



News Release

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BOB HOPE AIRPORT REACHES SETTLEMENT WITH LOCKHEED MARTIN IN GROUNDWATER CLEANUP DISPUTE

*Airport Authority Will Pay Lockheed \$2 Million in Exchange for Lockheed Martin
Defending Airport Against All Costs Associated with EPA's North Hollywood
Operable Unit Program*

BURBANK, Calif., March 1, 2011 — The Burbank-Glendale-Pasadena Airport Authority today announced it has reached a settlement in its federal court action against Lockheed Martin Corporation that sought to compel Lockheed Martin to defend and indemnify the Authority against potential costs for groundwater cleanup at Bob Hope Airport mandated by the U.S. Environmental Protection Agency (EPA).

The settlement calls for Lockheed Martin to defend the Authority using Lockheed's counsel and to assume responsibility for any costs that EPA or any other party would otherwise assign to the Airport Authority in the EPA's North Hollywood Operating Unit remedial program. In exchange the Authority will make a one-time payment of \$2 million to Lockheed Martin. EPA had determined that the Authority was a "potentially responsible party" for a portion of the program's estimated \$108 million costs in July 2010.

(more)

AIRPORT-LOCKHEED SETTLEMENT

3/1/11

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“This was a pure business decision,” said Airport Authority President Frank Quintero. “We have always maintained, and still maintain, that the Authority has not contributed in any way to groundwater pollution at the Airport. However, when we considered legal costs of resisting the EPA action, potential actual costs of participating in the EPA cleanup program, and the burden of continuing the dispute with Lockheed, it was clear this settlement was the most advantageous option for the Authority and for Airport travelers, who ultimately have to pay the tab.”

The Authority received notice in July 2010 that it was being directed by EPA to contribute to the estimated \$108 million remediation program for groundwater pollution in the EPA’s North Hollywood Operable Unit, an area that includes the Airport property west of the north-south runway. The EPA cited Superfund legislation passed by Congress in the early 1980s in naming the Airport as a potentially responsible party, solely because of its ownership of the former Lockheed facility. The Airport Authority did not own the facility until 1978, well after the pollution had occurred in the groundwater underlying the property.

The Authority filed suit to compel Lockheed Martin to defend the Authority against the EPA’s action, pursuant to Lockheed’s contractual commitment in the sale of the Airport to the Authority in 1978 to protect the Authority from claims arising from Lockheed’s prior operations on the airport property. Lockheed disputed the Authority’s lawsuit and extensive litigation ensued.

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AIRPORT-LOCKHEED SETTLEMENT

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The Authority implemented a \$1 increase in its parking rates effective February 1, 2011, to help pay for the costs associated with this legal action. It is expected that this increase will remain in place for several years in order to recover the cost of litigation to date, as well as the cost of the settlement.

The settlement covers all of EPA's claims against the Authority in what the EPA calls the "Second Interim Remedy," which is projected to last 30 years from 2011 to 2041, although it could last longer. The Authority will cooperate with Lockheed Martin, which will negotiate with Honeywell, Inc. and other parties to settle their respective shares of cleanup costs with the EPA to fund the Second Interim Remedy.