

04-04-2000



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RECORDATION FORM COVER SHEET

OPR/FINANCE 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
Effective Date
Month Day Year

Change of Name

Other

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

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

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.)

04/04/2000 DMGUYEN 00000022 1128822

FOR OFFICE USE ONLY

01 FC:481
02 FC:482
03 FC:998

40.00 OP
25.00 OP
15.00 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

TRADEMARK

REEL: 002042 FRAME: 0516

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)		
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1128822"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1233298"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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.

Gary A. Kendra

Name of Person Signing

Signature

1/28/00

Date Signed

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated this 28 day of January, 2000, is made by **EXCEL CORPORATION**, a Michigan corporation ("Debtor"), to **OUT-OF-COURT CREDITORS' COMMITTEE OF EXCEL CORPORATION** ("Lender"), as representative for and on behalf of the unsecured trade creditors of Debtor under that certain Composition Agreement dated January 28, 2000, (the "Agreement").

W I T N E S S E T H:

WHEREAS, pursuant to the Agreement, Debtor has consented to grant to Lender a lien on Debtor's assets.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and for other good and valuable consideration, the receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Defined Terms**. Unless otherwise defined herein, terms defined in the Agreement or in the preamble or recitals hereto shall have their defined meanings when used herein and the following terms shall have the following meanings, unless the context otherwise requires:

(a) **"Accounts"** shall mean all "accounts", as such term is defined in Section 9-106 of the Code, in which Debtor now or hereafter has any right, title or interest and, in any event, shall mean and include, but not be limited to, all accounts receivable, contract rights, book debts, notes, drafts, instruments, documents, acceptances and other forms of obligations now owned or hereafter received or acquired by, or belonging or owing to, Debtor (including, without limitation, under any trade names, styles or divisions thereof) whether arising out of goods leased, used or sold or services rendered by it or from any other transaction, whether or not the same involves the sale or lease of goods or services by Debtor (including, without limitation, any such obligation which might be characterized as an account, contract right, general intangible or chattel paper under the Uniform Commercial Code in effect in any jurisdiction) and all of Debtor's rights in, to and under all purchase orders or receipts now owned or hereafter acquired by it for goods or services, and all of Debtor's rights to any goods represented by any of the foregoing (including unpaid seller's rights of rescission, replevin, reclamation and stopping in transit and rights to returned, reclaimed or repossessed goods), and all moneys due or to become due to Debtor under all contracts for the lease or sale of goods and/or the performance of services by it (whether or not yet earned by performance on the part of Debtor) or in connection with any other transaction now in existence or hereafter arising, including, without limitation, the right to receive the proceeds (including, without limitation, returned or rejected goods) of said purchase orders and contracts, and all collateral security and guarantees of any kind given by any Person with respect to any of the foregoing.

(b) **"Books"** shall mean all books, records and correspondence relating to the Collateral, including, but not limited to: all records, ledgers, leases and computer and

automatic machinery software and programs, including, without limitation, programs, disc or tape files and printouts, runs and other computer prepared information indicating, summarizing or evidencing the Collateral.

(c) "**Chattel Paper**" shall mean any and all "chattel paper", as such term is defined in Section 9-105 of the Code, in which Debtor now or hereafter has any right, title or interest.

(d) "**Code**" shall mean the Uniform Commercial Code as the same may from time to time be in effect in the State of Michigan.

(e) "**Collateral**" shall mean all of the rights, assets and types (or items) of property described in Section 2 of this Security Agreement.

(f) "**Contracts**" shall mean, with respect to an Account, any agreement relating to the terms of payment or the terms of performance thereof, including, without limitation, any purchase orders.

(g) "**Copyright Licenses**" shall mean any of the following in which Debtor now or hereafter has any right, title or interest: (i) all written agreements naming Debtor as licensor or licensee which grant any right in and to any Copyright or Copyright registration in the United States and (ii) all present and future agreements (including, without limitation, assignments and consents), as any such agreements may from time to time be amended or supplemented, pursuant to which Debtor now has or hereafter acquires any direct or beneficial interest in any Copyright, or is a grantor of rights to any third party with respect to any Copyright, whether as a party to any such agreement or as an assignee of any rights under any such agreement.

(h) "**Copyrights**" shall mean all copyrights in published and unpublished works, now or hereafter existing, in the United States, and all applications, registrations and recordings relating thereto filed in the United States Copyright Office or in any other government office or agency in the United States, in each case in which Debtor now or hereafter has any right, title or interest, including, without limitation, (i) the right to print, reprint, publish, reproduce, sell, distribute, perform, display and make derivative works based on works presently or hereafter owned by or licensed to Debtor, in whole or in part, and all other rights which Debtor presently has or hereafter acquires pursuant to any Copyright License, including, without limitation, copyright assignments, exclusive and nonexclusive licenses and publishing agreements, and (ii) all of Debtor's right, title and interest in all physical materials embodying works with respect to which Debtor owns or holds rights in any copyrights, including, without limitation, plates, films, color separations and mechanical art.

(i) "**Documents**" shall mean any and all "documents" and "instruments", as such terms are defined in Section 9-105 of the Code, in which Debtor now or hereafter has any right, title or interest.

(j) "**Equipment**" shall mean all "equipment", as such term is defined in Section 9-109 of the Code, in which Debtor now or hereafter has any right, title or interest and, in any event, shall mean and include, but shall not be limited to, all machinery, equipment, furnishings, Fixtures and Vehicles in which Debtor now or hereafter has any right, title or interest, and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts (including spare parts), equipment and accessories installed thereon or affixed thereto.

(l) "**Event of Default**" shall mean any breach of any obligation, covenant or representation or warranty by any party other than Lender under the Agreement, this Security Agreement or the Promissory Note or Mortgage between the Debtor and Excel dated January 28, 2000 (the "Note"), and the expiration of any applicable cure period.

(l) "**Fixtures**" shall mean, to the extent not otherwise included as Equipment, all machinery, apparatus, equipment, fittings, fixtures, furniture and furnishings in which Debtor now or hereafter has any right, title or interest located upon or affixed to or which becomes affixed to any real property owned or leased by Debtor, including, without limitation, any premises that may be described in any mortgages or the deeds of trust executed by Debtor in favor of Lender, or any part thereof, and used or usable in connection with any future occupancy or use of such premises, including, but without limiting the generality of the foregoing, all heating, lighting, laundry, incinerating, loading, unloading, garage and power equipment, tools, machine parts and supplies, engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing, lifting, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating and communications apparatus, air cooling and air conditioning apparatus, elevators and escalators and related machinery and equipment, shades, awnings, blinds, curtains, drapes, attached floor coverings, including rugs and carpeting, computer, television, radio and music cable antennae and systems, storm doors and windows, stoves, refrigerators, dishwashers and other installed appliances, attached cabinets, doors, screens and windows, partitions, ducts, compressors and trees, plants and other items of landscaping in which Debtor now or hereafter has any right, title or interest, including replacements and additions thereto.

(m) "**General Intangibles**" shall mean all "general intangibles", as such term is defined in Section 9-106 of the Code, in which Debtor now or hereafter has any right, title or interest and, in any event, shall mean and include, but not be limited to, all customer lists and other records of Debtor, Copyrights, Patents, Trademarks and goodwill associated with such Trademarks, Copyright Licenses, Patent Licenses, Trademark Licenses, rights in intellectual property, tax refunds, licenses and permits in which Debtor now or hereafter has any interest and all rights, damages and profits due or accrued, or to become due or accrued, arising out of past or future infringement of any Copyright, Patent, Trademark, Copyright License, Patent License or Trademark License, together with the right to sue for or recover the same.

(n) "**Inventory**" shall mean all "inventory", as such term is defined in Section 9-109 of the Code, in which Debtor now or hereafter has any right, title or interest and, in any event, shall mean and include, but not be limited to, Vehicles, inventory, merchandise,

goods and other personal property now or hereafter owned by Debtor which are held for sale or lease or are furnished or are to be furnished under a contract of service or which constitute raw materials, work in process or materials used or consumed or to be used or consumed in Debtor's business, or the processing, packaging, delivery or shipping of the same, and all finished goods.

(o) "**Leases**" shall mean all leases, subleases, assignments of lease, contracts and agreements in which Debtor is the lessor or lessee, as any of the same may from time to time be amended or supplemented.

(p) "**Licenses**" and "**Licensing Agreements**" shall mean the Copyright Licenses, Patent Licenses and Trademark Licenses of which Debtor is either the licensor or licensee in the United States.

(q) "**Obligations**" shall mean all indebtedness, liabilities and obligations of Debtor to Lender, whether now existing or hereafter incurred, direct or indirect, absolute or contingent, secured or not secured, matured or not matured, joint or several, whether for principal, interest, fees, expenses or otherwise, including, without limitation, the amounts due to Lender from time to time under, arising out of or in connection with the Agreement and the Note.

(r) "**Patent Licenses**" shall mean all of the following in which Debtor now or hereafter has any right, title or interest: all written agreements naming Debtor as licensor or licensee, granting any right to practice any invention on which a Patent is in existence in the United States.

(s) "**Patents**" shall mean all of the following in which Debtor now or hereafter has any right, title or interest: (i) all letters patent of the United States, all applications for letters patent of the United States, and (ii) all reissues or extensions of such letters patent and all continuations, continuations in-part or divisions of such applications.

(t) "**Permitted Liens**" shall mean Liens described in Exhibit A attached hereto.

(u) "**Proceeds**" shall mean all "proceeds", as such term is defined in the Code and, in any event, shall mean and include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Debtor from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by or to any governmental body, authority, bureau or agency (or any person, corporation, agency, authority or other entity acting under color of governmental authority), (iii) any claim of Debtor against third parties (A) for past, present or future infringement or dilution of any Copyright or for breach of any Copyright License, (B) for past, present or future infringement or dilution of any Patent or breach of any Patent License or (C) for past, present or future infringement or dilution of any Trademark or Trademark License or for

injury to the goodwill associated with any Trademark or for breach of any Trademark License and (iv) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

(v) "**Security Agreement**" shall mean this Security Agreement, as the same may from time to time be amended, supplemented or otherwise modified.

(w) "**Trademark Licenses**" shall mean all of the following in which Debtor now or hereafter has any right, title or interest: all written agreements naming Debtor as licensor or licensee, granting any right to use any Trademark and the goodwill associated therewith in the United States.

(x) "**Trademarks**" shall mean all of the following in which Debtor now or hereafter has any right, title or interest: (i) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, labels and other source or business identifiers, and the goodwill associated therewith in the United States, now existing or hereafter adopted or acquired, all registrations and recordings thereof (other than registrations and recordings made outside the United States), and all applications in connection therewith including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States or any state thereof and (ii) all renewals thereof.

2. **Grant of Security Interest.** As security for the prompt and complete payment and performance when due of all of the Obligations due Lender, Debtor hereby grants to Lender a security interest in all of Debtor's right, title and interest in, to and under the following, whether now existing or hereafter acquired:

- (a) all Accounts;
- (b) all Books;
- (c) all Chattel Paper;
- (d) all Documents;
- (e) all Equipment;
- (f) all Fixtures;
- (g) all General Intangibles;
- (h) all Inventory except alcoholic beverages;
- (i) all other goods and personal property in which Debtor now or hereafter has any right, title or interest, whether tangible or intangible and wherever located; and

(j) to the extent not otherwise included, all Proceeds and products of any or all of the foregoing Collateral.

3. Rights of Lender; Limitations on Lender's Obligations.

(a) It is expressly agreed by Debtor that, anything herein to the contrary notwithstanding, Debtor shall remain liable under each Contract, Document and License to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions of each such Contract, Document or License. Lender shall not have any obligation or liability under any Contract, Document or License by reason of or arising out of this Security Agreement or the granting to Lender of a security interest therein or the receipt by Lender of any payment relating to any Contract, Document or License pursuant hereto, nor shall Lender be required or obligated in any manner to (i) perform or fulfill any of the obligations of Debtor under or pursuant to any Contract, Document or License, (ii) make any payment required to be made by Debtor under any Contract, Document or License, (iii) make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any Contract, Document or License, (iv) present or file any claim which may be asserted by Debtor in connection with any Contract, Document or License, or (v) take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) Prior to an Event of Default, Lender authorizes Debtor to collect amounts payable on the Accounts, on account of any of the Contracts, Chattel Paper, Documents, Licenses and Leases, and for any Inventory. After the occurrence of an Event of Default, Lender may, at any time and without further cause or notice, curtail or terminate, at any time, Debtor's authority to collect amounts payable on any of the Accounts and on account of any of the Contracts, Chattel Paper, Documents, Licenses and Leases, and for any Inventory. If required by Lender at any time after an Event of Default, any Proceeds, when collected by Debtor, whether consisting of checks, notes, drafts, bills of exchange, money orders, commercial paper of any kind whatsoever or other documents received in payment of any Account or in payment for any Inventory or on account of any of the Contracts, Chattel Paper, Documents, Licenses or Leases shall be promptly deposited by Debtor in precisely the form received, except for its endorsement when required, in a special bank account maintained by Lender, subject to withdrawal by Lender, as hereinafter provided, and until so turned over, shall be deemed to be held in trust by Debtor for and as Lender's property and shall not be commingled with Debtor's other funds. Such Proceeds, when deposited, shall continue to be collateral security for all of the Obligations and shall not constitute payment thereof until applied as hereinafter provided. If an Event of Default shall have occurred and be continuing, at any time, in Lender's election, Lender shall apply all or any part of the funds on deposit in said special account or otherwise received by Lender against the principal of and/or interest on any of the Obligations, and the order and method of such application shall be in the discretion of Lender.

(c) At Lender's request, following an Event of Default, Debtor shall deliver to Lender all original and other documents evidencing and relating to the sale or lease and delivery of Inventory or the performance of labor or service which created the Accounts, including, but not limited to, all Chattel Paper, original orders, invoices, shipping documents and delivery receipts and duplicate copies of credit memoranda. Debtor shall notify Lender in writing within fifteen (15) days of its receipt of knowledge of any matters materially affecting the value, enforceability or collectibility of any material Account and of all material customer disputes, offsets, defenses, counterclaims, returns and rejections and all reclaimed or repossessed merchandise or goods. Upon the occurrence of an Event of Default and on notice from Lender, all returned merchandise or goods shall be set aside by Debtor and held by Debtor for Lender's account.

(d) After the occurrence and during the continuance of an Event of Default, Lender may, at any time, notify Account Debtors, parties to the Contracts, Chattel Paper, Documents, Licenses and Leases, or any of them, that the Accounts, Contracts, Chattel Paper, Documents, Licenses (to the extent not inconsistent therewith) and Leases have been assigned to Lender and that payments shall be made directly to Lender. After the occurrence and during the continuance of an Event of Default, upon the request of Lender at any time, Debtor will so notify such Account Debtors and parties to the Contracts, Chattel Paper, Documents, Licenses and Leases, or any of them, as Lender may specify. In addition to the rights set forth in paragraph (e) of this Section 3, after the occurrence and during the continuance of an Event of Default, Lender may in its own name or in the name of others communicate with Account Debtors and parties to the Contracts, Chattel Paper, Documents, Licenses and Leases in order to verify with them to Lender's satisfaction the existence, amount and terms of any Account, Contract, Document, License or Lease.

(e) Lender shall have the right to make test verifications of the Accounts and Chattel Paper in any reasonable manner and through any medium that it considers advisable, and Debtor agrees to furnish all such assistance and information as Lender may reasonably require in connection therewith.

4. Representations and Warranties. Debtor hereby represents and warrants that:

4.1 Good Title. Debtor is the sole owner of each item of Collateral in which it purports to grant a security interest hereunder and has good and marketable title thereto free and clear of any and all Liens except any Permitted Liens. No amounts payable under or in connection with any of the Accounts or Contracts are evidenced by promissory notes or other instruments that have not been delivered to Lender in accordance with Section 5.1 hereof.

4.2 No Competing Filings. No security agreement, financing statement or equivalent security or lien instrument or continuation statement covering all or any part of the Collateral is on file or of record in any public office, except such as may have been filed in favor of Lender pursuant to this Security Agreement or with respect to any Permitted Liens.

4.3 Perfection. The security interest granted by this Security Agreement will, upon filing of appropriate financing statements in the appropriate jurisdictions and with the appropriate

public offices, constitute a valid and continuing first lien on and first priority perfected security interest in the Collateral in favor of Lender, prior to all other Liens except any Permitted Liens.

4.4 Locations. Debtor's chief executive office, principal place of business and the place where the Books are kept are at the locations described in Exhibit B hereto, and Debtor will not change such chief executive office or principal place of business, or remove the Books from such locations, without the express prior written consent of Lender. The Equipment, Fixtures and Inventory are kept at the locations listed on Exhibit C hereto and Debtor will not move, nor will it permit to be moved, any of the Equipment, Fixtures or Inventory to any location where Lender would not have a fully perfected security interest and lien with the priority stated herein on such Equipment, Fixtures and Inventory, and, in any event Debtor shall give Lender fifteen (15) days prior written notice of its intent to move any Equipment, Fixtures or Inventory; provided, however, that in no event shall Debtor change the location of its records or move any Equipment, Fixtures and Inventory if the effect thereof would be to cause the security interest of Lender therein to cease to be perfected.

4.5 Accounts. The amount represented by Debtor to Lender from time to time as owing by each Account Debtor or by all Account Debtors in respect of the Accounts will at such time be the correct amount actually and unconditionally owing by such Account Debtors thereunder.

4.6 Copyrights, Patents and Trademarks; Generally. Exhibit D hereto lists all Copyrights, Patents and Trademarks, respectively, in which Debtor has any right, title or interest as of the date hereof. Each such Copyright, Patent and Trademark is valid and enforceable and is subsisting, unexpired and has not been abandoned nor has the goodwill associated with each such Trademark been abandoned. No holding, decision or judgment has been rendered by any court or administrative agency which would limit, cancel or question the validity of, and no action or proceeding is pending which seeks to limit, cancel or question the validity of, any such Copyright, Patent or Trademark, and no action or proceeding is pending which, if adversely determined, would have a material adverse effect on the value of any such Copyright, Patent or Trademark. In the exploitation or use of any of the Copyrights, Patents, Trademarks or Licenses or otherwise, Debtor has not infringed and is not now infringing any trade name, trademark, service mark, copyright, patent, right of privacy or publicity, and it is not competing unfairly with, or otherwise violating the rights of, any other party. Debtor owns, has the right to use and has not abandoned any of the Copyrights, Patents, Trademarks or Licenses that are material and useful to the conduct of Debtor's business.

4.7 Licenses. Exhibit E hereto lists all Licenses in which Debtor has any right, title or interest as of the date hereof. Except for the Licenses identified as such in Exhibit F hereto, none of the Copyrights, Patents or Trademarks listed in Exhibit D hereto are the subject of any licensing or franchise agreement. No default exists by any party, including Debtor, under any of the Licenses. No consent, approval or authorization of any Person is required in connection with the assignment of any License or the granting of a security interest therein. Each License represents a bona fide, valid and legally enforceable benefit and obligation of Debtor and the other contracting parties thereto. All consents, approvals or authorizations required to be obtained, effected, given or filed in connection with the execution, delivery and performance of the Licenses by each party thereto.

including Debtor, have been duly obtained, effected, given or filed, are in full force and effect and do not subject the scope of any License to any materially adverse limitation, either specific or general in nature. The right, title and interest of Debtor in each of the Licenses is not subject to any defense, offset, counterclaim or claim, nor have any of the foregoing been asserted or alleged against Debtor or its predecessor as to each of such Licenses. No notices of termination of rights have been received by Debtor with respect to any of the Licenses.

4.8 Enforceability. This Security Agreement has been duly executed and delivered by a duly authorized officer of Debtor and constitutes the legal, valid and binding obligation of Debtor, enforceable in accordance with its terms.

4.9 Exhibits. Each Exhibit hereto contains true and complete information with respect to the subject matter covered thereby.

5. Covenants. Debtor covenants and agrees with Lender that until the Obligations are fully satisfied:

(a) **Further Documentation; Pledge of Instruments.** At any time and from time to time, upon the occurrence of an Event of Default and written request of Lender, and at the sole expense of Debtor, Debtor will promptly and duly execute and deliver any and all such further documents and take such further action as Lender may reasonably deem desirable in obtaining the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any jurisdiction with respect to the liens and security interests granted hereby, transferring Collateral to Lender's possession, and using its best efforts to obtain waivers from landlords and mortgagees. Debtor also hereby authorizes Lender to file any financing or continuation statements without the signature of Debtor to the extent permitted by applicable law. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note or other instrument (other than an instrument which constitutes Chattel Paper), such note or instrument shall be immediately pledged to Lender hereunder, and shall be duly endorsed in a manner satisfactory to Lender and delivered to Lender. Debtor will deliver the originals of all Chattel Paper to Lender or Lender's agent.

(b) **Maintenance of Books.** Debtor will keep and maintain at its own cost and expense satisfactory and complete Books, including, without limitation, a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral except for Inventory which has been sold in the ordinary course of business. If requested by Lender, Debtor will mark the Books to evidence this Security Agreement and the security interests granted hereby. All Chattel Paper, if any, will be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of The National Association of Credit Management, Eastern District" or with such other language satisfactory to Lender. After the occurrence of an Event of Default, Debtor shall deliver and turn over the Books to Lender or to its representatives at any time on demand of Lender.

(c) **Indemnification.** In any suit, proceeding or action brought by Lender relating to the Collateral, including, without limitation, any License, Account, Document, Contract or Lease, for any sum owing thereunder, or to enforce any provisions of any License, Account, Document, Contract or Lease, Debtor will save, indemnify and keep Lender harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the obligee thereunder arising out of a breach by Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from Debtor, and all such obligations of Debtor shall be and remain enforceable against and only against Debtor and shall not be enforceable against Lender; provided, however, that nothing herein shall relieve Lender from its obligations under the Agreement.

(d) **Compliance with Laws, Etc.** Debtor will comply, in all material respects, with all material acts, rules, regulations, orders, decrees and directions of any governmental authority applicable to the Collateral or any part thereof or to the operation of Debtor's business; provided, however, that Debtor may contest any act, rule, regulation, order, decree or direction in any reasonable manner, including making appropriate reserves, which shall not in the reasonable opinion of Lender adversely affect Lender's rights or the priority of its security interest in the Collateral.

(e) **Payment of Taxes, Etc.** Debtor will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all material claims of any kind (including claims for labor, materials and supplies), except that no such tax, assessment or governmental charge or levy need be paid if (a) the validity thereof is being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such tax, assessment or governmental charge or levy is adequately reserved against by Debtor in accordance with GAAP.

(f) **Compliance with Terms of Licenses, Accounts, Contracts, Etc.** Debtor will perform and comply in all material respects with all material obligations in respect of Licenses, Accounts, Documents, Chattel Paper, Contracts, Leases and all other agreements to which it is a party or by which it is bound relating to the Collateral.

(g) **Limitation on Liens on Collateral.** Debtor will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral except as permitted under the Agreement and Permitted Liens and Liens claimed from, through or under Lender, and will defend the right, title and interest of Lender in and to any of Debtor's rights under the Licenses, Trademarks and Contracts and to the other Collateral and in and to the Proceeds and products thereof against the claims and demands of all Persons whomsoever.

(i) **Limitations on Modifications of Licenses, Contracts, Accounts; No Waivers, Extensions.** Without Lender's prior written consent, Debtor will not (i) amend, modify, terminate or waive any provision of any License, Account, Document, Chattel

Paper, Contract or Lease in any manner which might materially adversely affect the value of such License, Account, Document, Chattel Paper, Contract or Lease as Collateral, (ii) fail to exercise promptly and diligently each and every material right which it may have under each License, Account, Document, Chattel Paper, Contract and Lease, (iii) fail to deliver to Lender a copy of each material demand, notice or document received by it relating in any way to any License, Account, Document, Chattel Paper, Contract or Lease or (iv) other than in the ordinary course of business, grant any extension of the time of payment of any of the Accounts or the Documents or any amounts due under any License or Lease, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any person liable or who may become liable for the payment thereof, or allow any credit, discount or allowance whatsoever thereon other than trade discounts and allowances granted in the normal course of business; provided, however, that notwithstanding the above, Debtor may, in its reasonable business judgment, take or fail to take any of the above actions so long as such action or failure to act does not materially adversely affect the value of any Collateral or type of Collateral which is material in relation to the aggregate value of the Collateral.

(j) **Maintenance of Insurance.** Debtor will maintain, with financially sound and reputable companies, insurance policies insuring (i) the Inventory, Fixtures and Equipment against loss by fire, explosion, theft and such other casualties as are usually insured against, and with such deductibles as are usually carried, by companies engaged in businesses which are the same or similar to the business of Debtor and (ii) Debtor against liability for personal injury and property damage relating to such Inventory, Fixtures and Equipment, such policies to be in such form and in such amounts and coverage as may be satisfactory to Lender, with losses payable to Lender under a standard non-contributory "mortgagee", "lender" or "secured party" clause. Lender shall release insurance proceeds to Debtor to restore damage or replace Collateral so long as Debtor is not in default. Debtor shall, if so requested by Lender, deliver to Lender as often as Lender may reasonably request a report with respect to the insurance on the Inventory, Fixtures and Equipment. All insurance with respect to the Inventory, Fixtures and Equipment shall (x) contain a clause which provides that Lender's interest under the policy will not be invalidated by any act or omission of, or any breach of warranty by, the insured, or by any change in the title, ownership or possession of the insured property, or by the use of the property for purposes more hazardous than is permitted in the policy, and (y) provide that no cancellation, reduction in amount or change in coverage thereof shall be effective until at least thirty (30) days after receipt by Lender of written notice thereof and (z) be satisfactory in all respects to Lender. Debtor shall provide Lender with prompt notice of any claim in excess of \$25,000 under any such insurance.

(k) **Limitations on Disposition.** Debtor will not sell, transfer, lease or otherwise dispose of any Collateral, or attempt, offer or contract to do so except in the ordinary course of business or with the prior written consent of Lender.

(l) **Further Identification of Collateral.** Debtor will furnish to Lender from time to time statements and schedules further identifying and describing the Collateral and

such other reports in connection with the Collateral as Lender may reasonably request, all in reasonable detail.

(m) **Notices.** Debtor will advise Lender promptly, in reasonable detail, of each of the following when the same comes to the attention of Debtor: (i) any lien, security interest, encumbrance or claim made or asserted against any of the Collateral, (ii) any material adverse change in the composition of the Collateral, and (iii) the occurrence of any other event which would have a materially adverse effect on the aggregate value of the Collateral or on the security interests created hereunder.

(n) **Right of Inspection.** Lender shall at all times have full and free access during normal business hours to the Books, and Lender or its representatives may examine the same, take extracts therefrom and make photocopies thereof, and Debtor agrees to render to Lender, at Debtor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. Lender and its representatives shall at all times also have the right to enter into and upon any premises during normal business hours where any of the Inventory, Fixtures or Equipment is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein.

(o) **Maintenance of Equipment and Fixtures.** Debtor will keep and maintain each material item of Equipment and Fixtures in good operating condition, ordinary wear and tear excepted, and Debtor will provide all maintenance and service and all repairs necessary for such purpose.

(p) **Continuous Perfection.** Debtor will not change its name, identity or corporate structure in any manner unless Debtor shall have given Lender at least thirty (30) days prior written notice thereof and shall have taken all action (or made arrangements to take such action substantially simultaneously with such change if it is impossible to take such action in advance) necessary or reasonably requested by Lender to amend any financing statements, continuation statements or other documents so that such statements or documents are not seriously misleading.

(q) **Covenants Regarding Patents, Patent Licensee, Trademarks and Trademark Licenses.**

(i) Debtor (either itself or through licensees) will, unless Debtor shall reasonably determine that a Trademark or Trademark License is of immaterial economic value to Debtor, (1) continue to use each Trademark or Trademark License on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures, price lists or otherwise in order to maintain each Trademark or Trademark License in full force free from any claim of abandonment for non-use, (2) maintain as in the past the quality of products and services offered under each Trademark or Trademark License, (3) employ each registered Trademark or Trademark License with the appropriate notice of registration consistent with present practices, and (4) not, and not permit any licensee or sublicensee thereof to, do any act, or knowingly omit to do any act, whereby any Trademark or Trademark License may become invalidated.

(ii) Debtor will not, unless Debtor shall reasonably determine that a Patent or Patent License is of immaterial economic value to Debtor, do any act, or omit to do any act, whereby any Patent or Patent License may become abandoned or dedicated.

(iii) Debtor shall notify Lender immediately if it knows, or has reason to know, that any application or registration relating to any material Patent, Patent License, Trademark or Trademark License may become abandoned or dedicated or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court or tribunal in the United States) regarding Debtor's ownership of any such Patent, Patent License, Trademark or Trademark License, its right to register the same, or to keep and maintain the same.

(iv) Whenever Debtor, either itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Patent, Patent License, Trademark or Trademark License owned by Debtor with the United States Patent and Trademark Office, Debtor shall promptly (and in any event within 10 days after such filing) report such filing to Lender. Upon the request of Lender, Debtor shall execute and deliver any and all agreements, instruments, documents and papers as Lender may request to evidence Lender's security interest in such Patent, Patent License, Trademark or Trademark License and the goodwill and general intangibles of Debtor relating thereto or represented thereby, and Debtor hereby constitutes Lender its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed and such power being coupled with an interest and irrevocable until the Obligations are paid in full.

(v) Debtor will take all necessary steps, including, without limitation, steps in any proceeding before the United States Patent and Trademark Office, to maintain and pursue each application (and to obtain the relevant registration unless Debtor shall determine that it is not in the best interest of Debtor to do so) and to maintain each Patent and Patent License and each registration of the Trademarks and Trademark Licenses owned by Debtor, including, without limitation, paying maintenance fees and filing applications for renewal, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings (except to the extent that dedication, abandonment or invalidation is permitted under Sections 5.17(a) and (b)).

(vi) In the event that any Patent, Patent License, Trademark or Trademark License owned by Debtor is infringed, misappropriated or diluted by any third party, Debtor shall notify Lender promptly after it learns thereof and shall, unless Debtor reasonably determines that such Patent, Patent License, Trademark or Trademark License is of immaterial economic value to Debtor, promptly sue for infringement, misappropriation or dilution, seek injunctive relief where appropriate and seek to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as Debtor shall reasonably deem appropriate under the circumstances to protect such Patent, Patent License, Trademark or Trademark License, unless Debtor shall determine, in its reasonable

business judgment, that it would be in the best interests of Debtor to take no such action. Notwithstanding the foregoing, Debtor shall take appropriate action at its expense to halt the infringement, misappropriation or dilution of any of the Patents, Patent Licenses, Trademarks or Trademark Licenses if such infringement, misappropriation or dilution could have a material adverse effect on the value of the Collateral taken on a whole or Debtor's ability to use the Collateral taken as a whole.

(r) **Covenants Regarding Copyrights and Copyright Licenses.** Debtor will not do or omit to do any act which it has the right to do (including, without limitation, the filing of copyright renewals and the placement of appropriate notices of copyright), or authorize any licensee or third party to do or omit to do any act, whereby any of the Copyrights or Copyright Licenses that are material and useful to the business of Debtor may become abandoned, invalidated, unenforceable, avoided or avoidable, or which would otherwise diminish the value of any of the Copyrights or Copyright Licenses that are material and useful to the business of Debtor, and Debtor shall notify Lender immediately if it knows of any reason or has reason to know of any ground under which this result may occur. Without in any way limiting the foregoing, Debtor shall take appropriate action at its expense to halt the infringement of any of the Copyrights or Copyright Licenses if such infringement could have a material adverse effect on the value of the Collateral taken as a whole or Debtor's ability to use the Collateral taken as a whole.

6. **Lender's Appointment as Attorney-in-Fact.**

(a) Debtor hereby irrevocably constitutes and appoints Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own name, from time to time in Lender's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby gives Lender the power and right, on behalf of Debtor, without notice to or assent by Debtor to do the following:

(i) pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the costs thereof and the premiums therefor; and

(ii) upon the occurrence and during the continuance of any Event of Default, (A) ask, direct and demand any party liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Lender or as Lender shall direct; (B) collect and receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments and notices in connection with accounts

and other documents relating to the Collateral; (D) in the name of Debtor or its own name or otherwise, take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Collateral; (E) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction for the purpose of collecting any moneys due under any Collateral or any part thereof or enforcing any other right in respect of any Collateral; (F) defend any suit, action or proceeding brought against Debtor with respect to any Collateral; (G) settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as Lender may deem appropriate; (H) assign any Copyright, Patent or Trademark owned by Debtor (along with the goodwill of the business to which such Trademark pertains), for such term or terms, on such conditions and in such manner, as Lender shall in its sole discretion determine; (I) direct the appropriate U.S. Postal Service office or offices to deliver all mail addressed to Debtor with respect to the Accounts to Lender at such place or places as Lender may indicate; and (J) generally sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral in such manner as is consistent with the Code and as fully and completely as though Lender were the absolute owner thereof for all purposes, and do, at Lender's option and Debtor's expense, at any time, or from time to time, all acts and things which Lender deems necessary to protect, preserve or realize upon the Collateral and Lender's security interest therein in order to effect the intent of this Security Agreement, all as fully and effectively as Debtor might do. Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) The powers conferred on Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act, except for its or their own gross negligence or willful misconduct.

(c) Debtor also authorizes Lender, at any time and from time to time, (i) upon an Event of Default, to communicate in its own name with any party to any Contract with regard to the assignment of the Contracts hereunder and other matters relating thereto and (ii) to execute, in connection with the sale provided for in Section 8(b) of this Security Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

7. **Performance by Lender of Borrower's Obligations.** If Debtor fails to perform or comply with any of its agreements contained herein and the same continues after notice of Lender's intention to do so, and Lender, as provided for by the terms of this Security Agreement, shall itself perform or comply or otherwise cause performance or compliance with such agreement, all fees and expenses of Lender incurred in connection with such performance or compliance, together with

interest thereon at the default rate provided for in respect of the loans made under the Agreement, shall be payable by Debtor to Lender on demand and shall constitute Obligations secured hereby.

8. **Use and Protection of Copyrights, Patents and Trademarks.** Notwithstanding anything to the contrary contained herein, unless an Event of Default has occurred and is continuing, Lender shall from time to time execute and deliver, upon the written request of Debtor, any and all instruments, certificates or other documents, in the form reasonably requested, necessary or appropriate in the judgment of Debtor to permit Debtor to continue to exploit, license, use, enjoy and protect the Copyrights, Patents and Trademarks.

9. **Remedies, Rights Upon Default.**

(a) In addition to any other rights given to Lender hereunder, if any Event of Default shall occur and be continuing:

(i) All payments received by Debtor under or in connection with any of the Collateral shall be held by Debtor in trust for Lender, shall be segregated from other funds of Debtor and shall forthwith upon receipt by Debtor be turned over to Lender in the same form as received by Debtor (duly endorsed by Debtor to Lender, if required); and

(ii) Any and all such payments so received by Lender (whether from Debtor or otherwise) shall be applied in whole or in part by Lender against the fees and expenses of Lender provided for herein and all or any part of the Obligations in such order as Lender shall elect. Any balance of such payments held by Lender and remaining after payment in full of the fees and expenses provided for herein and all the Obligations shall be paid over to Debtor or to whomsoever may be lawfully entitled to receive the same.

(b) If any Event of Default shall occur and be continuing, Lender may exercise, in addition to all other rights and remedies granted to it in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Uniform Commercial Code as in effect in any jurisdiction. Without limiting the generality of the foregoing, Debtor expressly agrees that in any such event Lender, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Debtor or any other Person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give an option or options to purchase or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange broker's board or at any of Lender's offices or elsewhere at such prices as Lender may deem best, for cash or on credit or for future delivery. Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of

redemption Debtor hereby releases. Debtor further agrees, at Lender's request, to assemble the Collateral and make it available to Lender at places which Lender shall reasonably select, whether at Debtor's premises or elsewhere. Lender shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safe keeping or otherwise of any or all of the Collateral or in any way relating to the rights of Lender hereunder, including reasonable attorneys' fees and legal expenses, to the payment in whole or in part of the Obligations, in such order as Lender may elect, Debtor remaining liable for any deficiency remaining unpaid after such application, and only after so paying over such net proceeds and after the payment by Lender of any other amount required by any provision of law, including Section 9-504(1)(c) of the Code, need Lender account for the surplus, if any, to Debtor. To the extent permitted by applicable law, Debtor waives all claims, damages and demands against Lender arising out of the repossession, retention or sale of the Collateral. Debtor agrees that Lender need not give more than ten (10) days notice (which notification shall be deemed given when mailed, postage prepaid, addressed to Debtor at its address set forth in Section 11 hereof) of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. No notification need be given to Debtor if Debtor, after the occurrence of an Event of Default, has signed a statement renouncing or modifying any right to notification of sale or other intended disposition. Debtor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which Lender is entitled, Debtor also being liable for the fees and expenses of any attorneys employed by Lender to collect such deficiency.

(c) Debtor also agrees to pay all costs of Lender, including attorneys' fees and expenses, incurred with respect to the collection of any of the Obligations and the enforcement of any of their respective rights hereunder.

(d) Debtor hereby waives presentment, demand, protest or any notice (to the extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral. Debtor also expressly waives and releases all right to direct the order in which any of the Collateral shall be sold in the event of any sale or sales pursuant hereto and to have any of the Collateral marshalled upon any foreclosure of any of the security interests granted in this Security Agreement.

10. **Limitation on Lender's Duty in Respect of Collateral.** Beyond the use of reasonable care in the custody thereof, Lender shall not have any duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of it or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

11. **Notices.** All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telegraph or telex or telephone with written confirmation), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three days after being deposited in the mail, postage prepaid, or, in the case of telegraphic notice, when delivered to the telegraph company, or, in the case of telex notice, when sent, answer back received, addressed as follows in the case of Debtor

and Lender, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

Debtor: Excel Corporation
 1101 Copper
 Fenton, Michigan 48430
 Attention: Timothy Borrow

With Copies To: Foster, Swift, Collins & Smith, PC
 313 S. Washington Square
 Lansing, Michigan 48933-1293
 Attention: Michael Puerner, Esq.
 Attention: James Croom, Esq.

Lender: Out-of-Court Creditors' Committee of Excel Corporation
 Jaffe, Raitt, Heuer & Weiss,
 Professional Corporation
 One Woodward Avenue, Suite 2400
 Detroit, Michigan 48226
 Attention: Jay L. Welford, Esq.

12. **Severability.** Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13. **No Waiver; Cumulative Remedies.** Lender shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder and no waiver shall be valid unless in writing, signed by Lender, and then only to the extent therein set forth. A waiver by Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Lender would otherwise have had on any future occasion. No failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Lender and Debtor.

14. **Successors and Assigns.** This Security Agreement and all obligations of Debtor hereunder shall be binding upon the successors and assigns of Debtor, and shall, together with the rights and remedies of Lender hereunder, inure to the benefit of Lender and its successors and assigns; provided, however, that Debtor may not assign any of its rights or obligations hereunder without the prior written consent of Lender.

15. **Governing Law.** This Security Agreement shall be governed by, and be construed and interpreted in accordance with, the laws of the State of Michigan.

16. **Further Indemnification.** Debtor agrees to pay, and to save Lender harmless from, any and all liabilities with respect to, or resulting from, any delay in paying any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Security Agreement.

17. **Counterparts.** This Security Agreement may be executed by the parties hereto on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

18. **Waiver of Jury Trial.** Lender and Debtor acknowledge and agree that there may be a constitutional right to a jury trial in connection with any claim, dispute or lawsuit arising between them, but that such right may be waived. Accordingly, the parties agree that notwithstanding such constitutional right, in this commercial matter the parties believe and agree that it shall be in their best interest to waive such right, and, accordingly, hereby waive such right to a jury trial, and further agree that the best forum for hearing any claim, dispute or lawsuit, if any, arising in connection with this Agreement or the relationship between Lender and Debtor, shall be a court of competent jurisdiction sitting without a jury.

19. **Other Waivers.** Debtor hereby waives, to the extent permitted by applicable law, the right to plead any statute of limitations as a defense to any action or proceeding and, in connection with a "claim and delivery" action by Lender pursuant to Michigan Court Rule 3.105, the right to request that a court require Lender to post a bond pursuant to Michigan Court Rule 3.105 (E)(4)(c)(i).

20. **Waivers Voluntary.** The waivers contained in this Agreement are freely, knowingly and voluntarily given by each party, without any duress or coercion, after each party has consulted with its counsel and has carefully and completely read all of the terms and provisions of this Agreement. Neither Lender nor Debtor shall be deemed to have relinquished the waivers contained herein except by a writing signed by the party to be charged with having relinquished any such waiver.

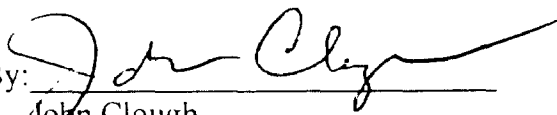
IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above. .

EXCEL CORPORATION

By: _____
Timothy Borrow

Its: President

**OUT-OF-COURT COMMITTEE OF
EXCEL CORPORATION**

By:  _____
John Clough

Its: Chairman

663917.01

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above:

EXCEL CORPORATION

By: Timothy W. Borrow
Timothy Borrow

Its: President

**OUT-OF-COURT COMMITTEE OF
EXCEL CORPORATION**

By: _____
John Clough

Its: Chairman

663917.01

EXHIBIT A

Permitted Liens, Encumbrances, etc.

1. Michigan UCC Filing Number D230439 filed on 5/8/97 – Secured party Monroe Bank & Trust (Lease)
2. Michigan UCC Filing Number D231460 filed on 5/12/97 – Secured party Michigan Heritage Bank (Lease)
3. Michigan UCC Filing Number D389018 filed on 6/22/98 – Secured party Ikon Office Solutions (Lease)
4. Michigan UCC Filing Number 03646C filed on 5/24/99 – Secured party Bank One Michigan (accounts receivable, inventory, equipment, instruments, and proceeds)
5. Michigan UCC Filing Number D532461 filed on 6/18/99 – Secured party Michigan Heritage Bank (Fadal 4020 VMC Machining Center)
6. Michigan UCC Filing Number D548340 filed on 7/29/99 – Secured party Toyota Motor Credit Corp. (Lease)

680269.01

Exhibit B

Location of Debtor's chief executive office, principal place of business and the place where the books are kept:

**1100 & 1101 Copper Avenue
Fenton, Michigan 48430**

Exhibit C

Location of equipment, fixtures and inventory:

**1100 & 1101 Copper Avenue
Fenton, Michigan 48430**

EXCEL CORPORATION FILE LIST

18-Jan-00

Exhibit D

FILE NO.	COUNTRY	TITLE	SERIAL NO./ FILING DATE	PATENT or REG. NO. ISSUE DATE	STATUS
Our File: EXC-01000/01		GENERAL FILE File Type: Miscellaneous			ACTIVE
Our File: EXC-03500/01		DISCOVERYOR DISK OVERLAY ROTO VOYAR File Type: Trademark Search			ACTIVE
Our File: EXC-10002/01	United States	CONVEYOR MECHANISM File Type: Patent	57,727 07/23/1970	3,642,121 02/15/1972	ISSUED
Our File: EXC-10101/01		CONVEYOR ROLLER File Type: Patent Search			ACTIVE
Our File: EXC-10102/01	United States	TORQUE LIMITING COUPLING File Type: Patent	447,131 03/01/1974	3,912,538 03/09/1976	ISSUED
Our File: EXC-10103/01	United States	TORQUE LIMITING COUPLING File Type: Patent	637,890 12/05/1975	4,056,953 11/08/1977	ISSUED
Our File: EXC-10104/01	United States	TORQUE LIMITING COUPLING File Type: Patent	25,928 04/02/1979	RE 30,681 07/21/1981	ISSUED

GIFFORD, KRASS

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Jan 18 2000 15:03

P. 03

FILE NO.	COUNTRY	TITLE	SERIAL NO./ FILING DATE	PATENT or REG. NO. ISSUE DATE	STATUS
Our File: EXC-10105/01	United States	TORQUE LIMITING COUPLING File Type: Patent	92,184 11/08/1979		ABANDONED
Our File: EXC-10126/01	Canada	TORQUE LIMITING COUPLING File Type: Foreign Patent	229,715 06/19/1975	1,020,368 11/08/1977	ISSUED
Our File: EXC-10129/015	Germany	TORQUE LIMITING COUPLING File Type: Foreign Patent	G 35 21 13 07/01/1975		PENDING
Our File: EXC-10129/0155	Germany	TORQUE LIMITING COUPLING File Type: Foreign Patent	2529985.8 07/04/1975	2,529,985 07/04/1975	ISSUED
Our File: EXC-10136/01	United Kingdom	TORQUE LIMITING COUPLING File Type: Foreign Patent	23,206/75 06/23/1975	1,161,357 06/27/1975	ISSUED
Our File: EXC-10143/01	Japan	TORQUE LIMITING COUPLING File Type: Foreign Patent	86,437/75 07/16/1975	1,209,785 05/29/1984	ISSUED
Our File: EXC-10202/01	United States	CONVEYOR File Type: Patent	617,411 09/29/1975	1,012,104 08/16/1977	ISSUED
Our File: EXC-10370/01		EXCEL V HARRY MAJOR File Type: Litigation			ACTIVE

GIFFORD, KRASS

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FILE NO.	COUNTRY	TITLE	SERIAL NO./ FILING DATE	PATENT or REG. NO. ISSUE DATE	STATUS
Our File: EXC-10380/01		File Type: Miscellaneous			DESTROYED
Our File: EXC-10401/01		ACCUMULATING WALKING BRAM File Type: Patent Search			FILE NUMBER CHANGED
Our File: EXC-10402A/01	United States	AUTOMATIC ACCUMULATING MECHANISM File Type: Patent	959,030 11/08/1978	4,411,355 10/25/1983	ISSUED
Our File: EXC-10580/01		POSSIBLE INFRINGEMENT USPN 4,015,872 File Type: Miscellaneous			ACTIVE
Our File: EXC-10670/01		EXCEL V FENITEC File Type: Litigation			DESTROYED
Our File: EXC-10680/01		CLOSED File Type: Miscellaneous			ACTIVE
Our File: EXC-10719/01	United States	EXCEL-VAYOR File Type: Trademark	177,559 07/10/1978	1,128,877 01/06/1980	ISSUED
Our File: EXC-10726/01	Canada	EXCEL-VAYOR File Type: Foreign Trademark	434,345 01/09/1979	259,977 06/19/1981	ISSUED

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FILE NO.	COUNTRY	TITLE	SERIAL NO./ FILING DATE	PATENT or REG. NO. ISSUE DATE	STATUS
Our File: EXC-10802/01	United States	SENT TO CLIENT File Type: Patent	13,458 02/21/1979	4,294,347 10/13/1981	BEING HANDLED BY CLIENT
Our File: EXC-10970/01		MGA, INC. v EXCEL File Type: Litigation			ACTIVE
Our File: EXC-11001/01		ACCUMULATING LIFT AND CARRY UNIT File Type: Patent Search			CONTENTS TRANSFERRED
Our File: EXC-11002/01	United States	ACCUMULATING LIFT AND CARRY UNIT File Type: Patent	147,736 05/08/1980	4,364,471 12/21/1982	ISSUED
Our File: EXC-11180/01		EXCEL WARRANTY File Type: Miscellaneous			INACTIVE
Our File: EXC-11270/01		File Type: Litigation			DESTROYED
Our File: EXC-11301/01		CLUTCH CAGE UNIT File Type: Patent Search			CONTENTS TRANSFERRED
Our File: EXC-11302/01	United States	TORQUE LIMITING COUPLING File Type: Patent	180,518 08/25/1980		ABANDONED

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FILE NO.	COUNTRY	TITLE	SERIAL NO./ FILING DATE	PATENT OR REG. NO. ISSUE DATE	STATUS
Our File: EXC-11303/01	United States	TORQUE LIMITING COUPLING File Type: Patent	507,994 06/27/1983		ABANDONED
Our File: EXC-11329/01	Germany	TORQUE LIMITING COUPLING File Type: Foreign Patent	P3133423.7-12 08/24/1981		ABANDONED
Our File: EXC-11336/01	United Kingdom	TORQUE LIMITING COUPLING File Type: Foreign Patent	8,125,777 08/24/1981	2,082,698 03/07/1984	ISSUED
Our File: EXC-11338/01	Hong Kong	TORQUE LIMITING COUPLING File Type: Foreign Patent	2,082,698 08/24/1981	2,082,698 01/23/1986	ISSUED
Our File: EXC-11343/01	Japan	TORQUE LIMITING COUPLING File Type: Foreign Patent	133560/158 08/24/1981		ABANDONED
Our File: EXC-11480/01		FAB-TEC File Type: Miscellaneous			INACTIVE
Our File: EXC-11501/01		ACCUMULATING CONVEYOR File Type: Patent Search			CONTENTS TRANSFERRED
Our File: EXC-11502/01	United States	ACCUMULATING CONVEYER File Type: Patent	06/257,820 04/27/1981		ABANDONED

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FILE NO.	COUNTRY	TITLE	SERIAL NO./ FILING DATE	PATENT or REG. NO. ISSUE DATE	STATUS
Our File: EXC-11503/01	United States	ACCUMULATING CONVEYOR File Type: Patent	06/507,957 06/27/1983		ABANDONED
Our File: EXC-11504/01	United States	ACCUMULATING CONVEYOR File Type: Patent			INACTIVE
Our File: EXC-11619/01	United States	DISK-VAYOR File Type: Trademark	734,550 10/26/1981	1,233,298 04/05/1983	ABANDONED
Our File: EXC-11796/01		LICENSING AGREEMENT File Type: Miscellaneous			ACTIVE
Our File: EXC-11801/01		LOADER File Type: Patent Search			CONTENTS TRANSFERRED
Our File: EXC-11802/01	United States	TURNTABLE TRANSFER MECHANISM File Type: Patent	448,260 12/09/1982	1,323,673 06/18/1985	ABANDONED
Our File: EXC-11802/01 MFF	United States	TURNTABLE TRANSFER MECHANISM File Type: Maintenance Fee File	448,260 12/09/1982	1,323,673 06/18/1985	ABANDONED
Our File: EXC-11901/01		PARTS HANDLING SYSTEM File Type: Patent Search			CONTENTS TRANSFERRED

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FILE NO.	COUNTRY	TITLE	SERIAL NO. / FILING DATE	PATENT or REG. NO. / ISSUE DATE	STATUS
Our File: EXC-11902/01	United States	PARTS HANDLING SYSTEM File Type: Patent			INACTIVE
Our File: EXC-12080/01		POSSIBLE INFRINGEMENT BY CYCLE MOTION File Type: Miscellaneous			INACTIVE
Our File: EXC-12180/01		FLUID ELECTRONIC CONTROLS, INC. File Type: Miscellaneous			ACTIVE
Our File: EXC-12280/01		MISCELLANEOUS File Type: Miscellaneous			INACTIVE
Our File: EXC-12380/01		SPRING LOADED POSSIBLE INFRINGEMENT File Type: Miscellaneous			INACTIVE
Our File: EXC-12402/01	United States	CONVEYER ROLLER WITH TORQUE OVERLOAD RELEASE MEANS File Type: Patent	793,700 10/31/1985	4,706,801 11/17/1987	ISSUED
Our File: EXC-12580/01	United States	CONVEYER ROLLER WITH TORQUE OVERLOAD RELEASE MEANS File Type: Maintenance Fee File	793,700 10/31/1985	4,706,801 11/17/1987	ISSUED
		POSSIBLE LITIGATION File Type: Miscellaneous			INACTIVE

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FILE NO.	COUNTRY	TITLE	SERIAL NO. / FILING DATE	PATENT or REG. NO. / ISSUE DATE	STATUS
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Our File: EXC-12602/01	United States	LIFT AND CARRY ACCUMULATING CONVEYER File Type: Patent	142,444 01/11/1989	4,838,411 06/13/1989	ISSUED
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Our File: EXC-12603/01	United States	LIFT AND CARRY CONVEYER File Type: Patent	365,102 06/12/1989		ABANDONED
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Our File: EXC-12629/01	Germany	LIFT AND CARRY CONVEYER File Type: Foreign Patent		P3900480.5 01/10/1989	ISSUED
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Our File: EXC-12636/01	United Kingdom	LIFT AND CARRY CONVEYER File Type: Foreign Patent	8900414.7 01/09/1989	2,212,452 10/21/1992	ISSUED
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Our File: EXC-12636/01 12636/01/NFF	United Kingdom	LIFT AND CARRY CONVEYER File Type: Maintenance Fee File	8900414.7 01/09/1989	2,212,452 10/21/1992	ISSUED
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Our File: EXC-12780/01		INFRINGEMENT STUDY RE: 4,838,411 File Type: Miscellaneous			INACTIVE
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Our File: EXC-12802/01	United States	CONVEYOR File Type: Patent			ACTIVE
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Our File: EXC-12902/01	United States	METER ASSEMBLY FOR ACCUMULATING CONVEYORS File Type: Patent	071660,726 01/25/1991	5,064,050 11/17/1991	ABANDONED
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FILE NO.	COUNTRY	TITLE	SERIAL NO./ FILING DATE	PATENT or REG. NO. ISSUE DATE	STATUS
Our File: EXC-12902/01NDF	United States	METER ASSEMBLY FOR ACCUMULATING CONVEYORS File Type: Maintenance Fee File	07/660,726 02/25/1991	5,064,050 11/21/1991	ABANDONED
Our File: EXC-13002/01	United States	LIFT AND CARRY ACCUMULATING CONVEYOR File Type: Patent	07/664,086 03/01/1991	5,190,112 03/02/1993	ISSUED
Our File: EXC-13029/01	German	LIFT AND CARRY ACCUMULATING CONVEYOR File Type: Foreign Patent	P4237993.8 11/11/1992	DE4237993A1 05/19/1994	ISSUED
Our File: EXC-13036/01	Limited Kingdom	90 DEGREE 12' LIFT AND CURVE ASSEMBLIES File Type: Foreign Patent	9223167.9 11/05/1992	2,272,195 05/11/1994	ISSUED
Our File: EXC-13102/01	United States	CONVEYOR UNLOADING MECHANISM File Type: Patent	03/653,140 02/11/1991	5,186,356 02/16/1993	ISSUED
Our File: EXC-13102A1NDF	United States	CONVEYOR UNLOADING MECHANISM File Type: Maintenance Fee File	07/653,140 02/11/1991	5,186,356 02/16/1993	ISSUED
Our File: EXC-13180/01		FATA LIMITED U.K. LICENSING AGREEMENT File Type: Miscellaneous			ACTIVE

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FILE NO.	COUNTRY	TITLE	SERIAL NO./ FILING DATE	PATENT or REG. NO. ISSUE DATE	STATUS
Our File: EXC-13296/01		FATA LTD. LICENSING AGREEMENT AND EXCEL CORP. File Type: Miscellaneous			ACTIVE
Our File: EXC-13380/01		CORRESPONDENCE FROM E. N. LEWIS AND TAYLOR REGARDING UK BILL File Type: Miscellaneous			ACTIVE
Our File: EXC-13381A/1		CORRESPONDENCE FROM E. N. LEWIS AND TAYLOR REGARDING UK BILL File Type: Miscellaneous			ACTIVE
Our File: EXC-13480/01		ROBERTSSIN TO CORPORATION. POSSIBLE INFRINGEMENT RE: USPN 1042,104, 4,838, 111, 5,064,050 File Type: Miscellaneous			INACTIVE
Our File: EXC-13380/01		POSSIBLE INFRINGEMENT OF EWAB ENGINEERING File Type: Miscellaneous			INACTIVE

**EXHIBIT E TO THE SECURITY AGREEMENT
BETWEEN EXCEL CORPORATION AND THE OUT-OF-COURT
CREDITORS' COMMITTEE OF EXCEL CORPORATION
DATED JANUARY 28, 2000**

Licensing Agreement Between Excel Corporation and Excel Automation (UK) Limited dated August 8, 1995, a copy of which has been provided to counsel for the committee.

**EXHIBIT F TO THE SECURITY AGREEMENT
BETWEEN EXCEL CORPORATION AND THE OUT-OF-COURT
CREDITORS' COMMITTEE OF EXCEL CORPORATION
DATED JANUARY 28, 2000**

No such licenses exist.