" means Access Graphics, Inc., a Delaware corporation.

"Access Graphics Business" means the business that LM conducts through Access Graphics (directly or through one or more of its Subsidiaries) that distributes computer hardware, software and services through independent resellers to a wide variety of end users by providing "channel integration" services, which allow hardware manufacturers, software publishers and service providers to outsource various functions for the management and support of their indirect sales channels.

"Access Graphics Closing Net Worth" means the excess of (i) the book value of the Transferred Assets of the Access Graphics Business over (ii) the amount of the Assumed Liabilities of the Access Graphics Business, in each case as shown on the Access Graphics Closing Balance Sheet.

"Access Graphics Foreign Subsidiaries" means Access Graphics S.A. de C.V. (Mexico), Access Graphics (U.K.) Limited, Access Graphics Canada Inc. and Access Graphics B.V. (Netherlands).

"Access Graphics Initial Net Worth" means the excess of (i) the book value of the Transferred Assets of the Access Graphics Business over (ii) the amount of the Assumed Liabilities of the Access Graphics Business, in each case as shown on the Access Graphics Balance Sheet.

"Actual Net Expenditures" means the actual expenditures made by a Person (net of any resulting tax benefit and net of any refund or reimbursement of any portion of such actual expenditures, including, without limitation, reimbursement by way of insurance, third party indemnification or the inclusion of any portion of such actual expenditures as a cost under Government Contracts) in respect of any Matter.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such other Person. It is understood that a Person's Affiliates do not include its employee

benefit and compensation plans or any related trusts or plan funding mechanisms and it is further understood that the Company is an Affiliate of LM prior to the Closing and is an Affiliate of GE at and after the Closing.

"Aggregate Shares of Globalstar Common Stock" means 5,022,380.

"Aggregate Shares of LM Common Stock" means the sum of (i) the aggregate number of shares of LM Common Stock into which any of the 20,000,000 shares of LM Preferred Stock outstanding as of the Closing Date is convertible as of such date and (ii) to the extent that any of the 20,000,000 shares of LM Preferred Stock have been converted into LM Common Stock prior to the Closing Date, the aggregate number of shares of LM Common Stock into which any of such shares of LM Preferred Stock have been converted.

"Applicable Law" means, with respect to any Person, any domestic or foreign, federal, state or local statute, law, ordinance, rule, administrative interpretation, regulation, order, writ, injunction, directive, judgment, decree or other requirement of any Governmental Authority (including any Environmental Law) applicable to such Person or any of its Affiliates or any of their respective properties, assets or Representatives (in connection with such Representative's activities on behalf of such Person or any of its Affiliates).

"Assumed Liabilities" means all debts, obligations, contracts, and liabilities of LM or any of its Affiliates to the extent arising out of the conduct of the Businesses of any kind, character or description, whether known or unknown, accrued, absolute, contingent, determined, determinable, or otherwise, whether presently in existence or arising hereafter, including, without limitation, to the same extent, the following:

(a) all liabilities set forth on, or referred to in, the Balance Sheets;

(b) all liabilities and obligations of LM or any of its Affiliates arising under or relating to Contracts and Bids (other than Contracts or Bids entered into or made after the date of this Agreement in violation of this Agreement or the Exchange Agreement), including, without limitation, obligations arising from progress billings;

(c) all obligations and liabilities arising from any action, suit, investigation, or proceeding relating to or arising out of the Businesses or the Transferred Assets against LM or any Transferor Subsidiary or any Transferred Asset before or with any court or arbitrator or any Governmental Authority;

(d) all liabilities and obligations relating to any products designed, manufactured or sold, or services rendered, by the Businesses on or prior to the Closing Date, including, without limitation warranty obligations and product liabilities;

(e) all deferred income relating primarily to the Businesses;

(f) all Environmental Liabilities;

(g) all liabilities and obligations with respect to the Transferred Employees, the Employee Plans and the Benefit Arrangements, to the extent assumed by the Company as provided in Exhibit IV; and

(h) all liabilities and obligations under the Financial Support Agreements;

provided, that in no event shall Assumed Liabilities include any Excluded Liability.

"Baltimore Facility" means the premises located at 103 Chesapeake Park Plaza, Baltimore, Maryland consisting of approximately 1,481,813 square feet and used by LM primarily for the Thrust Reverser Business.

"best efforts" by any party to this Agreement or any other agreement incorporating by reference the definitions in this Agreement means those efforts that would be made by a reasonable businessperson consistent with ordinary commercial practice, taking into account the magnitude of the cost, risk or other consequences both to such party and to the other party or parties to this Agreement or such other agreement (and to the Affiliates of such parties), as the case may be, as if borne by such party, were such efforts not made. Best efforts do not require any party to propose or agree to any material change in the nature or composition of the Transferred Assets, or to undertake any action that is impractical or unduly burdensome. If efforts that are (or otherwise would be) best efforts require a party to incur any material out-of-pocket costs (other than any cost otherwise required to be incurred by such party), then (i) such party will provide the other party or parties to this Agreement or such other agreement, as the case may be, written notice of the character and a good faith estimate of the amount of such costs, (ii) each notified party will promptly instruct the notifying party in writing whether or not such notified party desires that such costs be incurred at the expense of such notified party, (iii) if the notified party or parties so instruct(s), the notifying party will undertake such efforts and the notified party or parties will reimburse such party for such costs, and (iv) in the absence of

instructions from a notified party to incur such costs, best efforts shall not require such costs.

"Bid" means any written quotation, bid or proposal made by LM or any Transferor Subsidiary in connection with the Businesses that, if accepted or awarded, would lead to a Contract with the U.S. Government or any other Person for the design, manufacture and sale of products or the provision of services by the Businesses.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and any rules or regulations promulgated under such Act.

"CF6 Products" means all products and associated spare parts manufactured, assembled, sold, distributed, overhauled, repaired or retrofitted by the Thrust Reverser Business pursuant to the 1993 Thrust Reverser Agreement.

"Closing Date" means the date of the Closing as defined in the Exchange Agreement.

"Closing Price of LM Common Stock" means the average closing price of LM Common Stock as traded on the New York Stock Exchange for the 10 consecutive trading days preceding the third Business Day prior to the Closing Date.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Capital Stock" means the Company Common Stock and the Company Preferred Stock.

"Company Common Stock" means the common stock, par value $.01 per share, of the Company.

"Company Preferred Stock" means preferred stock, par value $.01 per share, of the Company having the terms and preferences set forth in Attachment E.

"Confidentiality Agreement" means the Confidentiality Agreement dated June 19, 1997 between GE and LM.

"Consolidated Subsidiaries" means as to any Person each Subsidiary of such Person the financial statements of which would be consolidated with the financial statements of such Person in accordance with generally accepted accounting principles.

"Contemplated Transactions" means the transactions contemplated by the Transaction Documents (including, without limitation, the Internal Restructuring).

"Contracts" means all contracts, agreements, leases, licenses, commitments, sales and purchase orders, internal work orders (with respect to work by or for other LM businesses) and other instruments of any kind, whether written or oral, that relate primarily to the Businesses, other than any contracts, agreements or other arrangements or instruments of any kind relating to Tax.

"Contribution Disclosure Schedule" means the Disclosure Schedule relating to this Agreement.

"Damages" means all demands, claims, actions or causes of action, assessments, losses, damages, costs, expenses, liabilities, judgments, awards, fines, sanctions, penalties, charges and amounts paid in settlement, including, without limitation, costs, fees and expenses of attorneys, experts, accountants, appraisers, consultants, witnesses, investigators and any other agents or representatives of such Person (with such amounts to be determined net of any resulting Tax benefit and net of any refund or reimbursement of any portion of such amount, including, without limitation, reimbursement by way of insurance, third party indemnification or the inclusion of any portion of such amounts as a cost under Government Contracts).

"Economic Harm" means the loss of a revenue producing facility caused by an action of LM or any of its Subsidiaries prior to the Closing, provided, that the Company and each of its Affiliates at all times after the Closing take reasonable management actions to minimize such Economic Harm, and provided further, that the Company shall have at all times after the Closing honored LM's right to participate in any and all actions undertaken by the Company in connection with the events giving rise to such Economic Harm to the extent provided in Article 7 of this Agreement or Article 9 of the Exchange Agreement (with such amounts to be determined net of any resulting Tax benefit and net of any refund or reimbursement of any portion of such amounts, including, without limitation, reimbursement by way of insurance, third party indemnification or the inclusion of any portion of such amounts as a cost under Government Contracts).

"Environmental Laws" means any and all past, present or future (except where otherwise noted) federal, state, local and foreign statutes, laws (including case or common law), regulations, ordinances, rules, judgments, orders, decrees, codes, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements or any other restrictions relating to human health, safety, the environment or to emissions, discharges or releases of or exposures to pollutants, contaminants, Hazardous Substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, facilities, structures or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling of pollutants, contaminants, Hazardous Substances or wastes or the investigation, clean-up or other remediation thereof. Without limiting the generality of the foregoing, "Environmental Laws" include: (i) The Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; (ii) The Comprehensive Environmental Response, Compensation and Liability Act of 1980, 26 U.S.C. Section 4611 and 42 U.S.C. Section 9601 et seq. ("CERCLA"); (iii) The Superfund Amendment and Reauthorization Act of 1984; (iv) The Clean Air Act, 42 U.S.C. Section 7401 et seq.; (v) The Ctolean Water Act, 33 U.S.C. Section 1251 et seq.; (vi) The Safe Drinking Water Act, 42 U.S.C. Section 300f et seq.; and (vii) the Occupational Safety and Health Act of 1970, 29 U.S.C.A. Section 651, and all rules, regulations, standards, requirements, orders, guidance and permits promulgated thereunder.

"Environmental Liabilities" means all liabilities to the extent arising in connection with or in any way relating to the Businesses or LM's or its Affiliates' use or ownership thereof, whether vested or unvested, contingent or fixed, actual or potential, which arise under or relate to Environmental Laws including, without limitation, (i) Remedial Actions, (ii) personal injury, wrongful death, economic loss or property damage claims, (iii) claims for natural resource damages, (iv) violations of law or (v) any other cost, loss or damage with respect thereto.

"Environmental Permits" means all permits, licenses, franchises, certificates, approvals and other similar authorizations of any Governmental Authority relating to or required by Environmental Laws and affecting, or relating in any way to, the Businesses.

"Equity Securities" means the 5,022,380 shares of common stock, par value $1.00 per share, of Globalstar, beneficially owned by LM as of the date hereof, and any other securities or consideration which the holder thereof receives or is entitled to receive as a result of any dividend, distribution, subdivision, split, combination, consolidation, merger, reclassification or other similar transaction, it being understood that the term Equity Securities shall not include any other shares of such common stock held by LM or any of its Affiliates as security for the obligations of Loral Space & Communications, Ltd.

"Estimate of Access Graphics Closing Net Worth" means a good faith estimate of LM of the excess of (i) the book value of the Transferred Assets of the Access Graphics Business over (ii) the amount of the Assumed Liabilities of the Access Graphics Business, in each case as of the Closing Date.

"Estimate of Thrust Reverser Closing Net Worth" means a good faith estimate of LM of the excess of (i) the book value of the Transferred Assets of the Thrust Reverser Business over (ii) the amount of the Assumed Liabilities of the Thrust Reverser Business, in each case as of the Closing Date.

"Excluded Assets" means:

(a) all original books and records that LM or any of its Affiliates is required to retain pursuant to any Applicable Law (in which case copies of such books and records shall be provided to the Company), or that contain information relating to any business or activity of LM or any of its Affiliates not forming a part of, or any employee of LM or any of its Affiliates not primarily employed in connection with, the Businesses or the Transferred Assets;

(b) any rights to receive refunds with respect to any and all Taxes of LM or any of its Affiliates attributable to any Pre-Closing Tax Period, including, without limitation, interest payable with respect thereto;

(c) all assets of LM and its Affiliates not used primarily in connection with the Businesses (other than the Equity Securities, the securities of the Access Graphics Foreign Subsidiaries and the LM Cash Contribution Amount);

(d) all assets of LM or any of its Affiliates held or used in connection with the provision of services, or the sale of goods, to the Businesses;

(e) the Baltimore Facility, including, without limitation, that portion of the land and buildings located at the Baltimore Facility that is used primarily in connection with the Thrust Reverser Business, which portion of such land and buildings shall be leased to the Company pursuant to the Baltimore Facility Lease as referred to in Section 4.11 of this Agreement;

(f) all rights of LM under any of the Transaction Documents and the agreements and instruments delivered to LM by GE, the other GE Entities or the Company pursuant to any of the Transaction Documents; and

(g) any assets of any Employee Plan or Benefit Arrangement retained by LM or any of its Affiliates pursuant to Exhibit IV.

"Excluded Liabilities" means:

(a) all debts, obligations, contracts and liabilities of LM or any of its Affiliates not arising primarily out of the conduct of the Businesses, except as otherwise specifically provided in the Transaction Documents;

(b) all Indebtedness for Borrowed Money;

(c) any liability or obligation relatin exclusively any Excluded Asset;

(d) any liability whether presently in existence or arising after the date of this Agreement in respect of accounts payable to or allocated to LM or any Affiliate of LM, except for practices relating to (i) materials or services used in the businesses, (ii) costs advanced to or on behalf of the Businesses and (iii) allocations of corporate overhead costs;

(e) Environmental Liabilities of the Thrust Reserver Business, other than any such Environmental Liabilities expressly assumed by the Company pursuant to the Baltimore Facility Lease;

(f) all liabilities or obigations for all Taxes referred to in Section III.02(b);

(g) any obligation or liability retained by LM or any of its Affiliates pursuant to Exhibit IV or relating to any employee of the Businesses who is not a Transferred Employee;

(h) any liability or obligation whether presently in existence or arising after the date of this Agreement arising out of any criminal violation or alleged criminal violation of occurring or existing prior to the Closing, other than any of, relating to or in conection with any such liability or obligation;

(i) any liability or obligation whether presently in existence or arising after the date of this Agreement relating to fees, commissions or expenses owed to any broker, finder, investment banker, accountant, attorney or other intermediary or advisor employed by LM, any Transferor Subsidiary or any of their Affiliates in connection with the Contemplated Transactions;

(j) the existing claim (and all liabilities and obligations related thereto) by Pratt & Whitney against LM (including liabilities under any settlement arrangement relating thereto) which relates to late deliveries of Fan Thrust Reversers for use in connection with PW4000-powered Airbus Industrie Model A330 aircraft;

(k) any liability relating to periods prior to the 1998 calendar year arising as a result of any price adjustments under or related to Government Contracts;

(l) any liability or obligation relating to or arising from the Lease Agreement among LM and EBC Enterprises AFC. Inc. dated September 9, 1997 relating to the property located at Suite 13, Atlanta Financial Center, 3333 Peachtree Road, N.E., Atlanta, GA 30326 and the Lease Agreement among LM and Overseas Partners (AFC), Inc. dated September 18, 1997 relating to the property located at Suite 150, Atlanta Financial Center, 3333 Peachtree Road, N.E., Atlanta, GA 30326, and any costs (whether previously incurred and not paid in full or incurred from and after the date of this Agreement) associated with the planned relocation of a portion of the Access Graphics Business to Atlanta; and

(m) any liability whether in existence on the date of this Agreement or arising after such date in connection with the operations of the Businesses (prior to the Closing or after the Closing) to the extent that LM, any Subsidiary of LM or any of their Affiliates receives reimbursement for or payment of such liability under any insurance policy (subject to Section 4.05) or established reserves under any self-insurance or deductible programs.

"Globalstar" means Globalstar Telecommunications Limited, a Bermuda corporation.

"Globalstar Common Stock Closing Price" means the average closing price of the common stock of Globalstar, as traded on the Nasdaq National Market for the 10 consecutive trading days preceding the third Business Day prior to the Closing.

"Globalstar S-3" means the Registration Statement on Form S-3 of Globalstar, No. 333-22063, containing a "Rights Offering Prospectus" and a "Warrant Share Offering Prospectus", as amended.

"Governmental Authority" means any foreign, domestic, federal, territorial, state or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, commission,

tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing.

"Government Contract" means any prime contract, subcontract, teaming agreement or arrangement, joint venture, basic ordering agreement, letter contract, purchase order, delivery order, change order, Bid or other arrangement of any kind in writing relating exclusively to the Businesses between LM or any Transferor Subsidiary and (i) the U.S. Government (acting on its own behalf or on behalf of another country or international organization), (ii) any prime contractor of the U.S. Government where LM is acting as subcontractor to the prime contractor on the Government Contract at issue or (iii) any subcontractor with respect to any contract described in clauses (i) or (ii) above.

"Hazardous Substances" means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substance, waste or material or any substance, waste or material having any constituent elements displaying any of the foregoing characteristics including, without limitation, petroleum, its derivatives, by-products and other hydrocarbons, and any substance, waste or material regulated under any Environmental Law.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indebtedness for Borrowed Money" means all obligations for borrowed money, including (a) any obligation owed for all or any part of the purchase price of property or other assets or for services or for the cost of property or other assets constructed or of improvements to such property or other assets, other than trade accounts payable included in liabilities and incurred in respect of property or services purchased in the ordinary course of business, (b) any capital lease obligation, (c) any obligation (whether fixed or contingent) to reimburse any bank or other Person in respect of amounts paid or payable under a standby letter of credit (other than obligations under standby letters of credit securing performance under Contracts or Bids), (d) any guarantee with respect to indebtedness for borrowed money (of the kind otherwise described in this definition) of another Person, (e) any factored or sold receivables and (f) negative cash and cash-in-transit; provided, that Financial Support Arrangements shall not constitute Indebtedness for Borrowed Money.

"Intellectual Property Right" means patents, copyrights, trademarks, trade names, service marks, service names, technology, know-how, processes, trade secrets, inventions, proprietary data, formulae, research and development data, computer software programs and other intellectual property (other than the

LM Trademarks and Tradenames) and applications for the same owned by LM or the Transferor Subsidiaries on the Closing Date.

"Inventory" means all items of inventory notwithstanding how classified in LM's or any Transferor Subsidiary's financial records, including all raw materials, work-in-process and finished goods.

"Lien" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such property or asset.

"LM Cash Contribution Amount" means $1,781,464,467 adjusted as follows: (i) if the Estimate of Thrust Reverser Closing Net Worth is less than the Thrust Reverser Initial Net Worth, increased by an amount equal to the amount of such difference, (ii) if the Estimate of Thrust Reverser Closing Net Worth is greater than the Thrust Reverser Initial Net Worth, decreased by an amount equal to the amount of such difference, (iii) if the Estimate of Access Graphics Closing Net Worth is less than the Access Graphics Initial Net Worth, increased by an amount equal to the amount of such difference, (iv) if the Estimate of Access Graphics Closing Net Worth is greater than the Access Graphics Initial Net Worth, decreased by an amount equal to the amount of such difference, (v) if the LM Common Stock Closing Price is greater than $102.7625, increased by an amount equal to (A) the Aggregate Shares of LM Common Stock multiplied by (B) the difference between the LM Common Stock Closing Price and $102.7625 multiplied by (C) 0.937, (vi) if the LM Common Stock Closing Price is less than $102.7625, decreased by an amount equal to (A) the Aggregate Shares of LM Common Stock multiplied by (B) the difference between $102.7625 and the LM Common Stock Closing Price multiplied by (C) 0.937, (vii) if the Globalstar Common Stock Closing Price is greater than $52.1565, decreased by an amount equal to (A) the difference between the Globalstar Common Stock Closing Price and $52.1565 multiplied by (B) the Aggregate Shares of Globalstar Common Stock multiplied by (C) 0.96, and (viii) if the Globalstar Common Stock Closing Price is less than $52.1565, increased by an amount equal to (A) the difference between $52.1565 and the Globalstar Common Stock Closing Price multiplied by (B) the Aggregate Shares of Globalstar Common Stock multiplied by (C) 0.96, and (ix) increased by an amount equal to the LM Preferred Stock Adjustment Factor; provided, that if at any time during the period between the date of this Agreement and the Closing Date, any change in the outstanding shares of capital stock of LM or Globalstar shall occur, including by reason of any reclassification, recapitalization, stock split or combination, exchange or readjustment of shares, or any stock dividend thereon with a record date during such period, the items in clauses (v) through (viii) shall be adjusted appropriately.

"LM Common Stock" means the common stock, par value $1.00 per share, of LM.

"LM Common Stock Closing Price" means the average closing price of LM Common Stock as traded on the New York Stock Exchange for the 10 consecutive trading days preceding the third Business Day prior to the Closing Date; provided, that (i) if such average closing price is greater than 110% of the LM Common Stock Reference Price, the LM Common Stock Closing Price shall be deemed to be a price equal to 1.1 multiplied by the LM Common Stock Reference Price and (ii) if such average closing price is less than 90% of the LM Common Stock Reference Price, the LM Common Stock Closing Price shall be deemed to be a price equal to 0.9 multiplied by the LM Common Stock Reference Price.

"LM Common Stock Reference Price" means the average of (i) $102.7625, which is the average closing price of LM Common Stock as traded on the New York Stock Exchange for the 10 consecutive trading days ending on and including October 24, 1997, and (ii) the average closing price of LM Common Stock as traded on the New York Stock Exchange for the 10 consecutive trading days beginning on and including October 27, 1997.

"LM Preferred Stock" means the Series A Convertible Preferred Stock, par value $1.00 per share, of LM.

"LM Preferred Stock Adjustment Factor" means the product of (i) $164,383.56 multiplied by (ii) the number of calendar days from but not including the date of the latest calendar quarter end to and including the earlier of (A) the Closing Date and (B) the date on which all or a portion of the LM Preferred Stock is converted into LM Common Stock; provided, that if less than all of the LM Preferred Stock is converted into LM Common Stock, the product shall be increased by an amount equal to (I) $164,383.56 multiplied by (II) a fraction, the numerator of which is the number of shares of LM Preferred Stock outstanding after such portion of the LM Common stock has been converted into LM Common Stock and the denominator of which is 20,000,000, multiplied by (III) the number of calendar days from but not including the date on which such portion of the LM Common Stock was converted into LM Common Stock to and including the Closing Date.

"Loss" means, with respect to any Contract, the excess, if any, of the (x) sum of the projected direct costs to be incurred by LM and the Transferor Subsidiaries in the performance of such Contract and the projected selling, general and administrative costs to be allocated by LM and the Transferor Subsidiaries to

the performance of such Contract over (y) total projected revenues to be derived from the performance of such Contract.

"Loss Contract" means any Contract with respect to which, at the time of submission or acceptance (but only to the extent that LM has the right to withdraw such Contract at the time of acceptance), LM knew would result in a Loss at the mid-point conservatism.

"Material Adverse Effect" means (i) with respect to the Businesses, an effect with respect to the Businesses or Transferred Assets, in either case, taken as a whole, that is of such seriousness and significance that a reasonable businessperson would not proceed with the Contemplated Transactions on the basis of the terms set forth in the Transaction Documents, (ii) with respect to the Company, an effect with respect to the assets or businesses of the Company, in either case, taken as a whole, that is of such seriousness and significance that a reasonable businessperson would not proceed with the Contemplated Transactions on the basis of the terms set forth in the Transaction Documents or (iii) with respect to GE or the GE Entities, an effect with respect to the assets or business of GE or the GE Entities, in either case taken as a whole, that is of such seriousness and significance that a reasonable businessperson would not proceed with the Contemplated Transactions on the basis of the terms set forth in the Transaction Documents.

"Nacelle Major Components" means all products and associated spare parts manufactured, assembled, sold, distributed, overhauled, repaired or retrofitted by the Thrust Reverser Business (or by the Company after the Closing) pursuant to the P&W Agreement.

"1993 Thrust Reverser Agreement" means the Thrust Reverser Agreement dated as of November 1, 1993 between GE and Martin Marietta Corporation (the predecessor of LM), as amended.

"Northrop Grumman Commercial Thrust Reverser Business" means Northrop Grumman's commercial aircraft division's nacelle systems business producing nacelle systems for business jet engines and thrust reverser components for high-bypass engines as currently conducted at Northrop Grumman's Stuart, Florida and Milledgeville, Georgia facilities, but excluding any contracts for any products (including thrust reversers and components) with The Boeing Company.

"P&W Agreement" means the Growth PW4000 Nacelle Participation Agreement between United Technologies Corporation Pratt & Whitney Group Commercial Engine Business and Martin Marietta Corporation dated as of July 25, 1990, as amended.

"Person" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a Governmental Authority.

"Personal and Property Claims" means all liabilities and claims arising from or relating to an event resulting in or giving rise to any personal injury or death, and any property damage or loss resulting from such event or any other event involving a commercial aircraft while in service, where such event is attributable to (i) the material or workmanship of any Product (A) completely manufactured or assembled, (B) completely overhauled, repaired or retrofitted, or (C) sold or provided as a replacement (other than sourced parts sold or distributed as spare parts), in each case prior to the Closing, or (ii) the design (as the same exists at the Closing) of any Nacelle Major Component manufactured, assembled, sold or provided as a replacement, and as the same may be or have been overhauled, repaired or retrofitted (it being understood that the Person performing any overhaul, repair or retrofit shall be responsible for liabilities and claims attributable to its own defective workmanship or its use of defective materials in connection therewith), if such Product was completely manufactured, assembled, sold or provided as a replacement prior to the Closing or during the two-year period following the Closing.

"Product Damages" means (i) in the case of any Product Matter described in clause (i) of Section 7.06(b) of the Contribution Agreement or Section 9.06(b) of the Exchange Agreement, Damages determined without regard to any refund or reimbursement of any amount by way of insurance and (ii) in the case of any Product Matter described in clause (ii) of Section 7.06(b) of the Contribution Agreement or Section 9.06(b) of the Exchange Agreement, Damages.

"Product Liability Claims" means all liabilities and claims (other than Personal and Property Claims) arising (i) directly under the terms and conditions of the Contracts relating to the Products, (ii) indirectly as a result of the failure, if any, to disclaim warranties arising under Applicable Law or (iii) notwithstanding the contractual terms, as a result of the imposition of warranties under Applicable Law or other obligations arising as a matter of Applicable Law (in each of clause (i) through (iii), taking into account the terms and conditions of such Contracts in effect as of the Closing), in each case, attributable to (A) the material or workmanship of any Product (I) completely manufactured or assembled, (II) completely overhauled, repaired or retrofitted, or (III) sold or provided as a replacement (other than sourced parts sold or distributed as spare parts), in each case prior to Closing, or (B) the design (as the same exists at the Closing) of any Nacelle Major Component manufactured, assembled, sold or provided as a replacement, and as the same may be or have been overhauled, repaired or

retrofitted (it being understood that the Person performing any overhaul, repair or retrofit shall be responsible for liabilities and claims attributable to its own defective workmanship or its use of defective materials in connection therewith), if such Product was completely manufactured, assembled, sold or provided as a replacement prior to the Closing or during the one-year period following the Closing.

"Products" means CF6 Products, Nacelle Major Components and products designated by GE before the Closing in accordance with Section 9.06(e) of the Exchange Agreement, if any.

"Remedial Action(s)" means the investigation, removal, clean-up or remediation of contamination, environmental degradation or damage caused by, related to or arising from the generation, use, handling, treatment, storage, transportation, disposal, discharge, release, or emission of Hazardous Substances, including, without limitation, investigations, response and remedial actions under CERCLA, corrective action under the Resource Conservation and Recovery Act, 42 U.S.C. sections 3004(u), 3004(v), 3008(h) and 7003, and cleanup requirements under similar Environmental Laws.

"Representatives" means with respect to any Person, the officers, directors, employees, accountants, counsel, consultants, advisors and agents of such Person.

"Securities Act" means the Securities Act of 1933, as amended.

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

"Subsidiary" means, with respect to any Person, 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 such Person.

"Tax Allocation Agreement" means the Tax Allocation Agreement dated as of October 31, 1997 among each of the GE Entities, LM and the Company.

"Tax Assurance Agreement" means the Tax Assurance Agreement between LM and the Company, substantially in the form of Attachment F.

"Thrust Reverser Business" means the business that LM conducts through the division of LM commonly referred to as Middle River Aerostructures at the Baltimore Facility that (i) (A) manufactures, sells and distributes CF6

Products and Nacelle Major Components and associated spare parts, (B) manufactures aerostructure detail parts for various customers, including among others, The Boeing Company, Bell Helicopter and Affiliates of LM and (C) operates aircraft maintenance centers that overhaul CF6 Products and TF-39 thrust reversers, (ii) but excluding the VLS Business and the other LM affiliated entities co-located at the Baltimore Facility, namely, the Lockheed Martin Federal Credit Union, Lockheed Martin Enterprise Information Systems, LMC Properties, Inc. and Lockheed Martin Unmanned Systems Division.

"Thrust Reverser Closing Net Worth" means the excess of (i) the book value of the Transferred Assets of the Thrust Reverser Business over (ii) the amount of the Assumed Liabilities of the Thrust Reverser Business, in each case as shown on the Thrust Reverser Closing Balance Sheet.

"Thrust Reverser Initial Net Worth" means the excess of (i) the book value of the Transferred Assets of the Thrust Reverser Business over (ii) the amount of the Assumed Liabilities of the Thrust Reverser Business, in each case as shown on the Thrust Reverser Balance Sheet.

"to the best of the knowledge of LM" (or any similar phrase) means, except as otherwise explicitly provided, to the best of the knowledge of the individuals whose names are set forth on Section I.01 of the Contribution Disclosure Schedule.

"Transaction Accounting Principles" means generally accepted accounting principles consistently applied, taking into account (i) the accounting policies within generally accepted accounting principles and (ii) the exceptions to generally accepted accounting principles, in each case, accompanying the Balance Sheets attached as Attachment G.

"Transaction Documents" means this Agreement, the Exchange Agreement, the Intellectual Property License, the Transitional Services Agreement, the Technical Consulting Agreement, the Baltimore Facility Lease, the Tax Assurance Agreement and the Tax Allocation Agreement.

"Transferor Subsidiaries" means any Subsidiary or Affiliate of LM that owns, leases or is otherwise in possession of any of the Transferred Assets or is liable or obligated in respect of any of the Assumed Liabilities, and prior to the Closing, unless the context requires otherwise, the Company; provided, that for purposes of Exhibit II of this Agreement and Exhibit I of the Exchange Agreement, the Transferor Subsidiaries shall not include the Access Graphics Foreign Subsidiaries.

"Transferred Assets" means all of the assets, properties, rights, licenses, Permits, Contracts, Bids, causes of action and business of every kind and description as the same shall exist on the Closing Date, wherever located, real, personal or mixed, tangible or intangible, owned by, leased by or in the possession of LM or any Transferor Subsidiary, whether or not reflected in the books and records thereof, and held or used primarily in the conduct of the Businesses as the same shall exist on the Closing Date, including but not limited to all assets reflected on the Balance Sheets and not disposed of in the ordinary course of business or as permitted or contemplated by the Transaction Documents, and all assets of the Businesses acquired by LM or any Transferor Subsidiary, on or prior to the Closing Date and not disposed of as permitted or contemplated by the Transaction Documents, and including, without limitation, all right, title and interest of LM, any Transferor Subsidiary or any of their Affiliates in, to and under:

(a) all real property and leases, whether capitalized or operating, of, and other interests in, real property, owned by LM, any Transferor Subsidiary or any of their Affiliates that are used primarily in the Businesses, in each case together with all buildings, fixtures, easements, rights of way, and improvements thereon and appurtenances thereto, but excluding the Baltimore Facility;

(b) all personal property and interests therein, including machinery, equipment, furniture, office equipment, software (to the extent transferable), communications equipment, vehicles, storage tanks, spare and replacement parts, fuel and other tangible personal property (and interests in any of the foregoing) owned by LM, any Transferor Subsidiary or any of their Affiliates that are used primarily in connection with the Businesses;

(c) all raw materials, work-in-process, finished goods, supplies and other inventories that are owned by LM, any Transferor Subsidiary or any of their Affiliates and held for sale, use or consumption primarily in the Businesses;

(d) all Contracts (including, without limitation, the 1993 Thrust Reverser Agreement and all implementing agreements relating thereto) and the Warrant Acceleration and Registration Rights Agreement;

(e) all Bids (with any Contracts awarded to LM, any Transferor Subsidiary or any of their Affiliates on or before the Closing Date in respect of such Bids to be deemed Contracts);

(f) all accounts, notes and other receivables (including, without limitation, intercompany receivables relating to commercial goods and services), together with any unpaid interest or fees accrued on such accounts, notes and other receivables or other amounts due with respect to such accounts, notes and other receivables, of LM, any Transferor Subsidiary or any of their Affiliates that relate primarily to the Businesses, and any security or collateral for any of the foregoing;

(g) all expenses that have been prepaid by LM, any Transferor Subsidiary or any of their Affiliates to the extent relating primarily to the operation of the Businesses, including but not limited to ad valorem taxes, lease and rental payments;

(h) (i) working capital held in the form of cash in an amount of $21,300,000 reflected on the Access Graphics Balance Sheet and all cash and cash equivalents of LM and any Transferor Subsidiary arising out of or relating to the operation of the Businesses after the Balance Sheet Date, including all petty cash located at the operating facilities of the Businesses, and (ii) cash on the Balance Sheets in an amount equal to the amount to be transferred by LM pursuant to Section IV.10(e) of Exhibit IV relating to the Forfeited Options;

(i) all assets transferred from the Spinoff Plans to the Successor Plans pursuant to Exhibit IV;

(j) all of LM's, any Transferor Subsidiary's or any of their Affiliates' rights, claims, credits, causes of action or rights of set-off against third parties relating primarily to the Businesses or the Transferred Assets, including, without limitation, unliquidated rights under manufacturers' and vendors' warranties;

(k) all Intellectual Property Rights administered by and used primarily in the Businesses;

(l) all transferable Permits owned by, or granted to, or held or used by LM, any Transferor Subsidiary or any of their Affiliates and primarily affecting the Businesses;

(m) all business books, records, files and papers, whether in hard copy or computer format, of LM, any Transferor Subsidiary or any of their Affiliates, used primarily in the Businesses, including, without limitation, bank account records, books of account, invoices, engineering information, sales and promotional literature, manuals and data, sales and

purchase correspondence, lists of present and former suppliers, lists of present and former customers, personnel and employment records of present and former employees, documentation developed or used for accounting, marketing, engineering, manufacturing, or any other purpose relating to the conduct of the Businesses at any time prior to the Closing;

(n) LM's, any Transferor Subsidiary's or any of their Affiliates' interests in partnerships and joint ventures where such ownership relates primarily to the Businesses or the Transferred Assets;

(o) all goodwill primarily associated with the Businesses or the Transferred Assets, together with the right to represent to third parties that the Company is the successor to the Businesses;

(p) all of the issued and outstanding capital stock of the Access Graphics Foreign Subsidiaries; and

(q) the Equity Securities;

provided, that in no event shall Transferred Assets include any Excluded Asset.

"U.S. Government" means the United States Government and all agencies, instrumentalities and departments of the United States Government.

"VLS Business" means the business conducted by the division of LM commonly referred to as Vertical Launching Systems or Naval Launching Systems which is responsible for the design, development and production of the MK41Vertical Launching Systems, a shipboard fixed, vertical multi-missile storage and firing system ("VLS"), as well as new missile integration and life cycle support under contracts with the U.S. Navy and eight international navies. Management reporting for VLS moved to Lockheed Martin Electronics Sector under Government Electronics Systems in Moorestown, New Jersey in January 1997, however, program management, engineering and production operations are co-located with the Thrust Reverser Business at the Baltimore Facility.

"Warrant Acceleration and Registration Rights Agreement" means the Warrant Acceleration and Registration Rights Agreement dated as of February 12, 1997 among Globalstar Telecommunications Limited, Globalstar, L.P., Loral/Qualcomm Satellite Services, L.P., Loral Space & Communications Ltd., Space Systems/Loral, Inc., Lockheed Martin Tactical Systems, Inc., QUALCOMM China, Inc. and DASA Globalstar Limited Partner, Inc.

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Access Graphics Balance Sheet	2.05(b)
Access Graphics Closing Balance Sheet	2.05(b)(ii)
Accounting Referee	2.05(d)
Aerospace Plan	IV.02(l)
Affiliate Plan	IV.01
Anniversary Date	IV.10(e)
Balance Sheets	II.07(a)
Balance Sheet Date	II.07(a)
Baltimore Facility Lease	4.11
Benefit Arrangement	IV.01
Business	preamble
Businesses	preamble
Cash Contribution	2.02
CBSI	preamble
Civil Claim	7.04(b)
Closing	2.04
Closing Balance Sheets	2.05(b)
Code	III.01
Company	preamble
Company Entities	III.01
Company Savings Plans	IV.07(a)
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EXHIBIT II

Representations and Warranties of LM

LM hereby represents and warrants to the Company as of the date of this Agreement and as of the Closing Date that:

II.01. Corporate Existence and Power. Each of LM and each Transferor Subsidiary is a corporation or other entity duly incorporated or organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, has all corporate or other similar powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on the Businesses as now conducted, except where the failure to have such licenses, authorizations, consents and approvals has not had, and may not reasonably be expected to have, a Material Adverse Effect on the Businesses. Each of LM and each Transferor Subsidiary is duly qualified to do business as a foreign corporation in each jurisdiction where the character of the property owned or leased by it or the nature of its activities make such qualification necessary to carry on the Businesses as now conducted, except where the failure to be so qualified has not had, and may not reasonably be expected to have, a Material Adverse Effect on the Businesses.

II.02. Corporate Authorization. Except as otherwise disclosed to the Company prior to the date of this Agreement, the execution, delivery and performance by LM and each Transferor Subsidiary of the Transaction Documents to which it is a party and the consummation of the Contemplated Transactions are within its corporate or other similar powers and have been (or, in the case of the Transferor Subsidiaries, by the Closing, will be) duly authorized by all necessary corporate action on the part of LM and such Transferor Subsidiary. Each Transaction Document to which LM or any Transferor Subsidiary is a party constitutes a legal, valid and binding agreement of LM or such Transferor Subsidiary, enforceable against LM or such Transferor Subsidiary in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar laws affecting creditors' rights generally from time to time in effect and to general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether in a proceeding in equity or at law). There is no vote or other approval of any stockholders of LM required to permit consummation of the Contemplated Transactions.

II.03. Governmental Authorization. (a) Except as set forth in Section II.03 of the Contribution Disclosure Schedule, the execution, delivery and performance by LM and each Transferor Subsidiary of the Transaction Documents to which it is a party and the consummation of the Contemplated Transactions require no action by or in respect of, or consent or approval of, or filing with, any Governmental Authority other than (i) compliance with any applicable requirements of the HSR Act; (ii) compliance with any applicable foreign antitrust regulatory approvals; (iii) compliance with any applicable requirements of the Securities Exchange Act; (iv) compliance with any applicable requirements of any relevant state environmental laws; (v) any necessary approvals of the U.S. Government, including, without limitation, the Department of Defense, the United States Air Force or any agencies, departments or instrumentalities thereof; and (vi) any actions, consents, approvals or filings otherwise expressly referred to in this Agreement.

(b) To LM's knowledge, there are no facts relating to the identity or circumstances of LM or any of its Affiliates, that would prevent or materially delay obtaining any of the consents referred to above in Section II.03(a), it being understood that LM has been, and currently is, involved in a number of disputes with the U.S. Government.

II.04. Noncontravention. Except as set forth in Section II.04 of the Contribution Disclosure Schedule, the execution, delivery and performance by LM and each Transferor Subsidiary of the Transaction Documents to which it is a party and the consummation of the Contemplated Transactions do not and will not (i) violate the certificate of incorporation or bylaws or other organizational documents of LM or such Transferor Subsidiary, (ii) assuming compliance with the matters referred to in Section II.03, violate any Applicable Law, (iii) assuming the obtaining of all Required Consents, constitute a default under or give rise to any right of termination, cancellation or acceleration of any right or obligation of LM or such Transferor Subsidiaries or any Access Graphics Foreign Subsidiary or to a loss of any benefit relating primarily to the Businesses to which LM or such Transferor Subsidiary or any Access Graphics Foreign Subsidiary is entitled under, any provision of any agreement, contract or other instrument binding upon LM or such Transferor Subsidiary or any Access Graphics Foreign Subsidiary and relating primarily to the Businesses or by which any of the Transferred Assets is or may be bound or any license, franchise, permit or similar authorization held by LM or such Transferor Subsidiary or any Access Graphics Foreign Subsidiary relating primarily to the Businesses or (iv) result in the creation or imposition of any Lien on any Transferred Asset, other than Permitted Liens, except for such violation referred to in clause (ii), default, termination, cancellation, acceleration or loss referred to in clause (iii) or creation or imposition of any Lien on any

Transferred Asset referred to in clause (iv), that could not reasonably be expected to have a Material Adverse Effect on the Businesses.

II.05. Ownership of the Equity Securities. LM is the beneficial and record owner of the Equity Securities and, except as set forth in Section II.05 of the Contribution Disclosure Schedule, LM owns such securities free and clear of any Lien and any other limitation or restriction (including any restriction on the right to vote, transfer, sell or otherwise dispose of such securities, other than limitations on offers and sales under foreign, federal and state securities laws). Section II.05 of the Contribution Disclosure Schedule sets forth a true and complete list of the Access Graphics Foreign Subsidiaries, all of the issued and outstanding capital stock of which is owned, directly or indirectly, by Access Graphics. Upon consummation of the Contemplated Transactions, the Company shall be the owner of the Equity Securities and all of the issued and outstanding capital stock of each of the Access Graphics Foreign Subsidiaries, in each case, free and clear of all Liens, preemptive or similar rights or any other limitation or restriction (other than limitations on offers and sales under foreign, federal and state securities laws). LM has registration rights under the Warrant Acceleration and Registration Rights Agreement with respect to the Equity Securities.

II.06. Consents. Section II.06 of the Contribution Disclosure Schedule sets forth each material agreement, contract or other instrument binding upon LM, any Transferor Subsidiary or any Access Graphics Foreign Subsidiary or any Permit requiring a consent or other action by any Person as a result of the execution, delivery and performance of the Transaction Documents and the consummation of the Contemplated Transactions (the "Required Consents"), except for such consents or actions which, if not received or taken by the Closing, would not, individually or in the aggregate, have a Material Adverse Effect on the Businesses.

II.07. Financial Statements. The unaudited pro forma balance sheets as of June 29, 1997, in the case of the Thrust Reverser Business, and June 30, 1997, in the case of the Access Graphics Business (each such date for the relevant Business, the "Balance Sheet Date") for each of the Thrust Reverser Business (the "Thrust Reverser Balance Sheet") and the Access Graphics Business (the "Access Graphics Balance Sheet" and, together with the Thrust Reverser Balance Sheet, the "Balance Sheets"), and the related statements of income for the six months then ended present fairly, in all material respects, in conformity with the Transaction Accounting Principles, the financial position of the Transferred Assets and Assumed Liabilities of each of the Thrust Reverser Business and the Access Graphics Business, as the case may be, as of the date thereof and their respective results of operation for the period then ended (subject

to normal year-end adjustments). True and correct copies of the Balance Sheets are set forth in Attachment G to this Agreement.

II.08. Absence of Certain Changes. Since the Balance Sheet Date and except as set forth in Section II.08 of the Contribution Disclosure Schedule, the Businesses have been conducted in all material respects in the ordinary course consistent with past practices and there has not been:

(a) any event, occurrence, development or state of circumstances or facts that has had a Material Adverse Effect on the Businesses, other than those resulting from changes, whether actual or prospective, in general conditions applicable to the industries in which the Businesses are involved or general economic conditions;

(b) any incurrence, assumption or guarantee by LM or any Transferor Subsidiary of any Indebtedness for Borrowed Money that is an Assumed Liability and that is material to the Businesses taken as a whole, other than in the ordinary course of business;

(c) any damage, destruction or other casualty loss affecting the Businesses or any Transferred Asset that has had a Material Adverse Effect on the Businesses;

(d) any transaction or commitment made, or any Contract entered into by LM or any Transferor Subsidiary relating primarily to the Businesses or any Transferred Asset (including the acquisition or disposition of any assets) or any relinquishment by LM or any Transferor Subsidiary of any contract or other right relating primarily to the Businesses, in either case, material to the Businesses taken as a whole, other than transactions and commitments in the ordinary course of business consistent with past practices and the Contemplated Transactions; or

(e) except as permitted under Section 4.03, any distribution or transfer of any assets of any Business (by dividend, intercompany or intracompany loan or otherwise, other than by intercompany or intracompany loan that is consistent with past cash management practices) to LM or any Affiliate of LM (other than in the ordinary course consistent with past practices for payments to or allocated to LM or any Affiliate of LM relating to (i) materials or services used in the Businesses, (ii) costs advanced to or on behalf of the Businesses or (iii) allocations of corporate overhead costs).

II.09. Sufficiency of and Title to the Transferred Assets. (a) The Transferred Assets, together with the rights and services to be provided to the Company pursuant to the Intellectual Property License, the Transitional Services

Agreement, the Technical Consulting Agreement and the Baltimore Facility Lease, constitute and on the Closing Date will constitute, all of the assets and services that are necessary to permit the operation of the Businesses in substantially the same manner as such operations have heretofore been conducted.

(b) Upon consummation of the Contemplated Transactions, the Company will have acquired good and marketable title in and to, or a valid leasehold interest in, each of the Transferred Assets that are necessary to permit the operation of the Businesses in substantially the same manner as operations have heretofore been conducted, free and clear of all Liens, except for (i) Liens, title defects, easements, restrictions and invalidities of leasehold interests (collectively, "Encumbrances") that have not had, and may not reasonably be expected to have, a Material Adverse Effect on the Businesses, (ii) Liens for taxes not yet due or being contested in good faith, (iii) Encumbrances in favor of the U.S. Government arising in the ordinary course of business, (iv) rights and licenses granted to others in Intellectual Property Rights and (v) Encumbrances disclosed in Section II.09 of the Contribution Disclosure Schedule or on the Balance Sheets. Liens and Encumbrances included or referred to in clauses (i) through (v) of this Section II.09(b) are herein referred to as "Permitted Liens".

II.10. No Undisclosed Material Liabilities. There are no liabilities of LM or any Transferor Subsidiary relating to the Businesses that constitute Assumed Liabilities or liabilities of any Access Graphics Foreign Subsidiary, in each case, of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise other than:

(a) liabilities disclosed or provided for in the Balance Sheets;

(b) liabilities (i) disclosed in Section II.10 of the Contribution Disclosure Schedule, (ii) related to any Contract disclosed in the Contribution Disclosure Schedule or (iii) related to any Employee Plan or Benefit Arrangement disclosed in Section IV.02 of the Contribution Disclosure Schedule;

(c) Environmental Liabilities;

(d) liabilities incurred in the ordinary course of business since the Balance Sheet Date consistent with past practices and not in violation of this Agreement or the Exchange Agreement which in the aggregate have not had, and may not reasonably be expected to have, a Material Adverse Effect on the Businesses; and

(e) liabilities other than those referred to in the foregoing clauses (a)-(d) that have not had, and may not reasonably be expected to have, a Material Adverse Effect on the Businesses.

II.11. Litigation; Contract-Related Matters. (a) Except as set forth in Section II.11 of the Contribution Disclosure Schedule or referred to in the Balance Sheets, there is no action, suit, investigation or proceeding (except for actions, suits or proceedings referred to in Section II.11(b)) pending against, or to the best of the knowledge of LM, threatened against or affecting, the Businesses or any Transferred Asset before any Governmental Authority as to which there is a substantial likelihood of a determination or resolution adverse to the Businesses and which, if so adversely determined or resolved, may reasonably be expected to have a Material Adverse Effect on the Businesses or which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the Contemplated Transactions.

(b) Except as set forth in Section II.11 of the Contribution Disclosure Schedule or referred to in the Balance Sheets, there is no action, suit, investigation or proceeding relating to any Government Contract or Bid, or relating to any proposed suspension or debarment of LM or any Transferor Subsidiary or any of their employees, pending against, or to the best of the knowledge of LM, threatened against or affecting, the Businesses or any Transferred Asset before any Governmental Authority as to which there is a substantial likelihood of a determination or resolution adverse to the Businesses and which, if so adversely determined or resolved, may reasonably be expected to have a Material Adverse Effect on the Businesses.

II.12. Material Contracts and Bids; Backlog. (a) Except as set forth in Section II.12 of the Contribution Disclosure Schedule and except for inaccuracies in the following clauses (i) and (ii) which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Businesses, all Government Contracts and Bids with a backlog value in excess of $10,000,000 in the case of fixed price Government Contracts (and Bids for such Contracts) and $10,000,000 in the case of "cost plus" Government Contracts (and Bids for such Contracts) (i) are being performed or were submitted, as the case may be, in the ordinary course of business and (ii) are or would be, as the case may be, capable of performance in accordance with their terms without loss (determined in accordance with LM's accounting principles consistently applied), if LM retained the Transferred Assets and made all currently planned expenditures therefor.

(b) Except as set forth in Section II.12 of the Contribution Disclosure Schedule, all cost or pricing data submitted or certified in connection with Bids and Government Contracts are current, accurate and complete in accordance with

the Truth in Negotiation Act, as amended, and the rules and regulations thereunder, except any failures to be current, accurate and complete which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Businesses. The total funded backlog of the Businesses in respect of awarded Government Contracts as of September 30, 1997 was in excess of $14,000,000.

(c) Except as set forth in Section II.12 of the Contribution Disclosure Schedule, each Government Contract and each other material Contract relating to the Businesses is a legal, valid and binding obligation of LM or a Transferor Subsidiary and, to the best of the knowledge of LM, each other party to such Contract, enforceable against LM or such Transferor Subsidiary and, to the best of the knowledge of LM, each such other party in accordance with its terms (except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally, including the effect of statutory and other laws regarding fraudulent conveyances and preferential transfers, and subject to the limitations imposed by general equitable principles regardless of whether such enforceability is considered in a proceeding at law or in equity), and neither LM nor such Transferor Subsidiary nor, to the best of the knowledge of LM, any other party to such Contract is in material default or has failed to perform any material obligation under such Contract, and there does not exist any event, condition or omission which would constitute a material breach or material default (whether by lapse of time or notice or both), except for any such default, failure or breach as has not had, and may not reasonably be expected to have, a Material Adverse Effect on the Businesses.

II.13. Licenses and Permits. LM, the Transferor Subsidiaries and the Access Graphics Foreign Subsidiaries have all licenses, franchises, permits and other similar authorization affecting, or relating in any way to, the Businesses (the "Permits") required by law to be obtained by LM, any Transferor Subsidiary or any Access Graphics Foreign Subsidiary to permit LM, any Transferor Subsidiary or any Access Graphics Foreign Subsidiary to conduct the Businesses in substantially the same manner as the Businesses have heretofore been conducted, except where the failure to obtain any such licenses, franchises, permits or authorizations could not reasonably be expected to have a Material Adverse Effect on the Businesses.

II.14. Finders' Fees. Other than Goldman Sachs & Co. and Bear, Stearns & Co. Inc., whose fees will be paid by LM, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of LM or the Transferor Subsidiaries who might be entitled to any fee or commission from the Company in connection with the Contemplated Transactions.

II.15. Environmental Compliance. (a) Except as set forth in Section II.15 of the Contribution Disclosure Schedules or referred to in the Balance Sheets, there are no Environmental Liabilities (other than Excluded Liabilities) arising under Environmental Laws in effect and applicable to the Businesses or Transferred Assets as of the date of this Agreement that have had or may reasonably be expected to have a Material Adverse Effect on the Businesses.

(b) Except as set forth in Section II.15 of the Contribution Disclosure Schedule, none of the Transferred Assets is located in New Jersey or Connecticut.

II.16. Compliance with Laws. Except as set forth in Section II.16 of the Contribution Disclosure Schedule, except for violations or infringements of Environmental Laws or Applicable Laws, orders, writs, injunctions or decrees relating to Contracts or Bids, and except for violations or infringements as have not had, and may not reasonably be expected to have, a Material Adverse Effect on the Businesses, the operation of the Businesses and condition of the Transferred Assets have not violated or infringed, and do not violate or infringe, in any material respect any material Applicable Law or any order, writ, injunction or decree of any Governmental Authority.

II.17. Government Contracts. (a) Except as set forth in Section II.17 of the Contribution Disclosure Schedule, and except for inaccuracies in the following as have not had, and may not reasonably be expected to have, a Material Adverse Effect on the Businesses, with respect to each fixed price Government Contract with a backlog value in excess of $10,000,000, each "cost plus" Government Contract with a backlog value in exceeds of $10,000,000 and each Bid which, if accepted, would result in such a Government Contract (a "Government Bid") to which LM or any Transferor Subsidiary is a party with respect to the Businesses, (i) LM or any such Transferor Subsidiary has complied with all material terms and conditions of such Government Contract or Government Bid, including all clauses, provisions and requirements incorporated expressly, by reference or by operation of law therein; (ii) LM or any Transferor Subsidiary has complied with all requirements of all material Applicable Laws or agreements pertaining to such Government Contract or Government Bid; (iii) all representations and certifications executed, acknowledged or set forth in or pertaining to such Government Contract or Government Bid were complete and correct as of their effective date, and LM or any Transferor Subsidiary has complied in all material respects with all such representations and certifications; (iv) neither the U.S. Government nor any prime contractor, subcontractor or other Person has notified LM or any Transferor Subsidiary that LM or any such Transferor Subsidiary has breached or violated any Applicable Law, certification, representation, clause, provision or requirement pertaining to such Government Contract or Government Bid where there is a substantial likelihood that the matter

notified to LM or any such Transferor Subsidiary will be resolved in a manner adverse to LM or any such Transferor Subsidiary, (v) no termination for convenience, termination for default, cure notice or show cause notice is currently in effect pertaining to such Government Contract or Government Bid; (vi) to the best of the knowledge of LM, no cost incurred by LM or any Transferor Subsidiary pertaining to such Government Contract or Government Bid has been questioned or challenged, is the subject of any investigation or has been disallowed by the U.S. Government where, with respect to any question, challenge or investigation, there is a substantial likelihood of a determination adverse to LM or any such Transferor Subsidiary; and (vii) to the best of the knowledge of LM, no money due to LM or any Transferor Subsidiary pertaining to such Government Contract or Government Bid has been (or has attempted to be) withheld or set off where there is a substantial likelihood that LM or any such Transferor Subsidiary will not ultimately be deemed to be entitled to such money.

(b) Except as set forth in Section II.17 of the Contribution Disclosure Schedule: (i) to the best of the knowledge of LM, none of LM's or any Transferor Subsidiary's respective employees, consultants or agents is (or during the last year has been) under administrative, civil or criminal investigation, indictment or information by any Governmental Authority, or any audit or investigation by LM or any Transferor Subsidiary with respect to any alleged irregularity, misstatement or omission arising under or relating to any Government Contract or Government Bid; and (ii) during the last year, LM or any Transferor Subsidiary has not conducted or initiated any internal investigation or, to the best of the knowledge of LM, had reason to conduct, initiate or report any internal investigation, or made a voluntary disclosure to the U.S. Government, with respect to any alleged irregularity, misstatement or omission arising under or relating to a Governmental Contract or Government Bid. Neither LM nor any Transferor Subsidiary has any knowledge or reason to know of any irregularity, misstatement or omission arising under or relating to any Government Contract or Government Bid that has led or could reasonably be expected to lead, either before or after the Closing Date, to any of the consequences set forth in clauses (i) or (ii) of the immediately preceding sentence or any other material damage, penalty assessment, recoupment of payment or disallowance of cost.

(c) Except as set forth in Section II.17 of the Contribution Disclosure Schedule, or as has not had, and may not reasonably be expected to have, a Material Adverse Effect with respect to the Businesses, there exist (i) no outstanding claims against LM or any Transferor Subsidiary, either by the U.S. Government or by any prime contractor, subcontractor, vendor or other third party, arising under or relating to any Government Contract or Government Bid referred to in Section II.17(a) where there is a substantial likelihood of a determination adverse to LM or any such Transferor Subsidiary and (ii) no

disputes between LM or any Transferor Subsidiary and the U.S. Government under the Contract Disputes Act or any other Federal statute or between LM or any Transferor Subsidiary and any prime contractor, subcontractor or vendor arising under or relating to any such Government Contract or Government Bid where there is a substantial likelihood of a determination adverse to LM or any Transferor Subsidiary. LM has no knowledge or reason to know of any fact which could reasonably be expected to result in a claim or a dispute under clause (i) or (ii) of the immediately preceding sentence.

(d) Except as set forth in Section II.17 of the Contribution Disclosure Schedule, neither LM nor any Transferor Subsidiary (with respect to the Businesses), nor to the best of the knowledge of LM, any employees, consultants or agents of any of the Businesses, is (or during the last five years has been) suspended or debarred from doing business with the U.S. Government or is (or during such period was) the subject of a finding of a nonresponsibility or ineligibility for U.S. Government contracting. LM does not know or have any reason to know of any facts or circumstances that would warrant the suspension or debarment, or the finding of nonresponsibility or ineligibility, on the part of LM or any Transferor Subsidiary or any employees, consultants or agents of any of the Businesses.

(e) Except as set forth in Section II.17 of the Contribution Disclosure Schedule, and except for any of the following as has not had, and may not reasonably be expected to have, a Material Adverse Effect on the Businesses, all material test and inspection results LM or any Transferor Subsidiary has provided to the U.S. Government pursuant to any Government Contract referred to in Section II.17(a) or to any other Person pursuant to any such Government Contract or as a part of the delivery to the U.S. Government pursuant to any such Government Contract of any article designed, engineered or manufactured in the Businesses were complete and correct in all material respects as of the date so provided. Except as set forth in Section II.17 of the Contribution Disclosure Schedule, and except for any of the following as has not had, and may not reasonably be expected to have, a Material Adverse Effect on the Businesses, LM or any Transferor Subsidiary has provided all material test and inspection results to the U.S. Government pursuant to any such Government Contract as required by Applicable Law and the terms of the applicable Government Contracts.

(f) Except for any of the following as has not had, and may not reasonably be expected to have, a Material Adverse Effect on the Businesses, no statement, representation or warranty made by LM or any Transferor Subsidiary in any Government Contract, any exhibit thereto or in any certificate, statement, list, schedule or other document submitted or furnished to the U.S. Government in connection with any Government Contract or Government Bid (i) contained on

the date so furnished or submitted any untrue statement of a material fact, or failed to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they were made, not misleading or (ii) contains on the date hereof any untrue statement of a material fact, or fails to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading, except in the case of both clauses (i) and (ii) any untrue statement or failure to state a material fact that would not result in any material liability to the Businesses as a result of such untrue statement or failure to state a material fact.

II.18. Intellectual Property. With respect to Intellectual Property Rights that constitute Transferred Assets, except as set forth in Section II.18 of the Contribution Disclosure Schedule:

(a) LM, the Transferor Subsidiaries or any Access Graphics Foreign Subsidiaries own, free and clear of all Liens other than Permitted Liens, all right, title and interest in such Intellectual Property Rights. To the best of the knowledge of LM, the use of such Intellectual Property Rights in connection with the operation of the Businesses as heretofore conducted does not conflict with, infringe upon or violate any patent, patent licenses, patent application, trademark, trade name, trademark or trade name registration, copyright, copyright registration, service mark, brand mark or brand name or any pending application relating thereto, or any trade secret, know-how, programs or processes of any third person, firm or corporation, except for conflicts, infringements or violations that have not had and may not reasonably be expected to have a Material Adverse Effect on the Businesses;

(b) LM, the Transferor Subsidiaries or any Access Graphics Foreign Subsidiaries have the right to use all inventions, processes, computer programs, know-how, formulae, trade secrets, patents, chip design, mask works, trademarks, trade names, brandnames and copyrights which are used by the Businesses and which are necessary for the continued operation of the Businesses in substantially the same manner as its operations have heretofore been conducted except where the failure to have any such right has not had, and may not reasonably be expected to have, a Material Adverse Effect on the Businesses; and

(c) Upon the consummation of the Closing, (A) the Company will be vested with all of LM's, the Transferor Subsidiaries' and the Access Graphics Foreign Subsidiaries' rights, title and interest in, and LM's and the Transferor Subsidiaries' and the Access Graphics Foreign Subsidiaries' rights and authority to use in connection with the Businesses, all of the Intellectual Property Rights that constitute Transferred Assets and (B) such Intellectual Property Rights together with the Intellectual Property Rights licensed to the Company in

accordance with Section 2.08 and any other interests in intellectual property transferred hereunder will collectively constitute such rights and interests in intellectual property which are necessary for the continued operation of the Businesses as a whole in substantially the same manner as its operations have heretofore been conducted except where any inaccuracy of clause (B) has not had, and may not reasonably be expected to have, a Material Adverse Effect on the Businesses.

EXHIBIT III

Tax Matters

III.01. Tax Definitions. The following terms, as used herein, have the following meanings:

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Entities" means Access Graphics, B.V., Access Graphics, Access Graphics, Ltd., Access Graphics S.A. de C.V., Advanced Products Group, Inc., AGT Holdings, Inc., Cad Source, Inc., Canaccess Graphics, Inc., Globalstar Telecommunications Limited, and any predecessors and Subsidiaries of any of the foregoing (determined as of the Closing Date).

"Final Determination" means a determination as defined in Section 1313(a) of the Code or any other event which finally and conclusively establishes the amount of any liability for Taxes.

"Internal Restructuring" means, collectively, (i) the formation by LM of the Company, which has authorized capital consisting of common and preferred stock, and the contribution of LM of nominal capital to the Company in exchange for Company Common Stock in a transaction intended to qualify under Code Section 351(a); (ii) the mergers of Advanced Products Group, Inc. and Cad Source, Inc. with and into Access Graphics in liquidations intended to qualify under Code Section 332(a); (iii) the merger of Access Graphics with and into AGT Holdings, Inc. ("Holdings") in a liquidation intended to qualify under Code Section 332(a); (iv) the merger of Holdings with and into LM followed by the contribution by LM of the assets of Holdings to the Company intended to qualify as a reorganization described in Code Sections 368(a)(1)(A) and 368(a)(2)(C) and a transaction described in Code Section 351(a); and (v) the contribution by LM of the Thrust Reverser Business, the Equity Securities, and cash to the Company in exchange for Company Common Stock and Company Preferred Stock in a transaction intended to qualify under Code Section 351(a).

"Post-Closing Tax Period" means any Tax period (or portion thereof) ending after the Closing Date.

"Pre-Closing Tax Period" means any Tax period (or portion thereof) ending on or before the Closing Date.

"Tax" means any tax imposed of any nature including federal, state, local or foreign net income tax, alternative or add-on minimum tax, profits or excess profits tax, franchise tax, gross income, adjusted gross income or gross receipts tax, employment related tax (including employee withholding or employer payroll tax, FICA, or FUTA), real or personal property tax or ad valorem tax, transfer or recording tax, sales or use tax, excise tax, stamp tax or duty, any withholding or backup withholding tax, value added tax, severance tax, prohibited transaction tax, premiums tax, occupation tax, together with any interest or any penalty, addition to tax or additional amount imposed by any governmental authority (domestic or foreign) responsible for the imposition of any such tax.

III.02. Tax Matters. (a) LM will indemnify and hold harmless the Company and any Affiliate from and against any and all Damages in respect of Taxes which are Excluded Liabilities.

(b) Taxes (including any Taxes imposed on Company Entities) are Excluded Liabilities if and only if (i) such Taxes are imposed in respect of the Contribution and Assumption and the Internal Restructuring (other than Taxes apportioned to the Company under Section III.03(b)); or (ii) such Taxes arise from or with respect to the Transferred Assets or the operations of the Businesses (including any Transferred Assets owned or operations of the Businesses conducted by an Affiliate of LM) for any Pre-Closing Tax Period and (A) such Taxes are income or franchise taxes; (B) such Taxes have been withheld (or were required to be withheld) by LM or any Affiliate as withholding agent; (C) such Taxes are apportioned to LM under Section III.03(a); or (D) such Taxes (other than any income or franchise taxes, taxes imposed in respect of the Contribution and Assumption, taxes withheld (or required to be withheld) by LM or any Affiliate as withholding agent, or any real property taxes, personal property taxes, or similar ad valorem obligations) exceed in the aggregate the provision therefor reflected on the Closing Balance Sheets (not including any amount properly reflected for deferred taxes) and then only to the extent of such excess.

(c) LM represents and warrants to the Company that the tax bases of the Transferred Assets and Assumed Liabilities as of December 31, 1996 set forth in Section III.02 of the Contribution Disclosure Schedule, which portion of such Contribution Disclosure Schedule will be delivered to the Company by December 15, 1997, have been determined in a manner consistent with (i) the consolidated federal income returns filed by LM for all taxable periods ending on or before December 31, 1996, as adjusted by amended returns and all agreed Internal Revenue Service audit adjustments to September 30, 1997, and (ii) the current liability for federal income taxes as shown in the financial statements of LM for the quarter ended September 30, 1997.

(d) For purposes of this Agreement, income, deductions, and other items will be allocated between the final Pre-Closing Tax Period and the initial Post-Closing Tax Period based on an actual closing of the books of the Businesses on the Closing Date. Any amounts attributable to transactions not in the ordinary course of business at or prior to Closing will be allocated to the final Pre-Closing Tax Period, and any amounts attributable to transactions not in the ordinary course of business after Closing will be allocated to the initial Post-Closing Tax Period.

III.03. Allocation of Taxes. (a) Any liability for real property tax, personal property tax or any similar ad valorem obligation levied with respect to any Transferred Asset or the Businesses for a taxable period which includes (but does not end on) the Closing Date will be apportioned ratably as of the Closing Date based on the number of days of such taxable period included in the Pre-Closing Tax Period and the number of days of such taxable period included in the Post-Closing Tax Period. Within one year after the Closing, LM and the Company will each present a statement to the other setting forth the amount of reimbursement to which it and its Affiliates are entitled under this Section III.03(a) together with such supporting evidence as is reasonably necessary to calculate the proration amount. The proration amount will be paid by the party owing it to the other within 30 days after delivery of such statement. Thereafter, LM will notify the Company upon receipt of any bill for real or personal property taxes relating to the Transferred Assets or the Businesses, part or all of which are attributable to the Post-Closing Tax Period, and will promptly deliver such bill to the Company which shall pay the same (or cause it to be paid) to the appropriate taxing authority, provided, that if such bill also covers the Pre-Closing Tax Period, LM will remit prior to the due date of assessment to the Company payment for the proportionate amount of such bill that is attributable to the Pre-Closing Tax Period. In the event that either LM and its Affiliates on the one hand or the Company and its Affiliates on the other hand thereafter makes a payment for which it is entitled to reimbursement under this Section III.03(a), the other party will make such reimbursement promptly but in no event later than 30 days after the presentation of a statement setting forth the amount of reimbursement to which the presenting party is entitled along with such supporting evidence as is reasonably necessary to calculate the amount of reimbursement. Any payment required under this Section III.03(a) and not made within 30 days of delivery of the statement relating thereto will bear interest at the rate per annum determined, from time to time, under the provisions of Section 6621(a)(2) of the Code, compounded daily.

(b) Any recording or filing fees with respect to the transfer of the Transferred Assets or the Businesses to the Company or the Company Entities in connection with the Contemplated Transactions will be paid by the Company, and

any transfer, documentary, sales, use or other Taxes assessed upon or with respect to such transfer will be shared equally by LM and the Company.

III.04. Tax Cooperation and Consistent Reporting. (a) The Company and LM agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Transferred Assets and the Businesses (including, without limitation, access to books and records) as is reasonably necessary for the filing of all Tax returns, and making of any election related to Taxes, the preparation for any audit by any taxing authority, and the prosecution or defense of any claim, suit or proceeding relating to any Tax return. The Company and LM will cooperate with each other in the conduct of any audit or other proceeding related to Taxes and all other Tax matters relating to the Transferred Assets and the Businesses, and each will execute and deliver such powers of attorney and other documents as are necessary to carry out the intent of this Section III.04.

(b) Unless there has been a Final Determination to the contrary, LM and the Company covenant and agree, for all Tax purposes including all Tax returns and any Tax controversies, to (and to cause any Affiliate or successor to their assets or businesses to) take each of the positions set forth below (and not to take any position inconsistent therewith) after the Closing:

(i) Each step in the Internal Restructuring and the Contribution and Assumption will be treated for federal income tax purposes as follows:

(A) The contribution by LM of nominal capital to the Company in exchange for Company Common Stock will qualify under Code Section 351(a).

(B) The mergers of Advanced Products Group, Inc. and Cad Source, Inc. with and into Access Graphics will qualify as liquidations under Code Section 332(a).

(C) The merger of Access Graphics with and into Holdings will qualify as a liquidation under Code Section 332(a).

(D) The merger of Holdings with and into LM followed by the contribution by LM of the assets of Holdings to the Company will qualify as a transaction described in Code Sections 368(a)(1)(A) and 368(a)(2)(C) and a transaction described in Code Section 351(a).

(E) The contribution by LM of the Thrust Reverser Business, the Equity Securities, and cash to the Company in exchange for Company Common Stock and Company Preferred Stock will qualify under Code Section 351(a).

(ii) The Exchange will qualify as a split-off described in Section 355(a) of the Code to which Sections 355(d) and 355(e) of the Code will not apply.

(iii) Any loans made pursuant to Section 4.09 of the Contribution Agreement will constitute valid indebtedness for Federal income tax purposes.

(iv) Neither the Company, any Affiliate thereof, nor any successor to their assets or businesses will be entitled to claim any deduction in respect of any Assumed Liability to the extent deducted by LM or a Transferor Subsidiary on a return filed prior to the date of this Agreement.

(v) The aggregate fair market value of the Businesses on the Closing Date will be not less than the amount stated in paragraph (85) of the Officers' Certificate of Marcus C. Bennett and John E. Montague referred to in Section 8.02(d)(i) of the Exchange Agreement and in paragraph (c) of the Officer's Certificate of Dennis D. Dammerman referred to in Section 8.03(b)(i) of the Exchange Agreement.

(vi) The tax basis of each Transferred Asset to be received by the Company will be the same as the tax basis of such asset in the hands of LM or the Transferor Subsidiary immediately before such assets are received by the Company.

(vii) The tax basis of the Equity Securities in the hands of LM is $128,000,000.

(viii) Any sale by LM pursuant to an exercise by the Company of the Northrop Grumman Option described in Section 4.07(b) will be a taxable sale.

Neither LM nor the Company nor any Affiliate of either shall be deemed to have taken a position contrary to any of the positions set forth in this Section III.04(b) merely by making a monetary settlement with a Tax authority.

(c) LM and the Company agree to report to the other any communication from or with the Internal Revenue Service (including any communication from or with an Affiliate) which relates in any way to the characterization of the Contemplated Transactions. Notwithstanding any such communication, LM and the Company covenant and agree to (and to cause any Affiliate or successor to their assets or businesses to) continue to take each of the positions specified in Section III.04(b) for all Tax purposes (unless there has been a Final Determination contrary to such position). Without limiting the generality of the foregoing, (i) LM and any Transferor Subsidiary will file with its federal income tax return for the taxable year in which the Exchange is made (which tax return shall be timely filed) the information required by Treas. Reg. Section 1.355-5(a), and will deliver a copy of that statement to the Company within ten days thereafter, and (ii) the Company will cause its ultimate parent to file with its federal income tax return for the taxable year in which the Exchange is made (which tax return shall be timely filed) the information required by Treas. Reg. Section 1.355-5(b), and will deliver a copy of that statement to LM within ten days thereafter.

(d) The Company will keep LM fully advised with respect to, and will grant LM full rights of consultation in connection with, any claim or protective claim for refund, or any request made by LM to file such a claim or protective claim, based on any position contrary to any position described in Section III.04(b)(i); provided, that (i) unless there has been a Final Determination contrary to such position described in Section III.04(b)(i), the Company will not file any such claim or protective claim unless so requested by LM; (ii) the Company will have the right, in its reasonable discretion, to accept or reject any such request to file such a claim or protective claim; (iii) if the Company rejects such request, then, unless such claim or protective claim is based on a position contrary to the position described in Section III.04(b)(ii), III.04(b)(iii), or III.04(b)(v), the Company will be obligated to pay to LM the amount which (in the judgment of the Accounting Referee) would have been payable pursuant to Section III.05 if the Company had accepted such request.

(e) Unless and until there has been a Final Determination to the contrary, LM covenants and agrees, for all Tax purposes, including all Tax returns and any Tax controversies, that it will not claim, and will cause any Affiliate not to claim, a deduction with respect to (i) any vacation pay or other amount subject to Section 404 of the Code that, but for the Contribution and Assumption, would not be deductible by LM or such Affiliate on or before the Closing Date or (ii) any incentive compensation paid by the Company on or after the Closing Date or (iii) any amount paid by the Company or LM pursuant to Section IV.10(e).

(f) Neither LM nor any Affiliate shall take any action or omit to take any action relating to any Pre-Closing Tax Period to the extent that such action or omission could reasonably be expected to affect adversely the Tax liabilities of the Company or of any Affiliate of the Company for any Post-Closing Period, unless such action or omission is consistent with past practices of LM or such Affiliate in connection with the operation of the Businesses.

(g) Any payment by LM or the Company under this Exhibit III or Section 7.02 of this Agreement will be allocated between principal and interest for purposes of Section 483, Section 1273, and any other relevant provision of the Code by using as a discount rate the rate per annum determined from time to time under Section 6621(a)(2) of the Code compounded daily for the period from the date of Closing to the date on which the payment is made. The portion of any such payment by LM treated as principal will be treated as additional LM Cash Contribution Amount. Any payment by the Company under this Exhibit III or Section 7.02 of this Agreement (other than the portion treated as interest) will be treated as a reduction of the LM Cash Contribution Amount.

(h) LM and the Company shall execute on the Closing Date the Tax Assurance Agreement.

III.05. Tax Benefit Payments. (a) If a Final Determination is made contrary to the position described in Section III.04(b)(i), then (in addition to any other remedies which may be available to LM but without duplication thereof) the Company will pay to LM for each Post-Closing Tax Period an amount equal to the excess of (A) the liability for federal, state and local Taxes to which the Company or any other Affiliates or any successor to their assets or businesses (collectively, the "Taxpayer") would have been subject for all Post-Closing Tax Periods in each relevant jurisdiction had the position described in section III.04(b)(i) been sustained (and had the Company not been required to make any payments pursuant to this Section III.05), over (B) the Taxpayer's actual liability for such Taxes for such periods. Such payment will be due (subject to a ten-day grace period) when, as, and to the extent the Taxpayer derives an actual benefit (in the form of any refund, reduction in Tax liability, or otherwise) as the result of such excess. If any payment required under this Section III.05(a) for any Post-Closing Tax Period is not made on or before the due date (without extensions) of the return of such period, then such payment will be made together with interest at the rate per annum determined from time to time under Section 6621(a)(2) of the Code compounded daily for the period from such due date to the date on which the payment is actually made. From the date of receipt of any payment under this Section III.05(a) relating to any Post-Closing Tax Period until the expiration of the period of limitations under Section 6501 of the Code in respect of such period, LM will either (i) maintain a credit rating with respect to its senior unsecured

indebtedness of at least AA by Standard & Poor's Corporation or an equivalent credit rating by any nationally recognized credit rating service, or (ii) within ten days after receipt of written notice from the Company, provide to the Company a letter of credit or other assurance reasonably satisfactory to the Company of the ability of LM to meet its obligations under Section III.05(c). If LM fails to meet the requirements of the preceding sentence, then (so long as such failure may continue but in no event beyond the expiration of the relevant period of limitations under Section 6501 of the Code) the obligations of the Company to make any payments under this Section III.05 will be suspended.

(b) In addition, the Company will pay to LM, no later than ten days after each date on which the Taxpayer receives a refund of federal, state or local Taxes for a Pre-Closing Tax Period, the excess of such refunds over such refunds to which the Taxpayer would have been entitled had the position described in Section III.04(b)(i) been sustained (and had the Company not been required to make any payments under this Section III.05). If any payment required under this Section III.05(b) is not made on or before the date such payment is due, then such payment will be made together with interest at the rate per annum determined from time to time under Section 6621(a)(2) of the Code compounded daily for the period from the date such payment was due to the date on which such payment is actually made. From the date of receipt of any payment under this Section III.05(b) relating to any refund until the expiration of the period for recovery of such refund under section 6532(b) of the Code, LM will either (i) maintain a credit rating with respect to its senior unsecured indebtedness of at least AA by Standard & Poor's Corporation or an equivalent credit rating by any nationally recognized credit rating service, or (ii) within ten days after receipt of written notice from the Company, provide to the company a letter of credit or other assurance reasonably satisfactory to the Company a letter of credit or other assurance reasonably satisfactory to the Company of the ability of LM to meets its obligations under Section III.05(c). If LM fails to meet the requirements of the preceding sentence, then (so long as such failure may continue but in no event beyond the expiration of the relevant period for recovery of a refund under Section 6532(b) of the Code) any obligation of the Company to make payments under this Section III.05(b) will be suspended.

(c) In the event of any adjustment to the Taxpayer's liability for federal, state or local taxes or entitlement to a refund, as a result of audit, carryover, carryback, or otherwise, the amounts previously payable under this Section III.05 will be appropriately adjusted and the Company or LM, as the case may be, will pay to the other the amount required as a result of such adjustment, together with interest at the rate per annum determined from time to time under Section 6621(a)(2) of the Code compounded daily for the period from the original payment date affected by the adjustment to the date on which the payment is

made. At the time of any payment under this Section III.05 (or at the request of LM if the Company has determined that no payment is due), the Company will submit a schedule showing in reasonable detail its calculation of the payment to be made (or the basis for its determination that no payment is due). Any dispute concerning the calculation of payments due under this Section III.05 will be resolved by the Accounting Referee.

(d) LM will pay (i) any fees or other amounts due to the Accounting Referee in respect of the resolution of any dispute pursuant to Section III.05(c), and (ii) all reasonable costs (including the reasonable internal costs of the Company or any Affiliate or successor) to comply with the provisions of this Section III.05.

(e) If a Final Determination is made contrary to a position described in Section III.04(e), then paragraphs (a) through (d) of this Section III.05 will apply mutatis mutandis to require such payments by LM to the Company as may be appropriate.

EXHIBIT IV

Employment and Employee Benefit Matters

IV.01. Employee Benefit Definitions. The following terms, as used herein, shall have the following meanings:

"Affiliate Plan" means each Employee Plan and Benefit Arrangement which is sponsored solely by Access Graphics or its respective Subsidiaries and which covers Transferred Employees.

"Benefit Arrangement" means each employment, severance, continuation pay, termination pay, layoff, or other similar written contract, arrangement or policy and each written plan or arrangement providing for health, medical, life or other welfare benefit insurance coverage (including any insured, self-insured or other arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, holiday, education or vacation benefits, retirement benefits or deferred compensation, profit-sharing, benefits in the event of a sale of the Businesses or other change in the control, management or the ownership of the Businesses, bonuses, stock options, stock appreciation or other forms of incentive compensation (other than commissions) or post-retirement insurance, compensation or benefits (including pensions, social security or similar programs under foreign law) which (i) is not an Employee Plan, (ii) is or has been entered into, maintained, administered or contributed to, as the case may be, by LM or any of its Affiliates and (iii) covers any Transferred Employee or for which a Transferred Employee would be eligible upon retirement or other termination of service.

"Employee Plan" means each "employee benefit plan", as such term is defined in Section 3(3) of ERISA, which (iv) is subject to any provision of ERISA, (v) is or has been entered into, maintained, administered or contributed to by LM or any of its Affiliates and (vi) covers any Transferred Employee.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Transferred Employee" means any Person who, (vii) on the Closing Date, is actively employed in the Thrust Reverser Business or who, with respect to the Thrust Reverser Business, returns to service with the Company within 12 months of the Closing Date in accordance with Section IV.03 hereof upon exercise of recall rights or following a leave of absence or (viii) is employed (whether actively

or on leave of absence), as of the Closing Date, in the Access Graphics Business (including the Access Graphics Foreign Subsidiaries), except for those employees identified in writing and acceptable to LM.

IV.02. ERISA Representations. Except as set forth in Section IV.02 of the Contribution Disclosure Schedule, LM hereby represents and warrants to the Company that:

(a) Section IV.02(a) of the Contribution Disclosure Schedule lists each Employee Plan which is maintained, administered or contributed to by LM. With respect to each such Employee Plan, LM will furnish or make reasonably available to the Company not more than 5 Business Days after the date hereof a true and complete copy of the most recent plan document (and, if applicable, the most recent draft of any amendment or restatement proposed to be adopted) and the most current summary plan description and the most recently filed Form 5500, as applicable, of each such plan (the "Employee Plan Documentation"). LM will identify all other Employee Plans to the Company and use best efforts to furnish or make reasonably available to the Company the Employee Plan Documentation relating thereto as soon as practicable after the date hereof.

(b) Each Employee Plan that is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified under Section 401(a) of the Code and each trust related thereto has been determined to be exempt from tax pursuant to Section 501(a) of the Code and LM is not aware of any event that has occurred since the date of such determinations, including changes in laws or regulations or modifications to such Employee Plan and any changes set forth in the draft restatement of the LM Retirement Income Plan ("RIP I") provided to the Company prior to the date hereof, that would adversely affect such qualification or tax exempt status. LM will furnish or make reasonably available to the Company not more than 5 Business Days after the date hereof copies of the most recent Internal Revenue Service determination letters with respect to each Employee Plan. Neither LM nor any of LM's Affiliates has incurred any liability under Title IV of ERISA in connection with the termination of any plan covered or previously covered under Title IV of ERISA that could become, after the Closing Date, an obligation of the Company.

(c) Section IV.02(c) of the Contribution Disclosure Schedule identifies each material Benefit Arrangement which is or has been entered into, maintained, administered or contributed to by LM. LM will furnish or make reasonably available to the Company copies or descriptions of each such Benefit Arrangement not more than 5 Business Days after the date hereof. LM shall identify all other Benefit Arrangements to the Company and use best efforts to

furnish or make reasonably available to the Company copies or descriptions of such other Benefit Arrangements as soon as practicable after the date hereof.

(d) To the best of the knowledge of LM, there are no oral employee benefits plans or arrangements which, if written, would constitute Employee Plans or Benefit Arrangements.

(e) No Employee Plan is a "multiemployer plan" as defined in Section 3(37) of ERISA.

(f) Section IV.02(f) of the Contribution Disclosure Schedule lists each bargaining agent representing or purporting to represent any Transferred Employees (whether or not recognized by LM, or any of its Affiliates as the recognized collective bargaining agent) of which LM is aware. LM will furnish or make reasonably available to the Company copies of each collective bargaining agreement currently applicable to any Transferred Employee to which LM or any LM Affiliate is a party not more than 5 Business Days after the date hereof.

(g) LM shall identify to the Company within 5 Business Days of the date hereof, each Employee Plan and Benefit Arrangement pursuant to which any Transferred Employee will become entitled to any material compensation, bonus, retirement, severance, job security or similar benefit or enhanced such benefit solely as a result of the transactions contemplated by this Agreement.

(h) There is no litigation or benefit dispute pending or threatened that involves any Employee Plan or Benefit Arrangement that could reasonably be expected to have a Material Adverse Effect on the Businesses.

(i) No "reportable event" within the meaning of Section 4043(b) of ERISA has occurred with respect to any Employee Plan since December 31, 1994 that could have a Material Adverse Effect on the Businesses (other than reportable events for which the reporting requirement has been waived by the PBGC or that occur as a result of the transactions contemplated by this Agreement).

(j) The Accumulated Postretirement Benefit Obligation (as defined in Statement of Financial Accounting Standards No. 106) as of October 1, 1997 in respect of postretirement health and life benefits for Transferred Employees is estimated by LM to be $10,460,000, calculated using the actuarial assumptions used for the 1996 LM Annual Report.

(k) Each Benefit Arrangement and each Employee Plan has been maintained in substantial compliance with its plan documents (and, if applicable, the most recent draft provided to the Company prior to the Closing Date of any

amendment or restatement proposed to be adopted) and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations, including, without limitation, ERISA and the Code, except such instances of noncompliance which, in the aggregate, would not have a Material Adverse Effect on the Businesses.

(l) As of October 1, 1997, the fair market value of the assets of each of RIP I, the LM Retirement Income Plan II ("RIP II") and the LM Aerospace Pension Plan for Employees in the Bargaining Unit (the "Aerospace Plan") (excluding for these purposes any accrued but unpaid contributions and any assets attributable to contributions made under Section 401(h) of the Code) exceeds the present value of all benefits accrued as of such date under the applicable plan using the 1996 Form 5500 actuarial assumptions for the applicable plan.

(m) The distributions to be made under Section IV.07 below satisfy the conditions contained in Section 401(k) of the Code and the regulations thereunder.

IV.03. Employees and Offers of Employment. (a) With respect to the Thrust Reverser Business, the Company shall offer or cause one of its Affiliates to offer employment to commence on the Closing Date to all Transferred Employees and shall be a successor employer for all employment matters with respect to Transferred Employees as of the Closing Date, except that in the case of former employees of such Business who exercise recall rights under a collective bargaining agreement or employees of such Business who are on leave of absence due to illness, disability, workers' compensation, military service or other authorized leave of absence as of the Closing Date, the foregoing obligations of the Company to offer employment and to become a successor employer shall arise only upon such recall or the expiration of any such leave of absence period, in either case which shall occur within 12 months following the Closing Date. (For purposes of this Exhibit IV, with respect to any such employees or former employees who become employed by the Company within 12 months of the Closing Date in accordance with the foregoing, such employees shall become Transferred Employees on the date of reemployment by, or return to work with, the Company and any obligations of the Company to "Transferred Employees" that arise upon the Closing Date shall, where applicable, be treated as applying to each such employee upon such employee's date of reemployment or return to work). With respect to the Access Graphics Business, any Transferred Employee shall continue employment with such Business immediately following the Closing Date. Each Transferred Employee shall initially be offered a position (or shall continue in a position, as applicable) similar to his or her position immediately prior to the Closing Date, at the same job and salary or wage levels, with bonus, incentive plans (other than commissions) and other employee benefit plans

substantially similar to those provided immediately prior to the Closing Date. Such offers of employment (or continued employment, as applicable) shall initially be at the same respective locations as those at which such Transferred Employees are employed immediately prior to the Closing Date. LM shall, within 5 Business Days of the date hereof, provide the Company with a true, correct and complete list of all employees of the Businesses (including those employees on leave of absence) together with the annual rate of pay and any bonus, if applicable, paid to each such employee during the preceding 12 month period, and the date on which any leave of absence commenced. LM will also provide the Company with a recall list containing the names of laid off represented employees who retain recall rights as of the Closing Date. The information included on these lists shall, at a minimum, enable the Company to determine vacation eligibility and unpaid vacation for the calendar year in which the Closing Date occurs. Not later than 45 days following the Closing Date, LM shall provide the Company with a list of employees of the Businesses which, on a preliminary basis, estimates the accrued pension benefit for each such employee. LM shall provide the Company with a final listing of such employees showing each employee's accrued pension benefit as soon as practicable thereafter.

(b) LM shall provide any notices to Transferred Employees which may be required under the Worker Adjustment Retraining and Notification Act, 29 USC 2101 et seq. ("WARN") with respect to events which occur prior to the Closing Date and the Company shall provide any notices to Transferred Employees which may be required under WARN with respect to events which occur on or after the Closing Date.

(c) Subject to Section 4.10(b) of this Agreement, LM will not take, and will cause each of its Affiliates not to take, any action which would impede, hinder, interfere or otherwise compete with the Company's efforts to hire or retain any Transferred Employees.

IV.04. Plans Following the Closing. (a) Except to the extent changes are required by Applicable Law or necessary to maintain the tax-favored status of any employee benefit plan or arrangement, from the Closing Date through December 31, 1998, the Company will maintain or cause to be maintained employee compensation and benefit plans and arrangements for the benefit of the Transferred Employees that are substantially similar to the Employee Plans and Benefit Arrangements (other than the LM Supplemental Savings Plan and any deferred bonus plan) in the form furnished or made available to the Company prior to the Closing Date; provided that layoff benefits and severance benefits shall be identical during this period; and provided, further, that for those Transferred Employees who are currently participating in the LM nonqualified defined benefit pension plans, the Company will provide, or cause to be provided,

an equivalent plan or plans during the term of their employment with the Company and its Affiliates. The Company will give Transferred Employees full credit for purposes of eligibility, vesting and benefit accrual under any such plans or arrangements maintained by the Company pursuant to this Section IV.04 for such Transferred Employees' service recognized for such purposes under the Employee Plans and Benefit Arrangements.

(b) With respect to RIP I, RIP II and, subject to collectively bargained obligations, the Aerospace Plan, until December 31, 1998, the Company will provide Transferred Employees participating in such plans as of the Closing Date with pension benefits that accrue on a basis no less favorable to such employees than would accrue under such plans (as in effect on the Closing Date) assuming the Transferred Employees had continued to participate therein until December 31, 1998, based on their continued service and compensation with the Company following the Closing Date.

(c) The Company's plans that are welfare plans (as defined in Section 3(1) of ERISA) shall not contain a clause excluding coverage for preexisting conditions and shall provide that any expenses incurred under the Employee Plans by Transferred Employees during the calendar year in which the Closing Date occurs shall be taken into account during the first plan year of such welfare plans for the purposes of satisfying deductible and coinsurance requirements and satisfaction of maximum out-of-pocket provisions to the same extent as if such expenses had been incurred after the Closing Date.

(d) The parties agree to cooperate in the equitable treatment of flexible spending accounts for Transferred Employees, with the obligations of LM and the Company to be reconciled taking into account the respective payroll deductions collected, and the claims experience, of each during the plan year in which the Closing Date occurs. LM shall provide the Company with information regarding enrollment and election options by each Transferred Employee for the year following the year in which they become a Transferred Employee.

(e) Effective as of the Closing Date, LM and the Company will enter into a benefit administration agreement or agreements, whereby LM shall provide management and administrative services with respect to benefit plans, payroll and other services and arrangements adopted by the Company and the Company shall provide similar services to LM as requested, effective as of the Closing Date. The term of any such benefit administration agreement(s) shall be for a period of not less than twelve months, or for such longer period, ending not later than December 31, 1998, as shall be administratively feasible for LM or the Company, as applicable, based on consistency of the Company's plans with plans maintained by LM, and shall contain appropriate provisions regarding indemnification of LM

or the Company, as the case may be, their Affiliates and each officer, employee and director of LM or the Company and their Affiliates and each fiduciary of any such benefit plans and arrangements with respect to the provision of such management and administrative services. The Company and LM agree to negotiate in good faith the cost of such services and actual terms of any such benefit administration agreement(s). LM shall provide the Company with at least 60 days' advance notice of any changes to its plans that are scheduled to go into effect prior to December 31, 1998 that will affect LM's ability to continue to administer the Company's plans.

IV.05. Collective Bargaining Agreements. The Company shall expressly recognize any collective bargaining representative recognized by LM or any of its Affiliates as of the Closing Date for units consisting of Transferred Employees and identified on Section IV.02(f) of the Contribution Disclosure Schedule or otherwise identified to the Company after the date hereof pursuant to Section IV.02(f) and shall expressly assume any and all of LM's or any of its Affiliate's obligations under any collective bargaining agreements existing on the Closing Date with respect to the Transferred Employees. This obligation to recognize and comply with the terms and conditions of existing bargaining agreements does not include the obligation to continue certain LM Employee Plans and Benefit Arrangements which Transferred Employees will no longer be eligible to participate in after the Closing Date. The obligations of the Company with respect to the Employee Plans and Benefit Arrangement are dealt with separately herein.

IV.06. Pension Plans. (a) With respect to RIP I, RIP II and the Aerospace Plan (the "Spinoff Plans"), the Company shall (or shall cause one of its Affiliates to) establish or designate a defined benefit plan or plans (each such plan, together with any successor thereto, being hereinafter referred to as a "Successor Plan") which provide benefits until December 31, 1998 for the Transferred Employees participating in the Spinoff Plans substantially similar to the benefits provided on the Closing Date under such Spinoff Plans. The Company shall take all necessary action to qualify each Successor Plan under the applicable provisions of the Code. The Successor Plans shall contain appropriate provisions providing that (i) any transferred assets held by the trust forming a part of such Successor Plan shall be held for the exclusive benefit of the participants in such Successor Plan, and with respect to transferred assets from RIP II, may not upon termination of the Successor Plan, revert to the employer or sponsor of such Successor Plan and (ii) the accrued benefits as of the Closing Date under such Successor Plan may not be decreased by amendment, or otherwise.

(b) As soon as practicable after the Closing Date, but in any event within 90 days of the Closing Date, LM shall cause the trustees of the Spinoff Plans

trusts ("Trustees") to transfer in cash to the appropriate trustees of the Successor Plans, and the Company shall cause the trustees of the Successor Plans to accept, the Initial Pension Transfer Amount, increased for interest pursuant to paragraph (c) below. The "Initial Pension Transfer Amount" shall be equal to $17,925,000 in the case of RIP I, $500,000 in the case of RIP II and $9,141,000 in the case of the Aerospace Plan. As soon as practicable following the first anniversary of the Closing Date, but in any event within 15 months following the Closing Date, LM shall cause the Trustees of each Spinoff Plan to transfer in cash to the trustees of the appropriate Successor Plan, and the Company shall cause the trustees of the Successor Plans to accept, an amount equal to the Final Pension Transfer Amount minus the Initial Pension Transfer Amount, with the difference increased for interest pursuant to paragraph (c) below. The "Final Pension Transfer Amount" shall be calculated separately with respect to each Spinoff Plan. In the case of the Aerospace Plan, the Final Pension Transfer Amount shall be equal to the greater of (i) the aggregate projected benefit obligation ("PBO") of all Transferred Employees under the Aerospace Plan calculated as of the Closing Date and determined in accordance with the actuarial assumptions and methodology used in LM's 1996 Corporate Annual Report (the "LM Assumptions") as applied to the Aerospace Plan or (ii) such amount determined as of the Closing Date as may be necessary to meet the requirements of Section 414(l) of the Code. In the case of RIP I, the Final Pension Transfer Amount shall be equal to the aggregate PBO of all Transferred Employees under RIP I calculated as of the Closing Date and determined in accordance with the LM Assumptions as applied to RIP I. In the case of RIP II, the Final Pension Transfer Amount shall be equal to the aggregate PBO of all Transferred Employees under RIP II calculated as of the Closing Date and determined in accordance with the LM Assumptions as applied to RIP II. The Final Pension Transfer Amount for each Spinoff Plan shall be reduced to reflect any pension payments made by such Spinoff Plan to Transferred Employees after the Closing Date and prior to the date of the transfer of the Initial Pension Transfer Amount pursuant to paragraph (f) below. Each Successor Plan shall receive its appropriate share of the amounts transferred under this paragraph (b) based on the Transferred Employees participating in such Successor Plan. In the event the Initial Pension Transfer Amount exceeds the Final Pension Transfer Amount for any Spinoff Plan, the appropriate Successor Plan shall transfer the difference to such Spinoff Plan, increased for interest pursuant to paragraph (c) below. Such transfer shall be made in cash as soon as practicable following the first anniversary of the Closing Date, but in any event within 15 months following the Closing Date.

(c) Interest described in paragraph (b) above shall be credited for the period after the Closing Date (or, with respect to any transfer described in the last two sentences of paragraph (b) above, after the transfer of the applicable Initial Pension Transfer Amount) to the date of transfer as follows:

(i) The rate of interest attributable to the Initial Pension Transfer Amounts shall be based on the 90-day Treasury Bill Rate on the auction date coincident with or immediately preceding the Closing Date;

(ii) The rate of interest attributable to the final transfers to be made to or from the Successor Plans no later than 15 months after the Closing Date shall be based on the one-year Treasury Bill Rate reported by the Federal Reserve statistical release (H.15(519)) as U.S. Government securities, Treasury Bills, Auction average, one-year, coincident with or immediately preceding the Closing Date.

(d) Subject to collective bargaining, a former employee recalled by the Company beyond 12 months following the Closing Date shall not be a Transferred Employee under this Agreement and no pension assets and liabilities with respect to such recalled employee shall be transferred.

(e) All actions taken under this Section, including the calculation of the amount of pension assets to be transferred, shall in any event meet the requirements of Section 414(l) of the Code and in no event shall any transfer provided for above be made prior to 30 days following the date of filing of any notices required under Section 6058(b) of the Code, along with the required actuarial certification of the amount to be transferred, with both LM and the Company to use their best efforts to cause such calculations and notice to be prepared and filed as promptly as practicable following the Closing Date.

(f) Transferred Employees shall cease to accrue benefits under the Spinoff Plans as of the Closing Date and, in consideration for the transfer of assets described herein, the Company shall, effective as of the Closing Date, assume or cause its Affiliates to assume all of the obligations of LM and its Affiliates in respect of benefits accrued by Transferred Employees under the Spinoff Plans on or prior to the Closing Date and the Company shall indemnify LM and its Affiliates and each officer, employee and director of LM and its Affiliates and each fiduciary of the Spinoff Plans from any and all Damages incurred or suffered by them arising out of, in respect of, or in connection with the qualified status of any Successor Plan or the obligations assumed by the Company in this Section. Prior to the transfer of the Initial Pension Transfer Amount, LM shall cause the applicable Spinoff Plan to process any pension payments that become payable to Transferred Employees. All pension payments made after the date of the transfer of the Initial Pension Transfer Amount in respect of Transferred Employees shall be paid by the applicable Successor Plan.

(g) All amounts to be transferred shall be verified by an enrolled actuary designated by LM as having been determined in accordance with the terms of this

Section. LM shall provide any actuary designated by the Company with all information necessary to review the calculation of such amounts in all material respects and to verify that such calculations have been performed in a manner consistent with the terms of this Section. In the event of a disagreement between the Company's designated actuary and LM's designated actuary as to the amount of the Actual Transfer Amount, which disagreement remains unresolved for a period in excess of 15 Business Days or such additional period as the Company and LM may agree upon in writing (a "Disagreement"), the Disagreement shall be submitted to the Chief Financial Officers of each of LM and the ultimate parent of the Company for their review and resolution in such manner as they deem necessary or appropriate. In the event such Disagreement remains unresolved for an additional 30 Business Days, the Company and LM shall agree upon an impartial enrolled actuary to resolve the Disagreement and determine the Actual Transfer Amount. The parties shall share equally all costs and fees of such impartial actuary.

(h) Notwithstanding anything herein to the contrary, neither the Company, its ultimate parent nor any Successor Plan shall assume any liability for any act or omission occurring prior to the Closing Date in violation of any provision of Title I of ERISA.

(i) As of the Closing Date, (i) LM shall indemnify the Company and its Affiliates and each officer, employee and director of the Company and its Affiliates and each fiduciary of the Successor Plans from any Damages resulting from a claim by the Department of Defense, the National Aeronautics and Space Administration or any other governmental agency with which LM or any of its Affiliates have or had a government contract with respect to Transferred Employees on or prior to the Closing Date (a "Government Claim"), that any portion of the assets retained by any Spinoff Plan immediately after the transfers set forth in paragraph (b) above constituted surplus assets allocable to Transferred Employees as of the Closing Date and attributable to work performed under Government Contracts prior to the Closing Date to which the claimant asserts entitlement and (ii) the Company shall indemnify LM and its Affiliates and each officer, employee and director of LM and its Affiliates and each fiduciary of the Spinoff Plans from any Damages resulting from a Government Claim arising out of, in respect of, or in connection with assets of the Spinoff Plans or the Successor Plans allocable to Transferred Employees as of the Closing Date to the extent such assets are determined to be attributable to work performed under Government Contracts and attributable to actions of the Company (other than any Government Claim described in clause (i) above). The indemnification provided for in each of clauses (i) and (ii) of this Section IV.06(i) shall be subject to the provisions of Article 7 of the Agreement.

(j) Notwithstanding anything set forth in this Agreement to the contrary, the transfer of pension assets and liabilities as set forth in Section IV.06(b) shall not result in any adjustment to the LM Cash Contribution Amount or be taken into account in determining Thrust Reverser Closing Net Worth.

IV.07. LM Savings Plans. (a) On the Closing Date, LM shall take such action as may be necessary, if any, to permit each Transferred Employee to exercise their rights under the LM Salaried Savings Plan or the LM Savings and Investment Plan for Hourly Employees (the "LM Savings Plans") to effect an immediate distribution of such Transferred Employee's vested account balances under the Savings Plans or to effect a tax-free rollover of the taxable portion of the account balances (to the extent permitted by law) into an eligible retirement plan or plans (within the meaning of Section 401(a)(31) of the Code, a "Direct Rollover") maintained by the Company or any of its Affiliates (the "Company Savings Plans") or to an individual retirement account. LM and the Company shall work together in order to facilitate any such distribution or rollover and to effect a Direct Rollover for those participants who elect to rollover their account balances directly into the Company Savings Plans; provided that, nothing in this Agreement shall prevent the Company from reasonably limiting Direct Rollovers as to time or the form of the distribution from the LM Savings Plans. All participant loans of Transferred Employees who do not elect a Direct Rollover or a distribution that are outstanding under the LM Savings Plans as of the Closing Date shall remain outstanding and LM and the Company agree to adopt such procedures as are reasonably necessary to allow participants to avoid a default of such loans, including, without limitation, continuation of payroll withholding by the Company or an Affiliate of the Company or other means of collecting and remitting participant loan repayments.

(b) On the Closing Date, or as soon as practicable thereafter, the Company shall establish or designate the Company Savings Plans in order to accommodate the Direct Rollovers described above and shall take all action necessary, if any, to qualify the Company Savings Plans under the applicable provisions of the Code and shall make any and all filings and submissions to the appropriate governmental agencies required to be made by it in connection with any Direct Rollover.

IV.08. Vacation and Holidays. As of the Closing Date, the Company shall adopt at its expense, vacation and holiday plans for Transferred Employees to succeed the vacation and holiday plans of the Businesses. For the remainder of the calendar year in which the Closing Date occurs, such plans shall be equal to and in place of what would have been provided to such Transferred Employees had they remained employees of LM and its Affiliates, and neither LM nor any LM Affiliate shall have any liability or obligation to pay or provide any vacation

or holiday payments claimed on or after the Closing Date. Thereafter, such plans shall be equal to the plans which the Company generally provides for its U.S. employees except that, as required by Section IV.04, such plans shall provide vacation and holidays to each eligible Transferred Employee on the basis of his or her continuous service with LM (or any LM Affiliate) and the Company. The Company shall honor any banked vacation existing on the Closing Date but will not be obligated to provide additional banking opportunities after December 31, 1997.

IV.09. Affiliate Plans. Effective as of the Closing Date, LM shall cease to administer, contribute or have any other obligations in respect of any Affiliate Plan and shall thereby cease to be responsible for any acts, omissions, and transactions under or in connection with any such Affiliate Plan which occur on or after the Closing Date. Effective as of the Closing Date, the Company or an Affiliate of the Company shall become the sponsor of each Affiliate Plan, shall assume all obligations of LM and its Affiliates under each such Affiliate Plan and, in addition, shall become responsible for all acts, omissions and transactions under or in connection with such Affiliate Plans which occur on or after the Closing Date. LM agrees to transfer any plan assets held by any such Affiliate Plan to the Company and to otherwise assist in the transfer of sponsorship contemplated by this Section IV.09.

IV.10. Other Employee Plans. Other than with respect to the Affiliate Plans covered in Section IV.09 above,

(a) LM shall retain all obligations and liabilities under the Employee Plans and Benefit Arrangements in respect of any employee or prior employee (including any beneficiary or dependent thereof) who is not a Transferred Employee.

(b) The Company shall, as of the Closing Date, assume or cause to be assumed all obligations and liabilities (including, without limitation, all obligations and liabilities attributable to the period prior to the Closing Date) of LM and its Affiliates in respect of Transferred Employees under each Employee Plan and Benefit Arrangement not covered under Section IV.06 or IV.07 (other than any obligations and liabilities relating to the LM Supplemental Savings Plan, which obligations and liabilities shall be retained by LM); provided that the Company does not agree to assume any obligations and liabilities with respect to any deferred bonuses; and provided further that on the Closing Date, Transferred Employees shall cease to accrue or enjoy benefits under the Employee Plans and Benefit Arrangements and shall commence accrual of benefits and participation in those employee compensation and benefit plan and arrangements maintained by the Company pursuant to Section IV.04.

(c) Without limiting the generality of Section IV.10(b), the Company shall assume and honor, in accordance with the terms of the applicable Benefit Arrangements, all employee incentive bonuses payable in respect of calendar year 1997. In addition, the Company shall assume and honor, in accordance with the terms of the applicable contractual arrangements, all commissions required to be paid to Transferred Employees.

(d) With respect to any workers' compensation claim based on injuries or illnesses which occurred on or prior to the Closing Date with respect to a Transferred Employee, the Company and LM agree as follows:

(i) LM shall transfer to the Company all reserves (which shall include a reserve for incurred but not reported claims) applicable to such claims;

(ii) the Company or its Affiliates shall be responsible for managing and adjudicating such claims and shall have the authority to so manage and adjudicate such claims to the same extent LM had such authority prior to the Closing;

(iii) LM and/or its carrier shall settle or otherwise make payment on such claims at the instruction of the Company or its Affiliates;

(iv) within 30 days of receipt of an invoice, the Company or its Affiliates shall reimburse LM for the Businesses' allocated cost of premiums, costs and expenses, including general and administrative charges as determined by LM in a manner consistent with prior practices and in conjunction with the Cost Disclosure Statement filed by LM or with the United States Government and in effect at the Closing Date or as subsequently amended; and

(v) The Company agrees to reimburse LM for all future costs incurred by LM under policy deductibles or retrospective rating agreements, along with all associated claims handling charges or similar administrative costs assessed by LM's carriers, in the manner described under (d)(iv) above.

(e) All stock options to purchase LM Common Stock held by the Transferred Employees as of the Closing Date that are not then vested and exercisable shall be forfeited in accordance with their terms (the "Forfeited Options"). Immediately prior to the Closing, LM will transfer an amount in cash equal to 61% of the sum of the excess of $125.00 per share over the exercise price

per share of each Forfeited Option. Not later than five Business Days following the first anniversary of the Closing Date (the "Anniversary Date"), the Company shall cause to be paid to each Transferred Employee who held a Forfeited Option and who remains an employee of the Company or its Affiliates on the Anniversary Date an amount in cash equal to the sum of the excess of $125.00 per share over the exercise price per share of each Forfeited Option held by such Transferred Employee (the "Payment") plus such Transferred Employee's pro rata share (based on the amount to be paid to each eligible employee prior to adjustment for amounts forfeited) of any amounts forfeited by Transferred Employees who terminate employment prior to the Anniversary Date other than in accordance with the following sentence. Notwithstanding the foregoing, each Transferred Employee whose employment is terminated prior to the Anniversary Date either involuntarily by his employer, or by reason of retirement, death or disability shall be entitled to receive a Payment.

IV.11. Representation Limitation. Notwithstanding the foregoing, to the extent any representation and warranty made in this Exhibit IV relates to any Employee Plan or Benefit Arrangement which is maintained, administered or contributed to by any of LM's Affiliates and not by LM directly, such representation and warranty is made to the best of the knowledge of LM.

IV.12. Necessary Action. LM and the Company agree to take all action which may be necessary in order to effectuate the transactions contemplated by this Exhibit IV, including, without limitation, adopting any necessary amendments to the Employee Plans and Benefit Arrangements and making all filings and submissions to the appropriate governmental agencies required to be made in connection with the segregation and/or transfer of assets contemplated by Section IV.06, IV.07 and IV.09.

IV.13. Third Party Beneficiaries. No provision of this Exhibit IV shall create any third party beneficiary rights in any employee or former employee of the Businesses (including any beneficiary or dependent thereof), including, without limitation, any right to continued employment or employment in any particular position by the Company for any specified period of time after the Closing Date.

IV.14. Indemnification Procedures. The indemnification provisions included in this Exhibit IV shall be subject to the provisions of Article 7 of the Agreement.

IV.15. Further Assurances. In the event that either of the Company or LM is prohibited from taking any action contemplated by this Exhibit as a result of any Applicable Laws or a decision of a court of competent jurisdiction, the

Company and LM will negotiate in good faith to restructure the transactions contemplated by this Exhibit IV in a manner that achieves the effect with respect to LM, the Company and the Transferred Employees that would have been achieved had such action not been prohibited.

EXHIBIT 2

EXCHANGE AGREEMENT

dated

October 31, 1997

among

GENERAL ELECTRIC COMPANY,

GE INVESTMENTS, INC.,

GE GOVERNMENT SERVICES, INC.,

CLIENT BUSINESS SERVICES, INC.,

LOCKHEED MARTIN CORPORATION

and

LMT SUB INC.

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EXCHANGE DISCLOSURE SCHEDULE

EXCHANGE AGREEMENT

This Agreement is made this 31st day of October, 1997, among General Electric Company, a New York corporation ("GE"), GE Investments, Inc., a Nevada corporation ("GEII"), GE Government Services, Inc., a Delaware corporation ("GEGS"), Client Business Services, Inc., a Delaware corporation ("CBSI" and together with GE, GEII and GEGS, the "GE Entities"), Lockheed Martin Corporation, a Maryland corporation ("LM"), and LMT Sub Inc., a Delaware corporation and a wholly-owned subsidiary of LM (the "Company"), with reference to the following background.

A. LM, among other things, directly and through the Transferor Subsidiaries, conducts the Thrust Reverser Business and the Access Graphics Business (each, a "Business" and collectively, the "Businesses").

B. Simultaneously with the execution of this Agreement, LM and the Company are entering into a Contribution and Assumption Agreement dated October 31, 1997 (the "Contribution Agreement") pursuant to which LM will, or will cause the Transferor Subsidiaries to, contribute all of the assets used or held for use primarily in the conduct of the Businesses (other than the Excluded Assets), the Equity Securities and an amount in cash to the Company, and the Company will assume certain liabilities associated with the Businesses.

C. Upon the terms and subject to the conditions of this Agreement, following consummation of the Contribution and Assumption as contemplated by the Contribution Agreement, LM desires to exchange with the GE Entities, and the GE Entities desire to exchange with LM, all of the issued and outstanding capital stock of the Company for all of the LM Preferred Stock (or LM Common Stock into which such LM Preferred Stock may have been converted or a combination of such Preferred Stock and Common Stock) owned by the GE Entities.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1
Definitions

Section 1.01. Definitions. (a) The following terms, as used herein, have the following meanings:

"Exchange Disclosure Schedule" means the Disclosure Schedule relating to this Agreement and attached hereto.

"Globalstar" means Globalstar Telecommunications Limited, a Bermuda corporation.

"Standstill Agreement" means the Standstill Agreement dated April 2, 1993 between Parent Corporation, a Maryland corporation, and GE, as amended.

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Access Graphics Balance Sheet	I.07(a)
Balance Sheets	I.07(a)
Business	preamble
Businesses	preamble
Cash Contribution	2.01(a)
CBSI	preamble
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Company	preamble
Contribution Agreement	preamble
Contribution and Assumption	2.01(a)
Divestiture Value	7.05
End Date	10.01(b)
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Exchange	2.02
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GE	preamble
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Indemnifying Parties	9.04(a)

Term	Section
LM	preamble
LM Trademarks and Trade Names	7.04
Product Matter	9.06(b)
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Product Matter Indemnity Notice	9.06(c)
Required Consents	I.06
Surviving Representation or Covenant	9.01
Third Party Claims	9.04(a)
Third Party Referee	9.04(b)
Thrust Reverser Balance Sheet	I.07(a)

(c) Capitalized or other terms used and not defined in this Agreement shall have the meanings specified in the Contribution Agreement (including all Exhibits to the Contribution Agreement).

ARTICLE 2
Transactions at Closing

Section 2.01. Contemplated Transactions. Upon the terms and subject to the conditions set forth in this Agreement, the parties agree as follows:

(a) Prior to the Closing, in accordance with the terms of the Contribution Agreement, (i) LM will, or will cause the Transferor Subsidiaries to, (A) transfer, assign and deliver to the Company all of the right, title and interest of LM and the Transferor Subsidiaries in, to and under the Transferred Assets, and the Company will assume and pay, perform and discharge promptly and in full when due all of the Assumed Liabilities (together with the Cash Contribution, the "Contribution and Assumption"), and (B) contribute an amount in cash (the "Cash Contribution") equal to the LM Cash Contribution Amount to the Company and (ii) pursuant to the Intellectual Property License, LM will, or will cause the Transferor Subsidiaries or their Affiliates to, grant to the Company (with the right of the Company to extend such license to its Affiliates for so long as they remain Affiliates), effective as of the Closing Date, a fully paid-up, worldwide, non-exclusive license in respect of all Intellectual Property Rights owned by LM, any Transferor Subsidiary or any of their Affiliates (other than the LM Trademarks and Tradenames) that are available to, and used or currently planned for use by, the Businesses (but not constituting Transferred Assets) on or prior to the Closing Date, to continue such use or currently planned use in the

Businesses with respect to substantially similar products, services or activities of the Businesses.

(b) LM will cause the Company to have as of the Closing such number of issued and outstanding shares of Company Preferred Stock, and in such denominations, as directed by GE not less than two Business Days prior to the Closing Date; provided, that such number shall be equal to or less than 5,000,000.

(c) On the Closing Date, in accordance with the terms of this Agreement, LM will exchange all of the issued and outstanding Company Capital Stock with the GE Entities for the 20,000,000 shares of the LM Preferred Stock (or LM Common Stock into which such LM Preferred Stock has been converted or a combination of such Preferred Stock and Common Stock) owned in aggregate by the GE Entities.

Section 2.02. Exchange. Upon the terms and subject to the conditions of this Agreement, LM agrees to exchange with each of the GE Entities, and each of the GE Entities agrees to exchange with LM, the securities set forth opposite such GE Entity's name in Section 2.02 of the Exchange Disclosure Schedule (the "Exchange").

Section 2.03. Closing. The closing of the Exchange (the "Closing") shall take place at the offices of Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York, as soon as possible, but in no event later than three Business Days, after satisfaction or waiver of the conditions set forth in Article 8, or at such other time or place as GE and LM may agree. The parties agree that at the Closing:

(a) The GE Entities shall deliver to LM certificates for the shares of LM Preferred Stock or LM Common Stock to be delivered by the GE Entities under this Agreement, free and clear of all Liens, preemptive or similar rights or any other limitation or restriction (other than the Standstill Agreement), duly endorsed or accompanied by stock powers duly endorsed in blank, with any required transfer stamps affixed thereto.

(b) LM shall deliver to each of the GE Entities certificates for the number of shares of the Company Common Stock or the Company Preferred Stock, as the case may be, set forth opposite such GE Entity's name in Section 2.02 of the Exchange Disclosure Schedule, free and clear of all Liens, preemptive or similar rights or any other limitation or restriction, duly endorsed or accompanied by stock powers duly endorsed in blank, with any required transfer stamps affixed thereto.

(c) LM or the applicable Subsidiary of LM and the Company shall enter into (i) the Intellectual Property License, (ii) the Transitional Services Agreement, (iii) the Technical Consulting Agreement, (iv) the Baltimore Facility Lease and (v) the Tax Assurance Agreement, in each case, having terms and conditions consistent with those referred to in the Contribution Agreement and such other terms and conditions as otherwise may have been mutually agreed by LM, the Company and GE.

(d) The Standstill Agreement shall be terminated, and without any further action being required by any party thereto, shall be of no further force or effect.

(e) LM shall deliver to GE the resignations, effective as of the Closing, of all of the directors and officers of the Company.

ARTICLE 3
Representations and Warranties of LM

Section 3.01. Representations and Warranties of LM. LM represents and warrants to each of the GE Entities as set forth in Exhibit I.

ARTICLE 4
Representations and Warranties of GE

Section 4.01. Representations and Warranties of GE. GE, on behalf of itself and the other GE Entities, represents and warrants to LM as set forth in Exhibit II.

ARTICLE 5
Covenants of LM

Section 5.01. Conduct of the Businesses Until the Closing. (a) From the date of this Agreement until the Closing, LM hereby agrees not to, and to cause each Transferor Subsidiary not to, take any actions with respect to the Company or any of the Businesses other than actions expressly permitted by this Agreement

or the Contribution Agreement (including, without limitation, Section 4.01 of the Contribution Agreement).

(b) LM hereby agrees to cause the Company not to take any actions other than actions necessary or appropriate in furtherance of the Contemplated Transactions. Notwithstanding anything in this Section 5.01 to the contrary, LM agrees that prior to the Closing no consent of or waiver or other affirmative action to be taken by the Company under the Contribution Agreement shall be valid and effective without the express prior approval of GE, provided, that to the extent any such consent of or waiver or other affirmative action by the Company under the Contribution Agreement is subject to a reasonableness standard, the prior approval of GE under this Section 5.01(b) shall be subject to the same reasonableness standard.

Section 5.02. Access to Information. Except as may be deemed appropriate to ensure compliance with any Applicable Laws (including, without limitation, any requirements with respect to security clearances) and subject to any applicable privileges (including, without limitation, the attorney-client privilege), from the date of this Agreement until the Closing Date, LM will, and will cause each Subsidiary of LM to:

(a) give GE and its Representatives reasonable access to the offices, properties, books and records of LM and such Subsidiary relating to the Company, the Businesses, the Transferred Assets or the Assumed Liabilities during normal business hours and upon reasonable prior notice;

(b) furnish to GE and its Representatives such financial and operating data and other information relating to the Company and the Businesses, as GE may reasonably request;

(c) instruct its employees and Representatives to cooperate with GE in its investigation of the Company, the Businesses, the Transferred Assets and the Assumed Liabilities (including, in each case, any investigation of the accuracy and completeness of the representations made in the Officers' Certificates referred to in Section 8.02(d)(i) and of other matters reasonably related to the Tax consequences of the Contemplated Transactions); and

(d) assist GE and its Representatives in conducting an investigation of the materials and designs utilized for or the workmanship related to any product or spare part (other than a CF6 Product or a Nacelle Major Component) manufactured, assembled, sold, distributed, overhauled, repaired or retrofitted by the Thrust Reverser Business.

Without limiting the generality of the foregoing, subject to the limitations set forth in the first sentence of this Section 5.02, (i) LM shall use its best efforts (which best efforts undertaking, if requested by the Company, shall continue after the Closing Date) to enable GE and its Representatives to conduct at GE's own expense business and financial reviews, investigations, and studies as to the integration of the Business and the GE businesses, including any Tax, operating or other efficiencies which may be achieved through the segregation or consolidation of various components of such businesses and (ii) subject to the limitations set forth in the first sentence of this Section 5.02, from the date of this Agreement to the Closing Date, LM shall give GE and its Representatives access to information relating to the Businesses of the type, and with the same level of detail, as in the ordinary course of business is made available to the general managers of the Businesses. Notwithstanding the foregoing, GE will not have access to personnel records of LM or any Subsidiary of LM relating to individual performance or evaluation records, medical histories or other information which in LM's good faith opinion is sensitive or the disclosure of which could subject LM or any of the Transferor Subsidiaries to risk of liability.

Section 5.03. Notices of Certain Events. As promptly as practicable after the date of this Agreement, but in no event later than ten days after the date of this Agreement, LM shall in writing notify the individuals listed in Section I.01 of the Contribution Disclosure Schedule of LM's obligations under this Section 5.03 and request that such Persons promptly notify John E. Montague of any of the matters referred to in this Section 5.03. LM shall, to the extent that any of Messrs. Coffman, Bennett, Menaker or Montague has knowledge or becomes or is made aware of any of the following matters, promptly notify the GE Entities of, and provide copies of relevant materials associated with, any such matters:

(a) any changes or events which, individually or in the aggregate, have had or could reasonably be expected to have a Material Adverse Effect on the Company or the Businesses or to result in a material decrease in the fair market value of the Businesses;

(b) any notice or other communication from any Person alleging that the consent of such Person (which consent is material) is or may be required in connection with the Contemplated Transactions;

(c) any notice or other communication that is material in connection with the Contemplated Transactions from any Governmental Authority; and

(d) any actions, suits, claims, investigations or proceedings commenced, or to the best of the knowledge of LM, threatened, against, relating to or involving or otherwise affecting the Company, the Businesses or the Transferred Assets or

the Assumed Liabilities that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Exhibit I.10 or that relates to the consummation of the Contemplated Transactions.

Section 5.04. Access After Closing. On and after the Closing Date, except as may be deemed appropriate to ensure compliance with any Applicable Laws (including, without limitation any requirements with respect to security clearance), and subject to any applicable privileges (including, without limitation, the attorney-client privilege), LM will afford (and will cause its Subsidiaries to afford) to GE and its Representatives reasonable access to the books and records of LM and its Subsidiaries relating to any of the Businesses or the Equity Securities (including, without limitation, LM's or any Subsidiary's employees and auditors with knowledge of any of the Businesses or the Equity Securities) during normal business hours and upon reasonable prior notice to permit GE to determine any matter relating to its rights and obligations under any Transaction Document or otherwise reasonably required by GE.

Section 5.05. Retention of Assets. From and after the date of this Agreement, LM shall ensure that no assets of the Businesses are distributed or otherwise transferred (by dividend, intercompany or intracompany loan or otherwise, other than by intercompany or intracompany loan that is consistent with past cash management practices) to LM or any Affiliate of LM (other than in the ordinary course consistent with past practices for payments to or allocated to LM or any Affiliate of LM relating to (i) materials or services used in the Businesses, (ii) costs advanced to or on behalf of the Businesses or (iii) allocations of corporate overhead costs). For purposes of the foregoing, LM shall treat each Business as if it were a separate, incorporated Subsidiary of LM. To the extent that, from and after the day after the Balance Sheet Date but prior to the Closing Date, more than a de minimis amount of assets (including, without limitation, cash) of any Business has been so distributed or otherwise transferred (by dividend or otherwise) to LM or any Affiliate of LM, LM shall, and shall cause any such Affiliate of LM to, prior to the Contribution Closing, cause such assets (or an equivalent amount in cash) to be contributed or otherwise transferred to such Business. Any intercompany or intracompany loans made from and after the date of this Agreement to or from any of the Businesses consistent with past cash management practices shall be repaid at or prior to the Closing.

Section 5.06. Tax Qualification. From and after the date of this Agreement, LM shall, and shall cause each of its Affiliates to, use its best efforts to avoid any action or omission that may reasonably be expected to prevent the Contribution and Assumption and Exchange from qualifying as a reorganization described in Section 368(a)(1)(D) of the Code and a distribution described in Section 355(a) of the Code to which Sections 355(d) and (e) of the Code do not

apply. For purposes of Section 9.02(b), an action or omission will be considered a knowing breach of Section 5.06 only if LM actually knows that such action or omission may reasonably be expected to prevent the Contribution and Assumption and Exchange from qualifying as a reorganization described in Section 368(a)(1)(D) of the Code and a distribution described in Section 355(a) of the Code. For purposes of Section 9.02(b), an action or omission will be considered an intentional breach of Section 5.06 only if LM intends that such action or omission will prevent the Contribution and Assumption and Exchange from qualifying as a reorganization described in Section 368(a)(1)(D) of the Code and a distribution described in Section 355(a) of the Code.

Section 5.07. Customer Introductions. LM shall, and shall cause each Transferor Subsidiary to, upon the request of GE at any time from the date of this Agreement until the Closing Date, to the extent reasonably practicable, introduce GE, or arrange for a personal introduction of the Representatives of GE, to customers and significant vendors to the Businesses for the purpose of ensuring good customer and vendor relationships following the Closing.

Section 5.08. LM Board Resolution. LM shall not take any action to alter or repeal the resolution of LM's Board of Directors currently in effect exempting any business combination with GE or LM or any of their Affiliates from the provisions of Section 3-602 of the Maryland General Corporation Law if such action would make such Section 3-602 applicable to the Contemplated Transactions.

Section 5.09. Company Preferred Stock. As soon as practicable after the date of this Agreement, but in any event not later than 10 Business Days prior to the Closing Date, LM shall cause the Company to amend its charter to provide for not less than 5,000,000 shares of blank check preferred stock.

Section 5.10. Certain Information. (a) From and after the date of this Agreement, subject to Section 5.02, LM and its Affiliates shall make reasonably available to GE and its Representatives such actuarial, financial, personnel and related information as may be requested by GE or such Representative with respect to any Employee Plan, Benefit Arrangement or Transferred Employee, including, but not limited to, benefit records, compensation and employment histories, policies, interpretations and other records relating to Employee Plans and Benefit Arrangements.

(b) The parties acknowledge that, pursuant to Exhibits III and IV of the Contribution Agreement, LM has represented or covenanted that certain documents and information either have been provided or will be delivered, furnished or made reasonably available or identified to the Company. LM hereby

agrees that any such documents or information have been provided or will be delivered, furnished or made reasonably available or identified to GE on the same basis and at the same time.

ARTICLE 6
Covenants of the GE Entities

Section 6.01. Confidentiality. Each of the GE Entities agrees that all information provided to such GE Entity or any of its Representatives as contemplated by this Agreement will be treated as if provided under the Confidentiality Agreement (whether or not the Confidentiality Agreement is in effect); provided, that the GE Entities' obligation to keep confidential information relating to the Company, the Businesses, the Transferred Assets and the Assumed Liabilities hereunder and under the Confidentiality Agreement shall terminate as of the Closing. Notwithstanding the foregoing, no provision of this Section 6.01 shall relieve any of the GE Entities from its obligations under Section 7.03.

Section 6.02. Access after Closing. Except as may be deemed appropriate to ensure compliance with any Applicable Laws (including, without limitation, any requirements with respect to security clearances), on and after the Closing Date and subject to any applicable privileges (including, without limitation, the attorney-client privilege), the GE Entities will cause the Company to provide LM and its Representatives reasonable access to the books and records of the Company relating to any of the Businesses (including, without limitation, the Company's employees and auditors with knowledge of any of the Businesses) during normal business hours and upon reasonable prior notice to permit LM to determine any matter relating to its rights and obligations under any Transaction Document or Contracts or to permit LM to prepare and file any and all tax reports or returns required to be filed by LM or any of its Affiliates or otherwise reasonably required by LM. LM agrees that all information provided to LM and its Representatives pursuant to this Section 6.02 will be treated in accordance with Section 4.02 of the Contribution Agreement.

Section 6.03. Tax Qualification. From and after the date of this Agreement, GE shall, and shall cause each of its Affiliates to, use its best efforts to avoid any action or omission that may reasonably be expected to prevent the Contribution and Assumption and Exchange from qualifying as a reorganization described in Section 368(a)(1)(D) of the Code and a distribution described in Section 355(a) of the Code to which Sections 355(d) and (e) do not apply. For purposes of Section 9.02(d), an action or omission will be considered a knowing

breach of Section 6.03 only if GE actually knows that such action or omission may reasonably be expected to prevent the Contribution and Assumption and Exchange from qualifying as a reorganization described in Section 368(a)(1)(D) of the Code and a distribution described in Section 355(a) of the Code. For purposes of Section 9.02(d), an action or omission will be considered an intentional breach of Section 6.03 only if GE intends that such action or omission will prevent the Contribution and Assumption and Exchange from qualifying as a reorganization described in Section 368(a)(1)(D) of the Code and a distribution described in Section 355(a) of the Code.

Section 6.04. Company Compliance. From and after the Closing, GE will cause the Company to perform all of its obligations under the Contribution Agreement, and GE and its Affiliates will use best efforts to take all actions consistent with or avoid all actions inconsistent with this undertaking.

Section 6.05. Conversion. Each of the GE Entities agrees that, prior to November 28, 1997, it shall not deliver a conversion notice pursuant to Section 4 of the charter provisions of the LM Preferred Stock. In the event that on or after November 28, 1997 the GE Entities deliver such a conversion notice, LM shall use best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under Applicable Laws to permit the conversion of the LM Preferred Stock into LM Common Stock as expeditiously as possible.

ARTICLE 7
Covenants of the Parties

Section 7.01. Further Assurances. Subject to the terms and conditions of this Agreement and the Contribution Agreement, each party shall use best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under Applicable Laws to consummate the Contemplated Transactions as expeditiously as possible. Subject to the terms and conditions of this Agreement and the Contribution Agreement, each party shall execute and deliver, or cause to be executed and delivered, such other documents, certificates, agreements and other writings and to take, or cause to be taken, such other actions as may be necessary or desirable in order to consummate or implement expeditiously the Contemplated Transactions. LM will use best efforts to extinguish, or cause to be extinguished, all liens on real property constituting part of the Transferred Assets. To the extent reasonably requested by LM, GE will

use best efforts to assist LM in connection with LM's obligations under Section 4.08 of the Contribution Agreement.

Section 7.02. Certain Filings and Consents. The parties shall cooperate with one another (a) in determining whether any action by or in respect of, or filing with, any Governmental Authority is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material Contracts, in either case, in connection with consummation of the Contemplated Transactions and (b) subject to the terms and conditions of this Agreement and the Contribution Agreement, in taking such actions or making any such filings, furnishing information required in connection with taking such actions or making such filings and seeking timely to obtain any such actions, consents, approvals or waivers.

Section 7.03. Public Announcements. The public disclosure to be made by any of the parties accompanying the announcement of the Contemplated Transactions, including, among other things, the initial press release to be issued with respect to the Contemplated Transactions, the description of the Contemplated Transactions for purposes of the notification and report form to be filed pursuant to the HSR Act, the description of the Contemplated Transactions for purposes of any filings to be made with the Securities and Exchange Commission (including, without limitation, an amendment to GE's Schedule 13D relating to the LM Common Stock, a Form 8-K relating to the Contemplated Transactions to be filed by LM, together with the initial press release, and the initial joint proxy statement and registration statement on Form S-4 to be filed by LM in connection with its acquisition of Northrop Grumman) and certain public statements to be made regarding the Contemplated Transactions, will be made only as agreed by LM and GE, except as required by Applicable Law. Each of GE and LM agrees that, except as required by Applicable Law, neither it nor any of its Affiliates will issue any other press release or make any public statement with respect to the Transaction Documents or the Contemplated Transactions without the prior consent of the other, which consent will not be unreasonably withheld or delayed, except that no such consent shall be required to the extent that such press release or public statement is consistent with the public disclosure heretofore agreed. To the extent that LM receives comments relating to the Contemplated Transactions from the Securities and Exchange Commission on its joint proxy statement and registration statement on Form S-4 to be filed by LM in connection with its acquisition of Northrop Grumman, GE agrees to respond to any written request from LM for GE's consent to additional or modified disclosure to be made concerning the Contemplated Transactions within one Business Day following GE's receipt of LM's written request, which shall include a copy of the relevant comments and the proposed disclosure. Notwithstanding the foregoing, no provision of this Section 7.03 shall relieve any party from its

obligations under Section 4.02 of the Contribution Agreement or Section 6.01 of this Agreement, as the case may be.

Section 7.04. Trademarks; Trade Names. From and after the Closing, the Company shall have the right, royalty-free, to sell inventory and to use packaging, labeling, containers, supplies, advertising materials, technical data sheets and any similar materials bearing any of the marks or names set forth in Section 7.04 of the Exchange Disclosure Schedule (collectively or individually as the context requires, the "LM Trademarks and Trade Names") to the extent bearing any such mark or name as of the Closing Date. The Company shall comply with Applicable Laws in any use of packaging or labeling containing the LM Trademarks and Trade Names.

Section 7.05. HSR Act. Subject to the following sentence, the parties shall take all reasonable actions necessary or appropriate to cause the prompt expiration or termination of any applicable waiting period under the HSR Act in respect of the Contemplated Transactions, including, without limitation, complying as promptly as practicable with any requests for additional information. Without limiting the generality of the foregoing, if it is necessary in order to terminate the waiting period under the HSR Act or otherwise to permit the Closing to take place, GE agrees to divest assets, to hold assets separate pending such divestiture, or to enter into a consent decree requiring it to divest assets, and to take such further action in connection therewith as may be necessary to enable the Closing to take place on or prior to December 31, 1997; provided, that GE shall not be required to take any action pursuant to this Section 7.05 if the taking of such action would have a Material Adverse Effect on GE and the Businesses taken as a whole. In the event that GE divests any Transferred Assets pursuant to this Section 7.05, the difference (whether positive or negative) between the net (after taxes and expenses) proceeds from such divestiture and the Divestiture Value of the asset so divested shall be divided equally by GE and LM. For purposes of this Section 7.05, the "Divestiture Value" of an asset shall be equal to the product of (i) 20.0, in the case of assets of the Access Graphics Business, and 14.0, in the case of assets of the Thrust Reversers Business, and (ii) the average of the projected annual net earnings of the assets divested (determined in the reasonable good faith judgment of GE and LM) for the 1998, 1999 and 2000 fiscal years.

Section 7.06. LM Preferred Stock. Notwithstanding anything in the charter provisions of the LM Preferred Stock to the contrary, LM and the GE Entities agree that, until the earlier of (i) the Closing and (ii) the termination of this Agreement in accordance with Section 10.01, (x) as of the date of this Agreement, the 20,000,000 shares of LM Preferred Stock owned in aggregate by the GE Entities are convertible into 29,123,284 shares of LM Common Stock and

(y) there shall be no further adjustment to the conversion price of the LM Preferred Stock in the case of any of the following: (A) LM shall issue shares of LM Common Stock or rights or warrants or other securities convertible or exchangeable or exercisable for shares of LM Common Stock in the ordinary course of business to any employee of LM or any of its Subsidiaries pursuant to either the exercise of stock options granted with the approval of LM's Board of Directors or a restricted stock, stock option or other stock incentive plan approved by LM's Board of Directors; and (B) at any time LM or any Subsidiary thereof shall repurchase in open market transactions any shares of LM Common Stock in the ordinary course of business with the approval of LM's Board of Directors.

Section 7.07. Agreement of Fair Market Value. LM and the GE Entities agree that the aggregate fair market value of the Businesses is not less than $771,300,000 (before giving effect to the adjustments contemplated by Section 2.06 of the Contribution Agreement).

Section 7.08. Inventory Audit. The parties hereby agree that LM shall conduct an inventory audit, as of October 31, 1997, of the Access Graphics Business. GE and its Representatives shall have the opportunity to observe the inventory audit. Any adjustments resulting from the inventory audit shall be taken into account in connection with the preparation of the Access Graphics Closing Balance Sheet, but shall not be taken into account in respect of the Access Graphics Balance Sheet (June 30, 1997).

ARTICLE 8
Conditions to Closing

Section 8.01. Conditions to the Obligations of Each Party. The obligations of the parties to consummate the Closing are subject to the satisfaction (or waiver in writing by both LM and GE) of the following conditions:

(a) Any applicable waiting period under the HSR Act relating to the Contemplated Transactions shall have expired or been terminated.

(b) No provision of any Applicable Law or regulation and no judgment, injunction, order or decree shall prohibit the consummation of the Closing, and no action or proceeding shall be pending before any court, arbitrator or Governmental Authority with respect to which counsel reasonably satisfactory to LM and GE shall have rendered a written opinion that there is a substantial likelihood of a determination that would prohibit the Closing.

(c) All actions by or in respect of or filings with any U.S. Governmental Authority required to permit the consummation of the Closing shall have been obtained.

Section 8.02. Conditions to the Obligations of the GE Entities. The obligations of the GE Entities to consummate the Closing are subject to the satisfaction (or waiver by GE) of the following further conditions:

(a) (i) LM shall have performed in all material respects all of its material obligations under this Agreement and the Contribution Agreement required to be performed by it on or prior to the Closing Date, (ii) the representations and warranties of LM contained in this Agreement and the Contribution Agreement shall be accurate in all respects at and as of the Closing Date, as if made at and as of such date, except for any inaccuracies which, individually or in the aggregate, have not had and may not reasonably be expected to have, a Material Adverse Effect on the Company or the Businesses and (iii) the GE Entities shall have received a certificate signed by an executive officer of LM to the foregoing effect.

(b) The Contribution and Assumption shall have been consummated and the Intellectual Property License, the Transitional Services Agreement, the Technical Consulting Agreement, the Baltimore Facility Lease and the Tax Assurance Agreement shall have been entered into and delivered by LM and the Company, in each case in accordance with the terms of this Agreement or the Contribution Agreement, as the case may be.

(c) LM shall have received the Required Consents referred to in Section 8.02(c) of the Exchange Disclosure Schedule in form and substance reasonably satisfactory to GE, and no such consent, authorization or approval shall have been revoked.

(d) GE shall have received an opinion of its tax counsel, Cahill Gordon & Reindel, substantially identical in all material respects to the form of opinion provided to GE and LM on or prior to the date of this Agreement, dated the Closing Date, which opinion shall be based on appropriate representations of LM and GE that are in form and substance reasonably satisfactory to such counsel, as to the qualification of the Exchange under Section 355 of the Code; provided, that such condition shall not be applicable if (i) the Officers' Certificates delivered by LM at Closing for purposes of the tax opinion are substantially identical in all material respects to the form of Officers'Certificates delivered by LM on or prior to the date of this Agreement and the statements and representations contained therein are accurate and complete in all material respects, (ii) there has been no significant event (including, without limitation, any identification of significant

undisclosed liabilities or inability to transfer significant assets of the Businesses) subsequent to the date of this Agreement resulting in or otherwise corresponding to a decrease in the aggregate fair market value of the Businesses to an amount that is less than $771,300,000; and (iii) GE shall have received an opinion of King & Spalding, tax counsel to LM, substantially identical in all material respects to the form of opinion of King & Spalding provided to GE on or prior to the date of this Agreement, which opinion shall be based on the Officers' Certificates referred to in clause (i) and the Officer's Certificate referred to in Section 8.03(b)(i) (and not on any other representations or assumptions). Clause (ii) of this Section 8.02(d) shall be deemed satisfied if the mid-point of the range of fair market values determined by an investment banking firm selected by LM and reasonably satisfactory to GE for the aggregate fair market value of the Businesses as of the Closing Date is not less than $771,300,000.

Section 8.03. Conditions to Obligations of LM. The obligation of LM to consummate the Closing is subject to the satisfaction (or waiver by LM) of the following further conditions:

(a) (i) The GE Entities shall have performed in all material respects all of their respective material obligations under this Agreement required to be performed by such entity on or prior to the Closing Date, (ii) the representations and warranties of GE contained in this Agreement shall be accurate at and as of the Closing Date, as if made at and as of such date, except for inaccuracies which, individually or in the aggregate, have not had and may not reasonably be expected to have, a Material Adverse Effect on GE or the GE Entities and (iii) LM shall have received a certificate signed by an executive officer of GE to the foregoing effect.

(b) LM shall have received an opinion of its tax counsel, King & Spalding, substantially identical in all material respects to the form of opinion provided to LM and GE on or prior to the date of this Agreement, dated the Closing Date, which opinion shall be based on appropriate representations of LM and GE that are in form and substance reasonably satisfactory to such counsel, as to the qualification of the Exchange under Section 355 of the Code and the inapplicability of Sections 355(d) and (e) of the Code; provided, that such condition shall not be applicable if (i) the Officer's Certificate delivered by GE at Closing for purposes of the tax opinion is substantially identical in all material respects to the form of Officer's Certificate delivered by GE on or prior to the date of this Agreement and the statements and representations contained therein are accurate and complete in all material respects and (ii) LM shall have received an opinion of Cahill Gordon & Reindel, tax counsel to GE, substantially identical in all material respects to the form of opinion of King & Spalding provided to LM on or prior to the date of this Agreement, which opinion shall be based on the

Officer's Certificate referred to in clause (i) and the Officers' Certificates referred to in Section 8.02(d)(i) (and not on any other representations or assumptions).

ARTICLE 9
Survival; Indemnification

Section 9.01. Survival. None of the covenants, agreements, representations and warranties of the parties contained in this Agreement or the certificates to be delivered pursuant to Sections 8.02(a)(iii) and 8.03(a)(iii) shall survive the Closing except for those contained in Articles 2, 5 (other than Sections 5.01, 5.02, 5.03, 5.05 and 5.07), 6, 7 (other than Sections 7.02 and 7.05), 9 and 11, Sections I.01 (other than with respect to the qualification to do business in any state other than Maryland), I.02, I.03(a), I.04 (with respect to clauses (i) and (ii) thereof), I.05, I.14 (including the Officers' Certificates referred to in Section 8.02(d)(i)), II.01 (other than with respect to the qualification to do business in any state other than New York), II.02, II.03, II.04 (with respect to clauses (i) and (ii) thereof), II.05 and II.08 (including the Officer's Certificate referred to in Section 8.03(b)(i)), and those covenants and agreements which, by their terms, are to have effect after the Closing Date (each, a "Surviving Representation or Covenant"). It is understood and agreed that, except as explicitly provided in this Agreement, after the Closing there shall be no liability or obligation under this Agreement in respect of a breach or alleged breach of any representation, warranty, covenant or agreement contained in this Agreement or such certificates. It is further understood and agreed that none of the representations and warranties that have been made by any of the parties in any other Transaction Document shall survive the Closing, except to the extent the survival thereof is expressly provided for in any Transaction Document.

Section 9.02. Indemnification. (a) Effective as of the Closing, except as provided in Section 9.02(b), LM hereby indemnifies the GE Entities and their Affiliates, and to the extent actually indemnified by the GE Entities or any such Affiliate from time to time, their respective Representatives, against and agrees to hold each of them harmless on an after-Tax basis from any and all Damages incurred or suffered by any of them arising out of or related in any way to:

(i) any misrepresentation or breach of any Surviving Representation or Covenant made or to be performed by LM or any Transferor Subsidiary pursuant to any of the Transaction Documents; or

(ii) any Excluded Liability (including, without limitation, LM's or any Transferor Subsidiary's failure to perform or in due course pay and discharge any Excluded Liability).

(b) Except in the case of fraud, the aggregate liability of LM for Damages (determined without regard to Section 9.02(e)(ii)) resulting from misrepresentation or breach of warranty under Section 7.07 or I.14 (including the Officers' Certificates referred to in Section 8.02(d)(i)), breach of covenant under Section 5.06, or misrepresentation or breach of warranty or obligation to provide indemnification under the Tax Assurance Agreement will be limited as follows:

(i) if such misrepresentation or breach is knowing or intentional, LM will be liable to the extent of (A) 33 1/3% of the excess of such Damages (determined by applying Section 9.02(e)(ii)) over $250,000,000, plus (B) interest on the amount determined under clause (A) from March 15, 1998 at the rate designated from time to time under Section 6621(a)(2) of the Code, compounded on a daily basis;

(ii) if such misrepresentation or breach results from failure of due inquiry or due care (and is not described in clause 9.02(b)(i)(A) above), LM will be liable to the extent such Damages (determined by applying Section 9.02(e)(ii)) exceed $250,000,000, but only to the extent of the lesser of (A) 33 1/3% of such excess, and (B) $25,000,000; or

(iii) in all other cases, zero.

(c) Effective as of the Closing, except as provided in Section 9.02(d), GE hereby indemnifies LM and its Affiliates, and to the extent actually indemnified by LM or any such Affiliate from time to time, their respective Representatives, against and agrees to hold each of them harmless on an after-Tax basis from any and all Damages incurred or suffered by any of them arising out of or related in any way to:

(i) any misrepresentation or breach of Surviving Representation or Covenant made or to be performed by any of the GE Entities pursuant to the Transaction Documents; or

(ii) subject to Sections 9.03 and 9.06, any Assumed Liability (including, without limitation, the Company's failure to perform or in due course pay and discharge any Assumed Liability);

provided, that GE's indemnification obligation under clause (ii) above shall not become effective unless LM shall have provided the Company with written notice

of its breach in respect of an Assumed Liability and the Company shall not have cured such breach within 20 Business Days following receipt of such notice.

(d) Except in the case of fraud, the aggregate liability of GE and the Company for Damages (determined without regard to Section 9.02(e)(ii)) resulting from misrepresentation or breach of warranty under Section II.08 (including the Officer's Certificate referred to in Section 8.03(b)(i)), breach of covenant under Section 6.03, or misrepresentation or breach of warranty or obligation to provide indemnification under the Tax Assurance Agreement will be limited as follows:

(i) if such misrepresentation or breach is knowing or intentional, GE will be liable to the extent of (A) 33 1/3% of the excess of such Damages (determined by applying Section 9.02(e)(ii)) over $15,000,000, plus (B) interest on the amount determined under clause (A) from March 15, 1998 at the rate designated from time to time under Section 6621(a)(2) of the Code, compounded on a daily basis; or

(ii) if such misrepresentation or breach results from failure of due inquiry or due care (and is not described in clause 9.02(d)(i) above), GE will be liable to the extent such Damages (determined by applying Section 9.02(e)(ii)) exceed $15,000,000, but only to the extent of the lesser of (A) 33 1/3% of such excess, and (B) $1,500,000; or

(iii) in all other cases, zero.

(e) (i) For purposes of Section 9.02(b) and 9.02(d), LM or GE (as the case may be) will be deemed to have conducted due inquiry with respect to the Officers' Certificates and Officer's Certificate referred to in Section 8.02(d)(i) and 8.03(b)(i), respectively, and other written information described in Section I.14 or II.08 if (A) each officer who executes one of such certificates has received affirmative verification of the accuracy and completeness of each material representation made in such certificate from, in the case of LM, officers or executives of LM (or of the relevant Business) responsible therefor, or, in the case of GE, an officer or an executive of GE responsible therefor, and (B) no facts have come to the attention of the officer or officers executing such certificate to create any material doubt that any such representation is accurate, complete, and consistent with such other written information.

(ii) For purposes of Section 9.02(b) and 9.02(d) (except as explicitly provided therein), the amount of any Damages will be determined without regard to any interest payable to any Tax authority.

(f) Any payment due from LM under this Section 9.02 or Section 9.03 or 9.06 shall be made solely to the Company, except to the extent that GE determines, in its reasonable judgment, that payment to any Affiliate of the Company is necessary to carry out the intent of this Section 9.02 or Section 9.03 or 9.06 and GE so notifies LM in writing, in which case payment shall be made to such Affiliate. Any payment due from LM under this Section 9.02 or Section 9.03 or 9.06 shall be made without duplication of any payment made by LM under Section 7.02, 7.03 or 7.06 of the Contribution Agreement in respect of the same claim.

Section 9.03. Indemnification of GE Entities by LM for Certain Assumed Liabilities. (a) LM hereby indemnifies the GE Entities and their Affiliates and, to the extent actually indemnified by the GE Entities or any such Affiliate from time to time, each of their respective Representatives against and agrees to hold them harmless on an after-tax basis from:

(i) in the case of any Matter described in clause 7.03(b)(ii) of the Contribution Agreement, Actual Net Expenditures; and

(ii) in the case of any Matter described in clause 7.03(b)(i) of the Contribution Agreement, Actual Net Expenditures and Economic Harm (without duplication),

in each case only to the extent such Actual Net Expenditures were made by or such Economic Harm was actually realized by any of them before the tenth anniversary of the Closing Date; provided, that LM shall not have any obligation to indemnify with respect to any such Matter until the amount of such Actual Net Expenditures made or Actual Net Expenditures made and Economic Harm realized, as the case may be, exceeds $15,000,000 (each, an "Excess Amount"); and further, provided, that LM shall have received (A) notice from the Company specifying such Excess Amount and (B) evidence reasonably satisfactory to LM that any GE Entity has made such Actual Net Expenditures or suffered such Economic Harm. Promptly after receipt of such notice and evidence, LM shall pay any Excess Amount in cash or by wire transfer of immediately available funds to such account of such GE Entity as such GE Entity shall specify in a written notice. Any notice made pursuant to this Section 9.03(a) may not be delivered later than sixty days after the tenth anniversary of the Closing Date.

(b) No Person shall be entitled to payment of any Excess Amount if, without LM's prior written consent, any GE Entity (i) other than in good faith, rejected a settlement proposal in respect of such Matter or failed to settle such Matter for an amount that would have resulted in Actual Net Expenditures of less than $15,000,000 in respect of such Matter; (ii) settled any such Matter, or

consented to the entry of judgment in respect of such Matter, where such settlement or judgment resulted in an Excess Amount; or (iii) did not allow LM to participate in a substantial manner with such GE Entity in the defense of such Matter (substantially in the manner contemplated by Section 9.04(b)(ii)).

Section 9.04. Procedures for Third Party Claims.

(a) Notice. The party or parties seeking indemnification under Section 9.02 or the GE Entities under Section 9.06 (the "Indemnified Parties") agree to give prompt notice to the parties against whom indemnity is sought (the "Indemnifying Parties") of the assertion of any third-party claim, or the commencement of any suit, action or proceeding in respect of which indemnity may be sought under Section 9.02 or 9.06 (the "Third Party Claims"). The failure by any Indemnified Party so to notify the Indemnifying Parties shall not constitute a waiver of any Indemnified Party's claims to indemnification in the absence of material prejudice to the Indemnifying Parties. Any such notice shall be accompanied by a copy of any papers theretofore served on the Indemnified Party in connection with the applicable Third Party Claim.

(b) Defense and Settlement of Claims.

(i) Assumption of Defense by LM. Except as provided in Sections 9.04(b)(ii) and 9.04(b)(v), upon receipt of notice from any Indemnified Party with respect to any Third Party Claim as to which indemnity is available pursuant to Section 9.02(a) or as to which indemnity may be available to the GE Entities pursuant to Section 9.06(a), LM will, subject to the provisions of Sections 9.04(b)(ii), (iii), (iv), (vi) and (vii), assume the defense and control of such Third Party Claim but shall allow the Indemnified Parties a reasonable opportunity to participate in the defense thereof with their own counsel and at their own expense. LM shall select counsel, contractors and consultants of recognized standing and competence after consultation with GE, shall take all steps necessary in the defense or settlement thereof, and shall at all times diligently and promptly pursue the resolution thereof. In conducting the defense thereof, LM shall at all times act as if all Damages or Product Damages, as the case may be, relating to such Third Party Claim were for its own account and shall act in good faith and with reasonable prudence to minimize Damages or Product Damages, as the case may be, therefrom. GE shall, and shall cause each of its Affiliates, directors, officers, employees, and agents to, cooperate fully with LM in the defense of any Third Party Claim defended by LM.

(ii) Assumption of Defense by GE. Except as provided in Section 9.04(b)(i) or 9.04(b)(v), upon receipt of notice from any Indemnified Party with respect to any Third Party Claim as to which indemnity is available pursuant to Section 9.02(c), GE will, subject to the provisions of Sections 9.04(b)(iii), (iv), (vi) and (vii), assume the defense and control of such Third Party Claim, but shall allow the Indemnified Parties a reasonable opportunity to participate in the defense thereof with their own counsel and at their own expense. Notwithstanding Section 9.04(b)(i), GE may retain the defense and control of any Third Party Claim to the extent it relates to a Product Matter; provided that (A) the amount of potential Product Damages in respect of such claim is less than $5,000,000, and (B) GE, in good faith, expects that the resolution of the Product Matter to which such claim relates will not result in Product Damages in excess of $15,000,000; and provided further that GE shall allow LM a reasonable opportunity to participate in the defense thereof with its own counsel and at its own expense. GE shall select counsel, contractors and consultants of recognized standing and competence after consultation with LM, shall take all steps necessary in the defense or settlement thereof, and shall at all times act as if all Damages or Product Damages, as the case may be, relating to such Third Party Claim were for its own account and shall act in good faith and with reasonable prudence to minimize Damages or Product Damages, as the case may be, therefrom. LM shall, and shall cause each of its Affiliates, directors, officers, employees, and agents to, cooperate fully with GE in the defense of any Third Party Claim defended by GE.

(iii) Continuing Notice of Certain Claims. Each Indemnifying Party conducting a defense pursuant to Section 9.04(b)(i) or 9.04(b)(ii) shall give prompt and continuing notice to the Indemnified Parties in respect of such Third Party Claim that the Indemnifying Party reasonably believes may: (A) result in the assertion of criminal liability on the part of the Indemnified Party or any of its Affiliates, directors, officers, employees or agents; (B) adversely affect the ability of the Indemnified Party to do business in any jurisdiction or with any customer; or (C) materially affect the reputation of the Indemnified Party or any of its Affiliates, directors, officers, employees or agents.

(iv) Settlement of Claims. Except as provided in Section 9.04(b)(v), the Indemnifying Party shall be authorized to consent to a settlement of, or the entry of any judgment arising from any Third Party Claim, without the consent of any Indemnified Party; provided, that the Indemnifying Party shall (A) pay or cause to be paid all amounts arising out of such settlement or judgment concurrently with the effectiveness

thereof; (B) shall not encumber any of the assets of any Indemnified Party or agree to any restriction or condition that would apply to such Indemnified Party or to the conduct of that party's business; and (C) shall obtain, as a condition of any settlement or other resolution, a complete release of each Indemnified Party.

(v) Tax Claims. Sections 9.04(b)(i) through 9.04(b)(iv), 9.04(b)(vi) and 9.04(b)(vii) shall not be applicable to any Third Party Claim relating to income or franchise taxes. Each of LM and GE shall keep the other fully advised with respect to, and shall grant the other full rights of consultation in connection with, any such Third Party Claim and the defense or other handling of any audit, litigation or other proceeding involving the tax treatment of the Contemplated Transactions.

(vi) Shared Defense. Each party may elect to share the defense of a Third Party Claim the defense of which has been assumed or retained by the other party pursuant to Section 9.04(b)(i) or 9.04(b)(ii). In that event, the Indemnified Party will so notify the other party in writing. Thereafter, GE and LM shall participate on an equal basis in the defense, management and control of any such claim. LM and GE shall select mutually satisfactory counsel, contractors and consultants to conduct the defense or settlement thereof, and shall at all times diligently and promptly pursue the resolution thereof. LM and GE shall each be responsible for one-half of all Damages or Product Damages, as the case may be, incurred after the Indemnified Party has provided notice as specified herein, including costs of defense and investigation, with respect to such claim, provided, that (A) GE's Actual Net Expenditures and Economic Harm with respect to any Matter governed by this Section 9.04 shall in no event exceed $15,000,000, (B) GE's liability pursuant to Section 9.06(a) shall in no event exceed the amount set forth therein and (C) the election by GE to share in the defense of a Third Party Claim as to which indemnity is available pursuant to Section 9.06(a) shall not increase LM's liability under such Section 9.06(a). Notwithstanding the foregoing, GE shall manage all Remedial Actions conducted with respect to facilities which constitute Transferred Assets; provided, that LM and its Representatives shall have the right, consistent with GE's right to manage such Remedial Actions as aforesaid, to participate fully in all decisions regarding any Remedial Action, including reasonable access to sites where any Remedial Action is being conducted, reasonable access to all documents, data, reports or information regarding the Remedial Action, reasonable access to employees and consultants of GE with knowledge of relevant facts about the Remedial Action and the right to attend all meetings with any government agency or third party regarding the Remedial Action.

(vii) Dispute Resolution. If LM and GE are unable to agree with respect to a procedural matter arising under Section 9.04(b)(vi), LM and GE shall, within ten days after notice of disagreement given by either party, agree upon a third-party referee ("Third Party Referee"), who shall be an attorney and who shall have the authority to review and resolve the disputed matter. The parties shall present their differences in writing (each party simultaneously providing to the other a copy of all documents submitted) to the Third Party Referee and shall cause the Third Party Referee promptly to review any facts, law or arguments either LM or GE may present. The Third Party Referee shall be retained to resolve specific differences between the parties within the range of such differences. Either party may request that all oral arguments presented to the Third Party Referee by either party be in each other's presence. The decision of the Third Party Referee shall be final and binding unless both LM and GE agree otherwise. The parties shall share equally all costs and fees of the Third Party Referee.

Section 9.05. Procedures for Direct Claims. In the event any Indemnified Party should have a claim for indemnity against any Indemnifying Party that does not involve a Third Party Claim, the Indemnified Party shall deliver notice of such claim with reasonable promptness to the Indemnifying Party. The failure by any Indemnified Party so to notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party with respect to any claim made pursuant to this Section 9.05 in the absence of material prejudice to the Indemnifying Party. The Indemnifying Party shall use best efforts to notify the Indemnified Party within 30 calendar days following its receipt of such notice whether the Indemnifying Party disputes or accepts its liability to the Indemnified Party under this Article 9; provided, that the failure by the Indemnifying Party to so notify the Indemnified Party shall not create any presumption that the Indemnifying Party has accepted its liability to the Indemnified Party under this Article 9. If the Indemnifying Party accepts its liability to the Indemnified Party under this Article 9, the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand or, in the case of any notice in which the amount of the claim (or any portion of the claim) is estimated, on such later date when the amount of such claim (or such portion of such claim) becomes finally determined. If the Indemnifying Party has timely disputed its liability with respect to such claim as provided above, the Indemnifying Party and the Indemnified Party shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, such dispute shall be resolved by litigation in accordance with Section 11.08.

Section 9.06. Indemnification of GE Entities by LM for Certain Product Matters. (a) Effective as of the Closing, LM hereby indemnifies the GE Entities and their Affiliates and, to the extent actually indemnified by the GE Entities or any such Affiliate from time to time, each of their respective Representatives against and agree to hold them harmless on an after-Tax basis from any and all Product Damages arising out of or related in any way to a Product Matter (as defined below), but only if the event (other than the common root cause, including, by way of example, an accident involving a commercial aircraft while in service but not including design of a product incorporated in the aircraft) giving rise to such Product Matter occurs before the tenth anniversary of the Closing Date; provided, that LM shall not have any obligation to indemnify the GE Entities or their Affiliates with respect to any Product Matter unless the aggregate amount of Product Damages arising out of or related in any way to such Product Matter exceeds $15,000,000 (such amount exceeding $15,000,000, the "Product Matter Excess Amount") and in that event such obligation to indemnify with respect to such Product Matter shall equal 75% of the Product Matter Excess Amount. Product Damages shall not be increased as a result of (i) action by the Company after the Closing to amend, modify or waive any provision of a contract or agreement relating to a Product or (ii) any work performed after the Closing by the Company as a concession to a customer granted after the Closing. With respect to each such Product Matter, the GE Entities shall be obligated to pay (or cause to be paid) the first $15,000,000 of all Product Damages and 25% of the Product Matter Excess Amount.

(b) For purposes of this Agreement a Product Matter shall consist of:

(i) Personal and Property Claims which arise out of a common root cause; or

(ii) Product Liability Claims which arise out of a common root cause;

provided, that if a particular common root cause gives rise to liabilities or claims under both clauses (i) and (ii) above, all such liabilities or claims arising out of such common root cause shall be deemed to constitute a single Product Matter for purposes of determining whether Product Damages exceed $15,000,000.

(c) GE shall provide written notice (a "Product Matter Indemnity Notice") to LM promptly after any GE Entity becomes aware of any Product Matter, together with GE's good faith assessment of whether the Product Matter will likely result in more than $15,000,000 in Product Damages. In the event that either the GE Entities or LM becomes aware of any third party claim, or the commencement of any suit, action or proceeding, in respect of a Product Matter,

GE or LM, as the case may be, shall promptly notify the other party of such claim, which shall be treated as a Third Party Claim for purposes of Section 9.04(a).

(d) Any party seeking reimbursement of Product Damages from the other party in accordance with Section 9.06(a) shall notify the other party specifying the amount so claimed, together with evidence reasonably satisfactory to the notified party that the notifying party has actually incurred such Product Damages and is entitled to payment in accordance with the allocation of Product Damages set forth in Section 9.06(a). Promptly after receipt of such notice and evidence, the notified party shall pay any amount due in cash or by wire transfer of immediately available funds to such account of the notifying party as the notifying party shall specify in a written notice.

(e) If, as a result of the investigation permitted pursuant to clause (iv) of the first sentence of Section 5.02, GE shall have concluded prior to the Closing in its good faith reasonable judgment that liabilities (which would be Assumed Liabilities) exist or are reasonably likely to arise in the future with respect to materials, workmanship or design for any product manufactured, assembled, sold, distributed, overhauled, repaired or retrofitted by the Thrust Reverser Business (other than CF6 Products and Nacelle Major Components), which liabilities could reasonably be expected to have a material adverse effect on the Thrust Reverser Business and which may result in Product Damages, then GE shall so notify LM in writing, specifying in reasonable detail the basis therefor, and such product (and any associated spare parts) shall be included in the definition of "Products" for purposes of this Section 9.06 and Section 7.06 of the Contribution Agreement.

ARTICLE 10
Termination

Section 10.01. Grounds for Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written agreement of GE and LM;

(b) by either GE or LM if the Closing shall not have been consummated by December 31, 1997 (the "End Date"); provided, that neither GE nor LM may terminate this Agreement pursuant to this Section 10.01(b) if the Closing shall not have been consummated by the End Date by reason of the failure of such party or any of its Affiliates to perform in all material respects any of its or their respective covenants or agreements contained in this Agreement or, in the case of LM, the

Contribution Agreement; provided, further, that either GE or LM shall be entitled to terminate this Agreement prior to the End Date, if such party shall reasonably conclude that any condition to such party's obligations hereunder (as set forth in Section 8.01 with respect to LM and GE, Section 8.02 with respect to GE, and Section 8.03 with respect to LM) cannot reasonably be expected to be satisfied prior to the End Date; and provided, further, that as a condition to the right of a party to elect to terminate this Agreement pursuant to the immediately preceding proviso, the party shall first provide ten Business Days prior notice to the other party specifying in reasonable detail the nature of the condition that such party has concluded will not be satisfied, and the other party shall be entitled during such ten Business Day period to take any actions it may elect consistent with the terms of the Transaction Documents such that such condition could be reasonably expected to be satisfied prior to the expiration of such time period; and

(c) by either GE or LM if there shall be any law or regulation that makes consummation of the Contemplated Transactions illegal or otherwise prohibited or if consummation of the Contemplated Transactions would violate any nonappealable final order, decree or judgment of any court or governmental body having competent jurisdiction; provided, that the party desiring to terminate this Agreement pursuant to this Section 10.01(c) shall give notice of such termination to the other parties.

Section 10.02. Effect of Termination. (a) If this Agreement is terminated as permitted by Section 10.01, such termination shall be without liability of any party (or any Affiliate, shareholder or Representative of such party) to any other party to any Transaction Document, provided, that if the Contemplated Transactions fail to close as a result of a breach of any Transaction Document by GE or LM, such party shall be fully liable for any and all Damages incurred or suffered by any other party as a result of all such breaches (determined without regard to Section 9.02) in an amount not to exceed 5.0% of the total fair market value of the consideration that would have been transferred to such party (or, if greater, by such party) pursuant to this Agreement if the Closing had occurred as contemplated. The provisions of Sections 6.01, 7.03, 10.02, 11.01, 11.03, 11.04, 11.05 and 11.08 shall survive any termination of this Agreement pursuant to Section 10.01.

(b) For the purposes of the provisions of Section 10.02(a), the parties agree that LM shall be deemed not to have breached any of the representations and warranties of LM set forth in Exhibit I of this Agreement or Exhibit II of the Contribution Agreement unless, on the date of this Agreement one or more of the following individuals: Marcus C. Bennett, John E. Montague, Arnold Chiet, Stuart Goldstein, Marian S. Block, Stephen M. Piper and Frank H. Menaker, Jr., had actual knowledge, or would have known after due inquiry, that such

representation and warranty was untrue in any material respect, provided, that the knowledge qualifier shall not apply to (A) (i) Section I.01; (ii) Section I.02(a); (iii) Section I.02(b); (iv) clauses (i) and (ii) of the first sentence of Section I.04; (v) the first sentence of Section I.05(a); (vi) the first sentence of Section I.05(b); and (vii) Section I.13 of the Exchange Agreement or (B) (i) Section II.01; (ii) Section II.02; (iii) clauses (i) and (ii) of the first sentence of Section II.04; (iv) the first sentence of Section II.05; and (v) Section II.14 of the Contribution Agreement.

(c) For the purposes of the provisions of Section 10.02(a), the parties agree that GE shall be deemed not to have breached any of the representations and warranties of GE set forth in Exhibit II, unless, on the date of this Agreement one or more of the following individuals: Dennis D. Dammerman, Alberto F. Cerruti, John M. Samuels, Robert A. Stevenson, Jerry Wald, Mark Nordstrom, Pamela Daley, and Cecilia Absher, had actual knowledge, or would have known after due inquiry, that such representation and warranty was untrue in any material respect, provided, that the knowledge qualifier shall not apply to (i) Section II.01; (ii) Section II.02; (iii) clauses (i) and (ii) of the first sentence of Section II.04; (iv) Section II.05; and (v) Section II.07.

Section 10.03. Force Majeure. If, as a result of force majeure, a party to this Agreement is unable to complete the performance of any covenant or other obligation under this Agreement within the time prescribed therefor, then such party (the "frustrated party") will give prompt written notice of such inability to perform (together with a reasonably detailed explanation of the reasons therefor) to the other party to this Agreement. On receipt of such notice, such other party may, at its election, either (a) terminate this Agreement, or (b) accept such incomplete or delayed performance of such covenant or other obligation as the frustrated party, through its best efforts, may be able to achieve. In neither case, however, will the frustrated party be in breach of this Agreement or otherwise liable for Damages due to its inability to complete the performance of such covenant or other obligation as the result of force majeure. For purposes hereof, "force majeure" means an act of God or other facts and circumstances which, notwithstanding the best efforts of a party to this Agreement, the party has been unable to control.

Section 10.04. Opportunity to Provide Reasonable Cure. (a) A party will be treated as having failed to perform any covenant or other obligation under this Agreement only if (i) there is an event that (without regard to this Section 10.04 but taking into account Section 10.03) would be a failure by such party to perform such a covenant or other obligation; (ii) the other party notifies such party promptly after determining that such event has occurred (or such party is not materially prejudiced by the failure of the other party to so notify such party); and

(iii) such party fails to offer to cure such event in a manner that substantially preserves the benefits of the Exchange to such other party or, having offered to cure such event and having such offer accepted by such other party, such party fails to cure such event in a way that substantially preserves the benefits of the Exchange to such other party.

(b) To the extent that any representation or warranty of any party shall have been untrue as of the date of this Agreement such that the condition set forth in Section 8.02(a) or 8.03(a) would not be satisfied, such party will not be treated as having been in breach of such representation or warranty if such party has, as of the Closing, cured such inaccuracy (including, without limitation, by the payment of money) such that (i) the condition in Section 8.02(a) or 8.03(a), as the case may be, is satisfied and (ii) the cure has been made in a way that substantially preserves the benefits of the Exchange to the other party or parties.

ARTICLE 11
Miscellaneous

Section 11.01. Notices. All notices, requests and other communications to any party under any Transaction Document shall be in writing (including telecopy or similar writing) and shall be given,

if to LM or, prior to the Closing, the Company:

Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: General Counsel
Telecopy: 301-897-6587

with a copy to:

Dewey Ballantine LLP
1301 Avenue of the Americas
New York, New York 10019
Attention: William J. Phillips
Telecopy: 212-259-6333

if to any GE Entity or, after the Closing, the Company:

c/o General Electric Company
3135 Easton Turnpike
Fairfield, Connecticut 06431
Attention: Senior Counsel for Transactions
Telecopy: 203-373-3008

with a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: David L. Caplan
Telecopy: 212-450-4800

or to such other address or telecopy number and with such other copies, as such party may hereafter specify for the purpose by notice to the other parties. Each such notice, request or other communication shall be effective if given by telecopy, when such telecopy is transmitted to the telecopy number specified in this Section.

Section 11.02. Amendments; No Waivers. (a) Any provision of any Transaction Document may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each party to such Transaction Document, or in the case of a waiver, by the party against whom the waiver is to be effective. Notwithstanding the foregoing, any amendment to the Contribution Agreement or any waiver by the Company of any term or condition of the Contribution Agreement shall, in either case, require the prior written consent of GE.

(b) No failure or delay by any party in exercising any right, power or privilege under any Transaction Document shall operate as a waiver of such right, power or privilege nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. The rights and remedies provided under the Transaction Documents shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 11.03. Expenses. Except as otherwise provided in any Transaction Document, all costs and expenses incurred in connection with the Contemplated Transactions shall be paid by the party incurring such cost or expense. Notwithstanding the foregoing, LM and the Company shall equally bear all costs and expenses of the Company incurred prior to the Closing in connection with the Contemplated Transactions.

Section 11.04. Successors and Assigns. The provisions of the Transaction Documents shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns; provided, that no party may assign, delegate or otherwise transfer any of its rights or obligations under any Transaction Document without the consent of each other party, except that any GE Entity may transfer or assign, in whole or from time to time in part, to one or more of its Affiliates (other than the Company after the Closing), its rights under this Agreement or under any other Transaction Document, but no such transfer or assignment will relieve any GE Entity of its obligations under this Agreement or under any other Transaction Document. No GE Entity may transfer any shares of LM Preferred Stock or LM Common Stock from and after the date of this Agreement until the earlier of (i) the consummation of the Exchange or (ii) the termination of this Agreement in accordance with Section 10.01; provided, that, for purposes hereof, the conversion of shares of LM Preferred Stock into shares of LM Common Stock in accordance with Section 6.05 shall not constitute a "transfer".

Section 11.05. Governing Law. Each Transaction Document shall be governed by and construed in accordance with the law of the State of New York (without regard to the conflicts of law rules of such state).

Section 11.06. Counterparts; Effectiveness. Each Transaction Document may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures were upon the same instrument. Each Transaction Document shall become effective when each party to such Transaction Document shall have received a counterpart of such Transaction Document signed by the other parties to such Transaction Document.

Section 11.07. Entire Agreement. The Transaction Documents (and any other agreements contemplated thereby) and the Confidentiality Agreement (but only to the extent not otherwise limited by this Agreement) constitute the entire agreement among the parties with respect to the subject matter of such documents and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter of such documents. No representation, inducement, promise, understanding, condition or warranty not set forth in any Transaction Document has been made or relied upon by any party to such Transaction Document. No Transaction Document or any provision thereof is intended to confer upon any Person other than the parties thereto any rights or remedies thereunder.

Section 11.08. Jurisdiction. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with any of the Transaction Documents or the Contemplated Transactions may be

brought against either party in the United States District Court for the Southern District of New York or any state court sitting in the City of New York, Borough of Manhattan, and each party hereby consents to the exclusive jurisdiction of such court (and of the appropriate appellate courts) in any such suit, action or proceeding and waives any objection to venue laid therein. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the State of New York. Without limiting the foregoing, each party agrees that service of process upon such party at the address referred to in Section 11.01, together with written notice of such service to such party, shall be deemed effective service of process upon such party.

Section 11.09. Captions. The captions in this Agreement are included for convenience of reference only and shall be ignored in the construction or interpretation of the provisions of this Agreement.

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

GENERAL ELECTRIC COMPANY

By: /s/Dennis D. Dammerman

Name: Dennis D. Dammerman
Title: Senior Vice President -- Finance

GE INVESTMENTS, INC.

By: /s/Pamela Daley

Name: Pamela Daley
Title: Attorney-in-Fact

GE GOVERNMENT SERVICES, INC.

By: /s/Pamela Daley

Name: Pamela Daley
Title: Attorney-in-Fact

CLIENT BUSINESS SERVICES, INC.

By: /s/Pamela Daley

Name: Pamela Daley
Title: Attorney-in-Fact

LOCKHEED MARTIN CORPORATION

By: /s/John E. Montague

    Name: John E. Montague
    Title: Vice President, Financial Strategies

LMT SUB INC.

By: /s/Stephen M. Piper

    Name: Stephen M. Piper
    Title: Vice President

EXHIBIT I

Representations and Warranties of LM

LM hereby represents and warrants to each of the GE Entities as of the date of this Agreement and as of the Closing Date that:

I.01. Corporate Existence and Power. Each of LM, the Company and each Transferor Subsidiary is a corporation or other entity duly incorporated or organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, has all corporate or other similar powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on the Businesses as now conducted, except where the failure to have such licenses, authorizations, consents and approvals has not had, and may not reasonably be expected to have, a Material Adverse Effect on the Company or the Businesses. Each of LM, the Company and each Transferor Subsidiary is duly qualified to do business as a foreign corporation in each jurisdiction where the character of the property owned or leased by it or the nature of its activities make such qualification necessary to carry on the Businesses as now conducted, except where the failure to be so qualified has not had, and may not reasonably be expected to have, a Material Adverse Effect on the Company or the Businesses.

I.02. Corporate Authorization. (a) Except as otherwise disclosed to GE prior to the date of this Agreement, the execution, delivery and performance by LM, the Company and each Transferor Subsidiary of the Transaction Documents to which it is a party and the consummation of the Contemplated Transactions are within its corporate or other similar powers and have been (or in the case of Transferor Subsidiaries, by the Closing, will be) duly authorized by all necessary corporate action on the part of LM, the Company and such Transferor Subsidiary. Each Transaction Document to which LM, the Company or any Transferor Subsidiary is a party constitutes a legal, valid and binding agreement of LM, the Company or such Transferor Subsidiary, enforceable against LM, the Company or such Transferor Subsidiary, as the case may be, in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar laws affecting creditors' rights generally from time to time in effect and to general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether in a proceeding in equity or at law). There is no vote or other approval of any stockholders of LM required to permit consummation of the Contemplated Transactions.

(b) GE and its Affiliates are exempt from the provisions of Section 3-602 of the Maryland General Corporation Law. LM's Board of Directors has not

taken any action, or resolved to take any action, to alter or repeal the resolution of LM's Board of Directors exempting any business combination with GE or LM or any of their Affiliates from the provisions of Section 3-602 of the Maryland General Corporation Law. The execution, delivery and performance by LM, the Company and each Transferor Subsidiary of the Transaction Documents to which it is a party and the consummation of the Contemplated Transactions are exempt under or not subject to, the provisions of a "business combination", "control share acquisition" or similar statute or regulation enacted under Maryland law, or any provision of LM's charter and bylaws, that purports to limit or restriction transactions between a corporation and a shareholder that would otherwise be applicable to the Contemplated Transactions.

I.03. Governmental Authorization. (a) Except as set forth in Section I.03 of the Exchange Disclosure Schedule, the execution, delivery and performance by LM, the Company and each Transferor Subsidiary of the Transaction Documents to which it is a party and the consummation of the Contemplated Transactions require no action by or in respect of, or consent or approval of, or filing with, any Governmental Authority other than (i) compliance with any applicable requirements of the HSR Act; (ii) compliance with any applicable foreign antitrust regulatory approvals, (iii) compliance with any applicable requirements of the Securities Exchange Act; (iv) compliance with any applicable requirements of any relevant state environmental laws; (v) any necessary approvals of the U.S. Government, including, without limitation, the Department of Defense, the United States Air Force or any agencies, departments or instrumentalities thereof; and (vi) any actions, consents, approvals or filings otherwise expressly referred to in this Agreement.

(b) To LM's knowledge, there are no facts relating to the identity or the circumstances of LM or any of its Affiliates that would prevent or materially delay obtaining any of the consents referred to above in Section I.03(a), it being understood that LM has been, and currently is, involved in a number of disputes with the U.S. Government.

I.04. Noncontravention. Except as set forth in Section I.04 of the Exchange Disclosure Schedule, the execution, delivery and performance by LM, the Company and each Transferor Subsidiary of the Transaction Documents to which it is a party and the consummation of the Contemplated Transactions do not and will not (vii) violate the certificate of incorporation or bylaws or other organizational documents of LM, the Company or such Transferor Subsidiary, (viii) assuming compliance with the matters referred to in Exhibit I.03, violate any Applicable Law, (ix) assuming the obtaining of all Required Consents, constitute a default under or give rise to any right of termination, cancellation or acceleration of any right or obligation of LM, the Company, such Transferor Subsidiaries or

any Access Graphics Foreign Subsidiary or to a loss of any benefit relating primarily to the Businesses to which LM, the Company, such Transferor Subsidiary or any Access Graphics Foreign Subsidiary is entitled under, any provision of any agreement, contract or other instrument binding upon LM, the Company, such Transferor Subsidiary or any Access Graphics Foreign Subsidiary and relating primarily to the Businesses or by which any of the Transferred Assets is or may be bound or any license, franchise, permit or similar authorization held by LM, the Company, such Transferor Subsidiary or any Access Graphics Foreign Subsidiary relating primarily to the Businesses or (x) result in the creation or imposition of any Lien on any Transferred Asset, other than Permitted Liens, except for such violation referred to in clause (ii), default, termination, cancellation, acceleration or loss referred to in clause (iii) or creation or imposition of any Lien on any Transferred Asset referred to in clause (iv), that could not reasonably be expected to have a Material Adverse Effect on the Company or the Businesses.

I.05. Ownership of Company Common Stock, Company Preferred Stock and the Equity Securities. (a) Upon consummation of the Contemplated Transactions, each GE Entity shall be the record and beneficial owner of the Company Common Stock and Company Preferred Stock, as the case may be, as set forth opposite such GE Entity's name on Section 2.02 of the Exchange Disclosure Schedule, free and clear of all Liens, preemptive or similar rights or any other limitation or restriction (including any restriction on the right to vote, transfer, sell or otherwise dispose of such Company Common Stock or Company Preferred Stock, as the case may be, other than limitations on offers and sales under federal and state securities laws). Such Company Common Stock and Company Preferred Stock in the aggregate represent all of the issued and outstanding capital stock of the Company.

(b) LM is the beneficial and record owner of the Equity Securities and, except as set forth in Section I.05 of the Exchange Disclosure Schedule, LM owns such securities free and clear of any Lien and any other limitation or restriction (including any restriction on the right to vote, transfer, sell or otherwise dispose of such securities, other than limitations on offers and sales under foreign, federal and state securities laws). Upon consummation of the Contemplated Transactions, the Company shall be the owner of the Equity Securities and all of the issued and outstanding capital stock of each of the Access Graphics Foreign Subsidiaries, in each case, free and clear of all Liens, preemptive or similar rights or any other limitation or restriction (other than limitations on offers and sales under foreign, federal and state securities laws). LM has registration rights under the Warrant Acceleration and Registration Rights Agreement with respect to the Equity Securities.

(c) Except as set forth in Section I.05 of the Exchange Disclosure Schedule, LM represents as follows: (i) as of the date this Agreement, LM beneficially owns 5,022,380 shares of the outstanding Globalstar common stock and neither LM nor any of its Affiliates beneficially own (as such term is defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934) any other securities of Globalstar; (ii) neither LM nor any of its Affiliates is a party to any agreement or other understanding, written or oral, direct or indirect, with Globalstar, any of its directors, officers or employees or any other stockholder of Globalstar, which provides for the election of directors, the voting of shares of Globalstar's common stock or with respect to any aspect of the business, management or policies of Globalstar; (iii) no officer, director or Affiliate of LM or any of its Affiliates is currently serving or has the right to serve as a director or officer of Globalstar; (iv) neither LM nor any of its Affiliates has an active role in the formation of the operating policies, day-to-day operations, management or long-term strategic planning of Globalstar; (vi) other than the Warrant and Registration Rights Agreement, the Fee Agreement dated as of April 19, 1996 by and among Globalstar L.P., Globalstar, Loral Corporation, DASA Globalstar Limited Partner, Inc, Qualcomm Limited Partner, Inc. and Space Systems/Loral, Inc., the Guarantee dated as of April 23, 1996 for the benefit of the lenders under Globalstar's credit facility, and the Restructuring, Financing and Distribution Agreement dated as of January 7, 1996 among LM and certain subsidiaries of Loral Corporation, neither LM nor any of its Affiliates has any agreement or other understanding, written or oral, direct or indirect, with Globalstar, any of its directors, officers or employees or any other stockholder of Globalstar's common stock with respect to LM's investment in Globalstar.

I.06. Consents. Section I.06 of the Exchange Disclosure Schedule sets forth each material agreement, contract or other instrument binding upon LM, any Transferor Subsidiary or any Access Graphics Foreign Subsidiary or any Permit requiring a consent or other action by any Person as a result of the execution, delivery and performance of the Transaction Documents and the consummation of the Contemplated Transactions (the "Required Consents"), except for such consents or actions as would not, individually or in the aggregate, have a Material Adverse Effect on the Company or the Businesses if not received or taken by the Closing.

I.07. Financial Statements. The unaudited pro forma balance sheets as of June 29, 1997, in the case of the Thrust Reverser Business, and June 30, 1997, in the case of the Access Graphics Business (each such date for the relevant Business, the "Balance Sheet Date") for each of the Thrust Reverser Business (the "Thrust Reverser Balance Sheet") and the Access Graphics Business (the "Access Graphics Balance Sheet" and, together with the Thrust Reverser Balance Sheet, the "Balance Sheets"), and the related statements of income for

the six months then ended present fairly, in all material respects, in conformity with the Transaction Accounting Principles, the financial position of the Transferred Assets and Assumed Liabilities of each of the Thrust Reverser Business and the Access Graphics Business, as the case may be, as of the date thereof and their respective results of operation for the period then ended (subject to normal year-end adjustments). True and correct copies of the Balance Sheets are set forth in Attachment A to this Agreement.

I.08. Absence of Certain Changes. Since the Balance Sheet Date and except as set forth in Section I.08 of the Exchange Disclosure Schedule, the Businesses and the business of the Company have been conducted in all material respects in the ordinary course consistent with past practices and there has not been:

(a) any event, occurrence, development or state of circumstances or facts that has had a Material Adverse Effect on the Company or the Businesses, other than those resulting from changes, whether actual or prospective, in general conditions applicable to the industries in which the Businesses are involved or general economic conditions;

(b) (i) any incurrence, assumption or guarantee by the Company or any of the Access Graphics Foreign Subsidiaries of any Indebtedness for Borrowed Money or (ii) any incurrence, assumption or guarantee by LM or any of the Transferor Subsidiaries, in either case that is an Assumed Liability and that is material to the Businesses taken as a whole, other than in the ordinary course of business;

(c) any damage, destruction or other casualty loss affecting the Company, the Businesses or any Transferred Asset that has had a Material Adverse Effect on the Company or the Businesses;

(d) any transaction or commitment made, or any Contract entered into, by LM, the Company, any Transferor Subsidiary or any Access Graphics Foreign Subsidiary relating primarily to the Businesses or any Transferred Asset by LM, the Company, any Transferor Subsidiary or any Access Graphics Foreign Subsidiary (including the acquisition or disposition of any assets) or any relinquishment by LM, the Company, any Transferor Subsidiary or any Access Graphics Foreign Subsidiary of any contract or other right relating primarily to the Company or the Businesses, in either case, material to the Company or the Businesses taken as a whole, other than transactions and commitments in the ordinary course of business consistent with past practices and the Contemplated Transactions; or

(e) except as permitted under Section 5.05, any distribution of any assets of any Business (by dividend, intercompany or intracompany loan or otherwise, other than by intercompany or intracompany loan that is consistent with past cash management practices) to LM or any Affiliate of LM (other than in the ordinary course consistent with past practices for payments to or allocated to LM or any Affiliate of LM relating to (i) materials or services used in the Businesses, (ii) costs advanced to or on behalf of the Businesses or (iii) allocations of corporate overhead costs).

I.09. No Undisclosed Material Liabilities. There are no liabilities of the Company or the Businesses that constitute Assumed Liabilities or liabilities of any Access Graphics Foreign Subsidiary, in each case, of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than:

(a) liabilities disclosed or provided for in the Balance Sheets;

(b) liabilities (i) disclosed in Section I.09 of the Exchange Disclosure Schedule, (ii) related to any Contract disclosed in the Contribution Disclosure Schedule or (iii) related to any Employee Plan or Benefit Arrangement disclosed in Section IV.02 of the Contribution Disclosure Schedule;

(c) Environmental Liabilities;

(d) liabilities incurred in the ordinary course of business since the Balance Sheet Date consistent with past practices and not in violation of this Agreement or the Contribution Agreement which in the aggregate have not had, and may not reasonably be expected to have, a Material Adverse Effect on the Company or the Businesses; and

(e) liabilities other than those referred to in the foregoing clauses (a)-(d) that have not had, and may not reasonably be expected to have, a Material Adverse Effect on the Company or the Businesses.

I.10. Litigation; Contract-Related Matters. (a) Except as set forth in Section I.10 of the Exchange Disclosure Schedule or referred to in the Balance Sheets, there is no action, suit, investigation or proceeding (except for actions, suits or proceedings referred to in Section I.10(b)) pending against, or to the best of the knowledge of LM, threatened against or affecting the Company, the Businesses or any Transferred Asset before any Governmental Authority as to which there is a substantial likelihood of a determination or resolution adverse to the Company, the Businesses or any Transferred Asset and which, if so adversely determined or resolved, may reasonably be expected to have a Material Adverse

Effect on the Company or the Businesses or which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the Contemplated Transactions.

(b) Except as set forth in Section I.10 of the Exchange Disclosure Schedule, there is no action, suit, investigation or proceeding relating to any Government Contract or Bid, or relating to any proposed suspension or debarment of LM, the Company or any Transferor Subsidiary or any of their employees pending against, or to the best of the knowledge of LM, threatened against or affecting the Company, the Businesses or any Transferred Asset before any Governmental Authority as to which there is a substantial likelihood of a determination or resolution adverse to the Company, the Businesses or any Transferred Asset and which, if so adversely determined or resolved, may reasonably be expected to have a Material Adverse Effect on the Company or the Businesses.

I.11. Compliance with Laws. Except as set forth in Section I.11 of the Exchange Disclosure Schedule, except for violations or infringements of Environmental Laws or Applicable Laws, orders, writs, injunctions or decrees relating to Contracts or Bids, and except for violations or infringements as have not had, and may not reasonably be expected to have, a Material Adverse Effect on the Company or the Businesses, the operation of the Company and the Businesses and condition of the Transferred Assets have not violated or infringed, and do not violate or infringe, in any material respect any material Applicable Law or any order, writ, injunction or decree of any Governmental Authority.

I.12. Certain Information. Each of the 1998 operating plan data relating the Thrust Reverser Business and the Access Graphics Business, true and correct copies of which have been delivered to GE prior to the date of this Agreement, has been prepared in the ordinary course of business and represents the reasonable belief of the general managers and officers of the Businesses as to the prospects of the Businesses during the periods covered by such data and the general managers and officers of the Businesses are not aware of any facts or circumstances that would cause such Persons to believe that any factual statements included in such data are inaccurate in any material respect.

I.13. Finders' Fees. Other than Goldman, Sachs & Co. and Bear, Stearns & Co. Inc., whose fees will be paid by LM, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of LM, the Company or the Transferor Subsidiaries who might be entitled to any fee or commission from the Company in connection with the Contemplated Transactions.

I.14. Tax Information. To the best of the knowledge of LM after due inquiry, the Officers' Certificates and all other supporting documentation provided by LM to Cahill Gordon & Reindel in connection with the tax opinion described in Section 8.02(d)(i) are true, accurate and complete. Solely for purposes of this Section I.14, "to the best of the knowledge of LM" means to the best of the knowledge of the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, any other officer of LM having a comparable level of decision-making responsibility, the Vice President and General Tax Counsel, and the Director of Tax Planning and International Taxes of LM.

EXHIBIT II

Representations and Warranties of GE

GE, on behalf of itself and the other GE Entities, represents and warrants to LM as of the date of this Agreement and as of the Closing Date that:

II.01. Corporate Existence and Power. Each GE Entity is a corporation duly incorporated or organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, has all corporate or other similar powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except where the failure to have such licenses, authorizations, consents and approvals has not had, and may not reasonably be expected to have, a Material Adverse Effect on GE or the GE Entities. Each GE Entity is duly qualified to do business as a foreign corporation in each jurisdiction where the character of the property owned or leased by it or the nature of its activities make such qualification necessary to carry on its business as now conducted, except for those jurisdictions where failure to be so qualified has not had, and may not reasonably be expected to have, a Material Adverse Effect on GE or the GE Entities.

II.02. Corporate Authorization. The execution, delivery and performance by each GE Entity of the Transaction Documents to which it is a party and the consummation of the Contemplated Transactions are within the corporate powers of such GE Entity and have been duly authorized by all necessary corporate action on the part of such GE Entity. Each Transaction Document to which each GE Entity is a party constitutes a legal, valid and binding agreement of such GE Entity, enforceable against such GE Entity in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar laws affecting creditors' rights generally from time to time in effect and to general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether in a proceeding at equity or at law).

II.03. Governmental Authorization. The execution, delivery and performance by each GE Entity of the Transaction Documents to which it is a party and the consummation of the Contemplated Transactions require no action by or in respect of, or filing with, any governmental body, agency or official other than (i) compliance with any applicable requirements of the HSR Act; and (ii) compliance with any applicable foreign antitrust regulatory approvals.

II.04. Noncontravention. The execution, delivery and performance by each GE Entity of the Transaction Documents to which it is a party and the

consummation of the Contemplated Transactions do not and will not (i) violate the certificate of incorporation or bylaws of such GE Entity or (ii) assuming compliance with the matters referred to in Exhibit II.03, violate any Applicable Law, (iii) constitute a default under or give rise to any right of termination, cancellation or acceleration of any right or obligation of any GE Entity or to a loss of any benefit to which such GE Entity is entitled under any provision of any agreement, contract or other instrument binding upon any GE Entity or any license, franchise, permit or other similar authorization held by any GE Entity, except in the case of clauses (ii) and (iii), for any such violation, default, termination, cancellation, acceleration or loss that would not materially delay or prevent the consummation of the Contemplated Transactions.

II.05. Ownership of LM Preferred Stock. As of the date hereof, each of the GE Entities is the beneficial owner of the number of shares of LM Preferred Stock set forth opposite its name in Section 2.02 of the Exchange Disclosure Schedule. Upon consummation of the Contemplated Transactions, LM shall be the record and beneficial owner of 20,000,000 shares of LM Preferred Stock (or the number of shares of LM Common Stock into which such LM Preferred Stock is convertible, or a combination thereof), free and clear of all Liens, preemptive or similar rights or any other limitation or restriction (including any restriction on the right to vote, transfer, sell or otherwise dispose of such LM Preferred Stock), other than limitations on offers and sales under federal and state securities laws and LM's charter.

II.06. Litigation. There is no action, suit, investigation or proceeding pending against, or to the knowledge of GE, threatened against or affecting, any GE Entity before any Governmental Authority which in any manner challenges or seeks to prevent, enjoin, alter or materially delay consummation of the Contemplated Transactions.

II.07. Finders' Fees. There is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of any GE Entity who might be entitled to any fee or commission in connection with the Contemplated Transactions.

II.08. Tax Information. To the best of the knowledge of GE after due inquiry, the Officer's Certificate and all other supporting documentation provided by GE to King & Spalding in connection with the tax opinion described in Section 8.03(b)(i) are true, accurate and complete. Solely for purposes of this Section II.08, "to the best of the knowledge of GE" means to the best of the knowledge of the Chairman of the Board of Directors and the Chief Executive Officer, the Chief Financial Officer, any other officer having a comparable level of decision-making

responsibility, and the Vice President and Senior Counsel, Taxes, of GE and the Consultant-Federal Taxes in GE's Corporate Taxes organization.

II.09. Company Common and Preferred Stock. For purposes of compliance with applicable federal and state securities laws, each of the GE Entities represents that it is transferring the LM Preferred Stock or LM Common Stock, as the case may be, in exchange for the Company Common Stock and Company Preferred Stock, as the case may be, for purposes of investment only and not with a view to distribution or transfer of such Company Common Stock or Company Preferred Stock, as the case may be, nor with any present intention of distributing any such Common Stock or Preferred Stock. Each of the GE Entities has the capacity to protect its own interest in connection with the exchange of the Company Common Stock or Company Preferred Stock, as the case may be, for its portion of the LM Preferred Stock or LM Common Stock, as the case may be, as contemplated by this Agreement.

II.10. Inspection. Each of the GE Entities is an informed and sophisticated participant in the transactions contemplated by the Transaction Documents. The GE Entities have undertaken an investigation and have been provided with, have evaluated and have relied upon certain documents and information to assist them in making an informed and intelligent decision with respect to the execution of the Transaction Documents. The GE Entities acknowledge that LM has made no representation or warranty as to the prospects, financial or otherwise of the Businesses, except as expressly set forth herein. The GE Entities shall accept the Company Common Stock and the Company Preferred Stock based upon the GE Entities' inspection, examination and determination with respect thereto as to all matters, and without reliance upon any express or implied representations and warranties of any nature, whether in writing, orally or otherwise, made by or on behalf of or imputed to LM except as expressly set forth in the Transaction Documents. In connection with the Contemplated Transactions, GE has acted on behalf of the other GE Entities and makes the representations set forth in this Section II.10 on behalf of itself and the other GE Entities.