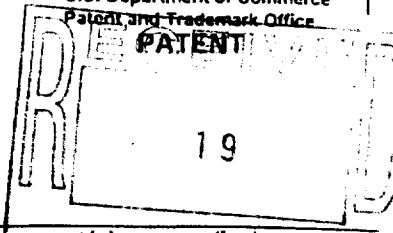


08-25-1999



Handwritten: *Rec'd 8/19/99*

REC



101125641
PATENTS ONLY

ET

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

New

Resubmission (Non-Recordation)
Document ID#

Correction of PTO Error
Reel # Frame #

Corrective Document
Reel # Frame #

Conveyance Type

Assignment

Security Agreement

License

Change of Name

Merger

Other

U.S. Government
(For Use ONLY by U.S. Government Agencies)

Departmental File Secret File

Conveying Party(ies)

Mark if additional names of conveying parties attached

Name (line 1)

Name (line 2)

Second Party

Name (line 1)

Name (line 2)

Execution Date
Month Day Year

Execution Date
Month Day Year

Receiving Party

Mark if additional names of receiving parties attached

Name (line 1)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)

City State/Country Zip Code

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

08/24/1999 NYHAI 00000098 4243255

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Correspondent Name and Address Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments. #

Application Number(s) or Patent Number(s) Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

<p><u>Patent Application Number(s)</u></p> <p>19 U.S. Patent Applications as indicated on Schedules A-1 and A-2 to Patent Security Agreement</p>	<p><u>Patent Number(s)</u></p> <p>114 U.S. Patents as indicated on Schedule A-1 to Patent Security Agreement</p>
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If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor. Month Day Year

Patent Cooperation Treaty (PCT)

Enter PCT application number PCT PCT

only if a U.S. Application Number PCT PCT PCT
has not been assigned.

Number of Properties Enter the total number of properties involved. #

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed Deposit Account


Deposit Account
(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: #

Authorization to charge additional fees: Yes No

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. Charges to deposit account are authorized, as indicated herein.

James F. Donato  8/19/99

Name of Person Signing Signature Date

**SCHEDULE A-1
U.S. PATENT REGISTRATIONS**

INTERNAL CASE NO.	PATENT NO.	ISSUE DATE	TITLE
01414	4243255	01/06/81	Low Silhouette Adjustable Latch with Secondary Lock
01418	4232496	11/11/80	Grommet Assembly for Composite Panels
01446	4341407	07/27/82	Adjustable Retention Latch Assembly
01495	4534234	08/13/85	Swing Fastening Device Particularly for Securing Electronic Units
01535	4568228	02/04/86	Fastener with Attached Lock Ring
01559	4553302	11/19/85	Installation Tool Tangless Helically Coiled Insert
01560	4553303	11/19/85	Removal Tool for Tangless Helically Coiled Insert
01561	4563119	01/07/86	Improved Hook Cutout for Tangless helically Coiled Insert
01562	4528737	07/16/85	Adapter for Power Tool Installation of Tangless Helically Coiled Insert
01603	4805288	02/21/89	Self-Cleaning Beam Nut
01605	4730967	03/15/88	Adjustable Anti-Rotation Device for a Fastener Receptacle
02908	4712955	12/15/87	Expandable Fastener Assembly
13667	4383353	05/17/83	Process of Forming a Joint with a Pre-Determined Clamp
13811	4742735	05/10/88	Driver for a Lobed Collar
16361	4544312	10/01/85	Pin and Process for its Manufacture
17135	4768910	09/06/88	Threaded Pin with Swagable Collar
17362	4842466	06/27/89	Lightweight Fastener
18414	4915559	04/10/90	Lightweight Fastener
19297	4784549	11/15/88	Torque-Limited Collar, Joint, and Process for Setting the Joint and Driver
19633	5092726	03/03/92	Self-Locking Fastener, Fastener System and Process
19835	4806054	02/21/89	Male Threaded Fastener Capable of Use with a Swaged Collar
19934	5044225	09/03/91	Pneumatic Nut Installation Tool
19954	4858299	08/22/89	Torque-Limited Collar, Joint, Process for Setting the Joint, and Driver
20082	5039265	08/13/91	Lightweight Fastener
20097	4881316	11/21/89	Torque-Limited Collar, Joint, Process for Setting the Joint and Driver
21173	4995777	02/26/91	Fastener with Self-Retaining Collar
21717	5061132	10/29/91	Self Locking Fastener
22046	4974274	12/04/90	Engine Clip Bolt
22495	5092723	03/03/92	Engine Clip Bolt

INTERNAL CASE NO.	PATENT NO.	ISSUE DATE	TITLE
22641	4260005	09/22/92	Self-Locking Fastener, Fastener System and Process
22642	4383353	06/30/92	Process of Forming a Joint with a Pre-Determined Clamp-Up Load
23316	5165311	11/24/92	Pneumatic Nut Installation Tool
24134	5256014	10/26/93	Nut
25371	5302067	04/12/94	Prevailing Torque Fastener
26338	5.366.414	11/22/94	Prevailing Torque Fastener
27792	5716280	02/10/98	Five Spindle Fluting Machine (Method)
28411	5.692.863	12/02/97	Self-Locking Preload Controlling Nut
85005	4775260	10/04/88	Printed Circuit Board Mounting Apparatus
85007	4720223	01/19/88	Controlled Preload, Self-Retracting Captive Fastener Assembly
85016	D298605	11/22/88	Ultrasonic Insert
85020	4676482	06/30/87	Valve Seat Insert
85083	5336028	08/09/94	Captive Screw Assembly
85087	4645398	02/24/87	Tangless Helically Coiled Insert - Improved Version
86005	4743052	05/10/88	Tension Latch Assembly
86013	4798408	01/17/89	Adjustable Latching Mechanism
86030	4818165	04/04/89	Threaded Element for Use as an Insert
86033	4768815	09/06/88	Supplemental Locking Mechanism for a Tension Latch Assembly
86054	5088868	02/18/92	Locking Beam Nut
86054	4805288	02/21/89	Locking Beam Nut
86058	4691952	09/08/87	Clutching Adjustable Keeper Mechanism
86060	4854613	08/08/89	Composite Connecting Member for Hydraulic Fluid Lines
86062	4718632	01/12/88	Hold-Down Type Mechanism
86067	4767249	08/30/88	Self Broaching Key
86068	4877271	10/31/89	Hydraulic Connector
87017	4852923	08/01/89	Vertical Access Adjustable Latching Mechanism
87025	4906037	03/06/90	Externally Accessible Clutching Adjustable Latching Mechanism
87027	4824303	04/25/89	Locking Wedge Apparatus for Printed Circuit Board
88003	4858970	08/22/89	Low Profile Latch
88006	4830530	05/16/89	Hold-Down Device
88007	4692075	09/08/87	Panel Fastener
88010	4914552	04/03/90	Printed Circuit Board Installation and Retaining Apparatus
88015	4911726	03/27/90	Fastener/Retaining Ring Assembly
88018	4915557	04/10/90	Captive Screw Assembly
88025	4861207	08/29/89	Barrel Nut Fastener Apparatus
88027	5002418	03/26/91	Hold Down Device with Extended Capture Pawl Mechanism

INTERNAL CASE NO.	PATENT NO.	ISSUE DATE	TITLE
88034	4925221	05/15/90	Toggle Latch Automatic Safety Catch
88042	4,990.043	02/05/91	Lock Nut
89007	4895485	01/23/90	Locking Key for Threaded Insert
89109	5033924	07/23/91	Lock Nut having a Deformable Threaded Bore
90006	4980959	01/01/91	Front End Assembly Installation Tool for Helical Coil Wire Inserts
90010	5056208	10/15/91	Retaining Ring, Means of Installation
90010	5119665	06/09/92	Retaining Ring, Means of Installation
90014	5090840	02/25/92	Flex-Wedge
90015	5076747	12/31/91	Panel Fastener – High Probability
90016	5082406	01/21/92	Panel Fastener, Positive Locking, Holdout and Status Indicator
90024	5137406	08/11/92	Shear Transfer Fastener Assembly
90028	5256017	10/26/93	Improved Composite Blind Rivet Assembly
91030	5209620	05/11/93	Fastener with Differentially Inclined Axes
91031	5607273	03/04/97	Printed Circuit Board Wedge Section Retainer
91041	5212865	05/25/93	Tools for Installation of Both Tanged and Tangless Wire Inserts
91043	5207544	05/04/93	Fastener Assembly
91044	5456145	10/10/95	Improved Installation Tool for Tangless Helically Coiled Insert
92053	5414594	05/09/95	Self Adjusting – Inserter/Extractor Apparatus for Printed Circuit
92058	5228817	07/20/93	Lightweight Lockbolt Fastener System
93001	5362111	11/08/94	Anti-Rotation Locking Device for Preventing Separation of Coupling Nuts from Fluid Lines
93002	5,366,330	11/22/94	Fastener Head with Internal Recess having a Radial Slot Configuration and Installation Tool Therefor
93008	5452979	09/26/95	Shroud for Fastener Assembly
95010	5669746	09/23/97	Anchoring Stud
95017	5779413	07/14/98	Fastener System having Improved Locking Element
96001	5779388	07/14/98	Improved Printed Circuit Board Retainer
VSI-101C	4617844	10/21/86	Removable Key and Methods
VSI-101	4538483	09/03/85	Improved Fastener Wrenching Means
VSI-102	4721022	01/26/88	Wrenching Tool
VSI-103C	4854198	08/08/89	Hand Wrenching Tool
VSI-104C	5199332	04/06/93	Collar Ejector for Wrenching Tool
VSI-105	4750390	06/14/88	Hand Wrenching Tool for Torque Limiting Fasteners
VSI-106	4682773	09/05/89	Fastener Removal Tool
VSI-110	5095779	03/17/92	Manual Collet Removal Tool
VSI-116C	5,461,947	10/31/95	Tool Holder with Ejection Slot
VSI-118	5,438,891	08/08/95	Collet Type Fastener Removal Tool
VSI-121	5778741	07/14/98	Stationary Key Mounting in Fastener Tool

INTERNAL CASE NO.	PATENT NO.	ISSUE DATE	TITLE
VSI-122	5,699,702	12/23/97	Wrenching Tool with Free-Floating, Self-Relieving Anti-Rotation Key

PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT ("Agreement") is made as of April 20, 1999, by and between **Fairchild Holding Corp.**, a Delaware corporation ("Grantor"), and **Citicorp USA, Inc.**, a Delaware corporation, as collateral agent for the "Lenders", the "Issuing Banks" and other "Holders" (in such capacity, the "Collateral Agent"), pursuant to that certain Credit Agreement dated as of April 20, 1999 by and among The Fairchild Corporation, a Delaware corporation, as borrower (the "Borrower"), the financial institutions from time to time parties thereto as Lenders and Issuing Banks, Citicorp, in its capacities as the Collateral Agent and an "Administrative Agent" for the Lenders and Issuing Banks, NationsBank, N.A., a national banking association, in its capacity as an "Administrative Agent" for the Lenders and Issuing Banks, and Credit Suisse First Boston, in its capacity as "Documentation Agent" (such Credit Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time, is hereinafter referred to as the "Credit Agreement").

WITNESSETH:

WHEREAS, the Borrower, Collateral Agent, Administrative Agents, Documentation Agent, Lenders and Issuing Banks have entered into the Credit Agreement pursuant to which the Lenders and Issuing Banks have agreed to make and extend certain loans and provide certain other financial accommodations to or for the benefit of the Borrower and its Subsidiaries;

WHEREAS, Grantor is a Subsidiary of the Borrower and acknowledges that it will derive direct and indirect benefit from such loans and other financial accommodations;

WHEREAS, Grantor has executed and delivered a certain Security Agreement of even date herewith (as the same may be amended, restated, supplemented, or otherwise modified from time to time, the "Security Agreement") in favor of the Collateral Agent, for the benefit of the Collateral Agent, Lenders, Issuing Banks and other Holders, pursuant to which, among other things, Grantor has granted a security interest in the "Collateral" (as defined therein) to secure the payment of the Obligations;

WHEREAS, in order to secure the prompt and complete payment, observance and performance of all of the Obligations, the Lenders and the Issuing Banks have required as a condition,

among others, to the making of loans and provision of other financial accommodations to or for the account of the Borrower under the Credit Agreement, that Grantor execute and deliver this Agreement to the Collateral Agent for the benefit of the Collateral Agent, Lenders, Issuing Banks and other Holders on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms.

(a) Unless otherwise defined herein, each capitalized term used herein that is defined in the Credit Agreement shall have the meaning specified for such term in the Credit Agreement. Unless otherwise defined herein or in the Credit Agreement, each capitalized term used herein that is defined in the Security Agreement shall have the meaning specified for such term in the Security Agreement.

(b) The words "hereof", "herein" and "hereunder" and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section references are to this Agreement unless otherwise specified.

(c) All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.

2. Incorporation of Premises. The premises set forth above are incorporated into this Agreement by this reference thereto and are made a part hereof.

3. Incorporation of the Credit Agreement and the Security Agreement. The Credit Agreement, the Security Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto.

4. Security Interest in Patents. To secure the complete and timely payment, performance and satisfaction of all of the Obligations, Grantor hereby grants to the Collateral Agent, for its benefit and the benefit of the Lenders, Issuing Banks and other Holders, a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent

permitted by applicable law, all of Grantor's now owned or existing and hereafter acquired or arising:

(i) patents and patent applications, and the inventions and improvements described and claimed therein, including, without limitation, those patents and patent applications listed on Schedule A attached hereto and made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all of the Grantor's rights corresponding thereto throughout the world (all of the foregoing patents and applications, together with the items described in clauses (a)-(d) in this Section 4(i) are sometimes hereinafter individually and/or collectively referred to as the "Patents"); and

(ii) rights under or interest in any patent license agreements with any other party, whether Grantor is a licensee or licensor under any such license agreement, including, without limitation, those patent license agreements listed on Schedule B attached hereto and made a part hereof, and the right to prepare for sale and sell any and all Inventory now or hereafter owned by Grantor and now or hereafter covered by such licenses, all to the extent permitted by and subject to the terms contained in any such written license agreements (all of the foregoing are hereinafter referred to collectively as the "Licenses").

5. Restrictions on Future Agreements. Grantor will not, without the Collateral Agent's prior written consent, enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement, and, subject to the provisions of Section 10 herein, Grantor further agrees that it will not take any action, and will use its best efforts not to permit any action to be taken by others, including, without limitation, licensees, or fail to take any action, which would in any respect affect the validity or enforcement of the rights transferred to the Collateral Agent under this Agreement or the rights associated with the Patents or Licenses.

6. New Patents and Licenses. Grantor represents and warrants that, from and after the Closing Date, (a) the Patents listed on Schedule A include all of the patents and patent

applications now owned or held by Grantor, (b) the Licenses listed on Schedule B include all of the patent license agreements under which Grantor is the licensee or licensor and (c) no liens, claims or security interests in such Patents and Licenses have been granted by Grantor to any Person other than the Collateral Agent, except those granted with the prior written consent of the Collateral Agent. If, prior to the termination of this Agreement, Grantor shall (i) obtain rights to any new patentable inventions, (ii) become entitled to the benefit of any patent, patent application, license or any reissue, division, continuation, renewal, extension or continuation-in-part of any Patent or any improvement on any Patent or License, or (iii) enter into any new patent license agreement, the provisions of Section 4 above shall automatically apply thereto. Grantor shall give to the Collateral Agent written notice of events described in clauses (i), (ii) and (iii) of the preceding sentence promptly after the occurrence thereof, but in any event not less frequently than on a quarterly basis. Grantor hereby authorizes the Collateral Agent to modify this Agreement unilaterally (i) by amending Schedule A to include any future patents and patent applications, and by amending Schedule B to include any future patent license agreements, which are Patents or Licenses under Section 4 above or under this Section 6, and (ii) by filing, in addition to and not in substitution for this Agreement, a duplicate original of this Agreement containing on Schedule A or B thereto, as the case may be, such future patents, patent applications and license agreements. The Collateral Agent agrees to promptly notify Grantor upon taking any of the actions described in the immediately preceding sentence.

7. Royalties. Grantor hereby agrees that the use by the Collateral Agent of the Patents and Licenses as authorized hereunder in connection with the Collateral Agent's exercise of its rights and remedies under Section 15 hereof or pursuant to Section 8 of the Security Agreement shall be coextensive with Grantor's rights thereunder and with respect thereto and without any liability for royalties or other related charges from the Collateral Agent or any Lender or any Issuing Bank or any other Holder to Grantor.

8. Right to Inspect; Further Assignments and Security Interests. The Collateral Agent may at all reasonable times (and at any time when an Event of Default exists) have access to, examine, audit, make copies (at Grantor's expense) and extracts from and inspect Grantor's premises and examine Grantor's books, records and operations relating to the Patents and Licenses. Grantor agrees not to sell or assign its respective interests in, or grant any license under, the Patents or the Licenses without the prior and express written consent of the Collateral Agent (which consent will not be unreasonably withheld).

9. Nature and Continuation of the Collateral Agent's Security Interest; Termination of the Collateral Agent's Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Patents and Licenses and shall terminate only when the Obligations have been indefeasibly paid in full in cash and the Credit Agreement and the Security Agreement have been terminated or when the Patents and Licenses are released from the lien created hereby. When this Agreement has terminated or any Patents or Licenses are to be released from the lien created hereby in accordance with the terms of the Credit Agreement, the Collateral Agent shall promptly execute and deliver to Grantor, at Grantor's expense, all termination statements and other instruments as may be necessary or proper to terminate the Collateral Agent's security interest in the applicable Patents and Licenses, subject to any disposition thereof which may have been made by the Collateral Agent pursuant to this Agreement or the Security Agreement.

10. Duties of Grantor. Grantor shall have the duty, to the extent reasonable in the normal conduct of Grantor's business or where otherwise consistent with good business judgment, to: (i) prosecute diligently any patent application that is part of the Patents pending as of the date hereof or hereafter until the termination of this Agreement, and (ii) make application on unpatented but patentable inventions. Grantor further agrees (i) not to abandon any Patent or License without the prior written consent of the Collateral Agent (which consent will not be unreasonably withheld), and (ii) to use its best efforts to maintain in full force and effect the Patents and the Licenses that are or shall be necessary or economically desirable in the operation of Grantor's business as determined by Grantor in Grantor's reasonable business judgment. Any expenses incurred in connection with the foregoing shall be borne by Grantor. Neither the Collateral Agent nor any Lender nor any Issuing Bank nor any other Holder shall have any duty with respect to the Patents and Licenses. Without limiting the generality of the foregoing, neither the Collateral Agent nor any Lender nor any Issuing Bank nor any other Holder shall be under any obligation to take any steps necessary to preserve rights in the Patents or Licenses against any other parties, but the Collateral Agent may do so at its option from and after the occurrence of an Event of Default, and all expenses incurred in connection therewith shall be for the sole account of Grantor and shall be added to the Obligations secured hereby.

11. The Collateral Agent's Right to Sue. From and after the occurrence and during the continuance of an Event of Default, the Collateral Agent shall have the right, but shall not be obligated, to bring suit in its own name to enforce the

Patents and the Licenses and, if the Collateral Agent shall commence any such suit, Grantor shall, at the request of the Collateral Agent, do any and all lawful acts and execute any and all proper documents required by the Collateral Agent in aid of such enforcement. Grantor shall, upon demand, promptly reimburse the Collateral Agent for all costs and expenses incurred by the Collateral Agent in the exercise of its rights under this Section 11 (including, without limitation, reasonable fees and expenses of attorneys and paralegals for the Collateral Agent).

12. Waivers. The Collateral Agent's failure, at any time or times hereafter, to require strict performance by Grantor of any provision of this Agreement shall not waive, affect or diminish any right of the Collateral Agent thereafter to demand strict compliance and performance therewith nor shall any course of dealing between Grantor and the Collateral Agent have such effect. No single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. None of the undertakings, agreements, warranties, covenants and representations of Grantor contained in this Agreement shall be deemed to have been suspended or waived by the Collateral Agent unless such suspension or waiver is in writing signed by an officer of the Collateral Agent and directed to Grantor specifying such suspension or waiver.

13. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but the provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part hereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

14. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided herein or by a writing signed by the parties hereto.

15. Cumulative Remedies; Power of Attorney. Grantor hereby irrevocably designates, constitutes and appoints the Collateral Agent (and all Persons designated by the Collateral Agent in its sole and absolute discretion) as Grantor's true and lawful attorney-in-fact, and authorizes the Collateral Agent and any of the Collateral Agent's designees, in Grantor's or the Collateral Agent's name, to take any action and execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement from and

after the occurrence and during the continuance of an Event of Default. Upon such occurrence and during the continuance of an Event of Default and the giving by the Collateral Agent of notice to Grantor of the Collateral Agent's intention to enforce its rights and claims against Grantor, the Collateral Agent shall have the right to (i) endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for the Collateral Agent in the use of the Patents or the Licenses, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Patents or the Licenses to anyone on commercially reasonable terms, (iii) grant or issue any exclusive or nonexclusive license under the Patents or, to the extent permitted, under the Licenses, to anyone on commercially reasonable terms, and (iv) take any other actions with respect to the Patents or the Licenses as the Collateral Agent deems in its own or the Lenders' or the Issuing Banks' or other Holders' best interest. Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until this Agreement terminates pursuant to Section 9 hereof. Grantor acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of the Collateral Agent or any Lender or any Issuing Bank or any other Holder under the Credit Agreement, the Security Agreement or any of the other Loan Documents, but rather is intended to facilitate the exercise of such rights and remedies.

The Collateral Agent shall have, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents or the Licenses may be located or deemed located. Upon the occurrence, and during the continuance, of an Event of Default and the election by the Collateral Agent to exercise any of its remedies under Section 9-504 or Section 9-505 of the Uniform Commercial Code with respect to the Patents and Licenses, Grantor agrees to assign, convey and otherwise transfer title in and to the Patents and the Licenses to the Collateral Agent or any transferee of the Collateral Agent and to execute and deliver to the Collateral Agent or any such transferee all such agreements, documents and instruments as may be necessary, in the Collateral Agent's sole discretion, to effect such assignment, conveyance and transfer. All of the Collateral Agent's rights and remedies with respect to the Patents and the Licenses, whether established hereby, by the Security Agreement, by any other agreements or by law, shall be cumulative and may be exercised separately or concurrently. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that upon the occurrence and during the continuance of an Event of Default, the Collateral Agent may

exercise any of the rights and remedies provided in this Agreement, the Credit Agreement, the Security Agreement and any of the other Loan Documents. The Collateral Agent agrees that it will notify Grantor of the intended disposition of any Patents or Licenses within a commercially reasonable time prior to such intended disposition, the time of delivery of which notice the parties hereto agree shall in no event be required to be greater than five (5) Business Days.

16. Effectiveness; Successors and Assigns. This Agreement shall become effective on the Effective Date, shall be binding upon Grantor and its successors and assigns, and shall inure to the benefit of the Collateral Agent, the Lenders, the Issuing Banks and other Holders and their respective nominees, successors and assigns. Grantor's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession of or for Grantor; provided, however, that Grantor shall not voluntarily assign or transfer its rights or obligations hereunder without the Collateral Agent's prior written consent.

17. Governing Law. This Agreement has been executed and delivered by the parties hereto in New York, New York. Any dispute between the Collateral Agent and Grantor arising out of or related to the relationship established between them in connection with this Agreement, and whether arising in contract, tort, equity, or otherwise, shall be resolved in accordance with the laws of the State of New York.

18. Notices. All notices, requests and other communications required or desired to be served, given or delivered hereunder shall be given in the manner specified in Section 15.08 of the Credit Agreement and to the addresses specified on the signature pages thereof or such other addresses as may be substituted therefor from time to time as provided in such Section 15.08.

19. Section Titles. The section titles herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

20. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

21. Merger. This Agreement represents the final agreement of Grantor with respect to the matters contained herein and may not be contradicted by evidence of prior or

contemporaneous agreements, or subsequent oral agreements,
between Grantor and the Collateral Agent or any Lender or any
Issuing Bank or any other Holder.

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

FAIRCHILD HOLDING CORP.

By Karen L. Schneckenburger
Karen L. Schneckenburger
Vice President & Treasurer

Accepted and agreed to as of the day and year first above written.

CITICORP USA, INC.,
as Collateral Agent

By Suzanne Crymes
Suzanne Crymes
Vice President

Schedule A
to
Patent Security Agreement

Dated as of April 20, 1999
as amended June 30, 1999

Patents

None, except:

(See attached Schedule A-1)

Patent Applications

None, except:

(See attached Schedule A-2)

PATENTS AND TRADEMARKS ASSIGNED TO KTI BY MICRODOT

<u>Case</u>	<u>Country</u>	<u>Applicant</u>	<u>Title</u>	<u>Serial No.</u>	<u>Filed</u>	<u>Pat/Reg. No.</u>	<u>Date</u>	<u>Remarks</u>
KAY 702	CA	KTI	Self-locking nut	335,1760	09/07/79	1,117,330	02/02/82	REN 02/02/99
KAY 727	US	Witte	Fastener	262,692	05/14/81	4,594,039	06/10/86	
KAY 727	CA	KTI	Fastener	396,039	02/11/82	1,187,315	05/21/85	
KAY 743	US	Hassler/Pagel	Chip nut	178,769	08/18/80	4,375,933	03/08/83	EXP 03/08/00
KAY 745	US	Hirsch	Tamper resistant Threaded fastener	171,367	07/23/80	4,352,614	10/05/82	EXP 10/05/99
KAY 753	US	Berez	Seal nut	155,846	06/02/80	4,367,060	01/04/83	EXP 01/04/00
KAY 761	US	Berez	Anti-vibration thread	188,503	09/18/80	4,540,321	09/10/85	CONT. OF 719 EXP 09/10/02
KAY 762	US	Witte/Myers	Self-locking nut	194,136	10/06/80	4,381,163	04/26/83	CONT. OF 702 EXP 04/26/00

PATENTS AND TRADEMARKS ASSIGNED TO KTI BY MICRODOT

<u>Case</u>	<u>Country</u>	<u>Applicant</u>	<u>Title</u>	<u>Serial No.</u>	<u>Filed</u>	<u>Pat/Req. No.</u>	<u>Date</u>	<u>Remarks</u>
KAY 878	US	Berez & Prisco	Insert installation tool	828,544	02/12/86	4,752,996	06/28/88	I:XP 06/28/05
KAY 881	US	Berez	Composite channel and	855,7120	04/25/86	4,695,212	09/22/87	I:XP 09/22/04
KAY 881	CA	KTI	Composite channel and Plate nut assembly	531,011	03/03/87	1,285,407	07/02/91	I:XP 07/02/08
KAY 881	FR	Microdot Inc.	Composite channel and Plate nut assembly	87105162.9	04/08/87	FR0242698	04/08/87	I:XP 04/08/07
KAY 881	DE	Microdot Inc.	Composite channel and Plate nut assembly	87105162.9	04/08/87	DE0242698	04/08/87	I:XP 04/08/07

PATENTS AND TRADEMARKS ASSIGNED TO KTI BY MICRODOT

<u>Case</u>	<u>Country</u>	<u>Applicant</u>	<u>Title</u>	<u>Serial No.</u>	<u>Filed</u>	<u>Pat/Req. No.</u>	<u>Date</u>	<u>Remarks</u>
KAY 881	GB	Microdot Inc.	Composite channel and Plate nut assembly	87105162.9	04/08/87	G1B0242698	04/08/87	EXP 04/08/07
KAY 881	IT	Microdot Inc.	Composite channel and Plate nut assembly	87105162.9	04/08/87	I10242698	04/08/87	EXP 04/08/07
KAY 881	IL	KTI	Composite channel and Plate nut assembly	81795	03/05/87	81,795	03/05/87	EXP 03/05/07
KAY 881	ES	KTI	Composite channel and Plate nut assembly	87105162.9	04/08/87	ES0242698	04/08/87	EXP 04/08/07
KAY 911	US	Berez, Schultz	Sheathed composite	118,547	11/09/87	4,859,128	08/22/89	PIP of #894
KAY 928	US	Imre Berez	Two part grommet	731,1140	07/15/91	5,147,167	09/15/92	EXP 09/15/09

PATENTS AND TRADEMARKS

<u>Case</u>	<u>Country</u>	<u>Applicant</u>	<u>Title</u>	<u>Serial No.</u>	<u>Filed</u>	<u>Pat/Req. No.</u>	<u>Date</u>	<u>Remarks</u>
002	US	Imre Berecz	Seal Nut	141,792	10/25/93	5,393,182	02/28/95	EXP 02/28/12
008	US	Willy Oudmayer	Thread Insert with Floating Nut	09/100,793	06/19/98			Provisional App Converted to UI
—	US		Double Bevel Prewinder Mandrel	09/160,620	09/24/98			Application

SCHEDULE A-2
U.S. PATENT APPLICATIONS

INTERNAL CASE NO.	APPLICATION NO.	FILING DATE	TITLE
27792	08/951925	10/16/97	Five Spindle Fluting Machine (Method)
27792	09/136024	08/19/98	Five Spindle Fluting Machine (Method)
27792	09/137402	08/20/98	Five Spindle Fluting Machine (Method)
91043	08/656,903	06/03/96	Fastener Assembly
95009	08/696,298	08/13/96	Self Aligning Fastener System
95010	08/863222	05/27/97	Anchoring Stud
96002	08/856,785	05/15/97	In Line Ratcheting Torque Limitor
97002	08/990,681	12/15/97	Nut Removal Tool
97004	09/076473	05/12/98	Synchronous Slimsert
97005	08/990,677	12/15/97	Nut Removal Tool
97006	09/055065	04/03/98	Fastener with Cross Slot Recess and Cross Slot Bit
VSI-120	08/695,781	08/01/96	Wrenching Tool with Resilient Key Holder

97001 09/30/98 04/28/99 Electrical Terminal Blind Grounding Stud
 97002 09/30/98 04/28/99 Fastener System w/ Splice Recess and
 Lining Tool
 97003 09/30/98 04/28/99 Structural Blind Bolt
 97004 09/30/98 04/28/99 Structural Blind Fastener
 97005 Composite Fastener - 2 Piece Composite
 Sine Wave Channel

Schedule B
to
Patent Security Agreement

Dated as of April 20, 1999
as amended June 30, 1999

License Agreements

None, except:

(See attached Schedule B-1)

LICENSES GRANTED TO BORROWER

<u>LICENSEE</u>	<u>PRODUCT</u>	<u>DATE</u>	<u>PATENT</u>	<u>EXPIRES</u>	<u>ROYALTY</u>
Kato Spring Works Company, Ltd.	Tangless Inserts	4/12/99	See attached patent listing	See attached patent listing	\$150,000 initial fee 6% until last patent expires, then 3 1/2 %.

LICENSES GRANTED BY BORROWER

<u>LICENSEE</u>	<u>PRODUCT</u>	<u>DATE</u>	<u>PATENT</u>	<u>EXPIRES</u>	<u>ROYALTY</u>
Simmonds	Seal Nut	12/25/86	US 4,367,060	1/4/00	3%

STATE OF NEW YORK)
) SS
COUNTY OF NEW YORK)

The foregoing Patent Security Agreement was acknowledged before me this 20 day of April, 1999, by Suzanne Crymes, a Vice President of Citicorp USA, Inc., a Delaware corporation, on behalf of such corporation.

CRYSTAL L. SMITH
Notary Public, State of New York
No. 01SM5064974
Qualified in Kings County
Commission Expires August 26, ~~1998~~ 2000


Notary Public

My commission expires: _____

STATE OF NEW YORK)
) SS
COUNTY OF NEW YORK)

The foregoing Patent Security Agreement was acknowledged before me this 15 day of April, 1999, by Karen L. Schneckenburger, a Vice President and Treasurer of Fairchild Holding Corp., a Delaware corporation, on behalf of such corporation.

Catherine A. Harrison
Notary Public

My commission expires: 8/19/99

CATHERINE A. HARRISON
Notary Public, State of New York
No. 41-4985444, Qualified in Queens County
Certificate Filed in New York County
Commission Expires August 19, 1999