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

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 3, 2014

OPTEX SYSTEMS HOLDINGS, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware	000-54114	**90-0609531**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1420 Presidential Drive, Richardson, TX	75081-2439
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (972) 644-0722

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 DFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 Entry Into A Material Definitive Agreement

On November 3, 2014, Optex Systems, Inc. ("Optex"), the wholly owned subsidiary of Optex Systems Holdings, Inc., entered into a Purchase Agreement with L-3 Communications, Inc. ("L-3") pursuant to which Optex purchased from L-3 the assets comprising L-3's Applied Optics Products Line ("Purchased Assets"), which is engaged in the production and marketing and sales of precision optical assemblies utilizing thin film coating capabilities for optical systems and components primarily used for military purposes. The Purchased Assets consist of personal property, inventory, books and records, contracts, prepaid expenses and deposits, intellectual property, and governmental contracts and licenses utilized in the business comprised of the Purchased Assets.

The purchase price for the acquisition was $1,013,053, which was paid in full at closing, plus the assumption of certain liabilities associated with the Purchased Assets in the approximate amount of $271,000. The source of funds for the acquisition consisted of an advance of $800,000 from accredited investors in a to be consummated private placement of convertible notes to be issued by Optex in a transaction exempt from registration under Section 4(2) of the Securities Act, which shall be disclosed in a Form 8-K to be filed within four business days of the consummation of the private placement, with the balance of the funds derived directly from Optex working capital.

In conjunction with the acquisition of the Purchased Assets, Optex assumed the obligations of L-3 pursuant to this certain Assignment to Lease and Consent of Landlord Agreement (the "Agreement") dated as of October 30, 2014, between L-3, as tenant, Optex, as assignee, and CABOT II TX1W04, LP, as landlord, with respect to those certain Leases dated as of August 27, 1996 covering Premises located at 9839 and 9827 Chartwell Drive, respectively, Dallas, Texas (the "Premises"), as amended by First Amendments dated May 14, 2001, Second Amendments dated January 9, 2004, Third Amendments dated February 21, 2005 and the Fourth Amendment dated March 13, 2009 (such Leases as so amended being referred to as the "Lease"). The leased premises under the Lease consist of approximately 56,633 square feet of space at the premises, with a monthly rental of approximately $32,000 per month. The term of the lease expires September 30, 2016, and there are four renewal options available to the tenant, and each renewal term is five years in duration.

ITEM 2.01. Completion of Acquisition of Assets

See Item 1.01. above.

ITEM 9.01. Financial Statements and Exhibits

Financial statements and information required to be filed under Items 9.01(a) and (b) of Form 8-K shall be filed as an amendment to this Current Report on Form 8-K to be filed no later than 71 days from the date hereof.

EXHIBITS

10.1 Purchase Agreement dated November 3, 2014

10.2 Assignment of Lease dated October 30, 2014

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Optex Systems Holdings, Inc.
(Registrant)

By: /s/ Danny Schoening
Danny Schoening
Title: CEO

Date: November 7, 2014

Exhibit 10.1

PURCHASE AGREEMENT

DATED AS OF

November 3, 2014

BETWEEN

L-3 COMMUNICATIONS CORPORATION

AND

OPTEX SYSTEMS, INC.

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PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the "Agreement") is made and entered into as of November 3, 2014 between L-3 Communications Corporation, a Delaware corporation ("Seller"), and Optex Systems, Inc., a Delaware corporation ("Buyer").

RECITALS:

A. Through Seller's Applied Optics Product Line (the "Product Line"), Seller is engaged in the design, manufacture, marketing and distribution of precision optical assemblies utilizing thin film coating capabilities used in Optical Systems and Components (the "Business"); and

B. Upon the terms and subject to the conditions hereinafter set forth, Buyer wishes to acquire from Seller, and Seller wishes to sell to Buyer, all of the Transferred Assets, Assumed Liabilities and Shared Liabilities (as such terms are defined below), in exchange for the purchase price provided for herein.

NOW, THEREFORE, in consideration of the payments herein provided for and the covenants herein contained, the parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

1.1 *Definitions*. Unless elsewhere defined herein, capitalized terms used herein shall have the meanings set forth in Schedule 1.1. All references herein to an Article, Section or Schedule are to an Article, Section or Schedule of or to this Agreement, unless otherwise indicated.

ARTICLE 2
SALE AND PURCHASE OF ASSETS

2.1 *Transferred Assets*. On the terms and subject to the conditions of this Agreement, and for the consideration set forth in Article 4, the Seller shall, on the Closing Date, sell, transfer and convey to the Buyer, free and clear of all Liens, other than the Assumed Liabilities, the Real Property Permitted Exceptions and the Personal Property Permitted Exceptions, all of the Seller's respective rights, titles and interests in and to the assets that are used, held for use, or useful solely or primarily in connection with the operation of the Business (the "Transferred Assets"), consistent with the terms and conditions of this Agreement, subject in each case to Section 2.2 and Section 2.3, including, but not limited to, the following:

(a) Leased Real Property. All of the real property listed on Schedule 2.1(a), which real property is leased or subleased by the Business as the same shall exist on the Closing Date (the "Leased Real Property");

(b) Personal Property. All Personal Property and Personal Property Leases including those items and leases identified on Schedule 2.1(b);

(c) Inventory. All Inventory as set forth on Schedule 2.1(c) hereto;

(d) Contracts. Subject to Article 10, all rights and claims of the Business under all Contracts including those identified on Schedule 5.8(a);

(e) Lists and Records. All of the Business's books and records, customer and supplier lists, sales, cost and shipping records and other lists and documents primarily or exclusively related to the conduct of the Business;

(f) Intellectual Property. All of the Intellectual Property listed on Schedule 2.1(f) (the "Proprietary Rights");

(g) Prepaid Items. All of the Business's prepaid expenses and deposits which are capable of being transferred, as set forth on Schedule 2.1(g) hereto;

(h) Governmental Permits and Licenses. To the extent transferable under applicable law, all of the permits, licenses, certifications, approvals, consents, and other governmental authorizations (the "Permits") issued to Seller primarily or exclusively in connection with the conduct of the Business, subject to Section 2.3;

(i) Claims Against Third Parties. All claims, actions, suits, proceedings or choses in action arising primarily or exclusively in connection with the conduct of the Business, except those relating to Excluded Assets, Retained Liabilities or the Seller's share of the Shared Liabilities; and

(j) Other Transferred Assets. Any other assets identified on Schedule 2.1(j) (the "Other Transferred Assets").

2.2 Excluded Assets. Notwithstanding the foregoing, the following assets to the extent existing prior to the Closing (the "Excluded Assets") shall be retained by the Seller and shall not be included in the Transferred Assets:

(a) all cash (except petty cash), bank accounts, and certificates of deposit, cash equivalents and marketable securities owned by the Seller;

(b) all of the Accounts Receivable, for all product delivered before the Closing except for unsettled claims for undelivered/terminated/cancelled contracts to the extent the related inventory is included in the purchased assets;

(c) the Intellectual Property owned, licensed or otherwise used by any of the Seller or any of their Affiliates which is not used primarily or exclusively in the conduct of the Business, including, without limitation, (i) any patents or pending patent applications, (ii) any trade secrets, (iii) the trade names and trademarks "L-3", "L-3 Communications Corporation" and "L-3 Communications", (iv) any other trade names, trademarks, corporate names and logos incorporating in any way any of the foregoing names or affiliated therewith and (v) those trademarks and such other Intellectual Property identified on Schedule 2.2(c) (the "Excluded Proprietary Rights");

(d) subject to Section 2.3, any Non-Transferable Assets for which consent, approval or novation to transfer has not been obtained prior to the Closing Date;

(e) all claims and rights of, relating to or arising from any of the Excluded Assets, the Retained Liabilities or the Seller's share of the Shared Liabilities;

(f) all rights, properties and assets of the Business which shall have been transferred or disposed of by the Business prior to the Closing Date in transactions occurring in the ordinary course;

(g) except as provided in Article 10, all assets held by or on behalf of the Business in trust, reserve or otherwise, in respect of Employee Benefit Plans or any other obligations pertaining to Product Line Employees, except to the extent the liabilities with respect to which are transferred at Closing, then the assets shall be transferred to be held in trust, reserve or otherwise;

(h) all rights of the Business to any claims for any federal, state or local Tax credits or refunds relating to the operation of the Business during periods prior to or on the Closing Date;

(i) all rights of the Business to any claims for insurance proceeds relating to the operation of the Business during periods prior to or on the Closing Date provided that facility repairs related to the claim have been satisfactorily completed; and

(j) those assets specifically identified on Schedule 2.2(j) (the "Other Excluded Assets").

2.3 Non-Transferability of Certain Assets.

(a) To the extent that there are certain assets or agreements of the Business, including without limitation the Permits, which are not assignable without the consent, approval or novation of Persons other than the Seller ("Non-Transferable Assets"), and such consents, approvals or novations are not obtained by the Closing Date, this Agreement and the Closing shall not constitute an assignment or agreement to assign or transfer such assets without such consent, approval or novation.

(b) For a reasonable period following the Closing Date, the Seller agrees to cooperate in good faith with the Buyer to enter into any reasonable arrangement (other than an arrangement under which the Seller would incur or retain any financial obligation with respect to the Non-Transferable Assets) designed to provide the Buyer the benefit of such Non-Transferable Assets, including the enforcement for the benefit and at the expense of the Buyer of any rights previously enjoyed by the Seller in connection with any such assets. Provided that the Seller so cooperates and proceeds in good faith to obtain such consents, approvals or novations and provide such arrangements, the Seller shall not be deemed to be in breach of any of its obligations under this Agreement by reason of the failure to obtain any consent, approval or novation. Except as reimbursed by the Buyer, in no event shall compliance by the Seller with this Section 2.3 be deemed to require the Seller to incur any obligation or pay any monies to Third Parties in connection with such efforts.

(c) To the extent that the Buyer is provided the benefits pursuant to this Section 2.3 of any Non-Transferable Assets, the Buyer shall perform the obligations of the Seller under or in connection with such Non-Transferable Assets. Upon receipt of the required consent, approval or novation, Seller agrees to assign or transfer, and Buyer shall accept, such Non-Transferable Assets.

ARTICLE 3
LIABILITIES

3.1 *Assumption of Liabilities*. Together with the transfer of the Transferred Assets on the Closing Date in accordance with this Agreement, the Buyer shall, assume and agree to pay, discharge or perform, as appropriate, all of the liabilities, fixed and contingent, and obligations of any nature, whether accrued, absolute, contingent, threatened or otherwise, of the Business other than the Retained Liabilities, as set forth below (the "Assumed Liabilities"):

(a) all liabilities and obligations of the Business, including accounts payable and accrued liabilities arising in the ordinary course, as set forth on Schedule 3.1(a) hereto;

(b) all liabilities and obligations of the Business in respect of those Contracts which constitute Transferred Assets or which are assigned or transferred pursuant to Section 2.3, the leases for the Leased Real Property, the Personal Property Leases and the Permits which are Transferred Assets;

(c) all liabilities and obligations of the Business in respect of customer returns, customer warranty claims and product recalls with respect to products of the Business, as set forth on Schedule 3.1(c) hereto;

(d) all product liability and similar claims for injury to person (including death) or property in connection with any products sold by the Business, as set forth on Schedule 3.1(d) hereto, and any products included in Inventory as of the Closing;

(e) any liabilities related to any advance customer deposits for any products and services not delivered as of the Closing Date by Seller;

(f) Buyer's share of the Shared Liabilities, in accordance with Section 3.3;

(g) all liabilities and obligations assumed by the Buyer pursuant to Article 10;

(h) all liabilities and obligations assumed by the Buyer pursuant to Article 12;

(i) subject to Section 3.3(b) and as more fully described in Article 16, any transfer, sales, use or other non-income tax incurred in connection with the consummation of the transactions contemplated hereby and customarily attributed to the Buyer;

(ji) Excluding any liabilities in respect to ad valorem, property, real estate, income (federal, state, provincial or financial) and similar type Taxes for the tax year in which the Closing occurs for periods up to and including the Closing Date. Seller will be responsible for timely filing and payment of associated tax requirements.

(kj) Excluding any liabilities whether accrued or otherwise obligated in respect to wages, salaries, commissions, bonuses, 401K matching or withheld, or benefits or other compensation other than accrued vacation or severance obligations for existing employees as of Closing Date due to any product line employee or otherwise arising under any employment related policy, practice, agreement, plan, program, statute or law.

3.2 *Retained Liabilities*. Notwithstanding the foregoing, Seller shall retain and shall pay and timely discharge without liability to the Buyer, the following liabilities and obligations of the Business (the "Retained Liabilities"):

(a) any liability or obligation attributable to the Excluded Assets and any liability or obligation of the Seller with respect to any Retained Liability;

(b) except as transferred to Buyer in Section 3.1(h) and except as shared pro rata between Buyer and Seller in Section 3.3, any capital gain payable with respect to the Business, the Transferred Assets or the Assumed Liabilities for any period prior to and including the Closing Date;

(c) any liability for the failure to comply with the bulk sales laws of any jurisdiction, except any such liability arising out of the failure of the Buyer to pay any Assumed Liability;

(d) any fees and expenses incurred by the Seller in connection with negotiating, preparing, closing and carrying out this Agreement and the transactions contemplated by this Agreement, including, without limitation, the fees, disbursements and expenses for the Seller's attorneys, accountants and consultants;

(e) all liabilities and obligations retained by the Seller pursuant to Article 10;
and

(f) all liabilities and obligations retained by the Seller pursuant to Article 12.

3.3 *Shared Liabilities*. The following liabilities and obligations relating to the Business and the Transferred Assets shall be shared *pro rata* between the Buyer and the Seller (the "Shared Liabilities"), as follows:

(a) With respect to utility charges which relate to billing periods beginning before the Closing Date and ending after the Closing Date, the responsibility for payment of such utility charges, to the extent that the actual utility charges for such period exceed the reserves for such utility charges set forth on the Closing Balance Sheet, shall be prorated between the Parties on the basis of the proportional number of calendar days in the relevant billing period that the Buyer or the Seller owns the Business; and

(b) With respect to ad valorem, property, real estate, income (federal, state, provincial or financial) and similar type Taxes for the tax year in which the Closing occurs, the responsibility for payment of such Taxes, will be prorated between the Parties on the basis of the proportional number of calendar days that the Buyer or the Seller owns the Business in the relevant tax year.

If either Party pays any of the Shared Liabilities for which the other Party is entirely or partially responsible hereunder, then the responsible Party will reimburse the paying Party for that portion of the Shared Liabilities for which the responsible Party is responsible within twenty (20) business days of the paying Party's written demand therefore, provided that any demand for reimbursement shall be accompanied by appropriate evidence of payment thereof.

ARTICLE 4
PURCHASE PRICE

4.1 *Purchase Price*.

(a) The aggregate purchase price for the Transferred Assets, shall be U.S. $1,013,053 (the "Purchase Price"), together with the Buyer's assumption of the Assumed Liabilities and the Buyer's share of the Shared Liabilities.

4.2 *Payment at Closing*. At Closing, the Buyer shall wire transfer the Purchase Price, in immediately available funds to the bank accounts designated by the Seller to Buyer pursuant to the instructions listed on Schedule 4.2.

4.3 *Allocation of the Purchase Price*. The parties shall agree to an allocation of the Purchase Price among the Transferred Assets as set forth on Schedule 4.3, no later than sixty (60) days after the Closing Date. If the parties are unable to agree as to the allocation within sixty (60) days after the Closing, then the allocation shall be determined by an independent nationally recognized accountant selected by Buyer but with no past or present personal or business relationship with Buyer or any affiliates of Buyer. All such mutually agreed to allocations shall

be used for all purposes, including all necessary information returns required by Section 1060 of the Tax Code relating to the allocation of the consideration for the Transferred Assets, and any other domestic or any foreign income Tax returns with respect to the transactions contemplated hereby, and no Party hereto shall take or assert any position inconsistent therewith.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE SELLER

As of the date hereof, the Seller makes the following representations and warranties to the Buyer.

5.1 *Organization and Existence*. The Seller is a duly organized and validly existing legal entity under the laws of the jurisdiction of its formation and has full power and authority (i) to own or lease the Transferred Assets owned or leased by it, as the case may be, and (ii) to consummate the transactions contemplated by this Agreement and the Related Agreements.

5.2 *Corporate Authority*. The entering into and the execution and delivery of this Agreement and the Related Agreements and the consummation of the transactions contemplated hereby and thereby (a) have been duly and validly authorized by all requisite corporate action of the Seller, (b) constitutes the legal, valid and binding obligation of the Seller, and (c) no additional corporate or shareholder authorization or consent is or will be required.

5.3 *Financial Statements*. Copies of the Financial Statements have been delivered to the Buyer and are attached as Exhibit 5.3. The Financial Statements (i) have been prepared from information contained in the books and records of the Seller, (ii) present fairly, in all material respects, for those items listed therein, the financial position of the Business as of the dates shown and the results of the Business's operations for the periods then ended, and (iii) have been prepared in accordance with the Seller's Accounting Principles, except as set forth on Schedule 5.3.

5.4 *Inventory*. The Inventory included in the Financial Statements consists only of raw materials, work-in-process representing contract jobs in process, finished goods, packaging, supplies and spare parts. Except as set forth on Schedule 5.4, all Inventory is of a quality and quantity usable and saleable in the ordinary course of business, as determined in accordance with the Seller's Accounting Principles.

5.5 *Real Property*.

(a) Owned Real Property. The Product Line does not have any Owned Real Property.

(b) Leased Real Property. The Seller has good and valid leaseholds to all of the Leased Real Property, such leasehold interests being free and clear of all Liens except Real Property Permitted Exceptions. Each of the leases for the Leased Real Property is in full force and effect, and the Seller has provided the Buyer with complete copies of all such leases. Except as disclosed on Schedule 5.5(b), the Business has in all material respects performed and is

performing all obligations required to be performed by it under the leases, and it is not in default of any material obligation under any of the leases. Except as disclosed on Schedule 5.5(b), the Business has not received any written notice of default under any of the leases, nor has any event occurred which with notice or lapse of time or both would constitute a default by the Business.

(c) Real Property. Except as described on Schedule 5.5(c), the Real Property constitutes all of the real estate used by the Business in connection with the conduct of the Business. There are no pending or, to the best of the Seller's Knowledge, threatened condemnation or eminent domain proceedings involving the Real Property or any portion thereof, or for a sale in lieu thereof. The Real Property is zoned so as to permit the continued use of the Real Property by the Buyer for the same purposes and uses as the same have heretofore been used by the Business.

5.6 Title to Personal Property. Except as set forth on Schedule 5.6, the Seller has good and marketable title to all of the Personal Property included in the Transferred Assets, free and clear of all Liens, except for (a) Liens for Taxes not yet due and payable or which are being contested in good faith, and (b) other matters that do not materially impair the operation of the Business as presently conducted or that would otherwise have a Material Adverse Effect. The exceptions set forth in subsections (a) and (b) in this Section 5.6 above shall be referred to as the "Personal Property Permitted Exceptions."

5.7 Condition and Sufficiency of Transferred Assets. The Transferred Assets currently used in the operation of the Business are in such condition and repair, reasonable wear and tear excepted, as is suitable for the purposes for which they are presently used in the conduct of the Business. The Transferred Assets, together with the Buyer's rights and interests under the Related Agreements, constitute all of the assets, rights and interests which are related primarily or exclusively to the Business (other than Excluded Assets) and are sufficient, together with the items set forth pursuant to Section 5.23(b), for the lawful operation of the Business.

5.8 Contracts.

(a) Except as set forth on Schedule 5.8(a), the Seller is not a party to or bound by any agreement or contract, whether written or oral, of the following types that involve the Business, the Transferred Assets, the Assumed Liabilities or the Buyer's share of the Shared Liabilities nor are any such agreements or contracts presently being negotiated or discussed:

(i) Any contract, lease, agreement, plan or arrangement (other than blanket purchase orders from customers) involving commitments to others to make capital expenditures or purchases or sales involving $100,000 or more in any one case or $250,000 in the aggregate in any period of 12 consecutive months which are not cancelable by the Seller, without penalty, on less than 90 days prior written notice and any blanket purchase orders from customers involving $250,000 or more which are not cancelable by the Seller, without penalty, on less than 90 days prior written notice;

(ii) Any contract, lease, agreement, plan or arrangement relating to any direct or indirect indebtedness for borrowed money (including loan agreements, lease purchase

arrangements, guarantees, agreements to purchase goods or services or to supply funds or other undertakings on which others rely in extending credit), or any conditional sales contracts, chattel mortgages, equipment lease agreements and other security arrangements with respect to personal property with an obligation in excess of $100,000 in any one case or $250,000 in the aggregate in any period of 12 consecutive months which are not cancelable by the Seller, without penalty, on less than 90 days prior written notice;

(iii) Any contract, lease, agreement, plan or arrangement between the Seller and any Affiliate or related party thereof in their respective individual capacities outside the ordinary course of business where the amount involved exceeds $50,000,

(iv) Any employment, consulting or management services contract or any confidentiality or proprietary rights agreement with any employee of the Seller or any Third Party entered into outside the ordinary course of business where the amount involved exceeds $50,000;

(v) Any license agreement, either as licensor or licensee, or any other agreement or arrangement of any type relating to any patent, trademark or trade name or other Transferred Asset except for licenses for Software where the annual fees for the license are less than $25,000;

(vi) Any contract, agreement or arrangement of any kind whatsoever, whether exclusive or otherwise, with any sales agent, representative, franchisee or distributor outside the ordinary course of business where the amount involved exceeds $75,000;

(vii) Any contract or arrangement of any kind whatsoever which requires the payment of royalties;

(viii) Any outstanding bid or proposal to any customer relating to an agreement in excess of $1,000,000;

(ix) Any other legally binding contract, agreement, plan or arrangement not of the type covered by any of the other items of this Section 5.8 involving money or property having an obligation in excess of $100,000 in any one case or $250,000 in the aggregate in any period of 12 consecutive months which are not cancelable by the Seller, without penalty, on less than 90 days prior written notice (collectively, the contracts set forth on Schedule 5.8(a) shall be the "Disclosed Contracts").

(b) Except as disclosed on Schedule 5.8(b), with respect to the Business,

(i) all of the Disclosed Contracts are in full force and effect and are valid, binding and enforceable in accordance with their terms; and

(ii) the Seller has not received any written notice of default under any of the Disclosed Contracts, nor has any event occurred which with notice or lapse of time or both

would constitute a default by the Seller thereunder, and the Seller has not received any written or verbal notice of intent to terminate any Disclosed Contract.

5.9 *Proprietary Rights*. The Seller is the sole owner of all of the Proprietary Rights listed as "owned" on Schedule 2.1(f), and the Seller has the right, under valid, binding and subsisting license, technology or similar agreements to employ or otherwise use the Proprietary Rights listed as "licensed" on Schedule 2.1(f). Except as disclosed on Schedule 5.9:

(a) The Seller is not in default of any material obligation under any such license, technology or similar agreement;

(b) The Seller has not granted any right or interest to any Person in connection with any of the Proprietary Rights;

(c) The Seller is not obligated to pay any amount, whether as a royalty, license fee or other payment, to any Person in order to use any of the Proprietary Rights in the conduct of the Business or the ownership of the Transferred Assets;

(d) The Seller has acquired sole and exclusive ownership of all Proprietary Rights (except with respect to the Software for which the Business has been granted end-user licenses) and applications thereof (whether or not patentable) and have the right to use or license the use of the Proprietary Rights to the products or services which are now being used in the conduct of the Business and all of such patents and registrations and applications therefor are free and clear of any Liens; and

(e) Except with respect to the Software for which the Seller has been granted end-user licenses, to the best of the Seller's Knowledge (i) none of the Proprietary Rights and none of the applications therefor set forth on Schedule 2.1(f) are subject to any pending or threatened challenge, claim or dispute, (ii) none of the Proprietary Rights and none of the applications therefor set forth on Schedule 2.1(f) have during the prior three years been the subject of any challenge, claim or dispute, (iii) the operation of the Business and the ownership of the Transferred Assets does not infringe upon or otherwise violate any right of any Third Party, (iv) none of the Proprietary Rights is being infringed by any Third Party; (v) there are no impediments to the ability of the Seller to maintain and, where lawful, to renew the Proprietary Rights, (vi) none of the Proprietary Rights is subject to any outstanding order, decree, judgment or stipulation, and (vii) the Seller has not received any notice of conflict with asserted proprietary rights of others.

5.10 *Tax Matters*.

(a) Except for Tax returns and Tax reports set forth on Schedule 5.10, which are being contested in good faith and by appropriate proceedings, the Seller has filed all federal, state, provincial, local, foreign, or other income tax returns and tax reports required to be filed by it that have a substantial and direct connection with the Transferred Assets or the Business, and has paid all federal, state, provincial, local, foreign, or other income taxes shown on such returns and reports as owing that have a substantial and direct connection with the Transferred Assets or

the Business, except where the failure to file such income tax returns and reports or to pay such income taxes would not have a material adverse effect on the financial condition of Business.

(b) Except as set forth on Schedule 5.10 and specifically limited to audits, issues, agreements or waivers substantially and directly related to the Transferred Assets or the Business, no Tax audit with respect to any Tax returns or Taxes of Seller is pending, no taxing authority has raised any issues in connection with any tax audit of the Seller that could reasonably be expected to result in a material tax deficiency based upon applicable law existing on or before the date hereof, and there are no outstanding agreements or waivers to extend the period of limitations for the assessment or collection of any Tax.

(c) Buyer will not assume any Liability for (i) Taxes of Seller (or any stockholder or Affiliate of Seller) or relating to the Business, the Purchased Assets or the Assumed Liabilities for any Pre-Closing Tax period; (ii) Taxes that result from Seller's gain or loss due to the consummation of the transactions contemplated hereby or that are the responsibility of Seller pursuant to Section 3.1; or (iii) other Taxes of Seller (or any stockholder or Affiliate of Seller) of any kind or description (including any Liability for Taxes of Seller (or any stockholder or Affiliate of Seller) that becomes a Liability of Buyer under any common law doctrine of de facto merger or transferee or successor liability or otherwise by operation of contract or Law).

5.11 Environmental Matters.

(a) Except as set forth in Schedule 5.11(a) and except for such matters as would not be reasonably likely to have a Material Adverse Effect:

(i) All of the operations of the Business are in compliance with all applicable Environmental Laws including, but not limited to, the possession of all permits and other governmental authorizations required under applicable Environmental Laws;

(ii) There is no pending or threatened claim, lawsuit or administrative proceeding against the Seller with respect to the Business, under any Environmental Law, and the Seller has not received written notice from any Person, including a Governmental Entity, alleging that the Seller is in violation of any applicable Environmental Law or otherwise may be liable under any applicable Environmental Law in connection with ownership or operation of the Business, which violation or liability is unresolved; and

(iii) There have been no Releases, spills or discharges of Hazardous Materials on or underneath any of the Owned Real Property or Leased Real Property by the Seller in amounts that would be reasonably likely to give rise to remedial obligations under any applicable Environmental Laws.

(b) The following terms shall have the indicated meaning:

"Environmental Laws" means all federal, state, local and foreign laws (including common law) and regulations relating to pollution or protection of human health or the

environment, including without limitation, laws relating to Releases or threatened Releases of Hazardous Materials or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, disposal, transport or handling of Hazardous Materials and all laws and regulations with regard to record keeping, notification, disclosure and reporting requirements respecting Hazardous Materials, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §6901 et seq. ("RCRA"), the Clean Water Act 33 U.S.C. §1251 et seq.("CWA"), the Safe Drinking Water Act, 42 U.S.C. §300f et seq. ("SWDA"), the Clean Air Act, 42 U.S.C. §7401 et. seq. ("CAA"), the Toxic Substances Control Act, 15 U.S.C §2601 et seq. ("TSCA"), and the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §11001 et seq. ("EPCRA"), and similar federal, state**,** provincial, territorial, local, municipal and foreign laws; and any laws, ordinances, regulations, rules, orders, permits, approvals, decisions or decrees, and any laws concerning worker health or safety, including, but not limited to, the Occupational Safety and Health Act ("OSHA") and similar state, provincial, territorial, local, municipal and foreign laws.

"Hazardous Materials" means all substances defined as Hazardous Substances, Oils, Pollutants or Contaminants in the National Oil and Hazardous Substances Pollution Contingency Plan, 40 C.F.R. § 300.5, or defined as such by, or regulated as such under, any Environmental Law.

"Release" means any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, dispersal, leaching or migration into the indoor or outdoor environment (including, without limitation, ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the movement of Hazardous Materials through or in the air, surface water, groundwater or property.

5.12 No Breach of Contract, No Violations of Law, No Prior Approval.

(a) Neither the execution and delivery of this Agreement nor compliance with its terms and provisions will conflict with, result in the breach or violation of, or constitute a default under, any of the terms, conditions or provisions of (i) the Seller's Articles of Incorporation or Regulations (or comparable charter documents); (ii) any agreement or instrument to which the Seller is a party, or to which any of the Transferred Assets or Assumed Liabilities are subject except as set forth on Schedule 5.12(a); or (iii) any law applicable to any of the Transferred Assets, other than, in the case of clauses (ii) and (iii) of this Section 5.12(a), conflicts, breaches, violations or defaults which would not have a Material Adverse Effect. Except as identified on Schedule 5.12(a), neither the execution and delivery of this Agreement nor compliance with its terms and provisions will result in the creation or imposition of any Lien upon any of the Transferred Assets.

(b) Other than (i) consents to transfer or novations required with respect to contracts with governments or government agencies (including, without limitation, the Government Contracts), and (ii) those filings, Permits, authorizations, consents and approvals identified on Schedule 5.12(b), no filing with, or Permit, authorization, consent or approval of, any domestic or foreign government authority is required for the consummation by the Seller of the

transactions contemplated by this Agreement, except for any filings, Permits, authorizations, consents or approvals the failure to make, file, give or obtain which would not have a Material Adverse Effect.

5.13 *Litigation*. Except as set forth on Schedule 5.13, there is no material pending or, to the best of the Seller's Knowledge, threatened claim, litigation, proceeding or order of any court or governmental agency or arbitrator or governmental investigation solely or primarily relating to the Business or any of the Transferred Assets.

5.14 *Finders, Brokers and Investment Bankers*. No finder, broker or investment banker acting or who has acted on behalf of the Seller in connection with the transactions contemplated by this Agreement is entitled to receive any commission or finder's fee in connection with such transactions, and, to the best of the Seller's Knowledge, no other Person is entitled to receive any commission or finder's fee from the Seller in connection with such transactions.

5.15 *No Material Adverse Change*. Except as contemplated by this Agreement or as disclosed on Schedule 5.15, and except where such events would not reasonably be expected to have a Material Adverse Effect, since June 27, 2014, the Seller has conducted the Business in the ordinary course consistent with past practices and there has not occurred:

(a) any Material Adverse Effect;

(b) any uninsured damage to, destruction or loss of any Transferred Asset that could reasonably be expected to have a Material Adverse Effect;

(c) any material change by the Seller to the Seller's Accounting Principles, except changes mandated by GAAP;

(d) any material revaluation of any of the Transferred Assets, including, without limitation, writing down the value of Inventory or writing off Accounts Receivable other than in the ordinary course of business; or

(e) any sale or transfer of a material amount of the Transferred Assets, other than sales of inventory in the ordinary course of business.

5.16 *Governmental Permits and Licenses; Compliance with Laws*. Except for matters which would not have a Material Adverse Effect on the Business, the Transferred Assets or the Assumed Liabilities (a) the Seller has all of the Permits required to own the Transferred Assets and to carry on the Business as presently conducted, and, assuming proper action by the other party thereto or by the issuer thereof, all such Permits are valid and in effect, and (b) to the best of the Seller's Knowledge, neither the ownership of the Transferred Assets nor the operation of the Business as it is presently conducted, violates any applicable order, law, ordinance, code or regulation. The Seller has not received any written notice of any such violation.

5.17 Employees; Labor Relations.

(a) Except for items that would not be material, the Seller has paid in full or will accrue on the Closing Balance Sheet all wages, salaries, commissions, bonuses, benefits, and other compensation due to any Product Line Employee or otherwise arising under any employment related policy, practice, agreement, plan, program, statute or law.

(b) Schedule 5.17(b) sets forth a correct and complete list of all collective bargaining agreements (the "Collective Bargaining Agreements"), complete copies of which have been made available to the Buyer, covering Product Line Employees.

(c) With respect to the Business, except as set forth on Schedule 5.17(c), the Seller has not received any written notice of any unfair labor practice complaints or any other action, suit, complaint, charge, arbitration, inquiry, proceeding or investigation pending before the National Labor Relations Board or any other agency having similar jurisdiction and, to the best of the Seller's Knowledge, no such complaint has been threatened. With respect to the Product Line Employees, except as set forth on Schedule 5.17(c), there are no material unsatisfied judgments relating to claims, grievances, arbitration proceedings, workers' compensation proceedings other than standard employee medical, temporary total, permanent partial and applications for increase in permanent partial disability benefits currently covered by the Seller's past and present workers compensation insurance. The Seller is not a party to or otherwise bound by, any consent decree with, or citation by, any government agency relating to any Product Line Employee or employment practices, wages, hours, and terms and conditions of employment with respect to the Business.

5.18 Employee Benefits.

(a) Schedule 5.18(a) lists all material Employee Benefit Plans maintained by the Seller with respect to the Business. The Seller has furnished or made available to the Buyer (i) a complete and correct copy or description of each Employee Benefit Plan; (ii) the most recent summary plan description for the Master Savings Plan (401(k)) and Welfare Plans; (iii) the most recent determination letter issued by the Internal Revenue Service for the Master Savings Plan; and (iv) the two most recent annual reports (Form 5500 series) and accompanying schedules for the Master Savings Plan and Welfare Plans;

(b) Each Employee Benefit Plan has been maintained in all material respects in accordance with its terms and with the requirements prescribed by Law.

(c) Except as set forth on Schedule 5.18(c), there are no actions, suits, arbitrations or other proceedings (other than routine claims for benefits), or to the best of Sellers' Knowledge, there are no threatened actions, suits, arbitration, or other proceedings against any Employee Benefit Plan which could reasonably be expected to result adversely in a Material Adverse Effect.

(d) All contributions required to be made to an Employee Benefit Plan by Law or by any Employee Benefit Plan document or contractual undertaking, and all premiums

due or payable with respect to any insurance policy funding any Employee Benefit Plan for the time period through the date hereof, have been timely made or paid in full, or to the extent not required to be made or paid on or before the date hereof, have been reflected on the Closing Balance Sheet.

(e) The Internal Revenue Service has issued a favorable determination letter with respect to the Master Savings Plan (and related funding arrangement) which has not been revoked and no circumstance or event exists or has occurred which could adversely affect such qualified status thereof.

(f) Each Health Plan that provides medical benefits to Product Line Employees has been operated in compliance in all respects with the requirements of Sections 601 through 608 of ERISA and Section 4980B of the Tax Code ("COBRA") relating to the continuation of coverage under certain circumstances in which coverage would otherwise cease.

5.19 *Liabilities*. Except as set forth and adequately reserved for on the Closing Balance Sheet and except for matters which would not have a Material Adverse Effect, the Seller has no outstanding claims, liabilities or indebtedness, fixed or contingent, or obligations of any nature, whether accrued, absolute, contingent, threatened or otherwise, whether due or to become due, with respect to the Business, other than (a) liabilities incurred in the ordinary course and conduct of the Business since December 31, 2013 which do not involve indebtedness for borrowed money and (b) claims, liabilities or indebtedness of the type not required to be disclosed in the Financial Statements or notes thereto in accordance with GAAP.

5.20 *Government Contracts*.

(a) Except as set forth on Schedule 5.20(a), to the best of Seller's Knowledge, (i) none of the employees of the Business is or during the last two (2) years has been (except as to routine security investigations) under administrative, civil or criminal investigation, indictment or information by the U.S. Government, (ii) there is not any pending audit or investigation of the Business or any of its employees which would result in a Material Adverse Effect with respect to any alleged irregularity, misstatement or omission arising under or relating to a Government Contract or bid and (iii) during the last two (2) years, the Seller has not made, with respect to the Business, a voluntary disclosure with respect to any alleged irregularity, misstatement or omission arising under or relating to any Government Contract or bid relating to the Business, in each case of (i) through (iii) above, other than routine inquiries, audits and reconciliations such as do not constitute a Material Adverse Effect.

(b) Except as set forth on Schedule 5.20(b), with respect to the Business, there are (i) no outstanding claims by the U.S. Government or by any prime contractor, subcontractor or vendor arising under or relating to any Government Contract or bid and (ii) no disputes with the U.S. Government under the Contract Disputes Act or any other federal statute, except such as in each case are not reasonably expected to have a Material Adverse Effect.

(c) None of the employees of the Business is (or during the last two (2) 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 non-responsibility or ineligibility for U.S. Government contracting.

(d) Except as set forth on Schedule 5.20(d), the rates and rate schedules submitted to the U.S. Government with respect to the Government Contracts included in the Transferred Assets have been closed for all years prior to 2008.

5.21 Government Furnished Equipment.

(a) The Business is in compliance with all material obligations relating to any equipment or fixtures owned by any Governmental Entity and loaned, bailed or otherwise furnished to or held by the Business, except where the failure to so comply would not, individually be expected to have a Material Adverse Effect.

(b) Schedule 5.21(b) contains a list of a government-furnished equipment used or held for use by the Business by or on behalf of the U.S. Government. Such schedules are maintained in the files of the Business and were accurate and complete and, as of the Closing Date, would contain only those additions and omit only those deletions of equipment and fixtures that have occurred in the ordinary course of business, except for such inaccuracies that could not reasonably be expected to have a Material Adverse Effect.

5.22 Disclaimer; Cross References.

(a) EXCEPT FOR REPRESENTATIONS AND WARRANTIES MADE BY THE SELLER IN ARTICLE 5, THE SELLER HAS NOT MADE AND MAKES NO REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED, CONCERNING THE SUBJECT MATTER OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL SUCH WARRANTIES BEING EXPRESSLY DISCLAIMED, AND THE BUYER HAS NOT RELIED ON ANY SUCH REPRESENTATIONS AND WARRANTIES, EXCEPT FOR THOSE MADE BY THE SELLER IN ARTICLE 5. THIS AGREEMENT SHALL NOT BE COVERED BY THE WARRANTIES PROVIDED BY ARTICLE 2 OF THE UNIFORM COMMERCIAL CODE OR ANY SIMILAR LAWS OF ANY JURISDICTION. THIS PROVISION SHALL NOT IN ANY WAY AFFECT OR DIMINISH ANY AGREEMENT OR COVENANT CONTAINED IN ANY OTHER SECTION OF THIS AGREEMENT.

(b) Information to be disclosed in any one Schedule herein referred to may be supplied in any Schedule by cross-reference to any other Schedule.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer makes the following representations and warranties to the Seller.

6.1 *Organization, Existence and Standing of the Buyer*. The Buyer is a corporation duly organized and validly existing under the laws of the jurisdiction of its incorporation and has full corporate power and authority to own or lease its assets, to carry on its business as it is now conducted and to consummate the transactions contemplated by this Agreement and the Related Agreements.

6.2 *Corporate Authority*. The entering into and the execution and delivery of this Agreement and the Related Agreements and the consummation of the transactions contemplated hereby and thereby (a) have been duly and validly authorized by requisite corporate action of the Buyer, and (b) constitutes the legal, valid, and binding obligation of Buyer and (c) no additional corporate or stockholder authorization or consent is or will be required.

6.3 *No Breach of Contract, No Violations of Law, No Prior Approval*.

(a) Neither the execution and delivery of this Agreement nor compliance with its terms and provisions will conflict with, result in the breach or violation of, or constitute a default under, any of the terms, conditions, or provisions of (i) the Buyer's Certificate of Incorporation or By-laws (or comparable charter documents); (ii) any agreement or instrument to which the Buyer is a party or by which the Buyer is bound; or (iii) any law applicable to the Buyer, other than, in the case of clauses (ii) and (iii) of this Section 6.3(a), conflicts, breaches, violations or defaults which would not have a Material Adverse Effect.

(b) No filing with, or Permit, authorization, consent or approval of, any domestic or foreign government authority is required for the consummation by the Buyer of the transactions contemplated by this Agreement.

6.4 *Litigation*. There is no pending, or to the best of the Buyer's knowledge, threatened claim, litigation, proceeding or order of any court or governmental agency or arbitrator or governmental investigation relating to the Buyer, their business or their assets which, if adversely determined, would, individually or in the aggregate, materially impair, hinder or otherwise materially and adversely affect the ability of the Buyer to effect the Closing, or to perform any of its material obligations under this Agreement or any of the Related Agreements.

6.5 *Finders, Brokers and Investment Bankers*. No finder, broker or investment banker acting or who has acted on behalf of the Buyer in connection with the transactions contemplated by this Agreement is entitled to receive any commission or finder's fee in connection with such transactions, and to the best of Buyer's knowledge, no other Person is entitled to receive any commission or finder's fee from the Buyer in connection with such transactions.

6.6 *Financing*. As of Closing, the Buyer shall have sufficient funds available to it to pay to the Seller, as the case may be, the Purchase Price and to otherwise satisfy all of its obligations under this Agreement and the Related Agreements.

6.7. *Disclaimer as to Condition of Transferred Assets*. Except as otherwise expressly provided in this Agreement, Buyer acknowledges, on behalf of itself and any affiliates or related

parties, that Seller has not made, and that the Seller has expressly disclaimed and negated, any representation or warranty, express or implied, relating to the condition of the Sale Assets, and Buyer acknowledges Section 5.22 hereof:

It is the express intention of Buyer and Seller that (except to the extent expressly provided in this Agreement) the Transferred Assets shall be acquired by or conveyed to Buyer "AS IS" and in their present condition and state of repair.

6.8. *Nonreliance*. In connection with its decision to purchase the Transferred Assets, the Assumed Liabilities and the Shared Liabilities, Buyer, on behalf of itself, its affiliates and its related parties, acknowledge, understand and agree that the Buyer (a) is a sophisticated party with such knowledge and experience in business matters that they appreciate the merits and risks of purchasing the Transferred Assets, the Assumed Liabilities and the Shared Liabilities and consummating the Transaction, (b) are not relying upon any forward looking projections, forecasts, budgets, financial data or any other forward looking information (written or oral), with respect to the Business, the Transferred Assets, the Assumed Liabilities or the Shared Liabilities, prepared by or furnished to it by or on behalf of Seller ("Forward Looking Data"), (d) recognize that significant uncertainties are inherent in such Forward Looking Data and that Seller has not made any representations or warranties, expressed or implied, relating to the Forward Looking Data, and (e) take full responsibility for making their own evaluation as to the adequacy and accuracy of such Forward Looking Data. Except for the representations and warranties made by Seller in Article 5, Buyer acknowledges that there are no representations or warranties, express or implied, as to the financial condition, assets, liabilities, equity, operations, or prospects of the Business.

6.9. *Access to Information*. Buyer has had an adequate opportunity to discuss with the management of the Business, the Business, and to review in detail the Business, the Transferred Assets, the Assumed Liabilities, the Shared Liabilities and operations of the Business, including, but not limited to, the properties, operations, liabilities, obligations, books, accounts, records, contracts and documents, and is deemed to have knowledge of the information contained therein, the information made available to Buyer, and otherwise disclosed to Buyer.

6.10 *Disclaimer*. EXCEPT FOR REPRESENTATIONS AND WARRANTIES MADE BY THE BUYER IN ARTICLE 6, THE BUYER HAS NOT MADE AND MAKES NO REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED, CONCERNING THE SUBJECT MATTER OF THIS AGREEMENT, AND THE SELLER HAS NOT RELIED ON ANY REPRESENTATIONS AND WARRANTIES EXCEPT FOR THOSE MADE BY THE BUYER IN ARTICLE 6. THIS AGREEMENT SHALL NOT BE COVERED BY THE WARRANTIES PROVIDED BY ARTICLE 2 OF THE UNIFORM COMMERCIAL CODE OR ANY SIMILAR LAWS OF ANY JURISDICTION. THIS PROVISION SHALL NOT IN ANY WAY AFFECT OR DIMINISH ANY AGREEMENT OR COVENANT CONTAINED IN ANY OTHER SECTION OF THIS AGREEMENT.

ARTICLE 7
COVENANTS OF THE SELLER

The Seller covenants and agrees with the Buyer as follows:

7.1 *Access by the Buyer to Properties and Records; Furnishing Information*

Subject to the provisions of the Confidentiality Agreement, any applicable laws or regulations, including, without limitation, those prohibiting disclosure of information to non-US citizens, and the terms of any contracts of the Business, from and after the Closing Date, the Seller shall make available to the Buyer, from time to time as the Buyer may reasonably request, copies of such of the records retained by the Seller relating to the Business, the Transferred Assets, the Assumed Liabilities, and the Buyer's share of the Shared Liabilities as may be reasonably required to enable the Buyer to defend against or assert claims related to or arising from ownership of the Transferred Assets, the assumption of the Assumed Liabilities, the Buyer's share of the Shared Liabilities or the conduct of the Business prior to the Closing Date and to handle Tax and financial audits involving the Business; *provided, however*, that the Buyer agrees to hold such records in confidence, except to the extent required to defend or assert such claims and to handle such audits, and to return the same to the Seller promptly upon the conclusion of their use by the Buyer for the purposes herein specified.

ARTICLE 8
COVENANTS OF THE BUYER

The Buyer covenants and agrees with the Seller as follows.

8.1 *Make Records Available*. From and after the Closing Date, the Buyer shall make available to the Seller, from time to time as the Seller may reasonably request, copies of such of the records transferred to the Buyer by the Seller pursuant to this Agreement as may be reasonably required by Seller to enable it to defend against or assert claims related to or arising from ownership of the Transferred Assets or the conduct of the Business by the Seller prior to the Closing Date and to handle Tax and financial audits involving the Business; *provided, however*, that the Seller agrees to hold such records in confidence, except to the extent required to defend or assert such claims and to handle such audits, and to return the same to the Buyer promptly upon the conclusion of their use by the Seller for the purposes herein specified. The Buyer shall also use its best efforts to make Buyer's employees available to assist in connection with such claims when reasonably requested by Seller.

8.2 *Novation of Government Contracts*. As soon as practicable following the Closing, the Buyer shall prepare (with the Seller's assistance, which will include preparation of the initial drafts of the novation requests and furnishing the information required for such requests), in accordance with Federal Acquisition Regulations Part 42.12 and any applicable agency regulations or policies, a written request meeting the requirements of the Federal Acquisition Regulations Part 42, as reasonably interpreted by the Responsible Contracting Officer (as such term is defined in Federal Acquisition Regulations Part 42 (P) 42.1202(a)), which shall be submitted by the Seller to each Responsible Contracting Officer (i) to recognize the Buyer as the Seller's successor-in-interest to all the Transferred Assets constituting a Government Contract; and (ii) to enter into a novation agreement (a "Novation Agreement") in form and in accordance with government requirements, pursuant to which, subject to the

requirements of the Federal Acquisition Regulations Part 42, all of Seller's right, title and interest in and to, and all of Seller's obligations and liabilities under, each such Government Contract shall be validly conveyed, transferred and assigned and novated to the Buyer by all parties thereto. The Seller and the Buyer shall each use all reasonable efforts to obtain all consents, approvals and waivers required for the purpose of processing, entering into and completing the Novation Agreements with regard to any of the Government Contracts, including responding to any requests for information by the U.S. Government with regard to such Novation Agreements.

ARTICLE 9
MUTUAL COVENANTS

9.1 *Transition Services Agreements.* At Closing, the Seller shall enter into Transitional Services Agreements (if required) in the forms set forth on Exhibit 9.1 A and Exhibit 9.1 B (the "Services Agreements"). Exhibit 9.1 A relates to the provision of certain services by the Seller for the Buyer following the Closing Date, and Exhibit 9.1 B relates to the provision of certain services by the Buyer for the Seller following the Closing Date.

9.2 *Payments Received.* The Seller and the Buyer agree that, after the Closing Date, they shall hold and shall promptly transfer and deliver to the other, from time to time as and when received by them and in the currency received by them, any cash, checks with appropriate endorsements, or other property that they may receive on or after the Closing Date which properly belongs to the other Party, including, without limitation, any payments of accounts receivable and insurance proceeds, and shall account to the other for all such receipts. In the event of a dispute between the Parties regarding their respective obligations hereunder, the Parties shall cooperate and act in good faith to promptly resolve such dispute and, in connection with such cooperation, allow each other reasonable access to the records of the other relating to such disputed item.

9.3 *Further Assurances.* From time to time after the Closing Date, the Buyer and the Seller shall, at their own expense, execute and deliver, or cause to be executed and delivered, all such other instruments, including instruments of conveyance, assignment and transfer and to make all filings with and to obtain all consents, approvals or authorizations of any governmental or regulatory authority or any other Person under any Permit and take all such other actions as such Party may reasonably be requested to take by the other Party to this Agreement, consistent with the terms of this Agreement, in order to effectuate better the provisions and purposes of this Agreement and the transactions contemplated by this Agreement.

9.4 *Covenant Regarding Personnel.*

(a) Except for the Employees set forth on Schedule 9.4(a), Seller agrees that, for a period of one year after the Closing Date, it shall not, and shall cause its Subsidiaries not to, without first obtaining the written consent of the Buyer, which consent may be withheld for any reason, directly or indirectly solicit or attempt to solicit any person who is employed by the Buyer or its Subsidiaries in the Business to leave his or her employer or to become an employee of the Seller or any of its Subsidiaries. The foregoing shall not prohibit (i) the Seller or its

Subsidiaries from soliciting or employing any individual who has received notice of termination from, or ceases to be employed by, the Buyer or its Subsidiaries prior to the first time such individual discussed with any representative of the Seller or its Subsidiaries employment by such party, and (ii) the Seller or its Subsidiaries from employing an individual who responds to a general solicitation of employment by such party.

(b) Except as contemplated by Sections 9.4 and 10.1, the Buyer agrees that, for a period of one year after the Closing Date, it shall not, and shall cause its Subsidiaries not to, without first obtaining the written consent of the Seller, which consent may be withheld for any reason, directly or indirectly solicit or attempt to solicit any person who is or was employed by the Seller or its Subsidiaries to leave his or her employer or to become an employee of the Buyer or any of its Subsidiaries. The foregoing shall not prohibit (i) the Buyer or its Subsidiaries from soliciting or employing any individual who has received notice of termination from, or ceases to be employed by, the Seller or its Subsidiaries prior to the first time such individual discussed with any representative of the Buyer or its Subsidiaries employment by such party, and (ii) the Buyer or its Subsidiaries from employing an individual who responds to a general solicitation of employment by such party.

9.5 *Guarantee of Performance*. Buyer hereby irrevocably and unconditionally guarantees to the Seller the full, faithful and prompt performance by the Buyer Subsidiaries of all obligations, when due, which are, by this Agreement, obligations of (i) the Buyer Subsidiaries or (ii) Buyer, but which have been assigned or transferred to the Buyer Subsidiaries, whether such obligations are in the nature of the payment of money, the providing of services or otherwise ("Buyer Obligations"). The obligations of Buyer hereunder are direct and primary and shall not be discharged until all of the Buyer Obligations have been discharged by the Buyer Subsidiaries or Buyer, and such obligations of the Buyer hereunder shall not be discharged, released or affected by any bankruptcy, insolvency, dissolution, liquidation, reorganization or similar circumstances of or relating to the Buyer Subsidiaries.

ARTICLE 10
EMPLOYEES AND EMPLOYEE BENEFITS

10.1 *Offer of Employment*. The Buyer agrees to offer immediate employment as of the day following the Closing Date (the "Effective Date") to the Product Line Employees (including, without limitation, Inactive Employees, but excluding those Product Line Employees identified on Schedule 10.1). Employment for Product Line Employees shall be offered on such terms and conditions that are equivalent, in the aggregate, to the terms and conditions provided by the Seller to such Product Line Employees as of the Closing Date. In addition, the Buyer agrees to offer employment to any Product Line Employee who is absent due to long-term disability on the Closing Date and who is able to return to work within the 18-month period following the Closing Date. The Buyer agrees to comply with all employer obligations required by Law with respect to Product Line Employees.

10.2 *Severance Payment Responsibilities*. On and after the Effective Date, the Buyer shall assume all liabilities, responsibilities, and obligations for severance payments or other separation benefits to which any transferred Product Line Employee may be or become entitled, or claim to be entitled, as a result of the acquisition of the Business by the Buyer, including,

without limitation, any such claim which might be made against either the Seller or the Buyer at any time. The severance payments and separation benefits provided by the Buyer to any Product Line Employee after the Closing Date shall be at least equal to the payments and benefits that would have been provided to such Product Line Employee under the plans, programs and policies described on Schedule 10.2 for a period of 24 months after the Effective Date.

10.3 Employee Benefit Plans.

(a) Welfare Plans and Benefit Arrangements. The Seller and the Buyer agree that:

(i) As soon as practicable after the Effective Date but no later than January 1, 2015, the Buyer shall transition Product Line Employees who become employees of the Buyer on the Effective Date ("Transferred Employees") with employee health and welfare plans and programs ("Buyer's Welfare Plans") and benefit arrangements ("Buyer's Benefit Arrangements") which are the same as those offered to current similar level employees of Buyer. Until the time of transfer, the Seller agrees to cover the Transferred Employees on its Health and Welfare Plans and, for fully insured plans, shall bill the Buyer for the premium cost and, for self-insured plans, the Administrative Service Fee and actual claims incurred – therefor without any markup or service fee.

(ii) The Buyer's Welfare Plans which provide medical, dental, vision, and health benefits to Transferred Employees shall provide such benefits pursuant to Section 10.3(a)(i) without the applicability of any pre-existing physical or mental condition restrictions (other than those in effect on the Closing Date under a Welfare Plan) and to the extent that a Transferred Employee has satisfied in whole or in part any annual deductible amount, any out-of-pocket limits or paid any expenses pursuant to a co-insurance provision under a Welfare Plan on the Closing Date, such Transferred Employee shall be credited with such amounts under the applicable Buyer's Welfare Plan.

(iii) The Buyer shall provide health care continuation coverage pursuant to COBRA to any eligible Transferred Employee (or dependents thereof) whose coverage terminates on and after the Effective Date.

(iv) Except as may be provided for under a Transition Services Agreement, Buyer shall be liable and responsible for welfare benefit claims with respect to services rendered on or after the Closing Date and Seller shall be liable and responsible for welfare benefit claims with respect to services rendered prior to the Closing Date. Except as specifically otherwise provided herein, coverage of all Transferred Employees under the Welfare Plans or Benefit Arrangements maintained by the Seller on the Closing Date, including without limitation, COBRA continuation coverage, life, accidental death and dismemberment, short and long term disability insurance, for such Transferred Employees, shall cease as of midnight on the Closing Date; provided, however, that coverage under Welfare Plans providing medical, dental, vision, and health benefits to Transferred Employees shall cease on the last day of the month in which the Closing Date occurs.

(v) The Buyer shall be liable, responsible, and obligated for the payment of all vacation and holiday benefits, as determined in accordance with the Seller's vacation practices in effect on the Closing Date for Product Line Employees, that have not been paid by the Seller prior to the Closing Date to the Transferred Employees. On and after the Effective Date, the Buyer shall provide each Product Line Employee, who becomes a Transferred Employee, with the same annual vacation benefits as are available to Buyer's similarly situated employees.

(b) Savings Plan.

(i) As soon as practicable (and in no event later than 120 days) after the Closing Date, unless otherwise agreed upon by the parties in writing, Buyer shall establish one or more defined contribution savings plans intended to qualify under Sections 401(a) and 401(k) of the Code, and/or amend one or more existing defined contribution plans sponsored by Buyer or any of its subsidiaries, that are so qualified (collectively and individually, "Buyer's 401(k) Plan"). The Buyer shall make available and maintain for a period of at least two years the Buyer's 401(k) Plan to the Transferred Employees. Effective as of the Closing, for purposes of determining elgibility for participation, vesting and eligibility for allocations or contributions under the Buyer's 401(k) Plan, Buyer shall give credit to the Transferred Employees for all service prior to the Closing date to the extent recognized by the Seller's 401(k) Plan. As soon as practicable after the Closing, Seller's 401(k) Plan shall make distributions available to Transferred Employees as permitted by Section 401(k)(2) of the Code and Buyer's 401(k) Plan shall accept any such distribution as a rollover distribution if so directed by the Transferred Employee, in accordance with the terms of Buyer's 401(k) Plan governing qualified rollovers. Seller shall make any employer or employee contributions to the Seller's 401(k) Plan that were due or payable by Seller on or before the Closing Date.

(c) Service Recognition. Any of the Buyer's benefit plans, programs, arrangements and policies, including, but not limited to vacation, retirement plans, savings plans, retiree medical coverage, employee stock purchase, incentive compensation, severance, fringe benefit and welfare plans, shall provide that for purposes of determining eligibility to participate, vesting, and for any schedule of benefits based on service, all service with Seller and any predecessor, shall be recognized, as such service is applied to Buyer's such benefit plans, programs, arrangements and policies but shall not entitle any Transferred Employees with benefits exceeding those given under the Buyer's current plans except as relates herein to severance .

(d) Long-Term Disability Return. If any Product Line Employee on long-term disability on the Closing Date accepts an employment offer by the Buyer pursuant to Section 10.1 and returns to work within the 18-month period specified in Section 10.1, the Seller agrees that the Product Line Employee shall be treated as a "Transferred Employee" for all intents and purposes. In addition, Seller agrees to facilitate any 401(k) plan-to-plan transfer with respect to such Product Line Employees.

10.4 *Enforceability*. This Article 10 shall survive consummation of the Transaction, and shall be binding on the Buyer, its successors and assigns.

10.5 *No Third-Party Beneficiaries*. Neither the Buyer nor the Seller intend that this Article 10 shall create any rights or interests, except as between the Buyer and the Seller, and no present or future employees (or any dependents or beneficiaries of such employees) of either party, or any of their Affiliates shall be treated or deemed as third party beneficiaries in or under this Agreement.

10.6 Vacation Responsibilities. The Buyer shall be liable, responsible, and obligated for the payment of accrued vacation benefits, as determined in accordance with the Seller's vacation practices in effect immediately prior to the Closing Date for Business Employees, and which have not been paid by the Seller prior to the Closing Date to the Transferred Employees. On and after the Closing Date, the Buyer shall provide each Transferred Employee, on a going-forward basis, with an annual paid vacation entitlement that the same as that provided to similarly situated employees of the Buyer, with credit for service with the Seller and its Affiliates as well as any predecessor employer thereof.

10.7 Workers' Compensation Claims.

(a) Except to the extent contrary to any applicable law, the Seller will be responsible for workers' compensation claims of Transferred Employees based on occupational injuries or illnesses which arose out of and during the course of employment with the Seller prior to the Closing Date.

(b) Except to the extent contrary to any applicable law, the Buyer will be responsible for workers' compensation claims of Transferred Employees based on injuries or illnesses which arise out of and during the course of employment with the Buyer after the Closing Date.

10.8 WARN Responsibilities The Buyer represents and covenants that it does not intend to implement a "mass layoff" or a "plant closing", as those terms are defined in the Worker Adjustment and Retraining Act ("WARN"), with respect to the Business and the Transferred Employees within sixty (60) days after the Closing. The Buyer agrees that it will give any and all notices required by WARN or similar state law or regulation to the Transferred Employees and that it will indemnify and hold the Seller harmless for any and all claims asserted by the Transferred Employees under WARN, or any similar state law or regulation, because of a "mass layoff" or "plant closing" occurring on or after the Closing.

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ARTICLE 15
CLOSING

15.1 *The Closing Date*. The Closing shall take place at the offices of L-3 Communications Corporation, 600 Third Avenue, New York, New York 10016, on November 3, 2014, at such other place or on such other day as the Buyer and the Seller shall agree upon in writing. Such date is herein called the "Closing Date." On the Closing Date, the Buyer and the Seller shall make the deliveries set forth in Sections 15.2 and 15.3.

15.2 *Deliveries by the Buyer*. Subject to the terms and conditions of this Agreement, at the Closing, the Buyer shall deliver or cause to be delivered to the Seller:

(a) the Purchase Price required by Section 4.1;

(b) each of the Services Agreements;

(c) a copy of all resolutions adopted by the Board of Directors of Buyer authorizing the execution and delivery of this Agreement and the consummation of the Transaction, together with a certificate duly executed by the Secretary or Assistant Secretary of Buyer, stating that such copies are true, complete and correct, and that the resolutions have been duly adopted by Buyer's Board of Directors, and have not been amended since adoption, and remain in full force and effect; and

(d) such other and further instruments, documents and other considerations as Seller may reasonably deem necessary or desirable, or as may be required to consummate the transaction.

15.3 *Deliveries by the Seller*. Subject to the terms and conditions of this Agreement, at the Closing, the Seller shall deliver or cause to be delivered to the Buyer:

(a) assignment and bill of sale in the form set forth on Exhibit 15.3(a);

(b) assignments of the Seller's ownership rights to each of the Proprietary Rights in form mutually satisfactory to counsel for the Buyer and the Seller hereunder and in recordable form to the extent necessary to assign such rights;

(c) each of the Services Agreements;

(d) separate assignments or other appropriate instruments of transfer to the Buyer of any of the Transferred Assets not appropriately transferred by the documents referred to in clauses (a) through (d) above;

(e) a copy of the resolution adopted by the Board of Directors of the Seller authorizing the execution and delivery of this Agreement and the consummation of the Transaction, together with a certificate duly executed by the Secretary or Assistant Secretary of Seller, stating that such copies are true, complete and correct, and that the resolutions have been duly adopted by the Seller's Board of Directors, and have not been amended since adoption, and remain in full force and effect;

(f) the Assignment Agreement; and

(g) such other and further instruments, documents and other considerations as Buyer may reasonably deem necessary or desirable, or as may be required to consummate the transaction.

15.4 *Effective Time and Rights to Possession*. Upon delivery by the Buyer and the Seller, as the case may be, of each of the items required by Sections 15.2 and 15.3, the Closing shall become effective as of 11:59 P.M. of the Closing Date.

ARTICLE 16
SALES AND TRANSFER TAXES

The Buyer shall pay all sales, use, transfer and documentary Taxes and recording and filing fees, if any, including, without limitation, all foreign, state and local land transfer Taxes, foreign, state and local sales Taxes, and any other charges applicable to the transfer of the Transferred Assets and the assumption of the Assumed Liabilities provided for by this Agreement.

ARTICLE 17
BULK SALES

The Buyer hereby waives compliance by the Seller with any applicable bulk sales or bulk transfer law applicable in any jurisdiction where the Transferred Assets are located, and the Seller hereby agrees that the provisions of Section 19.1 shall apply to any losses, damages, costs, charges or expenses which the Buyer may sustain as a consequence of the Seller not complying with such bulk sales or bulk transfer laws.

ARTICLE 18
SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

18.1 *Survival*. All of the representations, warranties, covenants and agreements of the Seller and the Buyer contained in this Agreement and all unasserted claims and causes of action

with respect thereto shall terminate upon expiration of the eighteenth full month following the Closing Date, except that:

(a) the representations and warranties in Section 5.10 (Tax Matters), shall terminate upon the expiration of the applicable statute of limitations;

(b) the representations and warranties in Section 5.12 (Environmental Matters) shall terminate on the second anniversary of the Closing Date;

(c) the representations and warranties in Section 5.1 (Organization and Existence), Section 5.2 (Corporate Authority), Section 5.7 (Title to Personal Property), Section 6.1 (Organization, Existence and Standing of the Buyer), and Section 6.2 (Corporate Authority) shall terminate on the fifth anniversary of the Closing Date;

(d) the covenants and agreements contained in this Agreement having specific time periods of applicability shall survive the Closing Date for the periods set forth therein; and

(e) the covenants and agreements of the Buyer to assume the Assumed Liabilities, the Buyer's share of the Shared Liabilities, and the liabilities assumed by the Buyer under Article 10 and to indemnify the Seller with respect to the Assumed Liabilities, the Buyer's share of the Shared Liabilities, and the liabilities assumed by the Buyer under Article 10, all as provided for in clause (b) of Section 19.2 and the covenants and agreements of the Seller to retain the Retained Liabilities, the Seller's share of the Shared Liabilities, and the liabilities retained by the Seller under Article 10 and to indemnify the Buyer with respect to the Retained Liabilities, the Seller's share of the Shared Liabilities, and the liabilities retained by the Seller under Article 10, all as provided for in clause (c) of Section 19.1 shall (except as otherwise expressly set forth in Article 10) survive indefinitely.

18.2 *Notice of Claim*. In the event notice of any claim for indemnification is given (as provided for in Article 19) within the applicable survival period, the representations, warranties, covenants and agreements that are the subject of such indemnification claim shall survive until such time as such claim is finally resolved.

ARTICLE 19
INDEMNIFICATION

19.1 *Indemnification of the Buyer*. Subject to Article 18 and to compliance with Sections 19.3, 19.4 and 19.10, the Seller agrees to indemnify the Buyer against any loss, cost, liability or expense (including, without limitation, costs and expenses of investigation and litigation and, to the extent permitted by law, reasonable attorney's fees) but excluding consequential damages (collectively, "Indemnified Losses") incurred by the Buyer by reason of (a) any breach of any representation, warranty, covenant or agreement of the Seller, or in any certificate or other closing document furnished by the Seller, pursuant to this Agreement, (b) the provision contained in Article 17 (Bulk Sales), or (c) the assertion against the Buyer of any of the

Retained Liabilities, the Seller's share of the Shared Liabilities or liabilities retained or assumed by the Seller under Article 10.

19.2 *Indemnification of the Seller*. Subject to Article 18 and to compliance with Sections 19.3, 19.4 and 19.10, the Buyer agrees to indemnify the Seller against any Indemnified Losses (excluding consequential damages) incurred by the Seller by reason of (a) any breach of any representation, warranty, covenant or agreement of the Buyer, or in any certificate or other closing document furnished by the Buyer, pursuant to this Agreement, or (b) the assertion against the Seller of any of the Assumed Liabilities, the Buyer's share of the Shared Liabilities or liabilities assumed by the Buyer under Article 10.

19.3 *Eligible Claim, Threshold Amount, Payment*. A Party may bring a claim seeking indemnification (the "Indemnified Party") under the terms and provisions of this Article 19 only if such claim exceeds $15,000 (an "Eligible Claim") and the aggregate amount of all of such Indemnified Party's Eligible Claims exceeds $150,000 (the "Threshold Amount"). Until such time as a Party can bring an Eligible Claim or Eligible Claims in the aggregate amount in excess of the Threshold Amount, no right to indemnification under this Article 19 shall arise. In the event that a Party brings an Eligible Claim or Eligible Claims for an amount in excess of the Threshold Amount, such Party shall be entitled to indemnification for the full amount of all Indemnified Losses in excess of the Threshold Amount up to the maximum amount referred to in Section 19.10. NOTWITHSTANDING ANYTHING IN THE FOREGOING TO THE CONTRARY BUT SUBJECT TO SECTION 19.10, CLAIMS BY THE BUYER AGAINST THE SELLER IN RESPECT OF THE RETAINED LIABILITIES, THE SELLER'S SHARE OF THE SHARED LIABILITIES, THE SELLER'S LIABILITIES UNDER ARTICLE 10, ARTICLE 12 OR ARTICLE 17, WHETHER OR NOT ANY OF THE FOREGOING LIABILITIES ARE DIRECTLY OR INDIRECTLY RELATED TO ANY REPRESENTATION OR WARRANTY HEREIN, AND CLAIMS BY THE SELLER IN RESPECT OF THE ASSUMED LIABILITIES, THE BUYER'S SHARE OF THE SHARED LIABILITIES, OR THE BUYER'S LIABILITIES UNDER ARTICLE 10 OR ARTICLE 12, WHETHER OR NOT ANY OF THE FOREGOING LIABILITIES ARE DIRECTLY OR INDIRECTLY RELATED TO ANY REPRESENTATION OR WARRANTY HEREIN, SHALL NOT BE SUBJECT TO ANY OF THE LIMITATIONS ON INDEMNIFICATION SET FORTH IN THIS SECTION 19.3.

19.4 *Procedures for Claims*. Subject to Section 19.3, any Indemnified Party shall provide written notice of any Eligible Claim to the Party from which it seeks indemnification (the "Indemnifying Party") within thirty (30) days of such Party becoming aware of the existence of such Eligible Claim stating the amount claimed to be due and payable or an estimate of the Eligible Claim if contingent or unliquidated, a detailed statement of the basis of the Eligible Claim and the provision or provisions of this Agreement under which such Eligible Claim is asserted. Within thirty (30) calendar days after receipt of such notice, the Indemnifying Party shall by written notice to the Indemnified Party either (a) concede liability in whole as to the amount claimed in such notice, (b) deny liability in whole as to such amount, or (c) concede liability in part and deny liability in part. If the Parties are not able to resolve any dispute over a claim brought under this Article 19 within 30 days after the Indemnified Party receives written

notice from the Indemnifying Party denying liability in whole or in part, the Parties shall submit the dispute to the dispute resolution procedure set forth in Article 22.

19.5 *Third-Party Claims*.

(a) An Indemnifying Party shall have the right, exercisable by written notice to the Indemnified Party within thirty (30) days of receipt of written notice from the Indemnified Party of the commencement of or assertion of any lawsuit filed or instituted against the Indemnified Party asserting any claim for which the Indemnifying Party may be responsible under this Agreement (each, a "Third Party Claim"), to assume and conduct the defense of each Third Party Claim with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party; *provided, however*, that such Third Party Claim involves (and continues to involve) solely monetary damages (the "Litigation Condition").

(b) If the Indemnifying Party does not assume the defense of such Third Party Claim in accordance with this Section 19.5, the Indemnified Party may continue to defend the Third Party Claim. If the Indemnifying Party has assumed the defense of a Third Party Claim as provided in this Section 19.5, the Indemnifying Party shall not be liable for any legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof; *provided, however*, that if (i) the Litigation Condition ceases to be met, or (ii) the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third Party Claim within thirty (30) calendar days (or such shorter period as may be required to defend diligently such Third Party Claim) after receiving written notice from the Indemnified Party that the Indemnified Party believes the Indemnifying Party has failed to take such steps, the Indemnified Party may assume its own defense, and the Indemnifying Party shall be liable for all reasonable costs or expenses paid or incurred in connection therewith.

(c) Without the Indemnified Party's prior written consent or authorization, the Indemnifying Party shall not consent to a settlement of, or the entry of any judgment arising from, any Third Party Claim. If the Indemnifying Party does not assume the defense of any such Third Party Claim or litigation resulting from such claim in accordance with the terms of this Article 19, the Indemnified Party may defend against such claim or litigation in such manner as it may deem appropriate, including settling such claim or litigation, after giving notice of the same to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate. If the Indemnifying Party seeks to question the manner in which the Indemnified Party defended such Third Party Claim or litigation resulting from such claim or the amount of or nature of any such settlement, the Indemnifying Party shall have the burden to prove by a preponderance of the evidence that the Indemnified Party did not defend such claim in a reasonably prudent manner.

19.6 *Exclusive Remedy*. Except as otherwise expressly provided in this Agreement, following the Closing, the indemnification provided by this Article 19 shall be the exclusive remedy for the Buyer or the Seller, as the case may be, with respect to this Agreement and the transactions contemplated by this Agreement, except claims for fraud or intentional misrepresentation shall not be limited by the provisions in this Article 19.

19.7 *Payment of Amounts*. If any amount is determined to be due and owing to a Party as a result of any occurrence which gives rise to indemnification obligations under this Article 19, such amount shall be paid promptly by the Indemnifying Party to the Indemnified Party in immediately available funds. All indemnification payments under this Article 19 shall be deemed adjustments to the Purchase Price.

19.8 *Tax and Insurance Offset*. The amount of any Indemnified Losses suffered by an Indemnified Party shall be reduced by the net effect of any Tax-related benefits or insurance coverage which may be realized by such Party following the date of such Indemnified Losses in respect of or as a result of such Indemnified Losses or the facts or circumstances relating thereto. Notwithstanding the foregoing, it is understood and agreed that the determination of the net Tax effect and/or insurance coverage benefit of any Indemnified Losses, if any, shall not delay payment or indemnification of such Indemnified Losses by the Indemnifying Party. All Indemnified Losses shall be paid or reimbursed promptly upon determination; the Indemnified Party shall promptly reimburse the Indemnifying Party for the net Tax effect benefit of such Indemnified Losses, if any, upon the date of filing of the Tax return with respect to which such Tax benefit is realizable or upon the date of recovery of any insurance proceeds.

19.9 *No Indemnification For Known Breaches of Representations and Warranties*. Notwithstanding any provision to the contrary contained herein, in the event that either party proves that the other party had actual knowledge, on or before the Closing Date, of the specific facts upon which a claim for indemnification by the other party is based, then the party shall have no liability for any Indemnified Losses resulting from or arising out of such claim.

19.10 *Maximum Amount of Any Indemnification*. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NO PARTY SHALL BE REQUIRED TO INDEMNIFY THE OTHER FOR CLAIMS WITH RESPECT TO WHICH INDEMNIFICATION (ON A CUMULATIVE BASIS, INCLUDING PURSUANT TO ARTICLE 12) UNDER THIS AGREEMENT WOULD OTHERWISE BE AVAILABLE IN EXCESS OF AN AMOUNT EQUAL TO 25% OF THE PURCHASE PRICE, EXCEPT FOR CLAIMS BASED UPON FRAUD.

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ARTICLE 21
EXPENSES

21.1 *Expenses*. Subject to Section 9.1, Section 11.1(b), and Article 16, whether or not the transactions contemplated hereby are consummated, each of the Parties will, except in the case of any breach of the terms and provisions of this Agreement for which either the Buyer or the Seller, as the case may be, may be entitled to indemnification under Article 19 hereof, pay its respective expenses, income and other Taxes and costs (including, without limitation, the commissions, fees, disbursements and expenses of its investment bankers, attorneys, accountants

and consultants) incurred by it in negotiating, preparing, closing and carrying out this Agreement and the Related Agreements and the transactions contemplated hereby and thereby.

ARTICLE 22
DISPUTE RESOLUTION

22.1 *Jurisdiction; No Jury Trial*. Each Party (a) submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York in any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of such action or proceeding may be heard and determined only in any such court, and (c) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each Party waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of the other Party with respect thereto. Each Party may make service on the other Party by sending or delivering a copy of the process to the Party to be served at the address and in the manner provided for the giving of notices in Section 23.1. Nothing in this Section 22.1, however, shall affect the right of any Party to serve legal process in any other manner prohibited by law. To the extent permitted by applicable law, each Party hereby irrevocably waives all rights to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the transactions contemplated hereby or the actions of either Party in the negotiation, administration, performance and enforcement of this Agreement.

ARTICLE 23
MISCELLANEOUS

23.1 *Notices*. Any notice, request, instruction, consent or other document to be given hereunder by either Party hereto to the other Party shall be in writing and delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, as follows:

If to the Buyer:
Optex Systems, Inc.
1420 Presidential Dr.
Richardson, TX 75081
Attention: Danny Schoening, CEO

With a copy to:
Jolie Kahn, Esq.
1020 Riverview Lane
Conshohocken PA 19428
Attention: Jolie Kahn, Esq.

If to the Seller:
L-3 Communications Corporation
9890 Towne Centre Dr
San Diego, CA 92121
Attention: Scott Meader

With a copy to: L-3 Communications Corporation
600 Third Avenue
New York, New York 10016
Attention: General Counsel

or at such other address for a Party as shall be specified in writing by that Party. Any notice which is delivered personally or by telecopy to the addresses provided herein shall be deemed to have been duly given to the Party to whom it is directed upon actual receipt by such Party (or its agent for notices hereunder). Any notice which is addressed and mailed in the manner herein provided shall be deemed given to the entity to which it is addressed when received.

23.2 *Waiver*. Any of the terms or conditions of this Agreement may be waived in writing at any time by the Party which is entitled to the benefits thereof. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of such provision at any time in the future or a waiver of any other provision hereof.

23.3 *Captions*. The captions set forth in this Agreement are for convenience only and shall not be considered as part of this Agreement, nor affect in any way the meaning of the terms and provisions hereof.

23.4 *Successors and Assigns*. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties hereto; *provided, however,* that this Agreement may not be assigned by any Party without the express written consent of the other Party hereto, except that either Party may assign all or part of its rights and obligations under this Agreement to one or more Subsidiaries of such Party, but any such assignment will not release such Party of any of its obligations.

23.5 *Enforceability*. If any provision of this Agreement as applied to any Party or to any circumstance shall be adjudged by a court to be invalid or unenforceable, the same shall in no way affect any other provision of this Agreement, the application of such provision in any other circumstances, or the validity or enforceability of this Agreement. The Parties intend this Agreement to be enforced as written. If any such provision, or part thereof, however, is held to be unenforceable because of the duration thereof or the area covered thereby, the Seller and the Buyer agree that the court making such determination shall have the power to reduce the duration and/or area of such provision, and/or to delete the specific words or phrases, and in its amended form such provision shall then be enforceable and shall be enforced. If any provision of this Agreement shall otherwise finally be determined to be unlawful, then such provision shall be deemed to be severed from this Agreement and every other provision of this Agreement shall remain in full force and effect.

23.6 *No Third-Party Beneficiaries or Right to Rely*. Notwithstanding anything to the contrary in this Agreement, (a) nothing in this Agreement is intended to or shall create for or grant to any Third Party (including without limitation to any former, current or future employees or officers of any Party, any Subsidiary or any labor union) any rights whatever, as a Third Party

beneficiary or otherwise, (b) no Third Party is entitled to rely on any of the representations, warranties, covenants or agreements contained herein, and (c) no Party hereto shall incur any liability or obligation to any Third Party because of any reliance by such Third Party on any representation, warranty, covenant or agreement herein.

23.7 *Counterparts*. This Agreement may be executed in more than one counterpart, each of which shall for all purposes be deemed to be an original and all of which shall constitute one and the same agreement. A signature to this Agreement delivered by telecopy or other artificial means shall be deemed valid.

23.8 *Governing Law*. This Agreement shall in all respects be interpreted, construed and governed by and in accordance with the local laws of the State of New York, without regard to principles of conflict of laws.

23.9 *Time of Essence*. Time shall be of the essence with respect to this Agreement.

23.10 *No Strict Construction*. The language used in this Agreement will be deemed to be the language chosen by the Parties hereto to express their mutual intent, and no rule of strict construction will be applied against either Party.

23.11 *Public Announcements*. The Buyer and the Seller shall agree on the terms of the press releases to be issued upon the execution of this Agreement, if any, and shall require the approval of the other party before issuing any other press releases with respect to this Agreement and the transactions contemplated hereby. Notwithstanding the foregoing, each party shall be entitled to make any announcements required to be made by it under the Securities Exchange Act of 1934, and the regulations promulgated thereunder and otherwise by law.

23.12 *Currency/Method of Payment*. Unless otherwise specifically provided herein, (a) all references to amounts of money shall be to lawful money of the United States, and (b) all payments of money to be made by the Buyer or the Seller, as the case may be, shall be made in immediately available funds.

23.13 *Subsequent Legal Fees*. In the event any action or proceeding is initiated to enforce the terms and provisions of this Agreement, the Party prevailing in said action shall be entitled to its reasonable attorney's fees and costs.

23.14 *Miscellaneous*. As used in this Agreement, the Schedules, the Exhibits and the Related Agreements and as required by the context: the singular and plural shall be deemed to include each other and each gender, to include all genders; the terms herein, hereof, and hereunder or other similar terms refer to this Agreement or the Related Agreements, in which they appear as a whole and not only to the particular sentence, paragraph, subsection or section in which any such term is used except as expressly more specifically limited; and words and phrases defined in this Agreement have the same meaning in the Schedules, Exhibits and Related Agreements unless specifically provided to the contrary in any thereof.

23.15 *Entire Agreement; Amendment*. This Agreement, including all Schedules and Exhibits hereto, together with the Related Agreements and the Confidentiality Agreement between the Seller and the Buyer, constitute the sole understanding of the Parties with respect to the matters contemplated hereby and thereby and supersedes and renders null and void all other prior agreements and understandings between the Parties with respect to such matters. No amendment, modification or alteration of the terms or provisions of this Agreement, including all Schedules and Exhibits hereto, shall be binding unless the same shall be in writing and duly executed by the Party against whom such would apply.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed and delivered by its duly authorized representatives as of the date first written above.

L-3 COMMUNICATIONS CORPORATION

BY:/s/ David Reilly
Name: David Reilly
Title:Vice President

OPTEX SYSTEMS, INC.

BY:/s/ Danny Schoening
Name: Danny Schoening
Title: CEO

SCHEDULE 1.1

Definitions

(a) **"Accounts Receivable"** means all of the Business's trade and other accounts receivable owned by Seller excluding all accounts receivable, if any, that are owed by the Seller or by any Affiliate of the Seller and which relate to the Business.

(b) **"Affiliate"** shall mean, with respect to any Person, at the time in question, any other Person controlling, controlled by or under common control with such Person. For purposes of this definition, "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

(c) **"Agreement"** means this Purchase Agreement.

(d) **"Assignment Agreement"** means the Assignment of Lease and Landlord Consent Agreement (the "Agreement") dated as of the Closing Date, between L-3 Communications Corporation, with an office at 600 Third Avenue, New York,10016 (the "Tenant"), Optex Systems, Inc. with an office at 1420 Presidential Drive, Richardson, TX 75081 (the "Buyer") and Cabot II TX1W04, LP, with an office c/o Stream Realty Partners, 2200 Ross Avenue, Dallas, TX 75207 for the term ending September 30, 2016

(e) **"Assumed Liabilities"** has the meaning set forth in Section 3.1.

(f) **"Benefit Arrangement"** means an Employee Benefit Plan which is neither a Pension Plan nor a Welfare Plan.

(g) **"Business"** has the meaning set forth in Recital A.

(h) **"Buyer"** has the meaning set forth in the introductory paragraph.

(i) **"Buyer's 401(k) Plan"** has the meaning set forth in Section 10.3(b)(i).

(j) **"Buyer's Benefit Arrangements"** has the meaning set forth in Section 10.3(a)(i).

(k) **"Buyer Obligations"** has the meaning set forth in Section 9.5.

(l) **"Buyer's Welfare Plans"** has the meaning set forth in Section 10.3(a)(i).

(m) **"CAA"** means the Clean Air Act, 42 U.S.C. §§ 7401, *et seq.*, as amended.

(n) **"CERCLA"** means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601, *et seq.*, as amended by, among other things, the Superfund Amendments and Reauthorization Act of 1986.

(o) **"Closing"** means the closing of the transactions contemplated by this Agreement.

(p) **"Closing Balance Sheet"** sets forth the book value of the Transferred Assets and the Assumed Liabilities at the time of close. The Closing Balance Sheet will reflect consistent application of accounting policies, methods and practices consist with the preparation of the Financial Statements. All financial statement terms used and not specifically defined hereunder shall be defined in accordance with the common definition of such term under GAAP unless otherwise stated.

(q) **"Closing Date"** has the meaning set forth in Section 15.1.

(r) **"COBRA"** means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, including the rules and regulations promulgated thereunder.

(s) **"Collective Bargaining Agreements"** has the meaning set forth in Section 5.17(b).

(t) **"Confidentiality Agreement"** means that Certain Agreement between L-3 Communications Corporation and Optex Systems dated March 31, 2014.

(u) **"Contracts"** means all agreements, contracts and commitments of any sort whatsoever, whether written or oral, entered into primarily or exclusively in connection with the conduct of the Business, including, but not limited to, all purchase orders, sales orders, distributor agreements, franchise agreements, sales representation agreements, warranty agreements, service agreements, collective bargaining agreements and other contracts with labor unions, if any, employment and consulting agreements, guaranty agreements and confidentiality agreements.

(v) **"CWA"** means the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251, *et seq.*, as amended.

(w) **"Disclosed Contracts"** has the meaning set forth in Section 5.8(a).

(x) **"Effective Date"** has the meaning set forth in Section 10.1.

(y) **"Eligible Claim"** has the meaning set forth in Section 19.3

(z) **"Employee Benefit Plan"** means each employee bonus, retirement, pension, profit sharing, stock option, stock appreciation, stock purchase, incentive, deferred compensation, hospitalization, medical, dental, vision, life and other health and disability (whether provided by insurance or otherwise), severance, termination and other plan, program, arrangement, policy or payroll practice providing any remuneration or benefits (other than current cash compensation), including, without limitation, each ERISA Plan (other than a multiemployer plan within the meaning of

Section 3(37) of ERISA) which is both (a) (i) maintained by the Seller or any Person that would be aggregated with, or treated as the same employer as, the Seller for any purpose under the Tax Code or ERISA (an "ERISA Affiliate") or (ii) to which the Seller or any ERISA Affiliate contributes or has contributed and (b) one under which any Product Line Employee or former Product Line Employee participates or had accrued any rights or under which the Seller is liable in respect of a Product Line Employee or former Product Line Employee with respect to his employment with the Product Line.

(aa) **"Environmental Laws"** has the meaning set forth in Section 5.11(b).

(bb) **"EPCRA"** means the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001, *et seq.*, as amended.

(cc) **"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended, including the rules and regulations promulgated thereunder.

(dd) **"ERISA Plan"** has the meaning set forth in section 3(3) of ERISA with respect to Employee Benefits Plans which are subject to ERISA.

(ee) **"Excluded Assets"** has the meaning set forth in Section 2.2.

(ff) **"Excluded Proprietary Rights"** has the meaning set forth in Section 2.2(c).

(gg) "**Financial Statements**" means each of the pro forma unaudited balance sheets and pro forma unaudited statements of income of the Business for the fiscal years ending December 31, 2012, December 31, 2013 and June 27th, 2014.

(hh) **"Forward Looking Data"** has the meaning set forth in Section 6.8.

(ii) **"GAAP"** means generally accepted accounting principles in the United States of America.

(jj) **"Governmental Authority"** means the United States, any other country, any national body (including the European Union), any state, province, municipality, or subdivision of any of the foregoing, any agency, governmental department, court, entity, commission, board, ministry, bureau, locality or authority of any of the foregoing, or any quasi-governmental or private body exercising any regulatory, Taxing, importing, exporting, or other governmental or quasi-governmental function or any arbitrator.

(kk) **"Governmental Entity"** means any government or any court, arbitral tribunal, administrative agency or commission or other governmental or other regulatory authority or agency, Federal, state, local, or foreign.

(ll) **"Government Contract"** means (i) any contract, agreement, lease or instrument relating to the Business with any Governmental Entity and (ii) any contract, agreement, lease or

instrument relating to the Business entered into by the Seller or the Business as subcontractor (at any tier) in connection with a contract between a Third Party and any Governmental Entity.

(mm) **"Hazardous Materials"** has the meaning set forth in Section 5.11(b).

(nn) **"Indemnified Losses"** has the meaning set forth in Section 19.1.

(oo) **"Indemnified Party"** has the meaning set forth in Section 19.3.

(pp) **"Indemnifying Party"** has the meaning set forth in Section 19.4

(qq) **"Inactive Employees"** means those Product Line Employees who are temporarily absent from active employment by reason of disability, illness, injury, workers' compensation, military leave, approved leave of absence or layoff, if any.

(rr) **"Intellectual Property"** means

(i) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, divisions, and reexaminations thereof;

(ii) all trademarks, service marks, trade dress, logos, trade names, and corporate names, together with all translations, adaptations, derivations, and combinations thereof, including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith,;

(iii) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith;

(iv) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals);

(v) computer software, including source code to the extent assignable, disks, documentation, operating manuals, related systems data, source programs, record layouts, program libraries, and any other documentation in those application areas that may pertain to any data processing system or operation; and

(vi) all copies and tangible embodiments of any of the foregoing (in whatever form or medium);

which, in each case, relate primarily or exclusively to the conduct of the Business as conducted as of the date of this Agreement.

(ccc) **"Inventory"** means, with respect to the Business, all of the inventory of raw materials, work-in-process, finished goods, packaging, supplies and spare parts, as the same shall exist on the Closing Date, whether in the possession of, in transit to or from the Business or held by any third party.

(ddd) **"Law"** means all statutes; regulations; by-laws, codes; ordinances; decrees; rules; judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, or awards; policies; voluntary restraints; guidelines; directives; agreements with, requirements of, or instructions by any Governmental Authority; and general principles of common or civil law and equity.

(eee) **"Leased Real Property"** has the meaning set forth in Section 2.1(a).

(fff) **"Lien"** means any lien, mortgage, charge, pledge, security interest, restriction on transferability, easement, defect of title or other claim, easement, encroachment or other encumbrance of any nature whatsoever on any Real Property or Personal Property or property interest.

(ggg) **"Litigation Condition"** has the meaning set forth in Section 19.5(a)

(hhh) **"Material Adverse Effect"** means (a) any effect that is materially adverse to the value of the Transferred Assets taken as a whole or materially adverse to the Business, or results of operations of the Business taken as a whole, or (b) any effect that would in the aggregate, materially impair, hinder or otherwise materially and adversely affect the ability of the Seller or the Buyer, as the case may be, to effect the Closing, to perform any of their material obligations under this Agreement or any of the Related Agreements, other than (x) any effect arising out of or resulting from general industry, economic, regulatory or capital market conditions, (y) any effect caused by the public announcement, if any, of the transactions contemplated by this Agreement or (z) any general reduction in military planning and spending by the U.S. Government or its agencies.

(iii) **"Non-Transferable Assets"** has the meaning set forth in Section 2.3(a).

(jjj) **"Novation Agreement"** has the meaning set forth in Section 8.2.

(kkk) **"OSHA"** means the Occupational Safety and Health Act of 1970, 29 U.S.C. §§ 651, *et seq.*

(lll) **"Other Excluded Assets"** has the meaning set forth in Section 2.2(j).

(mmm) **"Other Transferred Assets"** has the meaning set forth in Section 2.1(j).

(nnn) **Owned Real Property"**.

(ooo) **"Party"** means the Buyer or the Seller, referred to individually, and "Parties" means the Buyer and the Seller referred to collectively.

(ppp) **"Permits"** has the meaning set forth in Section 2.1(h).

(qqq) **"Person"** means an individual, corporation, limited liability company, partnership, association, estate, trust, unincorporated organization, governmental or quasi-governmental agency or body or other entity or organization.

(rrr) **"Personal Property"** means all of the personal property, including, without limitation, all machinery, equipment, computer hardware, vehicles, tools, dies, repair and replacement parts, office furniture, fixtures and equipment used primarily or exclusively in the conduct of the Business, except to the extent disposed of in the ordinary course of business prior to the Closing Date, and such additional items as are acquired in the ordinary course of business prior to the Closing Date, in each case consistent with the terms and conditions of this Agreement.

(sss) **"Personal Property Leases"** means all leases covering any Personal Property.

(ttt) **"Personal Property Permitted Exceptions"** has the meaning set forth in Section 5.6.

(uuu) **"Product Line"** has the meaning set forth in Recital A.

(vvv) **"Product Line Employees"** means the persons who work primarily or exclusively in connection with the conduct of the Business.

(www) **"Proprietary Rights"** has the meaning set forth in Section 2.1(f).

(xxx) **"Purchase Price"** has the meaning set forth in Section 4.1(a).

(yyy) **"RCRA"** means the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§ 6901, *et seq.*, as amended.

(zzz) **"Real Property"** means the Owned Real Property and the Leased Real Property, collectively.

(aaaa) **"Real Property Permitted Exceptions"** has the meaning set forth in Section 5.6(a).

(bbbb) **"Related Agreements"** means the related agreements contemplated by this Agreement including those attached to this Agreement as Exhibits.

(cccc) **"Release"** has the meaning set forth in Section 5.11(b).

(dddd) **"Retained Liabilities"** has the meaning set forth in Section 3.2.

(eeee) **"Seller"** has the meaning set forth in the introductory paragraph.

(ffff) **"Seller's Accounting Principles"** means the accounting principles used by the Seller in preparing the Financial Statements which principles are in accordance with the historical method used by Seller to prepare the Product Line's Financial Statements. except as set forth on Schedule 1.1(ffff), consistently applied.

(gggg) **"Seller's Knowledge"** means the actual knowledge of the individuals set forth on Schedule 1.1(gggg).

(hhhh) **"Services Agreements"** has the meaning set forth in Section 9.1.

(iiii) **"Shared Liabilities"** has the meaning set forth in Section 3.3.

(jjjj) **"Software"** means computer software, including source code, disks, documentation, operating manuals, related systems data, source programs, record layouts, program libraries, and any other documentation in those application areas that may pertain to any data processing system or operation.

(kkkk) **"Subsidiary"** means any corporation, the capital stock of which represents more than 50% of the general voting power under ordinary circumstances of such corporation, which is directly or indirectly owned or controlled by another corporation.

(llll) **"SWDA"** has the meaning set forth in Section 5.12(b).

(mmmm) **"Tax"** means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other Tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

(nnnn) **"Tax Code"** means the Internal Revenue Code of 1986, as amended.

(oooo) **"Threshold Amount"** has the meaning set forth in Section 19.3

(pppp) **"Third Party"** means any Person not a signatory to this Agreement other than a Buyer Subsidiary.

(qqqq) **"Third Party Claim"** has the meaning set forth in Section 19.5(a)

(rrrr) **"Transaction"** means the transactions contemplated by this Agreement and the Related Agreements.

(ssss) **"Transferred Assets"** has the meaning set forth in Section 2.1.

(tttt) **"Transferred Employees"** has the meaning set forth in Section 10.3(a).

(uuuu) **"TSCA"** means the Toxic Substances Control Act, 15 U.S.C. §§ 52601, *et seq.*, as amended.

(vvvv) **"WARN"** has the meaning set forth in Section 10.8.

(wwww) **"Welfare Plans"** means the Employee Benefit Plans which are welfare plans within the meaning of Section 3(1) of ERISA and which covers Product Line Employees.

EXHIBIT 5.3 FINANCIAL STATEMENTS

Schedule 5.3

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AOC Financial Summary – Profit & Loss *Updated*

	2012A	2013A
Sales (w/ other income)	$6,349,105	$8,219,682
COS	$5,474,815	$8,955,681
Gross Profit	$874,290	($736,000)
SGA	$376,938	$473,713
Marketing	$268,054	$265,285
BP	$423,738	$479,713
RD	$458,263	$263,917
Total SGA	$1,526,993	$1,482,629
Net Income	($652,703)	($2,218,628)

AOC Financial Summary – Balance Sheet *Updated*

	2012A	2013A
Assets		
CASH	$0	$0
AR - NET OF RESERVES	$479,348	$490,659
INVENTORY - NET OF RESERVES	$1,916,102	$2,338,332
PREPAIDS	$15,057	$16,602
PPE - NET OF A/D	$2,836,334	$2,313,467
Total Assets	$5,246,842	$5,159,059
Liabilities		
ACCOUNTS PAYABLE	$366,776	$1,257,924
ACCRUALS - EMPLOYEE RELATED	$435,486	$643,449
INTERCO DUE TO CORP	$486,657	$1,025,409
INTERCO DUE TO/FROM WSD	$2,532,601	$975,012
INTERCO CASH TO/FROM CORP	$2,078,025	$4,128,595
Total	$5,899,544	$8,030,390
Equity		
RETAINED EARNINGS PRIOR	$0	($652,703)
RETAINED EARNINGS CURR	($652,703)	($2,218,628)
Total	($652,703)	($2,871,331)
Total Liabilities & Equity	$5,246,842	$5,159,059

Balance Sheet

Balance Sheet

	P6 2014
Assets	
CASH	0
AR - NET OF RESERVES	201,560
INVENTORY - NET OF RESERVES	3,024,042
PREPAIDS	5,852
PPE - NET OF A/D	1,864,335
Total Assets	5,095,790
Liabilities	
ACCOUNTS PAYABLE / ACCRUALS	166,633
ACCRUALS - EMPLOYEE RELATED	370,924
INTERCO DUE TO CORP	1,262,140
INTERCO DUE TO/FROM WSD	1,775,945
INTERCO CASH TO/FROM CORP	4,927,200
Total	8,502,843
Equity	
RETAINED EARNINGS PRIOR	-2,871,331
RETAINED EARNINGS CURR	-535,723
Total	-3,407,053
Total Liabilities & Equity	5,095,790

AP/Accruals includes Accrued State Tax $93K, Accrued Vendor Invoices $34K, A/P $22K, Misc Other Accruals $18K.

Income Statement

P&L

	P6 YTD 2014
Sales	1,410,679
Interco Sales	482,652
COS	-1,422,884
Interco COS (10% Profit Margin)	-359,592
Gross Profit	110,855
SGA	224,805
Marketing	89,673
BP	286,942
RD	45,158
Total SGA	646,578
Net Income	-535,723

Closing Balance Sheet

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Balance Sheet

	AOC - 10.30.14
Current Assets	
RAW MATERIALS INVENTORY	598,678
WORK IN PROCESS INVENTORY	1,217,523
FINISHED GOODS INVENTORY	640,755
PREPAID MAINTENANCE	3,589
PREPAID EXPENSES	43,538
Total	2,504,083
PPE	
PPE: MACHINERY & EQUIPMENT/FF	3,757,557
PPE: LEASEHOLD IMPROVEMENT	960,307
AD: MACHINERY & EQUIPMENT/FF	-2,296,922
AD: LEASEHOLD IMPROVEMENT	-726,318
Total	1,694,624
Total Assets	4,198,706
Current Liabilities	
ACCOUNTS PAYABLE	42,501
ACCRUED VACATIONS	121,193
ACCRUED VENDOR INVOICES	72,196
ACCRUED STATE TAX	234
CUSTOMER ADVANCES	26,947
WARRANTY ACCRUAL	3,143
OTHER ACCRUED EXPENSES	4,505
Total	270,719
Total Liabilities	270,719

EXHIBIT 7.1(D) CAPITAL EXPENSE BUDGET

None.

EXHIBIT 7.11(A) AGENCY DESIGNATION

Separately filed.

EXHIBIT 9.1(A) TRANSITION AGREEMENT

SCHEDULE 9.1

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement (the "Agreement") is made as of October 30, 2014, by and between L-3 Communications Corporation Inc., a Delaware corporation (the "Seller"), and Optex Systems Inc., a Delaware Corporation ("Buyer"). Capitalized terms used in this Agreement without definition have the respective meanings given to them in the Purchase Agreement (as defined below).

Seller has agreed to sell and assign to Buyer, and Buyer has agreed to purchase and assume from Seller, certain assets and liabilities of the L-3 Applied Optics ("AOC") product line/business pursuant to the terms and conditions set forth in that certain Purchase Agreement of even date herewith, between Buyer and Seller (the "Purchase Agreement").

At the Closing, the parties desire that Seller provide to Buyer certain transition services with respect to the operation of the AOC business following the Closing as more fully set forth in this Agreement.

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual provisions set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1
PROVISION OF SERVICES

Section 1.1 Transition Services. During the term of this Agreement as set forth in Article 2, Seller will provide to Buyer, upon the terms and subject to the conditions hereof, the services more particularly described on Schedule A with respect to the AOC Business (collectively, the "Transition Services").

Section 1.2 Level of Transition Services.

(a) Seller will perform, or cause to be performed, the Transition Services in the manner substantially similar to that provided by Seller to the AOC Business during the 6-month period immediately prior to the execution of the Purchase Agreement.

(b) Notwithstanding anything to the contrary herein, in no event will any Transition Service include (i) any services that would be unlawful for Seller to provide or (ii) the exercise of business judgment or general management for Buyer.

Section 1.3 Compliance with Laws. Each party will comply with all applicable Laws governing the provision of Transition Services to be provided under this Agreement. No party will take any action in violation of such applicable Law that could result in liability being imposed on the other party or any of its Affiliates.

Section 1.4 No Obligation to Continue to Use Transition Services; Partial Termination. Buyer will have no obligation to continue to use any of the Transition Services and, except as otherwise

specified on Schedule A, may terminate any Transition Service by giving Seller not less than 5 days' prior written notice of its desire to terminate any Transition Service.

ARTICLE 2
TERM

Section 2.1 Term and Termination.

(a) This Agreement is effective upon execution and delivery hereof and the term of this Agreement will commence on the Closing Date and, unless earlier terminated in accordance with the provisions of this Agreement, will continue in effect with respect to each of the Transition Services for the term thereof as set forth in Schedule A; the last date in each such term being referred to in this Agreement as the "Termination Date" for each of such Transition Services.

(b) This Agreement may be terminated prior to any Termination Date as follows:

(i) by mutual consent of Buyer and Seller;

(ii) by Seller, by giving written notice to Buyer if Buyer breaches or is in default of any payment obligation set forth in this Agreement, and such breach or default has not been cured or cannot be cured within 10 days after the notice of such breach from Seller; or

(iii) by Buyer (i) by giving written notice to Seller if Seller breaches or is in default of any obligation set forth in this Agreement, and such breach or default has not been cured or cannot be cured within 10 days after the notice of such breach from Buyer or (ii) as to any particular Transition Service pursuant to Section 1.4.

Section 2.2 General Intent. Buyer will use reasonable commercial efforts to end its need to use the Transition Services as soon as practicable following the Closing Date and (unless the parties otherwise agree) in all events to end such need with respect to each Transition Service not later than the applicable Termination Date set forth on Schedule A.

ARTICLE 3
COMPENSATION

Section 3.1 Fees. As consideration for the Transition Services, Buyer will pay, or cause to be paid, to Seller the amount specified for each Transition Service as set forth in Schedule A (collectively, the "Fees"). All charges based on a hourly or other time basis will be prorated based on actual hours elapsed during the period of service. Upon the termination of any Transition Service in accordance herewith, the consideration to be paid under this Section 3.1 will be the accrued hourly fees payable under this Section 3.1.

Section 3.2 Invoices. Within 15 days after the end of each calendar month, Seller will submit an invoice to Buyer for all Transition Services provided during such calendar month pursuant to this Agreement. The invoices will include a reasonably detailed description of, and specify the amount for, each type of Transition Service including the name of the provider and recipient of the respective Transition Services. Seller will provide documentation supporting any amounts invoiced pursuant to this Article 3 as Buyer may from time to time reasonably request, including detail with respect to billing information relating to the Transition Services provided by any Third Party Provider under this Agreement.

Section 3.3 Time of Payment. Buyer will pay, or cause to be paid, all amounts due pursuant to this Agreement within 15 days after receipt of each such invoice hereunder; provided, however, that in the event that Buyer, in good faith and upon reasonable grounds, disputes any invoiced item, Buyer may withhold payment of the disputed amount and the parties will negotiate in good faith to resolve all such disputed amounts. Upon resolution of any such dispute, Buyer will promptly pay to Seller all amounts agreed to be owed by Buyer to Seller. Seller will continue to provide the Transition Services in accordance with this Agreement pending resolution of any dispute.

ARTICLE 4
PERSONNEL

Section 4.1 Right to Designate and Change Personnel. Seller will make available to Buyer such personnel as may be reasonably necessary to provide the Transition Services. Seller will have the right, in its reasonable discretion, to designate which personnel it will assign to perform the Transition Services. Seller also will have the right, in its reasonable discretion, to remove and replace any such personnel at any time or, so long as there is no resulting increase in costs for Buyer; provided, however, that Seller will use its commercially reasonable efforts to limit the disruption to Buyer in the transition of the Transition Services to different personnel.

Section 4.2 Financial Responsibility for Seller Personnel. Seller will pay for all personnel expenses, including wages and employee benefits, of its employees performing the Transition Services.

ARTICLE 5
PROPRIETARY RIGHTS

Section 5.1 Ownership. This Agreement and the performance of the Transition Services hereunder will not affect the ownership of any assets (including the Assets) allocated in the Purchase Agreement. Neither party will gain, by virtue of this Agreement or the Transition Services hereunder, by implication or otherwise, any rights of ownership of any Intellectual Property or other property owned by the other. Buyer will own all data assigned to Buyer pursuant to the Purchase Agreement as well as any changes or additions thereto made on behalf of Buyer in the performance of the Transition Services. In addition, Buyer will own any other data with respect to Buyer or the AOC Business to the extent (and only to the extent) such data is developed, processed, stored, used or generated by Seller on behalf of Buyer or the AOC Business, in the performance of the Transition Services. The provisions of this Section 5.1 do not grant Buyer any rights to any data concerning Seller or its business (other than the AOC business).

ARTICLE 6
INDEMNIFICATION

Section 6.1 No Other Warranties. The representations and warranties set forth in this Agreement are Seller's only representations and warranties concerning the Transition Services and the Additional Services and are made for the benefit of Buyer in lieu of all other representations or warranties of any kind, express or implied, including warranties of merchantability or fitness for any particular use or purpose, with respect to any Transition Services hereunder.

Section 6.2 Indemnification. Seller will indemnify and hold harmless Buyer Indemnified Parties from and against any and all Losses incurred or suffered by Buyer Indemnified Parties arising or resulting from the gross negligence or intentional misconduct of Seller in connection with the provision of, or failure to provide, any Transition Services to Buyer.

Section 6.3 Limitation of Liability. **Notwithstanding any other provision of this Agreement to the contrary, in no event will any party be liable for any special, indirect, exemplary, punitive or consequential damages in connection with any claims, losses, damages or injuries arising out of the conduct of such party pursuant to this Agreement regardless of whether the nonperforming party was advised of the possibility of such damages or not except to the extent awarded by a court of competent jurisdiction with respect to a third party claim.**

ARTICLE 7
FORCE MAJEURE

In the event that either party is delayed in or prevented from performing its obligations under this Agreement, in whole or in part, due to a cause beyond its reasonable control, including an act of God, fire, flood, explosion, civil disorder, strike, lockout or other labor trouble, material shortages of utilities, delay in transportation, breakdown or accident, any Law, Proceeding, demand or requirement of any Governmental Authority, riot, war, or other cause beyond its reasonable control (each a "Force Majeure Event"), then upon written notice by the party whose performance is affected thereby to the other party of the nature of the Force Majeure Event and its anticipated duration, (i) the affected obligations under this Agreement will be suspended to the extent prevented during the period of the Force Majeure Event, (ii) neither party will have any liability to the other party or any other Person in connection with such suspended obligation and (iii) the party claiming the Force Majeure Event will use its commercially reasonable efforts to cure the cause of the delay or failure to perform promptly and will resume performance as soon as the Force Majeure Event has ended.

ARTICLE 8
GENERAL PROVISIONS

Section 8.1 Notices. All notices given pursuant to this Agreement shall be governed by Section 15.1 of the Purchase Agreement.

Section 8.2 Section Headings; Construction. The headings of Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

Section 8.3 Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

Section 8.4 Entire Agreement and Modification. This Agreement, together with all exhiAOCs and schedules hereto and the other documents referenced herein, supersedes all prior agreements between the parties with respect to its subject matter and constitutes (along with the documents referred to in this Agreement) a complete and exclusive statement of the terms of the agreement between the Parties with respect to its subject matter. This Agreement may not be amended except by a written agreement executed by the party to be charged with the amendment.

Section 8.5 Assignments, Successors, and No Third-Party Rights. No Party may assign any of its rights under this Agreement without the prior consent of the other Parties, except that Buyer may assign any of its rights under this Agreement to any Subsidiary of Buyer. Subject to the preceding

sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement (other than the Indemnified Persons). This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

Section 8.6 Waiver. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to herein.

Section 8.7 Governing Law; Jurisdiction; Service of Process. . This Agreement will be governed by the laws of the State of New York without regard to conflicts of laws principles. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement may be brought against any of the parties in the state or federal courts located in the State of New York, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein.

Section 8.8 Counterparts. This Agreement may be executed by electronic transmission and in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. Relationship of the Parties. Nothing in this Agreement creates a joint venture or partnership between the parties. This Agreement does not authorize either party (a) to bind or commit, or to act as an agent, employee or legal representative of, the other party, except as may be specifically set forth in other provisions of this Agreement or (b) to have the power to control the activities and operations of the other party. The parties are independent contractors with respect to each other under this Agreement. Each party agrees not to hold itself out as having any authority or relationship contrary to this Section.

Section 8.9 – Intentionally Left Blank

Section 8.10 In all matters relating to this Agreement, each party is solely responsible for the acts of its Affiliates, employees and agents, and employees or agents of one party will not be considered employees or agents of any other party.

Section 8.11 Counterparts. The parties may execute this Agreement in multiple counterparts, each of which constitutes an original as against the party that signed it, and all of which together constitute one agreement. This Agreement is effective upon delivery of one executed counterpart from each party to the other party. The signatures of all parties need not appear on the same counterpart. The delivery of signed counterparts by facsimile or email transmission that includes a copy of the sending party's signature(s) is as effective as signing and delivering the counterpart in person.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Asset Purchase Agreement as of the date first written above.

BUYER:

Optex Systems, Inc

By: _____
Name: _____
Title: _____

SELLER:
L-3 Communications Corporation

By: _____
Name: _____
Title: _____

Schedule A

Transition Services

Description of Service:	Phone Services - The Seller currently provides telephone services, including private branch exchange dial tone, local and long distance services, directory assistance, voice mail, repair and move/add/change/delete services. Seller will continue to provide these services to the Buyer while the Buyer migrates to a local service provider
Termination Date:	45 days after the Closing Date.
Fee:	1) Actual costs incurred associated with phone services Labor rates at $80/hour
Description of Service:	Network Connectivity – business currently operates on the Seller network. At Closing, the business will continue to have access to the Seller network until the transition period ends, OR, the business provides their own dedicated data circuit for the business network. At no time shall the business connect a private data circuit on business network while the Seller's data connection is operational. Seller will continue to provide Internet connectivity to the facility during the transition period noted below while the Buyer transitions to an alternate solution/service provider. Upon request, Seller will provide commercially reasonable assistance to the Business in its transition of carrier contracts (data only) from existing Seller agreements to those provided by the business. Seller will be responsible for disconnecting all services that are not transitioned. All carrier services must be transitioned off Seller contracts within 45 days after the Closing. Further, Seller will assist business in transferring files and specified equipment and will facilitate the transfer of knowledge on how the systems operate and are maintained by the Seller. The Seller will also provide reasonable assistance to business in connection with business's transition of such services to an alternate solution.
Termination Date:	45 days after the Closing Date.

Fee:	1) Actual costs incurred for service and Labor rates at $80/hour
Description of Service:	Security System – business currently operates on the Seller's security system. Seller will continue to provide Security systems service to the facility during the transition period noted below while the Buyer transitions to an alternate solution/service provider. The Seller's network is required for the Security system and should that service be disconnected due to "Network connectivity" transition period mentioned above, the security system service will be discontinued.
Termination Date:	45 days after the Closing Date
Fee:	1) Actual costs incurred for any parts/materials and service fees. Labor rates at $80/hour
Description of Service:	Email Services – Seller will forward e-mail to Buyers e-mail addresses during the transition period noted below while the business migrates to an alternate solution. Seller agrees to provide an automated response for 30 days past the end of the transition period.
Termination Date:	30 days after the Closing Date
Fee:	Cost of service will be based on actual costs incurred. Labor rates at $80/hour
Description of Service:	Other Services – The Seller will work with Buyer to ensure any service gaps are covered in the unlikely event service is not available.
Termination Date:	45 days after the Closing Date
Fee:	Cost of service will be based on actual costs incurred. Labor rates at $80/hour

Transition Services Agreement
Schedule A.1-HR

Title: Health and Welfare Plan Administration.

Description of service:

L-3 will provide continuation of coverage and administrative support for benefit plans and programs including: medical, Rx (including mail order), dental, vision, Cobra (ADP) and flexible spending accounts (FSA) through its Benefit Center (Xerox) for eligibility, enrollment, customer service, premiums and claims for L-3 Applied Optics (AOC) "Transitioned Employees", as defined in Section 10.1 of the Asset Purchase Agreement, and for post closing former employees (AOC terminations) through the end of the HR Transition Services period with the following clarifications:

- **During the Transition Period, billings and reimbursements will be on a Cobra premium rate basis for both self insured and fully insured medical, Rx, Dental, vision invoiced to L-3 AOC Division.**

- **FSA administration (HCRA & DCRA) can be continued through the Cobra process.**

- **Effective with the Closing Date, L-3 will issue a COBRA Notice to all AOC Transitioned Employees based on their qualifying event (termination of employment). Should a Transitioned Employee terminate employment with Optex Systems, Inc. after the Closing Date but before the end of the Transition Period, L-3 will issue a revised COBRA Notice effective immediately. COBRA coverage for terminated Transitioned Employees will transfer to Optex Systems, Inc. plans at the end of the Transition Period.**

- **Effective with the end date of the Transition Period, L-3 will cease to have any responsibility to provide health care benefits including administrative support incurred during the Transition Period.**

- **Effective with the Closing Date, Staffing Services, Short and Long Term Disability, Life Insurance, Accidental Death & Disability (AD&D), all Voluntary Benefits (including but not limited to Supplemental AD&D, Long Term Care, Group Universal Life, etc.), EAP, Business Travel Accident coverage (BTA), Unemployment and Workers Compensation coverage is excluded from this agreement.**

L-3 will invoice Optex Systems, Inc. for Transitioned Employees Cobra premiums on a monthly basis.

Provider: Human Resources – Benefits

Organization: L-3
Address: **600 Third Avenue**
New York, New York 10016

Contact: **Sabina Marotta – VP, Employee Benefits**
Phone: **212-805-5371**

Receiver:

Organization: Optex Systems, Inc.
Address: 1420 Presidential Dr.
Richardson, TX 75081

Contact: Karen L. Hawkins
Vice President of Finance/Controller
Phone: Ph 972.764.5676

Basis for cost:

Other than the costs identified on this schedule, both L-3 and Optex Systems, Inc. will pay their respective costs in supporting the migration of the Business off of L-3's business infrastructure including but not limited to conversion efforts and knowledge transfer.

See attached for Health and Welfare costs and respective start-up and on-going fees.

Benefit/Vendor Costs:

L-3 will send a request for funds to Optex Systems, Inc. for all health and welfare plan costs on a monthly basis for payment by Optex Systems, Inc.

Outside vendor Costs:

Outside vendor costs, if applicable, incurred by L-3 on behalf of Transitioned Employees will be included as a separate line item on the L-3 invoice issued monthly.

Term of service: **Closing Date until December 31, 2014**

The below represents anticipated cost for coverage, start-up and on-going administrative support based on L-3's experience.

VENDOR	PRODUCT	EMPLOYER COST			
Aetna Choice POS II	POS	EE	ES	EC	EF
		$635	$1,336	$1,241	$1,907
Aetna EPO	EPO	EE	ES	EC	EF
		$589	$1,236	$1,147	$1,763
Aetna Health Funds	HRA	EE	ES	EC	EF
Option I		$495	$1,040	$ 966	$1,485
Option II		$454	$ 954	$ 886	$1,362
Incentive Credits	L-3	Health Risk Assessment		$ 75	
		Annual Physical		$125	
		Disease Management		$200	
Aetna International	Med/Rx	EE	ES	EC	EF
		$273.75	$858.18	$814.27	$1,225.40
Aetna Dental	PPO	EE	ES	EC	EF
		$29	$60	$56	$86
Aetna Dental	DMO	EE	ES	EC	EF
		$26.75	$45.93	$62.30	$77.01
Aetna International	Dental PPO	EE	ES	EC	EF
		$20.42	$43.90	$42.88	$74.53
VSP	Vision	EE	ES	EC	EF
		$8	$14.50	$14.50	$20
ADP					
	COBRA Admin Fee	Qualifying Event $6.75 per event per month Cobra Continuants $4.50 each per month HIPAA w/Non Cobra $4.50 each per month			
	Cobra Rates	Above rates plus 2%			

EXHIBIT 15.3 BILL OF SALE

ASSIGNMENT AND BILL OF SALE AGREEMENT

ASSIGNMENT AND BILL OF SALE AGREEMENT, dated October 30, 2014, between L-3 Communications Corporation, a Delaware corporation ("Seller"), and Optex Systems, Inc., a Delaware corporation ("Buyer"). Capitalized terms used herein without definition shall have the meaning given to such terms in the Asset Purchase Agreement (as defined below).

WHEREAS, Buyer and Seller are parties to an Asset Purchase Agreement, dated as of October 30, 2014 (the "Asset Purchase Agreement"), providing for, among other things, the assignment to Buyer of the Assets and the assumption by Buyer of the Assumed Liabilities;

WHEREAS, Article 15 of the Asset Purchase Agreement requires that an Assignment and Bill of Sale Agreement be executed and delivered at the Closing; and

WHEREAS, Buyer and Seller now desire to carry out the intent and purpose of the Asset Purchase Agreement by executing and delivering this Agreement.

NOW, THEREFORE, in consideration of (i) the mutual covenants of Buyer and Seller contained in the Asset Purchase Agreement and (ii) other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

Seller by these presents does hereby bargain and sell, assign, transfer, convey to and vest in Buyer, its successors and assigns, all of Seller's right, title and interest, legal and equitable, in and to all of the Assets, to have, hold and use forever.

Buyer hereby undertakes, assumes and agrees to perform, pay or discharge when due all of the Assumed Liabilities.

Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon or give to, any person, firm or corporation other than Buyer and Seller and their respective successors and assigns, any remedy or claim under or by reason of this Agreement or any term, covenant or condition hereof, and all the terms, covenants and conditions, promises and agreements contained in this Agreement shall be for the sole and exclusive benefit of Buyer and Seller and their respective successors and assigns.

Seller has executed and delivered to Buyer certain specific instruments of assignment of even date herewith with respect to certain of the Assets. Nothing contained in such instruments of assignment shall be deemed to modify, limit or restrict anything contained in this Agreement.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto.

This Agreement may be amended, extended, superseded, canceled or renewed, and the terms hereof may be waived, only by a written instrument signed by the parties, or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE WITHOUT REGARD TO THE CHOICE OF LAW PRINCIPLES THEREOF.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all of the parties hereto.

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

OPTEX SYSTEMS, INC.

By: _____
Name:
Title:

L-3 COMMUNICATIONS CORPORATION

By: _____
Name:
Title:

ASSIGNMENT OF LEASE AND LANLORD CONSENT AGREEMENT

THIS ASSIGNMENT OF LEASE AND LANDLORD CONSENT AGREEMENT (the "Agreement") is dated as of November 3, 2014, between L-3 COMMUNICATIONS CORPORATION, with an office at 600 Third Avenue, New York, 10016 (the "Tenant"), OPTEX SYSTEMS, INC. with an office at 1420 Presidential Drive, Richardson, TX 75081 (the "Buyer") and CABOT II TX1W04, LP,with an office c/o Stream Realty Partners, 2200 Ross Avenue, Dallas, TX 75207 (the "Landlord"), with reference to the following:

RECITALS

A. The predecessors-in-interest to Landlord and the Tenant are parties to the Leases dated as of August 27, 1996 covering Premises located at 9839 and 9827 Chartwell Drive, respectively, Dallas, Texas (the "Premises"), as amended by First Amendments dated May 14, 2001, Second Amendments dated January 9, 2004, Third Amendments dated February 21, 2005 and the Fourth Amendment dated March 13, 2009 (such Leases as so amended being referred to as the "Lease").

B. The Buyer is acquiring certain assets and business operations of a subsidiary of Tenant which occupies the Premises (the "Acquisition"). The Tenant desires to assign the Lease to the Buyer and the Buyer agrees to accept such assignment (such assignment being referred to as the "Assignment").

C. Subject to the terms and conditions contained herein, the Landlord is desirous of consenting to the Assignment, and the Landlord, the Tenant and the Buyer are further desirous of confirming and agreeing to certain matters pertaining to the Lease and the Assignment.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby covenant and agree, as follows:

1. **Landlord's Consent**. Effective as of the date the Acquisition is consummated (the "Effective Date"), Tenant hereby assigns the Lease to Buyer and Buyer hereby accepts such assignment and the Landlord hereby consents to the Assignment upon and subject to the terms and conditions set forth herein.

2. **Lease Obligations**. The Landlord agrees that the Tenant named in the Lease shall be released from all terms, covenants, conditions and obligations required to be performed and fulfilled by the Tenant under the Lease from and after the Effective Date, including, without limitation, the obligations to make all payments due or payable on behalf of the Tenant under the Lease as they become due and payable. Landlord and Buyer agree that all such terms, covenants, conditions and obligations shall be assumed

and performed by the Buyer from and after the Effective Date and that the Premises shall be surrendered by the Tenant and accepted by the Landlord and the Buyer on the Effective Date in their then as-is condition.

3. **Representations**. The Tenant and the Landlord represent to the Buyer and agree as follows:

(a) The Lease attached hereto as Exhibit A is a true, correct and complete copy of the Lease (including any extensions, addenda and amendments thereof) and the same are the only agreements between the Landlord and the Tenant with respect to the subject matter thereof.

(b) The Lease is in full force and effect and, except for such extensions, addenda and amendments included in Exhibit A, the Lease has not been extended, modified, amended or supplemented.

(c) No default by the Tenant or the Landlord has occurred and is continuing under the Lease, and, to their knowledge, no event has occurred and is continuing which with the giving of notice or the lapse of time or both would constitute a default there under.

(d) No minimum or base rent or other rental has been paid in advance (except for the first and next succeeding month of the Term)

(e) The monthly amount of base rent due under the Lease as of the date hereof is $23,839.74 and the minimum or base rent and all other rentals and other payments due, owing and accruing under the Lease have been paid through September 30, 2014.

4. **Successors and Assigns**. This Agreement shall be binding on and inure to the benefit of the Parties hereto and their respective heirs, personal representatives, successors and assigns, provided that this Section 4 shall not be construed to permit any further assignments of the Lease or subletting of the Premises except as permitted by the Lease.

5. **Counterparts**. This Agreement may be signed in counterpart and, as so executed, shall constitute a binding agreement.

6. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Premises are located.

7. **Entire Agreement**. This Agreement constitutes the entire understanding between the parties relating to the Lease and this Agreement and cannot be changed or modified except by a written document signed by all parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date above written:

TENANT:

L-3 COMMUNICATIONS CORPORATION

By: Sheila Sheridan
Name: Sheila Sheridan
Title: Vice President

LANDLORD:

CABOTT II - TXI W03-W04, LP

By: _____
Name: _____
Title: _____

BUYER:

OPTEX SYSTEMS, INC.

By: _____
Name: Danny Schoening
Title: CEO

7. **Entire Agreement**. This Agreement constitutes the entire understanding between the parties relating to the Lease and this Agreement and cannot be changed or modified except by a written document signed by all parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date above written:

TENANT:

L-3 COMMUNICATIONS CORPORATION

By: _____
Name: Sheila Sheridan
Title: Vice President

LANDLORD:

CABOTT II - TXI W03-W04, LP

By: _____
Name: _____
Title: _____

BUYER:

OPTEX SYSTEMS, INC.

By: _____
Name: Danny Schoening
Title: CEO

EXHIBIT A

THE LEASE

J.3 – Lease Agreements

Facility ID # UTX 302
9827 Chartwell Drive
Dallas, Texas

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE (this "AMENDMENT") is entered into as of the 21st day of February 2005, by and between PROLOGIS (the "Landlord") and NORTHROP GRUMMAN SYSTEMS CORPORATION, (f/k/a LITTON SYSTEMS, INC, the "Tenant").

WITNESSETH

WHEREAS, Landlord and Tenant have entered into a Lease, dated as of the 27th day of August 1996, as amended by the First Amendment to Lease dated as of the 14th day of May, 2001, as amended by the Second Amendment to Lease dated as of the 9th Day of January, 2004, as pursuant to which Landlord leased to Tenant certain premises located at 9827 Chartwell Drive and 9839 Chartwell Drive, Dallas, Texas, containing approximately 29,856 square feet of space ("Existing Premises").

WHEREAS, Landlord and Tenant desire to extend the terms of the Lease for the Premises on the terms and conditions set forth below:

NOW THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Landlord and Tenant agree as follows:

1. Notwithstanding anything contained herein to the contrary, Landlord shall contribute up to a maximum amount of $19,268.50 (the "TI Allowance") toward the purchase and installation of one (1) 7.5 ton Rooftop Unit and two (2) 10 ton Rooftop Units to the Premises (the "Tenant Improvements"), which such payment shall be made by Landlord to Tenant within 30 days following (i) completion of the Tenant Improvements, (ii) Landlord's receipt of Tenant's invoice substantiating the costs related thereto, (iii) Landlord's receipt of final lien waivers from all contractors and subcontractors who did work on the initial Tenant Improvements, and (iv) Landlord's receipt of a copy of the final permit approved by the applicable governing authority to the extent required for such Tenant Improvements. Landlord shall be under no obligation to pay for any Tenant Improvements to the Premises in excess of the TI Allowance. Further, such TI Allowance shall only be available for Tenant's use through June 30, 2005.

2. Landlord shall amortize the TI Allowance actually used for the above described Tenant Improvements in the amount up to $19,268.50 at a 10% interest over the period of January 1, 2005 through June 30, 2009. The Monthly Base Rent due and payable on the 1st day of each calendar month, shall be increased based on the actual cost of the Tenant Improvements, not to exceed $19,268.50, amortized over the period described above. By way of example, if the entire TI Allowance of $19,268.50 were used, then the new monthly rent would be as follows:

	Current Monthly Rent	Amortized Monthly Rent	Total Monthly Rent
January 1, 2005 to June 30, 2009:	$12,440.00	$444.57	$12,884.57

3. Insofar as the specific terms and provisions of this Amendment purport to amend or modify or are in conflict with the specific terms, provisions and exhibits of the Lease, the terms and provisions of this Amendment shall govern and control; in all other respects, the terms, provisions and exhibits of the Lease shall remain unmodified and in full force and effect.

4. Any obligation or liability whatsoever of Prologis which may arise at any time under the Lease or this Amendment or any obligation or liability which may be incurred by it pursuant to any other instrument, transaction or undertaking contemplated hereby, shall not be personally binding upon, nor shall resort for the enforcement thereof be had to the property of its trustees, directors, shareholders, officers, employees, or agents regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

IN WITNESS WHEREOF, the parties hereto have signed this THIRD AMENDMENT to Lease as of the day and year first above written.

TENANT:

NORTHROP GRUMMAN SYSTEMS CORPORATION

By: [signature]
Name: EUGENE A. CAMPOS
Title: DIRECTOR, CAPITAL RESOURCES

LANDLORD:

PROLOGIS

By: [signature]
Name: Eric D. Brown
Title: Senior Vice President

THIS SECOND AMENDMENT TO LEASE (this "AMENDMENT") is entered into as of the 4th day of January 2008 by and between PROLOGIS (hereinafter referred to as "Landlord") and NORTHROP GRUMMAN SYSTEMS CORPORATION, (f.k.a. LITTON SYSTEMS, INC.) (hereinafter referred to as "Tenant").

WITNESSETH

WHEREAS, Landlord (or its predecessor-in-interest) and Tenant have entered into a Lease, dated as of the 27th day of August 1996, as amended by the First Amendment to Lease dated as of the 14th day of May, 2001, as pursuant to which Landlord leased to Tenant certain premises located at 9827 Chartwell Drive and 9830 Chartwell Drive, Dallas, Texas, containing approximately 29,850 square feet of space (such Lease, as heretofore and hereafter modified, being herein referred to as the "Lease").

WHEREAS, Landlord and Tenant desire to extend the term of the Lease on the terms and conditions set forth below;

NOW THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Landlord and Tenant agree as follows.

1. The term of the Lease is hereby extended for sixty (60) months, commencing on July 1, 2004 and continuing through and including June 30, 2009 (the "Extension Period").

2. Section 3 of the Lease, captioned "Rent" is hereby amended to reflect the following:

May the 1-60	$12,440 ($5.00 p.s.f. Net)

3. As defined in the Original Lease, Tenant shall continue to pay, as additional rental, Tenant's proportionate share of excess Operating Expenses. Estimated 2008 Expenses are as follows:

Common Area Maintenance:	$0.33 p.s.f.
Property Taxes:	$0.85 p.s.f.
Insurance:	$0.08 p.s.f.
Management Fee:	$0.16 p.s.f.
Total Estimated Expenses:	$1.42 p.s.f.

4. Tenant shall accept the premises in "as is" condition. Landlord shall not unreasonably withhold the approval of Tenant-made alterations to the Premises for equipment similar to what currently exists in the Premises. However, Section 9 of the Lease, captioned "Alterations, Improvements & Installations By Tenant" shall govern all proposed Tenant-made alterations.

5. Tenant warrants that it has had no dealings with any broker or agent in connection with this Amendment and covenants to pay, hold harmless and indemnify Landlord from and against any and all costs, expenses or liability for any compensation, commissions, and charges claimed by any other broker or agent, with respect to this Amendment or the negotiation thereof with whom Tenant has dealings.

6. Insofar as the specific terms and provisions of this Amendment purport to amend or modify or are in conflict with the specific terms, provisions and exhibits of the Lease, the terms and provisions of this Amendment shall govern and control, in all other respects, the terms, provisions and exhibits of the Lease shall remain unmodified and in full force and effect.

7. Any obligation or liability whatsoever of Landlord or Tenant, which may arise at any time under the Lease or this Amendment or any obligation or liability which may be incurred by either party pursuant to any other instrument, transaction or undertaking contemplated hereby, shall not be personally binding upon, nor shall resort for the enforcement thereof be had to the property of, any of the trustees, directors, shareholders, officers, employees, or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

IN WITNESS WHEREOF, the parties hereto have signed this SECOND AMENDMENT to Lease as of the day and year first above written.

TENANT

NORTHROP GRUMMAN SYSTEMS CORPORATION

By: [signature]

Name: J. Paz

Title: Director, Real Estate

LANDLORD

PROLOGIS

By: [signature]

Name: Mark Cashman

Title: Senior Vice President

EXTENSION AGREEMENT

THIS EXTENSION AGREEMENT is entered into as of the 14th day of May, 2001, by and between ProLogis Trust, fka DFW Nine (the "Landlord") and Litton Systems, Inc. (the "Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant have entered into a Lease, dated as of the 22th day of August, 1996, pursuant to which Landlord leased to Tenant certain premises located at 9827 Churchill Drive, Dallas, Texas (such lease, as heretofore and hereafter modified, being herein referred to as the "Lease").

WHEREAS, Landlord and Tenant desire to extend the term of the Lease on the terms and conditions set forth below.

NOW THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Landlord and Tenant agree as follows:

1. The term of the Lease is extended for thirty-six (36) months, such that the Lease shall terminate on the 30th day of June, 2004. All of the terms and conditions of the Lease shall remain in full force and effect during such extension period except that the Monthly Rent shall be 15,395.00 during such extension.

2. The expenses for 2001 are currently estimated to be $1.33 per square foot. This includes $0.22 p.s.f. for Common Area Maintenance, $0.81 p.s.f. for Taxes, $0.05 p.s.f. for Insurance and $0.12 p.s.f. for Management Fee.

3. ProLogis shall perform the improvements as described on the Construction Addendum attached hereto.

4. Except as modified herein, the Lease, and all of the terms and conditions thereof, shall remain in full force and effect.

5. Any obligation or liability whatsoever of ProLogis Trust, a Maryland real estate investment trust, which may arise at any time under the Lease or this Agreement or any obligation or liability which may be incurred by it pursuant to any other instrument, transaction or undertaking contemplated hereby, shall not be personally binding upon, nor shall resort for the enforcement thereof be had to the property of, its trustees, directors, shareholders, officers, employees, or agents regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

IN WITNESS WHEREOF, the parties hereto have signed this Extension Agreement as of the day and year first above written.

LANDLORD:

ProLogis Trust, fka DFW Nine

By: _____
Name: Stephen E. Meyer
Title: Managing Director

MAY 14 2001

TENANT:

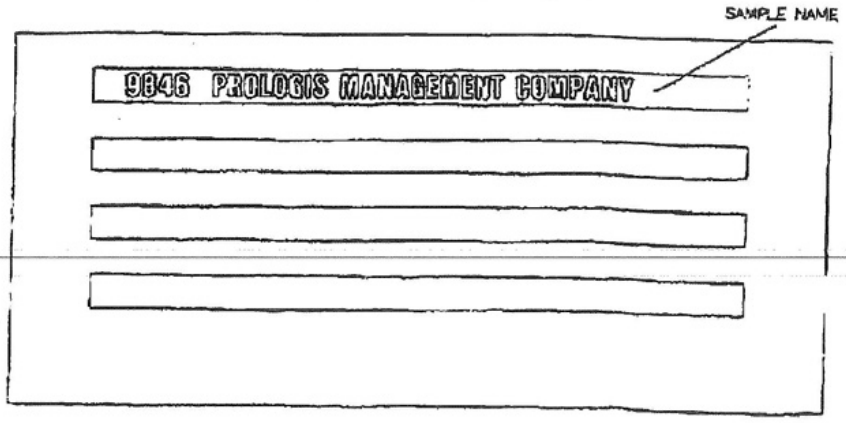
Litton Systems, Inc.

By: _____
Name: _____
Title: _____

Sign Media, inc.

SIGNS • GRAPHICS • DESIGN • PLANNING • CONSULTING • MANUFACTURING & INSTALLATION

CHARTWELL SIGN
33.5" TALL BY 72" WIDE
ONE SIDED MONUMENT SIGN



P.O. Box 6307 • Arlington, Texas 76005 • Metro (972) 988-1914 • Fax (972) 660-5230

LEASE

THIS LEASE is made as of August 27, 1996 between DFW Nine, a California limited partnership having its office and place of business at c/o Wilcox Realty Group, Ltd. 5420 LBJ Freeway, Suite 740, Dallas, Texas, 75240, as landlord ("Landlord"), and Litton Systems, Inc. a Delaware corporation, having an office and place of business at 3414 Hermann Avenue, Garland, Texas 75042, as tenant ("Tenant").

In consideration of the terms, covenants and conditions of this Lease, the parties hereto covenant and agree as follows:

1. DEMISE OF THE PREMISES:

a. Landlord leases and demises to Tenant, and Tenant hires and takes from Landlord, the following described premises in the building located at: 9827 Chartwell Drive, Dallas, Texas ("Building"), for the purposes of this lease being approximately 14,928 square feet of net rentable space on the first floor as shown by crosshatches on the floor plan attached hereto as Exhibit "A" and made a part hereof ("Premises"), together with all the improvements, appurtenances, rights, privileges and easements in anywise pertaining to the Premises including, but not limited to, the right of ingress to and egress from the Premises and parking facilities, and the right to use in common with the Landlord and other tenants of the Building the restrooms and parking facilities, and other similar facilities that exist in and about the Building and "Land" (as hereinafter defined) and that are generally available to all tenants in the Building.

b. Landlord represents and warrants that: (i) For the purposes of this Lease, the building is a one story building which contains at least 56,633 square feet of net rentable space, and that the parcel of land upon which the building is located ("Land") contains approximately 4.4816 acres; and (ii) Landlord is the fee owner of the Land and all improvements located thereon, and has the right and authority to lease the Premises to Tenant on the terms and conditions set out herein.

c. Subject to the provisions of this Lease, Tenant acknowledges that it has inspected and accepts the Premises in their present condition as suitable for the purpose for which the Premises are leased. Tenant agrees that said Premises and other improvements are in good and satisfactory condition as of when possession was taken. Tenant further acknowledges that no representations or warranties as to the condition or repair of the premises, nor promises to alter, remodel, or improve the Premises have been made by Landlord, unless such are expressly set forth in this Lease. Tenant shall, upon demand, execute and deliver to Landlord a letter of acceptance of delivery of the Premises.

2. TERM:

The term of this Lease shall commence on July 1, 1996 and end on June 30, 2001 unless sooner terminated or extended as provided in this Lease.

3. RENT:

Tenant shall pay monthly installments of rent to Landlord as follows:

a. for the period July 1, 1998 through February 28, 1998, Three Thousand One Hundred Ten and No/100 Dollars ($3,110.00);

b. for the period March 1, 1998 through June 30, 1999, Three Thousand Nine Hundred Eighteen and 60/100 Dollars ($3,918.60),

c. for the period July 1, 1999 through June 30, 2000, Four Thousand forty-three and No/100 Dollars ($4,043.00);

d. for the period July 1, 2000 through June 30, 2001, Four Thousand Two Hundred Twenty-Nine and 60/100 Dollars ($4,229.60.00); and

Rent shall be paid in advance, on the first day of each calendar month during the term of this Lease, except that if the term terminates on a day other than the last day of a month, the rent for such month shall be apportioned. All rent shall be paid to Landlord at its address first above-written, unless Landlord shall designate some other payee or address for the payment thereof by giving written notice to that effect to Tenant.

4. UTILITIES AND SERVICES.

a. Landlord shall, at its own cost and expense, furnish and equip the Building and the Premises in such a manner that the following utilities and mechanical services are available to Tenant during the term of this Lease: (i) heat and air conditioning; (ii) hot and cold water for ordinary cleaning, toilet, lavatory and drinking purposes; and (iii) electricity and gas.

b. Tenant shall pay for all water, gas, heat, air conditioning, light, power, telephone, sewer, sprinkler charges and other utilities and services used on or from the Premises, together with any taxes, penalties, surcharges or the like pertaining thereto, and maintenance charges for utilities and shall furnish all electric light bulbs, ballasts and tubes. If any such services are not separately metered to Tenant, Tenant shall pay a reasonable proportion, as determined by Landlord, of all charges jointly serving other premises. Landlord shall not be liable for any damages directly or indirectly resulting from nor shall the rent or any monies owed Landlord under this Lease herein reserved by abated by reason of (a) the installation, use or interruption of use of any equipment used in connection with the furnishing of any of the foregoing utilities and services, (b) failure to furnish or delay in furnishing any such utilities or services when such failure or delay is caused by acts of God or the elements, labor disturbances of any character, any other accidents or other conditions beyond the reasonable control of Landlord, or (c) the limitation, curtailment, rationing or restriction on use of water, electricity, gas or any other form of energy or any other service or utility whatsoever serving the Premises or Project. Landlord shall be entitled to cooperate voluntarily and in a reasonable manner

in the efforts of national, state or local governmental agencies or utility suppliers in reducing energy or other resource consumption. the obligation to make services available hereunder shall be subject to the limitations of any such voluntary, reasonable program

5. BUILDING OPERATING EXPENSES

a. Tenant's Percentage ("Tenant's Percentage") of Building Operating Expenses is 26.36%.

b. Building Operating Expenses are defined as the sum of the following expenses incurred and paid by Landlord during the term of this Lease in connection with the Building and its Common Areas (defined as areas within the Building or outside the Building on the Land that are dedicated for the benefit of all tenants and are not exclusively occupied by Landlord)

1. energy costs for heating and air conditioning, and sewer and water charges (only to the extent there are no separate meters to measure consumption by individual tenants of the Building);

2 fire and extended coverage insurance for the Building,

3 public liability insurance which insures and indemnifies Landlord and the tenants of the Building against liability for damage or injury to the property or persons within the Common Areas

4. Real Property Taxes (as hereinafter defined);

5. ordinary trash removal, janitorial costs and Building security costs to the extent the same are supplied to all tenants of the Building;

6 costs of maintenance and repairs, including materials and supplies to the Building except where the same is the responsibility of tenant(s) of the Building;

7. All capital and other improvements comprising a part of "Capital Costs" (hereinafter defined). "Capital Costs" are defined as: (1) those expenditures which do not normally recur more frequently than at five (5) year intervals in the normal course of operation and maintenance of the Building; (ii) all costs of capital improvements made by Landlord to the Building for the purpose of reducing recurring expenses or utility costs; and (iii) all costs of capital improvements made by Landlord that are required by governmental law, ordinance regulation or mandate now or hereafter in effect, whether foreseeable or unforeseeable and regardless of the nature of the work. The portion thereof to be included each year in Building Operating Expenses shall be that fraction allocable to the fiscal year in question calculated by amortizing the cost over the reasonably useful life of such improvement, as determined by Landlord, using generally accepted accounting principals with interest on the unamortized balance at ten percent (10%) per annum or such higher rate as

may have been paid by Landlord of funds borrowed for the purpose of constructing such improvements, but in no event to exceed the highest rate permissible by law.

c. Building Operating Expenses excludes the costs of the following:

1. salaries of landlord's management personnel whose time is not exclusively devoted to the management of the Building;

2. brokerage commissions for leasing space in the Building and the Land;

3. depreciation costs of the Building and related improvements;

4. acquisition and construction cost of additions to the Building and/or Land; and

5. costs attributable to tenant vacancies in the Building

d. Tenant's Percentage is calculated by dividing the "net rentable square footage" of the Premises by the net rentable square footage of all space available for tenancy in the Building. Net rentable square footage is measured from the exterior face of the outside walls to the center of all common walls within the Building. Should net rentable square footage be added to or deleted from the Building, Tenant's Percentage shall be recalculated by comparing the net rentable square footage of the Premises with the new net rentable square footage of the Building.

e. Real Property Taxes are all real property taxes levied upon the Building and Land that becomes due and payable during the term of this Lease, including but not limited to: installments of special assessments, water and sewer charges, occupancy taxes relating to said real property, and any rental, license or business tax measured by or levied on rent payable or space occupied in the Premises.

f. The monetary amount of Tenant's Percentage of Building Operating Expenses for the remainder of the calendar year in which the term of this Lease commences is estimated by Landlord to be $13,733.76. Such estimate is based upon the actual expense incurred by Landlord in the prior calendar year. Tenant shall pay such amount to Landlord in equal monthly installments of $1,144.48, in advance over the remainder of the first calendar year of the lease term. Within one hundred twenty (120) days after the end of each calendar year during the term of this Lease, Landlord shall furnish to Tenant a statement showing in reasonable detail the actual Building Operating Expenses incurred by Landlord during the preceding period, and the parties shall within thirty (30) days make any payment or allowance necessary to adjust Tenant's estimated payments to Tenant's actual proportionate share, as shown by such annual statement. Any amount due Tenant shall be credited against installments next coming due under this

paragraph. Any statement by Landlord shall be certified as being true and correct, and Tenant shall have the right at Tenant's expense to audit the books and records of Landlord at Landlord's address during normal business hours relative to facts disclosed by the statement.

g. If at any time during any calendar year of the Lease term the actual amount of Building Operating Expenses are increased to a rate or amount in excess of the rate or amount used in calculating the estimated Building Operating Expenses for such calendar year, Tenant's estimated share of Building Operating Expenses shall be increased for the month in which such increase becomes effective, and for succeeding months by written notice of the estimated amount of increase, the months in which effective, and Tenant's monthly share thereof. Tenant shall pay such increase to Landlord as part of Tenant's monthly payments of estimated Building Operating Expenses as provided above, commencing with the month in which effective.

7. USE OF PREMISES.

The Premises may be used for the purposes of general office, manufacturing, testing, storage, receiving, and for other lawful purposes of a nature which are not hazardous and not a nuisance. To the best of Tenant's knowledge, Tenant represents that such use of the Premises will not violate any restrictions imposed upon the Premises, and is not in violation of the Certificate of Occupancy issued for the Building nor contrary to any zoning ordinance or regulation affecting the Premises.

8. MAINTENANCE AND REPAIRS:

a. Tenant Obligations. Tenant shall provide, at its own cost and expense, all repairs including replacements, if reasonably necessary to the Premises, its walls, floors, ceilings, electrical conduits, mechanical systems and plumbing.

b. Landlord Obligations. Including ordinary wear and tear, Landlord will provide, at its own cost and expense, all repairs, including replacements, if reasonably necessary to the (i) roof and structural components of the building including but not limited to the walls and foundation,(ii) the walls, foundation, structure, roof, and (iii)as part of Building Operating Expenses, common plumbing, electrical of the Building, the Building's parking lot and other installations that serve more than one Tenant of the Building.

9. ALTERATIONS, IMPROVEMENTS & INSTALLATIONS BY TENANT:

Tenant may, at its own cost and expense, redecorate the Premises and make such non-structural alterations and changes in such parts thereof as it deems necessary for its purposes without Landlord's approval provided the cost of such non-structural alterations and changes does not exceed $25,000. Tenant may make structural alterations and changes in, on, to or about the Premises reasonably necessary for its purposes if it has first obtained the consent thereto of Landlord in

writing, which consent shall not be unreasonably withheld or delayed. All such alterations shall be done in a good and workmanlike manner, or in accordance with all applicable laws. All alterations, improvements and installations made by Tenant within the Premises shall remain the property of Tenant and may be removed from the Premises at any time, provided that any damage caused by such removal shall be repaired by Tenant. Upon surrender of the Premises, Tenant at Landlord's option shall remove such alterations, improvements and installations necessary to restore the Premises to the condition that exists on the plans attached hereto and made a part hereof as Exhibit "B"

10. SIGNS:

Tenant shall have a listing of its name on the directory board in the lobby of the Building, and if no such directory board exists, signs in such locations in the Building and on the Land as shall adequately advertise Tenant's occupancy of the Premises or direct visitors, guests, business invitees, and the like to the Premises. Tenant shall not otherwise place or paint any sign on or in the Building or on the Land without the written consent of Landlord, which consent Landlord shall not unreasonably withhold or delay.

11. PARKING:

Landlord grants to Tenant, a common area parking privilege on the paved parking spaces in the parking lot located on the Land, east of the Building.

12. ASSIGNMENT AND SUBLETTING:

a. Tenant shall have the right to assign this Lease and to sublease all or any part of the Premises to any internally related entity; provided, however, that nothing in this subparagraph shall be construed so as to relieve Tenant of its obligations pursuant to this Lease. All other subleases or assignments must be consented to by Landlord, whose consent shall not be unreasonably withheld nor delayed.

b. Upon the assignment of this Lease to any successor by merger or any purchaser of the capital stock of Tenant, or the purchaser of either the assets or operations of Tenant, or the assets and operations of Tenant's Electro-Optical Division, Tenant shall be released from all subsequent liability pursuant to this Lease without further act provided the assignee has a net worth of at least $20 Million; and Landlord, upon Tenant's request will execute and deliver to Tenant a notation of all Tenant's subsequent liabilities pursuant to this Lease, and shall look only to the assignee for any observance of any subsequent covenant, condition and obligation of this Lease. This paragraph shall be applicable only to the original Tenant and not to any successor assignees.

13. INDEMNIFICATION OF LANDLORD:

Tenant shall indemnify and hold Landlord harmless from and against all liability, damages, costs and expenses from causes of action, suits, claims, demands costs and judgments of any nature whatsoever caused by Tenant's use and occupancy of the Premises, unless caused or contributed to by the negligence or willful misconduct of Landlord, its agents or employees, defects in the Premises or Landlord's breach of this Lease.

14. SUBORDINATION.

Tenant shall, subordinate this Lease and its rights hereunder to the lien of any mortgage or deed of trust charged now or anytime against the Premises or Building However, Tenant shall not be required to effectuate any such subordination unless the mortgagee or beneficiary ("Lender") named in such mortgage or deed of trust shall first agree in writing:

a. that the Lender shall not terminate or cut off this Lease or any extension thereof, including such amendments as may be entered into hereafter by the parties, by foreclosure or other means, so long as Tenant, its successors or assigns are not in default beyond any period herein to cure such default;

b. that the lien of such mortgage or deed of trust shall not encumber any of Tenant's equipment, fixtures, alterations, improvements or other property which, by law or by this Lease, Tenant is permitted to remove from the Premises; and

c. that in the event of foreclosure of the mortgage or deed of trust, or deed in lieu thereof, the Lender, any purchaser at foreclosure sale or grantee, and their respective successors and assigns, shall recognize and be bound by the terms of this Lease.

15. DAMAGE OR DESTRUCTION:

a. In the event of destruction of or damage to the Premises or to the Building, Landlord shall, unless it or Tenant exercises its right to terminate this Lease as hereafter set forth, promptly repair and restore the Premises and Building to at least as good condition as existed immediately prior to the destruction or damage.

b. If such damage or destruction renders the Premises wholly or partially untenantable: (i) rent and all other charges payable by Tenant under this Lease shall be abated from the date of the damage or destruction until Tenant resumes full possession of the Premises; (ii) Landlord or Tenant shall, if at least twenty-five (25%) percent of the Premises are untenantable, have the right to terminate this Lease, effective as of the time of the damage or destruction, by written notice to the other party within thirty (30) days after the date of the damage or destruction; and (iii) in addition, Tenant shall have the right to terminate this Lease, effective as of the time of the damage or

destruction, by written notice to Landlord, if Landlord fails to repair and restore the Premises and Building within reasonable dispatch or even if repair or restoration is proceeding with reasonable dispatch, if such repair and restoration is not completed within one hundred twenty (120) days after the date of the damage or destruction.

16. CONDEMNATION:

a. If the whole, or any substantial portion of the Project of which the Premises are a part, should be taken or condemned for any public use under government law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof, and the taking would prevent or materially interfere with the Permitted Use of the Premises, this Lease shall terminate and the Rent shall be abated during the unexpired portion of this lease, effective when the physical taking of said Premises shall have occurred.

b. If a portion of the Project of which the Premises are a part should be taken or condemned for any public use under any governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof, and this Lease is not terminated, this Lease shall not terminate, but the Rent payable hereunder during the unexpired portion of the Lease shall be reduced to such extent as may be fair and reasonable under all of the circumstances.

c. Landlord shall be entitled to any and all payment, income, rent, award, or any interest therein whatsoever, which may be paid or made in connection with such taking or conveyance, and Tenant shall have no claim against Landlord or otherwise for the value of any unexpired portion of this Lease. Notwithstanding the foregoing paragraph, any compensation specifically awarded Tenant for loss of business, Tenant's personal property, moving cost or loss of goodwill, shall be and remain the property of Tenant.

17. HAZARDOUS WASTE:

The term "Hazardous Substances", as used in this Lease, shall mean pollutants, contaminants, toxic or hazardous wastes, or any other substances, the removal of which is required or the use of which is restricted, prohibited or penalized by any "Environmental Law", which term shall mean any Law relating to Health, Pollution, or protection of the environment. Tenant hereby agrees that (a) no activity will be conducted on the Premises that will produce any Hazardous Substances, except for such activities that are part of the ordinary course of Tenant's business activities (the "Permitted Activities"), provided such Permitted Activities are conducted in accordance with all Environmental Laws; (b) the Premises will not be used in any manner for the storage of any Hazardous Substances except for any temporary storage of such materials that are used in the ordinary course of Tenant's business (the "Permitted Materials") provided such Permitted Materials are properly stored in a manner and location satisfying all Environmental Laws; (c) no portion of the Premises will be used as a landfill or a dump; (d) Tenant will not install any

underground tanks of any type; (e) Tenant will not allow any surface or subsurface conditions to exist or come into existence that constitute, or with the passage of time may constitute a public or private nuisance; and (f) Tenant will not permit any Hazardous Substances to be brought onto the Premises, except for the Permitted Materials, and if so brought or found located thereon, the same shall be removed by Tenant, with proper disposal, and all required clean-up procedures shall be diligently undertaken pursuant to all Environmental Laws. If at any time during or after the Term, the Premises are found to be so contaminated or subject to such conditions, Tenant shall defend, indemnify and hold Landlord harmless from all claims, demands, actions, liabilities, costs, expenses, damages and obligations of any nature arising from or as a result of the use of the Premises by Tenant. Landlord may enter the Premises and conduct environmental inspections and tests therein as it may require from time to time, provided that Landlord shall use reasonable efforts to minimize the interference with Tenant's business. Such inspections and tests shall be conducted at Landlord's expense, unless they reveal the presence of Hazardous Substances (other than Permitted Materials) caused by Tenant or that Tenant has not complied with the requirements set forth in this Section, in which case Tenant shall reimburse Landlord for the cost thereof within ten days after Landlord's request therefore.

19. DEFAULT BY TENANT

If Tenant:

a. defaults in the payment of any installment of rent or any other sum specifically to be paid by Tenant hereunder, and such default is not cured within ten (10) days after Landlord has given Tenant written notice specifying such default; or

b. defaults in the observance or performance of any of Tenant's other covenants hereunder (other than the covenant to pay rent or any other sum herein specified to be paid by Tenant), and such default is not cured within thirty (30) days after Landlord has given Tenant written notice specifying such default; provided, however, that if the default complained of is of a nature that it cannot be completely remedied or cured within such thirty-day period, then the default shall not be an enforceable default against Tenant for the purposes of this paragraph if Tenant has commenced curing such default within the thirty-day period, and is proceeding with reasonable diligence and in good faith to remedy the default; or

c. (i) files a voluntary petition in bankruptcy, or (ii) is adjudicated bankrupt or insolvent; or (iii) has a receiver or trustee appointed for all or substantially all of its business or assets on the grounds of Tenant's insolvency; or (iv) suffers an order to be entered approving a petition filed against Tenant seeking reorganization of Tenant under the Federal Bankruptcy Code or any other applicable law or statute; or

d. makes a general assignment or general arrangement for the benefit of its creditors;

then, upon the happening of any one of these events of default and the expiration of the period of time for the cure thereof without such cure having been made, Landlord may, without further notice or demand to Tenant, terminate this Lease and re-enter the Premises and remove all persons and property therefrom and exercise any and all other remedies that may be available to Landlord under applicable law or in equity, including, but not limited to, the remedies set forth in Chapter 93 of the Texas Property Code, as amended. In the event of such lease termination by Landlord, Tenant will indemnify Landlord against all loss of rent under this Lease which Landlord may incur by reason of said termination.

After ten day notice from Landlord, in addition to its other remedies, Landlord shall have the right, without notice or demand, to add to the amount of any payment required to be made by Tenant hereunder, and which is not paid on or before the date the same is due, an amount equal to five percent (5%) of the delinquency for each month or portion thereof that the delinquency remains outstanding to compensate Landlord for the loss of the use of the amount not paid and the administrative costs caused by the delinquency, the parties agreeing that Landlord's damage by virtue of such delinquencies would be difficult to compute and the amount stated herein represents a reasonable estimate thereof.

19. DEFAULT BY LANDLORD.

a. Landlord shall pay, when due, all real estate taxes, assessments, water and sewer charges, and such other similar charges and assessments as may be levied, assessed or charged against the Land and/or Building, shall make all payments required on any mortgage or other lien or encumbrance affecting the Land and/or Building, and shall make all repairs to the Premises and do such other things as may be required of it hereunder. If Landlord, at any time during the term of this Lease, fails to pay any such charges or fails to make any such repairs or do any work required of it by the provisions of this Lease, or in any other respect fails to perform any covenants or agreements in this Lease contained on the part of Landlord to be performed, then Tenant may, after the continuance of any such failure of default for thirty (30) days after notice in writing thereof is given by Tenant to Landlord, (and in addition to any other rights or remedies which may be available at law or in equity), either: (i) make such payments and do such work and otherwise perform Landlord's covenants all on behalf of and at the expense of Landlord; or (ii) terminate this Lease. Notwithstanding the foregoing, if the default complained of is of a nature that it cannot be completely remedied or cured within such thirty day period, then the default shall not be an enforceable default against Landlord for the purposes of this paragraph if Landlord has commenced curing such default within the thirty day period, and is proceeding with reasonable diligence and in good faith to remedy the default. If Tenant elects to perform Landlord's covenants, Landlord agrees to pay to Tenant forthwith the amount of the payment so made or the cost and expense incurred, failing which Landlord agrees that Tenant may deduct the amount thereof out of the rental payments and other payments becoming due to Landlord by the provisions of this Lease, without liability or forfeiture, and may apply the same to payment of such indebtedness of Landlord to Tenant until such indebtedness is fully paid as herein provided.

b. The term "Landlord" shall mean only the owner, for the time being of the Leased Premises, and in the event of the transfer by such owner of its interest in the Leased Premises, such owner shall thereupon be released and discharged from all covenants and obligations of the Landlord thereafter accruing, but such covenants and obligations shall be binding during the Lease term upon each new owner for the duration of such owner's ownership. In the event of any breach or default by Landlord in any term or provision of this Lease, Tenant agrees to look solely to the equity or interest then owned by Landlord in the Leased Premises or of the building of which the Leased Premises are a part; provided such equity or interest is not to be less than $250,000 at any time; however, in no event, shall any deficiency judgment or any money judgment of any kind be sought or retained against any Landlord.

20. HOLDING OVER:

If Tenant remains in possession of the Premises after the expiration of the term of this Lease, it shall be deemed to be a tenant from month-to-month only, at 125% of the month y rental rate in effect during the last month of the expired term and governed in all other things, except as to the duration of the term, by the provisions of this Lease. Either party may then terminate such month-to-month tenancy by giving to the other party at least thirty (30) days prior written notice of termination.

21. CONDITIONAL LIMITATION.

Each covenant or obligation of Landlord is a condition precedent to the performance of Tenant's obligations hereunder.

22. SURRENDER:

At the expiration of the term of this Lease, Tenant will quit and surrender possession of the Premises to Landlord in as good condition as when delivered by Landlord, excepting reasonable wear and tear, damage from any cause beyond Tenant's control and as provided in the clauses of this Lease entitled: MAINTENANCE AND REPAIRS; ALTERATIONS, IMPROVEMENTS & INSTALLATIONS BY TENANT; DAMAGE OR DESTRUCTION; and CONDEMNATION.

23. NOTICES.

All notices to be given pursuant to this Lease shall be in writing and shall be deemed to have been duly given when mailed by United States First Class Certified or Registered Mail, Postage Prepaid, Return Receipt Requested, to the address of the party as first above-written. Notice to Tenant shall include also the mailing of a copy thereof to: Litton Industries, Inc., 21240 Burbank Boulevard, Woodland Hills, California 91367-6675, Attention: Real Estate Department. Any such addresses for the giving of notice may be changed by either party by giving notice thereof in writing to the other party.

24. DISTRAINT FOR RENT:

Landlord waives any right it may have to levy or distrain upon for rent in arrears, in advance or both, or to claim or assert title to any property of Tenant or third parties on or about the Premises.

25. INSURANCE: MUTUAL WAIVER OR SUBROGATION & RELEASE:

As part of the Building Operating Expenses, Landlord shall insure the Building, and Tenant may insure or self-insure its property located on the Premises, against fire and other causes included in standard extended coverage by policies which shall include a waiver by the insurer of all right of subrogation against Landlord and Tenant in connection with any loss or damage thereby insured against. If Tenant elects to self-insure, such self-insurance must be underwritten by the formal program of self-insurance of Litton Industries, Inc. Neither party or its agents, employees or guests shall be liable to the other, and each party hereby releases the other party from all claims for loss or damage caused by any risk covered or coverable by such insurance or applicable self-insurance. If the release of either Landlord or Tenant, as set forth herein, shall contravene any law with respect to exculpatory agreements, the liability of the party in question shall be deemed not released, but shall be secondary to the other's insurer.

26. EARLY TERMINATION:

Tenant may terminate this Lease on the dates stated below by notifying Landlord at least 120 days in advance of the effective date of such termination. If Tenant exercises this right, it will pay Landlord the following sums, which equal the unamortized cost of the leasing commissions previously paid by Landlord:

Termination Date: June 30, 1999	Termination Fee: $3,146.00
June 30 , 2000	$1,667.00

27. QUIET ENJOYMENT:

Landlord covenants that, so long as Tenant is not in breach of the terms and conditions of this Lease, Tenant shall peaceably and quietly have, hold and enjoy the Premises for the lease term hereof, subject to the provisions of this Lease.

28. MISCELLANEOUS:

Each of the terms and agreements herein contained are binding upon and inure to the benefit of the parties, their heirs, personal and legal representatives, successors and assigns. This Lease is the entire agreement made between the parties and may not be modified except by an agreement in writing signed by all the parties hereto or their successors in interest.

29. ACCEPTANCE:

Execution of this Lease by Landlord constitutes an offer which shall not be deemed accepted by Tenant until Tenant has executed this Lease and Landlord has received a duplicate original copy thereof.

THE PARTIES HERETO have duly executed this Lease, being duly authorized to do so.

DFW Nine

By: _____

Its: Vice President

Date: Sept 9, 1996

Litton Systems, Inc.

By: _____

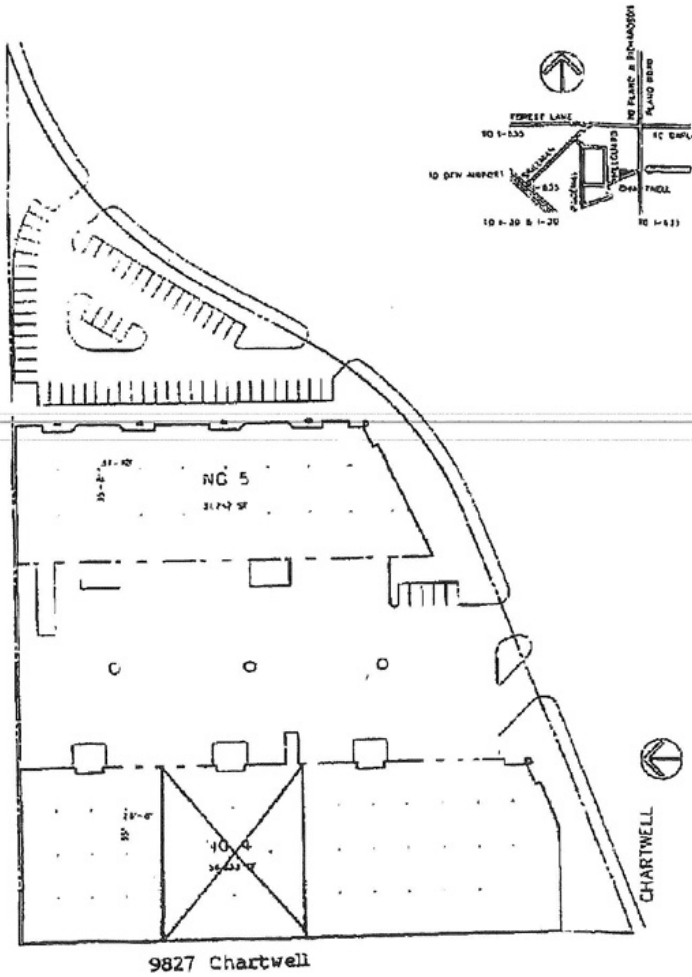
Its: Vice President

Date: August 27, 1996

EXHIBIT "A"

NORTHGATE #4
9801-9839 CHARTWELL DRIVE
56,633 sf

NORTHGATE #5
9841-9879 CHARTWELL DRIVE
DALLAS, TX 75243
31,747 sf

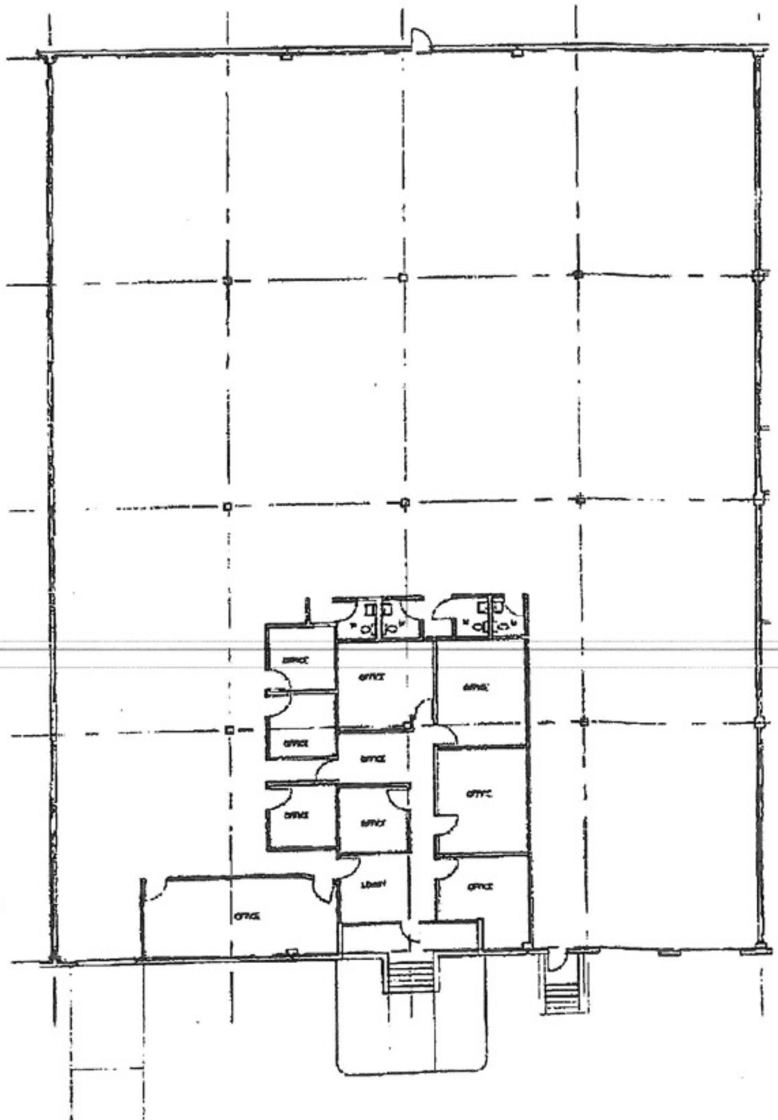


9827 Chartwell

EXHIBIT B

Litton

REAL ESTATE DEPARTMENT
PLANNING, DESIGN
& CONSTRUCTION



Electro-Optical By: Garland, TX

scale 1"=20'-0"
date 7/24/96

Existing Floor Plan - 9827 Chartwell

EXECUTION VERSION

LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this "Agreement") is dated April __, 2008, by and between Northrop Grumman Guidance and Electronics Company, Inc., a Delaware corporation ("Seller"), and L-3 Communications Corporation, a Delaware corporation ("Buyer").

RECITALS

A. Seller is party to certain real property leases listed on Exhibit A, attached hereto (the "Assigned Contracts").

B. Buyer and Seller have entered into the Asset Purchase Agreement, dated March 11, 2008, by and between Buyer and Seller (the "Asset Purchase Agreement"), whereby Buyer will purchase substantially all of the assets of Seller, including Seller's right, title and interest in the Assigned Contracts, effective as of the closing of the transaction contemplated thereby (the "Closing Date").

C. In partial consideration for the assignment of the Assigned Contracts, the Asset Purchase Agreement requires Buyer to assume and agree to pay or discharge the liabilities related to the Assigned Contracts (the "Assumed Liabilities").

AGREEMENT

1. Assignment. Subject to the terms and conditions set forth in the Asset Purchase Agreement and effective only upon the closing of the transaction on the Closing Date, Seller hereby sells, conveys, transfers, assigns and delivers to Buyer all of Seller's right, title and interest in, to and under the Assigned Contracts, and Seller hereby assigns to Buyer all of the Assumed Liabilities.

2. Assumption. Effective as of the Closing Date and subject to the terms and conditions set forth in the Asset Purchase Agreement, Buyer hereby accepts the Assigned Contracts and accepts and assumes, and shall subsequently pay, perform, discharge or otherwise satisfy in accordance with their respective terms, the Assumed Liabilities.

3. Successors and Assigns. The rights of a party under this Agreement shall not be assignable by such party without the written consent of the other parties hereto; provided, however, that Buyer may assign all or part of its rights and obligations under this Agreement to any individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture or other entity of whatever nature which directly or indirectly controls, is controlled by or is under common control with Buyer; and provided, further, however, that any such assignment will not release Buyer from any of its obligations under this Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. In the event of a sale, transfer or other disposition of the Seller's business by Buyer, the other parties' consent to the assignment of this Agreement shall not be required so long as such assignee assumes the obligations of Buyer under this Agreement and Buyer is not otherwise relieved of any of its obligations under this Agreement.

4. Amendment; Waiver and Termination. This Agreement cannot be amended, waived or terminated except by a writing signed by the parties hereto.

5. Execution in Counterparts; Facsimile. This Agreement may be executed in two or more counterparts and via facsimile, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement, and shall become binding when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties hereto.

6. Governing Law. This Agreement and any disputes hereunder shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware.

7. Indemnification. Each of Seller and Buyer hereby acknowledges and agrees to indemnify the other party in accordance with Section 9.1, 9.2 and 9.3 as the case may be, of the Asset Purchase Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Lease Assignment and Assumption Agreement to be executed and delivered as of the day and year first above written.

NORTHROP GRUMMAN GUIDANCE AND ELECTRONICS COMPANY, INC.

By: _____
Name: _____
Title: _____

L-3 COMMUNICATIONS CORPORATION

By: _____
Name: Christopher C. Cambria
Title: Senior Vice President and Senior Counsel, Mergers and Acquisitions

IN WITNESS WHEREOF, the parties hereto have caused this Lease Assignment and Assumption Agreement to be executed and delivered as of the day and year first above written.

NORTHROP GRUMMAN GUIDANCE AND ELECTRONICS COMPANY, INC.

By: _____
Name: MARK RABINOWITZ
Title: PRESIDENT

L-3 COMMUNICATIONS CORPORATION

By: _____
Name: _____
Title: _____

Exhibit A

Assigned Contracts

1. Lease, dated August 27, 1996, by and between DFW Nine (Landlord) and Litton Systems, Inc. (Tenant), for the premises located at 9839 Chartwell Drive, Dallas, TX, as amended by that certain Extension Agreement, dated May 14, 2001, that certain Second Amendment to Lease, dated January 9, 2006, by and between ProLogis (Landlord) and Northrop Grumman Systems Corporation (f/k/a Litton Systems, Inc.), and that certain Third Amendment to Lease, dated February 21, 2005, by and between ProLogis (Landlord) and Northrop Grumman Systems Corporation (f/k/a Litton Systems, Inc.).

2. Lease, dated August 27, 1996, by and between DFW Nine (Landlord) and Litton Systems, Inc. (Tenant), for the premises located at 9827 Chartwell Drive, Dallas, TX, as amended by that certain Extension Agreement, dated May 14, 2001, that certain Second Amendment to Lease, dated January 9, 2006, by and between ProLogis (Landlord) and Northrop Grumman Systems Corporation (f/k/a Litton Systems, Inc.), and that certain Third Amendment to Lease, dated February 21, 2005, by and between ProLogis (Landlord) and Northrop Grumman Systems Corporation (f/k/a Litton Systems, Inc.).

CABOT II – TX1W03-W04, LP
c/o Cabot Properties
One Beacon Street, 17th floor
Boston, MA 02109

CONSENT TO ASSIGNMENT

April 7, 2008

Northrop Grumman Systems Corporation
1580A West Nursery Road – MS A466
Baltimore, Maryland 21090
Attn: Christopher J. Goudreau
Manager, Real Estate

L-3 Communications Corporation
600 Third Ave
New York, New York 10016
Attn: Chris Cambria

Re:	Building:	9801-9839 Chartwell Drive, Dallas, Texas 75243
	Landlord:	CABOT II – TX1W03-W04, LP, a Delaware limited partnership
	Original Tenant:	Northrop Grumman Systems Corporation, a Delaware corporation
	Leases:	The two Leases dated August 27, 1996, as amended by the two Extension Agreements dated May 14, 2001, that certain Second Amendment to Leases dated January 9, 2004, and that certain Third Amendment to Leases dated February 21, 2005
	Premises:	The approximately 29,856 square feet of rentable area located at 9827 & 9839 Chartwell Drive, Dallas, Texas 75243.
	Assignee:	L-3 Communications Corporation, a Delaware corporation

Ladies and Gentlemen:

Pursuant to terms of the Leases, you have asked for Landlord's consent to the proposed assignment of the Leases (the "Assignment"), which may occur in connection with the terms of

the Asset Purchase Agreement dated as of March 11, 2008 (the "Asset Purchase Agreement") entered into by and between Assignee and Northrop Grumman Guidance and Electronics Company, Inc., a wholly owned subsidiary of Original Tenant, subject to the closing of the transaction described in the Asset Purchase Agreement.

This document (the "Consent") evidences Landlord's consent to the Assignment upon the following express terms and conditions:

1. Neither the Assignment nor this Consent shall:

   (a) release or discharge the Original Tenant from any liability under the Leases arising on or before the effective date of the Assignment;

   (b) operate as a consent or approval by Landlord to or of any of the terms, covenants, conditions, provisions or agreements of the Assignment, and Landlord shall not be bound thereby;

   (c) be construed to modify, waive, impair or effect any of the covenants, agreements, terms, provisions or conditions of the Leases, or to waive any breach thereof, or any rights of Landlord against any person, firm, partnership, association, limited liability company, or corporation liable or responsible for the performance thereof, or to enlarge or increase Landlord's obligation under the Leases, and all covenants, agreements, terms, provisions and conditions of the Leases are mutually declared to be in full force and effect; or

   (d) be construed as a consent by Landlord to any further assignments either by Original Tenant or by Assignee or to any subletting by Original Tenant or Assignee of the Premises, whether or not the Assignment purports to permit the same and, without limiting the generality of the foregoing, both Original Tenant and Assignee agree that, except as otherwise may be expressly permitted under the terms of the Leases, Assignee has no right whatsoever to assign, mortgage or encumber the Leases nor to sublet any portion of the Premises nor to permit any portion of the Premises to be used or occupied by any other party.

2. Original Tenant represents and warrants to Landlord that (a) Original Tenant is not in default under any of the terms and provisions of the Leases, (b) to Original Tenant's knowledge, Landlord is not in default in the performance of any of its obligations under the Leases, and (c) Original Tenant is unaware of any condition or circumstance which, with the giving of notice or the passage of time or both, would constitute a default by Landlord under the Leases. Original Tenant further acknowledges that Original Tenant and any party claiming by, through, or under Original Tenant, has no defenses, offsets, liens, claims or counterclaims against Landlord under the Leases or against the obligations of Original Tenant under the Leases (including, without limitation, any rentals or other charges due or to become due under the Leases).

3. This Consent shall not create nor be deemed to be the basis of creating any covenant, representation or warranty, express or implied, on the part of Landlord with respect to the terms of the Assignment, the compliance of the Assignment with the terms of the Leases, Assignee's use and enjoyment of the Premises, the fitness of the Premises for Assignee's purposes, or any other matter arising out of or in connection with the Assignment.

4. Original Tenant shall be and continue to be responsible for the performance and observance of all the covenants, agreements, terms, provisions, obligations and conditions of tenant under the Leases arising on or before the effective date of the Assignment, however, on the effective date of the Assignment, Original Tenant shall be released from all obligations under the Leases arising after the effective date of the Assignment Assignee hereby assumes all the obligations of the tenant under the Leases, subject to the closing of the transaction described in the Asset Purchase Agreement. Assignee's liability under the Leases shall in no way be limited to those matters arising after the effective date of the Assignment, but shall extend to any and all obligations under the Leases arising prior to the obligations arising thereafter, and Assignee shall look solely to Original Tenant for indemnity or reimbursement of any expenses, costs, damages or liabilities incurred with respect to any default in the performance of such obligations relating to the period prior to the effective date of the Assignment.

5 This Consent is not assignable, nor shall this Consent be deemed a consent to any amendment or modification of the Assignment without Landlord's prior written consent.

6. Original Tenant and Assignee covenant and agree that under no circumstances shall Landlord be liable for any brokerage commission or other charge or expense in connection with the Assignment, and Original Tenant and Assignee agree to indemnify Landlord against same and against any cost or expense (including but not limited to attorneys' fees) incurred by Landlord in connection with any claim for any such brokerage commission.

7. Assignee agrees, at its expense, to maintain at all times during its occupancy of the Premises or any other space in the Building, the insurance policies required to be maintained by Original Tenant pursuant to the terms of the Leases. Assignee shall, at least fifteen (15) days prior to the Assignment, and within ten (10) days after request therefor by Landlord, deliver to Landlord certificates evidencing said insurance.

8. In the event of any conflict between the terms and provisions of the Leases and the terms and provisions of the Assignment, the terms and provisions of the Leases shall control, unaffected by the Assignment. In the event of any conflict between the terms and provisions of this Consent and the Assignment, the terms and provisions of this Consent shall control.

9. Any notice to tenant required under the Leases shall be effective if given to Original Tenant at the address provided above, unless Original Tenant shall have advised Landlord of a change in such address by notice to Landlord delivered via certified or registered US Mail.

10. Assignee warrants and represents that it will at all times during the term of the Leases use the Premises for the uses expressly permitted under the Leases, and for no other uses.

11. Landlord certifies that (a) the Leases is unmodified (except as expressly stated above), (b) the current term of the Leases expires on June 30, 2009, (c) the Leases contains no options to extend the term of the Leases, (d) the Leases contains no options to purchase

the Premises or the Building, and (e) to Landlord's actual knowledge, Original Tenant is not in default under the Leases.

12. This Consent shall be construed in accordance with the laws of the State of Texas, contains the entire agreement of the parties hereto with respect to the subject matter hereof, and may not be changed or terminated orally or by course of conduct, but only by a written agreement signed by the party against whom enforcement is sought.

13. This Consent shall not be effective until executed and delivered by Landlord, Original Tenant and Assignee.

The execution of a copy of this Consent by Original Tenant and by Assignee shall indicate the joint and several confirmation of the foregoing conditions and their agreement to be bound thereby and shall constitute Assignee's acknowledgement that it has received a copy of the Leases from Tenant.

This consent shall be null and void unless a duly countersigned copy is returned to Landlord not later than seven (7) business days following the date first above written.

Very truly yours,

LANDLORD:

CABOT II – TX1W03-W04, LP,
a Delaware limited partnership

By: Cabot II – TX GP, LLC, a
Delaware limited liability company,
its general partner

By: Cabot Industrial Value Fund II
Operating Partnership, L.P., a
Delaware limited partnership,
its sole member

By: _____
Name: _____
Title: Stephen P. Vallarelli
Senior Vice President

[Original Tenant's and Assignee's Agreement Follows]

CONFIRMED AND AGREED:

ORIGINAL TENANT: **NORTHROP GRUMMAN SYSTEMS CORPORATION**, a Delaware corporation

By: _____
Name: A.J. Paz
Title: DIRECTOR REAL ESTATE

ASSIGNEE: **L-3 COMMUNICATIONS CORPORATION**, a Delaware corporation

By: _____
Name: Christopher C. Cambon
Title: SVP

FOURTH AMENDMENT TO LEASE

THIS FOURTH AMENDMENT TO LEASE (this "Amendment") is entered into as of the 13TH day of March, 2009, by and between CABOT II – TX1W03-W04, LP, a Delaware limited partnership ("Landlord") and L-3 COMMUNICATIONS CORPORATION, a Delaware corporation ("Tenant").

WHEREAS, DFW Nine, a California limited partnership ("Original Landlord"), as a predecessor-in-interest to Landlord, and Litton Systems, Inc., a Delaware corporation ("Original Tenant"), as a predecessor-in-interest to Tenant, entered into that certain Lease dated as of August 27, 1996 (the "9827 Lease Agreement") covering approximately 14,928 square feet of space known as 9827 Chartwell Drive in the building located 9801 – 9839 Chartwell Drive, Dallas, Texas 75243 (the "Building"), as more particularly described therein;

WHEREAS, Original Landlord and Original Tenant also entered into that certain Lease dated as of August 27, 1996 (the "9839 Lease Agreement") covering approximately 14,928 square feet of space known as 9839 Chartwell Drive in the Building, as more particularly described therein;

WHEREAS, the 9839 Lease Agreement has been amended by that certain Extension Agreement dated as of May 14, 2001;

WHEREAS, the 9827 Lease Agreement has been amended by that certain Extension Agreement dated as of May 14, 2001;

WHEREAS, both the 9839 Lease Agreement and the 9827 Lease Agreement were further amended by that certain Second Amendment to Lease dated as of January 9, 2004, and that certain Third Amendment to Lease dated as of February 21, 2005 (the 9827 Lease Agreement, as amended, the "9827 Lease", and the 9839 Lease Agreement, as amended, the "9839 Lease"), whereby Tenant currently leases from Landlord approximately 29,856 square feet of space (the "Current Premises") known as 9827 and 9839 Chartwell Drive in the Building;

WHEREAS, Landlord, Tenant, and Original Tenant (then Northrop Grumman Systems Corporation, a Delaware corporation, f/k/a Litton Systems, Inc.) entered into that certain Consent to Assignment dated April 7, 2008, whereby Landlord consented to Original Tenant's assignment of the 9827 Lease and the 9839 Lease (collectively, the "Leases") to Tenant, as more particularly described therein;

WHEREAS, to the extent the same have not previously been consolidated, Landlord and Tenant desire to consolidate the 9839 Lease with and into the 9827 Lease;

WHEREAS, Tenant desires to lease from Landlord an additional 26,777 square feet of space in the Building identified as the "Expansion Space" on Exhibit A attached hereto (the "Expansion Space");

WHEREAS, the term of the 9827 Lease is currently scheduled to expire by its terms on June 30, 2009, and Tenant desires to extend the term of the 9827 Lease to expire on September 30, 2016;

WHEREAS, subject to the terms and conditions set forth below, Landlord has agreed to lease the Expansion Space to Tenant and to extend the term of the 9827 Lease, as consolidated with the 9839 Lease, to expire on September 30, 2016; and

WHEREAS, Landlord and Tenant desire to amend the 9827 Lease to reflect their agreements as to the terms and conditions governing the consolidation of the Leases, Tenant's lease of the Expansion Space and the extension of the term of the 9827 Lease.

NOW, THEREFORE, in consideration of the premises and the mutual covenants between the parties herein contained, Landlord and Tenant agree as follows:

1. Consolidation of Leases. The premises originally leased pursuant to the 9839 Lease Agreement is hereby consolidated with and into the 9827 Lease and the 9839 Lease is hereby terminated. Therefore, effective as of the date of this Amendment, (i) all references contained in the 9827 Lease to the "Premises" are hereby amended to mean the Current Premises, containing a total of approximately 29,856 square feet of space, and (ii) "Tenant's Percentage", as defined in the 9827 Lease, is hereby amended to mean 52.72%. All references contained in this Amendment to the "Lease" shall mean the 9827 Lease, as consolidated hereby.

2. Premises. Effective as of May 1, 2009 (the "Expansion Space Commencement Date"), Landlord shall lease the Expansion Space to Tenant and Tenant shall lease the Expansion Space from Landlord, and the Premises, as defined in the Lease, shall mean, collectively, the Current Premises and the Expansion Space, containing a total of approximately 56,633 square feet of space and consisting of the entire leaseable area of the Building. The Expansion Space shall be subject to all the terms and conditions of the Lease except as expressly modified herein and except that Tenant shall not be entitled to receive any allowances, abatements or other financial concessions that were granted with respect to the Current Premises unless such concessions are expressly provided for herein with respect to the Expansion Space. Effective as of the Expansion Space Commencement Date, Exhibit A to the Lease shall be deleted in its entirety and Exhibit A attached hereto shall be substituted in lieu thereof.

3. Term. The term of the Lease is hereby extended to expire on September 30, 2016, unless terminated earlier in accordance with the terms of the Lease.

4. Monthly Rent.

(a) From and after the date hereof and continuing through April 30, 2009, Tenant shall continue to pay all sums of rent in accordance with the terms of the Lease. Notwithstanding anything to the contrary contained in the Lease, effective as of May 1, 2009, Tenant shall pay monthly rent with respect to the Current Premises as follows:

Period	Annual Rate per Square Foot	Monthly Installments
5/1/09 – 4/30/12	$4.95	$12,315.60
5/1/12 – 4/30/14	$5.10	$12,688.80
5/1/14 – 9/30/16	$5.25	$13,062.00

(b) Effective as of the Expansion Space Commencement Date, in addition to the monthly rent payable with respect to the Current Premises set forth above, Tenant shall pay Base Rent for the Expansion Space as follows:

Period	Annual Rate per Square Foot	Monthly Installments
5/1/09 – 9/30/09	$0.00	$0.00
10/1/09 – 4/30/12	$4.55	$10,152.95
5/1/12 – 4/30/14	$4.69	$10,465.34
5/1/14 – 9/30/16	$4.83	$10,777.74

All such monthly rent shall be payable in accordance with the terms of the Lease, as amended hereby.

5. Building Operating Expenses.

(a) Tenant shall continue to pay Tenant's Percentage of Building Operating Expenses in accordance with the terms of the Lease, provided that, effective as of the Expansion Space Commencement Date, Tenant's Percentage shall be amended to mean 100%. Landlord's current estimate for Building Operating Expenses for calendar year 2009 is $1.61 per square foot per year.

(b) Notwithstanding anything contained in the Lease to the contrary, commencing January 1, 2010, for purposes of computing Tenant's Percentage of Building Operating Expenses, the Controllable Building Operating Expenses (hereinafter defined) shall not increase by more than 6% per calendar year on a compounding and cumulative basis over the course of the term of the Lease, as extended hereby. In other words, Controllable Building Operating Expenses for calendar year 2010 shall not exceed 106% of the Controllable Building Operating Expenses for calendar year 2009. Controllable Building Operating Expenses for calendar year 2011 shall not exceed 106% of the limit on Controllable Building Operating Expenses for calendar year 2010, etc. By way of illustration, if Controllable Building Operating Expenses were $1.00 per square foot for calendar year 2009, then Controllable Building Operating Expenses for calendar year 2010 shall not exceed $1.06 per square foot, and Controllable Building Operating Expenses for calendar year 2011 shall not exceed $1.1236 per square foot. "Controllable Building Operating Expenses" shall mean all Building Operating Expenses exclusive of the cost of Real Property Taxes, taxes, insurance, utilities and Capital Costs.

(c) Building Operating Expenses shall not include: (1) interest, amortization or other finance costs payable by Landlord; (2) costs of remediation, testing, claims or other activities with respect to Hazardous Substances for which Tenant is not responsible under the Lease,

except for any such costs related to general maintenance and repair of the Building; (3) costs of repairs and replacements of the roof and structural components of the Building; and (4) costs of structural alterations and additions required by law, except for Capital Costs unrelated to the roof and structural components of the Building.

6. Acceptance of the Premises. **TENANT ACKNOWLEDGES THAT TENANT CURRENTLY OCCUPIES THE CURRENT PREMISES AND, SUBJECT TO THE TERMS OF SECTION 7 BELOW AND LANDLORD'S OBLIGATIONS SET FORTH IN THE LEASE, AS AMENDED HEREBY, TENANT HEREBY ACCEPTS THE CURRENT PREMISES, THE EXPANSION SPACE, THE BUILDING AND THE PROJECT OF WHICH THE BUILDING IS A PART (INCLUDING THE SUITABILITY OF THE EXPANSION SPACE FOR THE USE PERMITTED UNDER THE LEASE) IN "AS IS" CONDITION WITH ANY AND ALL FAULTS AND LATENT OR PATENT DEFECTS AND WITHOUT RELYING UPON ANY REPRESENTATION OR WARRANTY (EXPRESS OR IMPLIED) OF LANDLORD OR ANY REPRESENTATIVE OF LANDLORD. LANDLORD HAS NOT MADE AND DOES NOT HEREBY MAKE AND HEREBY SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR CHARACTER WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE CURRENT PREMISES, THE EXPANSION SPACE, THE BUILDING, AND THE PROJECT OF WHICH THE BUILDING IS A PART AND THEIR CONDITION (INCLUDING WITHOUT LIMITATION ANY REPRESENTATION OR WARRANTY REGARDING QUALITY OF CONSTRUCTION, STATE OF REPAIR, WORKMANSHIP, MERCHANTABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE).**

7. Improvements.

(a) Landlord agrees to perform, at no additional cost to Tenant, such work as may be required to make one entryway to the Premises to be located at the "9839" side of the Premises and subject to reasonable prior approval by Tenant, compliant with ADA requirements (the "Landlord's Work"). The Landlord's Work shall be performed using Building standard methods, materials and finishes. Landlord shall cause the Landlord's Work to be performed in a good and workmanlike manner and in compliance with all applicable laws, failing which, Landlord shall, as Tenant's sole and exclusive remedy, cause the same to be in such condition.

(b) Provided Tenant is not in default under the Lease, as amended hereby, Landlord agrees to provide an allowance of up to $141,582.50 (the "Improvement Allowance") toward the cost of leasehold improvements performed by Tenant in either the Expansion Space or Current Premises. Landlord shall pay to Tenant $100,000.00 of the Improvement Allowance upon Landlord's execution and delivery of this Amendment, and Landlord shall pay to Tenant the remaining $41,582.50 of the Improvement Allowance within ten (10) business days following receipt by Landlord of: (1) a sworn contractor's affidavit from the general contractor and a request to disburse from Tenant containing an approval by Tenant of the work done; (2) full and final waivers of lien; (3) as-built plans of the improvements performed; (4) the certification of Tenant and its architect that the improvements have been installed in a good and workmanlike manner in accordance with the approved plans, and in accordance with applicable laws, codes and

ordinances, and (5) a certificate of occupancy for the Expansion Space. Any portion of the Improvement Allowance remaining unexpended for Tenant work that has not commenced by the date that is twelve (12) months following the Expansion Space Commencement Date and which has not been requested from Landlord by the date which is eighteen (18) months following the Expansion Space Commencement Date shall be the sole property of Landlord and Tenant shall not be entitled to any credit, payment or abatement on account thereof. Any construction, alterations or improvements to the Expansion Space shall be performed by Tenant at its sole cost and expense (subject to reimbursement through the Improvement Allowance) and, except as otherwise provided herein, shall be governed in all respects by the terms of the Lease. Landlord has approved of the scope of the improvements to be performed by Tenant in the Expansion Space as shown on Exhibit B attached hereto (the "Expansion Space Improvements"). Notwithstanding anything herein to the contrary, Landlord shall not be obligated to disburse any portion of the Improvement Allowance during the continuance of an uncured default by Tenant under the Lease, as amended hereby, and Landlord's obligation to disburse shall only resume when and if such default is cured.

(c) Upon the expiration or earlier termination of the term of the Lease, as extended hereby, Tenant shall be required to remove all of the those Expansion Space Improvements and restore the Expansion Space to the condition existing prior to such improvements. Provided, however, notwithstanding the foregoing or anything contained in the Lease to the contrary, in the event the term of the Lease, as extended hereby, is further extended for at least one (1) additional term of five (5) years or more, whether pursuant to the exercise of Tenant's renewal option set forth below or otherwise, then Tenant shall not be required to remove any portion of the Expansion Space Improvements shown on Exhibit B attached hereto. In any event, Tenant shall not be required to remove any of the improvements existing in the Expansion Space at the time the same is delivered to Tenant. In the event Tenant installs or constructs additional alterations or improvements in the Expansion Space, Landlord shall notify Tenant at the time Tenant requests approval of such alterations or improvements whether the same shall be required to be removed by Tenant at the expiration or earlier termination of the term of the Lease, as extended hereby.

(d) Except for Landlord's obligations set forth above with respect to the Landlord's Work, Tenant shall be solely responsible for compliance with all laws, ordinances, orders, rules and regulations of any governmental entity with reference to the use, condition, configuration or occupancy of the Premises, it being agreed that, except for the Landlord' Work, Landlord shall not be required to perform any work and, except as provided above with respect to the Improvement Allowance, incur any costs in connection with the construction or demolition of any improvements in the Premises.

8. Landlord's and Tenant's Addresses. Landlord's and Tenant's addresses under the Lease are hereby amended in their entireties to the following:

Landlord:

CABOT II – TX1W03-W04, LP
c/o Cabot Properties
One Beacon Street, Suite 1700
Boston, Massachusetts 02108
Attn: Asset Management

Payments of Rent only shall be made payable to the order of Landlord at the following address:

Cabot Industrial Value Fund II, OP PTNSH
Dept. 81402
P.O. Box 201814
Dallas, Texas 75320-1814

Tenant:

The Premises

With a copy to:

L-3 Communications Corporation
600 Third Avenue
New York, NY 10016
Attention: Vice President, Administration

or such other name and address as Landlord or Tenant shall, from time to time, designate.

9. Insurance; Mutual Waiver of Subrogation & Release. Section 25 of the Lease is hereby amended in its entirety to read as follows:

(a) Landlord shall maintain causes of loss – special form property insurance covering the full replacement cost of the Building. Landlord shall also maintain commercial general liability insurance covering Landlord's operations at the Building and the Land, with combined single limits of not less than Two Million and 00/100 Dollars ($2,000,000.00) per occurrence with respect to injury or death to a person or persons, Five Million and 00/100 Dollars ($5,000,000.00) aggregate. The liability policy obtained by Landlord shall not provide primary insurance, shall not be contributory and shall be excess over any insurance maintained by Tenant. Landlord may, but is not obligated to, maintain such other insurance and additional coverages as it may deem necessary, including, but not limited to rent loss insurance. All such insurance shall be included as part of the Building Operating Expenses charged to Tenant. Tenant, to the extent that the cause of loss arises from the negligent acts of Tenant or its employees, agents or contractors, shall be liable for the payment of any deductible amount under Landlord's insurance maintained pursuant to this section, in an amount not to exceed Twenty-Five Thousand Dollars ($25,000). The Building may be included in a blanket policy (in which case the cost of such insurance allocable to the Building will be determined by Landlord

based upon the insurer's cost calculations). Tenant shall also reimburse Landlord for any increased premiums or additional insurance which Landlord reasonably deems necessary as a result of Tenant's specific use of the Premises as compared to standard office and industrial uses.

(b) Tenant, at its expense, shall maintain during the term of the Lease the following insurance:

(i) Causes of Loss – Special Form Property Insurance covering leasehold improvements paid for by Tenant and Tenant's personal property and fixtures from time to time in, on, or at the Premises, in an amount not less than 100% of the full replacement cost, without deduction for depreciation, providing protection against events protected under "Special Risk Coverage," as well as against sprinkler damage, vandalism, and malicious mischief. Any proceeds from the Causes of Loss – Special Form Property Insurance shall be used for the repair or replacement of the property damaged or destroyed, unless this Lease is terminated under an applicable provision herein. If the Premises are not repaired or restored following damage or destruction in accordance with other provisions herein, Landlord shall receive any proceeds from the Causes of Loss – Special Form Property Insurance allocable to Tenant's leasehold improvements.

(ii) Commercial General Liability insurance insuring Tenant against liability for bodily injury, property damage, products and completed operations and personal injury at the Premises, including contractual liability insuring, subject to the terms, conditions and exclusions of the policy, the indemnification provisions contained in this Lease. Such insurance shall include Landlord, its property manager, any mortgagee, and Cabot Industrial Properties, L.P., as additional insureds on a form that does not limit the coverage provided under such policy to any additional insured (A) by reason of such additional insured's contributory negligent acts or omissions, (B) by reason of other insurance available to such additional insured, or (C) to claims for which a primary insured has agreed to indemnify the additional insured. Such insurance shall be for a limit of not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) annual aggregate. Coverage shall also be included for fire damage (damage to rented premises) for a limit of $300,000 any one fire, and medical expense coverage in the amount of $10,000 any one person, together with an umbrella commercial liability policy in the initial amount of Five Million Dollars ($5,000,000) per occurrence and Five Million Dollars ($5,000,000) annual aggregate and shall be subject to increases mutually agreed to by Landlord and Tenant based upon inflation, increased liability awards, recommendation of Landlord's and Tenant's professional insurance advisers, and other relevant factors.

Notwithstanding the foregoing, the Tenant's obligations under this Section to provide a defense to Landlord under Tenant's commercial liability policy shall not apply to any claims which are determined by a court of competent jurisdiction

to be occasioned solely by the negligence or willful misconduct of the Landlord, its employees and/or property manager and in such event, Landlord shall reimburse the Tenant for any and all amounts paid by the Tenant to provide such defense, including payments to the Landlord and/or any third party and/or reasonable attorneys fees incurred by the Tenant in the defense of such claim, cause of action, lawsuit, or other proceeding.

The commercial liability policies shall insure on an occurrence and not a claims-made basis and be issued by insurance companies which are reasonably acceptable to Landlord, not be cancelable unless thirty (30) days' prior written notice shall have been given to Landlord (unless such cancellation is due to nonpayment of premiums, in which event ten (10) days' prior notice shall be provided. Further, the liability insurance obtained by Tenant under subparagraph (b)(ii) above shall (i) be primary and (ii) subject to the policy terms, conditions and exclusions, insure Tenant's obligations to Landlord under Section 13 of the Lease. The amount and coverage of such insurance shall not limit Tenant's liability nor relieve Tenant of any other obligation under this Lease. Landlord may also obtain commercial general liability insurance in an amount and with coverage determined by Landlord insuring Landlord against liability with respect to the Premises and the Building. The policy obtained by Landlord shall not provide primary insurance, shall not be contributory and shall be excess over any insurance maintained by Tenant.

The Tenant's insurers issuing the above described policies shall have a Best's Insurance Reports rating of A- X or better. Certificates evidencing such policies shall be delivered to Landlord by Tenant upon the commencement of the term of the Lease and upon each renewal of said insurance. If Tenant fails to comply with the foregoing insurance requirements or to deliver to Landlord certificates evidencing the coverage required herein, Landlord, in addition to any remedy available pursuant to this Lease or otherwise, may, but shall not be obligated to, obtain such insurance and Tenant shall pay to Landlord on demand the premium costs thereof, plus an administrative fee of fifteen percent (15%) of the cost.

(c) The causes of loss – special form property insurance obtained by Landlord and Tenant shall include a waiver of subrogation by the insurers and all rights based upon an assignment from its insured, against Landlord or Tenant, their officers, directors, employees, managers, agents, invitees and contractors, in connection with any loss or damage thereby insured against, **EVEN IF THE SAME IS CAUSED BY THE NEGLIGENCE OF THE OTHER PARTY.** Notwithstanding anything to the contrary set forth herein, neither party nor its officers, directors, employees, managers, agents, invitees or contractors shall be liable to the other for loss or damage caused by any risk coverable by causes of loss – special form property insurance, and each party waives any claims against the other party, and its officers, directors, employees, managers, agents, invitees and contractors for such loss or damage, **EVEN IF THE SAME IS CAUSED BY THE NEGLIGENCE OF THE RELEASED PARTY.** The failure of a party to insure its property shall not void this waiver. Landlord and its agents, employees and contractors shall not be liable for, and Tenant hereby waives all claims against such parties for,

business interruption and losses occasioned thereby sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in or upon the Premises or the project from any cause whatsoever, **INCLUDING WITHOUT LIMITATION, DAMAGE CAUSED IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, BY THE NEGLIGENCE OF LANDLORD OR ITS AGENTS, EMPLOYEES OR CONTRACTORS.**

10. Assignment and Subletting.

(a) Section 12.a. of the Lease is hereby amended by adding the following as a new sentence at the end of Section 12 a.:

> The term "internally related entity" shall include (i) any entity which owns Tenant ("Tenant Parent"). (ii) an entity under common control with Tenant or Tenant's Parent, and (iii) any successor entity to either Tenant or Tenant's Parent by reason of a merger or consolidation or an acquisition of stock, provided the surviving entity has a tangible net worth (as determined in accordance with generally accepted accounting principles) of not less than $10,000,000.00, as evidenced to Landlord's reasonable satisfaction.

(b) Section 12.b. of the Lease is no longer applicable and is hereby deleted in its entirety.

(c) Notwithstanding anything in Section 12 of the Lease to the contrary, Tenant shall be permitted from time to time to permit customers or contractors of Tenant (each, an "Approved User") to occupy space within the Premises during the Lease term, provided that the Approved User occupies space in the Premises for the use permitted under the Lease and for no other purpose. If the Approved User occupies any portion of the Premises as described herein, it is agreed that (i) the Approved User must comply with all provisions of the Lease, and a default by any Approved User shall be deemed a default by Tenant under the Lease; (ii) all notices required of Landlord under the Lease shall be forwarded only to Tenant in accordance with the terms of the Lease, and in no event shall Landlord be required to send any notices to the Approved User; (iii) in no event shall any use or occupancy of any portion of the Premises by the Approved User release or relieve Tenant from any of its obligations under the Lease; (iv) the Approved User shall be deemed an agent of Tenant for purposes of Tenant's indemnification obligations under the Lease; and (v) in no event shall the occupancy of any portion of the Premises by the Approved User be deemed to create a landlord/tenant relationship between Landlord and the Approved User, and, in all instances, Tenant shall be considered the sole tenant under the Lease notwithstanding the occupancy of any portion of the Premises by the Approved User.

11. Default by Landlord. Section 19.a. of the Lease is hereby amended in its entirety to read as follows:

> a. Landlord shall pay, when due, all real estate taxes, assessments, water and sewer charges, and such other similar charges and assessments as may be levied, assessed or charged against the Land and/or Building, shall make all payments required on any

mortgage or other lien or encumbrance affecting the Land and/or Building, and shall make all repairs to the Premises expressly required under the Lease and do such other things as may be required of it under the Lease. Landlord shall only be deemed to be in default on the terms of the Lease in the event Landlord shall violate, neglect, or fail to observe, keep or perform any covenant or agreement which is not observed, kept, or performed by Landlord within thirty (30) days after the receipt by Landlord of Tenant's written notice of such breach which notice shall specifically set out the breach. If the nature of the breach is such that a cure cannot be completed within thirty (30) days, such thirty (30) day period shall be extended a reasonable period of time, provided that Landlord promptly commences and diligently pursues such cure to completion. Notwithstanding any other provision hereof, if Landlord fails to perform its maintenance and repair obligations hereunder and if (i) the lack of such maintenance and repair by Landlord materially impairs Tenant's use of or access to the Premises, (ii) the need for such maintenance and repair is not caused by Tenant or Tenant's contractors, agents, employees, customers, licensees or invitees, and (iii) Landlord fails to make any required repairs within thirty (30) days after the receipt of Tenant's written notice or, in the event the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance and Landlord fails to commence performance within the thirty (30) day period and thereafter diligently pursue the completion of same using commercially reasonable efforts, Tenant may, at its option, make such repair or replacement on Landlord's behalf and recover from Landlord, within thirty (30) days after Landlord's receipt of Tenant's invoice therefor, Tenant's reasonable out-of-pocket costs and expenses in connection with the exercise of such right; provided that if the repair or replacement affects any portion of the Building which is the subject of any warranty or maintenance/service agreement (such as, without limitation, the roof), Tenant shall use Landlord's designated contractor for such repair and/or replacement so as not to impair or invalidate the warranty or maintenance/service agreement. In the case of any damage to such components or systems caused by Tenant or Tenant's agents, employees, contractors, customers, licensees or invitees, the cost to repair the same shall be paid for by Tenant. Notwithstanding any provisions to the contrary contained in the Lease, no personal liability of any kind or character whatsoever shall attach or at any time hereafter attach under any conditions to Landlord or any subsidiary, affiliate or partner of Landlord or their respective officers, directors, shareholders, or employees for payments of any amounts due under this Lease or for the performance of any obligation under this Lease. In no event shall Landlord be liable for any consequential, special, punitive or exemplary damages.

12. Early Termination. Section 26 of the Lease has expired by its terms and is hereby deleted in its entirety.

13. Renewal Options.

(a) Tenant shall have the right to extend the term of the Lease, as extended hereby, (the "Renewal Option") for four (4) additional periods of five (5) years each (each, a "Renewal Term") commencing on the day following the expiration date of the current Lease term, as

extended hereby, or the expiration of the prior Renewal Term, as applicable, provided that each of the following occurs:

(i) Landlord receives notice of exercise of the Renewal Option ("Initial Renewal Notice") not less than six (6) full calendar months prior to the expiration of the current Lease term, as extended hereby, or prior Renewal Term, as applicable, and not more than twelve (12) full calendar months prior to the expiration of the current Lease term, as extended hereby, or prior Renewal Term, as applicable; and

(ii) Tenant is not in default under the Lease, as amended hereby, beyond any applicable cure periods at the time that Tenant delivers its Initial Renewal Notice or at the time Tenant delivers its Binding Renewal Notice (hereinafter defined); and

(iii) Not more than 25% of the Premises is sublet (other than to an internally related entity as described in Section 12.a. of the Lease, as amended hereby) at the time that Tenant delivers its Initial Renewal Notice or at the time Tenant delivers its Binding Renewal Notice; and

(iv) The Lease has not been assigned (other than to an internally related entity as described in Section 12.a. of the Lease, as amended hereby) prior to the date that Tenant delivers its Initial Renewal Notice or prior to the date Tenant delivers its Binding Renewal notice.

(b) The monthly rent rate per square foot for the Premises during the applicable Renewal Term shall equal the Prevailing Market (hereinafter defined) rate per square foot for the Premises.

(c) Tenant shall pay Tenant's Percentage of Building Operating Expenses for the Premises during the applicable Renewal Term in accordance with the terms of the Lease, as amended hereby.

(d) Within thirty (30) days after receipt of Tenant's Initial Renewal Notice, Landlord shall advise Tenant of the applicable monthly rent rate for the Premises for the applicable Renewal Term. Tenant, within thirty (30) days after the date on which Landlord advises Tenant of the applicable monthly rent rate for the applicable Renewal Term, shall either (i) give Landlord final binding written notice ("Binding Renewal Notice") of Tenant's Exercise of its option, or (ii) if Tenant disagrees with Landlord's determination, provide Landlord with written notice of rejection (the "Rejection Notice"). If Tenant fails to provide Landlord with either a Binding Renewal Notice or Rejection Notice within such thirty (30) day period, Tenant's Renewal Option shall be null and void and of no further force and effect. If Tenant provides Landlord with a Binding Renewal Notice, Landlord and Tenant shall enter into the Renewal Amendment (hereinafter defined) upon the terms and conditions set forth herein. If Tenant provides Landlord with a Rejection Notice, Landlord and Tenant shall work together in good faith to agree upon the Prevailing Market rate for the Premises during the applicable Renewal

Term. Upon agreement Tenant shall provide Landlord with a Binding Renewal Notice and Landlord and Tenant shall enter into the Renewal Amendment in accordance with the terms and conditions hereof. Notwithstanding the foregoing, if Landlord and Tenant are unable to agree upon the Prevailing Market rate for the Premises within thirty (30) days after the date on which Tenant provides Landlord with a Rejection Notice, Tenant, by written notice to Landlord (the "Arbitration Notice") within ten (10) days after the expiration of such thirty (30) day period, shall have the right to have the Prevailing Market rate determined in accordance with the arbitration procedures described in section (e) below. If Landlord and Tenant are unable to agree upon the Prevailing Market rate for the Premises within the thirty (30) day period described and Tenant fails to timely exercise its right to arbitrate, Tenant's Renewal Option shall be null and void and of no force and effect.

(e) If Tenant provides Landlord with an Arbitration Notice, Landlord and Tenant, within ten (10) days after the date of the Arbitration Notice, shall each simultaneously submit to the other its good faith estimate of the Prevailing Market rate for the Premises during the applicable Renewal Term (collectively referred to as the "Estimates") and shall each select a broker (hereinafter, a "broker") to determine which of the two Estimates most closely reflects the Prevailing Market rate for the Premises during the applicable Renewal Term. Each broker so selected shall (i) be a licensed commercial real estate broker and (ii) have not less than ten (10) years' experience in the field of commercial brokerage in connection with buildings comparable to the Building in the Dallas, Texas area. Upon selection, Landlord's and Tenant's brokers shall work together in good faith to agree upon which of the two Estimates most closely reflects the Prevailing Market rate for the Premises. The Estimate chosen by such brokers shall be binding on both Landlord and Tenant as the monthly rent rate for the Premises during the applicable Renewal Term. If either Landlord or Tenant fails to appoint a broker within the ten (10) day period referred to above, the broker appointed by the other party shall be the sole broker for the purposes hereof. If the two brokers cannot agree upon which of the two Estimates most closely reflects the Prevailing Market rate within thirty (30) days after their appointment, then, within ten (10) days after the expiration of such thirty (30) day period, the two brokers shall select a third broker meeting the aforementioned criteria. Once the third broker (i.e. arbitrator) has been selected as provided for above, then, as soon thereafter as practicable but in any case within fourteen (14) days, the arbitrator shall make his determination of which of the two Estimates most closely reflects the Prevailing Market rate and such Estimate shall be binding on both Landlord and Tenant as the monthly rent rate for the Premises. The parties shall share equally in the costs of the arbitrator. Any fees of any broker, counsel or experts engaged directly by Landlord or Tenant shall be borne by the party retaining such broker, counsel or expert.

(f) If the Prevailing Market rate has not been determined by the commencement date of the applicable Renewal Term, Tenant shall pay monthly rent upon the terms and conditions in effect during the last month of the preceding term for the Premises until such time as the Prevailing Market rate has been determined. Upon such determination, the monthly rent for the Premises shall be retroactively adjusted to the commencement of the applicable Renewal Term. If such adjustment results in an underpayment of monthly rent by Tenant, Tenant shall pay Landlord the amount of such underpayment within thirty (30) days after the determination thereof. If such adjustment results in an overpayment of monthly rent by Tenant, Landlord shall credit such overpayment against the next installment of monthly rent due under the Lease and, to

the extent necessary, any subsequent installments, until the entire amount of such overpayment has been credited against monthly rent.

(g) If Tenant is entitled to and properly exercises its Renewal Option, Landlord and Tenant shall execute an amendment (the "Renewal Amendment") to reflect changes in the monthly rent, term of the Lease, expiration date and other appropriate terms; provided that an otherwise valid exercise of the Renewal Option shall be fully effective whether or not the Renewal Amendment is executed.

(h) For purpose hereof, "Prevailing Market" rate shall mean the arms length fair market annual rental rate per square foot under renewal leases and amendments entered into on or about the date on which the Prevailing Market is being determined hereunder for space comparable to the Premises in buildings comparable to the Building in the surrounding submarket, taking into account the 15% office to 85% warehouse area ratios. The determination of Prevailing Market shall take into account any material economic differences between the terms of the Lease and any comparison lease, such as rent abatements, construction costs and other concessions and the manner, if any, in which the Landlord under any such lease is reimbursed for operating expenses and taxes. The determination of Prevailing Market rate shall also take into consideration any reasonably anticipated changes in the Prevailing Market rate from the time such Prevailing Market rate is being determined and the time such Prevailing Market rate will become effective with respect to the Premises.

(i) The renewal rights of Tenant hereunder shall not be severable from the Lease, nor may such rights be assigned or otherwise conveyed in connection with any permitted assignment of the Lease, other than to an internally related entity as described in Section 12.a. of the Lease, as amended hereby. Landlord's consent to any assignment of the Lease shall not be construed as allowing an assignment of such rights to any assignee. In the event an assignee pursuant to an assignment to an internally related entity exercises a Renewal Option set forth herein, Tenant shall remain liable under the Lease, as amended hereby, for all of the obligations of the tenant during such Renewal Term(s), whether or not Tenant has consented to or is notified of such renewal and Landlord shall have no obligation to obtain the consent of Tenant or to notify Tenant of such renewal.

14. Calculation of Charges. Landlord and Tenant agree that each provision of the Lease, as amended hereby, for determining charges, amounts and Tenant's Percentage of Building Operating Expenses payable by Tenant (including, without limitation, Sections 5 of the Lease), is commercially reasonable and, as to each such charge or amount, constitutes a "method by which the charge is to be computed" for purposes of Section 93.012 of the Texas Property Code, as it may be amended or succeeded.

15. Tax Protest Waiver. **TENANT HEREBY WAIVES ALL RIGHTS TO PROTEST THE APPRAISED VALUE OF THE PROJECT OR APPEAL THE SAME AND ALL RIGHTS TO RECEIVE NOTICES OF REAPPRAISALS SET FORTH IN SECTIONS 41.413 AND 42.015 OF THE TEXAS TAX CODE.** However, Landlord agrees to take such actions as a similarly situated reasonably prudent landlord would take to contest ad valorem taxes regarding the project of which the Premises is a part.

16. Brokers. Tenant warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Amendment other than NAI Robert Lynn ("Landlord's Broker") and CB Richard Ellis, Inc. ("Tenant's Broker"), and that it knows of no other real estate brokers or agents who are or might be entitled to a commission in connection with this Amendment. Landlord agrees to pay a commission to Landlord's Broker and Tenant's Broker in connection with this Amendment pursuant to separate written agreements between Landlord and such brokers. Tenant agrees to indemnify and hold harmless Landlord from and against any liability or claim arising in respect to any brokers or agents other than Tenant's Broker claiming a commission by, through, or under Tenant in connection with this Amendment.

17. Estoppel. Tenant hereby represents, warrants and agrees that: (i) there exists no breach, default or event of default by Landlord under the Lease, or any event or condition which, with the notice or passage of time or both, would constitute a breach, default or event of default by Landlord under the Lease; (ii) the Lease continues to be a legal, valid and binding agreement and obligation of Tenant; and (iii) Tenant has no current offset or defense to its performance or obligations under the Lease. Tenant hereby waives and releases all demands, charges, claims, accounts or causes of action of any nature against Landlord or Landlord's employees or agents, including without limitation, both known and unknown demands, charges, claims, accounts, and causes of action that have previously arisen out of or in connection with the Lease.

18. Authority. Tenant and each person signing this Amendment on behalf of Tenant represents to Landlord as follows: (i) Tenant is a duly formed and validly existing corporation under the laws of the State of Delaware, (ii) Tenant has and is qualified to do business in Texas, (iii) Tenant has the full right and authority to enter into this Amendment, and (iv) each person signing on behalf of Tenant was and continues to be authorized to do so.

19. Defined Terms. All terms not otherwise defined herein shall have the same meaning assigned to them in the Lease.

20. Ratification of Lease. Except as amended hereby, the Lease shall remain in full force and effect in accordance with its terms and is hereby ratified. In the event of a conflict between the Lease and this Amendment, this Amendment shall control.

21. No Representations. Landlord and Landlord's agents have made no representations or promises, express or implied, in connection with this Amendment except as expressly set forth herein.

22. Exhibits. Each Exhibit attached hereto is made a part hereof for all purposes.

23. Entire Agreement. This Amendment, together with the Lease, contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Amendment or the Lease, and no prior agreement, understanding or representation pertaining to any such matter shall be effective for any purpose.

24. Successors and Assigns. The terms and provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

25. Severability. A determination that any provision of this Amendment is unenforceable or invalid shall not affect the enforceability or validity of any other provision hereof and any determination that the application of any provision of this Amendment to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

26. Governing Law. This Amendment shall be governed by the laws of the State of Texas.

27. Submission of Amendment Not Offer. The submission by Landlord to Tenant of this Amendment for Tenant's consideration shall have no binding force or effect, shall not constitute an option, and shall not confer any rights upon Tenant or impose any obligations upon Landlord irrespective of any reliance thereon, change of position or partial performance. This Amendment is effective and binding on Landlord only upon the execution and delivery of this Amendment by Landlord and Tenant.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

LANDLORD:

CABOT II – TX1W03-W04, LP, a Delaware limited partnership

By: CABOT II – TX GP, LLC, a Delaware limited liability company, its general partner

By: Cabot Industrial Value Fund II Operating Partnership, L.P., a Delaware limited partnership, its sole member

By: _____
Name: Stephen P. Vallarelli
Title: Senior Vice President

TENANT:

L-3 COMMUNICATIONS CORPORATION, a Delaware corporation

By: _____
Name: Sheila Sheridan
Title: Vice President

EXHIBIT A

PREMISES

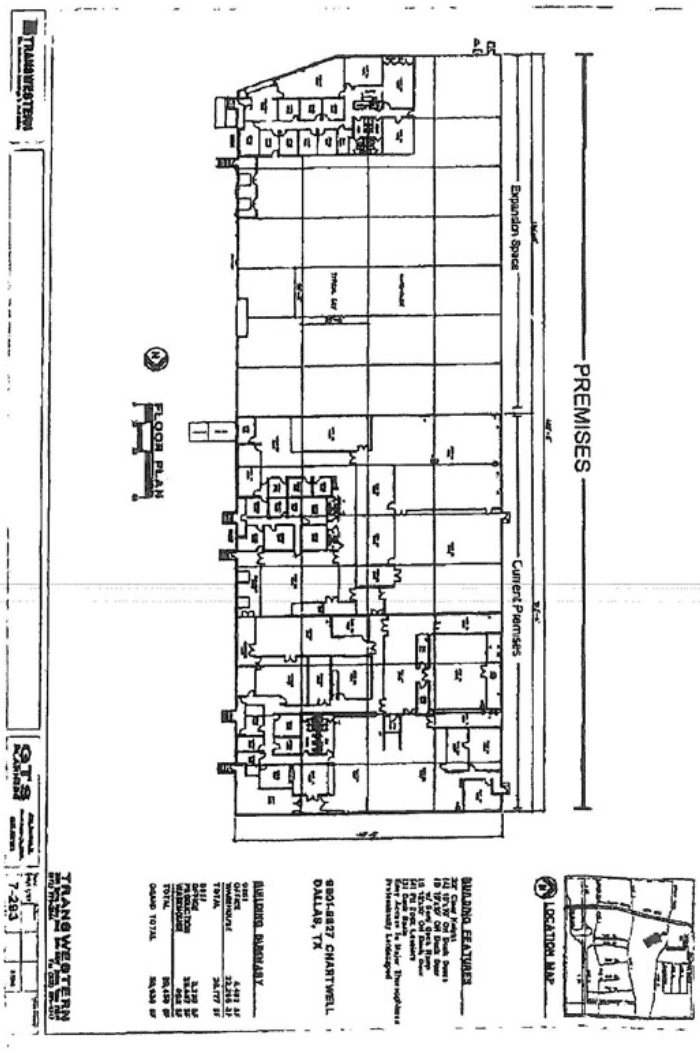


EXHIBIT B

EXPANSION SPACE IMPROVEMENTS