

08-20-2002



M COVER SHEET

Docket No.:

KS ONLY

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102196438

To the Honorable Commissioner of Patents and Trademarks, Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

SEABEAM INSTRUMENTS, INC.

7.22.02

- Individual(s)
- General Partnership
- Corporation-State **DELAWARE**
- Other

- Association
- Limited Partnership

Additional names(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: **MARCH 11, 1999**

2. Name and address of receiving party(ies):

Name: **L3 COMMUNICATIONS CORPORATION**

Internal Address:

Street Address: **15825 ROXFORD STREET**

City: **SYLMAR** State: **CA** ZIP: **91342**

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State **DELAWARE**
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from Assignment)
Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration numbers(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1,954,315

1,986,189

1,540,292

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: **RICHARD S. ROBERTS**

Internal Address:

Street Address: **ROBERTS & MERCANTI, LLP**

P.O. BOX 484

City: **PRINCETON** State: **NJ** ZIP: **08542**

6. Total number of applications and registrations involved:.....

3

7. Total fee (37 CFR 3.41):.....\$ **90.00**

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

08/19/2002 TDIAZ1 00000087 1954315

DO NOT USE THIS SPACE

01	FC:481	40.00	DP
02	FC:482	50.00	DP

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

RICHARD S. ROBERTS

Name of Person Signing

Signature

JULY 17, 2002

Date

Total number of pages including cover sheet, attachments, and document:

62

ASSET PURCHASE AGREEMENT

among

L-3 COMMUNICATIONS CORPORATION

and

SEABEAM INSTRUMENTS, INC.,

and

CHANNEL TECHNOLOGIES, INC.,

Dated as of March 11, 1999

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EXHIBITS

EXHIBIT A ✓	Escrow Agreement
EXHIBIT B ✓	New Lease
EXHIBIT C	Transition Services Agreement
EXHIBIT D	Baseline Balance Sheet
EXHIBIT E	December Statement of Net Assets
EXHIBIT F	Technology License Agreement
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SCHEDULES

SCHEDULE 4.3 ✓	Conflicts
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SCHEDULE 7.1(b) -	Required Consents
SCHEDULE 8.1 -	Employees of the Business

ASSET PURCHASE AGREEMENT dated as of March 11, 1999, among L-3 Communications Corporation, a Delaware corporation acting through its Ocean Systems Division ("L-3"), SeaBeam Instruments, Inc., a Delaware corporation ("SeaBeam"), and Channel Technologies, Inc., a California corporation ("Channel").

RECITALS :

A. SeaBeam is the owner of several businesses, one of which consists of designing, developing, manufacturing, producing, marketing and selling multibeam sea floor charting sonar equipment (the "Business").

B. L-3 wishes to purchase or acquire from SeaBeam, and SeaBeam wishes to sell, assign and transfer to L-3, substantially all of the assets primarily used in or primarily related to the Business (but not the Excluded Assets as defined herein), and L-3 has agreed to assume certain specified liabilities of the Business, all for the purchase price and upon the terms and subject to the conditions hereinafter set forth.

C. Channel is the parent company of SeaBeam.

D. Capitalized terms used herein without separate definition have the meanings given to such terms in Section 1.1.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations and warranties made herein and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definition of Certain Terms. The terms defined in this Section 1.1, whenever used in this Agreement, shall have the respective meanings indicated below for all purposes of this Agreement.

"1998 Accounts Receivable": has the meaning set forth in Section 2.2(a).

"1999 Intercompany Trade Payables": has the meaning set forth in Section 3.4.

"Affiliate": of a specified Person means a Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person or a member of such specified Person's immediate family. "Control" (including the terms "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 policies of a Person, whether through the ownership of voting securities, by contract or credit arrangement, as trustee or executor, or otherwise.

"Agreement": means this Asset Purchase Agreement (including the Exhibits and the Schedules), as the same from time to time may be amended, supplemented or waived.

"Applicable Law": means any and all applicable provisions of any and all (i) constitutions, treaties, statutes, laws (including the common law), rules, regulations, ordinances, codes or orders of any Governmental Authority, (ii) Governmental Approvals, and (iii) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority.

"Assets": has the meaning set forth in Section 2.1.

"Assumed Liabilities": has the meaning set forth in Section 3.4.

"Backlog": has the meaning set forth in Section 4.23.

"Baseline Balance Sheet": shall mean the unaudited adjusted balance sheet of the Business at and as of August 31, 1998, a copy of which is attached hereto as Exhibit D.

"Books and Records": means all books and records, including manuals, price lists, mailing lists, lists of customers, production data, sales and promotional materials, purchasing materials, personnel records, manufacturing and quality control records and procedures, research and development files, accounting records, tax records and litigation files (regardless of the media in which stored), in each case primarily relating to or primarily used in the Business.

"Business": has the meaning set forth in Recital A at the head of this Agreement.

"Cash": means any and all cash and cash equivalents and similar type investments, such as certificates of deposit, treasury bills and other marketable securities.

"Cash True-Up Period": has the meaning set forth in Section 3.8.

"Channel": has the meaning set forth in the first paragraph of this Agreement.

"Closing": has the meaning set forth in Section 3.1.

"Closing Date": has the meaning set forth in Section 3.1.

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

"Competitive Products and Services": has the meaning set forth in Section 6.1(g).

"Consent": means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any Person, including any Governmental Authority.

"Contracts": has the meaning set forth in Section 4.11(a).

"December Statement of Net Assets": shall mean the unaudited statement of net assets in respect of the Business consisting of the Assets and the Assumed Liabilities, at and as of December 31, 1998, a copy of which is attached hereto as Exhibit E.

"Disclosing Party": has the meaning set forth in Section 6.1(i).

“\$” or “dollars”: means lawful money of the United States of America.

“ELAC”: means ELAC-Nautik GmbH (or its Affiliates).

“Employee Agreements”: has the meaning set forth in Section 6.1(p).

“Employee Benefit Plans”: has the meaning set forth in Section 4.20(a).

“Environmental Laws”: means any and all Applicable Laws relating to the protection of the environment, to human health and safety, or to any emission, discharge, generation, processing, storage, holding, abatement, existence, Release, threatened Release, arranging for the disposal or transportation of any Hazardous Substances.

“Environmental Liabilities and Costs”: means any and all Losses imposed by, under or pursuant to Environmental Laws, based on, arising out of or otherwise in respect of (i) the ownership or operation of the Business or any real property owned, leased or operated by SeaBeam, or (ii) the environmental conditions existing on the Closing Date on, under, above, or about any real property owned, leased or operated by the Business or SeaBeam.

“ERISA”: means the Employee Retirement Income Security Act of 1974, as amended.

“Escrow Agent”: has the meaning set forth in Section 3.7.

“Escrow Agreement”: has the meaning set forth in Section 3.7.

“Escrow Amount”: has the meaning set forth in Section 3.7.

“Excluded Assets”: has the meaning set forth in Section 2.2.

“Excluded Liabilities”: has the meaning set forth in Section 3.5.

“EXIM”: means the Export-Import Bank of the United States.

“Financial Statements”: has the meaning set forth in Section 4.4.

“GAAP”: means United States generally accepted accounting principles.

“Governmental Approval”: means any Consent of, with or to any Governmental Authority.

“Governmental Authority”: means any nation or government, any state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government (including any government authority, agency, department, board, commission or instrumentality of the United States, any State of the United States or any political subdivision thereof), or any tribunal or arbitrator(s) of competent jurisdiction, or any self-regulatory organization.

“Hazardous Substance”: means any substance that: (i) requires investigation, removal or remediation under any Environmental Law, or is defined, listed or identified as a “hazardous

waste" or "hazardous substance" thereunder; or (ii) is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is regulated by any Governmental Authority or Environmental Law.

"include", "includes", "included" and "including": shall be construed as if followed by the phrase "without being limited to"

"Indemnified Party": has the meaning set forth in Section 10.3.

"Indemnifying Party": has the meaning set forth in Section 10.3.

"Intellectual Property": means: (i) any and all trademarks, service marks, brand names, certification marks, trade dress, assumed names, trade names, logos and other indications of origin, sponsorship or affiliation, together with the goodwill associated therewith (whether the foregoing are registered or unregistered); registrations thereof in any jurisdiction and applications to register any of the foregoing in any jurisdiction, and any extension, modification or renewal of any such registration or application; (ii) any and all inventions, developments, improvements, discoveries, know how, concepts and ideas, whether patentable or not in any jurisdiction; (iii) any and all patents, revalidations, industrial designs, industrial models and utility models, patent applications (including reissues, continuations, divisions, continuations-in-part and extensions) and patent disclosures; (iv) any and all mask works and other semiconductor chip rights and registrations thereof; (v) any and all trade secrets and proprietary or confidential information and rights in any jurisdiction to limit the use or disclosure thereof by any Person; (vi) any and all writings and other works, whether copyrighted, copyrightable or not in any jurisdiction, such works including computer programs and software (including source code, object code, data and databases); (vii) any and all copyrights, copyright registrations and applications for registration of copyrights in any jurisdiction, and any renewals or extensions thereof; (viii) any and all other intellectual property or proprietary rights; (ix) any and all agreements, licenses, immunities, covenants not to sue and the like relating to any of the foregoing; and (x) any and all claims or causes of action arising out of or related to any infringement or misappropriation of any of the foregoing.

"Inventories": has the meaning set forth in Section 2.1(b).

"IRS": means the Internal Revenue Service.

"ITC": means International Transducer Corporation.

"Lien": means any mortgage, pledge, hypothecation, right of others, claim, security interest, encumbrance, lease, sublease, license, occupancy agreement, adverse claim or interest, easement, covenant, encroachment, burden, title defect, title retention agreement, voting trust agreement, interest, equity, option, lien, right of first refusal, charge or other restriction or limitation.

"Logo": means any symbol or logo incorporating a Name.

"Losses": has the meaning set forth in Section 10.1.

"L-3": has the meaning set forth in the first paragraph of this Agreement.

"L-3 Indemnitees": has the meaning set forth in Section 10.1.

"L-3 Group": means L-3 Communications Holdings, Inc. and its Subsidiaries.

"Material Adverse Effect": means any event, circumstance, occurrence, fact, condition, change or effect that is materially adverse to the business, operations, results of operations, financial condition, prospects, properties, assets or liabilities of the Business.

"Material Intellectual Property": means all Intellectual Property relating to or used in the Business.

"Name": means any name, mark, trade name, trademark, service name or service mark.

"New Lease": has the meaning set forth in Section 7.1(d).

"Non-Competition Period": has the meaning set forth in Section 6.1(g).

"Notice": has the meaning set forth in Section 11.3.

"Permitted Closing Liens": means those Permitted Liens specified in clauses (iv) and (v) of the definition thereof. It is expressly understood and agreed that Permitted Closing Liens shall not include any Lien in favor of EXIM or any bank or other financial institution.

"Permitted Liens": means (i) Liens reserved against in the December Statement of Net Assets, to the extent so reserved, (ii) Liens for Taxes not yet due and payable, (iii) Liens for Taxes which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on SeaBeam's books in accordance with GAAP, (iv) mechanics, carriers, workers, repairers and other statutory liens incurred in the ordinary course of business of the Business (consistent in amount and kind with past practice) relating to obligations as to which there is no default on the part of SeaBeam, or (v) Liens that, individually and in the aggregate, do not and would not materially detract from the value of any of the property or assets of the Business or materially interfere with the use thereof as currently used or contemplated to be used or otherwise.

"Person": means any natural person, firm, partnership, association, corporation, company, limited liability company, trust, business trust, Governmental Authority or other entity.

"PGS Gulf of Mexico Survey": means the data sets and maps prepared by SeaBeam of a section of the seafloor in the Gulf of Mexico, including bathymetry, sidescan, seafloor characterization, sub-bottom Seg-Y and seismic sets.

"Proceedings": has the meaning set forth in Section 4.18(d).

"Purchase Orders": means all those Contracts listed or referred to under the caption **"OTHER"** in Schedule 4.11(a).

"Purchase Price": has the meaning set forth in Section 3.2.

"Release": means any releasing, disposing, discharging, injecting, spilling, leaking, leaching, pumping, dumping, emitting, escaping, emptying, seeping, dispersal, migration, transporting, placing and the like, including the moving of any materials through, into or upon, any land, soil, surface water, ground water or air, or otherwise entering into the environment.

"Representation Agreements": means (i) the Extension of Maintenance and Warranty Agency Agreement, dated October 28, 1997, between representative NAHARWAR Engineering Systems and SeaBeam, and (ii) the Amendment to Original Agreement between Stellar International, SA and SeaBeam, dated March 10, 1998, as well as in each case any underlying agreement being extended or amended.

"SeaBeam": has the meaning set forth in the first paragraph of this Agreement.

"SeaBeam Indemnitees": has the meaning set forth in Section 10.2.

"Subsidiaries": means each corporation or other Person in which a Person owns or controls, directly or indirectly, capital stock or other equity interests representing at least 50% of the outstanding voting stock or other equity interests.

"Taxes": means any federal, state, provincial, local or foreign income, alternative, minimum, accumulated earnings, personal holding company, franchise, capital stock, net worth, capital, profits, windfall profits, gross receipts, value added, sales, use, goods and services, excise, customs duties, transfer, conveyance, mortgage, registration, stamp, documentary, recording, premium, severance, environmental (including taxes under Section 59A of the Code), real property, personal property, ad valorem, intangibles, rent, occupancy, license, occupational, employment, unemployment insurance, social security, disability, workers' compensation, payroll, health care, withholding, estimated or other similar tax, duty or other governmental charge or assessment or deficiencies thereof, and including any interest, penalties or additions to tax attributable to the foregoing.

"Technology License Agreement": means the Technology License Agreement, in substantially the form of Exhibit F, among L-3, Electro-Optical, Inc. and Ocean Data Equipment Corporation.

"Termination Agreements": means: (i) the Termination Agreement dated as of March 11, 1999, between SeaBeam and Electro-Optical, Inc.; and (ii) the Termination Agreement dated as of March 11, 1999, between SeaBeam and Ocean Data Equipment Corporation.

"Transaction": has the meaning set forth in Section 6.1(h).

"Transfer Taxes": has the meaning set forth in Section 11.6.

"Transferred Employees": has the meaning set forth in Section 8.1.

"Treasury Regulations": means the regulations prescribed pursuant to the Code.

"Year 2000": has the meaning set forth in Section 4.26.

Section 1.2. Construction. All references herein to a Section, Article, Exhibit or Schedule are to a Section, Article, Exhibit or Schedule of or to this Agreement, unless otherwise indicated.

ARTICLE II

SALE AND PURCHASE OF THE ASSETS

Section 2.1. Assets. Subject to and upon the terms and conditions set forth in this Agreement, at the Closing, SeaBeam shall sell, transfer, set over, convey, assign and deliver to L-3, and L-3 shall purchase and acquire from SeaBeam, all right, title and interest of SeaBeam in and to the properties, assets and rights of every nature, kind and description that primarily relate to or primarily are used in the Business as the same may exist on the Closing Date (collectively, the "Assets"), including the following Assets:

- (a) all machinery, equipment, tools, dies and molds (including those dies and molds previously held in the name of any Affiliate of SeaBeam) and other tangible personal property (including tooling, test equipment, work stations and data processing equipment);
- (b) all inventories of raw materials, work in process, finished products, goods, spare parts, replacement and component parts, and office and other supplies (whether on hand, in-transit or on order) (collectively, the "Inventories");
- (c) all rights in Intellectual Property owned by SeaBeam or used by SeaBeam pursuant to a license or other arrangement and, in each case, used in the Business (including all Names or Logos incorporating "SeaBeam" or "SeaBeam Instruments" or any similar Name or Logo, alone or in any combination of words, and any combination, variation or derivation of any such Name or Logo), and the goodwill represented thereby and pertaining thereto;
- (d) all rights under all Contracts;
- (e) all credits, prepaid expenses, deferred charges, security deposits and prepaid items;
- (f) all Books and Records;
- (g) all Governmental Approvals, including all applications therefor;
- (h) all rights to causes of action, lawsuits, claims and demands of any nature available to or being pursued by SeaBeam or Channel with respect to the Assets or the Assumed Liabilities;
- (i) all guarantees, warranties, indemnities and similar rights in favor of SeaBeam or Channel with respect to the Assets or the Business (other than those performance guarantees in favor of SeaBeam made by Channel or its Affiliates);

(j) all computer hardware and software used in the Business, including all rights under licenses and other instruments or agreements relating thereto;

(k) all assets reflected on the December Statement of Net Assets; and

(l) all accounts and other receivables arising since December 31, 1998.

Section 2.2. Excluded Assets. SeaBeam shall retain and not transfer, and L-3 shall not purchase or acquire, or have any ownership claim or right in respect of, the following assets (collectively, the "Excluded Assets"):

(a) all accounts receivable (including all warranty holdbacks deducted from previously billed accounts receivable) due to SeaBeam reflected in the December Statement of Net Assets and not paid as of the Closing Date (the "1998 Accounts Receivable");

(b) all furniture and telephone equipment of SeaBeam and Channel;

(c) data rights to the PGS Gulf of Mexico Survey and all receivables relating thereto;

(d) all Books and Records consisting of SeaBeam's corporate records, such as minute books, seals and similar items;

(e) all rights to causes of action, lawsuits, claims and demands of any nature available to or being pursued by SeaBeam with respect to the Excluded Assets or the Excluded Liabilities;

(f) any stock or other equity interest in any Person;

(g) all personnel records of any SeaBeam employee who has not consented to the transfer of his or her personnel records to L-3;

(h) subject to Section 3.8, all Cash;

(i) the Representation Agreements; and

(j) all other properties, assets and rights of SeaBeam that neither primarily relate to, nor are primarily used in, the Business.

ARTICLE III

THE CLOSING

Section 3.1. Place and Date. The closing of the sale and purchase of the Assets (the "Closing") and the assumption of the Assumed Liabilities shall take place at 10:00 A.M. local time on March 17, 1999, at the offices of Whitman Breed Abbott & Morgan LLP, 200 Park Avenue, New York, New York 10166, or such other time and place upon which the parties may agree. The day on which the Closing actually occurs is herein sometimes referred to as the "Closing Date".

Section 3.2. Purchase Price. On the terms and subject to the conditions set forth in this Agreement, L-3 agrees to pay to SeaBeam at the Closing, by wire transfer of immediately available funds, \$2,550,000 (the "Purchase Price"), and to assume the Assumed Liabilities as provided in Section 3.4. SeaBeam hereby directs L-3 to pay the Purchase Price to it at the Closing as follows: (a) \$2,450,000 to First International Bank, N.A. (f/k/a First National Bank of New England) on behalf of SeaBeam for credit to Channel's EXIM loan with First International Bank; and (b) \$100,000 to the Escrow Agent pursuant to Section 3.7.

Section 3.3. Allocation of Purchase Price. The parties agree to allocate the aggregate of the Purchase Price and the Assumed Liabilities among the Assets in accordance with Section 1060 of the Code as mutually agreed to by the parties within 180 days following the Closing Date. All such mutually agreed to allocations shall be (a) based upon appraisal(s) prepared by independent firm(s) selected by L-3 and approved by SeaBeam (such approval not to be unreasonably withheld or delayed), and (b) used by each party in preparing any filings required pursuant to Section 1060 of the Code or any similar provisions of state or local law and all relevant income and franchise tax returns. Neither L-3 nor SeaBeam will take any position before any taxing authority or in any judicial proceeding that is inconsistent with such mutually agreed to allocations without the prior consent of the other party. The parties shall in good faith exercise reasonable efforts to support such reported allocations in any audit proceedings initiated by any taxing authority. The cost and expenses of the appraisal(s) referred to above shall be borne equally by SeaBeam and L-3.

Section 3.4. Assumption of Liabilities. Subject to the terms and conditions set forth herein, at the Closing, L-3 shall assume and agree to pay, honor and discharge when due only the following liabilities and obligations relating to the Assets or the Business as the same may exist on the Closing Date (except to the extent any of the same are enumerated as Excluded Liabilities in Section 3.5): (a) all liabilities and obligations of SeaBeam arising and to be performed from and after the Closing Date under or relating to Contracts and Governmental Approvals included in the Assets; (b) to the extent reflected as liabilities in the December Statement of Net Assets, all trade accounts payable kept current as per purchase order terms (including the trade accounts payable to ELAC in the aggregate amount of approximately \$486,000, but excluding any and all trade accounts payable to Channel or any of its Affiliates); (c) to the extent reflected as liabilities in the December Statement of Net Assets, all unpaid and accrued payroll; (d) all trade and other accounts payable kept current as per purchase order terms arising out of the ordinary course of business of the Business (consistent in amount and kind with past practice) since December 31, 1998, in each case, however, payable to a Person that is neither Channel nor an Affiliate of

Channel; (e) the trade account payables to Channel or its Affiliates for materials which first arose and were invoiced during the Cash True-Up Period and which relate to Backlog that existed at the time such trade account payables were incurred (the "1999 Intercompany Trade Payables"); (f) all unpaid and accrued payroll arising out of the ordinary course of business of the Business (consistent in amount and kind with past practice) since December 31, 1998; and (g) all accrued and unpaid vacation pay with respect to the Transferred Employees, but only to the extent not included in any of the foregoing clauses in this Section 3.4 (collectively, the "Assumed Liabilities").

Section 3.5. Excluded Liabilities. Other than for the Assumed Liabilities, L-3 shall not be responsible for any other debts, claims, commitments, liabilities or obligations of SeaBeam or the Business (collectively, the "Excluded Liabilities"). Without limiting the generality of the foregoing and notwithstanding anything herein that may be to the contrary, Excluded Liabilities include any and all debts, claims, commitments, liabilities or obligations of SeaBeam or the Business relating to or arising out of any of the following:

(a) any debt, liabilities, payables or other obligations to Channel, any of its Affiliates, EXIM or any bank or other financial institution (other than the 1999 Intercompany Trade Payables); or any indebtedness for borrowed money or any guarantees or similar obligations in respect of any indebtedness for borrowed money;

(b) any debt, claim, commitment, liability or obligation that was required to have been shown as a liability on the Baseline Balance Sheet or the December Statement of Net Assets and was not so shown;

→ (c) any cost or expense relating to or arising out of the collection of any of the 1998 Accounts Receivable; without limiting the generality of the foregoing, if billings were premature and/or product or services shipped or rendered were incomplete and/or customer will not pay because customer believes product or services were incomplete, SeaBeam will be liable for all costs and expenses to effect payment;

(d) (i) any liability, obligation or commitment relating to or arising out of any Employee Benefit Plan, including any sponsorship, administration or contribution obligation of any Person under any Employee Benefit Plan or termination of any Employee Benefit Plan, or (ii) the termination of employment, on or prior to the Closing Date, of any employee of the Business by SeaBeam (except for severance costs for which L-3 is obligated to reimburse SeaBeam pursuant to Section 8.1);

(e) any cause of action or judicial or administrative action, suit, proceeding or investigation, pending or threatened in writing as of the Closing Date, relating to periods on or prior to the Closing Date;

(f) any failure or alleged failure to comply with, or any violation or alleged violation of, (i) any law, rule, regulation, statute, ordinance, permit, judgment, injunction, order, decree, license or other Applicable Law or Governmental Approval applicable to the Business or the Assets (including Sections 38-40 of the Arms Export Control Act (AECA, 22 U.S.C. Sections 2778-2780), the International Traffic in Arms Regulations (ITAR 22 C.F.R. Parts 120-130) and

the Foreign Corrupt Practices Act (15 U.S.C. Sections 78dd-1, et seq.), or (ii) any Contract, in each case which failure or violation occurred or was alleged to have occurred prior to the Closing Date;

(g) any infringement or alleged infringement of the rights of any other Person arising out of the use of any Intellectual Property in connection with the Business prior to the Closing;

(h) any and all trade and other accounts payable relating to equipment or services invoiced in respect of the 1998 Accounts Receivables;

(i) any obligations against SeaBeam with respect to any notes, bonds, accounts receivable or other evidences of indebtedness of or rights to receive payment from any Person that have been transferred to a third person by SeaBeam;

(j) any liability for any Taxes imposed on SeaBeam or attributable to SeaBeam or the Business on or before the Closing Date;

(k) any of the Excluded Assets;

(l) all Environmental Liabilities and Costs (whether or not currently known, discoverable or regulated by currently Applicable Law) arising from, relating to, in respect of or incurred in connection with conditions existing or events occurring on or prior to the Closing; or

(m) any claim, litigation, action or proceeding, whether or not now pending or threatened, whether known or unknown, relating to the Business or the Assets to the extent based on or arising out of or based upon product liability with respect to products shipped or sold prior to the Closing.

Section 3.6. Consent of Third Parties. Notwithstanding anything to the contrary in this Agreement, this Agreement shall not constitute an agreement to assign or transfer any Governmental Approval, instrument, contract, commitment, order, license, lease, permit or other agreement or arrangement or any claim, right or benefit arising thereunder or resulting therefrom if an assignment or transfer or an attempt to make such an assignment or transfer without the consent or approval of a third party (or without the novation thereof) would constitute a breach or violation thereof or affect adversely the rights of L-3 or SeaBeam thereunder, and any transfer or assignment to L-3 by SeaBeam of any interest under any such Governmental Approval, instrument, contract, commitment, order, license, lease, permit or other agreement or arrangement that requires novation or the consent or approval of a third party shall be made subject to such novation, consent or approval being obtained. If any such novation, consent or approval is not obtained on or prior to the Closing Date, then SeaBeam shall (a) cause any and all monies payable to SeaBeam under any such Governmental Approval, instrument, contract, commitment, order, license, lease, permit or other agreement or arrangement to be delivered to such lockbox account as L-3 shall have designated, (b) promptly obtain any such novation, consent or approval without any third party cost to L-3, (c) hold such Governmental Approval, instrument, contract, commitment, order, license, lease, permit or other agreement or arrangement on behalf of L-3, (d) cooperate with L-3 in any lawful arrangement to provide that L-3 shall receive the benefits under any such Governmental Approval, instrument, contract,

commitment, order, license, lease or permit or other agreement or arrangement, including performance by SeaBeam, as agent or trustee, and (e) enforce and perform for the account of L-3 any rights of SeaBeam arising from such Government Approval, instrument, contract, commitment, order, license, lease, permit or other agreement or arrangement; provided, however, that L-3 shall pay or satisfy the corresponding obligations and liabilities for the enjoyment of such benefit to the extent L-3 would have been responsible therefor under this Agreement if such novation, consent or approval had been obtained. Nothing in this Section 3.6 shall be deemed a waiver by L-3 of its right to receive an effective assignment of all the Assets.

Nothing in this Section 3.6 will be deemed to require SeaBeam to pay any legal fees incurred by L-3 in connection with the obtaining of any novation, consent or approval pursuant to this Section 3.6.

Section 3.7. Escrow Arrangement. Subject to the terms and conditions herein, at the Closing, L-3 shall deposit with The Bank of New York, as escrow agent (the "Escrow Agent"), a portion of the Purchase Price equal to \$100,000 (the "Escrow Amount"). The Escrow Amount shall be distributed in accordance with the terms of the Escrow Agreement, substantially in the form of Exhibit A hereto (as the same may be amended from time to time, the "Escrow Agreement"), among SeaBeam, L-3 and the Escrow Agent.

Section 3.8. Cash True-Up. Within 15 business days after the Closing Date, SeaBeam shall prepare and deliver to L-3 a schedule (the "Cash True-Up Schedule") setting forth, on a daily basis, the net Cash generated or used by the Business from 12:01 a.m. on the first day following December 31, 1998 through and including the Closing Date (the "Cash True-Up Period"). For the purposes of this computation: (a) trade accounts payable to ITC in an aggregate amount of \$61,539.69 in respect of invoice nos. 019752 and 019753, dated December 21, 1998, shall be treated as Cash used by the Business during the Cash True-Up Period (the "ITC Payables"); and (b) no Cash shall be deemed to be used by the Business during the Cash True-Up Period to pay or satisfy any accounts payable or other intercompany charges to Channel or any of its Affiliates (whether or not actually paid or satisfied during the Cash True-Up Period), except for (i) the ITC Payables, (ii) the 1999 Intercompany Trade Payables, but only to the extent that the 1999 Intercompany Trade Payables have been paid or satisfied during the Cash True-Up Period, and (iii) non-Cash allocations of SeaBeam and Chanel corporate overhead which the parties hereby agree is equal to \$150,000. SeaBeam shall give L-3 reasonable access to the books and records of the Business for the purpose of confirming the items set forth in and the calculation of the Cash True-Up Schedule. L-3 shall have ten business days from receipt to review and verify the Cash True-Up Schedule. At or prior to the expiration of such ten business-day review period, L-3 shall either confirm SeaBeam's calculation of the Cash True-Up Schedule or provide SeaBeam with a detailed written description of its good faith objections to any portion of the Cash True-Up Schedule. L-3's review and verification of the Cash True-Up Schedule shall include confirmation (i) of the right of SeaBeam to Cash received in connection with any of the Excluded Assets, (ii) that Cash was not used to acquire any Excluded Assets or to pay, honor or discharge any Excluded Liabilities, and (iii) that any and all disbursements and expenditures made by SeaBeam during the Cash True-Up Period were made in the ordinary course of business of the Business (consistent in amount and kind with past practice). To the extent that, in connection with such review and verification, it is determined that Cash was used to acquire any Excluded Assets or to pay, honor or discharge any Excluded

Liabilities, or that disbursements or expenditures were made by SeaBeam other than in the ordinary course of business of the Business (consistent in amount and kind with past practice), then, in calculating net Cash generation or usage, the amount of Cash shall be increased by the amount of such Cash used to acquire any Excluded Assets and/or to pay, honor or discharge any Excluded Liabilities and/or by the amount of any such disbursements or expenditures, as the case may be. Within three business days after the expiration of such ten business-day review period, SeaBeam shall (and Channel shall cause SeaBeam to) make payment to L-3 if the Cash True-Up Schedule shows net Cash generation during the Cash True-Up Period in an amount equal to such net Cash generation. Within three business days after the expiration of such ten business-day review period, L-3 shall make payment to SeaBeam if the Cash True-Up Schedule shows net Cash usage during the Cash True-Up Period in an amount equal to such net Cash usage. In the event of any dispute with respect to the amount to be paid, then (A) such dispute shall be resolved in good faith by the parties, and (B) any portion of the amount that would not be affected by the outcome of the dispute shall be paid by the relevant party in accordance with the time schedule set forth in the immediately preceding sentence, with any subsequent payment made by the appropriate party upon resolution of the dispute. Any payment to be made pursuant to this Section 3.8 shall be made in immediately available funds by wire transfer to a bank account designated in writing by L-3 or SeaBeam, as the case may be. SeaBeam shall be responsible for paying any checks outstanding as of January 1, 1999.

For purposes of all the items set forth in and the calculation of the Cash True-Up Schedule contemplated by this Section 3.8 (other than determining the length of the Cash True-Up Period), it shall be assumed that the Closing occurred and became effective at 12:01 a.m. on the first day following December 31, 1998; provided, however, that the following types of expenditures of the Business during the Cash True-Up Period shall be deemed (for purposes of the calculation of net Cash used or generated by the Business in the Cash True-Up Schedule only) not to be Excluded Liabilities: (x) the non-Cash allocation described in clause (iii) above; (y) payments in the ordinary course of business of the Business (consistent in kind and amount with past practice) in respect of any Employee Benefit Plan (other than any retirement or pension plans or equity-based incentive plans); and (z) payments in the ordinary course of business of the Business (consistent in kind and amount with past practice) of any sales or use taxes with respect to the Business; provided further, however, that the payment by the Business of any Assumed Liabilities at any time during the Cash True-Up Period shall be Cash used by the Business for purposes of calculating net Cash generation or usage pursuant to this Section 3.8.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SEABEAM AND CHANNEL

SeaBeam and Channel, jointly and severally, represent and warrant to L-3 as of the date hereof and as of the Closing Date as follows:

Section 4.1. Corporate Status. Each of SeaBeam and Channel is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. SeaBeam has full corporate power and authority to carry on the Business and to own or lease and to operate the properties of the Business. SeaBeam is duly qualified or licensed to do business and is in good standing in the Commonwealth of Massachusetts.

Section 4.2. Authorization, etc. Each of SeaBeam and Channel has the corporate power and authority to execute and deliver this Agreement, to perform fully its obligations hereunder, and to consummate the transactions contemplated hereby. The execution and delivery by each of SeaBeam and Channel of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by all requisite corporate (including board of directors and shareholder) action of SeaBeam and Channel. Each of SeaBeam and Channel has duly executed and delivered this Agreement. This Agreement is a legal, valid and binding obligation of SeaBeam and Channel, enforceable against them in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights in general and as the same may be limited by general principles of equity.

Section 4.3. No Conflicts, etc. The execution, delivery and performance by each of SeaBeam and Channel of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not conflict with or result in a violation of or a default under (with or without the giving of notice or the lapse of time or both), or result in the acceleration of or give rise to any party the right to terminate, modify or cancel under, or result in the loss of any rights, privileges, options or alternatives under, or result in the creation of any Lien on any of the properties or assets of SeaBeam or Channel under (i) the charter or by-laws of SeaBeam or Channel, (ii) any Applicable Law applicable to SeaBeam, Channel or any of their respective properties or assets, or (iii) except as set forth in Schedule 4.3, any Contract or other agreement or instrument to which SeaBeam or Channel is a party or by which SeaBeam or Channel or any of its properties or assets is bound, other than in the case of this clause (iii) any such conflicts, violations or defaults that, individually or in the aggregate, (A) have not had and could not reasonably be expected to have a Material Adverse Effect, and (B) have not impaired and could not reasonably be expected to impair SeaBeam's or Channel's ability to perform its obligations hereunder. Except as specified in Schedule 4.3, no Governmental Approval or other Consent (including Consents under the Contracts) is required to be obtained or made by SeaBeam or Channel in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby. Channel is an "ultimate parent entity" within the meaning of Section 801.1(a)(3) of the rules of the Federal Trade Commission promulgated under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

Section 4.4. Financial Statements. SeaBeam has delivered to L-3 the following financial statements in respect of the Business: (a) the Baseline Balance Sheet; and (b) the December Statement of Net Assets (collectively, the "Financial Statements"). All intercompany balances of the Business have been eliminated in each of the Baseline Balance Sheet and the December Statement of Net Assets, except for any intercompany inventory or payables specifically included in the inventory or trade payables accounts. The Financial Statements are in accordance with the books and records of the Business.

Section 4.5. Absence of Undisclosed Liabilities. SeaBeam has no debts, claims, commitments, liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, asserted or unasserted, arising out of or relating to the Business, except (a) as set forth in Schedule 4.5, (b) as and to the extent reflected as a liability in the December Statement of Net Assets, (c) liabilities and

obligations that were incurred after December 31, 1998 in the ordinary course of business of the Business (consistent in amount and kind with past practice); and (d) the Excluded Liabilities.

Section 4.6. Taxes. All Taxes owed by SeaBeam (whether or not shown on any tax return) have been duly and timely paid. SeaBeam has not extended or otherwise waived the benefit of any applicable statute of limitations or agreed to any extension of time with respect to a Tax assessment or deficiency. SeaBeam is not a "foreign person" within the meaning of Section 1445(b)(2) of the Code.

Section 4.7. Absence of Changes. Except as set forth in Schedule 4.7, since August 31, 1998, SeaBeam has not in connection with or relating to the Business or the Assets:

- (a) suffered any Material Adverse Effect;
- (b) incurred, assumed, guaranteed or discharged any debt, claim, commitment, obligation or liability, absolute, accrued, contingent or otherwise, whether due or to become due (including any indebtedness for borrowed money), except current liabilities for trade or business obligations incurred in connection with the purchase of goods or services in the ordinary course of business of the Business (consistent in amount and kind with past practice);
- (c) mortgaged, pledged or subjected to any other Lien, any property, business or assets, tangible or intangible other than Permitted Liens;
- (d) sold, transferred, leased to others or otherwise disposed of any of the Assets, except for Inventories sold in the ordinary course of business of the Business (consistent in amount and kind with past practice), or canceled or compromised any debt, claim, commitment, liability or obligation, or waived or released any right of substantial value;
- (e) received any notice of termination of any Contract;
- (f) suffered any damage, destruction or casualty loss (whether or not covered by insurance), in any case or in the aggregate, in excess of \$25,000;
- (g) transferred or granted any rights under, or entered into any settlement regarding the breach, misappropriation, infringement or violation of, any Intellectual Property, or modified any existing rights with respect thereto;
- (h) made any change in the rate of compensation, commission, bonus or other direct or indirect remuneration payable, or paid or agreed or orally promised to pay, conditionally or otherwise, any bonus, incentive, retention or other compensation, retirement, welfare, fringe or severance benefit or vacation pay, to or in respect of any employee, distributor or agent of the Business, in each case other than increases in the ordinary course of business of the Business (consistent in amount and kind with past practice) in the compensation payable to those employees of the Business earning less than \$40,000 per annum each;
- (i) made any change in the accounting, auditing or tax methods, practices or principles of the Business;

(j) encountered any labor union organizing activity, had any actual or threatened employee strikes, work stoppages, slowdowns or lockouts, or had any material change in its relations with its employees, distributors, agents, customers or suppliers;

(k) entered into any transaction, contract, arrangement, order, license, lease, permit, instrument, agreement or commitment other than in the ordinary course of business of the Business (consistent in amount and kind with past practice), or paid or agreed to pay any brokerage or finder's fee;

(l) made any grant of credit to any customer or distributor on terms or in amounts materially more favorable than had been extended to that customer or distributor in the past; or

(m) taken any action or omitted to take any action that would result in the occurrence of any of the foregoing.

Section 4.8. Litigation.(a) There is no action, claim, demand, suit, proceeding, arbitration, grievance, citation, summons, subpoena, inquiry or investigation, civil, criminal, regulatory or otherwise, in law or in equity, pending or, to the knowledge of SeaBeam, threatened, by or against or relating to SeaBeam in connection with the Assets or the Business seeking unspecified damages, damages in excess of \$25,000 or any injunctive or other equitable relief; provided, however, that the foregoing shall not relate to product warranty claims covered in Section 4.15.

(b) There are no judgments unsatisfied against SeaBeam or consent decrees or injunctions to which SeaBeam or the Assets are subject. There is no action, claim, suit or proceeding pending, or to SeaBeam's knowledge threatened, by or against or affecting SeaBeam in connection with or relating to the transactions contemplated by this Agreement or of any action taken or to be taken in connection herewith or the consummation of the transactions contemplated hereby. Since January 1, 1992, there have been no product liability claims, suits, actions or proceedings involving SeaBeam or relating to products or services manufactured, sold or provided by SeaBeam.

Section 4.9. Compliance with Laws; Governmental Approvals and Consents. (a) Except as disclosed in Schedule 4.9(a), SeaBeam has complied in all material respects with all Applicable Laws applicable to the Business or the Assets.

(b) Schedule 4.9(b) sets forth all Governmental Approvals and other Consents necessary for, or otherwise material to, the conduct of the Business as conducted by SeaBeam. Except as set forth in Schedule 4.9(b), all such Governmental Approvals and Consents have been duly obtained and are in full force and effect, and SeaBeam is in compliance in all material respects with each of such Governmental Approvals and Consents held by it with respect to the Assets and the Business.

Section 4.10. Assets. (a) SeaBeam has good and valid title to the Assets, free and clear of any and all Liens other than Permitted Closing Liens; provided, however, that the foregoing shall not apply to the Intellectual Property covered in Section 4.16. The Assets (including the Material Intellectual Property) include all assets reasonably required for the

conduct of the Business as now being conducted or material to the financial condition or results of operations of the Business, except for the Excluded Assets. The Assets include all dies and molds used in the Business; neither Channel nor any of its Affiliates (other than SeaBeam) owns or has any interest in any of the dies and molds used in the Business. The Assets do not include stock of or other equity interests in any Person.

(b) All tangible property included in the Assets is in good operating condition and repair (except for ordinary wear and tear), free from any known defects (except such minor defects as do not interfere with the use thereof in the conduct of the normal operations).

Section 4.11. Contracts. (a) Schedule 4.11(a) contains a true, complete and correct list of all agreements, contracts, commitments, orders, licenses, leases and other instruments and arrangements (whether written or oral) (the "Contracts") to which SeaBeam is a party or by which it or any of its assets is bound which primarily relate to the Business, the Assets or the Assumed Liabilities.

(b) SeaBeam has furnished L-3 with access to all written Contracts, together with all amendments thereto, set forth in Schedule 4.11(a). SeaBeam has furnished L-3 with a true, complete and correct summary of all oral Contracts listed on Schedule 4.11(a).

(c) There does not exist under any Contract any event of default or event or condition that, after notice or lapse of time or both, would constitute a violation, breach or event of default thereunder on the part of SeaBeam or, to the knowledge of SeaBeam, any other party thereto except for such events or conditions that, individually and in the aggregate, (i) have not had or resulted in, and could not reasonably be expected to result in the future in, a Material Adverse Effect, and (ii) have not materially impaired the ability of SeaBeam to perform its obligations under this Agreement. Each Contract is a legal, valid, binding and enforceable obligation of SeaBeam and, to the knowledge of SeaBeam, the other parties thereto. No outstanding bid or proposal (or series of related bids or proposals) was bid, or when accepted would be made, at a loss.

(d) Each of the Purchase Orders was entered into in the ordinary course of business of the Business (consistent in amount and kind with past practice) and the majority of the Purchase Orders are terminable at the option of SeaBeam thereunder upon not more than 30 days, notice to the seller thereunder.

Section 4.12. Territorial Restrictions. SeaBeam is not restricted by any agreement or understanding with any other Person from carrying on the Business anywhere in the world.

Section 4.13. Inventories. Except as set forth on Schedule 4.13 and net of reserves as reflected in the December Statement of Net Assets, (a) Inventories are of such quality as to meet the quality control standards of SeaBeam and any applicable governmental quality control standard and are usable in the ordinary course of business of the Business in amounts consistent with past practice, and (b) Inventories that are finished goods are saleable in the ordinary course of business of the Business.

Section 4.14. Receivables. SeaBeam's receivables (including the 1998 Accounts Receivable, other accounts receivable, loans receivable and advances) which have arisen in connection with the Business have arisen only from bona fide transactions in the ordinary course of business of the Business.

Section 4.15. Product Warranties. Except as set forth in Schedule 4.15 and for warranties under Applicable Law (if any), there are no express warranties, written or oral, with respect to the products of the Business. There are no pending or, to the knowledge of SeaBeam, threatened claims with respect to any such warranty. SeaBeam is not aware of any facts that indicate that the reserves for product warranties reflected in either the Baseline Balance Sheet or the December Statement of Net Assets are materially understated. Schedule 4.15 sets forth a list of all pending or, to the knowledge of SeaBeam, threatened product warranty claims in excess of \$25,000. Schedule 4.15 includes a copy of the form of all written warranties furnished by SeaBeam to purchasers of any product sold by the Business since January 1, 1992.

Section 4.16. Intellectual Property. (a) SeaBeam owns all right, title and interest in, or has a valid license to use, the Material Intellectual Property. Schedule 4.16(a) sets forth a list of all trademarks, service marks, trade names, patents, patent applications, copyright registrations, copyright registration applications, trademark registrations, trademark applications and licenses relating to Intellectual Property which are used in or cover any aspect of the Business. All of the Material Intellectual Property either is owned by SeaBeam or is used pursuant to a valid license which is not terminable due to any breach or noncompliance by SeaBeam and which shall not be adversely affected by the transactions contemplated herein. Except as set forth on Schedule 4.16(e), no other Person has any right, title or interest in, to or under any of the Material Intellectual Property. Schedule 4.16(a) indicates which of the Material Intellectual Property is owned by SeaBeam and which is covered by a license. All granted and issued patents, copyright registrations, and registered trademarks and service marks listed on Schedule 4.16(a) and all copyrights held by SeaBeam are valid, enforceable and subsisting. SeaBeam has the exclusive right to file, prosecute and maintain all applications and registrations with respect to its Intellectual Property.

(b) Except as set forth in Schedule 4.16(b), none of the Intellectual Property owned by SeaBeam is subject to any Lien in favor of any third party and SeaBeam owns all right, title and interest therein and thereto. Except as set forth in Schedule 4.16(b), none of SeaBeam's rights in or to any of its Intellectual Property shall be adversely affected by its execution or delivery of this Agreement or by the performance of its obligations hereunder. No claims with respect to any Intellectual Property have been asserted or, to SeaBeam's knowledge, threatened by any Person (i) against SeaBeam, or (ii) to SeaBeam's knowledge, against any other Person based on its use of any of SeaBeam's Intellectual Property. No use of any of SeaBeam's Intellectual Property by any Person (including SeaBeam) constitutes or has constituted an unauthorized use, infringement, misappropriation or other violation of the Intellectual Property of any other Person and no valid grounds exist for any bona fide claims against SeaBeam or any such Person with respect to any Intellectual Property. Without limiting the generality of the foregoing, no Person ever employed or otherwise engaged by SeaBeam has asserted or, to SeaBeam's knowledge, threatened any claim against SeaBeam relating to any Intellectual Property. To the knowledge of SeaBeam, there has not been, nor is there presently, any unauthorized use, infringement, misappropriation or violation of any of its Intellectual Property by any Person. Except as set

forth in Schedule 4.16(b), SeaBeam has the full right to possess, use, copy, distribute, display, transfer and license all Intellectual Property used in the Business or covering any aspect of the Business.

(c) Except as set forth in Schedule 4.16(b), no Intellectual Property of SeaBeam is subject to any outstanding order, award, decision, injunction, judgment, decree, stipulation or agreement in any manner restricting the transfer, use, enforcement or licensing thereof by SeaBeam. Except as set forth in Schedule 4.16(b), SeaBeam has not entered into any agreement to indemnify any other Person against any charge of infringement of any Intellectual Property. SeaBeam has not entered into any agreement granting any third party the right to bring infringement actions with respect to, or otherwise to enforce rights with respect to, any of SeaBeam's Intellectual Property.

(d) SeaBeam has paid all material fees, annuities and all other payments which have heretofore become due to any Governmental Authority with respect to its Intellectual Property and has taken all steps reasonable and necessary to prosecute and maintain the same.

(e) Except as set forth on Schedule 4.16(e), SeaBeam has not transferred its title in or to any copy of any Material Intellectual Property. No Material Intellectual Property has been supplied by SeaBeam to any Person except pursuant to a binding license prohibiting further distribution and disclosure. Except as disclosed on Schedule 4.16(e), all computer programs and software which are owned, used or licensed by SeaBeam, and all computer programs and software transferred by SeaBeam to its customers or any other transferees, conform in all material respects with all specifications, representations, warranties and other descriptions established by SeaBeam or conveyed thereby to its customers or other transferees.

(f) Each of the current employees, independent contractors and consultants of SeaBeam is, and each of the former employees, independent contractors and consultants of SeaBeam was, an "employee" within the meaning of and pursuant to 17 U.S.C. §101.

(g) Neither U.S. Patent No. 5,099,460 (inventors: Poturnicki, Jr., et al.), nor U.S. Patent No. 4,752,470 (inventor: Atul M. Mehta), nor any other Intellectual Property which, prior to the Closing, previously was assigned by SeaBeam to any Affiliate of SeaBeam, covers or would cover the Business or any aspect thereof anywhere in the world.

Section 4.17. Insurance. SeaBeam has in full force and effect adequate insurance policies covering the Assets and the Business.

Section 4.18. Environmental Matters. (a) Compliance with Environmental Law. SeaBeam is and has been in compliance in all material respects with all applicable Environmental Laws pertaining to any of the properties and assets of the Business and the use by SeaBeam thereof. Except as disclosed on Schedule 4.18(a), SeaBeam has obtained all material permits, licenses and other authorizations that are required under Environmental Laws necessary to operate the Business and the same are listed on Schedule 4.18(a). SeaBeam has not received notice of any violation of any applicable Environmental Law relating to any of the Assets or to any part of the premises utilized by the Business and, to the knowledge of SeaBeam, no such violation has been threatened.

(b) Other Environmental Matters. SeaBeam has not caused or taken any action that resulted in, and SeaBeam is not subject to, any material liability or obligation relating to (i) the environmental conditions on, under, or about any part of the premises utilized by the Business or other properties or assets owned, leased, operated or used by SeaBeam in the Business, including the air, soil and groundwater conditions at such properties, or (ii) the use, management, handling, transport, treatment, generation, storage, disposal or Release of any Hazardous Substances by SeaBeam.

(c) No Hazardous Substances. No Hazardous Substances have been treated, stored or disposed of by SeaBeam (or, to the knowledge of SeaBeam, any other Person) at, on, or under any part of the premises utilized by the Business, which are required by applicable Environmental Laws currently in effect to be remediated by SeaBeam, where the cost of such remediation, individually or in the aggregate, would have a Material Adverse Effect.

(d) No Proceedings. Except as disclosed on Schedule 4.18(d), SeaBeam has not received notice or other communication concerning any alleged liability for Environmental Liabilities and Costs in connection with any part of the premises utilized by the Business, and, to SeaBeam's knowledge, there exists no writ, injunction, decree, order, judgment, lawsuit, claim, proceeding, citation, directive, or summons (collectively referred to as "Proceedings"), pending or threatened, relating to any environmental matters with respect to any Leased Real Property.

Section 4.19. Employees, Labor Matters, etc. SeaBeam is not a party to or bound by any collective bargaining agreement and there are no labor unions or other organizations representing, purporting to represent or attempting to represent any employees employed in the operation of the Business. Since January 1, 1992, there has not occurred or, to the knowledge of SeaBeam, been threatened any material strike, slowdown, picketing, work stoppage, concerted refusal to work overtime or other similar labor activity with respect to any employees employed in the operation of the Business. There are no labor disputes currently subject to any grievance procedure, arbitration or litigation and there is no representation petition pending or, to the knowledge of SeaBeam, threatened with respect to any employee employed in the operation of the Business.

Section 4.20. Employee Benefit Plans and Related Matters. (a) Schedule 4.20(a) lists each pension, retirement, profit-sharing, deferred compensation, bonus, phantom stock, restricted stock plan, stock option plan, stock purchase plan, deferred compensation arrangement, other incentive plan, severance pay plan or policy, supplemental executive retirement plan or policy, or other employee benefit program, arrangement, agreement or understanding, or medical, vision, dental or other health plan, or life insurance or disability plan, or any other employee benefit plan, including any "employee benefit plan" as defined in Section 3(3) of ERISA, to which SeaBeam contributes or is a party or is bound and under which it may have liability and under which employees or former employees of the Business (or their beneficiaries) are eligible to participate or derive a benefit ("Employee Benefit Plans"). SeaBeam has delivered to L-3 true, correct and complete copies of all documents, summary plan descriptions, insurance contracts, third party administration contracts and all other documentation created to embody all Employee Benefit Plans, plus descriptions of any Employee Benefit Plans that have not been reduced to writing.

(b) No liability has been or is expected to be incurred by SeaBeam under or pursuant to the Code or Title I or IV of ERISA or the penalty, excise tax or joint and several liability provisions of the Code or ERISA relating to Employee Benefit Plans and, to the knowledge of SeaBeam, no event, transaction or condition has occurred or exists that could result in any such liability to the Business or, following the Closing, L-3 or any such Employee Benefit Plan.

(c) No Employee Benefit Plan is a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA, a "multiple employer plan" within the meaning of Section 413(c) of the Code, or a defined benefit plan within the meaning of Section 3(35) of ERISA.

Section 4.21. Brokers, Finders, etc. All negotiations relating to this Agreement, and the transactions contemplated hereby, have been carried on without the participation of any Person acting on behalf of SeaBeam or its Affiliates in such manner as to give rise to any valid claim against L-3 or its Affiliates for any brokerage or finder's commission, fee or similar compensation, or for any bonus payable to any officer, director, employee, agent or sales representative of or consultant to SeaBeam or its Affiliates or any other Person upon consummation of the transactions contemplated hereby or thereby.

Section 4.22. Suppliers and Customers. Schedule 4.22 attached hereto sets forth the 10 largest suppliers, all sole source suppliers and the 10 largest customers of the Business, in each case for the period January 1, 1997 through the date hereof. During the period January 1, 1997 through the date hereof, none of such 10 largest suppliers, sole source suppliers or 10 largest customers has canceled or substantially modified its agreement or commitment with SeaBeam or the Business to supply or purchase products or services (or threatened in writing to do any of the foregoing). To SeaBeam's knowledge, the relationship of SeaBeam with each of its suppliers and each of its customers is a good commercial working relationship. SeaBeam does not have knowledge that any supplier or customer of the Business intends to cancel or otherwise substantially modify its relationship with SeaBeam or the Business or limit materially its services, supplies or materials to SeaBeam or the Business, or substantially modify its usage or purchase of the services and products of the Business either as a result of the transactions contemplated hereby or otherwise.

Section 4.23. Order Backlog. A true and complete list of (a) all firm product and service purchase orders and contracts for the sale of goods or the delivery of services by SeaBeam in connection with the Business to Persons other than Governmental Authorities, and (b) all firm funded product and service purchase orders and contracts for the sale of goods or the delivery of services by SeaBeam in connection with the Business to Governmental Authorities (collectively, the "Backlog") pending as of the latest practical date prior to the date of this Agreement is set forth in Schedule 4.23.

Section 4.24. Ownership of SeaBeam. Channel is the record and beneficial owner of all the outstanding capital stock of SeaBeam.

Section 4.25. Disclosure. This Agreement (including the Exhibits and Schedules referred to herein) and the documents and instruments furnished to L-3 in connection with the Closing of the transactions contemplated by this Agreement, taken together as a whole, do not include any untrue statement of a material fact or omit to state any material fact necessary to

make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading. Anything in this Agreement to the contrary notwithstanding, SeaBeam makes no representations or warranties with respect to any projections, forecasts or other similar forward-looking statements.

Section 4.26. Year 2000. To the best of SeaBeam's knowledge (which, as to Intellectual Property and Assets acquired from third parties, is based solely on the representations of such third parties), none of the Material Intellectual Property and other Assets will be adversely affected by, and each will continue to operate in the same manner as it currently operates, notwithstanding Year 2000. As used herein, the term "Year 2000" means the occurrence of or calculation involving the Year 2000 A.D., or other calendar dates occurring after December 31, 1999.

Section 4.27. No Retention Agreements, etc. There are no retention agreements, severance agreements, change of control agreements and similar arrangements to which SeaBeam, on the one hand, and any employee, consultant or other Person, on the other hand, are a party.

Section 4.28. Real Property Holding Company. SeaBeam is not a real property holding company within the meaning of Section 897 of the Code.

Section 4.29. Capital Assets. Schedule 4.29 sets forth a true, correct and complete list of each capital asset of SeaBeam included in the Assets on the date hereof.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF L-3

L-3 represents and warrants to SeaBeam as of the date hereof and as of the Closing Date, follows:

Section 5.1. Corporate Status. L-3 is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. L-3 is duly qualified or licensed to do business in the Commonwealth of Massachusetts.

Section 5.2. Authorization, etc. L-3 has the corporate power and authority to execute and deliver this Agreement, to perform fully its obligations hereunder, and to consummate the transactions contemplated hereby. The execution and delivery by L-3 of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by all requisite corporate action of L-3. L-3 has duly executed and delivered this Agreement. This Agreement is a legal, valid and binding obligation of L-3, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights in general and as the same may be limited by general principles of equity.

Section 5.3. No Conflicts, etc. The execution, delivery and performance by L-3 of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not conflict with or result in a violation of or under (with or without the giving of notice or the lapse

of time or both) (i) the certificate of incorporation or by-laws of L-3, (ii) any Applicable Law applicable to L-3 or any of its properties or assets, or (iii) any contract, agreement or other instrument applicable to L-3 or any of its properties or assets, except, in the case of clause (iii), for violations and defaults that, individually and in the aggregate, have not materially impaired and shall not materially impair the ability of L-3 to perform its obligations under this Agreement. Assuming the accuracy of SeaBeam's representation and warranty made in the last sentence of Section 4.3, no Governmental Approval or other Consent is required to be obtained or made by L-3 in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

Section 5.4. Litigation. There is no action, claim, suit or proceeding pending, or to L-3's knowledge threatened, by or against or affecting L-3 in connection with or relating to the transactions contemplated by this Agreement or of any action taken or to be taken in connection herewith or the consummation of the transactions contemplated hereby.

Section 5.5. Brokers, Finders, etc. All negotiations relating to this Agreement and the transactions contemplated hereby have been carried on without the participation of any Person acting on behalf of L-3 in such manner as to give rise to any valid claim against SeaBeam or Channel for any brokerage or finder's commission, fee or similar compensation.

Section 5.6. Adequate Funds. L-3 has all funds necessary to enable it to perform this Agreement in accordance with its terms.

ARTICLE VI

COVENANTS

Section 6.1. Covenants of SeaBeam. (a) Public Announcements. Except as required by Applicable Law (in which case the nature of the announcement shall be described to L-3, and L-3 shall be allowed reasonable time to comment, prior to dissemination to the public), prior to the Closing, SeaBeam and Channel shall not make any public announcement in respect of this Agreement or the transactions contemplated hereby without the prior written consent of L-3 (such consent to not be unreasonably withheld).

(b) Conduct of Business. From the date hereof to the Closing Date, except as otherwise expressly permitted by this Agreement or as otherwise consented to by L-3 in writing, SeaBeam shall (and Channel shall cause SeaBeam to):

(i) carry on the Business in the ordinary course (consistent with past practice) and in substantially the same manner as heretofore conducted; use all reasonable best efforts to maintain the Business in good operating condition and repair; preserve its relationships with customers, suppliers and others having business dealings with the Business; and take all steps reasonably necessary to maintain the intangible assets of SeaBeam related to the Business;

(ii) not grant (or commit to grant) any increase in the compensation (including incentive or bonus compensation) of any employee employed in the Business (other than

increases in the ordinary course of business of the Business (consistent in amount and kind with past practice) in the compensation payable to those employees of the Business earning less than \$40,000 per annum each); or institute, adopt or amend (or commit to institute, adopt or amend) any compensation or benefit plan, policy, program or arrangement or collective bargaining agreement applicable to any employee employed in the Business;

(iii) not enter into any new employment agreement or collective bargaining agreement or commitment (including any commitment to pay retirement or other benefits) to or with any of the employees employed in the Business;

(iv) not sell, assign, license, dispose of, or transfer any of the Assets having a fair market value of at least \$10,000 individually or \$50,000 in the aggregate, or incur any liabilities or obligations (including liabilities with respect to indebtedness, capital leases or guarantees thereof) in excess of \$50,000 individually or in the aggregate, except for sales and dispositions of Inventories made in the ordinary course of business of the Business (consistent in amount and kind with past practice);

(v) take any action (or omit to take any action) that would be inconsistent with the representations and warranties of SeaBeam hereunder or that would cause any of the representations and warranties of SeaBeam hereunder to become untrue in any material respect;

(vi) not make, give or grant any bid or proposal, or any customer option relating to contracts in the Backlog, involving (A) an amount in excess of \$100,000 (or amend, supplement or terminate any existing bid or proposal, or any existing customer option relating to contracts in the Backlog, involving an amount in excess of \$100,000), or (B) a loss to SeaBeam, in each case without the prior approval of L-3;

(vii) not (A) enter into or terminate any lease of real estate related to the Business, (B) create any Liens on the Assets or the Business except for Permitted Liens, or (C) make any modifications of or changes in or terminate any existing license, lease, agreement or contract included in the Assets other than, in the case of this clause (C), such modifications, changes or terminations in the ordinary course of business of the Business (consistent in amount and kind with past practice);

(viii) not make any capital expenditure or capital expenditure commitment related to the Business involving an amount or amounts exceeding \$50,000 in the aggregate (other than in an emergency); and

(ix) not repay or prepay any liability or obligation prior to its stated maturity.

(c) Access and Information. Prior to and after the Closing, SeaBeam and Channell, respectively, shall (and shall cause their respective accountants, counsel, consultants, employees and agents to) give L-3 and its accountants, counsel, consultants, employees and agents, reasonable access during normal business hours to, and furnish them with (i) all documents, records, work papers and other information with respect to, all properties, assets, books,

contracts, commitments, reports and records relating to the Business, and (ii) such other books and records as L-3 shall reasonably require in connection with its review and verification of the Cash True-Up Schedule, in each case as L-3 shall from time to time reasonably request. In addition, SeaBeam shall permit L-3 and its accountants, counsel, consultants, employees and agents, reasonable access to such personnel of SeaBeam during normal business hours as may be necessary to L-3 in its review of the properties, assets and business affairs of the Business and the above-mentioned documents, records and information. L-3 and L-3's agents shall have the right, upon giving reasonable advance notice to enter upon and inspect the premises that will be leased to L-3 under the New Lease, including physical inspection of the surface and sub-surface land and all improvements and the major components thereof, including heating, plumbing, air conditioning, electrical equipment and wiring and roof. Inspections shall be conducted during times reasonably convenient to SeaBeam and the Business.

(d) Maintenance of Properties. SeaBeam, at all times prior to the Closing Date, shall: (i) maintain the Assets in the condition and state of repair normally maintained by SeaBeam in the conduct of the Business; (ii) maintain the books, accounts and records related to the Business in the ordinary course of business of the Business (consistent in amount and kind with past practice); (iii) comply in all material respects with all contractual obligations applicable to the Assets or the Business; and (iv) comply in all respects with all Applicable Laws, if non-compliance would have a Material Adverse Effect. Prior to the Closing Date, SeaBeam shall not cancel any material insurance policy insuring the Assets or other material contract or agreement related to the Assets or the Business, other than in the ordinary course of business of the Business.

(e) Further Actions. As promptly as practicable, SeaBeam will:

(i) use commercially reasonable efforts to take all actions and to do all things necessary to consummate the transactions contemplated hereby by the Closing Date;

(ii) file or supply, or cause to be filed or supplied, all applications, notifications and information required to be filed or supplied by SeaBeam pursuant to Applicable Law in connection with the Agreement, the sale and transfer of the Assets pursuant to the Agreement and the consummation of the other transactions contemplated hereby;

(iii) use all reasonable efforts to obtain, or cause to be obtained, all Consents (including all Governmental Approvals and any Consents required under any Contract) necessary to be obtained by SeaBeam in order to consummate the sale and transfer of the Assets pursuant to the Agreement and the consummation of the other transactions contemplated hereby; and

(iv) coordinate and cooperate with L-3 in exchanging such information and supplying such assistance as may be reasonably requested by L-3 in connection with and filings and other actions contemplated by Section 6.2.

(f) Further Assurances. Following the Closing, SeaBeam shall, from time to time, execute and deliver such additional instruments, documents, conveyances or assurances and take such other actions as shall be necessary, or otherwise reasonably requested by L-3, to confirm

and assure the rights and obligations provided for in this Agreement and render effective the consummation of the transactions contemplated hereby.

(g) Noncompete. In connection with the transactions contemplated hereby, SeaBeam and Channel will not, and will cause their respective Affiliates not to, for a period of five years following the Closing (the "Non-Competition Period"), anywhere in the world directly or indirectly, design, create, manufacture, market or sell products or provide services which are competitive to those multibeam sea floor charting products created, manufactured, marketed or sold by the Business at the time of the Closing or those services provided by the Business at the time of the Closing to its customers or improvements or extensions of such products or services ("Competitive Products and Services"). Without limiting the generality of the foregoing, in addition, neither SeaBeam nor Channel, directly or indirectly, will be employed by, or act as a consultant to, or own any interest in, any Person that designs, creates, manufactures, markets, sells or provides any Competitive Products and Services; provided, however, that the provisions of this Section 6.1(g) shall not prohibit (i) the ownership by SeaBeam and Channel of an aggregate interest of less than 5% of any publicly traded company that designs, creates, manufactures, sells or provides any Competitive Products and Services; (ii) a single sale of a SeaBeam 1000 product to a Japanese customer; (iii) any business activity with regard to Sidescan Sonar systems; (iv) sales of transducers and related services to any customer; or (v) support services for USN and UK Navy SASS equipped ships.

During the Non-Competition Period, SeaBeam and Channel will not, and will cause their respective Affiliates not to, directly or indirectly, induce, solicit or hire or aid or assist any Person to induce, solicit or hire any employees of the Business or cause any of the employees, salespersons, agents, consultants, distributors, representatives, advisors, customers or suppliers of the Business to terminate, curtail or otherwise limit their employment by or business relationship with the Business or the L-3 Group.

The parties hereto agree that the provisions of this Section 6.1(g) are reasonable. If a court determines, however, that any provision of this Section 6.1(g) is unreasonable, either in period of time, geographical area or otherwise, then the parties hereto agree that the provisions of this Section 6.1(g) should be interpreted and enforced to the maximum extent which such court deems reasonable. The existence of any claims or cause of action in favor of SeaBeam or Channel against L-3 or the Business, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of this Section 6.1(g).

(h) No Solicitation. From the date hereof to the Closing Date, SeaBeam and Channel shall (and shall cause their respective employees, directors, agents and Affiliates to) immediately suspend any existing negotiations or discussions relating to any sale, joint venture or other transfer of actual or beneficial ownership of the Business, its operations or any of its assets associated therewith (other than inventory in the ordinary course of business of the Business) (collectively, a "Transaction"), and SeaBeam shall not, and shall cause their respective employees, directors, agents and Affiliates to not, (i) solicit any proposals or offers relating to a Transaction, or (ii) negotiate or discuss with any third party concerning any proposal or offer for a Transaction.

(i) Post-Closing Confidentiality. From and after the Closing, SeaBeam and Channel will, and will cause their respective Affiliates to, hold in strict confidence, and will not use to the detriment of L-3 or any of its Affiliates, any confidential, secret or proprietary information with respect to the Business, SeaBeam or the Assets. Without limiting the generality of the foregoing, each of SeaBeam and Channel agrees, covenants and acknowledges that, from and after the Closing Date, SeaBeam and Channel will not, and will cause their respective Affiliates not to, disclose, give, sell, use or otherwise divulge any confidential or secret information (including any technology, process, trade secrets, know-how, other intellectual property rights, strategies, financial statements or other financial information not otherwise publicly available, forecasts, operations, business plans, prices, discounts, products, product specifications, designs, plans, data or ideas) primarily used in or primarily related to the Business. Notwithstanding the foregoing, SeaBeam and Channel may disclose such information (i) if compelled to disclose the same by judicial or administrative process or by other requirements of Applicable Law (but subject to the following provisions of this Section), (ii) if the same hereafter is in the public domain through no fault of SeaBeam, Channel or any of their respective Affiliates, or (iii) if the same is later acquired by SeaBeam or Channel from another source neither SeaBeam nor Channel nor any of their respective Affiliates is aware that such source is under an obligation to another Person to keep such information confidential. If SeaBeam, Channel or any of their respective Affiliates (the "Disclosing Party") is requested or required (by oral questions, interrogatories, requests for information or documents in legal proceedings, subpoena, civil investigative demand or other similar process) to disclose any such information, the Disclosing Party shall provide (or Channel and SeaBeam shall cause the Disclosing Party to provide) L-3 with prompt written notice of any such request or requirement so that L-3 may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section. If, in the absence of a protective order or other remedy or the receipt of a waiver by L-3, the Disclosing Party nonetheless, based on the written advice of counsel, is required to disclose such information to any tribunal or else stand liable for contempt or suffer other censure or penalty, the Disclosing Party, without liability hereunder, may disclose that portion of such information which such counsel advises the Disclosing Party it is legally required to disclose. Nothing in this Section 6.1(i) will limit the ability of Channel or SeaBeam to file tax returns or similar documents as required without the consent of L-3, subject, however, to the provisions of Section 3.3 and Section 11.6.

(j) Mail; Payments. After the Closing, SeaBeam authorizes and empowers L-3 to receive and open all mail and other communications received by L-3 and to act with respect to such communications in such manner as L-3 may elect if such communications relate to the Business (including the right to endorse checks and other instruments of payment) other than the Excluded Assets or the Excluded Liabilities, or, if such communications do not relate to the Business or relate to the Excluded Assets or the Excluded Liabilities, to forward the same promptly to SeaBeam. SeaBeam and L-3 shall promptly deliver to the other any Cash, checks or other instruments of payment to which the other is entitled and shall hold the same in trust for the other until such delivery. SeaBeam will endorse and/or pay over to L-3 all checks or other instruments of payment received by SeaBeam to which L-3 is entitled hereunder.

(k) Limited Power of Attorney. SeaBeam hereby designates and constitutes L-3, its officers and agents (and each of them), effective as of the Closing Date, as agents and attorneys-in-fact of SeaBeam, limited to the power to sign and endorse the name of SeaBeam, solely for

the purpose of transferring all notes, checks, drafts, money orders and other instruments of payment that may come into the possession of SeaBeam which constitute any of the Assets or arise out of the Assets or to which L-3 otherwise is entitled to hereunder. This power of attorney shall be irrevocable and deemed coupled with an interest.

(l) Performance of Contracts. With respect to each Contract, Governmental Approval, Lease and Intellectual Property License, SeaBeam shall duly perform and comply with all covenants, agreements and conditions required thereby to be performed or complied with by it prior to or on the Closing Date.

(m) Names and Logos. Within five days after the Closing, SeaBeam shall change its corporate name so as not to include the Name SeaBeam, the Name SeaBeam Instruments or any similar Name or any Logo incorporating such Name or any similar Name in any manner, including in connection with the sale of any products or services or otherwise in the conduct of its business. At all times following the Closing, SeaBeam shall represent that SeaBeam and its Affiliates are not affiliated with the Business or with L-3 or any of its Affiliates.

(n) Dealings with Affiliates. SeaBeam and Channel shall cause all contracts, arrangements and other agreements (written or oral) relating to the Business to which SeaBeam, on the one hand, and any of its Affiliates, on the other hand, are parties to be terminated and be of no force and effect prior to the Closing, and to have no unsatisfied obligations thereunder; provided, however, that the foregoing shall not affect (i) any accounts or other receivables from Channel or its Affiliates included in the Assets, (ii) the ITC Payables, and (iii) the 1999 Intercompany Trade Payables.

(o) Base Period R&E Information. SeaBeam shall deliver to L-3 within 30 days after the Closing Date, on SeaBeam's letterhead, all information reasonably requested by L-3 relating to the base period research and experimental expenses and any other information reasonably requested by L-3 to allow L-3 to claim research and experimental tax credits in accordance with the relevant sections of the Code and the Treasury Regulations promulgated thereunder.

(p) Employee Agreements. SeaBeam shall use its best efforts to deliver to L-3 within seven days after the Closing Date originally executed copies of agreements in substantially the forms of Exhibit G and Exhibit H from SeaBeam's employees and consultants, respectively (collectively, the "Employee Agreements"), and shall have assigned all rights of SeaBeam under the Employment Agreements to L-3 pursuant to an assignment agreement in form and substance reasonably satisfactory to L-3.

Section 6.2. Covenants of L-3. (a) Public Announcements. Except as required by Applicable Law (in which case the nature of the announcement shall be described to SeaBeam, and SeaBeam shall be allowed reasonable time to comment, prior to dissemination to the public), prior to the Closing, L-3 shall not, and shall not permit its Affiliates to, make any public announcement in respect of this Agreement or the transactions contemplated hereby without the prior written consent of SeaBeam (such consent to not be unreasonably withheld).

(b) Pre-Closing Actions. As promptly as practicable, L-3 will:

(i) use commercially reasonable efforts to take all actions and to do all things necessary, proper or advisable to consummate the transactions contemplated hereby by the Closing Date;

(ii) file or supply, or cause to be filed or supplied, all applications, notifications and information required to be filed or supplied by L-3 pursuant to Applicable Law in connection with this Agreement, L-3's acquisition of the Assets pursuant to this Agreement and the consummation of the other transactions contemplated thereby; and

(iii) coordinate and cooperate with SeaBeam in exchanging such information and supplying such reasonable assistance as may be reasonably requested by SeaBeam in connection with any filings and other actions contemplated by Section 6.1.

(c) Further Assurances. Following the Closing, L-3 shall, from time to time, execute and deliver such additional instruments, documents, conveyances or assurances and take such other actions as shall be necessary, or otherwise reasonably requested by SeaBeam, to confirm and assure the rights and obligations provided for in this Agreement and render effective the consummation of the transactions contemplated hereby.

(d) Substitute Letters of Credit and Bonds. L-3 shall use commercially reasonable efforts to furnish at the Closing or as soon as practicable thereafter, L-3's own letters of credit or performance or surety bonds in substitution for the letters of credit and bonds, if any, referred to in Schedule 6.2(d).

(e) 1998 Accounts Receivable. L-3 will use commercially reasonable efforts to assist SeaBeam in its effort to collect the 1998 Accounts Receivable. SeaBeam and Channel shall reimburse L-3 for any cost or expense incurred by L-3 in respect of such efforts. L-3 promptly shall deliver to SeaBeam any Cash, checks or other instruments of payment to which SeaBeam is entitled in respect of the 1998 Account Receivables.

(f) Confidentiality.

(i) Pre-Closing. From the date hereof to the earlier of (A) the Closing Date and (B) the third anniversary of the date hereof, L-3 will, and will cause the L-3 Group to, hold in strict confidence, and will not use to the detriment of SeaBeam, Channel or any of their respective Affiliates, any confidential, secret or proprietary information (including any technology, process, trade secrets, know-how, other intellectual property rights, strategies, financial statements or other financial information not otherwise publicly available, forecasts, operations, business plans, prices, discounts, products, product specifications, designs, plans, data or ideas) primarily used in or primarily related to the Business. Without limiting the generality of the foregoing, L-3 agrees, covenants and acknowledges that, during such period, L-3 will not, and will cause the L-3 Group not to, disclose, give, sell, use or otherwise divulge any confidential, secret or proprietary information disclosed by SeaBeam or Channel to L-3 other than as required or permitted by this Agreement.

(ii) Post-Closing. From and after the Closing Date, L-3 will, and will cause the L-3 Group to, hold in strict confidence, and none of the L-3 Group will use to the detriment of SeaBeam, Channel or any of their respective Affiliates, any confidential, secret or proprietary information with respect to SeaBeam or Channel not related to the Business or the Assets. Without limiting the generality of the foregoing, L-3 agrees, covenants and acknowledges that, from and after the Closing Date, L-3 will not, and will cause the L-3 Group not to, disclose, give, sell, use or otherwise divulge any confidential or secret information (including any technology, process, trade secrets, know-how, other intellectual property rights, strategies, financial statements or other financial information not otherwise publicly available, forecasts, operations, business plans, prices, discounts, products, product specifications, designs, plans, data or ideas) disclosed by SeaBeam or Channel to L-3 that is not related to the Business or the Assets.

(iii) Exceptions. Notwithstanding the foregoing, L-3 and the L-3 Group may disclose any of the information referred to above in this Section 6.2(f): (A) if compelled to disclose the same by judicial or administrative process or by other requirements of Applicable Law (but subject to the following provisions of this Section); (B) if the same hereafter is in the public domain through no fault of L-3 or the L-3 Group; or (C) if the same is already in the possession of L-3 or the L-3 Group, or if the same is later acquired by L-3 or the L-3 Group from another source and neither L-3 nor any member of the L-3 Group is aware that such source is under an obligation to another Person to keep such information confidential. If L-3 or any member of the L-3 Group is requested or required (by oral questions, interrogatories, requests for information or documents in legal proceedings, subpoena, civil investigative demand or other similar process) to disclose any such information, L-3 or such member of the L-3 Group shall provide SeaBeam with prompt written notice of any such request or requirement so that SeaBeam may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section. If, in the absence of a protective order or other remedy or the receipt of a waiver by SeaBeam, L-3 or any member of the L-3 Group nonetheless, based on the written advice of counsel, is required to disclose such information to any tribunal or else stand liable for contempt or suffer other censure or penalty, L-3 or such member of the L-3 Group, without liability hereunder, may disclose that portion of such information which such counsel advises L-3 or such member of the L-3 Group it is legally required to disclose. Nothing in this Section 6.2(f) will limit the ability of L-3 or any member of the L-3 Group to file tax returns or similar documents as required without the consent of Channel or SeaBeam, subject, however to the provisions of Section 3.3 and Section 11.6.

(g) After the Closing, L-3 shall (and shall cause its accountants, counsel, consultants, employees and agents to) give SeaBeam and its accountants and employees reasonable access during normal business hours to, and furnish them with, the Books and Records included in the Assets, as SeaBeam shall reasonably request, in order to prepare the Cash True-Up Schedule and to provide the Transition Services (as defined in the Transition Services Agreement).

(h) During the period of time that L-3 is occupying the space demised to it under the New Lease, L-3 will not, and will cause the L-3 Group not to, directly or indirectly, induce, solicit or hire or aid or assist any Person to induce, solicit or hire any employees of SeaBeam

(other than pursuant to Article VIII) or Channel or cause any of such employees to terminate, curtail or otherwise limit their employment by SeaBeam or Channel.

ARTICLE VII

CONDITIONS PRECEDENT

Section 7.1. Conditions to Obligations of Each Party. The obligations of the parties to consummate the transactions contemplated hereby at the Closing shall be subject to the fulfillment on or prior to the Closing Date of the following conditions:

(a) No Injunction, etc. Consummation of the transactions contemplated hereby shall not have been restrained, enjoined or otherwise prohibited by any Applicable Law, including any order, injunction, decree or judgment of any court or other Governmental Authority. No court or other Governmental Authority shall have determined that any Applicable Law makes illegal the consummation of the transactions contemplated hereby, and no proceeding with respect to the application of any such Applicable Law to such effect shall be pending.

(b) Consents. SeaBeam shall have obtained and shall have delivered to L-3 copies of (i) all Governmental Approvals required to be obtained by SeaBeam in connection with the execution and delivery of the Agreement and the consummation of the transactions contemplated hereby, and (ii) all Consents (including all Consents required under any Contract) necessary to be obtained in order to consummate the sale and transfer of the Assets pursuant to this Agreement and the consummation of the other transactions contemplated hereby and listed on Schedule 7.1(b).

(c) Escrow Agreement. L-3 and SeaBeam shall have entered into the Escrow Agreement substantially in the form of Exhibit A hereto.

(d) Lease Agreement. L-3 and Channel shall have entered into the Lease Agreement substantially in the form of Exhibit B hereto (the "New Lease").

(e) Transitional Services. L-3 and SeaBeam shall have entered into the Transition Services Agreement substantially in the form of Exhibit C hereto.

(f) Technology License Agreement. The Technology License Agreement shall have been entered into by all the parties thereto.

Section 7.2. Conditions to Obligations of L-3. The obligations of L-3 to consummate the transactions contemplated hereby at the Closing shall be subject to the fulfillment (or waiver by L-3) on or prior to the Closing Date of the following additional conditions:

(a) Representations; Performance. Each of the representations and warranties of SeaBeam and Channel contained in this Agreement that is qualified as to materiality shall be true and correct and each such representation and warranty that is not so qualified shall be true and correct in all material respects in each case on the date hereof and at and as of the Closing Date as though made on and as of the Closing Date. SeaBeam and Channel shall have duly performed

and complied in all material respects with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

(b) No Material Adverse Change. Except as set forth in Schedule 4.7, since August 31, 1998, there shall not have occurred (i) any Material Adverse Effect, or (ii) any material change in the contract estimates to complete or the contract estimates at completion of any of the Contracts other than their actual completion or progress toward the same.

(c) Officer's Certificate. Each of Channel and SeaBeam shall have delivered to L-3 a certificate, dated the Closing Date and signed by its chief executive officer, to the effect of Section 7.2(a) and Section 7.2(b).

(d) Termination Agreements. SeaBeam shall have delivered to L-3 prior to the Closing originally executed copies of the Termination Agreements.

(e) Corporate Proceedings; Resolutions. All corporate and other proceedings of SeaBeam and Channel in connection with this Agreement and the transactions contemplated hereby, and all documents and instruments incident thereto, shall be reasonably satisfactory in form and substance to L-3 and its counsel, and L-3 and its counsel shall have received copies of the resolutions or written consents of each of the board of directors of SeaBeam and Channel and the sole shareholder of SeaBeam and such other documents and instruments, or copies thereof, certified if requested, as may be reasonably requested.

(f) Good Standing Certificates. SeaBeam have delivered to L-3 a copy of a certificate of good standing from each of the Secretary of State of Delaware and Massachusetts as of a recent date. Channel shall have delivered to L-3 a copy of a certificate of good standing from each of the Secretary of State of California and Massachusetts as of a recent date.

(g) Transfer Documents. SeaBeam shall have delivered to L-3 at the Closing all documents, certificates and agreements necessary to transfer to L-3 title to the Assets, free and clear of any and all Liens thereon, other than Permitted Closing Liens, which documents, certificates and agreements shall each be in form and substance reasonably satisfactory to L-3, including:

(i) a bill of sale, assignment and general conveyance, dated the Closing Date, with respect to the Assets; and

(ii) assignments of all Contracts, Intellectual Property and any other agreements and instruments constituting Assets, dated the Closing Date, assigning to L-3 all of SeaBeam's right, title and interest therein and thereto; and

(h) Lien Releases, etc. SeaBeam shall have obtained releases of all Liens and terminations of all financing statements filed against SeaBeam as a debtor under the Uniform Commercial Code of any jurisdiction (other than any Permitted Closing Liens).

Section 7.3. Conditions to Obligations of SeaBeam. The obligation of SeaBeam to consummate the transactions contemplated hereby at the Closing shall be subject to the

fulfillment (or waiver by SeaBeam), on or prior to the Closing Date, of the following additional conditions:

(a) Representations; Performance. Each of the representations and warranties of L-3 contained in this Agreement that is qualified as to materiality shall be true and correct and each such representation and warranty that is not so qualified shall be true and correct in all material respects in each case on the date hereof and at and as of the Closing Date as though made on and as of the Closing Date. L-3 shall have duly performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date. L-3 shall have delivered to SeaBeam a certificate, dated the Closing Date and signed by its duly authorized officer, to the foregoing effect.

(b) Assumption Agreement. SeaBeam shall have received from L-3 an Assumption Agreement, in form and substance reasonably satisfactory to SeaBeam, under which L-3 shall have assumed the Assumed Liabilities.

(c) Corporate Proceedings. All corporate proceedings of L-3 in connection with this Agreement and the transactions contemplated hereby, and all documents and instruments incident thereto, shall be reasonably satisfactory in form and substance to SeaBeam, and its counsel, and SeaBeam and its counsel shall have received all such documents and instruments, or copies thereof, certified if requested, as may be reasonably requested.

ARTICLE VIII

EMPLOYEES AND EMPLOYEE BENEFIT PLANS

Section 8.1. Employment of Employees of the Business. L-3 shall offer employment, effective as of a date that is no later than March 31, 1999, to at least 38 of the employees listed on Schedule 8.1 attached hereto who are employed by SeaBeam on the Closing Date primarily in the operation of the Business at the wage or salary level for such individuals as listed on Schedule 8.1; provided, however, that each such employee consents to the transfer of his or her personnel records to L-3. L-3 will reimburse SeaBeam for payroll expenses for each employee listed on Schedule 8.1 at the wage or salary level for each such individual as listed on Schedule 8.1 for the period beginning on the Closing Date and ending at the earlier of (a) the date of hire by L-3 as a Transferred Employee and (b) March 31, 1999. With respect to any employee listed on Schedule 8.1 who is not offered employment by L-3 pursuant to this Section 8.1, L-3 will reimburse SeaBeam for severance costs associated with such employee's termination by SeaBeam in an amount equal to the lesser of (i) the amount required to be paid to such employee as a result of such termination pursuant to state law or (ii) one week per year of service with SeaBeam and/or Channel plus any accrued and unpaid vacation pay then due such employee, provided that such employee was terminated by SeaBeam on or prior to March 31, 1999. Those employees who accept such offers of employment and become employees of L-3 shall be referred to herein as the "Transferred Employees". L-3 shall not have any liability, debt, commitment, claim or obligation with respect to any employee of SeaBeam or Employee Benefit Plan or any claim thereof or related thereto except to the extent expressly provided as an Assumed Liability in Section 3.4.

Section 8.2. Welfare and Fringe Benefit Plans. (a) From and after the date the Transferred Employees become employees of L-3 through December 31, 1999, L-3 shall provide Transferred Employees (directly or indirectly through SeaBeam as part of the Transition Services (as defined in the Transition Services Agreement)) with life insurance, medical coverage and other employee welfare benefit plans, programs, policies or arrangements, on a basis substantially comparable in the aggregate to those provided Transferred Employees on the date hereof; provided, however, that L-3 shall not be required to provide any of the Transferred Employees with any employee pension benefit plan (as defined in Section 3(2) of ERISA) or with any stock-based plans relating to equity securities (or their equivalent, such as phantom stock plans or SARs) or any incentive bonus programs based on the achievement of financial targets.

(b) For purposes of vesting and any period of service requirements for commencement of participation with respect to any employee benefit plan of L-3, each Transferred Employee shall receive credit for his or her term of service with SeaBeam and/or Channel.

ARTICLE IX

TERMINATION

Section 9.1. Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) by the written agreement of L-3 and SeaBeam;

(b) by either SeaBeam or L-3 by written notice to the other party if the transactions contemplated hereby shall not have been consummated pursuant hereto by 5:00 p.m. New York City time on March 31, 1999, unless such failure has been caused by the breach of this Agreement by the party seeking such termination or such date shall be extended by the mutual written consent of SeaBeam and L-3;

(c) by L-3 by written notice to SeaBeam if (i) the representations and warranties of SeaBeam shall not have been true and correct as of the date when made, or (ii) if any of the conditions set forth in Section 7.1 or 7.2 shall not have been, or if it becomes apparent that any of such conditions will not be fulfilled by 5:00 p.m. New York City time on March 31, 1999, unless such failure shall be due to the failure of L-3 to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing; or

(d) by SeaBeam by written notice to L-3 if (i) the representations and warranties of L-3 shall not have been true and correct as of the date when made, or (ii) if any of the conditions set forth in Section 7.1 or 7.3 shall not have been, or if it becomes apparent that any of such conditions will not be fulfilled by 5:00 p.m. New York City time on March 31, 1999, unless such failure shall be due to the failure of SeaBeam to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing.

Section 9.2. Effect of Termination. If this Agreement is terminated pursuant to the provisions of Section 9.1, then this Agreement shall become void and have no effect, without any liability to any Person in respect hereof or of the transactions contemplated hereby on the part of any party hereto, or any of its directors, officers, employees, agents, consultants, representatives, advisers, stockholders or Affiliates, except as specified in Section 11.1 and except for any liability resulting from such party's breach or default of this Agreement.

ARTICLE X

INDEMNIFICATION

Section 10.1. By SeaBeam. Subject to the terms and conditions of this Article X, SeaBeam and Channel, jointly and severally, covenant and agree to defend, indemnify and hold harmless L-3, its Affiliates and their respective officers, directors, employees, agents, advisers, lenders and representatives (collectively, the "L-3 Indemnitees"), from and against, and pay or reimburse the L-3 Indemnitees for, any and all claims, liabilities (including Tax liabilities), obligations, losses, fines, expenses, costs, proceedings, deficiencies, judgments, penalties or damages (whether absolute, accrued, conditional or otherwise and whether or not resulting from third party claims), including reasonable out-of-pocket expenses, consulting fees, court costs, expert witness fees and reasonable attorneys' fees and expenses incurred in the investigation or defense of any of the same or in asserting any of their respective rights hereunder (collectively, "Losses"), resulting from or arising out of:

- (a) any misrepresentation or breach of any warranty of SeaBeam or Channel made or contained in this Agreement;
- (b) any failure of SeaBeam or Channel to perform any covenant or agreement made or contained in this Agreement or fulfill any obligation in respect thereof;
- (c) any and all of the Excluded Liabilities (it being understood and agreed by the parties hereto that such definition of Excluded Liabilities herein shall not, for all purposes of this Agreement (including Section 3.4, Section 3.5 and this Section 10.1), be in any way affected, expanded or limited by virtue of or by reason of any assignment agreement, assumption agreement, novation agreement or consent agreement entered into by L-3, Channel and/or SeaBeam prior to, on or after the Closing Date with respect to any particular Contract or Contracts);
- (d) (i) the assertion by any Person of an ownership or other interest in or to, or a purported or alleged ownership or other interest in or to, any software or other Intellectual Property of SeaBeam that previously existed or is in existence on the Closing Date; or (ii) any unauthorized use, infringement, misappropriation or violation of the rights of any other Person in or to any software or other Intellectual Property of SeaBeam resulting from or relating to any of SeaBeam's past or present activities (through and including the Closing Date), including manufacturing, using or selling, or providing any service, and any use, sale, or distribution activities by any Person (including SeaBeam); or (iii) any valid grounds for any bona fide claims against SeaBeam or any other Person with respect to any rights in or to any software or other Intellectual Property of SeaBeam that previously existed or is in existence on the Closing Date;

(e) the failure of SeaBeam to have obtained and to deliver to L-3 any Consents (including any Consent required under any Contract) necessary to be obtained in order to consummate the sale and transfer of Assets pursuant to this Agreement and the other transactions contemplated hereby; or

(f) any claim (or alleged claim) that (i) any product of SeaBeam, any predecessor of SeaBeam in respect of the Business (e.g. General Instruments) or the Business manufactured on or prior to the Closing Date (whether or not included in the Assets), or (ii) any product included in SeaBeam's product line existing at the Closing Date (whether or not included in the Assets), is or will be adversely affected by, or fails or will fail to operate in the same manner as it currently operates or has operated, because of its inability to accurately process dates from, in, and between the twentieth and twenty-first centuries (it being understood and agreed by the parties that any and all such claims (and alleged claims) shall not constitute Assumed Liabilities, but rather shall constitute Excluded Liabilities). The parties agree that, for the purposes of this Agreement, December 31, 1999 is the last day of the twentieth century.

Section 10.2. By L-3. Subject to the terms and condition of this Article X, L-3 covenants and agrees to defend, indemnify and hold harmless SeaBeam, Channel, their Affiliates and their respective officers, directors, employees, agents, advisers, lenders and representatives (collectively, the "SeaBeam Indemnitees"), from and against, and pay or reimburse the SeaBeam Indemnitees for, any and all Losses resulting from or arising out of:

(a) any misrepresentation or breach of warranty of L-3 made or contained in this Agreement;

(b) any failure of L-3 to perform any covenant or agreement made or contained in the Agreement or fulfill any other obligation in respect thereof; or

(c) the Assumed Liabilities as defined in Section 3.4 (it being understood and agreed by the parties hereto that such definition of Assumed Liabilities herein shall not, for all purposes of this Agreement (including Section 3.4, Section 3.5 and this Section 10.2), be in any way affected or expanded by virtue of or by reason of any assignment agreement, assumption agreement, novation agreement or consent agreement entered into by L-3, Channel and/or SeaBeam prior to, on or after the Closing Date with respect to any particular Contract or Contracts).

Section 10.3. Indemnification Procedures. In the case of any claim asserted by a third party against a party entitled to indemnification under this Agreement (the "Indemnified Party"), notice shall be given by the Indemnified Party to the party required to provide indemnification (the "Indemnifying Party") as soon as practicable after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and the Indemnified Party shall permit the Indemnifying Party (at the expense of such Indemnifying Party) to assume the defense of any third party claim or any litigation with a third party resulting therefrom, provided, however, that (a) the counsel for the Indemnifying Party who shall conduct the defense of such claim or litigation shall be subject to the approval of the Indemnified Party (which approval shall not be unreasonably withheld or delayed), (b) the Indemnified Party may participate in such defense at such Indemnified Party's expense (which shall not be subject to reimbursement

hereunder except as provided below), and (c) the omission by any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its indemnification obligation under this Agreement except and only to the extent that such Indemnifying Party is actually and materially damaged as a result of such failure to give notice. Except with the prior written consent of the Indemnified Party, no Indemnifying Party, in the defense of any such claim or litigation, shall consent to entry of any judgment or enter into any settlement that provides for injunctive or other nonmonetary relief affecting the Indemnified Party or that does not include as an unconditional term thereof the giving by each claimant or plaintiff to such Indemnified Party of a general release from any and all liability with respect to such claim or litigation. If the Indemnified Party shall in good faith determine that the conduct of the defense of any claim subject to indemnification hereunder or any proposed settlement of any such claim by the Indemnifying Party could reasonably be expected to affect adversely the Indemnified Party's Tax liability or the ability of the Indemnified Party to conduct its business, or that the Indemnified Party may have available to it one or more defenses or counterclaims that are inconsistent with one or more of those that could reasonably be available to the Indemnifying Party in respect of such claim or any litigation relating thereto, the Indemnified Party shall have the right at all times to take over and assume control over the defense, settlement, negotiations or litigation relating to any such claim at the sole cost of the Indemnifying Party; provided, however, that if the Indemnified Party does so take over and assume control, the Indemnified Party shall not settle such claim or litigation without the prior written consent of the Indemnifying Party, such consent not to be unreasonably withheld or delayed. If the Indemnifying Party does not accept the defense of any matter as above provided within 30 days after receipt of the notice from the Indemnified Party described above, the Indemnified Party shall have the full right to defend against any such claim or demand at the sole cost of the Indemnifying Party and shall be entitled to settle or agree to pay in full such claim or demand. In any event, the Indemnifying Party and the Indemnified Party shall reasonably cooperate in the defense of any claim or litigation subject to this Article X and the records of each shall be reasonably available to the other with respect to such defense.

Section 10.4. Limitations on Indemnification. (a) Notwithstanding anything to the contrary in this Agreement, (i) the obligations of each of SeaBeam and Channel to indemnify the L-3 Indemnitees for Losses under Section 10.1(a), Section 10.1(d) and Section 10.1(f) shall accrue only if the aggregate of all such Losses exceeds \$100,000 and then each of SeaBeam and Channel shall be liable for all such Losses in excess of such initial \$100,000, and (ii) in no event shall the maximum aggregate liability of SeaBeam and Channel with respect to the obligations to indemnify the L-3 Indemnitees for Losses under Section 10.1(a) exceed an amount equal to the Purchase Price.

(b) Notwithstanding anything to the contrary in this Agreement, (i) the obligations of L-3 to indemnify the SeaBeam Indemnitees for Losses under Section 10.2(a) shall accrue only if the aggregate of all such Losses exceeds \$100,000 and then L-3 shall be liable for all such Losses in excess of such initial \$100,000, and (ii) in no event shall the maximum aggregate liability of L-3 with respect to the obligations to indemnify the SeaBeam Indemnitees for Losses under Section 10.2(a) exceed an amount equal to the Purchase Price.

(c) Notwithstanding anything to the contrary in this Agreement, no party shall be obligated to indemnify any other party with respect to any actual or alleged breach of

representation or warranty contained in this Agreement (including the Schedules) after the termination of the applicable survival period set forth in Section 10.7; provided, however, that if an Indemnified Party delivers a notice of claim for indemnification under this Article X prior to the end of the applicable survival period, and such claim is finally settled or adjudicated in favor of the Indemnified Party after the end of the applicable survival period, the Indemnifying Party shall indemnify the Indemnified Party from and against Losses incurred by such Indemnified Party as a result of such claim for indemnification.

Section 10.5. Exclusive Remedy. Absent fraud, intentional misconduct or intentional misrepresentation or criminal activity, each of the parties hereto (on its own behalf and on behalf of its respective Affiliates that may seek indemnification hereunder) hereby acknowledges and agrees that the indemnifications provided by this Article X (as subject to the terms and conditions contained in this Article X) and Section 11.11 shall be the sole and exclusive remedies of such party and its Affiliates for any breach of the representations, warranties, covenants or agreements of any of the other parties set forth in this Agreement (including the Schedules), and each of the parties hereto waives any other remedy under law or in equity (subject, however, to Section 10.6 and Section 11.17).

Section 10.6. Set-Off. Each of the parties shall have, and be entitled to exercise, any rights of set-off available to it under Applicable Law.

Section 10.7. Survival Period. Except as provided in this Section 10.7, the representations and warranties of the parties contained in this Agreement (including the Schedules) shall survive for a period of two years from the Closing Date. Notwithstanding anything to the contrary herein, the representations and warranties contained in Sections 4.1, 4.2, 4.6, 4.10, 4.18, 4.20, 5.1 and 5.2 shall survive for the period of time equal to the applicable statute of limitations in respect of claims relating thereto. At the end of the respective applicable survival periods set forth herein, the representations and warranties of the parties contained in this Agreement (including the Schedules) shall terminate and expire for all purposes and shall not provide the basis for any claim for indemnification thereafter (subject, however, to the proviso contained in Section 10.4).

ARTICLE XI

MISCELLANEOUS

Section 11.1. Expenses. Except to the extent otherwise provided hereby, SeaBeam and Channel collectively, on the one hand, and L-3, on the other hand, shall bear their respective expenses, costs and fees (including any attorneys' and auditors' fees) in connection with the transactions contemplated hereby, including the preparation, execution and delivery of this Agreement and compliance herewith, whether or not the transactions contemplated hereby shall be consummated.

Section 11.2. Severability. If any provision of this Agreement, including any phrase, sentence, clause, Section or subsection is inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering the provision in question inoperative or

unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

Section 11.3. Notices. All notices, requests, demands, approvals, consents, waivers and other communications required or permitted to be given under this Agreement (each, a "Notice") shall be in writing and shall be (a) delivered personally, (b) mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, (c) sent by next-day or overnight mail or delivery, or (d) sent by facsimile transmission, provided that the original copy thereof also is sent by pre-paid, first class certified or registered mail.

(i) if to L-3, to

L-3 Communications Corporation
600 Third Avenue
New York, NY 10016
Facsimile: (212) 805-5494
Attention: Christopher C. Cambria, Esq.

with a copy to:

Whitman Breed Abbott & Morgan LLP
200 Park Avenue
New York, NY 10166
Facsimile: (212) 351-3131
Attention: James P. Gerkis, Esq.

(ii) if to SeaBeam or Channel, to

SeaBeam Instruments, Inc.
141 Washington Street
East Walpole, MA 02032-1155
Facsimile: (508) 660-6061
Attention: President

with a copy to:

Seed, Mackall & Cole LLP
1332 Anacapa Street, Suite 200
Santa Barbara, CA 93101
Facsimile: (805) 962-1404
Attention: John Mackall, Esq.

or, in each case, at such other address as may be specified in a Notice to the other party hereto. All Notices shall be deemed effective and given upon receipt or refusal of receipt.

Section 11.4. Books and Records. From and after the Closing and until the sixth anniversary thereof, (a) SeaBeam agrees to grant to L-3, upon reasonable notice and during

normal business hours, reasonable access to (and the right to copy) any Books and Records pertaining to the Business and existing on the Closing Date that are included in the Excluded Assets, for any reasonable purpose of L-3, and (b) L-3 agrees to grant to SeaBeam, upon reasonable notice and during normal business hours, reasonable access to (and the right to copy) any Books and Records included in the Assets that pertain to the operation of the Business on or prior to the Closing Date for any Tax or accounting matters involving SeaBeam.

Section 11.5. Attorneys' Fees. If any party hereto initiates any legal action arising out of or in connection with this Agreement, the prevailing party in such legal action shall be entitled to recover from the other party all reasonable attorneys' fees, expert witness fees and expenses incurred by the prevailing party in connection therewith.

Section 11.6. Liability for Transfer Taxes. Each of SeaBeam and L-3 shall be responsible for and pay in a timely manner 50% of all sales, use, value added, documentary, stamp, gross receipts, registration, transfer, conveyance, excise, recording, license and other similar Taxes and fees ("Transfer Taxes"), arising out of or in connection with or attributable to the transactions effected pursuant to this Agreement. Each party hereto shall prepare and timely file all Tax Returns required to be filed in respect of Transfer Taxes that are the primary responsibility of such party under applicable law; provided, however, that such party's preparation of any such Tax Returns shall be subject to the other party's approval, which approval shall not be withheld or delayed unreasonably.

Section 11.7. Headings. The headings contained in this Agreement are for purposes of convenience only and shall not affect the meaning or interpretation of this Agreement.

Section 11.8. Entire Agreement. This Agreement (including the Schedules and Exhibits hereto) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof (including the Memorandum of Agreement, dated as of October 13, 1998).

Section 11.9. Counterparts. This Agreement may be executed (including by facsimile transmission) with counterpart signature pages or in several counterparts, each of which shall be deemed an original and all of which shall together constitute one and the same instrument.

Section 11.10. Governing Law, etc. This Agreement shall be governed in all respects, including as to validity, interpretation and effect, by the internal laws of the State of New York without giving effect to the conflict of laws rules thereof. L-3 and SeaBeam hereby irrevocably submit to the jurisdiction of the courts of the State of New York, and the Federal courts of the United States of America located in the Southern District of New York solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any of such document may not be enforced in or by said courts and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a New York State or Federal court. L-3 and SeaBeam hereby consent to

and grant any such court jurisdiction over the person of such parties and over the subject matter of any such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 11.3, or in such other manner as may be permitted by law, shall be valid and sufficient service thereof.

Section 11.11. Bulk Sales. L-3 hereby waives compliance by SeaBeam with the provisions of the bulk sales laws of any jurisdiction. SeaBeam and Channel, jointly and severally, shall indemnify and hold harmless L-3 and the other L-3 Indemnitees from and against any and all Losses resulting from or arising out of any noncompliance or alleged noncompliance by L-3 or SeaBeam with such bulk sales laws.

Section 11.12. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

Section 11.13. Assignment. This Agreement shall not be assignable or otherwise transferable by any party hereto without the prior written consent of the other party hereto; provided, however, that L-3 may assign this Agreement to any of its Subsidiaries or any other Person (it being understood and agreed that no such assignment by L-3 pursuant to this proviso shall relieve L-3 of any of its obligations hereunder).

Section 11.14. No Third Party Beneficiaries. Except as provided in Article X and Section 11.11 with respect to indemnification of the Indemnified Parties hereunder, nothing in this Agreement shall confer any rights upon any Person other than the parties hereto and their respective successors and permitted assigns.

Section 11.15. Amendment; Waivers, etc. No discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the discharge or waiver is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the party granting such waiver in any other respect or at any other time. Neither the waiver by any of the parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure by any of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any of such provisions, rights or privileges hereunder. No amendment or modification of this Agreement shall be effective unless in a writing signed by L-3 and SeaBeam.

Section 11.16. SeaBeam Acknowledgment. SeaBeam acknowledges that the representations and warranties contained in this Agreement and in any document or instrument delivered to L-3 pursuant hereto or in connection herewith shall not be deemed waived or otherwise affected by any investigation by L-3, its officers, directors, employees, counsel, accountants, advisors, representatives and agents.

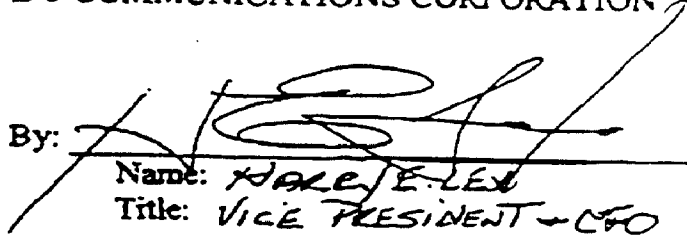
Section 11.17. Specific Performance. The parties hereto agree that irreparable damage would occur if any of the provisions of this Agreement (including Section 6.1(g)) were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this

Agreement (including Section 6.1(g)) and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled under this Agreement.

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

L-3 COMMUNICATIONS CORPORATION

By:


Name: MARK E. LEE
Title: VICE PRESIDENT + CFO

SEABEAM INSTRUMENTS, INC.

By: _____

Name:
Title:

CHANNEL TECHNOLOGIES, INC.

By: _____


Name:
Title:

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


L-3 COMMUNICATIONS CORPORATION

By _____
Name:
Title:

SEABEAM INSTRUMENTS, INC.

By: 
Name: R.F. CARLSON, JR.
Title: CEO

CHANNEL TECHNOLOGIES, INC

By: 
Name: R.F. CARLSON, JR.
Title: CEO

Post-it® Fax Note	7671	Date	09 MAR 17	# of pages	2
To	CHERYL KNAPP	From	ROB CARLSON		
Co/Dept	SEAM - L3	Co	SEABEAM		
Phone #		Phone #	(508) 663-6300		
Fax #	212 351-3131	Fax #	(508) 663-6301		

ESCROW AGREEMENT dated as of March __, 1998 (this "Agreement"), among L-3 Communications Corporation, a Delaware corporation acting through its Ocean Systems Divisions ("L-3"), SeaBeam Instruments, Inc., a Delaware corporation ("SeaBeam"), Channel Technologies, Inc., a California corporation ("Channel"), and The Bank of New York (the "Escrow Agent").

RECITALS:

A. L-3 and SeaBeam are entering into that certain Asset Purchase Agreement of even date herewith (the "Asset Purchase Agreement"), among L-3, SeaBeam and Channel, pursuant to which L-3 is purchasing certain assets and assuming certain liabilities relating to the Business (as defined in the Asset Purchase Agreement).

B. Pursuant to Section 3.7 of the Asset Purchase Agreement, L-3 and SeaBeam are entering into this Agreement with the Escrow Agent.

C. Pursuant to the terms hereof, L-3 is depositing \$100,000 (together with any and all interest from investments pursuant to Section 6, the "Escrow Amount") on the date hereof, which \$100,000 constitutes part of the Purchase Price (as defined in the Asset Purchase Agreement) payable at the Closing (as defined in the Asset Purchase Agreement).

D. The Escrow Agent has agreed to hold the Escrow Amount in escrow in accordance with the terms and provisions of this Agreement.

In consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, the parties hereto agree as follows:

Section 1. Deposit and Acceptance. (a) L-3 hereby deposits with the Escrow Agent, and the Escrow Agent hereby acknowledges receipt of, the Escrow Amount. The Escrow Agent hereby accepts its appointment as Escrow Agent hereunder. The Escrow Agent will hold the Escrow Amount in escrow in accordance with the terms and conditions set forth in this Agreement and the Escrow Amount shall not be released and delivered from escrow except in accordance with Section 2.

(c) Each party represents and warrants to the other parties that it has full power and authority to enter into this Agreement.

Section 2. Delivery by Escrow Agent. The Escrow Agent shall hold, pay, release, deliver and otherwise deal with the Escrow Amount as follows:

(a) If after the date hereof and before the end of the Escrow Period (as defined below) L-3 delivers to the Escrow Agent a notice (an "L-3 Demand") that L-3 seeks to offset against all or an appropriate portion of the Escrow Amount an amount of money that L-3 claims is due to it or any other L-3 Indemnitee (as defined in the Asset Purchase Agreement) from SeaBeam or Channel pursuant to Section 3.8, Article X or Section 11.11 of the Asset Purchase Agreement (a "Claimed Amount"), and if during the 20-day period after the

effective date (as determined in Section 8) of such L-3 Demand no Objection Notice (as defined below) is received by the Escrow Agent, then the Escrow Agent, on the first business day following the expiration of such 20-day period, shall release and deliver to L-3 a portion of the Escrow Amount equal to the Claimed Amount set forth in such L-3 Demand, as payment in full of the Claimed Amount. The L-3 Demand shall state with a reasonable level of detail the facts underlying the claim by L-3 to such Claimed Amount.

(b) For purposes of this Agreement:

(i) "Escrow Period" means the period commencing on the date hereof and ending on the first anniversary of the closing of the purchase of assets and assumption of certain liabilities pursuant to the Asset Purchase Agreement, which date shall be provided to the Escrow Agent in writing.

(ii) "Objection Notice" means a notice of objection delivered to the Escrow Agent by SeaBeam or Channel with respect to an L-3 Demand, stating that SeaBeam or Channel objects to the Claimed Amount stated in such L-3 Demand and to the delivery by the Escrow Agent of all or a portion of the Escrow Amount to L-3 in payment of such Claimed Amount and stating with a reasonable level of detail the facts underlying the objection of SeaBeam or Channel to such Claimed Amount other than the portion of such Claimed Amount, if any, that SeaBeam or Channel is willing to agree should be paid by release and delivery to L-3 of a portion of the Escrow Amount (the "Agreed Amount").

(c) If during the 20-day period after the effective date of an L-3 Demand the Escrow Agent shall have received an Objection Notice with respect to such L-3 Demand, then the Escrow Agent shall not release and deliver to L-3 any portion of the Escrow Amount as payment in respect of the Claimed Amount stated in such L-3 Demand (other than such portion of the Escrow Amount equal to the Agreed Amount, if any, specified in such Objection Notice).

The Escrow Agent shall continue to hold the portion of the Escrow Amount that would have been delivered to L-3 as payment in respect of a Claimed Amount but for the timely delivery of an Objection Notice by SeaBeam or Channel (the "Disputed Amount"), until such time as (i) the Escrow Agent receives a notice signed by both L-3 and SeaBeam (a "Joint Notice") directing the Escrow Agent to release and deliver the Disputed Amount (or a portion thereof) as specified in such Joint Notice, or (ii) the Escrow Agent is directed by a court of competent jurisdiction by a final, nonappealable judgment or order of such court (an "Order") to release and deliver the Disputed Amount (or a portion thereof) to the person or entity named in the Order. In any event described in clause (i) or (ii) above, the Escrow Agent shall release and deliver the Disputed Amount (or a portion thereof) in accordance with such Joint Notice or Order, which release and delivery shall be in lieu of payment of the Claimed Amount (or a portion thereof) stated in the related L-3 Demand.

(d) Any portion of the Escrow Amount released and delivered from time to time by the Escrow Agent pursuant to a L-3 Demand and any Disputed Amount (or a portion thereof) released and delivered from time to time by the Escrow Agent pursuant to a Joint Notice or an Order shall cease to be part of the Escrow Amount at the time of release and delivery thereof.

(e) Simultaneously with the transmittal of a L-3 Demand or an Objection Notice to the Escrow Agent pursuant to this Agreement, the party transmitting the same shall send a copy thereof to the other parties hereto.

(f) If no L-3 Demand has been delivered during the 25-day period prior to the expiration of the Escrow Period, then the Escrow Agent shall release and deliver to SeaBeam on the second business day following the expiration of the Escrow Period the portion of the Escrow Amount then being held by the Escrow Agent and that is not to be released and delivered to L-3 in accordance with Section 2(a) (other than the Disputed Amount, if any). If an L-3 Demand has been delivered during the 25-day period prior to the expiration of the Escrow Period, then the Escrow Agent shall release and deliver to SeaBeam on the 25th day after the expiration of the Escrow Period the portion of the Escrow Amount that is then being held by the Escrow Agent and that is not to be released and delivered to L-3 in accordance with Section 2(a) (other than the Disputed Amount, if any).

Section 3. Taxes. SeaBeam shall be responsible for all taxes payable with respect to any interest or other income accrued or earned on the Escrow Amount. At the request of SeaBeam, the Escrow Agent shall provide SeaBeam with any information reasonably requested by it and available to the Escrow Agent which may be helpful in satisfying any tax reporting requirement applicable to SeaBeam with respect to taxes in respect of which SeaBeam is responsible.

Section 4. Rights of Action. Each party hereto, without the consent of the other parties, may, on his own behalf and for its own benefit, institute or maintain any suit, action or proceeding, at law or in equity, against the other parties in order to enforce or preserve its or his rights hereunder.

Section 5. Termination. This Agreement shall automatically terminate upon the Escrow Agent's disposition of the entire Escrow Amount in accordance with the terms and conditions of this Agreement (including, without limitation, any Disputed Amount).

Section 6. Permitted Investments. Moneys from time to time comprising the Escrow Amount, including any interest or other income accrued or earned thereon, shall be invested and reinvested by the Escrow Agent, but only in such of the Permitted Investments (as defined below) as may be specified from time to time in written or facsimile instructions from time to time received by the Escrow Agent from SeaBeam.

For purposes of this Agreement, "Permitted Investments" means the following kinds of instruments with a maturity not later than the day prior to the termination of the Escrow Period: (a) obligations of the United States of America, or fully guaranteed as to payment of interest and principal by the United States of America; (b) commercial paper that, at the time of the investment therein pursuant to this Section, has credit ratings from Moody's Investors Service, Inc. and Standard & Poors Corporation of not lower than A2 or P2, respectively; and (c) demand or time deposits in Permitted Banks (as defined below) or certificates of deposit of, or bankers' acceptances issued by, Permitted Banks.

For purposes of this Agreement, "Permitted Bank" means a depository institution or trust company organized under the laws of the United States of America, any State thereof or the District of Columbia, having a combined capital and surplus of at least \$100,000,000, if the commercial paper, if any, and the long-term unsecured debt obligations (other than such obligations whose rating is based on the credit of a person or entity other than such institution or trust company) of such depository institution or trust company, at the time of an investment therein pursuant to this Section 6, have the highest credit ratings from Duff & Phelps.

Section 7. Concerning the Escrow Agent. (a) The Escrow Agent hereby accepts the agency established by this Agreement and shall perform the same upon the terms and conditions herein set forth, by all of which L-3 and SeaBeam shall be bound. Other than as expressly set forth herein, the duties of the Escrow Agent hereunder shall be purely ministerial. The Escrow Agent shall not have any duties or responsibilities except those expressly set forth herein, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent, whose duties and obligations shall be determined solely by the express provisions hereof. Unless the Escrow Agent has actual knowledge to the contrary, the Escrow Agent may assume that any person purporting to give it any notice on behalf of any party in accordance with the provisions of this Agreement has been duly authorized to do so.

(b) The Escrow Agent shall not be deemed to make any representations or warranties as to the Escrow Amount.

(c) The Escrow Agent shall not (i) be liable for any action taken or suffered or omitted to be taken by it in good faith in the belief that any documents or any signatures are genuine or properly authorized, (ii) be responsible for any failure on the part of SeaBeam, L-3 or any predecessor Escrow Agent to comply with any of its or his representations, warranties, covenants or agreements contained in this Agreement, or (iii) be liable for any act or omission in connection with this Agreement, except in each case for its own gross negligence or willful misconduct. The Escrow Agent is hereby irrevocably authorized to, and shall, (A) act in accordance with this Agreement, (B) make the releases and deliveries as provided in Section 2, and (C) make investments as provided in Section 6. Subject to the foregoing, the Escrow Agent hereby is authorized to accept instructions with respect to the performance of its duties hereunder from L-3 and SeaBeam, and the Escrow Agent shall not be liable for any action taken or suffered or omitted to be taken by it in good faith in accordance with the instructions of L-3 and SeaBeam, except for its own gross negligence or willful misconduct.

(d) The Escrow Agent may execute and exercise any of the rights and powers hereby vested in it or perform any duty hereunder either itself or by or through its officers, agents or employees, and the Escrow Agent shall not be answerable or accountable for any action taken, default, neglect or misconduct of any such officer, agent or employee, except for the gross negligence or willful misconduct of it and its officers, agents and employees. The Escrow Agent shall notify L-3 and SeaBeam of any claim made or action, suit or proceeding instituted against it arising out of or in connection with this Agreement.

(e) L-3 and SeaBeam from time to time shall perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further acts,

instruments and assurances as may be reasonably required by the Escrow Agent in order to enable it to carry out or perform its duties under this Agreement.

(f) SeaBeam, Channel and L-3 jointly and severally agree to reimburse the Escrow Agent for its reasonable expenses, including taxes and governmental charges of any kind and nature, incurred by the Escrow Agent hereunder; and further jointly and severally agree to indemnify the Escrow Agent and save it harmless against any and all losses, claims, liabilities, damages, judgments and other costs and expenses and for anything done, suffered or omitted by the Escrow Agent in the execution of its duties and powers hereunder, including, but not limited to, reasonable attorneys' fees and disbursements paid by the Escrow Agent to retained attorneys in connection with this Agreement, except as a result of the Escrow Agent's gross negligence or willful misconduct. As between SeaBeam and Channel (on the one hand) and L-3 (on the other hand), (i) SeaBeam and Channel shall bear one-half of such expenses and indemnification obligations, and (ii) L-3 shall bear ~~one~~-half thereof.

(g) Nothing herein shall preclude the Escrow Agent from acting in any other capacity for L-3, SeaBeam or any other person.

(h) The Escrow Agent may resign its duties and be discharged from all further duties and liabilities hereunder (except liabilities arising as a result of the Escrow Agent's own gross negligence or willful misconduct), after giving ten (10) days' prior notice to SeaBeam and L-3, such resignation and discharge to be effective as hereinafter provided. No such resignation shall take effect until a new escrow agent which L-3 and SeaBeam shall have approved in writing (such approval not to be unreasonably withheld or delayed) shall have been appointed and shall have agreed to assume the Escrow Agent's duties hereunder, as hereinafter provided. After such a new escrow agent shall accept such appointment in writing, such new escrow agent shall be vested with the same powers, rights, property, duties and responsibilities as if it had been originally named herein as Escrow Agent, without any further assurance, conveyance, act or deed; but if for any reason it shall be necessary or expedient to execute and deliver any further assurance, conveyance, act or deed, the same shall be done and shall be legally and validly executed and delivered by the resigning Escrow Agent.

(i) Notwithstanding anything in this Agreement that may be to the contrary: (i) if the Escrow Agent shall receive notice advising that litigation in connection with the Escrow Amount, the Asset Purchase Agreement or this Agreement has been commenced, the Escrow Agent may deposit the Escrow Amount with the Clerk of the Court in which said litigation is pending; or (ii) the Escrow Agent may deposit the Escrow Amount in a court of competent jurisdiction and commence an action for interpleader, the costs thereof to be borne jointly and severally by L-3 and SeaBeam. Upon the occurrence of any of the foregoing events set forth in the preceding sentence, the Escrow Agent shall be automatically released of and from all liability hereunder.

(j) The Escrow Agent shall have the right but not the obligation to request and receive such written certifications or instructions from either L-3 or SeaBeam as it reasonably deems necessary or appropriate before taking any action hereunder.

Section 8. Notices. All notices (including, without limitation, L-3 Demands and Objection Notices), consents, requests, waivers or other communications required or permitted under this Agreement (each a "Notice") shall be in writing and shall be sufficiently given (a) if hand delivered, (b) if sent by nationally recognized overnight courier, (c) if sent by registered or certified mail, postage prepaid, return receipt requested, or (d) if sent by facsimile transmission (provided a copy simultaneously is sent by registered or certified mail as aforesaid), and in each case addressed as follows:

if to L-3 to:

L-3 Communications Corporation
600 Third Avenue
New York, New York 10016
Attention: Christopher C. Cambria, Esq.
Facsimile: (212) 805-5494
Telephone: (212) 805-5634

with a copy to:

Whitman Breed Abbott & Morgan, LLP
200 Park Avenue
New York, New York 10166
Attention: James P. Gerkis, Esq.
Facsimile: (212) 351-3131
Telephone: (212) 351-3000

if to SeaBeam or Channel to:

Seabeam Instruments, Inc.
141 Washington Street
East Walpole, MA 020-32-1155
Attention: Mr. Robert F. Carlson, Jr.
Facsimile: (508) 660-6061
Telephone: (508) 660-6000

with a copy to:

Seed, Mackall & Cole LLP
1332 Anacapa Street, Suite 200
Santa Barbara, CA 93101
Attention: John R. Mackall, Esq.
Facsimile: (805) 962-1404
Telephone: (805) 962-1404

if to the Escrow Agent to:

The Bank of New York
101 Barclay Street, 21 West
New York, NY 10286
Attention: Matt Lewis, Insurance
Trust and Escrow Division
Facsimile: (212) 815-7181
Telephone: (212) 815-7172

or at such other address for a party as shall be specified in a Notice. Any Notice shall be effective and deemed given upon receipt or refusal of receipt.

Section 9. Parties in Interest; Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

Section 10. Agreement to Take Necessary and Desirable Actions. Each of the parties hereto agrees to execute and deliver such other documents, certifications, agreements and other writings and to take such other actions as may be reasonably necessary or desirable in order to consummate and make effective the transactions contemplated by this Agreement as promptly as practicable.

Section 11. Partial Invalidity. Any provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining provisions of this Agreement or affecting the validity or enforceability of any of the provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

Section 12. Amendments. This Agreement may not be amended or supplemented except upon the execution and delivery of a written agreement executed by all the parties hereto.

Section 13. Miscellaneous. (a) This Agreement constitutes the entire agreement between the parties hereto in respect of the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the parties hereto with respect to such subject matter.

(b) This Agreement is not intended to confer upon any other person any rights or remedies hereunder.

(c) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict of law rules.

(d) This Agreement may be executed (including by facsimile transmission) with counterpart signature pages or in several counterparts, each of which shall be deemed an original but all of which together shall constitute but one agreement.

(e) The descriptive headings contained herein are for convenience only and shall not affect in any way the meanings or interpretation of this Agreement.

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

L-3 COMMUNICATIONS CORPORATION,
ACTING THROUGH ITS OCEAN
SYSTEMS DIVISION

By: _____
Name:
Title:

SEABEAM INSTRUMENTS, INC.

By: _____
Name:
Title:

CHANNEL TECHNOLOGIES, INC.

By: _____
Name:
Title:

THE BANK OF NEW YORK


By: _____
Name:
Title:

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

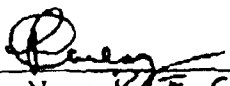
L-5 COMMUNICATIONS CORPORATION

By: _____
Name:
Title:

SEABEAM INSTRUMENTS, INC.

By: 
Name: R.F. CARLSSON, JR.
Title: CEO

CHANNEL TECHNOLOGIES, INC.

By: 
Name: R.F. CARLSSON, JR.
Title: CEO

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

L-3 COMMUNICATIONS CORPORATION

By: 

Name: WALLACE E. LEE
Title: VICE PRESIDENT + CFO

SEABEAM INSTRUMENTS, INC.

By: _____

Name:
Title:

CHANNEL TECHNOLOGIES, INC.

By: _____

Name:
Title:

-334156-v5 0057547-0009

SCHEDULE 4.16(a)
MATERIAL INTELLECTUAL PROPERTY OF THE BUSINESS

Trademark Registrations:

Reg No	Trademark	Status	Registrant	Current Owner	Assigns
1540292	SEABEAM	§ 15 Accept	General Instrument Corporation	SeaBeam Instruments, Inc.	831/470
1648882	HYDROCHART II	Cont. Sect. 8	General Instrument Corporation	SeaBeam Instruments, Inc.	831/470
1954316	SEA BEAM	Current	SeaBeam Instruments, Inc.	SeaBeam Instruments, Inc.	N/A
1986188	SEAVIEW	Current	SeaBeam Instruments, Inc.	SeaBeam Instruments, Inc.	N/A

Patents:

Patent No.	Title	Status	Current Owner	Assigns
5483500	Signal Processing System and Method for use in Multibeam Sensing Systems	4 th Year Fee Window Opens 01/11/99	SeaBeam Instruments, Inc.	N/A
5608689	Sound Velocity Profile Signal Processing System and Method for use in Sonar Systems	4 th Year Fee Window Opens 03/04/00	SeaBeam Instruments, Inc.	N/A
5640369	Signal Processing System and Technique for Calculating Roll Bias Data	4 th Year Fee Window Opens 06/17/00	SeaBeam Instruments, Inc.	N/A
5663930	Signal Processing System and Method for use in Multibeam Sensing Systems	4 th Year Fee Window Opens 09/02/00	SeaBeam Instruments, Inc.	N/A

SeaBeam Instruments, Inc. ("SeaBeam") will transfer to L-3 Communications Corp. ("L-3") any and all right, title, or interest SeaBeam may have in the following patent; provided, however, that SeaBeam makes no warranties or representations as to whether or not SeaBeam in fact owns any right, title or interest in such patent, or as to the nature of any such right, title or interest in such patent, if it has any:

Patent No.
4929700

Title
Bathymetry Using
Computational Algorithm
Field and Background of
the Invention

Current Owner of Record
J. Raymond Breton

Service Marks:

None.

Trade Names:

seasurvey™.

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