



ITT

ITT CORPORATION- INTERCONNECT SOLUTIONS DIVISION
(Designated Herein As "ITT" or "Leaser")

TERMS AND CONDITIONS OF TOOL LEASE

I. Delivery. ITT agrees to deliver this asset(s) F.C.A. ITT's Plant (INCOTERMS 2000) in accordance with shipping and delivery instruction to be furnished by Lessee. Transportation and insurance costs from ITT to the destination specified by Lessee and return to ITT shall be borne by Lessee. ITT agrees to use its best efforts to meet the delivery schedule agreed upon by the parties. However, ITT shall not be responsible for damages of any kind in the event that delivery of the assets is delayed or terminated for any reason.

II. Taxes. As additional rental, Lessee agrees to pay any federal, state, local sales or use tax, transportation tax, excise or other tax or charge which may be imposed upon the assets by reason of receipt, lease or delivery thereof.

III. Warranty.

A. ITT MAKES NO WARRANTY OR REPRESENTATION, NEITHER EXPRESS NOR IMPLIED, AS TO THE FITNESS, MERCHANTABILITY, DESIGN OR CONDITION, OR AS TO THE QUALITY, CAPACITY OF WORKMANSHIP IN THE LEASED ASSETS. NOR ANY OTHER WARRANTY OF ANY KIND.

B. ITT SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGES OF ANY KIND, WHETHER OR NOT BASED UPON EXPRESS OR IMPLIED WARRANTIES, NEGLIGENCE OR STRICT LIABILITY ARISING IN CONNECTION WITH THE MANUFACTURER OF ANY PRODUCTS RESULTING FROM THE USE OF THE ASSETS LISTED UNDER THIS AGREEMENT OR ANY INABILITY TO USE SUCH PRODUCTS SEPARATELY OR IN COMBINATION WITH ANY OTHER PRODUCTS, ASSETS OR MATERIALS.

IV. Obligations of Lessee.

A. Lessee will maintain and service the assets, at its sole expense, to insure they remain in good repair and operating condition. Such maintenance shall include periodic lubrication, minor adjustments and routine replacements of wear items in accordance with the Preventive Maintenance Schedule instructions furnished to Lessee at time of asset installation by ITT.

B. In addition to any preparation charge billed to Lessee, other installation costs of the assets, including, but not limited to; air lines, electric power outlets, tools connection and site preparation of all kinds, shall be paid by Lessee.

C. For repairs outside the scope of the preventive maintenance performed by Lessee, Lessee may request repair services from ITT. Lessee agrees to reimburse ITT for its costs, including travel, labor, per diem and replacement parts costs, if invoiced by ITT. Service will not be provided for locations outside the continental United States.

D. Should Lessee desire, and ITT approve, relocation of assets outside the continental United States, Lessee shall post a bond with a bank acceptable to ITT, in an amount sufficient to cover the full value of the assets, until such assets are returned to the United States.

V. Indemnification to ITT. Lessee agrees to indemnify and save ITT harmless from all claims, expenses, losses, liability and damages, including attorney's fees, which may arise from injury to persons property, arising from growing out of, or connected with the use of

operation of assets, or any act or omission of the Lessee, its employees or agents, related to the use or operation of the assets.

VI. Title of Equipment, Location and Non-Removal of Ownership/Protective Devices.

A. All assets shall remain the property of ITT. Lessee shall not remove, or cause, or permit, to be removed from any of the assets, any serial number, model name, or other indicia showing ITT ownership, or any safety or protective devices affixed to the assets by ITT. Lessee shall not alter, change or modify the assets in any way without first having received the written permission of ITT.

B. Lessee shall not remove, or cause, or permit to be removed, any asset from the location to which the assets were originally delivered and installed without the prior approval of ITT. Lessee shall pay the relocation charge identified in Schedule A hereto, each time equipment is moved in the event equipment is moved without the prior written authorization from ITT. Lessee will be liable for both relocation charges and such damages as may be assessed by ITT.

C. All assets are, and shall at all times remain, separate items of personal property, notwithstanding either the attachment or affixation of them to other assets or to real property, or any building thereof. Upon termination of this agreement, for whatever reason, Lessee agrees to return to ITT all of the assets in the same condition as when delivered, reasonable wear, tear and use excepted.

D. If assets are used to crimp contacts other than those manufactured and supplied by ITT and its licensed distributors, ITT reserves the right to, at its option, immediately terminate the lease and remove the assets from Lessee's premises, and all expenses incurred by ITT for removal of said assets shall be charged to Lessee.

VII. Risk of Loss or Damage. The risk of loss or damage to the assets from the time of shipments to Lessee until returned to ITT, at its designated facility, shall be borne by Lessee.

VIII. Patents. ITT agrees to indemnify Lessee and hold Lessee harmless from all legal expenses which may be incurred, as well as all damages and costs which may finally be assessed against Lessee in any action or infringement of any United States Letter Patent by the assets delivered to Lessee under this Lease Agreement, provided that Lessee shall give ITT prompt notice in writing of all actions or claims or threats of patent infringement suits, whether oral or written. or all patent infringement suits instituted against it, and an opportunity to elect to take over, settle or defend the same through counsel of its own choice and under its sole direction and its sole acceptance, and will make available to ITT, in the event of such election, all defenses against such actions, claims or proceedings known or available to Lessee, and further provided that ITT shall have the right to substitute for said assets or any parts thereof claimed to infringe the patent rights of others, non-infringing assets or parts which will give equally good service. In case the use of said assets or any part thereof is enjoined, ITT shall have the right, at its expense to elect to (1) procure for Lessee the right to continue using said assets; or (2) replace such assets with non-infringing assets; (3) modify the assets so that they become non-infringing assets; (4) remove said assets and release Lessee from the obligation to pay rental after the date of removal thereof.

IX. Recovering of Possession on Default of Lessee.

A. In the event that any payment due hereunder to ITT from lessee shall remain unpaid to twenty (20) days after the invoice date, and if such payment continues in default for a further period of ten (10) days after notice of the nonpayment thereof, then Lessee shall be

deemed to be in default and at the option of ITT, or any assignee of ITT, all sums due and to become due hereunder from Lessee shall become and payable forthwith, together with interest on all said sums from the expiration of said ten (10) day period. In addition, any refunds of credit due Lessee pursuant to Article 1 shall be reversed and payment in full shall be immediately due and owing to ITT.

B. In the event of any such default by Lessee hereunder, ITT shall have the right to enter upon the premises of Lessee and retake possession of any and all equipment leased hereunder, Lessee hereby grants to ITT an irrevocable right to entry onto Lessee's premises for all purposes relating to repossession of the equipment, and such entry shall not constitute a trespass onto Lessee's premises. Lessee shall pay to ITT all expenses including attorney's fees and costs, incurred by ITT for repossession of the equipment and for any other default by Lessee.

C. The powers and remedies herein provided in the event of default are not to be exclusive of any other powers or remedies now or hereafter existing in law or in equity or under any statute.

D. Any assignee of ITT shall be vested with all the rights, powers and remedies of ITT hereunder.

X. Liens. The Lessee shall at all times during the term of any lease under this agreement keep said assets free from any tax, mechanic's lien, or the claim of any mortgage or any other type of lien, pledge, or charge except the rights of the Lesser or its assigns.

XI. Notices. All notices relating hereto shall be delivered by registered mail to ITT or Lessee at the place of business set forth on the first page of this agreement.

XII. Possession and Use. ITT covenants to and with Lessee that ITT is the lawful owner of the assets, free from all encumbrances, and that conditioned upon Lessee performing the conditions hereof, Lessee shall peaceably and quietly hold, possess and use the assets during said term without hindrance.

XIII. Governing Law. The term of this agreement and all right and obligations hereunder shall be governed by the laws of the State of California.

XIV. Modification. This agreement contains all the terms and condition agreed upon by the parties and no other representation or warranty, express or implied, which has been made, shall be binding upon the parties hereto.

XV. Assignment. This lease shall not be assigned by Lessee without the prior written of ITT. ITT may assign to any bank or any financial company all rights of ITT to receive any and all payments hereunder.