



Equipment Rental Agreement

These terms and conditions form the rental contract (the "Rental Contract") between you ("Lessee") and Gates Underwater Products, Inc. ("Gates"), and apply to all the equipment rented by Lessee.

TERMS AND CONDITIONS

1. "Equipment" means all types of housings or equipment or other supplies rented to Lessee under the Rental Contract. Lessee will have an opportunity to test and examine the Equipment to determine that the Equipment is in good working order. Lessee may test the Equipment before leaving the rental facility and any discrepancies reported to the Gates before the Rental Contract(s) or rental orders are signed.
2. Lessee agrees to defend, indemnify and hold Gates free and harmless from and against any and all claims liabilities, losses, costs and out of pocket expenses (including attorneys' fees) arising out of, or in connection with the equipment leased, its use or transportation, or out of operations conducted by Lessee, its agents, sublessees, employees, contractors, representatives, guests, invitees, or customers, including, but not limited to, active and/or passive negligence, save and except claims or litigation arising through the sole negligence or sole willful misconduct of Gates.
3. Lessee is considered to have taken delivery of the equipment from the time the equipment is set aside from Gates general inventory for Lessee's use. From the time Lessee takes delivery of the equipment lease, until the equipment is returned to Gates during normal business hours and Gates accepts the equipment, Lessee assumes all risks of loss and all risks and losses while in Lessee's possession, in transit, while at all locations, while in storage and while on Lessee's premises. Lessee will examine equipment on receipt and verify it is in good condition, notifying Gates of any defects or non-functioning item(s) immediately. Lessee will return equipment in as good condition as when received, ordinary wear and tear excepted. Lessee will pay promptly when due all charges which accrue because of this rental, including damage or loss of said item(s).
4. Lessee will take all necessary precautions in regard to the use of the equipment leased to protect all persons and property from injury or damage. The equipment leased shall be used only by Lessee's employees or agents qualified to use such equipment.
5. Lessee warrants that it will not sublease any of the equipment leased without the prior written consent of Gates.
6. Lessee acknowledges that the equipment is leased without warranty, or guarantee, except as required by law.
7. Lessee shall, at its own expense, maintain at all times during the lease all risk perils insurance covering the equipment leased from Gates for full replacement cost (defined as Gates published retail pricing), except vehicles and for loss of use (lease value) of the equipment. Coverage shall begin from the time Lessee or its agents take delivery of the equipment and continue until the time the equipment is returned to and accepted by Gates. Such insurance shall be on a worldwide basis, name Gates as the loss payee for loss or damage to the equipment leased and cover all risks of loss of, or damage to the equipment.
8. Before obtaining possession of the equipment, Lessee shall provide to Gates a certificate of insurance and applicable endorsements confirming each of the coverages specified above. All certificates shall be signed by an authorized agent or representative of the insurance carrier.
9. Should Lessee fail to procure or pay the cost of maintaining in force the insurance specified herein, or to provide Gates upon request with satisfactory evidence of the insurance, Gates may, but shall not be obligated to, procure the insurance and Lessee shall reimburse Gates on demand for its costs. Lapse or cancellation of the required insurance shall be deemed to be an immediate and automatic default of this agreement.



10. Lessee hereby agrees to strictly comply with the laws of the State in which the equipment is transported and/or used as well as all federal and local laws, regulations and ordinances pertaining to the transportation and use of such equipment. Lessee warrants and represents that it is fully aware of any and all dangers and risks, patent as well as latent, involved in the use, transportation and handling of the equipment leased.

10. Lessee shall be responsible to Gates for the full replacement costs, without depreciation, or repair costs of all equipment leased which is lost, stolen, or damaged. In the event the equipment leased is lost or stolen, Lessee shall file a police report. Gates shall be under no obligation to replace or repair equipment until Lessee has paid for the damaged, lost or stolen equipment. In such event, the rental fees for the subject equipment shall continue to accrue until the Lessee has paid for the lost, damaged or stolen equipment or until repairs are completed. Gates determination whether the damaged equipment shall be replaced or repaired shall be conclusive. Accrued rental charges shall not be applied against the purchase price or cost of repairs of the lost, stolen or damaged equipment.

11. Lessee hereby agrees that Gates shall be subrogated to any recovery rights Lessee may have for damage to the equipment leased in the form of insurance protection for such damage.

12. The price of rental of the equipment shall be set forth in the rental order.

13. Rental invoices are payable upon receipt of invoice at time of equipment delivery to Lessee, unless a different payment schedule is agreed upon in writing. Payments not paid within agreed terms shall be considered past due and a late charge may be assessed. Lessee agrees to pay attorneys' fees and collection costs in the event it is deemed necessary by Gates to pursue collection of past due accounts through a collection agency or by an attorney.

14. There may be minimum charges or minimum rental periods. Gates is entitled to compensation, not to exceed the amount due for the proposed rental period, in the event of cancellation of all or part of an order unless Gates agrees otherwise.

15. Lessee must return the equipment on the date specified in the rental order or be subject to additional charges. A full additional day's rental will be charged for each day equipment is not returned after the date specified for the return of the equipment.

16. This agreement shall remain in effect for the remainder of the calendar year from the date first signed by Lessee.

17. This agreement shall be governed by the laws of the State of California. Lessee agrees to jurisdiction over any dispute in the courts of the State of California and to venue in San Diego County, California. Lessee is authorized to enter into this agreement. If for any reason Lessee does not have insurance coverage adequate to cover any damages to the equipment and lost profits to Gates, Lessee agrees to be liable for such damages.

Signature of Authorized representative of Lessee

Printed name

Title

Date

Company Name