

# PATENT ASSIGNMENT

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT										
NATURE OF CONVEYANCE:	SECURITY AGREEMENT										
<b>CONVEYING PARTY DATA</b>											
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%; text-align: center; padding: 5px;">Name</td> <td style="width: 30%; text-align: center; padding: 5px;">Execution Date</td> </tr> <tr> <td style="padding: 5px;">Mathson Industries, Inc.</td> <td style="padding: 5px;">10/24/2003</td> </tr> </table>	Name	Execution Date	Mathson Industries, Inc.	10/24/2003							
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<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; padding: 5px;">Name:</td> <td style="padding: 5px;">Richard Mastromatteo</td> </tr> <tr> <td style="padding: 5px;">Street Address:</td> <td style="padding: 5px;">6 Nesting Way</td> </tr> <tr> <td style="padding: 5px;">City:</td> <td style="padding: 5px;">East Sandwich</td> </tr> <tr> <td style="padding: 5px;">State/Country:</td> <td style="padding: 5px;">MASSACHUSETTS</td> </tr> <tr> <td style="padding: 5px;">Postal Code:</td> <td style="padding: 5px;">02537</td> </tr> </table>	Name:	Richard Mastromatteo	Street Address:	6 Nesting Way	City:	East Sandwich	State/Country:	MASSACHUSETTS	Postal Code:	02537	
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<b>PROPERTY NUMBERS Total: 3</b>											
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Patent Number:	6592177										
<b>CORRESPONDENCE DATA</b>											
Fax Number: (617)261-7673 <i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i> Phone: 6172182000 Email: wrodgers@tbhr-law.com Correspondent Name: William R. Rodgers, Esq. Address Line 1: 101 Huntington Avenue Address Line 2: Suite 500 Address Line 4: Boston, MASSACHUSETTS 02199											
NAME OF SUBMITTER:	William R. Rodgers, Esq.										
Total Attachments: 5 source=Patent Sec Agt - Mathson Industries#page1.tif source=Patent Sec Agt - Mathson Industries#page2.tif											

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## PATENT SECURITY AGREEMENT

This Patent Security Agreement ("Agreement"), dated as of October 24, 2003 is entered into by Mathson Industries, Inc. a Michigan corporation with an address of 1845 Thunderbird Street, Troy Michigan 48084 ("Debtor") and delivered to Richard Mastromatteo, an individual with an address of 6 Nesting Way, East Sandwich, MA 02537 ("Secured Party").

### Background

A. This Agreement is being executed in connection with that certain Forbearance Agreement of even date herewith by and among Debtor, Secured Party and certain others ("Forbearance Agreement"). Capitalized terms used but not defined herein shall have the meanings given to such terms in the Forbearance Agreement.

B. As security for all of the obligations arising under the Notes and other Documents (as such terms are defined under the Forbearance Agreement) (the "Obligations"), Debtor is granting Secured Party a lien on and security interest in Debtor's Patent Collateral (as defined herein).

C. Debtor has adopted, used and/or is using (i) the Letters Patent and the inventions described and claimed therein set forth on Schedule A hereto (hereinafter referred to collectively as the "Patents"); (ii) the applications for Letters Patent and the inventions described and claimed therein set forth on Schedule A hereto and any Letters Patent which may be issued upon any of said applications (hereinafter referred to collectively as the "Applications"). In conjunction with the Patents and Applications, Debtor may use and/or adopt any reissues, extensions, divisions or continuations of the Patents or Applications (such reissues, extensions, divisions and continuations being herein referred to collectively as the "Reissued Patents"); and may be entitled to future royalties or other fees paid or payments made to Debtor in respect of the Patents (hereinafter referred to collectively as the "Royalties"), (the Patents, Applications, Reissued Patents and Royalties being herein referred to collectively as the "Patent Rights").

D. Pursuant to the Forbearance Agreement, Secured Party is acquiring a lien on and security interest in, among other things, the Patent Collateral (as defined herein) and the registration thereof, as security for all of the Obligations, and Secured Party desires to have its security interest in such Patent Collateral confirmed by a document identifying same and in such form that it may be recorded in the United States Patent and Trademark Office.

NOW THEREFORE, with the foregoing Background hereinafter deemed incorporated by reference and made a part hereof, and in consideration of the premises and mutual promises herein contained, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

1. In consideration of and pursuant to the terms of the Forbearance Agreement, and for other good, valuable and sufficient consideration, the receipt of which is hereby acknowledged, and to the Obligations, Debtor grants a lien and security interest to Secured Party in all of the Patent Rights and all proceeds thereof and all Debtor's right, title, interest, claims and demands that Debtor has or may have in profits and damages for past and future infringements of the Patent Rights (such rights, interest, claims and demand being herein called the "Claims") (the Patent Rights and Claims are collectively herein referred to as the "Patent Collateral").

2. Debtor hereby covenants and agrees to maintain the Patent Collateral in full force and effect (except to the extent any Patent Collateral expires by its terms) until all of the Obligations

are satisfied in full.

3. Debtor represents, warrants and covenants to Secured Party that: (a) Debtor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Patent Collateral as set forth on Schedule A; (b) the Patent Collateral is subsisting and has not been adjudged invalid or unenforceable; (c) to the best of Debtor's knowledge, all of the Patent Rights are registered, valid and enforceable; (d) all of the Patent Collateral is free and clear of any liens, charges and encumbrances including, without limitation, pledges, assignments, licenses (other than to Debtor and Secured Party hereunder); (e) Debtor has no notice of any suits or actions commenced or threatened against it, or notice of claims asserted or threatened against it, with reference to the Patent Collateral; (f) Debtor has the unqualified right, power and authority to enter into this Agreement and perform its terms; and (g) Debtor has used and will continue to use for the duration of this Agreement, consistent standards of quality in services or products leased or sold under the Patent Collateral and hereby grants to Secured Party and his agents and representatives the right (with no obligation of any kind upon Secured Party to do so) upon prior notice to visit Debtor's locations and to inspect the use of the Patent Collateral and quality control records relating thereto at reasonable times during regular business hours to ensure Debtor's compliance with this clause 3(g).

4. Debtor further covenants that: (a) until all of the Obligations have been satisfied in full, Debtor will not enter into any agreement, including, without limitation, license agreements or options, which are inconsistent with Debtor's obligations under this Agreement or any obligations under the Forbearance Agreement or which restrict or impair Secured Party's rights hereunder; and (b) if Debtor shall acquire or hold any new Patent Collateral that is not listed on Schedule A attached hereto ("Additional Patent Collateral"), then (i) the provisions of this Agreement shall be deemed to automatically apply thereto and such Additional Patent Collateral shall be deemed part of the Patent Collateral, (ii) Debtor shall give Secured Party prompt written notice thereof, and (iii) Debtor shall promptly deliver to Secured Party with respect to such Additional Patent Collateral, a Supplement to this Patent Security Agreement in the form requested by Lender to confirm the foregoing.

5. So long as this Agreement is in effect and so long as Debtor has not received notice from Secured Party that an event of default has occurred and is continuing under the Notes or the Documents (an "Event of Default") and that Secured Party has elected to exercise its rights hereunder (i) Debtor shall continue to have the exclusive right to use the Patent Collateral; and (ii) Secured Party shall have no right to use the Patent Collateral or issue any exclusive or non-exclusive license with respect thereto, or assign, pledge or otherwise transfer title in the Patent Collateral to anyone else.

6. Debtor agrees not to sell, license, grant any option, assign or further encumber its rights and interest in the Patent Collateral to any entity or person without the prior written consent of Secured Party. Proceeds from the sale of any patents or royalties derived from any patents shall be first applied to paying current and delinquent payroll and property taxes including any accrued interest or penalties associated with delinquent payments. The remainder of the proceeds will be distributed 50% to Richard Mastromatteo and 50% to Mathson Industries until the all interest and principal on all of the notes of the Secured Party are unconditionally paid in full and there is full and unconditional satisfaction of all of the Obligations to the Secured Party.

7. Anything herein contained to the contrary notwithstanding, if and while an Event of Default exists under any of the Documents, Debtor hereby covenants and agrees that Secured Party, as the holder of a security interest under the Uniform Commercial Code, as now or hereafter in effect in the State of Michigan, may take such action permitted thereunder or

hereunder, in its exclusive discretion, to foreclose upon the Patent Collateral covered hereby. For such purposes, and in the event of an Event of Default, Debtor hereby authorizes and empowers Secured Party to make, constitute and appoint any officer or agent of Secured Party as Secured Party may select, in its exclusive discretion, as Debtor's true and lawful attorney-in-fact, with the power to endorse Debtor's name on all applications, documents, papers and instruments necessary for Secured Party to use the Patent Collateral or to grant or issue any exclusive or non-exclusive license under the Patent Collateral to anyone else, or necessary for Secured Party to assign, pledge, convey or otherwise transfer title in or dispose of the Patent Collateral to anyone else. Debtor hereby ratifies all that such attorney or Secured Party shall lawfully do or cause to be done by virtue hereof, except for the gross negligence or willful misconduct of such attorney or Secured Party. This power of attorney shall be irrevocable for the life of this Agreement, the Forbearance Agreement and Notes, and until all of the Obligations are indefeasibly paid and satisfied in full.

8. This Agreement may not be modified without the written consent of the party against whom enforcement is being sought.

9. All rights and remedies herein granted to Secured Party shall be in addition to any rights and remedies granted to Secured Party under the Documents. .

10. Upon performance of all of the Obligations under the Forbearance Agreement and Notes and full and unconditional satisfaction of all of the Obligations, Secured Party shall execute and deliver to Debtor all documents reasonably necessary to terminate Secured Party's security interest in the Patent Collateral.

11. Any and all reasonable fees, costs and expenses, of whatever kind or nature, incurred by Secured Party in connection with defending or prosecuting any actions or proceedings arising out of or related to, or of enforcing, this Agreement, shall be borne and paid by Debtor on demand by Secured Party and until so paid shall be added to the principal amount of the Obligations.

12. Except to the extent that the Debtor reasonably determines such Patent Collateral is not material to its business, Debtor shall have the duty to prosecute diligently any application and/or registration with respect to the Patent Collateral pending as of the date of this Agreement or thereafter, until all of the Obligations shall have been satisfied in full, to prosecute, preserve and maintain all rights in the Patent Collateral. Debtor shall not abandon any Patent Collateral (other than Patent Collateral that the Debtor reasonably determines is not material to its business) without the prior written consent of the Secured Party, which consent shall not be unreasonably withheld.

13. Debtor shall have the right to bring suit in its own name to enforce the Patent Collateral, in which event Secured Party may, if Debtor reasonably deems it necessary, be joined as a nominal party to such suit if Secured Party shall have been satisfied, in its sole discretion, that it is not thereby incurring any risk of liability because of such joinder. Debtor shall promptly, upon demand, reimburse and indemnify Secured Party for all damages, costs and expenses, including reasonable attorneys' fees and costs, incurred by Secured Party in the fulfillment of the provisions of this paragraph.

14. Upon the occurrence and during the continuance of an Event of Default, Secured Party may, without any obligation to do so, complete any obligation of Debtor hereunder, in Debtor's name or in Secured Party's name, but at the expense of Debtor, and Debtor hereby agrees to reimburse Secured Party in full for all reasonable expenses, including, without limitation, all reasonable attorneys' fees incurred by Secured Party in

protecting, defending and maintaining the Patent Collateral.

15. No course of dealing between Debtor and Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of Secured Party, any right, power or privilege hereunder, shall operate as a waiver thereof, and all of Secured Party's rights and remedies with respect to the Patent Collateral, whether established hereby or by the Forbearance Agreement and/or Notes, or by any other future agreements between Debtor and Secured Party or by law, shall be cumulative and may be exercised singularly or concurrently.

16. The provisions of this Agreement are severable and the invalidity or unenforceability of any provision herein shall not affect the remaining provisions which shall continue unimpaired and in full force and effect.

17. This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties.

18. This Agreement shall be governed by and construed in conformity with the laws of the State of Michigan, without regard to its otherwise applicable principles of conflicts of laws.

19. DEBTOR HEREBY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO A JURY TRIAL ARISING IN CONNECTION WITH ANY PROCEEDING OR CONTROVERSY RELATING TO THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN DEBTOR AND SECURED PARTY.

IN WITNESS WHEREOF, the parties hereto have executed this Patent Security Agreement, the day and year first above written.

Mathson Industries, Inc.

By: Boney A. Mathew  
Name: Boney A. Mathew  
Title: President and Treasurer

Approved and Accepted:

Richard Mastromatteo

Richard Mastromatteo

CORPORATE ACKNOWLEDGMENT

UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF Oakland

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On this 24th day of January, 2003, before me personally appeared Boney A. Mathew, who being duly sworn, deposes and says that he is the President and Treasurer of Mathson Industries, Inc., the corporation described in the foregoing document, that he in such capacity as officer of said corporation is authorized to execute on behalf of the said corporation the foregoing document for the purposes contained therein, and that he is the person whose name and signature is subscribed to the foregoing document.

Catherine Wessels  
Notary Public

CATHERINE WESSELS

My Commission Expires Notary Public, Oakland County, MI  
My Commission Expires 05/17/07

# SCHEDULE A Patents

## PENDING PATENT APPLICATIONS

Patent	Application Number	Filing Date	Country
Exhaust Manifold and method of making the same	20030091455	05/15/03	USA

## REGISTERED PATENTS

Patent	Registration Number	Registration Date	Country
Fuel filter housing	6,589,420	07/08/03	USA
Vehicle body assembly	6,592,177	07/15/03	USA