

10-04-2000



REC

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8-9-00

TRADEMARKS ONLY

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 License
- Security Agreement Nunc Pro Tunc Assignment
- Merger Change of Name
- Effective Date
Month Day Year
- Other

Conveying Party

Mark if additional names of conveying parties attached

Name

Execution Date
Month Day Year

Formerly

- Individual General Partnership Limited Partnership Corporation Association
- Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

- Individual General Partnership Limited Partnership Association
- Corporation
- Other

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 should be attached. (Designation must be a separate document from Assignment.)

Citizenship/State of Incorporation/Organization

10/04/2000 6TON11 00000187 1893942

FOR OFFICE USE ONLY

01 FC:481 40.00 CH
02 FC:482 25.00 CH

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

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)

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.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

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

Trademark Application Number(s)

Registration Number(s)

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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.

Diane J. Kasselmann



August 9, 2000

Name of Person Signing

Signature

Date Signed

RECORDATION FORM COVER SHEET
CONTINUATION
TRADEMARKS ONLY

Conveying Party

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AK/A/T/A

Composed of

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

Individual General Partnership Limited Partnership Corporation Association

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TRADEMARKS ONLY**

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PLEDGE AND SECURITY AGREEMENT

dated as of July 24, 2000

between

EACH OF THE GRANTORS PARTY HERETO

and

**LEHMAN COMMERCIAL PAPER INC.,
as the Collateral Agent**

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This **PLEDGE AND SECURITY AGREEMENT**, dated as of July 24, 2000 (this "**Agreement**"), between **EACH OF THE UNDERSIGNED**, whether as an original signatory hereto or as an Additional Grantor (as herein defined) (each, a "**Grantor**"), and **LEHMAN COMMERCIAL PAPER INC.**, as collateral agent for the Secured Parties (as herein defined) (in such capacity as collateral agent, the "**Collateral Agent**").

RECITALS:

WHEREAS, reference is made to that certain Credit and Guaranty Agreement, dated as of the date hereof (as it may be amended, supplemented or otherwise modified, the "**Credit Agreement**"), by and among **VOUGHT AIRCRAFT INDUSTRIES, INC.** ("**Company**"), **VAC HOLDINGS II, INC.** ("**Holdings**") certain Subsidiaries of Company, as Guarantors, the Lenders party thereto from time to time, Goldman Sachs Credit Partners L.P. and Lehman Brothers, Inc., as Joint Arrangers and Joint Book Managers, Lehman Commercial Paper Inc., as Administrative Agent, and Goldman Sachs Credit Partners L.P., as Syndication Agent;

WHEREAS, subject to the terms and conditions of the Credit Agreement, certain Grantors may enter into one or more Hedge Agreements with one or more Lender Counterparties;

WHEREAS, in consideration of the extensions of credit and other accommodations of Lenders and Lender Counterparties as set forth in the Credit Agreement and the Hedge Agreements, respectively, each Grantor has agreed, subject to the terms and conditions hereof, each other Credit Document and each of the Hedge Agreements, to secure such Grantor's obligations under the Credit Documents and the Hedge Agreements as set forth herein; and

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, each Grantor and the Collateral Agent agree as follows:

SECTION 1. DEFINITIONS; GRANT OF SECURITY.

1.1. General Definitions. In this Agreement, the following terms shall have the following meanings:

"**Account Debtor**" shall mean each Person who is obligated on a Receivable or any Supporting Obligation related thereto.

"**Accounts**" shall mean (i) all "accounts" as defined in Article 9 of the UCC and (ii) all Health-Care-Insurance Receivables.

"**Agreement**" shall have the meaning set forth in the preamble.

"Copyrights" shall mean all United States, state and foreign copyrights, all mask works fixed in semi-conductor chip products (as defined under 17 U.S.C. 901 of the U.S. Copyright Act), whether registered or unregistered, now or hereafter in force throughout the world, all registrations and applications therefor including, without limitation, the applications referred to in Schedule 3.6(A) (as amended or supplemented from time to time), all rights corresponding thereto throughout the world, all extensions and renewals of any thereof, the right to sue for past, present and future infringements of any of the foregoing, and all proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages, and proceeds of suit.

"Credit Agreement" shall have the meaning set forth in the preamble.

"Documents" shall mean all "documents" as defined in Article 9 of the UCC.

"Equipment" shall mean: (i) all "equipment" as defined in the UCC, (ii) all machinery, manufacturing equipment, data processing equipment, computers, office equipment, furnishings, furniture, appliances, fixtures and tools (in each case, regardless of whether characterized as equipment under the UCC) and (iii) all accessions or additions thereto, all parts thereof, whether or not at any time of determination incorporated or installed therein or attached thereto, and all replacements therefor, wherever located, now or hereafter existing, including any fixtures.

"General Intangibles" (i) shall mean all "general intangibles" as defined in Article 9 of the UCC and (ii) shall include, without limitation, all interest rate or currency protection or hedging arrangements, all tax refunds, all licenses, permits, concessions and authorizations, all Assigned Agreements, all Intellectual Property and all Payment Intangibles (in each case, regardless of whether characterized as general intangibles under the UCC).

"Goods" (i) shall mean all "goods" as defined in Article 9 of the UCC and (ii) shall include, without limitation, all Inventory and Equipment and any computer program embedded in the goods and any supporting information provided in connection with such program if (x) the program is associated with the goods in such a manner that is customarily considered part of the goods or (y) by becoming the owner of the goods, a Person acquires a right to use the program in connection with the goods (in each case, regardless of whether characterized as goods under the UCC).

"Health-Care-Insurance Receivable" shall have the meaning specified in Revised Article 9.

"Instruments" shall mean all "instruments" as defined in Article 9 of the UCC.

"Permitted Sale" shall mean those sales, transfers or assignments permitted by Section 6 of the Credit Agreement.

"Pledged Debt" shall mean all Indebtedness owed to such Grantor, including, without limitation, all Indebtedness described on Schedule 3.4 under the heading "Pledged Debt" (as such schedule may be amended or supplemented from time to time), issued by the obligors named therein, the instruments evidencing such Indebtedness, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Indebtedness.

"Pledged Equity Interests" shall mean all Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests and Pledged Trust Interests.

"Pledged LLC Interests" shall mean all interests in any limited liability company including, without limitation, all limited liability company interests listed on Schedule 3.4 under the heading "Pledged LLC Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such limited liability company interests and any interest of such Grantor on the books and records of such limited liability company or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such limited liability company interests.

"Pledged Partnership Interests" shall mean all interests in any general partnership, limited partnership, limited liability partnership or other partnership including, without limitation, all partnership interests listed on Schedule 3.4 under the heading "Pledged Partnership Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such partnership interests and any interest of such Grantor on the books and records of such partnership or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such partnership interests.

"Pledged Trust Interests" shall mean all interests in a Delaware business trust or other trust including, without limitation, all trust interests listed on Schedule 3.4 under the heading "Pledged Trust Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such trust interests and any interest of such Grantor on the books and records of such trust or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such trust interests.

"Revised Article 9" shall mean the 1999 Official Text of Article 9 of the Uniform Commercial Code with conforming amendments to Articles 1, 2, 2a, 4, 5, 6, 7 and 8.

"Secured Obligations" shall have the meaning assigned in Section 2.1.

"Secured Parties" means the Agents, the Lenders and the Lender Counterparties and shall include, without limitation, all former Agents, Lenders and Lender Counterparties to the extent that any Obligations owing to such Persons were incurred while such Persons were Agents, Lenders or Lender Counterparties and such Obligations have not been paid or satisfied in full.

"Securities Accounts" (i) shall mean all "securities accounts" as defined in Article 9 of the UCC and (ii) shall include, without limitation, all of the accounts listed on Schedule 3.4 under the heading "Securities Accounts" (as such schedule may be amended or supplemented from time to time).

"Supporting Obligation" shall mean all "supporting obligations" as defined in Revised Article 9.

"Trademark Licenses" shall mean any and all agreements providing for the granting of any right in or to Trademarks (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule 3.6(F) (as amended or supplemented from time to time).

"Trademarks" shall mean all United States, state and foreign trademarks, trade names, corporate names, company names, business names, fictitious business names, internet domain names, trade styles, service marks, certification marks, collective marks, logos, other source or business identifiers, designs and general intangibles of a like nature, all registrations and applications for any of the foregoing including, but not limited to the registrations and applications referred to in Schedule 3.6(E) (as amended or supplemented from time to time), all extensions or renewals of any of the foregoing, all of the goodwill of the business connected with the use of and symbolized by the foregoing, the right to sue for past, present and future infringement or dilution of any of the foregoing or for any injury to goodwill, and all proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages, and proceeds of suit.

"Trade Secret Licenses" shall mean any and all payments providing for the granting of any right in or to Trade Secrets (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule 3.6(G) (as amended or supplemented from time to time).

"Trade Secrets" shall mean all trade secrets and all other confidential or proprietary information and know-how now or hereafter owned or used in, or contemplated at any time for use in, the business of such Grantor (all of the foregoing being collectively called a "Trade Secret"),

- (g) Insurance;
- (h) Intellectual Property;
- (i) Investment Related Property;
- (j) Letter of Credit Rights;
- (k) Money;
- (l) Receivables and Receivable Records;
- (m) any Commercial Tort Claims;

(n) to the extent not otherwise included above, all Collateral Support and Supporting Obligations relating to any of the foregoing; and

(o) to the extent not otherwise included above, all Proceeds, products, accessions, rents and profits of or in respect of any of the foregoing.

For avoidance of doubt it is expressly understood and agreed that, to the extent the Uniform Commercial Code is revised subsequent to the date hereof such that the definition of any of the foregoing terms included in the description of Collateral is changed, the parties hereto desire that any property which is included in such changed definitions which would not otherwise be included in the foregoing grant on the date hereof be included in such grant immediately upon the effective date of such revision. Notwithstanding the immediately preceding sentence, the foregoing grant is intended to apply immediately on the date hereof to all Collateral to the fullest extent permitted by applicable law regardless of whether any particular item of Collateral is currently subject to the UCC.

1.4. Certain Limited Exclusions. Notwithstanding anything herein to the contrary, in no event shall the Collateral include, and no Grantor shall be deemed to have granted a security interest in, any of such Grantor's right, title or interest (a) in any Intellectual Property if the grant of such security interest shall constitute or result in the abandonment, invalidation or rendering unenforceable any right, title or interest of any Grantor therein; (b) in any license (including, without limitation, licenses issued by the Federal Communications Commission), contract, agreement or computer software to which such Grantor is a party or any of its rights or interests thereunder, including, without limitation, with respect to any Pledged Partnership Interests or any Pledged LLC Interests, to the extent, but only to the extent, that such a grant would, under the terms of such license, contract, agreement or computer software (including, without limitation, any partnership agreements or any limited liability company agreements), or otherwise, result in a breach or termination of the terms of, or constitute a default under or termination of any such license, contract,

(b) Neither the Collateral Agent, any Lender, any Lender Counterparty nor any purchaser at a foreclosure sale under this Agreement shall be obligated to assume any of any obligation or liability under any partnership agreement or limited liability company agreement relating to any Pledged Partnership Interests or Pledged LLC Interests, any Assigned Agreement or any other contracts and agreements included in the Collateral unless the Collateral Agent, any Lender, any Lender Counterparty or any such purchaser otherwise expressly agrees in writing to assume any or all of said obligations.

SECTION 3. REPRESENTATIONS AND WARRANTIES AND COVENANTS.

3.1. Generally.

(a) Representations and Warranties. Each Grantor hereby represents and warrants, on the Closing Date and on each Credit Date, that:

(i) it owns the Collateral purported to be owned by it and otherwise has the rights it purports to have in each item of Collateral and, as to all Collateral whether now existing or hereafter acquired, will continue to own or have such rights in each item of the Collateral (except as otherwise permitted in the Credit Agreement), in each case free and clear of any and all Liens, rights or claims of all other Persons other than Permitted Liens, and upon the filing of all UCC financing statements and other filings delivered by each Grantor, the security interests granted to the Collateral Agent hereunder constitute valid and perfected First Priority Liens (subject only to Permitted Liens and to the rights of the United States government (including any agency or department thereof) with respect to United States government Receivables) on all of the Collateral (except for any Collateral the value of which does not exceed \$1,000,000 individually or \$10,000,000 in the aggregate);

(ii) its chief executive office or its sole place of business is, and has been for the four month period preceding the date hereof, located at the place indicated on Schedule 3.1(A) (as amended or supplemented from time to time), and the jurisdiction of organization of such Grantor is the jurisdiction indicated on Schedule 3.1(B) (as amended or supplemented from time to time). If the chief executive office or sole place of business of any Grantor is located outside of the United States, then Schedule 3.1(A) (as amended or supplemented from time to time) shall also include the address of the major executive office in the United States, if any, of such Grantor;

(iii) the full legal name of such Grantor is as set forth on Schedule 3.1(A) and it has not in the last five (5) years and does not do business under any other name (including any trade-name or fictitious business name) except for those names set forth on Schedule 3.1(C) (as amended or supplemented from time to time);

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that:

(i) it shall not produce, use or permit any Collateral to be used unlawfully or in violation of any provision of this Agreement or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral where such violation or violations could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(ii) it shall not change such Grantor's name, identity, corporate structure, sole place of business, chief executive office or jurisdiction of organization or establish any trade names unless it shall have (a) notified the Collateral Agent in writing, by executing and delivering to the Collateral Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto, at least thirty (30) days prior to any such change or establishment, identifying such new proposed name, identity, corporate structure, sole place of business, chief executive office, jurisdiction of organization or trade name and providing such other information in connection therewith as the Collateral Agent may reasonably request and (b) taken all actions necessary or advisable to maintain the continuous validity, perfection and the same or better priority of the Collateral Agent's security interest in the Collateral intended to be granted and agreed to hereby;

(iii) it shall pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Collateral, except to the extent the validity thereof is being contested in good faith; provided, such Grantor shall in any event pay such taxes, assessments, charges, levies or claims not later than five (5) days prior to the date of any proposed sale under any judgment, writ or warrant of attachment entered or filed against such Grantor or any of the Collateral as a result of the failure to make such payment, to the extent failure to make such payment could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(iv) upon such Grantor or any senior officer of such Grantor obtaining knowledge thereof, it shall promptly notify the Collateral Agent in writing of any event that may materially and adversely affect (1) the value of the Collateral or any material portion thereof, (2) the ability of any Grantor or the Collateral Agent to dispose of the Collateral or any material portion thereof, or (3) the rights and remedies of the Collateral Agent in relation thereto, including, without limitation, the levy of any legal process against the Collateral or any portion thereof;

(v) except as otherwise permitted in the Credit Agreement, it shall not take or permit any action which could impair the Collateral Agent's rights in the Collateral; and

location or locations does not exceed \$1,000,000 at any one location or \$10,000,000 in the aggregate;

(ii) it shall keep correct and accurate records of the Inventory as is customarily maintained under similar circumstances by Persons of established reputation engaged in similar businesses, and in any event in conformity with GAAP;

(iii) if any Equipment or Inventory is in possession or control of any third party, each Grantor shall join with the Collateral Agent in notifying the third party of the Collateral Agent's security interest and use all commercially reasonable efforts to obtain an acknowledgment from the third party that it is holding the Equipment and Inventory for the benefit of the Collateral Agent; and

(iv) with respect to any item of Equipment which is covered by a certificate of title under a statute of any jurisdiction under the law of which indication of a security interest on such certificate is required as a condition of perfection thereof, upon the reasonable request of the Collateral Agent, execute and file with the registrar of motor vehicles or other appropriate authority in such jurisdiction an application or other document requesting the notation or other indication of the security interest created hereunder on such certificate of title, and upon the reasonable request of the Collateral Agent, deliver to the Collateral Agent copies of all such applications or other documents filed during such calendar quarter and copies of all such certificates of title issued during such calendar quarter indicating the security interest created hereunder in the items of Equipment covered thereby.

3.3. Receivables.

(a) Representations and Warranties. Each Grantor represents and warrants, on the Closing Date and on each Credit Date, that:

(i) each Receivable (a) is and will be the legal, valid and binding obligation of the Account Debtor in respect thereof, representing an unsatisfied obligation of such Account Debtor, (b) is and will be enforceable in accordance with its terms, (c) is not and will not be subject to any setoffs, defenses, taxes, counterclaims (except with respect to refunds, returns and allowances in the ordinary course of business with respect to damaged merchandise) and (d) is and will be in compliance with, all applicable laws, whether federal, state, local or foreign except where the failure to be in compliance could not reasonable be expected to have, individually or in the aggregate, a Material Adverse Effect;

(ii) as of the Closing Date, none of the Account Debtors in respect of any Receivables in excess of \$10,000,000 in the aggregate is the government of the United States, any agency or instrumentality thereof, any state or municipality or any foreign sovereign. No Receivables in excess of \$10,000,000 in the aggregate require the consent of

the Collateral Agent shall have the right at any time to notify, or require any Grantor to notify, any Account Debtor located in a jurisdiction outside of the United States of the Collateral Agent's security interest in the Receivables and any Supporting Obligation and, in addition, at any time following the occurrence and during the continuation of an Event of Default, the Collateral Agent may: (1) notify, or require any Grantor to notify, any Account Debtor of the Collateral Agent's security interest in the Receivables and any Supporting Obligations; (2) direct the Account Debtors under any Receivables to make payment of all amounts due or to become due to such Grantor thereunder directly to the Collateral Agent; (3) notify, or require any Grantor to notify, each Person maintaining a lockbox or similar arrangement to which Account Debtors under any Receivables have been directed to make payment to remit all amounts representing collections on checks and other payment items from time to time sent to or deposited in such lockbox or other arrangement directly to the Collateral Agent; and (4) enforce, at the expense of such Grantor, collection of any such Receivables and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done. If the Collateral Agent notifies any Grantor that it has elected to collect the Receivables in accordance with the preceding sentence, any payments of Receivables received by such Grantor shall be forthwith (and in any event within two (2) Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Collateral Agent if required, in an account maintained under the sole dominion and control of the Collateral Agent, and until so turned over, all amounts and proceeds (including checks and other instruments) received by such Grantor in respect of the Receivables, any Supporting Obligation or Collateral Support shall be received in trust for the benefit of the Collateral Agent hereunder and shall be segregated from other funds of such Grantor and such Grantor shall not adjust, settle or compromise the amount or payment of any Receivable, or release wholly or partly any Account Debtor or obligor thereof, or allow any credit or discount thereon;

(vi) each Grantor shall notify the Collateral Agent in the event (A) any of the Account Debtors in respect of any Receivables in excess of \$10,000,000 in the aggregate is the government of the United States, any agency or instrumentality thereof, any state or municipality or any foreign sovereign or (B) any Receivables in excess of \$10,000,000 in the aggregate requires the consent of the Account Debtor in respect thereof in connection with the pledge hereunder, except any consent which has been obtained. Each Grantor agrees that from time to time, if, after such notice, the Collateral Agent shall request, such Grantor shall, at the expense of such Grantor, request in writing the consent of the Account Debtor to the pledge of any such Receivables hereunder and use its best efforts to obtain such consent as soon as practicable thereafter; and

(vii) it shall use its best efforts to keep in full force and effect any Supporting Obligation or Collateral Support relating to any Receivable, unless its failure to do so would not create, individually or in the aggregate, a Material Adverse Effect.

respect thereof other than consents or commitments to consent that have been obtained or made by the party from which consent is required;

(iv) either (1) none of the Pledged LLC Interests or Pledged Partnership Interests constitute "securities" within the meaning of Article 8 of the UCC or (2) if any Pledged LLC Interest or Pledged Partnership Interest constitute "securities" within the meaning of Article 8 of the UCC, certificates evidencing such interests have been delivered to the Collateral Agent;

(v) Schedule 3.4 (as amended or supplemented from time to time) sets forth under the heading "Pledged Debt" all of the Pledged Debt owned by any Grantor and all of such Pledged Debt has been duly authorized, authenticated or issued, and delivered and is the legal, valid and binding obligation of the issuers thereof and is not in default and constitutes all of the issued and outstanding inter-company Indebtedness evidenced by an instrument or certificated security of the respective issuers thereof owing to such Grantor;

(vi) Schedule 3.4 (as amended or supplemented from time to time) sets forth under the headings "Securities Accounts" and "Commodities Accounts," respectively, all of the Securities Accounts and Commodities Accounts in which each Grantor has an interest and each Grantor is the sole entitlement holder of each such Securities Account and Commodity Account and such Grantor has not consented to, and is not otherwise aware of, any Person (other than the Collateral Agent pursuant hereto) having "control" (as defined in Section 9-115(e) of the UCC) over, or any other interest in, any such Securities Account or Commodity Account or any securities or other property credited thereto; and

(vii) each Grantor has taken all actions necessary or advisable, including those specified in Section 3.4(c), to: (a) establish the Collateral Agent's "control" (within the meaning of Section 9-115 of the UCC) over any portion of the Investment Related Property constituting Certificated Securities, Uncertificated Securities, Securities Accounts or Securities Entitlements; and (b) to deliver all Instruments required to be delivered the Collateral Agent.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that:

(i) except as otherwise permitted in the Credit Agreement, without the prior written consent of the Collateral Agent, it shall not vote to enable or take any other action to: (a) amend or terminate any partnership agreement, limited liability company agreement, certificate of incorporation, by-laws or other organizational documents in any way that materially changes the rights of such Grantor with respect to any Investment Related Property or adversely affects the validity, perfection or priority of the Collateral Agent's security interest, (b) permit any issuer of any Pledged Equity Interest to issue to any Grantor any additional stock, partnership interests, limited liability company interests or

Interests or Pledged LLC Interests and shall enforce all of its material rights with respect to any Investment Related Property;

(v) it shall notify the Collateral Agent of any default under any Pledged Debt that has caused, either in any case or in the aggregate, a Material Adverse Effect.

(vi) except as not prohibited by Section 6.9 of the Credit Agreement, without the prior written consent of the Collateral Agent, it shall not vote to enable or take any other action to permit any issuer of any Pledged Equity Interest to merge or consolidate unless all the outstanding capital stock or other equity interests of the surviving or resulting corporation, limited liability company, partnership or other entity owned by any Grantor is, upon such merger or consolidation, pledged hereunder and no cash, securities or other property is distributed in respect of the outstanding equity interests of any other constituent company; provided that if the surviving or resulting company upon any such merger or consolidation involving an issuer which is a Controlled Foreign Corporation, then such grantor shall only be required to pledge equity interests having 65% of the voting power of all classes of capital stock of such issuer entitled to vote; and

(vii) each Grantor consents to the grant by each other Grantor of a security interest in all Investment Related Property to the Collateral Agent and, without limiting the foregoing, consents to the transfer of any Pledged Partnership Interest and any Pledged LLC Interest to the Collateral Agent or its nominee following an Event of Default and to the substitution of the Collateral Agent or its nominee as a partner in any partnership or as a member in any limited liability company with all the rights and powers related thereto.

(c) Delivery and Control. Each Grantor agrees that with respect to any Investment Related Property in which it currently has rights it shall comply with the provisions of this Section 3.4(c) on or before the Closing Date and with respect to any Investment Related Property hereafter acquired by such Grantor it shall comply with the provisions of this Section 3.4(c) immediately upon acquiring rights therein, in each case in form and substance satisfactory to the Collateral Agent. With respect to any Investment Related Property that is represented by a certificate or that is an "instrument" (other than any Investment Related Property credited to a Securities Account) it shall cause such certificate or instrument (other than any instrument or instruments not exceeding \$1,000,000 individually or \$10,000,000 in the aggregate) to be delivered to the Collateral Agent, indorsed in blank by an "effective indorsement" (as defined in Section 8-107 of the UCC), regardless of whether such certificate constitutes a "certificated security" for purposes of the UCC. With respect to any Investment Related Property that is an "uncertificated security" for purposes of the UCC (other than any "uncertificated securities" credited to a Securities Account), it shall cause the issuer of such uncertificated security to either (i) register the Collateral Agent as the registered owner thereof on the books and records of the issuer or (ii) execute an agreement substantially in the form of Exhibit B hereto, pursuant to which such issuer agrees to comply with the Collateral Agent's instructions with respect to such uncertificated security without further

enabling such Grantor to exercise the voting and other consensual rights when and to the extent which it is entitled to exercise pursuant to clause (A) above;

(ii) Upon the occurrence and during the continuation of an Event of Default:

- (A) all rights of each Grantor to exercise or refrain from exercising the voting and other consensual rights which it would otherwise be entitled to exercise pursuant hereto shall cease and all such rights shall thereupon become vested in the Collateral Agent who shall thereupon have the sole right to exercise such voting and other consensual rights; and
- (B) in order to permit the Collateral Agent to exercise the voting and other consensual rights which it may be entitled to exercise pursuant hereto and to receive all dividends and other distributions which it may be entitled to receive hereunder: (1) each Grantor shall promptly execute and deliver (or cause to be executed and delivered) to the Collateral Agent all proxies, dividend payment orders and other instruments as the Collateral Agent may from time to time reasonably request and (2) each Grantor acknowledges that the Collateral Agent may utilize the power of attorney set forth in Section 5.

3.5. Letter of Credit Rights.

(a) Representations and Warranties. Each Grantor hereby represents and warrants, on the Closing Date and on each Credit Date, that:

(i) all material letters of credit to which such Grantor has rights is listed on Schedule 3.5 (as amended or supplemented from time to time) hereto; and

(ii) each Grantor has obtained the consent of each issuer of any material letter of credit to the assignment of the proceeds of the letter of credit to the Collateral Agent.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that with respect to any material letter of credit hereafter arising it shall: (i) obtain the consent of the issuer thereof to the assignment of the proceeds of the letter of credit to the Collateral Agent and shall deliver to the Collateral Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto or (ii) deliver each such letter of credit to the Collateral Agent.

3.6. Intellectual Property Collateral.

infringement of which could reasonably be expected to have a Material Adverse Effect, and appropriate notice of copyright in connection with the publication of Copyrights, the loss, impairment or infringement of which could reasonably be expected to have a Material Adverse Effect;

(vii) each Grantor uses adequate standards of quality in the manufacture, distribution, and sale of all products sold and in the provision of all services rendered under or in connection with all Trademark Collateral, the loss, impairment or infringement of which could reasonably be expected to have a Material Adverse Effect, and has taken all action necessary to insure that all licensees of the Trademark Collateral owned by such Grantor, the loss, impairment or infringement of which could reasonably be expected to have a Material Adverse Effect, use such adequate standards of quality;

(viii) no claim has been made that the use of any Intellectual Property Collateral owned or used by Grantor (or any of its respective licensees) violates the asserted rights of any third party, and, to the best of each Grantor's knowledge, the conduct of such Grantor's business does not infringe upon any trademark, patent, copyright, trade secret or similar intellectual property right owned or controlled by a third party;

(ix) to the best of each Grantor's knowledge, no third party is infringing upon any Intellectual Property Collateral owned or used by such Grantor, the loss, impairment or infringement of which could reasonably be expected to have a Material Adverse Effect, or any of its respective licensees;

(x) no settlement or consents, covenants not to sue, non-assertion assurances, or releases have been entered into by Grantor or to which Grantor is bound that adversely effect Grantor's rights to own or use any Intellectual Property Collateral, the loss, impairment or infringement of which could reasonably be expected to have a Material Adverse Effect; and

(xi) each Grantor has not made a previous assignment, sale, transfer, or agreement constituting a present or future assignment sale, transfer, of any Intellectual Property Collateral that has not been terminated or released except as may be provided in the Intellectual Property Agreement dated as of the date hereof, by and between Northrop Grumman Corporation and VAC Acquisition Corp. II. There is no effective financing statement or other document or instrument now executed, or on file or recorded in any public office, granting a security interest in or otherwise encumbering any part of the Intellectual Property Collateral, the loss, impairment or infringement of which could reasonably be expected to have a Material Adverse Effect, other than in favor of the Collateral Agent.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees as follows:

Intellectual Property Collateral including, but not limited to, the initiation of a suit for injunctive relief and to recover damages;

(vii) it shall promptly (but in no event more than thirty (30) days after any Grantor obtains knowledge thereof) report to the Collateral Agent (i) the filing of any application to register any Intellectual Property Collateral with the United States Patent and Trademark Office, the United States Copyright Office, or any state registry or foreign counterpart of the foregoing (whether such application is filed by such Grantor or through any agent, employee, licensee, or designee thereof) and (ii) the registration of any Intellectual Property Collateral by any such office, in each case by executing and delivering to the Collateral Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto;

(viii) it shall, promptly upon the reasonable request of the Collateral Agent, execute and deliver to the Collateral Agent any document required to acknowledge, confirm, register, record, or perfect the Collateral Agent's interest in the United States in any part of the Intellectual Property Collateral, whether now owned or hereafter acquired;

(ix) except with the prior consent of the Collateral Agent or as permitted under the Credit Agreement, each Grantor shall not execute, and there will not be on file in any public office, any financing statement or other document or instruments, except financing statements or other documents or instruments filed or to be filed in favor of the Collateral Agent and each Grantor shall not sell, assign, transfer, grant any option, or create or suffer to exist any Lien upon or with respect to the Intellectual Property Collateral, except for the Lien created by and under this Security Agreement and the other Loan Documents;

(x) it shall hereafter use commercially reasonable efforts so as not to permit the inclusion in any contract to which it hereafter becomes a party of any provision that could or might materially impair or prevent the creation of a security interest in, or the assignment of, such Grantor's rights and interests in any property included within the definitions of any Intellectual Property Collateral, the loss, impairment or infringement of which could reasonably be expected to have a Material Adverse Effect, acquired under such contracts;

(xi) it shall take all steps reasonably necessary to protect the secrecy of all trade secrets relating to the products and services sold or delivered under or in connection with the Intellectual Property Collateral, the loss, impairment or infringement of which could reasonably be expected to have a Material Adverse Effect, including, without limitation, entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents;

its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, each Grantor shall:

(i) execute and file such financing or continuation statements, or amendments thereto, and execute and deliver such other agreements, instruments, endorsements, powers of attorney or notices, as may be necessary or advisable, or as the Collateral Agent may reasonably request, in order to perfect and preserve the security interests granted or purported to be granted hereby;

(ii) take all actions necessary to ensure the recordation of appropriate evidence of the liens and security interest granted hereunder in the Intellectual Property Collateral with any intellectual property registry in which said Intellectual Property Collateral is registered or in which an application for registration is pending including, without limitation, the United States Patent and Trademark Office, the United States Copyright Office, the various Secretaries of State, and, to the extent commercially reasonable, the foreign counterparts on any of the foregoing;

(iii) on the earlier of (A) the date of effectiveness of Revised Article 9 in the State of New York or (B) the date of effectiveness of Revised Article 9 in any other material jurisdiction, furnish to the Collateral Agent an opinion of counsel either (x) stating that, in the opinion of such counsel, such action has been taken to maintain the validity, perfection and priority of the lien and security interest granted hereby, including, without limitation, with respect to the execution and filing of any financing statements and continuation statements as is necessary and reciting the details of such action or (y) stating that in the opinion of such counsel no such action is necessary to maintain the validity, perfection and priority of such lien and security interest under Revised 9; and

(iv) at the Collateral Agent's request, appear in and defend any action or proceeding that may affect such Grantor's title to or the Collateral Agent's security interest in all or any part of the Collateral.

(b) In addition, to the extent permitted by applicable law, each Grantor hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of such Grantor. Each Grantor agrees that a carbon, photographic or other reproduction of this Agreement or of a financing statement signed by such Grantor shall be sufficient as a financing statement and may be filed as a financing statement in any and all jurisdictions. Each Grantor shall furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

execute any instrument that the Collateral Agent may deem reasonably necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, the following:

(a) upon the occurrence and during the continuance of any Event of Default, to obtain and adjust insurance required to be maintained by such Grantor or paid to the Collateral Agent pursuant to the Credit Agreement;

(b) upon the occurrence and during the continuance of any Event of Default, to ask for, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(c) upon the occurrence and during the continuance of any Event of Default, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (b) above;

(d) upon the occurrence and during the continuance of any Event of Default, to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or advisable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral;

(e) to prepare, sign and file any UCC financing statements in the name of such Grantor as debtor;

(f) to prepare, sign, and file for recordation in any intellectual property registry, appropriate evidence of the lien and security interest granted herein in the Intellectual Property Collateral in the name of Grantor as assignor;

(g) to take or cause to be taken all actions necessary to perform or comply or cause performance or compliance with the terms of this Agreement, including, without limitation, access to pay or discharge taxes or Liens (other than Liens permitted under this Agreement or the Credit Agreement) levied or placed upon or threatened against the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by the Collateral Agent in its sole discretion, any such payments made by the Collateral Agent to become obligations of such Grantor to the Collateral Agent, due and payable immediately without demand; provided, however, that the Collateral Agent agrees to refrain from taking any such action with respect to a default under the Credit Agreement until the expiration of any time period provided for in the Credit Agreement to cure such default; and

(h) upon the occurrence and during the continuance of any Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and to do, at the Collateral Agent's option and such Grantor's expense, at

such price or prices and upon such other terms as the Collateral Agent may deem commercially reasonable.

(b) The Collateral Agent or any Secured Party may be the purchaser of any or all of the Collateral at any sale and the Collateral Agent, as collateral agent for and representative of the Secured Parties, shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any Collateral payable by the Collateral Agent at such sale. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement 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. Each Grantor hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Secured Obligations, Grantors shall be liable for the deficiency and the fees of any attorneys employed by the Collateral Agent to collect such deficiency. Each Grantor further agrees that a breach of any of the covenants contained in this Section will cause irreparable injury to the Collateral Agent, that the Collateral Agent has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no default has occurred giving rise to the Secured Obligations becoming due and payable prior to their stated maturities. Nothing in this Section shall in any way alter the rights of the Collateral Agent hereunder.

(c) The Collateral Agent may sell the Collateral without giving any warranties as to the Collateral. The Collateral Agent may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely effect the commercial reasonableness of any sale of the Collateral.

(d) If the Collateral Agent sells any of the Collateral on credit, the Secured Obligations will be credited only with payments actually made by the purchaser and received by the

6.3. Intellectual Property Collateral.

(a) Anything contained herein to the contrary notwithstanding, upon the occurrence and during the continuation of an Event of Default:

(i) the Collateral Agent shall have the right (but not the obligation) to bring suit or otherwise commence any action or proceeding in the name of any Grantor, the Collateral Agent or otherwise, in the Collateral Agent's sole discretion, to enforce any Intellectual Property Collateral, in which event such Grantor shall, at the request of the Collateral Agent, do any and all lawful acts and execute any and all documents required by the Collateral Agent in aid of such enforcement and such Grantor shall promptly, upon demand, reimburse and indemnify the Collateral Agent as provided in Section 10.3 of the Credit Agreement in connection with the exercise of its rights under this Section, and, to the extent that the Collateral Agent shall elect not to bring suit to enforce any Intellectual Property Collateral as provided in this Section, each Grantor agrees to use all reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement of any of the Intellectual Property Collateral by others and for that purpose agrees to diligently maintain any action, suit or proceeding against any Person so infringing as shall be necessary to prevent such infringement;

(ii) upon written demand from the Collateral Agent, each Grantor shall grant, assign, convey or otherwise transfer to the Collateral Agent all of such Grantor's right, title and interest in and to the Intellectual Property Collateral and shall execute and deliver to the Collateral Agent such documents as are necessary or appropriate to carry out the intent and purposes of this Agreement;

(iii) each Grantor agrees that such an assignment and/or recording shall be applied to reduce the Secured Obligations outstanding only to the extent that the Collateral Agent (or any Lender or any Lender Counterparty) receives cash proceeds in respect of the sale of, or other realization upon, the Intellectual Property Collateral;

(iv) within five (5) Business Days after written notice from the Collateral Agent, each Grantor shall make available to the Collateral Agent, to the extent within such Grantor's power and authority, such personnel in such Grantor's employ on the date of such Event of Default as the Collateral Agent may reasonably designate, by name, title or job responsibility, to permit such Grantor to continue, directly or indirectly, to produce, advertise and sell the products and services sold or delivered by such Grantor under or in connection with the Trademarks, Trademark Licenses, such persons to be available to perform their prior functions on the Collateral Agent's behalf and to be compensated by the Collateral Agent at such Grantor's expense on a per diem, pro-rata basis consistent with the salary and benefit structure applicable to each as of the date of such Event of Default; and

said Trademarks, to use, operate under, license, or sublicense any Intellectual Property Collateral now owned or hereafter acquired by such Grantor, and wherever the same may be located.

6.4. Cash Proceeds. In addition to the rights of the Collateral Agent specified in Section 3.3 with respect to payments of Receivables, if an Event of Default shall have occurred and be continuing, the Collateral Agent may, in its sole discretion, with respect to all proceeds of any Collateral received by the Collateral Agent (whether from a Grantor or otherwise) consisting of cash, checks and other near-cash items (collectively, "**Cash Proceeds**") then or at any time thereafter apply such Cash Proceeds against the Secured Obligations then due and owing.

6.5. Application of Proceeds. Except as expressly provided elsewhere in this Agreement, all proceeds received by the Collateral Agent in respect of any sale, any collection from, or other realization upon all or any part of the Collateral shall be applied in full or in part by the Collateral Agent against, the Secured Obligations in the following order of priority: first, to the payment of all costs and expenses of such sale, collection or other realization, including reasonable compensation to the Collateral Agent and its agents and counsel, and all other reasonable out-of-pocket expenses, liabilities and advances made or incurred by the Collateral Agent in connection therewith, and all amounts for which the Collateral Agent is entitled to indemnification hereunder (in its capacity as the Collateral Agent and not as a Lender) and all advances made by the Collateral Agent hereunder for the account of the applicable Grantor, and to the payment of all costs and expenses paid or incurred by the Collateral Agent in connection with the exercise of any right or remedy hereunder or under the Credit Agreement, all in accordance with the terms hereof or thereof; second, to the extent of any excess, to the payment of all other Secured Obligations for the ratable benefit of the Lenders and the Lender Counterparties; and third, to the extent of any excess such proceeds, to the payment to or upon the order of such Grantor or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

SECTION 7. COLLATERAL AGENT.

The Collateral Agent has been appointed to act as Collateral Agent hereunder by Lenders and, by their acceptance of the benefits hereof, the other Secured Parties. The Collateral Agent shall be obligated, and shall have the right hereunder, to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including, without limitation, the release or substitution of Collateral), solely in accordance with this Agreement and the Credit Agreement; provided, the Collateral Agent shall, after payment in full of all Obligations under the Credit Agreement and the other Credit Documents, exercise, or refrain from exercising, any remedies provided for herein in accordance with the instructions of the holders of a majority of the aggregate notional amount (or, with respect to any Hedge Agreement that has been terminated in accordance with its terms, the amount then due and payable (exclusive of expenses and similar payments but including any early termination payments then due) under such Hedge Agreement) under all Hedge Agreements (Requisite Lenders or, if applicable, such holders being referred to

expiration of all outstanding Letters of Credit, the security interest granted hereby shall terminate hereunder and of record and all rights to the Collateral shall revert to Grantors. Upon any such termination the Collateral Agent shall, at Grantors' expense, execute and deliver to Grantors such documents as Grantors shall reasonably request to evidence such termination.

SECTION 9. STANDARD OF CARE; COLLATERAL AGENT MAY PERFORM.

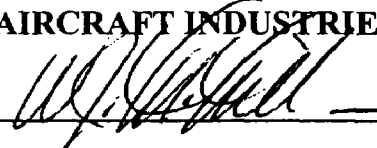
The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property. Neither the Collateral Agent nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or otherwise. If any Grantor fails to perform any agreement contained herein within a reasonable amount of time, the Collateral Agent may itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by each Grantor under Section 10.2 of the Credit Agreement.

SECTION 10. MISCELLANEOUS.

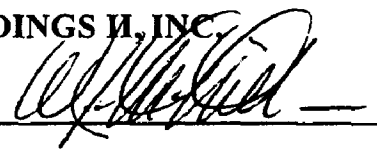
Any notice required or permitted to be given under this Agreement shall be given in accordance with Section 10.1 of the Credit Agreement. No failure or delay on the part of the Collateral Agent in the exercise of any power, right or privilege hereunder or under any other Credit Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. All rights and remedies existing under this Agreement and the other Credit Documents are cumulative to, and not exclusive of, any rights or remedies otherwise available. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists. This Agreement shall be binding upon and

IN WITNESS WHEREOF, each Grantor and the Collateral Agent have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.


VOUGHT AIRCRAFT INDUSTRIES, INC.

By: 
Name:
Title:

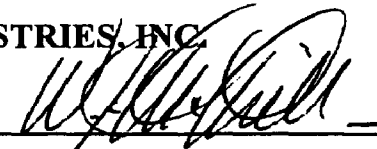
VAC HOLDINGS II, INC.

By: 
Name:
Title:

**NORTHOP GRUMMAN COMMERCIAL
AIRCRAFT COMPANY**

By: 
Name:
Title:

VAC INDUSTRIES, INC.

By: 
Name:
Title:

**LEHMAN COMMERCIAL PAPER INC.,
as the Collateral Agent**

By: _____
Name:
Title:

**SCHEDULE 3.1
TO PLEDGE AND SECURITY AGREEMENT**

(A) Full Legal Name and Chief Executive Office of each Grantor:

Vought Aircraft Industries, Inc.
9314 West Jefferson Avenue
Dallas, TX 75211

VAC Holdings II, Inc.
9314 West Jefferson Avenue
Dallas, TX 75211

Northrop Grumman Commercial Aircraft Company
9314 West Jefferson Avenue
Dallas, TX 75211

VAC Industries, Inc.
9314 West Jefferson Avenue
Dallas, TX 75211

(B) Jurisdiction of Organization of each Grantor:

Vought Aircraft Industries, Inc.,
a Delaware corporation

VAC Holdings II, Inc.,
a Delaware corporation

Northrop Grumman Commercial Aircraft Company,
a Delaware corporation

VAC Industries, Inc.,
a Delaware corporation

(C) Other Names (including any Trade-Name or Fictitious Business Name) under which each Grantor has conducted Business for the past Five (5) Years:

Vought Aircraft Industries, Inc. has done business as Vought Aircraft Company and Vought.

**SCHEDULE 3.2
TO PLEDGE AND SECURITY AGREEMENT**

Name of Grantor	Location of Equipment and Inventory	
<u>Grantor</u>	<u>Address/City/State/Zip Code</u>	<u>County</u>
Vought Aircraft Industries, Inc.	One Northrop Avenue Hawthorne, CA 90250	Los Angeles
	12301 S. Crenshaw Blvd. Hawthorne, CA 90250	Los Angeles
	250 W. Apra St. Compton, CA 90220	Los Angeles
	640 Alaska St. Torrance, CA 90503	Los Angeles
	1701 W. Marshall Street Grand Prairie, TX 75051	Dallas
	Georgia Production Site One Northrop Place Perry, GA 31069	Houston
	Perry Site Cafeteria Perry, GA 31069	Houston
	Griffin Pipe Warehouse 951 Barrows Ferry Rd. Milledgeville, GA 31061	Baldwin
	West Highway 22 Milledgeville, GA 31061	Baldwin
	Witham Field 1801 S.E. Airport Rd. Stuart, FL 34996	Martin
VAC Holdings II, Inc.	9314 West Jefferson Avenue Dallas, TX 75211	Dallas
VAC Industries, Inc.	9314 West Jefferson Avenue Dallas, TX 75211	Dallas
Northrop Grumman Commercial Aircraft Company	9314 West Jefferson Avenue Dallas, TX 75211	Dallas

**SCHEDULE 3.5
TO PLEDGE AND SECURITY AGREEMENT**

LETTERS OF CREDIT

None.

As per Section 5.1 of the IP Agreement, Vought agrees not to use any of Northrop Grumman's Trademarks except that for a period up to 90 days after the day hereof, Vought may use the materials bearing any of the Northrop Grumman Trademarks or sell any products bearing any of Northrop Grumman's Trademarks to the extent displayed on any of the assets purchased by Vought on the date hereof.

(G) Trade Secret Licenses

As per Section 3.1 of the IP Agreement, Northrop Grumman retains an irrevocable, worldwide, perpetual, non-exclusive, royalty-free license in the Vought Intellectual Property (as that term is defined in the IP Agreement).

(H) Intellectual Property Collateral Matters.

As per Section 2.2 of the IP Agreement, Northrop Grumman and Vought are tenants-in-common, each owning an undivided one-half interest in and to Joint Technology as defined in the IP Agreement.

As per Section 3.1 of the IP Agreement Northrop Grumman retains an irrevocable, worldwide, perpetual, non-exclusive, royalty-free license in the Patents listed in Exhibit A of this schedule and the Vought Intellectual Property.

EXHIBIT A (Contd.)

UNITED STATES PATENTS			
Patent No.	Title	Serial #	Filed
4,826,380	Pre-Cast Sealant Dome And Method	145086	1/19/88
4,827,679	Fluid Jet Cutting System with Self-Orienting Catcher	124895	11/24/87
4,830,265	Method for Diffusion of Metals and Alloys Using High Energy Source	193615	5/13/88
4,848,042	Fluid Jet Cutting System with Standoff Control	094373	9/9/87
4,850,093	Method of Making an Acoustic Attenuating Liner	186676	4/21/88
4,862,649	Material Transfer System	901482	8/28/86
4,875,795	Structural Connector Utilizing Tabbed Support Substructure	131700	12/11/87
4,876,800	Portable Grip Length Indicator	254978	10/7/88
4,892,435	Interlocking Structural Members Employing Transverse Locking Double Interfitting Wedge	07/306196	2/6/89
4,893,964	Interlocking Structural Members Utilizing Overlying Composite Strips	07/306179	2/6/89
4,904,109	Interlocking Structural Members Employing Transverse Locking Wedges	07/131699	12/11/87
4,905,886	Method for Diffusion Bonding of Metals and Alloys Using Thermal Spray Deposition	07/221973	7/20/88
4,909,418	Rivet Set	07/322861	3/14/89
4,909,655	Interleaved Tab Assembly for Connecting Structural Members	07/306198	2/6/89
4,909,659	Interlocking Structural Members Employing Transverse Locking Means	07/306199	2/6/89
4,910,718	Method and Apparatus for Acoustic Emission Monitoring	07/253644	10/5/88
4,936,941	Automatic Skin Taping Machine	179275	4/8/88
4,948,308	Automated Limited Access Drilling System	07/188936	5/2/88
4,953,325	Thread Grinding Attachment	07/366956	6/16/89
4,956,991	Variable Depth Cold Working Tool	07/445570	12/01/89
4,960,360	Rivet Orientation Device and Method	07/381886	7/19/89
4,969,535	Acoustic Liner	371593	6/26/89
4,969,593	Method for Diffusion Bonding of Metals and Alloys Using Mechanical Deformation	07/221587	7/20/88
4,971,745	Method and Apparatus for Applying A Precision Amount of Sealant to Exposed Fasteners	881520	6/30/86

EXHIBIT A (Contd.)

UNITED STATES PATENTS			
Patent No.	Title	Serial #	Filed
5,328,095	Self-Contained Spray Gun Apparatus with Spherical Paint Cup	08/044207	4/8/93
5,366,684	Molding Composite Method Using an Inflatable Bladder Pressurized in an Autoclave	999131	12/31/92
5,366,684	Inflatable Bladder for Female Composite Tools	999131	12/31/92
5,370,598	Method of Making Reusable Vacuum Bag	055511	4/29/93
5,372,043	Ultrasonic Inspection System for Curved Nacelle	932109	8/19/92
5,383,751	Manually Positioned Computer Controlled Drilling Machine	102283	8/5/93
5,390878	Strain Isolator Assembly	015122	2/9/93
5,445,689	Pulsed Ion Beam Surface Treatment Process for Aluminum Honeycomb Panels to Improve Corrosion Resistance	294506	8/23/94
5,450,753	Method and apparatus for cooling sensors in high....	990218	12/14/92
5,476,237	Syntactic Film for Thrust Reverser Blocker Doors	080050	6/18/93
5,479,829	Method for Quantitative Inspection of Cold-Expanded Fastener Holes	357741	12/16/94
5,485,975	Slotted Cowl Inlet Lip for Introducing High Pressure Air	277506	7/19/94
5,500,272	High Efficiency Load Transfer in Composite Structure	371432	1/11/95
5,502,387	Variable Geometry MRI Coil	294507	8/23/94
5,528,557	Acoustic Emission Source Location by Reverse Ray Tracing	512249	8/7/95
5,531,407	Apparatus and Method for Controlling the Shape of Structures	277416	7/18/94
5,551,651	High Lift Out of Contour Flap for Aircraft Wing	288996	8/11/94
5,553,461	Anti-Icing Heat Exchanger for Aircraft Air Cycle Performance Enhancement	371431	1/11/95
5,581,054	One-Piece Engine Inlet Acoustic Barrel	443984	5/18/95
5,584,200	Universal Crimping Tool Locator	336,172	11/8/94
5,634,389	Actuator Stiffness Enhancing System	158211	11/29/93
5,651,513	Linear Flap Drive System	08/396843	3/01/95
5,713,537	Blockerless Thrust Reverser	08/570421	12/11/95
5,721,402	Noise Suppression System for a Jet Engine	08/709893	9/9/96
5,729,462	Method and Apparatus for Constructing a Complex Tool Surface for Use in An Age Forming Process	08/519460	8/25/95
5,732,163	Angular Alignment of Structures Using Moire Patterns	08/442265	5/16/95

EXHIBIT B

UNITED STATES PATENT APPLICATIONS			
Northrop's Docket No.	Title	Serial No.	Filed
D-95033	Flexible Auto-Riveter Skin/Stringer Assembly Cell	09/287479	4/6/99
D-95094	Acoustical and Structural Microporous Sheet	09/368316	8/3/99
D-95095	Heat Absorbing Surface Coating	08/738404	10/25/96
D-95095 D1	Heat Absorbing Surface Coating	09/420362	2/11/98
D-95096	Method and Microtexturing and Bonding Two Surfaces	09/246241	2/8/99
D-96059	Acoustic Liner	08/954270	10/20/97
D-96097	Top Load Threaded Bolt Assembly	09/484505	1/18/00
D-96101-1	Orientation Maintained Fastener Delivery System and Method	09/178169	10/23/98
D-96101-2	Fastener Escapement System and Method	09/178167	10/23/98
D-96101-3	Fastener Injector System and Method	09/178024	10/23/98
D-97033	Method of Spectral Nondestructive Evaluation	09/140986	8/27/98
D-97042	Extended Reaction Acoustic Liner for Jet Engines and the Like	09/298599	4/23/99
D-97068	Apparatus and Method for Measuring the Acoustic Properties of Acoustic Absorbers	09/062906	4/20/98
D-97086	Material Management System and Method	09/339334	6/23/99
D-97088	Coating Thickness Measurement System and Method of Measuring a Coating Thickness	09/170825	10/13/98
D-97095	Method for Forming Acoustic Attenuation Chambers Using Laser Processing of Multi-Layered Polymer Films	09/414360	10/7/99
D-98002	Block Set Form Die Assembly	09/168353	10/7/98
D-98038	System and Method for Assembling an Aircraft	09/081720	5/11/98
D-98039	System and Method for Aligning Aircraft Coordinate Systems	09/081721	5/11/98
D-98044	Method and Apparatus for Fabricating Composite Structures	09/311616	5/13/99
D-98067	Multi-Axis Fastening System and Method	09/338882	6/23/99
D-98088	Thin Sheet Measurement System	09/357776	7/21/99
D-98096	Method and System for Part Measurement and Verification	09/351032	7/9/99
D-99007	Method and System for Constructing a Composite Structure	09/490951	1/24/00
D-99029	Angled C-Squeezer Attachment	09/513379	2/25/00
P-101694	Integrated Caul Plate/Permanent Vacuum Bag	09/095203	6/10/98

EXHIBIT C

FOREIGN PATENT APPLICATIONS

Northrop's Docket No.	Country	Serial No.	Filed	Related U.S. Patent/Patent Application
D-95094	EP	98306208.4	8/4/98	09/368316
D-95095	EP	97936492.4	8/11/97	08/738404
D-96013	CA	2237605	8/12/97	5,721,402
D-96013	EP	97949328.5	8/12/97	5,721,402
D-96013	JP	10-512674	8/12/97	5,721,402
D-96013	WO	US97/14382	8/12/97	5,721,402
D-96025	JP	10-503280	6/16/97	5,855,053
D-96025	KR	701161/1998	6/16/97	5,855,053
D-96059	EP	98306209.2	8/4/98	08/954270
D-96073	EG	426/97	5/15/97	6,019,138
D-96073	EP	97916131.2	3/21/97	6,019,138
D-96073	JP	10-545619	3/21/97	6,019,138
D-96101-1	EP	99308416.9	10/25/99	09/178169
D-96101-3	EP	99308409.4	10/25/99	09/178024
D-97003	EP	98115911.4	8/24/98	5,954,175
D-97007	EP	98931316.8	6/16/98	6,012,314
D-97007	JP	2000-505574	6/16/98	6,012,314
D-97007	TW	87112035	7/23/98	6,012,314
D-97008	EP	98306935.2	8/28/98	5,841,079
D-97033	WO	US99/09565	4/30/99	09/140986
D-97038	WO	US98/14708	7/16/98	5,934,611
D-97042	EP	98307284.4	9/9/98	09/298599
D-97068	WO	US99/06886	3/30/99	09/062906
D-97095	WO	US99/06956	3/30/99	09/414360
D-98038	CA	2270494	4/29/99	09/081720
D-98038	EP	99108963.2	5/6/99	09/081720
D-98038	JP	129415/99	5/11/99	09/981720
D-98039	CA	2270737	4/29/99	09/081721
D-98039	EP	99108964.0	5/6/99	09/081721

EXHIBIT D

FOREIGN ISSUED PATENTS				
Northrop's Docket No.	Country	Patent No.	Issued	Related U.S. Patent/Patent Application
281-GAC	CA	1258589	8/22/89	4,523,872
281-GAC	DE	0195150	3/31/89	4,523,872
281-GAC	EP	0195150	5/31/89	4,523,872
281-GAC	FR	0195150	3/31/89	4,523,872
281-GAC	GB	0195150	3/31/89	4,523,872
281-GAC	IL	74725	12/28/93	4,523,872
281-GAC	IT	0195150	3/31/89	4,523,872
281-GAC	JP	1866044	8/26/94	4,523,872
AER-637	DE	3223231	4/14/94	4,591,402
AER-637	IT	1203826	2/23/89	4,591,402
AER-637-A	DE	3249987	8/17/95	4,591,402
AER-637-A	FR	8210857	4/08/88	4,591,402
AER-637-A	GB	2101519B	3/19/86	4,591,402
AER-637-B	DE	3250021	12/02/93	4,591,402
AER-637-B	FR	8220844	2/05/88	4,591,402
AER-637-B	GB	2145653B	3/19/86	4,591,402
AER-637-C	DE	3249988	12/02/93	4,591,402
AER-637-C	GB	2145542B	3/26/86	4,591,402
AER-741	CA	1260659	9/26/89	4,971,745
D-96025	DE	69700495.3	9/08/99	5,855,053
D-96025	EP	0853512	9/08/99	5,855,053
D-96025	FR	0853512	9/08/99	5,855,053
D-96025	GB	0853512	9/08/99	5,855,053
D-96073	TW	102483	8/17/99	6,019,138
P-101291	DE	69409300.9	4/01/98	5,390,878
P-101291	EP	0634985	4/01/98	5,390,878
P-101291	FR	0634985	4/01/98	5,390,878
P-101291	GB	0634985	4/01/98	5,390,878
P-101391	DE	P69206541.5	12/06/95	5,224,670

EXHIBIT E

UNFILED INVENTIONS/TECHNOLOGY

Northrop's Docket No.	Entitled	Inventor(s)
AER-665	Method And Apparatus For Tape Laying	Evans, C. B.
D-00006	Method to Simulate Distortion from Interference Fit Fastner Insertion	Newkirk, Todd L.
D-00008	Automated Shim Generator	Courtney et al
D-00009	Automated Bolt Failure Method Using Finite Element Modeling	Maynor et al
D-95031	Automatic Sheet Metal Machining Cell	Farenczi et al
D-95034	Pilot Hole Geometry to Maintain Part Alignment	Schaller, Davi
D-95067	Formed Multi Sheet Bonded Structure And Method Of Fabrication	Connolly, Jerome
D-96102	Ergonomic Trash Receptacle	Colston, Orvn D.
D-97010	Nacelle Inlet To Fan Containment Case	Garlasco et al
D-97089	Double Barrel Handle Lock	Fernandez et al
D-98043	Nutplate Drill-Motor Stand	Rose, Craig M.
D-98066	Two Stage Control For Rivet Squeezer (Safety Squeeze)	Blades, Bret R.
D-98083	Automated Stock Prep Process For Pre-Production Of Machined Parts	Turner, Greg A.
D-98084	Automated Secondary Processes for Detail Production (Hole Production, Identification, Blend, Debur, Inspection with AVC)	Suel, Michael Turner, Greg
D-98085	2D Electronic/Digital Rawstock Requirements Forecasting/Inventory Requirements Management System	Turner, Greg A.
D-98086	Electronic Linear (1-Dimensional) Raw Stock management Process For Forecasting/Inventory	Turner, Greg A.
D-98097	DC Voltage Excitation Module	Keller et al
D-99003	Method For Constructing A Pre-Warp Shape For The Design Of A Pre-Loaded, Actuated Aircraft Door	Newkirk et al
D-99004	Rubber Bladder Tooling Sheets - Moldable/Teflon Coated	Holsinger, Terrell
D-99005	Computer Enhanced Data Collection And Management System For Product Thickness And Length	Holsinger et al
D-99006	Dimensionless Product Definition Process B&B	Turner, Greg

EXHIBIT A
TO PLEDGE AND SECURITY AGREEMENT

PLEDGE SUPPLEMENT

This **PLEDGE SUPPLEMENT**, dated [mm/dd/yy], is delivered pursuant to the Pledge and Security Agreement, dated as of [mm/dd/yy] (as it may be from time to time amended, modified or supplemented, the "**Security Agreement**"), among [NAME OF COMPANY], the other Grantors named therein, and [NAME OF COLLATERAL AGENT], as the Collateral Agent. Capitalized terms used herein not otherwise defined herein shall have the meanings ascribed thereto in the Security Agreement.

Grantor hereby confirms the grant to the Collateral Agent set forth in the Security Agreement of a security interest in all of Grantor's right, title and interest in and to all Collateral, in each case whether now or hereafter existing or in which Grantor now has or hereafter acquires an interest and wherever the same may be located. Grantor represents and warrants that the attached Supplements to Schedules accurately and completely set forth all additional information required pursuant to the Security Agreement and hereby agrees that such Supplements to Schedules shall constitute part of the Schedules to the Security Agreement.

IN WITNESS WHEREOF, Grantor has caused this Pledge Supplement to be duly executed and delivered by its duly authorized officer as of [mm/dd/yy].

[NAME OF GRANTOR]

By: _____
Name:
Title:

EXHIBIT A-1

TRADEMARK
REEL: 002151 FRAME: 0342

**SUPPLEMENT TO SCHEDULE 3.2
TO PLEDGE AND SECURITY AGREEMENT**

Additional Information:

Name of Grantor

Location of Equipment and Inventory

**SUPPLEMENT TO SCHEDULE 3.5
TO PLEDGE AND SECURITY AGREEMENT**

Additional Information:

Name of Grantor

Description of Letters of Credit

UNCERTIFICATED SECURITIES CONTROL AGREEMENT

This Uncertificated Securities Control Agreement dated as of _____, 2000 among _____ (the "Pledgor"), Lehman Commercial Paper Inc., as collateral agent for the Secured Parties, (the "Collateral Agent") and _____, a _____ corporation (the "Issuer"). Capitalized terms used but not defined herein shall have the meaning assigned in the Pledge and Security Agreement dated as of July __, 2000 among the Pledgor, the other Grantors party thereto and the Collateral Agent (the "Security Agreement"). All references herein to the "UCC" shall mean the Uniform Commercial Code as in effect in the State of New York.

Section 1. Registered Ownership of Shares. The Issuer hereby confirms and agrees that as of the date hereof the Pledgor is the registered owner of _____ shares of the Issuer's [common] stock (the "Pledged Shares") and the Issuer shall not change the registered owner of the Pledged Shares without the prior written consent of the Collateral Agent.

Section 2. Instructions. If at any time the Issuer shall receive instructions originated by the Collateral Agent relating to the Pledged Shares, the Issuer shall comply with such instructions without further consent by the Pledgor or any other person.

Section 3. Additional Representations and Warranties of the Issuer. The Issuer hereby represents and warrants to the Collateral Agent:

(a) It has not entered into, and until the termination of the this agreement will not enter into, any agreement with any other person relating the Pledged Shares pursuant to which it has agreed to comply with instructions issued by such other person; and

(b) It has not entered into, and until the termination of this agreement will not enter into, any agreement with the Pledgor or the Collateral Agent purporting to limit or condition the obligation of the Issuer to comply with Instructions as set forth in Section 2 hereof.

(c) Except for the claims and interest of the Collateral Agent and of the Pledgor in the Pledged Shares, the Issuer does not know of any claim to, or interest

electronic means and electronic confirmation of error free receipt is received or two (2) days after being sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed to the party at the address set forth below.

Pledgor: **[INSERT ADDRESS]**
 Attention:
 Telecopier:

Collateral Agent: **[INSERT ADDRESS]**
 Attention:
 Telecopier:

Issuer: **[INSERT ADDRESS]**
 Attention:
 Telecopier:

Any party may change its address for notices in the manner set forth above.

Section 10. Termination. The obligations of the Issuer to the Collateral Agent pursuant to this Control Agreement shall continue in effect until the security interests of the Collateral Agent in the Pledged Shares have been terminated pursuant to the terms of the Security Agreement and the Collateral Agent has notified the Issuer of such termination in writing. The Collateral Agent agrees to provide Notice of Termination in substantially the form of Exhibit A hereto to the Issuer upon the request of the Pledgor on or after the termination of the Collateral Agent's security interest in the Pledged Shares pursuant to the terms of the Security Agreement. The termination of this Control Agreement shall not terminate the Pledged Shares or alter the obligations of the Issuer to the Pledgor pursuant to any other agreement with respect to the Pledged Shares.

[Letterhead of Collateral Agent]

[Date]

[Name and Address of Issuer]

Attention: _____

Re: Termination of Control Agreement

You are hereby notified that the Uncertificated Securities Control Agreement between you, **[the Pledgor]** and the undersigned (a copy of which is attached) is terminated and you have no further obligations to the undersigned pursuant to such Agreement. Notwithstanding any previous instructions to you, you are hereby instructed to accept all future directions with respect to Pledged Shares (as defined in the Uncertificated Control Agreement) from **[the Pledgor]**. This notice terminates any obligations you may have to the undersigned with respect to the Pledged Shares, however nothing contained in this notice shall alter any obligations which you may otherwise owe to **[the Pledgor]** pursuant to any other agreement.

You are instructed to deliver a copy of this notice by facsimile transmission to **[insert name of Pledgor]**.

Very truly yours,

LEHMAN COMMERCIAL PAPER INC.
as Collateral Agent

By: _____

Name:

Title:

Section 2. "Financial Assets" Election. The Securities Intermediary hereby agrees that each item of property (including, without limitation, any investment property, financial asset, security, instrument, general intangible or cash) credited to the Securities Account shall be treated as a "financial asset" within the meaning of Section 8-102(a)(9) of the UCC.

Section 3. Control of the Securities Account. If at any time the Securities Intermediary shall receive any order from the Collateral Agent directing transfer or redemption of any financial asset relating to the Securities Account, the Securities Intermediary shall comply with such entitlement order without further consent by the Debtor or any other person. If the Debtor is otherwise entitled to issue entitlement orders and such orders conflict with any entitlement order issued by the Collateral Agent, the Securities Intermediary shall follow the orders issued by the Collateral Agent.

Section 4. Subordination of Lien; Waiver of Set-Off. In the event that the Securities Intermediary has or subsequently obtains by agreement, by operation of law or otherwise a security interest in the Securities Account or any security entitlement credited thereto, the Securities Intermediary hereby agrees that such security interest shall be subordinate to the security interest of the Collateral Agent. The financial assets and other items deposited to the Securities Account will not be subject to deduction, set-off, banker's lien, or any other right in favor of any person other than the Collateral Agent (except that the Securities Intermediary may set off (i) all amounts due to the Securities Intermediary in respect of customary fees and expenses for the routine maintenance and operation of the Securities Account and (ii) the face amount of any checks which have been credited to such Securities Account but are subsequently returned unpaid because of uncollected or insufficient funds).

Section 5. Choice of Law. This Agreement and the Securities Account shall each be governed by the laws of the State of New York. Regardless of any provision in any other agreement, for purposes of the UCC and Revised Article 9, New York shall be deemed to be the Securities Intermediary's jurisdiction (within the meaning of Section 8-110 of the UCC) and the Securities Account (as well as the securities entitlements related thereto) shall be governed by the laws of the State of New York.

Section 6. Conflict with Other Agreements.

(a) In the event of any conflict between this Agreement (or any portion thereof) and any other agreement now existing or hereafter entered into, the terms of this Agreement shall prevail;

(b) No amendment or modification of this Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by all of the parties hereto;

shall direct the Securities Intermediary with respect to the voting of any financial assets credited to the Securities Account.

(c) Permitted Investments. Until such time as the Securities Intermediary receives a Notice of Sole Control signed by the Collateral Agent, the Debtor shall direct the Securities Intermediary with respect to the selection of investments to be made for the Securities Account; provided, however, that the Securities Intermediary shall not honor any instruction to purchase any investments other than investments of a type describe on Exhibit B hereto.

(d) Statements and Confirmations. The Securities Intermediary will promptly send copies of all statements, confirmations and other correspondence concerning the Securities Account and/or any financial assets credited thereto simultaneously to each of the Debtor and the Collateral Agent at the address for each set forth in Section 12 of this Agreement.

(e) Tax Reporting. All items of income, gain, expense and loss recognized in the Securities Account shall be reported to the Internal Revenue Service and all state and local taxing authorities under the name and taxpayer identification number of the Debtor.

Section 9. Representations, Warranties and Covenants of the Securities Intermediary. The Securities Intermediary hereby makes the following representations, warranties and covenants:

(a) The Securities Account has been established as set forth in Section 1 above and such Securities Account will be maintained in the manner set forth herein until termination of this Agreement; and

(b) This Agreement is the valid and legally binding obligations of the Securities Intermediary.

Section 10. Indemnification of Securities Intermediary. The Debtor and the Collateral Agent hereby agree that (a) the Securities Intermediary is released from any and all liabilities to the Debtor and the Collateral Agent arising from the terms of this Agreement and the compliance of the Securities Intermediary with the terms hereof, except to the extent that such liabilities arise from the Securities Intermediary's negligence and (b) the Debtor, its successors and assigns shall at all times indemnify and save harmless the Securities Intermediary from and against any and all claims, actions and suits of others arising out of the terms of this Agreement or the compliance of the Securities Intermediary with the terms hereof, except to the extent that such arises from the Securities Intermediary's negligence, and from and against any and all liabilities,

Security Agreement. The termination of this Agreement shall not terminate the Securities Account or alter the obligations of the Securities Intermediary to the Debtor pursuant to any other agreement with respect to the Securities Account.

Section 14. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts.

EXHIBIT A
TO SECURITIES ACCOUNT CONTROL AGREEMENT

[Letterhead of Collateral Agent]

[Date]

[Name and Address of Financial Institution]

Attention:

Re: Notice of Sole Control

Ladies and Gentlemen:

As referenced in the Securities Account Control Agreement dated as of _____, 2000 among [NAME OF THE DEBTOR], you and the undersigned (a copy of which is attached), we hereby give you notice of our sole control over securities account number _____ (the "Securities Account") and all financial assets credited thereto. You are hereby instructed not to accept any direction, instructions or entitlement orders with respect to the Securities Account or the financial assets credited thereto from any person other than the undersigned, unless otherwise ordered by a court of competent jurisdiction.

You are instructed to deliver a copy of this notice by facsimile transmission to [NAME OF THE DEBTOR].

Very truly yours,

LEHMAN COMMERCIAL PAPER INC.,
as Collateral Agent

By: _____
Name:
Title:

cc: [NAME OF THE DEBTOR]

EXHIBIT C
TO SECURITIES ACCOUNT CONTROL AGREEMENT

[Letterhead of the Collateral Agent]

[Date]

[Name and Address of Financial Institution]

Attention:

Re: Termination of Securities Account Control Agreement

You are hereby notified that the Securities Account Control Agreement dated as of _____, 2000 among you, [NAME OF THE DEBTOR] and the undersigned (a copy of which is attached) is terminated and you have no further obligations to the undersigned pursuant to such Agreement. Notwithstanding any previous instructions to you, you are hereby instructed to accept all future directions with respect to account number(s) _____ from [NAME OF THE DEBTOR]. This notice terminates any obligations you may have to the undersigned with respect to such account, however nothing contained in this notice shall alter any obligations which you may otherwise owe to [NAME OF THE DEBTOR] pursuant to any other agreement.

You are instructed to deliver a copy of this notice by facsimile transmission to [NAME OF THE DEBTOR].

Very truly yours,

LEHMAN COMMERCIAL PAPER INC.
as Collateral Agent

By: _____
Name:
Title: