

02-13-2003

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005)

U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office



Tab settings

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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

ADI of Delaware, LLC

2-7-03

- Individual(s) Association General Partnership Limited Partnership Corporation-State Other Delaware limited liability company

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: 1/3/2003

2. Name and address of receiving party(ies)

Name: Standard Federal Bank N.A.

Internal

Address:

Street Address: 2600 West Big Beaver Road

City: Troy State: MI Zip: 48084

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Other national banking association

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s) N/A

B. Trademark Registration No.(s) 1301218; 1215247; 1151244

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Angela Alvarez Sujek

Internal Address: Bodman, Longley & Dahling LLP

Street Address: 110 Miller, Suite 300

City: Ann Arbor State: MI Zip: 48104

6. Total number of applications and registrations involved:

3

7. Total fee (37 CFR 3.41) \$ 90.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

ADDITIONAL FEES ONLY: 02-2880

DO NOT USE THIS SPACE

9. Signature.

Angela Alvarez Sujek Name of Person Signing

Angela Alvarez Sujek Signature

2/6/03 Date

Total number of pages including cover sheet, attachments, and document:

15

02/12/2003 LMUELLER 00000156 1301218

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

40.00 OP 50.00 OP

01 FC:8521 02 FC:8522

TRADEMARK REEL: 002673 FRAME: 0361

**SECURITY AGREEMENT**  
(All Assets)

THIS AGREEMENT is made on January 3, 2003, by and between ADI of Delaware, LLC, a Delaware limited liability company ("Borrower"), whose chief executive office is located at 2000 Middlebury Street, Elkhart, Indiana 46516, and Standard Federal Bank N.A., a national banking association ("Standard Federal"), whose address is 2600 West Big Beaver Road, Troy, Michigan 48084.

RECITALS:

A. Borrower has entered into that certain Credit Agreement dated as of the date hereof (as amended or otherwise modified from time to time, hereinafter referred to as the "Credit Agreement") with Standard Federal, pursuant to which Standard Federal has agreed, subject to the satisfaction of certain terms and conditions, to extend financial accommodations to Borrower, as provided in the Credit Agreement.

B. Pursuant to the Credit Agreement, AD Holdings of Delaware, LLC, a Delaware limited liability company ("Holdings"), has executed and delivered to Standard Federal that certain Guaranty dated as of the date hereof (as amended or otherwise modified from time to time, hereinafter referred to as the "Guaranty") of the obligations of Borrower under the Credit Agreement.

C. As a condition to the performance of its obligations under the Credit Agreement, Standard Federal has required that Borrower provide this Agreement to Standard Federal to secure Borrower's obligations under the Credit Agreement and Notes and the obligations of Holdings under the Guaranty.

NOW, THEREFORE, in consideration of the Recitals and the covenants and agreements herein contained, the Borrower hereby agrees as follows:

1. **Security for Liabilities.** As security for the payment of all loans and advances including any renewals or extensions thereof from Standard Federal to Borrower and all obligations of any and every kind and nature heretofore, now or hereafter owing from Borrower to Standard Federal, however incurred or evidenced, whether primary, secondary, contingent or otherwise, whether arising under this Agreement, under any other security agreement(s), promissory note(s), guarantee(s), mortgage(s), lease(s), instrument(s), document(s), contract(s), letter(s) of credit or similar agreement(s) heretofore, now or hereafter executed by Borrower and delivered to Standard Federal, or by oral agreement or by operation of law plus all interest, costs, expenses and reasonable attorney fees which may be made or incurred by Standard Federal in the disbursement, administration or collection of such obligations and in the protection, maintenance and liquidation of the Collateral (hereinafter collectively called "Liabilities"), Borrower hereby grants to Standard Federal a continuing security interest in the property and interests in property described below (hereinafter referred to as the "Collateral").

2. **Collateral.** The Collateral covered by this Agreement is all the Borrower's property described below, which it now owns or shall hereafter acquire or create immediately upon the acquisition or creation thereof, and includes, without limitation, any items listed on any schedule or list attached hereto:

a. The below listed personal property of the Borrower:

(i) all Accounts, including Health-Care-Insurance Receivables, and all Goods whose sale, lease or other disposition has given rise to Accounts and have been returned to, or repossessed or stopped in transit by, the Borrower, or rejected or refused by an Account Debtor.

(ii) all Chattel Paper, including without limitation, Electronic Chattel Paper; including without limitation, Promissory Notes; Letter of Credit Rights and proceeds of letters of credit; Supporting Obligations; notes secured by real estate; including without limitation, Payment Intangibles and Software.

(iii) all Commercial Tort Claims;

(iv) all Deposit Accounts;

(v) all General Intangibles, including, without limitation, the patents and trademarks listed on **Schedule A** attached hereto.

(vi) all Equipment;

(vii) all Inventory, including without limitation raw materials, work in process, materials and finished goods leased by the Borrower as lessor or held for sale or lease or furnished or to be furnished under contracts of service or used or consumed in a business.

(viii) all Documents;

(ix) all Investment Property;

(x) all computer records ("Computer Records") and Software, whether relating to the foregoing Collateral or otherwise, but in the case of such Software, subject to the rights of any non-affiliated licensee of software and any cash collateral deposit account or investment account established or maintained hereunder;

(xi) all Instruments; and

(xii) all Letter of Credit Rights.

Provided, however, that the term "Collateral" shall not include any "Excluded Assets." "Excluded Assets" shall mean the collective reference to any Equipment, Contract, General Intangible, Copyright License, Patent License or Trademark License, in each case to the extent the grant by the Borrower of a security interest pursuant to this Agreement in Borrower's right,

title, and interest in such asset (A) is prohibited by legally enforceable provisions of any contract, agreement, instrument or indenture governing such asset as permitted by the Credit Agreement, (b) would give any other party to such contract, agreement, instrument or indenture a legally enforceable right to terminate its obligations thereunder or (C) is permitted only with the consent of another party, if the requirement to obtain such consent is legally enforceable and such consent has not been obtained; provided, that in any event any Receivable or any money or other amounts due or to become due under any such contract, agreement, instrument or indenture shall not be Excluded Assets to the extent that any of the foregoing is (or if it contained a provision limiting the transferability or pledge thereof would be) subject to Section 9-406 of the Michigan Uniform Commercial Code.

b. All Proceeds (whether Cash Proceeds or Noncash Proceeds) of the foregoing property, including, without limitation, proceeds of insurance payable by reason of loss or damage to the foregoing property and of eminent domain or condemnation awards (in each case to the extent provided by the Michigan Uniform Commercial Code), and all liens, security, rights, remedies and claims of Borrower with respect thereto.

c. All products of, additions and accessions to, and substitutions, betterments and replacements for the foregoing property.

d. All sums at any time credited by or due from Standard Federal to Borrower.

e. All property in which the Borrower has an interest now or at any time hereafter coming into the possession or under the control of Standard Federal or in transit by mail or carrier to or from Standard Federal or in possession of or under the control of any third party acting on Standard Federal's behalf without regard to whether Standard Federal received the same in pledge, for safekeeping, as agent for collection or transmission or otherwise or whether Standard Federal has conditionally released the same (excluding, nevertheless, any of the foregoing property of the Borrower which now or any time hereafter is in possession or control of Standard Federal under any written trust agreement wherein Standard Federal is trustee and Borrower is trustor).

Terms used and not otherwise defined in this Agreement shall have the meaning given such terms in the Michigan Uniform Commercial Code. In the event the meaning of any term defined in the Michigan Uniform Code is amended after the date of this Agreement, the meaning of such term as used in this Agreement shall be that of the more encompassing of: (i) the definition contained in the Michigan Uniform Commercial Code prior to the amendment, and (ii) the definition contained in the Michigan Uniform Commercial Code after the amendment.

3. **Perfection of Security Interest.** Borrower hereby irrevocably authorizes (until the date on which all of the Liabilities, other than unasserted indemnification and contingent Liabilities, have been paid in full and Standard Federal has no commitment to lend to Borrower) Standard Federal to file financing statement(s) describing the Collateral in all public offices deemed necessary by Standard Federal, and to take any and all actions, including, without limitation, filing all financing statements, continuation financing statements and all other documents that Standard Federal may reasonably determine to be necessary to perfect and

maintain Standard Federal's security interests in the Collateral. Borrower shall have possession of the Collateral, except where expressly otherwise provided in this Agreement or where Standard Federal chooses to perfect its security interest by possession, whether or not in addition to the filing of a financing statement. Where Collateral is in the possession of a third party, Borrower will join with Standard Federal in notifying the third party of Standard Federal's security interest and shall use commercially reasonable efforts in obtaining an acknowledgement from the third party that it is holding the Collateral for the benefit of Standard Federal. Borrower will cooperate with reasonable requests of Standard Federal in obtaining control with respect to Collateral consisting of Deposit Accounts, Investment Property, Letter-of-Credit Rights and Electronic Chattel Paper. Borrower will not create any Chattel Paper without placing or attaching a legend on the Chattel Paper reasonably acceptable to Standard Federal indicating that Standard Federal has a security interest in the Chattel Paper. Borrower shall pay the cost of filing or recording all financing statement(s) and other documents to perfect and maintain Standard Federal's security interest in the Collateral. Borrower agrees to promptly execute and deliver to Standard Federal all financing statements, continuation financing statements, assignments, certificates of title, applications for vehicle titles, affidavits, reports, notices, schedules of Accounts, designations of Inventory, letters of authority and all other documents that Standard Federal may reasonably request in form reasonably satisfactory to Standard Federal to perfect and maintain Standard Federal's security interests in the Collateral. In order to fully consummate all of the transactions contemplated hereunder, Borrower shall, consistent with GAAP or upon reasonable request of Standard Federal, make appropriate entries on its books and records disclosing Standard Federal's security interests in the Collateral.

4. **Warranties and Representations.** Borrower warrants and represents to Standard Federal: (a) except as may be otherwise disclosed in an attachment to this Agreement, Borrower has rights in or the power to transfer the Collateral and its title to the Collateral is free and clear of all liens or security interests, except Standard Federal's security interests or liens otherwise permitted by the Credit Agreement, (b) all Chattel Paper constituting Collateral evidences a perfected security interest in the goods covered by it free from all other liens and security interests, except liens otherwise permitted by the Credit Agreement, (c) no financing statements, other than that of Standard Federal, are on file covering the Collateral or any portion of it, except liens otherwise permitted by the Credit Agreement, (d) if Inventory is represented or covered by documents of title, Borrower is the owner of the documents free of all liens and security interests other than Standard Federal's security interest and warehousemen's charges, if any, not delinquent, or liens otherwise permitted by the Credit Agreement; (e) the Borrower's exact legal name and the address of the Borrower's chief executive office are as set forth in the first paragraph of this Agreement; (f) if the Borrower is a Registered Organization, the form of its organization and the State under which it is organized are as set forth in the first paragraph of this Agreement; (g) all Collateral consisting of Goods is located in the State where the Borrower's chief executive office is located except as otherwise disclosed in **Schedule B** attached hereto; (h) the Collateral, wherever located, is covered by this Agreement; (i) each Account, Chattel Paper and General Intangible constituting Collateral is genuine and enforceable against the account debtor according to its terms, and it, and the transaction out of which it arose, comply with all applicable laws and regulations, the amount represented by Borrower to Standard Federal as owing by each account debtor is the amount actually owing and, to Borrower's knowledge, is not

subject to setoff, credit, allowance or adjustment except any discount for prompt payment, nor has any account debtor returned the goods or disputed his liability, there has been no default according to the terms of any such Collateral, and no step has been taken to foreclose the security interest it evidences or to otherwise enforce its payment; (j) the execution and delivery of this Agreement and any instruments evidencing Liabilities will not violate nor constitute a breach of Borrower's Certificate of Formation, Limited Liability Company Agreement, or any material agreement or material restriction of any type whatsoever to which Borrower is a party or is subject, except to the extent such violation or breach would not reasonably be expected to materially and adversely affect Borrower's financial condition or the value of its property or assets taken as a whole; (k) all financial statements and information relating to Borrower delivered or to be delivered by Borrower to Standard Federal are true and correct as of the Closing Date taken as a whole and, as applicable, are prepared in accordance with generally accepted accounting principles, and there has been no material adverse change in the financial condition of Borrower since the submission of any such financial information to Standard Federal; (l) there are no actions or proceedings which are overtly threatened or pending against Borrower which may reasonably be expected to result in any material adverse change in Borrower's financial condition or which might materially affect Borrower's assets taken as a whole; and (m) Borrower has duly filed all federal, state, and other governmental tax returns which Borrower is required by law to file, and will continue to file same during such time as any of the Liabilities hereunder remain owing to Standard Federal, and all such taxes required to be paid have been paid, in full, in each case, except those being contested in good faith.

5. **Covenants.** Borrower covenants and agrees that while any of the Liabilities, other than unasserted indemnification and contingent Liabilities, remain unperformed and unpaid it will: (a) preserve its legal existence and not, in one transaction or a series of related transactions, merge into or consolidate with any other entity (except for the purposes of changing the state of incorporation and then only in accordance with the restrictions of clause (c) below), or sell all or substantially all of its assets; (b) not change the state where it is organized; (c) neither change its name, form of business entity nor address of its chief executive office without giving written notice to Standard Federal thereof at least thirty (30) days prior to the effective date of such change, and Borrower agrees that all documents, instruments, and agreements demanded by Standard Federal in response to such change shall be prepared, filed, and recorded at Borrower's expense prior to the effective date of such change; (d) not use the Collateral, nor permit the Collateral to be used, for any unlawful purpose, whatever; (e) maintain the Collateral in commercially reasonable condition and repair; and (f) indemnify and hold Standard Federal harmless against claims of any persons or entities not a party to this Agreement concerning disputes arising over the Collateral, except to the extent such claims are attributable to the gross negligence, bad faith or willful misconduct of Standard Federal.

6. **Insurance, Taxes, Etc.** Borrower has the risk of loss of the Collateral, provided that Standard Federal shall exercise reasonable care of all Collateral in its possession. Borrower shall: (a) pay promptly all taxes, levies, assessments, judgments, and charges of any kind upon or relating to the Collateral, to Borrower's business, and to Borrower's ownership or use of any of its assets, income, or gross receipts, except to the extent such taxes, levies, assessments, judgments, and charges are being contested in good faith; (b) at its own expense, keep and maintain the Collateral insured against loss or damage by fire, theft, explosion and other risks

consistent with industry standards and in such amounts, with such companies, under such policies and in such form as shall be reasonably satisfactory to Standard Federal, which policies shall expressly provide that loss thereunder shall be payable to Standard Federal as its interest may appear (and Standard Federal shall have a security interest in the proceeds of such insurance and may apply any such proceeds which may be received by it toward payment of the Liabilities, whether or not due, in such order of application as Standard Federal may reasonably determine) in accordance with the terms of the Credit Agreement; and (c) maintain at its own expense public liability and property damage insurance in such amounts, with such companies, under such policies and in such form as shall be satisfactory to Standard Federal, and, upon Standard Federal's request, shall furnish Standard Federal with such policies and evidence of payment of premiums thereon. If Borrower at any time hereafter should fail to obtain or maintain any of the policies required above or pay any premium in whole or in part relating thereto, or shall fail to pay any such tax, assessment, levy, or charge or to discharge any such lien, claim, or encumbrance, then Standard Federal, without waiving or releasing any obligation or default of Borrower hereunder, may at any time hereafter (but shall be under no obligation to do so) make such payment or obtain such discharge or obtain and maintain such policies of insurance and pay such premiums, and take such action with respect thereto as Standard Federal deems advisable. All sums so disbursed by Standard Federal, including reasonable attorney fees, court costs, expenses, and other charges relating thereto, shall be part of the Liabilities, secured hereby, and payable upon demand together with interest at the highest rate payable in connection with any of the Liabilities from the date when advanced until paid.

7. **Collection of Accounts.** Borrower shall direct all of its Account Debtors to make all payments on the Accounts directly to a post office box (the "Lock Box") designated by, and under the exclusive control of, Standard Federal. Borrower shall establish an account (the "Lock Box Account") in Standard Federal's name with Standard Federal, into which all payments received in the Lock Box shall be deposited, and into which Borrower will immediately deposit all payments received by Borrower on Accounts in the identical form in which such payments were received, whether by cash or check. If Borrower, any Affiliate or Subsidiary, any shareholder, officer, director, employee or agent of Borrower or any Affiliate or Subsidiary, or any other Person acting for or in concert with Borrower shall receive any monies, checks, notes, drafts or other payments relating to or as proceeds of Accounts or other Collateral, Borrower and each such Person shall receive all such items in trust for, and as the sole and exclusive property of, Standard Federal and, immediately upon receipt thereof, shall remit the same (or cause the same to be remitted) in kind to the Lock Box Account. Borrower agrees that all payments made to such Lock Box Account or otherwise received by Standard Federal, whether in respect of the Accounts or as proceeds of other Collateral or otherwise, will be applied on account of the Liabilities in accordance with the terms of this Agreement; provided, that so long as no Event of Default has occurred as is continuing, payments received by Standard Federal shall not be applied to the unmatured portion of the Eurodollar-rate Advances, but shall be held in a cash collateral account maintained by Standard Federal, until the earlier of (i) the last Business Day of the Interest Period applicable to such Eurodollar-rate Advance and (ii) the occurrence and during the continuance of an Event of Default; provided further, that so long as no Event of Default has occurred and is continuing, the immediately available funds in such cash collateral account may be disbursed, at Borrower's discretion, to Borrower so long as after giving effect to such

disbursement, Borrower's availability under subsection 2.5 hereof at such time does not exceed the Borrowing Base at such time. Borrower agrees to pay all reasonable documented out-of-pocket fees, costs and expenses in connection with opening and maintaining the Lock Box and Lock Box Account. All of such fees, costs and expenses shall constitute Liabilities hereunder, shall be payable to Standard Federal by Borrower upon demand, and, until paid, shall bear interest at the highest rate then applicable to Advances under the Credit Agreement. All checks, drafts, instruments and other items of payment or proceeds of Collateral shall be endorsed by Borrower to Standard Federal, and, if that endorsement of any such item shall not be made for any reason, Standard Federal is hereby irrevocably authorized to endorse the same on Borrower's behalf. For the purpose of this section, Borrower irrevocably hereby makes, constitutes and appoints Standard Federal (and all Persons designated by Standard Federal for that purpose) as Borrower's true and lawful attorney and agent-in-fact (i) to endorse Borrower's name upon said items of payment and/or proceeds of Collateral and upon any Chattel Paper, Document, Instrument, invoice or similar document or agreement relating to any Account of Borrower or Goods pertaining thereto; (ii) to take control in any manner of any item of payment or proceeds thereof and (iii) to have access to any lock box or postal box into which any of Borrower's mail is deposited, and open and process all mail addressed to Borrower and deposited therein.

8. **Care, Custody, and Dealings with Collateral.** Standard Federal shall owe the duty of reasonable care to Borrower with respect to Standard Federal's care and custody of any Collateral in Standard Federal's possession, but shall have no duty to sell, surrender, or collect the same or to preserve rights against prior parties or to take any action with respect thereto beyond the custody thereof, exercising that reasonable custodial care which it would exercise in holding similar interests for its own account. Standard Federal shall only be liable for its acts of gross negligence, bad faith, and willful misconduct. Standard Federal is hereby authorized and empowered to take the following steps, subsequent to the occurrence of an Event of Default hereunder: (a) to deal directly with issuers, entities, owners, transfer agents and custodians to effect changes in the registered name of any such Collateral, to effect substitutions and replacements thereof necessitated by any reason (including by reason of recapitalization, merger, acquisition, debt restructuring or otherwise), to execute and deliver receipts therefor and to take possession thereof; (b) to communicate and deal directly with payors of instruments (including securities, promissory notes, letters of credit, certificates of deposits and other instruments), which may be payable to or for the benefit of Borrower at any time, with respect to the terms of payment thereof; (c) in the Borrower's name, to agree to any extension of payment, any substitution of Collateral or any other action or event with respect to the Collateral; (d) to notify parties who have an obligation to pay or deliver anything of value (including money or securities) with respect to the Collateral to pay or deliver the same directly to Standard Federal on behalf of Borrower and to receive and receipt for any such payment or delivery in Borrower's name as an addition to the Collateral; (e) to surrender renewable certificates or any other instruments or securities forming a portion of the Collateral which may permit or require reissuance, renewal or substitution at any time and to immediately take possession of and receive directly from the issuer, maker or other obligor, the substituted instrument or securities; (f) to exercise any right which Borrower may have with respect to any portion of the Collateral, including rights to seek and receive information with respect thereto; and (g) to do or perform any other act and to enjoy all other benefits with respect to the Collateral as Borrower could in its own name.



9. **Disposition of Collateral.** Standard Federal does not authorize, and Borrower agrees not to make any sales or leases of any of the Collateral, license any of the Collateral, or grant any other security interest in any of the Collateral; provided, however, that until such time as Standard Federal shall notify Borrower of the reasonable revocation of such power and authority, Borrower (a) may in the ordinary course of its business, or as otherwise permitted by the Credit Agreement, at its own expense, abandon, license, sell, lease surplus or obsolete machinery, equipment or other assets, or furnish under contracts of service any of the inventory normally held by Borrower; (b) may use and consume any raw materials, work in process or materials, the use and consumption of which is necessary in order to carry on Borrower's business; and (c) use commercially reasonable efforts, at its own expense, to collect, as and when due, all accounts due with respect to any of the Collateral, including the taking of such action with respect to such collection as Standard Federal may reasonably request or, in the absence of such request, as Borrower may deem advisable. A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt. To the extent Borrower uses any proceeds of any of the Liabilities to purchase Collateral, Borrower's repayment of the Liabilities shall apply on a "first-in-first-out" basis so that the portion of the Liabilities used to purchase a particular item of Collateral shall be deemed paid in the chronological order the Borrower purchased the Collateral.

10. **Information.** Borrower shall permit Standard Federal or its agents upon reasonable written request to have access to, and to inspect, in each case during reasonable normal business hours, all the Collateral (and Borrower's other assets, if any) and may from time to time verify Accounts, inspect, check, make copies of, or extracts from the books, records, and files of Borrower, and Borrower will make same available at any time for such purposes. In addition, Borrower shall promptly supply Standard Federal with such other financial or other information concerning its affairs and assets as Standard Federal may reasonably request from time to time in accordance with the terms of the Credit Agreement.

11. **Events of Default.** The Borrower, without notice or demand of any kind, shall be in default under this Agreement upon the occurrence of an "Event of Default," as defined in the Credit Agreement.

12. **Remedies Upon Default.** Upon the occurrence and during the continuance of any Event of Default, any and all of the Liabilities may (notwithstanding any provisions thereof and unless otherwise provided in any loan agreement executed in conjunction therewith), at the option of Standard Federal, and without demand or notice of any kind, be declared and thereupon shall immediately become due and payable and Standard Federal may exercise from time to time any rights and remedies including the right to immediate possession of the Collateral available to it under applicable law. Standard Federal may directly contact third parties and enforce against them all rights which arise with respect to the Collateral and to which Borrower or Standard Federal would be entitled. Borrower waives any right it may have to require Standard Federal to pursue any third person for any of the Liabilities. Standard Federal shall have the right to hold any property then in, upon or in any way affiliated to said Collateral at the time of repossession even though not covered by this Agreement until return is demanded in writing by the Borrower. Borrower agrees, upon the occurrence and during the continuance of an Event of Default, to assemble at its expense all the Collateral and make it available to Standard Federal at a

convenient place acceptable to Standard Federal. Borrower agrees to pay all reasonable documented out-of-pocket costs of Standard Federal of collection of the Liabilities, and enforcement of rights hereunder, including reasonable attorney fees and legal expenses, including participation in Bankruptcy proceedings, and expense of locating the Collateral and expenses of any repairs to any realty or other property to which any of the Collateral may be affixed or be a part. If any notification of intended disposition of any of the Collateral is required by law, such notification, if mailed, shall be deemed reasonably and properly given if sent at least ten (10) days before such disposition, postage pre-paid, addressed to the Borrower either at the address shown above or at any other address of the Borrower appearing on the records of Standard Federal and to such other parties as may be required by the Michigan Uniform Commercial Code. Borrower acknowledges that Standard Federal may be unable to effect a public sale of all or any portion of the Collateral because of certain legal and/or practical restrictions and provisions which may be applicable to the Collateral and, therefore, may be compelled to resort to one or more private sales to a restricted group of offerees and purchasers. Borrower consents to any such private sale so made even though at places and upon terms less favorable than if the Collateral were sold at public sale. Standard Federal shall have no obligation to clean-up or otherwise prepare the Collateral for sale. Standard Federal may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. Standard Federal may specifically disclaim any warranties as to the Collateral. If Standard Federal sells any of the Collateral upon credit, Borrower will be credited only with payments actually made by the purchaser, received by Standard Federal and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Standard Federal may resell the Collateral and the Borrower shall be credited with the proceeds of sale. Standard Federal shall have no obligation to marshal any assets in favor of the Borrower. Each of Borrower and Standard Federal waives the right to jury trial in any proceeding instituted with respect to the Collateral. Out of the net proceeds from sale or disposition of the Collateral, Standard Federal shall retain all the Liabilities then owing to it and the actual cost of collection (including reasonable attorney fees) and shall tender any excess to Borrower or its successors or assigns. If the Collateral shall be insufficient to pay the entire Liabilities, Borrower shall pay to Standard Federal the resulting deficiency upon demand to the extent permitted by law. To the extent permitted by applicable law, Borrower expressly waives any and all claims of any nature, kind or description which it has or may hereafter have against Standard Federal or its representatives, by reason of taking, selling or collecting any portion of the Collateral. Borrower consents to releases of the Collateral at any time (including prior to default) and to sales of the Collateral in groups, parcels or portions, or as an entirety, as Standard Federal shall deem appropriate. Borrower agrees that Standard Federal shall, upon the occurrence and during the continuance of an Event of Default, have the right to peacefully retake any of the collateral. Borrower waives any right it may have in such instance to a judicial hearing prior to such retaking.

13. **General.** Time shall be deemed of the very essence of this Agreement. Except as otherwise defined in this Agreement, all terms in this Agreement shall have the meanings provided by the Michigan Uniform Commercial Code. Standard Federal shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if it

takes such action for that purpose as Borrower requests in writing, but failure of Standard Federal to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and failure of Standard Federal to preserve or protect any rights with respect to such Collateral against any prior parties or to do any act with respect to the preservation of such Collateral not so requested by Borrower shall not be deemed a failure to exercise reasonable care in the custody and preservation of such Collateral. This Agreement has been delivered in Michigan and shall be governed by, construed and enforced in accordance with the laws of the State of Michigan, without regard to conflict of laws principles. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. The rights and privileges of Standard Federal hereunder shall inure to the benefit of its successors and assigns, and this Agreement shall be binding on all heirs, personal representatives, assigns and successors of Borrower and all persons who become bound as a debtor to this Agreement. Until the date on which all of the Liabilities, other than unasserted indemnification and contingent Liabilities, have been paid in full, Borrower hereby expressly authorizes and appoints Standard Federal to act as its attorney-in-fact for the sole purpose of executing any and all financing statements or other documents deemed necessary to perfect the security interest herein contemplated. In the event of any conflict between this Agreement and the Pledge Agreement, the Pledge Agreement shall govern. This Agreement shall automatically and without further action by the parties hereto terminate on the date on which all of the Liabilities, other than unasserted indemnification and contingent Liabilities, have been paid in full and Standard Federal has no commitment to lend to Borrower.

14. **No Waiver.** Any delay on the part of Standard Federal in exercising any power, privilege or right hereunder, or under any other instrument executed by Borrower to Standard Federal in connection herewith shall not operate as a waiver thereof, and no single or partial exercise thereof, or the exercise of any other power, privilege or right shall preclude other or further exercise thereof, or the exercise of any other power, privilege or right. The waiver of Standard Federal of any default by Borrower shall not constitute a waiver of any subsequent defaults, but shall be restricted to the default so waived. All rights, remedies and powers of Standard Federal hereunder are irrevocable and cumulative, and not alternative or exclusive, and shall be in addition to all rights, remedies, and powers given hereunder or in or by any other instruments, or by the Michigan Uniform Commercial Code, or any laws now existing or hereafter enacted. The Borrower acknowledges that this is the entire agreement between the parties except to the extent that writings signed by the party to be charged are specifically incorporated herein by reference either in this Agreement or in such writings, and acknowledges receipt of a true and complete copy of this Agreement.

15. **Termination of this Security Agreement.** This Agreement and the lien granted hereunder shall automatically terminate upon repayment of the Liabilities in full and Standard Federal shall have no commitment to lend to ADI under the Credit Agreement. Standard Federal will promptly (i) deliver to Borrower for filing or authorize Borrower to prepare and file termination statements and releases and (ii) cause to be assigned, transferred and delivered to Borrower, against receipt but without any recourse, warranty or representation whatsoever, any

remaining Collateral in its possession, in each case, in accordance with the terms of the Credit Agreement. Upon the consummation of an asset disposition of Collateral by Borrower in accordance with and to the extent permitted under the terms of the Credit Agreement, (i) the liens and security interests of Standard Federal shall be automatically released and (ii) Standard Federal shall execute and deliver to Borrower, at such Borrower's expense, such termination statements and such other documentation reasonably requested by Borrower to effect the termination and release of the liens and security interests in favor of Standard Federal.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, this Security Agreement was executed and delivered by the undersigned on the date stated in the first paragraph above.

**BORROWER**

ADI OF DELAWARE, LLC,  
a Delaware limited liability company

By: Scott L. Gwilliam  
Scott L. Gwilliam  
Its: Vice President

- SCHEDULE A

INTELLECTUAL PROPERTY

**UNITED STATES TRADEMARK REGISTRATIONS**

OWNER	TRADEMARK	REG. NO.	REGISTRATION DATE
Borrower	PERMA-DIE	1,301,218	10/23/1984
Borrower	PERMA-DIE	1,215,247	11/2/1982
Borrower	ATLAS	1,151,244	4/14/1981

**FEDERALLY REGISTERED/PENDING PATENTS**

OWNER	TITLE	PATENT NO.	ISSUE DATE
Borrower	Method of Manufacturing dies used in cutting and creasing paperboard	6,311,601	11/6/2001
Borrower	Lightweight dimensionally stable steel rule die	5,943,935	8/31/1999
Borrower	Steel rule die having improved rule holders	5,275,076	1/4/1994
Borrower	Reclosable dispenser carton	5,183,202	2/2/1993
Borrower	Means for mounting an adjustable embossing die	5,095,830	3/17/1992
Borrower	Rotary die-cutting apparatus	4,934,231	6/19/1990
Borrower	Lightweight dimensionally stable steel rule die	Pending application - 09/789,442 Filed 2/21/2001	
Borrower	Die insertion apparatus and method	Pending application	

**TRADEMARK**

**REEL: 002673 FRAME: 0374**

- SCHEDULE B

COLLATERAL LOCATIONS

1. Corporate Office
  - a. 2000 Middlebury Street  
Elkhart, IN 46516
  
2. Other Locations
  - a. 1627 West Lusher Avenue  
Elkhart, IN 46516
  
  - b. 291 Kettering Drive  
Ontario, CA 91761
  
  - c. First Street  
Palmer, MA 01069
  
  - d. 2000 Bloomingdale Road  
Suite 235  
Glendale Heights, IL 60139
  
  - e. 9301-A Forsyth Park Drive  
Charlotte, NC 28273