

03-17-1999

11-04-1998



100986811

To the Honorable Commissi...

100869238

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

...e attached original documents or copy thereof.

MRD 10-5-98

1. Name of conveying party(ies):
 U.S. Tool Acquisition Corp.

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

2. Name and address of receiving party(ies): 32
 Name: U.S. Bank National Association
 Internal Address: Attention: Mark McDonald
 Street Address: 601 Second Avenue South
 City: Minneapolis State: MN ZIP: 55402-4302
 Additional name(s) & address(es) attached Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____
 Execution Date: September 16, 1998

4. Application number(s) or patent number(s):
 If this document is being filed together with a new application, the execution date of the application is: _____
 A. Patent Application No.(s)
 B. Patent No.(s)
 (Des. 262,670; 5,588,323)
 Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Devan V. Padmanabhan, Esq.
 Internal Address: Dorsey & Whitney LLP
11/02/1998 DNGUYEN 00000311 262670
01 FC:581 40.00 OP
02 FC:630 25.00 OP
 Street Address: 220 South Sixth Street
 City: Minneapolis State: MN ZIP 55402

6. Total Number of applications and patents involved: 2

7. Total fee (37 CFR 3.41).....\$ 65.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
N/A
 (Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

145 E

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.

Devan V. Padmanabhan
 Name of person Signing

Devan V. Padmanabhan
 Signature
 Reg. No. 38,262

Sept. 30, 1998
 Date

Total number of pages including cover sheet, attachments, and document: 16

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

PATENT
REEL: 9808 FRAME: 0505

DORSEY & WHITNEY LLP

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(612) 343-7990
FAX (612) 340-8856
padmanabhan.devan@dorseyllaw.com

March 2, 1999

U.S. Patent and Trademark Office
Assignment Division
Box Assignments, CG-4
1213 Jefferson Davis Highway
Suite 320
Washington, D.C. 20231

Re: Resubmission of Security Agreement for Recordal
Patent Office Document I.D. No.: 100869238
Our File: 0037

Dear Sir:

Enclosed please find the following documents which we are resubmitting for recordal due to insufficient fee:

1. Notice of Non-Recordation of Document dated February 19, 1999;
2. Original Recordation Cover Sheet-Patents Only executed on September 30, 1998;
3. Original Security Agreement (Patents);
4. Our check in the amount of \$15.00 for the additional fee required.

Adjustment date: 03/15/1999 JSHABAZZ
11/02/1998 DNGUYEN 00000311 262670
01 FC:581 -40.00 OP
02 FC:630 -25.00 OP

03/15/1999 JSHABAZZ 00000175 262670 60.00 OP
01 FC:581

DORSEY & WHITNEY LLP

U.S. Patent and Trademark Office

March 2, 1999

Page 2

It is our understanding that because the enclosed Security Agreement has been resubmitted within the 30-day time limit allowed under 37 CFR §3.51 that the original date of filing of this document will be maintained.

We have also enclosed a self-addressed postcard upon which the stamped date of receipt would be appreciated. If the amount of the check is for any reason insufficient, please charge any additional amount to Deposit Account No. 04-1420.

Sincerely,

A handwritten signature in black ink, appearing to read "Devan V. Padmanabhan". The signature is written in a cursive style with a large initial "D".

Devan V. Padmanabhan

DVP:cal
Enclosures

PATENT
REEL: 9808 FRAME: 0507

SECURITY AGREEMENT
(Patents)

THIS SECURITY AGREEMENT, dated as of September 16, 1998, is made and given by U.S. TOOL ACQUISITION CORP., a Delaware corporation (the "Grantor"), to U.S. BANK NATIONAL ASSOCIATION, as agent for the banks (the "Banks") party from time to time to the Credit Agreement defined below (the "Secured Party").

RECITALS

A. The Grantor is a wholly-owned subsidiary of Churchill Aerospace, LLC (the "Borrower").

B. The Borrower, the Secured Party and the Banks have entered into a Credit Agreement dated as of September 16, 1998 (as the same may hereafter be amended, supplemented, extended, restated, or otherwise modified from time to time, the "Credit Agreement") pursuant to which the Banks have agreed to extend to the Grantor certain credit accommodations.

C. It is a condition precedent to the obligation of the Banks to extend credit accommodations pursuant to the terms of the Credit Agreement that this Agreement be executed and delivered by the Grantor.

D. The Grantor finds it advantageous, desirable and in its best interests to comply with the requirement that it execute and deliver this Security Agreement to the Secured Party.

NOW, THEREFORE, in consideration of the premises and in order to induce the Secured Party to extend or continue credit accommodations to the Grantor, the Grantor hereby agrees with the Secured Party for the Secured Party's benefit as follows:

Section 1. Defined Terms.

1 (a) As used in this Agreement, the following terms shall have the meanings indicated:

"Account Debtor" shall mean a Person who is obligated with relation to any patent or patent application which are Patents under Paragraphs 1 (a) and 2 (a) herein.

"Collateral" shall mean all property and rights in property now owned or hereafter at any time acquired by the Grantor in or upon which a Security Interest is granted to the Secured Party by the Grantor under this Agreement.

"Event of Default" shall have the meaning given to such term in Section 17 hereof.

"Financing Statement" shall have the meaning given to such term in Section 4 hereof.

"Obligations" shall mean (a) all indebtedness, liabilities and obligations of the Grantor to the Banks and the Secured Party of every kind, nature or description (i) under the Credit Agreement, as amended, restated, supplemented or otherwise modified from time to time including the Grantor's obligation on any promissory note or notes under the Credit Agreement and any note or notes hereafter issued in substitution or replacement thereof, and (ii) all other "Senior Debt" (as defined in the Subordination Agreement), and (b) all liabilities of the Grantor under this Agreement.

"Patent" shall mean patents and patent applications, including without limitation all proceeds thereof, the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions, continuations, renewals, extensions, or continuations-in-part thereof as referenced in Paragraph 2(a) hereof and Schedule I hereto.

"Person" shall mean any individual, corporation, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision or any other entity, whether acting in an individual, fiduciary or other capacity.

"Security Interest" shall have the meaning given such term in Section 2 hereof.

1 (b) All other terms used in this Agreement which are not specifically defined herein shall have the meaning assigned to such terms in the Uniform Commercial Code in effect in the State of Minnesota as of the date of this Agreement to the extent such other terms are defined therein.

1 (c) Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, the singular, the plural and "or" has the inclusive meaning represented by the phrase "and/or." The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The words "hereof," "herein," "hereunder," and similar terms in this Agreement refer to this

Agreement as a whole and not to any particular provision of this Agreement. References to Sections are references to Sections in this Agreement unless otherwise provided.

Section 2. Grant of Security Interest. As security for the payment and performance of all of the Obligations, the Grantor hereby grants to the Secured Party a security interest (the "Security Interest") in all of the Grantor's right, title, and interest in and to the following, whether now or hereafter owned, existing, arising or acquired and wherever located:

2 (a) The patent and patent applications (provisional or nonprovisional) listed in Schedule I hereto, including without limitation all proceeds thereof, the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all nonprovisional applications, re-issues, divisions, continuations, renewals, extensions, or continuations-in-part thereof.

2 (b) To the extent not otherwise included, all proceeds of any and all of the foregoing.

Section 3. Grantor Remains Liable. Anything herein to the contrary notwithstanding, (a) the Grantor shall remain liable under the items included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Secured Party of any of the rights hereunder shall not release the Grantor from any of its duties or obligations under the items included in the Collateral.

Section 4. Title to Collateral. Subject to the provisions of Paragraph 18(b) herein, the Grantor has (or will have at the time it acquires rights in Collateral hereafter acquired or arising) and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except the Security Interest. The Grantor will defend the Collateral against all claims or demands of all Persons (other than the Secured Party) claiming the Collateral or any interest therein. As of the date of execution of this Security Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction (a "Financing Statement") covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Secured Party relating to this Agreement.

Section 5. Disposition of Collateral. For as long as this Agreement shall remain in effect, the Grantor will not sell, lease or abandon any patent or patent application which are Patents under Paragraphs 1 (a) and 2 (a) herein, or otherwise

dispose of, or discount or factor with or without recourse, any Collateral, without the written consent of the Secured Party, which consent shall not be unreasonably withheld.

Section 6. Names, Offices, Locations. The Grantor does business solely under its own name and the trade names and styles, if any, set forth on Schedule II hereto. Any such trade names and styles are used only in the states listed on Schedule II. Except as noted on said Schedule, no such trade names or styles and no trademarks or other similar marks owned by the Grantor are registered with any governmental unit. The Grantor's chief place of business and chief executive office and the office where it keeps its books and records are located at its address set forth on the signature page hereof. The Grantor will not change its name or the location of its chief place of business and chief executive office, or use any trade name or style in any state other than as indicated on Schedule II, unless the Secured Party has been given at least 30 days prior written notice thereof and the Grantor has executed and delivered to the Secured Party such Financing Statements and other instruments required or appropriate to continue the perfection of the Security Interest.

Section 7. Further Assurances.

7 (a) The Grantor agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral (but any failure to request or assure that the Grantor execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Grantor will, promptly and from time to time at the reasonable request of the Secured Party: (i) mark, or permit the Secured Party to mark, conspicuously the Grantor's books, records, and accounts showing or dealing with the Collateral, with a legend, in form and substance satisfactory to the Secured Party, indicating that each such item of Collateral is subject to the Security Interest granted hereby; (ii) deliver and pledge to the Secured Party, all Instruments and Documents, duly indorsed or accompanied by duly executed instruments of transfer or assignment, with full recourse to the Grantor, all in form and substance satisfactory to the Secured Party and the Grantor; (iii) execute and file such Financing Statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices as may be necessary or desirable, or as the Secured Party may reasonably request, in order to perfect, preserve, and enhance the Security Interest granted or purported to be granted hereby; and (iv) obtain waivers, in form satisfactory to the

Secured Party, of any claim to any Collateral from any landlords or mortgagees of any property where any Inventory or Equipment is located.

7 (b) The Grantor hereby agrees to execute and authorizes the Secured Party to file one or more Financing Statements, continuation statements, or Patent recordal forms, in respect thereof, and amendments thereto, relating to all or any part of the Collateral without the signature of the Grantor where permitted by law; provided, however, that the Secured Party shall provide copies of any such documents to the Grantor promptly after any such filing. A photocopy or other reproduction of this Agreement or any Financing Statement covering the Collateral or any part thereof shall be sufficient as a Financing Statement where permitted by law.

7 (c) The Grantor will furnish to the Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request, all in reasonable detail and in form and substance reasonably satisfactory to the Secured Party.

7 (d) Grantor authorizes Secured Party, upon prior written notice to Grantor, to modify this Agreement by amending Schedule I to include any future patents and patent applications which are Patents under Paragraph 1(a) and Paragraph 2(a) herein.

7(e) Grantor shall prosecute all the Patents under paragraph 1(a) and paragraph 2(a) at Grantor's expense. Grantor also shall pay all maintenance fees for the Patents under paragraph 1(a) and paragraph 2(a).

7 (f) Grantor hereby covenants and warrants that:

(i) The Patents are subsisting and have not been adjudged invalid or unenforceable, in whole or in part;

(ii) To the best of the Grantor's knowledge, each of the Patents is valid and enforceable;

(iii) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Patents, free and clear of any liens, charges and encumbrances, including without limitation licenses, shop rights and covenants of Grantor not to sue third persons; and

(iv) Grantor has the unqualified right to enter into this Agreement and perform its terms and has entered and will enter into written agreements with each of its present and future employees, agents and consultants which will enable it to comply with the covenants herein contained.

Except as specifically set forth above, Grantor does not warrant that the Patents might not be declared invalid if challenged in court.

Section 8. Taxes and Claims. The Grantor will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein, and (c) such taxes, charges or claims are adequately reserved against on the Grantor's books in accordance with generally accepted accounting principles.

Section 9. Books and Records. The Grantor will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

Section 10. Inspection, Reports, Verifications. The Grantor will at all reasonable times permit the Secured Party or its representatives to examine or inspect any Collateral, any evidence of Collateral and the Grantor's books and records concerning the Collateral, wherever located. The Grantor will from time to time when reasonably requested by the Secured Party furnish to the Secured Party a report on the patent and patent applications which are Patents under Paragraph 1(a) and Paragraph 2(a) herein, naming the Account Debtors or other obligors thereon, the amount due and the aging thereof. Upon prior written notice to the Grantor, the Secured Party or its designee is authorized to contact Account Debtors and other Persons obligated on any such Collateral from time to time to verify the existence, amount or terms of such Collateral.

Section 11. Notice of Loss. The Grantor will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Grantor, in any material item of Collateral or the prospect of payment or performance thereof.

Section 13. Lawful Use. The Grantor will use and keep the Collateral, and will require that others use and keep the Collateral, only for lawful purposes, without violation of any federal, state or local law, statute or ordinance.

Section 14. Action by the Secured Party. If the Grantor at any time fails to perform or observe any of the foregoing agreements, the Secured Party shall have (and the Grantor hereby grants to the Secured Party) the right, power and authority (but not the duty) to perform or observe such agreement on behalf and in the name, place and stead of the Grantor (or, at the Secured Party's option, in the Secured Party's name) and to take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure (including, without limitation, the payment of taxes, the satisfaction of liens, the procurement and maintenance of insurance, the execution of assignments, security agreements and Financing Statements, and the indorsement of instruments); and the Grantor shall thereupon pay to the Secured Party on demand the amount of all monies expended and all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Secured Party in connection with or as a result of the performance or observance of such agreements or the taking of such action by the Secured Party, together with interest thereon from the date expended or incurred at the highest lawful rate then applicable to any of the Obligations, and all such monies expended, costs and expenses and interest thereon shall be part of the Obligations secured by the Security Interest.

Section 15. Insurance Claims. Subject to the last sentence of this Section, as additional security for the payment and performance of the Obligations, the Grantor hereby assigns to the Secured Party any and all monies (including proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of the Grantor with respect to, any and all policies of insurance now or at any time hereafter covering the Collateral or any evidence thereof or any business records or valuable papers pertaining thereto. At any time, whether before or after the occurrence of any Event of Default, the Secured Party may (but need not), in the Secured Party's name or in Grantor's name, execute and deliver proofs of claim, receive all such monies, indorse checks and other instruments representing payment of such monies, and adjust, litigate, compromise or release any claim against the issuer of any such policy. Notwithstanding any of the foregoing, so long as no Event of Default exists, the Grantor shall be entitled to all insurance proceeds with respect to any patents or patent applications which are Patents under Paragraphs 1 (a) and 2 (a) herein.

Section 16. The Secured Party's Duties. The powers conferred on the Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. The Secured Party shall be deemed to have exercised reasonable care in the safekeeping of any Collateral in its possession if such Collateral is accorded treatment substantially equal to the safekeeping which the Secured Party accords its own property of like kind. Except for the safekeeping of any Collateral in its possession and the accounting for monies and for other properties actually received by it hereunder, the Secured Party shall have no duty, as to any Collateral, as to ascertaining or taking action with respect to calls,

conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any Persons or any other rights pertaining to any Collateral. The Secured Party will take action in the nature of exchanges, conversions, redemptions, tenders and the like requested in writing by the Grantor with respect to the Collateral in the Secured Party's possession if the Secured Party in its reasonable judgment determines that such action will not impair the Security Interest or the value of the Collateral, but a failure of the Secured Party to comply with any such request shall not of itself be deemed a failure to exercise reasonable care.

Section 17. Default. Each of the following occurrences shall constitute an Event of Default under this Agreement: (a) the failure of the Grantor to pay when due any of the Obligations; (b) the failure of the Grantor to perform any agreement of the Grantor contained herein or in any other agreement with the Secured Party; (c) any statement, representation or warranty of the Grantor made herein or at any time furnished to the Secured Party is untrue in any material respect as of the date made; (d) the entry of any judgment against the Grantor; (e) the Grantor becomes insolvent or is generally not paying its debts as they become due; (f) the appointment of or assignment to a custodian, as that term is defined in the United States Bankruptcy Code, for any property of the Grantor, or encumbrance, levy, seizure or attachment of any portion of the Collateral; (g) the commencement of any proceeding or the filing of a petition by or against the Grantor under the provisions of the United States Bankruptcy Code for liquidation, reorganization or adjustment of debts or under any insolvency law or other statute or law providing for the modification or adjustment of the rights of creditors; or (h) dissolution, consolidation, merger, or transfer of a substantial part of the property of the Grantor.

Section 18. Remedies on Default. Upon the occurrence of an Event of Default and at any time thereafter:

18 (a) The Secured Party may exercise and enforce any and all rights and remedies available upon default to a secured party under the Uniform Commercial Code.

18 (b) The Secured Party, its successors and assigns, is hereby granted assignment of the entire right, title and interest in and to all patents and patent applications which are Patents under Paragraph 1(a) and Paragraph 2(a) herein.

18 (c) Any sale of Collateral may be at public or private sale, at any of the Secured Party's offices or elsewhere, for cash, on credit, or for future delivery, and upon such other terms as the Secured Party may reasonably believe are commercially

reasonable. The Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given, and the Secured Party may adjourn any public or private sale from time to time by announcement made at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

18 (d) If notice to the Grantor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given in the manner specified for the giving of notice in Section 22 hereof at least ten calendar days prior to the date of intended disposition or other action, and the Secured Party may exercise or enforce any and all other rights or remedies available by law or agreement against the Collateral, against the Grantor, or against any other Person or property.

Section 19. Remedies as to Certain Rights to Payment. Upon the occurrence of an Event of Default and at any time thereafter the Secured Party may notify any Account Debtor or other Person obligated on the Collateral that the same have been assigned or transferred to the Secured Party and that the same should be performed as requested by, or paid directly to, the Secured Party, as the case may be. The Grantor shall join in giving such notice, if the Secured Party so requests. The Secured Party may, in the Secured Party's name or in the Grantor's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, or securing, any such Collateral or grant any extension to, make any compromise or settlement with or otherwise agree to waive, modify, amend or change the obligation of any such Account Debtor or other Person. If any payments on any such Collateral are received by the Grantor after an Event of Default has occurred, such payments shall be held in trust by the Grantor as the property of the Secured Party and shall not be commingled with any funds or property of the Grantor and shall be forthwith remitted to the Secured Party for application on the Obligations.

Section 20. Application of Proceeds. All cash proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Secured Party, be held by the Secured Party as collateral for, or then or at any time thereafter be applied in whole or in part by the Secured Party against, all or any part of the Obligations (including, without limitation, any expenses of the Secured Party payable pursuant to Section 21 hereof).

Section 21. Costs and Expenses; Indemnity. The Grantor will pay or reimburse the Secured Party on demand for all out-of-pocket expenses (including in each case all filing and recording fees and taxes and all reasonable fees and expenses of counsel and of any experts and agents) incurred by the Secured Party in connection

with the creation, perfection, protection, satisfaction, foreclosure or enforcement of the Security Interest and the preparation, administration, continuance, amendment or enforcement of this Agreement, and all such costs and expenses shall be part of the Obligations secured by the Security Interest. The Grantor shall indemnify and hold the Secured Party harmless from and against any and all claims, losses and liabilities (including reasonable attorneys' fees) growing out of or resulting from this Agreement and the Security Interest hereby created (including enforcement of this Agreement) or the Secured Party's actions pursuant hereto, except claims, losses or liabilities resulting from the Secured Party's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction. Any liability of the Grantor to indemnify and hold the Secured Party harmless pursuant to the preceding sentence shall be part of the Obligations secured by the Security Interest. The obligations of the Grantor under this Section shall survive any termination of this Agreement.

Section 22. Notices. Any notice or other communication to any party in connection with this Agreement shall be in writing and shall be sent by manual delivery, telegram, telex, facsimile transmission, overnight courier or United States mail (postage prepaid) addressed to such party at the address specified on the signature page hereof, or at such other address as such party shall have specified to the other party hereto in writing. All periods of notice shall be measured from the date of delivery thereof if manually delivered, from the date of sending thereof if sent by telegram, telex or facsimile transmission, from the first business day after the date of sending if sent by overnight courier, or from four days after the date of mailing if mailed.

Section 23. Grantor Acknowledgements. The Grantor hereby acknowledges that (a) it has been advised by counsel to seek the advice of independent counsel in the negotiation, execution and delivery of this Agreement, (b) the Secured Party has no fiduciary relationship to the Grantor, the relationship being solely that of debtor and creditor, and (c) no joint venture exists between the Grantor and the Secured Party.

Section 24. Continuing Security Interest. This Agreement shall (a) create a continuing security interest in the Collateral and shall remain in full force and effect until payment in full of the Obligations and the expiration of the obligations, if any, of the Secured Party to extend credit accommodations to the Grantor, and (b) inure to the benefit of, and be enforceable by, the Secured Party and its successors, transferees, and assigns.

Section 25. Termination of Security Interest. Upon payment in full of the Obligations and the expiration of any obligation of the Secured Party to extend credit accommodations to the Grantor, the Security Interest granted hereby shall

automatically terminate and all rights to the Collateral shall automatically revert to the Grantor. Upon any such termination, the Secured Party will immediately return to the Grantor such of the Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof and execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination. Any reversion or return of Collateral upon termination of this Agreement and any instruments of transfer or termination shall be at the expense of the Grantor and shall be without warranty by, or recourse on, the Secured Party. As used in this Section, "Grantor" includes any assigns of Grantor, any Person holding a subordinate security interest in any of the Collateral or whoever else may be lawfully entitled to any part of the Collateral.

Section 26. Governing Law and Construction. THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MINNESOTA, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE MANDATORILY GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF MINNESOTA. Whenever possible, each provision of this Agreement and any other statement, instrument or transaction contemplated hereby or relating hereto shall be interpreted in such manner as to be effective and valid under such applicable law, but, if any provision of this Agreement or any other statement, instrument or transaction contemplated hereby or relating hereto shall be held to be prohibited or invalid under such applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other statement, instrument or transaction contemplated hereby or relating hereto.

Section 27. Consent to Jurisdiction. AT THE OPTION OF THE SECURED PARTY, THIS AGREEMENT MAY BE ENFORCED IN ANY FEDERAL COURT OR MINNESOTA STATE COURT SITTING IN HENNEPIN COUNTY; AND THE GRANTOR CONSENTS TO THE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT. IN THE EVENT THE GRANTOR COMMENCES ANY ACTION IN ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS AGREEMENT, THE SECURED PARTY AT ITS OPTION SHALL BE ENTITLED TO HAVE THE CASE TRANSFERRED TO ONE OF THE JURISDICTIONS AND VENUES ABOVE-DESCRIBED, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.

Section 28. Waiver of Notice and Hearing. THE GRANTOR HEREBY WAIVES ALL RIGHTS TO A JUDICIAL HEARING OF ANY KIND PRIOR TO THE EXERCISE BY THE SECURED PARTY OF ITS RIGHTS TO POSSESSION OF THE COLLATERAL WITHOUT JUDICIAL PROCESS OR OF ITS RIGHTS TO REPLEVY, ATTACH, OR LEVY UPON THE COLLATERAL WITHOUT PRIOR NOTICE OR HEARING. THE GRANTOR ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY COUNSEL OF ITS CHOICE WITH RESPECT TO THIS PROVISION AND THIS AGREEMENT.

Section 29. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

Section 30. General. All representations and warranties contained in this Agreement or in any other agreement between the Grantor and the Secured Party shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations. The Grantor waives notice of the acceptance of this Agreement by the Secured Party. Captions in this Agreement are for reference and convenience only and shall not affect the interpretation or meaning of any provision of this Agreement.

IN WITNESS WHEREOF, the Grantor has caused this Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

U.S. TOOL ACQUISITION CORP.

By Robert L. Danto

Title Vice President

Address:

U.S. Tool Acquisition Corp.
15101 Cleat Street
Plymouth Township, Michigan _____

Attention: Chief Executive Officer
Telecopier No.: _____

Address for the Secured Party:

U.S. Bank National Association
601 Second Avenue South
Minneapolis, Minnesota 55402-4302
Attention: Mark McDonald
Fax: (612) 973-082

SCHEDULE I
to
Security Agreement (Patent)

<u>Patent Number</u>	<u>County</u>	<u>Date of Patent</u>	<u>Title</u>
Des. 262,670	USA	1/19/82	Air Powered Rotary Scrubbing Brush
5,588,323	USA	12/31/96	Hand-Held Rivet Bucking Tool Using Energy Dissipative Polymer

SCHEDULE II
to
Security Agreement

Trade Names and Trade Styles

U.S. Industrial Tool & Supply Co.



**UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office**

ASSISTANT SECRETARY AND COMMISSIONER
OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

FEBRUARY 19, 1999

PTAS



100869238A

DORSEY & WHITNEY LLP
DEVAN V. PADMANABHAN, ESQ.
220 SOUTH SIXTH STREET
MINNEAPOLIS, MN 55402

MAR 01 1999

UNITED STATES PATENT AND TRADEMARK OFFICE
NOTICE OF NON-RECORDATION OF DOCUMENT

DOCUMENT ID NO.: 100869238

THE ENCLOSED DOCUMENT HAS BEEN EXAMINED AND FOUND NON-RECORDABLE BY THE ASSIGNMENT DIVISION OF THE U.S. PATENT AND TRADEMARK OFFICE. THE REASON(S) FOR NON-RECORDATION ARE STATED BELOW. DOCUMENTS BEING RESUBMITTED FOR RECORDATION MUST BE ACCOMPANIED BY A NEW COVER SHEET REFLECTING THE CORRECT INFORMATION TO BE RECORDED AND THE DOCUMENT ID NUMBER REFERENCED ABOVE.

THE ORIGINAL DATE OF FILING OF THIS ASSIGNMENT DOCUMENT WILL BE MAINTAINED IF RESUBMITTED WITH THE APPROPRIATE CORRECTION(S) WITHIN 30 DAYS FROM THE DATE OF THIS NOTICE AS OUTLINED UNDER 37 CFR 3.51. THE RESUBMITTED DOCUMENT MUST INCLUDE A STAMP WITH THE OFFICIAL DATE OF RECEIPT UNDER 37 CFR 3. APPLICANTS MAY USE THE CERTIFIED PROCEDURES UNDER 37 CFR 1.8 OR 1.10 FOR RESUBMISSION OF THE RETURNED PAPERS, IF THEY DESIRE TO HAVE THE BENEFIT OF THE DATE OF DEPOSIT IN THE UNITED STATES POSTAL SERVICE.

SEND DOCUMENTS TO: U.S. PATENT AND TRADEMARK OFFICE, ASSIGNMENT DIVISION, BOX ASSIGNMENTS, CG-4, 1213 JEFFERSON DAVIS HWY, SUITE 320, WASHINGTON, D.C. 20231. IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE, YOU MAY CONTACT THE INDIVIDUAL WHOSE NAME APPEARS ON THIS NOTICE AT 703-308-9723.

1. THE APPROPRIATE FEE TO RECORD PATENT NUMBERS IS \$40.00 PER NUMBER.
2. INSUFFICIENT FEE SUBMITTED, AUTHORIZATION TO CHARGE NOT GRANTED. ADDITIONAL FEE REQUIRED IS \$15 .

PAULA MCCRAY, EXAMINER
ASSIGNMENT DIVISION
OFFICE OF PUBLIC RECORDS

**PATENT
REEL: 9808 FRAME: 0523**

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GREAT FALLS

March 2, 1999

U.S. Patent and Trademark Office
Assignment Division
Box Assignments, CG-4
1213 Jefferson Davis Highway
Suite 320
Washington, D.C. 20231

Re: Resubmission of Security Agreement for Recordal
Patent Office Document I.D. No.: 100869238
Our File: 0037

Dear Sir:

Enclosed please find the following documents which we are resubmitting for recordal due to insufficient fee:

1. Notice of Non-Recordation of Document dated February 19, 1999;
2. Original Recordation Cover Sheet-Patents Only executed on September 30, 1998;
3. Original Security Agreement (Patents);
4. Our check in the amount of \$15.00 for the additional fee required.

PATENT
REEL: 9808 FRAME: 0524

DORSEY & WHITNEY LLP

U.S. Patent and Trademark Office

March 2, 1999

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It is our understanding that because the enclosed Security Agreement has been resubmitted within the 30-day time limit allowed under 37 CFR §3.51 that the original date of filing of this document will be maintained.

We have also enclosed a self-addressed postcard upon which the stamped date of receipt would be appreciated. If the amount of the check is for any reason insufficient, please charge any additional amount to Deposit Account No. 04-1420.

Sincerely,

A handwritten signature in cursive script that reads "Devan V. Padmanabhan". The signature is written in black ink and is positioned above the printed name.

Devan V. Padmanabhan

DVP:cal

Enclosures