



04-28-2000



04-10-2000

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U.S. Patent & TMOfr/TM Mail Ropt Dt. #26

### RECORDATION FORM COVER SHEET TRADEMARKS ONLY

4.1D.00

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

#### Submission Type

- New
- Resubmission (Non-Recordation)  
Document ID #
- Correction of PTO Error  
Reel #  Frame #
- Corrective Document  
Reel #  Frame #

#### Conveyance Type

- Assignment
- Security Agreement
- Merger
- Change of Name
- Other
- License
- Non-Proc Assignm

TRADEMARK RECEIVED  
 2000 APR 10 P 3:49  
 U.S. PATENT & TRADEMARK OFFICE

Execution Date  
 Month Day Year  
 03/30/2000

#### Conveying Party

Mark if additional names of conveying parties attached

Name

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)

City State/Country Zip Code

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association

Other

Citizenship/State of Incorporation/Organization

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.)

#### FOR OFFICE USE ONLY

04/28/2000 DCDATES 00000086 2040277

01 FC:481  
02 FC:482

40.00 OP  
 250.00 OP

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

202-457-0160

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)		
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2,040,277"/>	<input type="text" value="1,312,070"/>	<input type="text" value="1,810,465"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2,122,792"/>	<input type="text" value="1,312,071"/>	<input type="text" value="1,848,077"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1,008,785"/>	<input type="text" value="1,681,587"/>	<input type="text" value="2,032,087"/>

**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.

Marc A. Bergsman  
Name of Person Signing

  
Signature

APRIL 5, 2000  
Date Signed

**RECORDATION FORM COVER SHEET  
CONTINUATION  
TRADEMARKS ONLY**

FORM PTO-1618C  
Expires 06/30/99  
OMB 0651-0027

U.S. Department of Commerce  
Patent and Trademark Office  
**TRADEMARK**

**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/AKATA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

Individual  General Partnership  Limited Partnership

Corporation  Association

Other

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**Registration Number(s)**

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## SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of March 30, 2000 (this "Security Agreement"), is made by HASTINGS MANUFACTURING COMPANY, a Michigan corporation (the "Company"), in favor of BANK ONE, MICHIGAN, a Michigan banking corporation, formerly known as NBD Bank (the "Bank") now or hereafter parties to the Letter Agreement described below.

### RECITALS

A. The Company has entered into an Amended and Restated Letter Agreement dated as of August 28, 1998, as amended by the First Amendment to Amended and Restated Letter Agreement dated as of November 11, 1999 and as further amended by the Second Amendment to Amended and Restated Letter Agreement dated of even date herewith (as further amended or modified from time to time, including any agreement entered into in substitution therefor, the "Letter Agreement") with the Bank, pursuant to which the Bank may make Advances (as therein defined) to the Company.

B. Under the terms of the Letter Agreement, the Company has agreed to grant to the Bank a first-priority security interest, subject only to security interests expressly permitted by the Letter Agreement, in and to the Collateral hereinafter described to secure its obligations to the Bank, including those arising under the Letter Agreement.

### AGREEMENT

To secure (a) the prompt and complete payment of all indebtedness and other obligations of the Company or any Subsidiary now or hereafter owing to the Bank under or on account of the Letter Agreement, the Notes, any Security Document, any Letter of Credit Documents or any letters of credit, notes or other instruments issued to the Bank pursuant thereto, (b) the performance of the covenants under the Letter Agreement and the Security Documents and any monies expended by the Bank in connection therewith, (c) the prompt and complete payment of any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of the Company to the Bank arising under or in connection with Rate Management Transactions, and (d) any and all other indebtedness, obligations and liabilities of any kind of the Company to the Bank, now or hereafter existing, direct or indirect (including without limitation any participation interest acquired by the Bank in any such indebtedness, obligations or liabilities of the Company to any other person), absolute or contingent, joint and/or several, secured or unsecured, arising by operation of law or otherwise, and whether incurred by the Company as principal, surety, endorser, guarantor, accommodation party or otherwise (including any interest accruing subsequent to any petition filed by or against the Company or any Subsidiary under the U.S. Bankruptcy Code, whether or not allowed), indemnity and reimbursement obligations, charges,

expenses, fees, reasonable attorneys' fees and disbursements and any other amounts owing under the Letter of Credit Documents, including, without limitation, all renewals, extensions, refinancings, refundings, amendments and modifications of any of the obligations described in clauses (a) through (d) above (all of the aforesaid indebtedness, obligations and liabilities of the Company and its Subsidiaries being herein called the "Secured Obligations", and all of the documents, agreements and instruments among the Company, the Subsidiaries, the Bank, or any of them, evidencing or securing the repayment of, or otherwise pertaining to, the Secured Obligations including without limitation the Letter Agreement, the Notes and the Security Documents, being herein collectively called the "Operative Documents"), for value received and pursuant to the Letter Agreement, the Company hereby grants, assigns and transfers to the Bank a first-priority security interest, subject only to Permitted Liens, in and to the following described property whether now owned or existing or hereafter acquired or arising and wherever located (all of which is herein collectively called the "Collateral"):

(a) All of the Company's present and future accounts, documents, instruments, general intangibles and chattel paper, including, but without limitation, all accounts receivable, all contract rights, all deposit accounts and all monies and claims for money due or to become due to the Company, all security therefor held or granted to the Company, and all assets described in clause (d) below;

(b) All of the Company's furniture, fixtures, machinery and equipment, whether now owned or hereafter acquired, and wherever located, and whether used by the Company or any other person, or leased by the Company to any person and whether the interest of the Company is as owner, lessee or otherwise;

(c) All of the Company's present and future inventory of every type, wherever located, including but not limited to raw materials, work in process, finished goods and all inventory that is available for leasing or leased to others by the Company;

(d) All other present and future assets of the Company (whether tangible or intangible), including but not limited to all trademarks, tradenames, service marks, patents, industrial designs, masks, trade names, trade secrets, copyrights, franchises, customer lists, service marks, computer programs, software, tax refund claims, licenses and permits, and the goodwill associated therewith and all federal, state, foreign and other applications and registrations therefor, all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof now or hereafter in effect, all income, license royalties, damages and payments now and hereafter due or payable under and with respect thereto, including, without limitation, any damages, proceeds or payments for past or future infringements thereof and all income, royalties, damages and payments under all licenses thereof, the right to sue for past, present and future infringements thereof, all right, title and interest of the Company as licensor under any of the foregoing whether now owned and existing or hereafter arising, and all other rights and other interests corresponding thereto throughout the world (all of the assets described in this clause (d) collectively referred to as the "Intellectual Property");

(e) All books, records, files, correspondence, computer programs, tapes, disks, cards, accounting information and other data of the Company related in any way to the Collateral

SECURITY AGREEMENT

described in clauses (a), (b), (c) and (d) above, including but not limited to any of the foregoing necessary to administer, sell or dispose of any of the Collateral;

(f) All substitutions and replacements for, and all additions and accessions to, any and all of the foregoing; and

(g) All products and all proceeds of any and all of the foregoing, and, to the extent not otherwise included, all payments under insurance (whether or not the Bank is the loss payee thereof), and any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing.

1. Representations, Warranties, Covenants and Agreements. The Company further represents, warrants, covenants, and agrees with the Bank as follows:

(a) Ownership of Collateral; Security Interest Priority. At the time any Collateral becomes subject to a security interest of the Bank hereunder, unless the Bank shall otherwise consent, the Company shall be deemed to have represented and warranted that (i) the Company is the lawful owner of such Collateral and has the right and authority to subject the same to the security interest of the Bank; (ii) other than Permitted Liens, none of the Collateral is subject to any Lien other than that in favor of the Bank and there is no effective financing statement or other filing covering any of the Collateral on file in any public office, other than in favor of the Bank. This Security Agreement creates in favor of the Bank a valid first-priority security interest, subject only to Permitted Liens, in the Collateral enforceable against the Company and all third parties and securing the payment of the Secured Obligations. All financing statements necessary to perfect such security interest in the Collateral have been delivered by the Company to the Bank for filing.

(b) Location of Offices, Records and Facilities. The Company's chief executive office and chief place of business and the office where the Company keeps its records concerning its accounts, contract rights, chattel papers, instruments, general intangibles and other obligations arising out of or in connection with the sale or lease of goods or the rendering of services or otherwise ("Receivables"), and all originals of all leases and other chattel paper which evidence Receivables, are at the location listed in Schedule 1(b) hereto. The Company will provide the Bank with prior written notice of any proposed change in the location of its chief executive office and will not change the location of its chief executive office without the prior written consent of the Bank. The Company's only other offices and facilities are at the locations set forth in Schedule 1(b) hereto. The Company will provide the Bank with prior written notice of any change in the locations of its other offices and facilities. The name of the Company and the tax identification number of the Company are set forth on Schedule 1(b). The Company operates under no other names. The Company shall not change its name without the prior written consent of the Bank.

(c) Location of Inventory, Fixtures, Machinery and Equipment. (i) All Collateral consisting of inventory is, and will be, located at the locations listed on Schedule 1(c)(i) hereto, and at no other locations without the prior written consent of the Bank. (ii) All Collateral consisting of fixtures, machinery or equipment, is, and will be, located at the locations

SECURITY AGREEMENT

listed on Schedule 1(c)(ii) hereto, and at no other locations without the prior written consent of the Bank. If the Collateral described in clauses (i) or (ii) is kept at leased locations or warehoused, the Company has obtained appropriate landlord's lien waivers or appropriate warehousemen's notices have been sent, each satisfactory to the Bank, unless waived by the Bank.

(d) Liens, Etc. The Company will keep the Collateral free at all times from any and all liens, security interests or encumbrances other than those described in paragraph 1(a)(ii) and those consented to in writing by the Bank. The Company will not, without the prior written consent of the Bank, sell, lease, license, transfer, assign or otherwise dispose, or permit or suffer to be sold, leased, licensed, transferred, assigned or otherwise disposed, any of the Collateral, except for, prior to an event of default only (notwithstanding any other agreement), as permitted in accordance with the terms of the Letter Agreement. The Bank or its attorneys may at any and all reasonable times inspect the Collateral and for such purpose may enter upon any and all premises where the Collateral is or might be kept or located.

(e) Insurance. The Company shall keep the tangible Collateral insured at all times against loss by theft, fire and other casualties. Said insurance shall be issued by a company satisfactory to the Bank and shall be in amounts sufficient to protect the Bank against any and all loss or damage to the Collateral. The policy or policies which evidence said insurance shall be delivered to the Bank upon request, shall contain a lender loss payable clause in favor of the Bank, shall name the Bank as an additional insured, as its interest may appear, shall not permit amendment, cancellation or termination without giving the Bank at least 30 days' prior written notice thereof, and shall otherwise be in form and substance satisfactory to the Bank. Reimbursement under any liability insurance maintained by the Company pursuant to this paragraph 1(e) may be paid directly to the person who shall have incurred liability covered by such insurance. In case of any loss involving loss to tangible Collateral when the next succeeding sentence is not applicable, the Company shall make or cause to be made the necessary repairs to or replacements of such tangible Collateral and any proceeds of insurance maintained by the Company pursuant to this paragraph 1(e) shall be paid to the Company as reimbursement for the costs of such repairs or replacements. Upon the occurrence and during the continuance of an event of default or the actual or constructive total loss of any tangible Collateral, all insurance payments in respect of such tangible Collateral shall be paid to and, if elected by the Bank, applied to the Secured Obligations.

(f) Taxes, Etc. The Company will pay promptly, and within the time that they can be paid without interest or penalty, any taxes, assessments and similar imposts and charges, not being contested in good faith, which are now or hereafter may become a Lien upon any of the Collateral. If the Company fails to pay any such taxes, assessments or other imposts or charges in accordance with this paragraph, the Bank shall have the option to do so and the Company agrees to repay forthwith all amounts so expended by the Bank with interest at the Overdue Rate.

(g) Further Assurances. The Company will do all acts and things and will execute all financing statements and writings reasonably requested by the Bank to establish, maintain and continue a perfected and valid security interest of the Bank in the Collateral, and

#### SECURITY AGREEMENT

will promptly on demand pay all reasonable costs and expenses of filing and recording all instruments, including the costs of any searches deemed necessary by the Bank, to establish and determine the validity and the priority of the Bank's security interests. A carbon, photographic or other reproduction of this Security Agreement or any financing statement covering the Collateral shall be sufficient as a financing statement.

(h) List of Patents, Copyrights, Mask Works and Trademarks. Attached hereto as Schedule 1(h)(i) is a list of all patents and patent applications owned by the Company. Attached hereto as Schedule 1(h)(ii) is a list of all registered copyrights and all mask works and applications therefor owned by the Company. Attached hereto as Schedule 1(h)(iii) is a list of all trademarks and service marks owned by the Company. If the Company at any time owns any additional patents, copyrights, mask works, trademarks or any applications therefor not listed on such schedules, the Company shall give the Bank prompt written notice thereof and hereby authorizes the Bank to modify this Agreement by amending Schedules 1(h)(i), 1(h)(ii) and 1(h)(iii) to include all future patents, copyrights, mask works, trademarks and applications therefor and agrees to execute all further instruments and agreements, if any, requested by the Bank to evidence the Bank's interest therein.

(i) Maintenance of Tangible Collateral. The Company will cause the tangible Collateral to be maintained and preserved in the same condition, repair and working order as when new, ordinary wear and tear excepted, and in accordance with any manufacturer's manual, and shall forthwith, or, in the case of any loss or damage to any of the tangible Collateral as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements, and other improvements which are necessary or desirable to such end. The Company shall promptly furnish to the Bank a statement respecting any loss or damage to any of the tangible Collateral.

(j) Special Rights Regarding Receivables. The Bank or any of its agents may, at any time and from time to time in its sole discretion and irrespective of the existence of any event of default under this Security Agreement, verify, directly with each person (collectively, the "Obligors") which owes any Receivables to the Company, the Receivables in any manner. The Bank or any of its agents may, at any time from time to time in its sole discretion, notify the Obligors of the security interest of the Bank in the Collateral and/or direct such account debtors that all payments in connection with such obligations and the Collateral be made directly to the Bank in the Bank's name. If the Bank or any of its agents shall collect such obligations directly from the Obligors, the Bank or any of its agents shall have the right to resolve any disputes relating to returned goods directly with the Obligors in such manner and on such terms as the Bank or any of its agents shall deem appropriate. The Company directs and authorizes any and all of its present and future account debtors to comply with requests for information from the Bank, the Bank's designees and agents and/or auditors, relating to any and all business transactions between the Company and the Obligors. The Company further directs and authorizes all of its Obligors upon receiving a notice or request sent by the Bank or the Bank's agents or designees to pay directly to the Bank any and all sums of money or proceeds now or hereafter owing by the Obligors to the Company, and any such payment shall act as a discharge of any debt of such Obligor to the Company in the same manner as if such payment

SECURITY AGREEMENT



had been made directly to the Company. The Company agrees to take any and all action as the Bank may reasonably request to assist the Bank in exercising the rights described in this Section.

(k) Maintenance of Intellectual Property and Other Intangible Collateral. The Company shall preserve and maintain all rights of the Company and the Bank in all Intellectual Property and all other intangible Collateral, including without limitation the payment of all maintenance fees, filing fees and the taking of all appropriate action at the Company's expense to halt the infringement of any of the Intellectual Property or other intangible Collateral.

2. Events of Default. The occurrence of any Event of Default under the Letter Agreement shall be deemed an event of default under this Security Agreement.

3. Remedies. Upon the occurrence of any event of default under this Security Agreement, the Bank shall have and may exercise any one or more of the rights and remedies provided to it under this Security Agreement or any of the other Operative Documents or provided by law, including but not limited to all of the rights and remedies of a secured party under the Uniform Commercial Code, and the Company hereby agrees to assemble the Collateral and make it available to the Bank at a place to be designated by the Bank which is reasonably convenient to both parties, authorizes the Bank to take possession of the Collateral with or without demand and with or without process of law and to sell and dispose of the same at public or private sale and to apply the proceeds of such sale to the costs and expenses thereof (including reasonable attorneys' fees and disbursements, incurred by the Bank) and then to the payment and satisfaction of the Secured Obligations. Any requirement of reasonable notice shall be met if the Bank sends such notice to the Company, by registered or certified mail, at least 5 days prior to the date of sale, disposition or other event giving rise to a required notice. The Bank may be the purchaser at any such sale. The Company expressly authorizes such sale or sales of the Collateral in advance of and to the exclusion of any sale or sales of or other realization upon any other collateral securing the Secured Obligations. The Bank shall have no obligation to preserve rights against prior parties. The Company hereby waives as to the Bank any right of subrogation or marshaling of such Collateral and any other collateral for the Secured Obligations. To this end, the Company hereby expressly agrees that any such collateral or other security of the Company or any other party which the Bank may hold, or which may come to its possession, may be dealt with in all respects and particulars as though this Security Agreement were not in existence. The parties hereto further agree that public sale of the Collateral by auction conducted in any county in which any Collateral is located or in which the Bank or the Company does business after advertisement of the time and place thereof shall, among other manners of public and private sale, be deemed to be a commercially reasonable disposition of the Collateral. The Company shall be liable for any deficiency remaining after disposition of the Collateral.

4. Special Remedies Concerning Certain Collateral.

(a) Upon the occurrence of any event of default, the Company shall, if requested to do so in writing, and to the extent so requested (i) promptly collect and enforce payment of all amounts due the Company on account of, in payment of, or in connection with, any of the Collateral, (ii) hold all payments in the form received by the Company as trustee for the Bank, without commingling with any funds belonging to the Company, and (iii) forthwith

SECURITY AGREEMENT

deliver all such payments to the Bank with endorsement to the Bank's order of any checks or similar instruments.

(b) Upon the occurrence of any event of default, the Company shall, if requested to do so, and to the extent so requested, notify all Obligors and other persons with obligations to the Company on account of or in connection with any of the Collateral of the security interest of the Bank in the Collateral and direct such account debtors and other persons that all payments in connection with such obligations and the Collateral be made directly to the Bank. The Bank itself may, upon the occurrence of an event of default, so notify and direct any such account debtor or other person that such payments are to be made directly to the Bank.

(c) Upon the occurrence of any event of default, for purposes of assisting the Bank in exercising its rights and remedies provided to it under this Security Agreement, the Company (i) hereby irrevocably constitutes and appoints the Bank its true and lawful attorney, for and in the Company's name, place and stead, to collect, demand, receive, sue for, compromise, and give good and sufficient releases for, any monies due or to become due on account of, in payment of, or in connection with the Collateral, (ii) hereby irrevocably authorizes the Bank to endorse the name of the Company, upon any checks, drafts, or similar items which are received in payment of, or in connection with, any of the Collateral, and to do all things necessary in order to reduce the same to money, (iii) with respect to any Collateral, hereby irrevocably assents to all extensions or postponements of the time of payment thereof or any other indulgence in connection therewith, to each substitution, exchange or release of Collateral, to the addition or release of any party primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromise or adjustment (including adjustment of insurance payments) thereof, all in such manner and at such time or times as the Bank shall deem advisable and (iv) hereby irrevocably authorizes the Bank to notify the post office authorities to change the address for delivery of the Company's mail to an address designated by the Bank, and the Bank may receive, open and dispose of all mail addressed to the Company. Notwithstanding any other provisions of this Security Agreement, it is expressly understood and agreed that the Bank shall have no duty, and shall not be obligated in any manner, to make any demand or to make any inquiry as to the nature or sufficiency of any payments received by it or to present or file any claim or take any other action to collect or enforce the payment of any amounts due or to become due on account of or in connection with any of the Collateral.

5. Remedies Cumulative. No right or remedy conferred upon or reserved to the Bank under any Operative Document is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative in addition to every other right or remedy given hereunder or now or hereafter existing under any applicable law. Every right and remedy of the Bank under any Operative Document or under applicable law may be exercised from time to time and as often as may be deemed expedient by the Bank. To the extent that it lawfully may, the Company agrees that it will not at any time insist upon, plead, or in any manner whatever claim or take any benefit or advantage of any applicable present or future stay, extension or moratorium law, which may affect observance or performance of any provisions of any Operative Document; nor will it claim, take or insist upon any benefit or advantage of any present or future law providing for the valuation or appraisal of any security for its obligations under any Operative Document prior to any sale or sales thereof which may be made under or by

SECURITY AGREEMENT

virtue of any instrument governing the same; nor will the Company, after any such sale or sales, claim or exercise any right, under any applicable law to redeem any portion of such security so sold.

6. Conduct No Waiver. No waiver of default shall be effective unless in writing executed by the Bank and waiver of any default or forbearance on the part of the Bank in enforcing any of its rights under this Security Agreement shall not operate as a waiver of any other default or of the same default on a future occasion or of such right.

7. Governing Law; Consent to Jurisdiction; Definitions. This Security Agreement is a contract made under, and shall be governed by and construed in accordance with, the law of the State of Michigan applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State. The Company agrees that any legal action or proceeding with respect to this Security Agreement or the transactions contemplated hereby may be brought in any court of the State of Michigan, or in any court of the United States of America sitting in Michigan, and the Company hereby submits to and accepts generally and unconditionally the jurisdiction of those courts with respect to its person and property, and irrevocably appoints the chief financial officer of the Company, at the Company's address set forth in the Letter Agreement, as its agent for service of process and irrevocably consents to the service of process in connection with any such action or proceeding by personal delivery to such agent or to the Company or by the mailing thereof by registered or certified mail, postage prepaid to the Company at its address set forth in the Letter Agreement. Nothing in this paragraph shall affect the right of the Bank to serve process in any other manner permitted by law or limit the right of the Bank to bring any such action or proceeding against the Company or its property in the courts of any other jurisdiction. The Company hereby irrevocably waives any objection to the laying of venue of any such suit or proceeding in the above described courts. Terms used but not defined herein shall have the respective meanings ascribed thereto in the Letter Agreement. Unless otherwise defined herein or in the Letter Agreement, terms used in Article 9 of the Uniform Commercial Code in the State of Michigan are used herein as therein defined on the date hereof. The headings of the various subdivisions hereof are for convenience of reference only and shall in no way modify any of the terms or provisions hereof.

8. Notices. All notices, demands, requests, consents and other communications hereunder shall be delivered in the manner described in the Letter Agreement.

9. Rights Not Construed as Duties. The Bank neither assumes nor shall it have any duty of performance or other responsibility under any contracts in which the Bank has or obtains a security interest hereunder. If the Company fails to perform any agreement contained herein, the Bank may but is in no way obligated to itself perform, or cause performance of, such agreement, and the reasonable expenses of the Bank incurred in connection therewith shall be payable by the Company under paragraph 12. The powers conferred on the Bank hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and accounting for monies actually received by it hereunder, the Bank 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.

SECURITY AGREEMENT

10. Amendments. None of the terms and provisions of this Security Agreement may be modified or amended in any way except by an instrument in writing executed by each of the parties hereto.

11. Severability. If any one or more provisions of this Security Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected, impaired or prejudiced thereby.

12. Expenses.

(a) The Company agrees to indemnify the Bank from and against any and all claims, losses and liabilities growing out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement), except claims, losses or liabilities resulting from the Bank's gross negligence or willful misconduct.

(b) The Company will, upon demand, pay to the Bank an amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any experts and agents, which the Bank may incur in connection with (i) the administration of this Security Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Bank hereunder or under the Operative Documents, or (iv) the failure of the Company to perform or observe any of the provisions hereof.


13. Successors and Assigns; Termination. This Security Agreement shall create a continuing security interest in the Collateral and shall be binding upon the Company, its successors and assigns, and shall inure, together with the rights and remedies of the Bank hereunder, to the benefit of the Bank and its successors, transferees and assigns. Upon the payment in full in immediately available funds of all of the Secured Obligations, the termination of all commitments to lend under the Operative Documents and the termination or expiration of all letters of credit issued thereunder, the security interest granted hereunder shall terminate and all rights to the Collateral shall revert to the Company.

14. Waiver of Jury Trial. The Bank, in accepting this Security Agreement, and the Company, after consulting or having had the opportunity to consult with counsel, knowingly, voluntarily and intentionally waive any right either of them may have to a trial by jury in any litigation based upon or arising out of this Security Agreement or any related instrument or agreement or any of the transactions contemplated by this Security Agreement or any course of conduct, dealing, statements (whether oral or written) or actions of either of them. Neither the Bank nor the Company shall seek to consolidate, by counterclaim or otherwise, any such action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived. These provisions shall not be deemed to have been modified in any respect or relinquished by either the Bank or the Company except by a written instrument executed by both of them.

SECURITY AGREEMENT

IN WITNESS WHEREOF, the Company has caused this Security Agreement to be duly executed as of the day and year first set forth above.

HASTINGS MANUFACTURING COMPANY

By:   
Its: VICE PRESIDENT - FINANCE

*Accepted and Agreed:*

BANK ONE, MICHIGAN

By: \_\_\_\_\_

Its: \_\_\_\_\_

DETROIT 7-2696 508040

SECURITY AGREEMENT

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TRADEMARK  
REEL: 002061 FRAME: 0491

IN WITNESS WHEREOF, the Company has caused this Security Agreement to be duly executed as of the day and year first set forth above.

HASTINGS MANUFACTURING COMPANY

By: \_\_\_\_\_

Its: \_\_\_\_\_

*Accepted and Agreed:*

BANK ONE, MICHIGAN

By: Thomas A. Somers

Its: MANAGING DIRECTOR

DETROIT 7-2696 508040

SECURITY AGREEMENT

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TRADEMARK  
REEL: 002061 FRAME: 0492

SCHEDULE 1(b) TO SECURITY AGREEMENT

List of Other Office and Facility Locations

<u>Type of Office of Facility</u>	<u>Address</u>	<u>City</u>	<u>County</u>	<u>State</u>
Address to which the Company's customers and account debtors submit payments on account	325 N. Hanover St.	Hastings	Barry	Michigan
Address to which the Company's customers and account debtors submit payments on account	P.O. Box 77723	Detroit	Wayne	Michigan

List of Name, Chief Executive Office and Tax ID Number

<u>Company</u>	<u>Chief Executive Office Address</u>	<u>Tax ID#</u>
Hastings Manufacturing Company	325 N. Hanover St., Hastings, MI Barry County, MI	38-0633740

SECURITY AGREEMENT

SCHEDULE 1(c)(i) TO SECURITY AGREEMENT

List of Inventory Locations

<u>Address</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>If Leased or Warehoused, Name and Address of Lessor/Warehouseman</u>
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325 N. Hanover St.

Hastings

Barry

Michigan

N/A

See attached list

SECURITY AGREEMENT

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TRADEMARK  
REEL: 002061 FRAME: 0494



March, 2000

- 10 H.M.C.%M.D.C.of HOUSTON  
2098 TAYLOR STREET  
HOUSTON, TX 77007
- 11 H.M.C.%BENNY PARSONS SALES  
1418 AMERON DRIVE  
CHARLOTTE, NC 28206
- 12 H.M.C. % MELLING TOOL  
3041 OWEN DRIVE  
ANTIOCH, TN 37013
- 13 H.M.C.% PRIME AUTOM. WHSE.  
EAST 9708 MONTGOMERY, SUITE B  
SPOKANE, WA 99201
- 14 H.M.C.% QUALITY PTS SERV.  
1020 S.E. MARKET STREET  
PORTLAND, OR 97214
- 15 H.M.C. % ZIPCO  
2217 RIVERFRONT RD  
KANSAS CITY, MO 64120
- 17 H.M.C.% ENGINE PARTS WHSE.  
1003 McKINLEY AVENUE, S.W.  
CANTON, OH 44707
- 20 H.M.C. % FACTORY PARTZ  
2771 W. WASHINGTON  
BELLWOOD, IL 60104
- 21 H.M.C.%FERNWOOD AUTO PTS  
289 FERNWOOD AVE.  
ROCHESTER, NY 14609
- 22 H.M.C. % ENG. PTS WHSE.  
710 GREAT SOUTHWEST PKWY  
ATLANTA, GA 30336
- 24 H.M.C.% AUTOM.PROD.DIST.CNTR.  
60 DICKERSON ST.  
NEWARK, NJ 07103
- 25 H.M.C.% RIGNEY AUTO PTS.  
1402 AVENUE J  
LUBBOCK, TX 79401
- 27 H.M.C.%COMM. DIST. CNTR.  
23431 CABOT BOULEVARD  
HAYWARD, CA 94545
- 28 H.M.C. % ENG. REBUILD. WHSE.  
3901 S.W. 47TH AVE. SUITE 413  
FT LAUDERDALE, FL 33314
- 30 H.M.C. % R.T.X CORPORATION  
7575 70TH STREET  
MIAMI, FL 33166
- 31 H.M.C. % A-1 AUTO PTS WHSE INC  
120 SOUTH PIEDRAS  
EL PASO, TX 79905
- 32 H.M.C. % AUTOM PROD  
25 NORTH PINE STREET  
INDIANAPOLIS, IN 46202
- 33 H.M.C. % RAYS WAREHOUSING  
107 LONE STAR BLVD.  
SAN ANTONIO, TX 78283
- 35 H.M.C. % COMM. AUTO WH.  
1440 GROVE STREET  
DENVER, CO 80204
- 36 H.M.C.%MID-EAST DIST.CNTR.  
7301 GLOBAL DRIVE  
LOUISVILLE, KY 40258

- 37 H.M.C. %TUCK ENTERPRISES INC.  
906 JOHN RANDOLPH BLVD.  
SOUTH BOSTON, VA 24592
- 38 H.M.C. % ENG.COMPONENT P.W.  
3250 SOUTH 76TH STREET  
PHILADELPHIA, PA 19153
- 39 H.M.C.% ENGINE PTS WHSE  
74 NORTH CENTRAL DRIVE  
O'FALLON, MO 63366
- 40 H.M.C. % S M P  
301 WEST 30TH STREET  
NATIONAL CITY, CA 91950
- 41 H.M.C. % M.D.C.  
8700 AMBASSADOR ROW  
DALLAS, TX 75247
- 42 H.M.C.% PER WHSE.  
2260 BOXWOOD ST.  
SACRAMENTO, CA 95813
- 43 H.M.C. % H & M PTS WHS.  
1201 WEST MOREHEAD STREET  
CHARLOTTE, NC 28208
- 44 H.M.C.% QUALITY PTS SERV  
2502 S. "C" STREET  
TACOMA, WA 98402
- 45 HAST. MFG. CO. % MELLING  
2712 N. 58TH. STREET  
TAMPA, FL 33619
- 46 HAST.MFG. CO. % ENGINE REB. SUP  
1525 HARRISBURG PIKE  
COLUMBUS, OH 43223
- 48 H.M.C.%INDUST ENG & SUP  
6601 KELLY STREET  
PITTSBURGH, PA 15206
- 49 H.M.C. % DON GROSS  
1951 E. 48TH STREET  
VERNON, CA 90011
- 50 H.M.C.%STERLING AUTOM PTS  
45 MALL DRIVE UNIT 5  
COMMACK, NY 11725
- 51 H.M.C.%HARD PARTS WHSE.INC.  
3208 S. SHIELDS  
CHICAGO, IL 60616
- 52 H.M.C. %RPM ASSOC. INC.  
2231 NORTH 23RD DRIVE  
PHOENIX, AZ 85009
- 53 H.M.C.%G & C ENGINE PARTS  
1846 SOUTH LEWIS STREET  
ANAHEIM, CA 92825
- 54 H.M.C. % ZIPCO  
320 BRYANT AVE. NORTH  
MINNEAPOLIS, MN 55405
- 55 H.M.C. % MICHIGAN ENGINE PRO  
13090 FAIRLANE  
LIVONIA, MI 48150

SCHEDULE (1)(c)(ii) TO SECURITY  
AGREEMENT

List of Fixtures, Machinery and Equipment Locations

<u>Address</u>	<u>City</u>	<u>State</u>	<u>County</u>	Legal Description, Record Owner and Tax Parcel No. (if fixtures are at this <u>location</u> )
325 N. Hanover St.	Hastings	Michigan	Barry	08-55-001-001-00

Legal Description:

Original plat and part NE ¼ sec 17 lots 1 thru 6 and the S 4 rds of lots 7 and 8, and lots 110 thru 125 ex S 91.5 ft lot 118, and lots 207 thru 211 and that part lots 212 & 213 lying NW'ly of a line desc as beg at a point 28.1 ft E SW cor lot 212 TH N 43 deg E 174.82 ft to W line lot 214 TH N 4.52 ft to point of ending

SECURITY AGREEMENT

SCHEDULE 1(h)(i) TO SECURITY AGREEMENT

Patents and Applications

<u>Patent Name</u>	<u>Issued Patent Number</u>	<u>Grant Date</u>	<u>Country</u>
Piston and Oil Control Ring Therefor	4,585,237	04/29/86	United States
Three-Piece Oil Control Ring Assembly	5,195,758	03/23/93	United States
Three-Piece Oil Control Ring Assembly	EP0543515	12/18/96	France
Three-Piece Oil Control Ring Assembly	EP0543515	12/18/96	Great Britain
Three-Piece Oil Control Ring Assembly	P69216056.6-08	12/18/96	Germany
Three-Piece Oil Control Ring Assembly	EP0543515	12/18/96	Italy
Three-Piece Oil Control Ring Assembly	543,515	12/18/96	Spain

SECURITY AGREEMENT

Copyrights, Maskworks and Applications

None.

SCHEDULE 1(h)(iii) TO SECURITY AGREEMENT

Trademarks, Service Marks and Applications

UNITED STATES TRADEMARKS

<u>Mark</u>	<u>Federal Registration Number</u>	<u>Renewal Date</u>
Hastings	2,040,277	02/25/07
Hastings	2,122,792	12/23/07
Hastings + Arrow Design	1,008,785	04/15/05
Flex-Vent	1,312,070	01/01/05
Mini Flex-Vent	1,312,071	01/01/05
Hyper-Vent	1,681,587	03/31/02
The Original Ring Leader	1,810,465	12/14/03
Fanciful H + Arrow Design	1,848,077	08/02/04
Tough Guy Design (Circle)	2,032,087	01/21/07
Injector Sting	2,040,605	02/25/07
Power Flex	2,185,595	09/01/08

There are no pending United States trademark applications in the name of Hastings Manufacturing Company.

SECURITY AGREEMENT

FOREIGN TRADEMARKS

Schedule 1(h)(iii) continued

<u>Mark</u>	<u>Registration/ Application Number</u>	<u>Renewal/ Filing Date</u>	<u>Country</u>
Hastings + Arrow Design	1,548,379	12/01/04	Argentina
Flex-Vent	1,723,691	03/02/09	Argentina
Flex-Vent	1,404,727	07/31/02	Argentina
Tough Guy Design	1,723,692	03/02/09	Argentina
Tough Guy Design	1,330,976	02/08/99*	Argentina
Hastings	** (App.) 808,497	09/28/99	Australia
Hastings and Tough Guy Design, Etc.	A 198,554	11/16/00	Australia
Hastings and Tough Guy Design, Etc.	A 198,555	11/16/00	Australia
Hastings	2.430.495	11/30/00	Brazil
Hastings + Arrow Design	5.011.680	08/25/04	Brazil
Hastings + Arrow Design	3.038.920	08/25/04	Brazil
Flex Vent	** (App.) 815.854.528	10/19/90	Brazil
Tough Guy Design	815.854.366	04/28/02	Brazil
Hastings	UCA 49808	04/28/14	Canada
Hastings and Tough Guy Design, Etc.	154,167	11/10/12	Canada
Flex-Vent	124,319	11/10/06	Canada
Mini Flex-Vent	370,997	07/20/05	Canada

\*Renewal in process  
\*\*Pending Application

SECURITY AGREEMENT

FOREIGN TRADEMARKS

(Continued)

Schedule 1(h)(iii)

<u>Mark</u>	<u>Registration/ Application Number</u>	<u>Renewal/ Filing Date</u>	<u>Country</u>
Fanciful H Design	480,249	08/12/12	Canada
Tough Guy Design (Circle)	480,389	08/13/12	Canada
Injector Sting	480,473	08/14/12	Canada
Hastings	435.731	12/13/04	Chile
Hastings and Tough Guy Design, Etc.	90.269	11/21/02	Colombia
Hastings and Tough Guy Design, Etc.	90.270	11/21/02	Colombia
Hastings and Tough Guy Design, Etc.	90.272	11/21/02	Colombia
Hastings and Tough Guy Design, Etc.	106.444	11/28/04	Colombia
Hastings and Tough Guy Design, Etc.	106,445	11/28/99	Colombia
Hastings	112,476	03/17/09	Costa Rica
Tough Guy Design (Circle)	113,123	04/13/09	Costa Rica
Hastings	128,363	04/01/06	Community Trademark
Hastings	** (App.) 109,738	09/13/97	Egypt
Hastings	** (App.) 131,874	11/01/99	Israel

\*\*Pending Application

SECURITY AGREEMENT



FOREIGN TRADEMARKS

(Continued)

Schedule 1(h)(iii)

<u>Mark</u>	<u>Registration/ Application Number</u>	<u>Renewal/ Filing Date</u>	<u>Country</u>
Hastings and Tough Guy Design, Etc.	24,622	06/11/00	Israel
Hastings and Tough Guy Design, Etc.	24,623	06/11/00	Israel
Hastings + Arrow Design	2,687,922	07/29/04	Japan
Flex-Vent	1,959,387	06/16/07	Japan
Flex-Vent (Katakana)	1,959,388	06/16/07	Japan
Tough Guy Design	2,673,731	06/29/04	Japan
Hastings + Arrow Design	351,179	02/23/03	Mexico
Hastings + Arrow Design	347,698	02/23/03	Mexico
Hastings + Arrow Design	348,688	02/23/03	Mexico
Flex-Vent	346,882	02/23/03	Mexico
Tough Guy Design	348,910	02/23/03	Mexico
Tough Guy Design	348,282	02/23/03	Mexico
Tough Guy Design	348,174	02/23/03	Mexico
Hastings	** (App.) 317,067	09/28/99	New Zealand
Hastings and Tough Guy Design, Etc.	B 79,931	11/15/00	New Zealand
Hastings and Tough Guy Design, Etc.	B 79,932	11/15/00	New Zealand

\*\*Pending Application

SECURITY AGREEMENT

FOREIGN TRADEMARKS

(Continued)

Schedule 1(h)(iii)

<u>Mark</u>	<u>Registration/ Application Number</u>	<u>Renewal/ Filing Date</u>	<u>Country</u>
Hastings + Arrow Design	B 40,436	04/26/07	New Zealand
Hastings + Arrow Design	B 40,437	04/26/07	New Zealand
Hastings and Tough Guy Design, Etc.	16,239	10/02/03	Peru
Hastings	B65/2293	06/07/05	South Africa
Hastings + Arrow Design	875/44/1	05/22/02	South Africa
Hastings + Arrow Design	874/44/2	05/22/02	South Africa
Hastings	442/72	05/10/07	Saudi Arabia
Hastings and Tough Guy Design, Etc.	478,380	10/21/08	Spain
Hastings	374,182	08/16/07	Taiwan
Hastings and Tough Guy Design, Etc.	3455	12/20/07	Trinidad
Hastings and Tough Guy Design, Etc.	3456	12/20/07	Trinidad
Hastings	**(App.) 99/016312	10/05/99	Turkey
Hastings	**(App.) 6737-97	04/11/97	Venezuela
Tough Guy Design (Circle)	**(App.) 8321-97	04/29/97	Venezuela

\*\*Pending Application

DETROIT 7-2696 508040

SECURITY AGREEMENT

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RECORDED: 04/10/2000

TRADEMARK  
REEL: 002061 FRAME: 0504