Action No. ____________________

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT,* R.S.C. 1985, c. B-3, AS AMENDED;

AND IN THE MATTER OF THE *JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED;

AND IN THE MATTER OF THE RECEIVERSHIP OF COVER-ALL HOLDING CORP., COVER-ALL BUILDING SYSTEMS INC. AND THOSE ENTITIES LISTED IN SCHEDULE "A" HEREOF

B E T W E E N:

CANADIAN IMPERIAL BANK OF COMMERCE
as administrative agent

Applicant

-and-

COVER-ALL HOLDING CORP., COVER-ALL BUILDING SYSTEMS INC. AND THOSE ENTITIES LISTED IN SCHEDULE "A" HEREOF

Respondents

AFFIDAVIT OF JOHN MCMURRAY
(Sworn 20 April 2010)

I, **JOHN MCMURRAY**, of the City of Burlington, in the Province of Ontario, **MAKE OATH AND SAY**:

1. I am a General Manager at Canadian Imperial Bank of Commerce ("**CIBC**"). In this role, I am responsible for the overall administration of the credit facilities extended to Cover-All Building Systems Inc. ("**CBSI**") and the other entities listed in Schedule "A" hereof (together with CBSI, the "**Debtors**") and therefore have personal knowledge of the matters hereinafter deposed to. Where my knowledge is stated to be based on information and belief, I believe such information to be true.

2. This affidavit is sworn in support of CIBC's application for an order, *inter alia*:

   (a) if necessary, lifting the stay of proceedings (the "**CCAA Stay**") imposed by Order of the Honourable Mr. Justice S. J. LoVecchio, dated 24 March 2010, (the "**CCAA Initial Order**") in Court File No. 1001-04270 (the "**CCAA Proceedings**") for the purpose of commencing the application for the appointment by the Court of PricewaterhouseCoopers Inc. ("**PwC**") as receiver of the Debtors;

   (b) appointing PwC as receiver (the "**Receiver**"), without security, of all of the assets, undertakings and property of the Debtors, including all proceeds thereof (the "**Property**"); and

   (c) approving an expedited sale process (the "**Sale Process**") in respect of the Property.

<u>Cover-All and the Senior Lenders</u>

3. The Debtors are the subject of the CCAA Initial Order. A copy of the Initial CCAA Order is attached as **Exhibit "A"**.

4. The Debtors have been in the business of manufacturing pre-engineered membrane building systems for non-residential use. The Debtors' assets include real estate located in Saskatchewan, leased offices located in Alberta, inventory and equipment related to the pre-engineered building systems business, and outstanding accounts receivable. The Debtors are all controlled, directly or indirectly, by CBSI, which has its head office in Calgary, Alberta.

5. A detailed description of the structure and business of the Debtors is included in the Affidavit of Nathan Stobbe, sworn 24 March 2010, (the "**Stobbe Affidavit**") in connection with the Debtors' application for an Initial Order in the CCAA Proceedings. A copy of the Stobbe Affidavit, without exhibits, is attached as **Exhibit "B"**.

6. CIBC is the Administrative Agent for the first and second ranking secured creditors of the Debtors. More specifically, CIBC is the Administrative Agent for itself and The Bank of Nova Scotia under a Senior Credit Agreement, dated 23 October 2007, as between CIBC and

CBSI. CIBC is also the Administrative Agent for itself and Roynat Capital Inc. under a Subordinate Credit Agreement, dated 23 October 2007, as between CIBC and CBSI. With the exception of NorthStar Cover-All, LLC and NorthStar Cover-All, Inc., all of the other Debtors are guarantors of CBSI's obligations under the Senior Credit Agreement and the Subordinate Credit Agreement (the "**Guarantors**").

7. The Senior Credit Agreement provides for:

(a) a term loan in the principal amount of $40,000,000;

(b) a revolving loan in the maximum aggregate principal amount at any time outstanding not to exceed $10,000,000; and

(c) operating loans in an aggregate principal amount at any time outstanding not to exceed $4,000,000.

The Subordinate Credit Agreement provides for an additional term loan to CBSI in the principal amount of $15,000,000. The principal amount owing under the Senior Credit Agreement as of April 20, 2010 is approximately $40,820,000. The principal amount owing under the Subordinate Credit Agreement as of April 20, 2010 is approximately $15,000,000. Copies of the Senior Credit Agreement and the Subordinate Credit Agreement are attached hereto as **Exhibit "C"** and **Exhibit "D"** respectively.

8. Pursuant to a general security agreement and various mortgages and pledge agreements, CBSI and each of the Guarantors granted a security interest to CIBC over all of their respective assets to secure CBSI's obligations under the Senior Credit Agreement. Similarly, CBSI and each of the Guarantors have also granted a security interest to CIBC over all of their respective assets to secure CBSI's obligations under the Subordinate Credit Agreement. Copies of the principal security agreements granted by the Debtors to and for the benefit of the Lenders under the Senior Credit Agreement and the Subordinate Credit Agreement are attached hereto as **Exhibit "E"**.

9. Attached as **Exhibit "F", "G"** and **"H"** are copies of search results in respect of Personal Property Security Act searches conducted in Alberta, Saskatchewan and Ontario.

Default Under the Senior Credit Agreement

10. The Debtors encountered financial difficulty in 2008 as a result of the global recession. These difficulties were exacerbated by the identification of potential engineering issues with one model of the Debtors' product, which necessitated a temporary halt in production of all models while internal and external safety reviews were conducted. Those safety reviews are ongoing. The circumstances giving rise to the Debtors' problems and the reasons for their urgent application for relief under the CCAA are set out in the Stobbe Affidavit.

11. As a result of their financial difficulties, the Debtors were unable to meet certain financial covenants under the Senior Credit Agreement, resulting in an event of default under that agreement. The Debtors received a formal notice of default from CIBC on 16 March 2010.

12. On 24 March 2010 the Debtors applied for and were granted protection from their creditors by the Initial Order in the CCAA Proceedings.

The Need for a Receiver

13. The Initial CCAA Order granted the Debtors a stay of proceedings up to 23 April 2010 to provide the Debtors, the Lenders and Ernst & Young Inc. ("E&Y"), the court-appointed monitor (the "Monitor") time to devise an appropriate restructuring strategy. In consultation with the Debtors and the Monitor, the Lenders have come to the conclusion that the most efficient way to move forward would be through a receivership proceeding, so that an orderly sale of all of the assets of the Debtors can be pursued.

14. When the Debtors applied for protection under the CCAA, the Lenders supported the application. At that time the course forward was uncertain. The Debtors took the view that because of the need to review certain of its designs, it would be prudent to cease operations, lay off most of their employees and cease selling and installing their products.

15. At the time the Debtors applied for and obtained the Initial CCAA Order, the Debtors had not foreclosed the possibility of a restructuring pursuant to which the Debtors would resume their businesses in the future.

16. Following ongoing discussions between the Debtors, their advisors, the Lenders and the Lenders' advisors, the Lenders have concluded that there is no real prospect of a restructuring that would see the Debtors resume their business operations. I understand that Mr. Stobbe and other senior management of the Debtors share that view.

17. Before the commencement of the CCAA proceedings, the Lenders could have demanded payment of all amounts owing and set-off all credit balances in the accounts of the Debtors at CIBC against the amounts owing to the Lenders. The Lenders did not take that course. Instead the Lenders reduced the operating credit available to the Debtors but agreed that the Debtors could continue to have access to and use their existing credit balances and future accounts receivable collections. That is, the Lenders have funded the CCAA proceedings to date.

18. Notwithstanding the support provided by the Lenders, it is anticipated that the Debtors will exhaust their cash resources in a matter of days.

19. The Lenders are not prepared to make additional credit available to the Debtors in the CCAA proceedings either under the existing credit agreements or on a super-priority basis.

20. In these circumstances, the Lenders have come to the conclusion that the best prospect of finding going concern value is through an expedited sale process. I do not believe that conclusion is disputed by the Debtors and I understand that the Debtors will apply to the Court for an order terminating the CCAA Proceedings in order to facilitate the transition to receivership proceedings.

21. The Initial Order contemplated that the Lenders (as well as the Debtors) might reach such a conclusion and provided, in paragraph 33, that the Lenders would be unaffected creditors in the CCAA Proceedings and would be entitled to enforce any and all rights and remedies under the Senior Credit Agreement and the Subordinate Credit Agreement on 2 business days notice. Accordingly, on 16 April 2010, counsel for the Lenders delivered a letter to counsel for the Debtors, with a copy to the CCAA Monitor and its counsel, indicating the Lenders' intention to bring an application for the appointment of PwC as Receiver of the Property. A copy of the letter to counsel for the Debtors, dated 16 April 2010, is attached hereto as **Exhibit "I"**.

22. By letter dated 20 April 2010 Borden Ladner Gervais LLP ("BLG"), the lawyers for the Lenders, delivered a Notice of Intention to Enforce Security pursuant to the provisions of the *Bankruptcy and Insolvency Act* to Goodmans LLP, counsel to the Debtors. Attached hereto and marked as **Exhibit "J"** is a copy of the BLG letter dated 20 April , 2010 attaching a copy of the Notice of Intention to Enforce Security.

23. PwC has been engaged as financial advisor to CIBC throughout the CCAA proceedings and is familiar with the property and business of the Debtors. They have already taken steps to identify and assess the value of the assets of the Debtors, and to devise a marketing strategy for the sale of those assets, including: retaining independent professionals to assess the value of certain real estate owned by the Debtors and dispatching PwC professionals to assess the value of the Debtors' Property.

24. Based on the foregoing, I am of the view that PwC is well placed to act as receiver of the Debtors. PwC is a licensed trustee and has signed a consent to act as receiver of the Debtors in this proceeding. In addition, E&Y are the auditors for CIBC and are therefore conflicted to act as Receiver. A copy of the PwC consent is attached hereto as **Exhibit "K"**.

<u>The Sale Process</u>

25. If PwC is appointed as requested, CIBC is seeking approval of a sale process to be carried out by the receiver to market and sell all of the assets of the Debtors (the "**Sale Process**").

26. I understand that PwC, at the request of the Lenders, will file an affidavit containing a report with the Court, as proposed Receiver, outlining what is proposed in terms of a sale process for the Property, subject to Court approval.

27. I am advised by Gregory Prince, a partner at PwC, and do verily believe that a number of prospective purchasers have already expressed an interest in the assets of the Debtors, including certain parties related to the Debtors, even though the business is not presently operating.

28. In light of the fact that the business is not operating, the Lenders are of the view that an efficient, short and transparent sales process makes the most sense.

29. The Lenders directly and through PwC have consulted with the Debtors and the Monitor and there is no disagreement on the proposed approach. The Lenders are further of the view that the Monitor has acted professionally and properly throughout the CCAA Proceedings.

Conclusion

30. The Lenders are of the view that a receivership is the most fair and expeditious method to dispose of the assets of the Debtors and achieve the maximum recovery for all stakeholders. Such a result was contemplated by the Initial CCAA Order, which provided the Lenders with a mechanism in paragraph 33 to enforce their rights and remedies under the Senior and Subordinate Credit Agreements. PwC is well acquainted with the business and property of the Debtors and it is appropriate for PwC to be appointed as Receiver.

SWORN before me at the City of Toronto, in the Province of Ontario, this 20th day of April, 2010.	)	
A Notary Public in and for the Province of Ontario	)	**JOHN MCMURRAY**

SCHEDULE "A"
DEBTORS

Cover-All Holding Corp.

Cover-All Building Systems Inc.

Cover-All U.S. Holding Corp.

Summit Structures, LLC

Quick Structures, LLC

Cover-All Holdings U.S., LLC

Summit Structures U.S., LLC

Summit Management, LLC

Eastern Cover-All, Inc.

NorthStar Cover-All, LLC

NorthStar Cover-All, Inc.

Summit Structures Limited

A

EXHIBIT A

This is the Exhibit marked "A" referred to in the Affidavit of John McMurray sworn before me this 20th day of April, 2010.

Notary Public in and for the Province of Ontario

04270

Action No. 1001-04770

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF COVER-ALL HOLDING CORP., COVER-ALL BUILDING SYSTEMS INC. AND THOSE ENTITIES LISTED IN SCHEDULE "A" HEREOF

BEFORE THE HONOURABLE MR. JUSTICE LOVECCHIO	)))))	AT THE CALGARY COURTS CENTRE IN THE CITY OF CALGARY, IN THE PROVINCE OF ALBERTA, ON WEDNESDAY THE 24TH DAY OF MARCH, 2010.

I hereby certify this to be a true copy of the original Order
Dated this 24 day of March 2010
for Clerk of the Court

INITIAL ORDER

UPON the application of Cover-All Holding Corp., Cover-All Building Systems Inc. and those entities listed in Schedule "A" hereto (the "**Applicants**"), AND UPON having read the Petition, the Affidavit of Nathan Stobbe (the "**Stobbe Affidavit**"); and the Affidavit of Service of Susan M. Scarlett, filed; AND UPON reading the consent of Ernst & Young Inc. to Act as Monitor (the "**Monitor**") and upon noting that Canadian Imperial Bank of Commerce ("**CIBC**") and the other lenders under the Applicants' Senior Credit Agreement and Subordinate Credit Agreement (each as defined in the Stobbe Affidavit) (collectively, with CIBC, the "**Lenders**") the secured creditors who are likely to be affected by the charges granted herein have been provided notice of this application; AND UPON hearing counsel for the Applicants, the Monitor, the Lenders, no one else appearing although duly served as appears from the Affidavit of Service, filed, IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this Order is hereby abridged and this application is properly returnable today.

APPLICATION

2. The Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. The Applicants shall have the authority to file and may, subject to further Order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**") between, among others, the Applicants and one or more classes of their secured and/or unsecured creditors as they deem appropriate.

POSSESSION OF PROPERTY AND OPERATIONS

4. The Applicants shall:

(a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**");

(b) subject to paragraph 12(a) or further Order of this Court, continue to carry on business in a manner consistent with the preservation of their businesses (the "**Business**") and Property; and

(c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. The Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Stobbe Affidavit (the "**Cash Management System**") and that any bank providing the Cash Management System (the "**Cash Management System Provider**") shall not be under any obligation whatsoever to

inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as Cash Management System Provider, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System. Notwithstanding anything in this Order, the Cash Management System Provider shall have, and shall be deemed to have, a priority charge (ranking after the Applicants' Advisors Administration Charge and the Lenders' Advisors Administration Charge (both as defined below), but in priority to all other charges) for the Cash Management Expenses, where "**Cash Management Expenses**" means any obligations, chargebacks, returns, liabilities, costs, charges, fees or expenses incurred by the Cash Management System Provider under the Cash Management System.

6. To the extent permitted by law, the Applicants shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:

(a) except for termination pay, severance pay or damages for wrongful dismissal, vacation pay and bonuses and expenses (to the extent such bonuses and expenses do not constitute wages) accrued prior to the date of this Order, all outstanding and future wages, salaries, employee and pension benefits, vacation pay, bonuses and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in connection with these proceedings or any U.S. bankruptcy proceedings, at their standard rates and charges, all substantially in accordance with the Approved Cash Flows (defined below).

7. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order and in carrying out the provisions of this Order, provided the amount of such payments do not vary materially from the cash flow projections approved by the Lenders in writing as may be updated or amended from time to time with the written approval of the Lenders (the "**Approved Cash Flows**"), which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. Notwithstanding any other provision of this Order: (a) any single disbursement proposed to be made by the Applicants or any of them in excess of $50,000 requires the prior written approval of the Lenders; and (b) the Applicants may not spend, utilize, pay, distribute or otherwise disburse any funds not contemplated as a payment or disbursement by the Approved Cash Flows (regardless of whether there are excess funds available), except to the extent that such payments do not vary materially from the Approved Cash Flows.

9. The Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:

(i) employment insurance,

(ii) Canada Pension Plan; and

(iv) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

10. Until such time as a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be

negotiated by the Applicants from time to time for the period commencing from and including the date of this Order ("**Rent**"), but shall not pay any rent in arrears.

11. Except as specifically permitted in this Order, the Applicants are hereby directed, until further Order of this Court on notice to the Lenders and the other parties on the service list in these proceedings:

(a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the date of this Order, except as authorized by this Order;

(b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property except as authorized by this Order; and

(c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. The Applicants shall, subject to the consent of the Lenders and the Monitor with respect to the rights provided in subparagraph (c) of this paragraph, have the right to:

(a) permanently or temporarily cease, downsize or shut down any of their businesses or operations and to dispose of redundant or non-material assets not exceeding $25,000 in any one transaction or $100,000 in the aggregate (or in excess of these amounts, by Order of this Court);

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate on such terms as may be agreed upon between the Applicants, as applicable, and such employee, or failing such agreement, to deal with the consequences thereof in the Plan; and

(c) pursue all avenues of refinancing and offers for material parts of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or any sale (except as permitted by subparagraph (a), above),

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

13. The Applicants, as applicable, shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, as applicable, or by further Order of this Court upon application by the Applicants, as applicable, on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants, as applicable, disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute, and the disclaimer of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

14. If a lease is disclaimed by the Applicants, or any of them, in accordance with Section 32 of the CCAA, then:

(a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants, as applicable, and the Monitor 24 hours' prior written notice; and

(b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

15. Until and including April 23, 2010, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court (each, a "**Proceeding**") shall be commenced or continued against or in respect of any of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, the written consent of the applicable Applicants and the Monitor, or as otherwise authorized herein, and any and all Proceedings currently under way against or in respect of any of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of any of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:

    (a) empower the Applicants, or any of them, to carry on any business which the Applicants are not lawfully entitled to carry on;

(b) exempt the Applicants, or any of them, from compliance with statutory or regulatory provisions relating to health, safety or the environment;

(c) prevent the filing of any registration to preserve or perfect a security interest; or

(d) prevent the registration of a claim for lien.

17. Nothing in this Order shall prevent any party from taking an action against the Applicants, or any of them, where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

18. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, or any of them, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

19. During the Stay Period, all persons having:

(a) statutory or regulatory mandates for the supply of goods and/or services; or

(b) oral or written agreements or arrangements with the Applicants, or any of them, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or one or more of the Applicants are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants, or any of them, or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided after the date of this Order.

NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT

20. Notwithstanding anything else contained in this Order, no creditor of the Applicants shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants, or any them, whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

22. The Applicants shall indemnify their directors and officers from all claims, costs, charges and expenses relating to the failure of the Applicants, after the date hereof, to make payments of the nature permitted by subparagraphs 6(a), 9(a), 9(b)and 9(c)of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Applicants except to the extent that, with respect to any officer or director, such officer or director has participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

23. The directors and officers of the Applicants, or of any of them, shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of $500,000, as security for the indemnity provided in paragraph 22 of this Order. The Directors' Charge shall have the priority set out in paragraphs 35 and 37 herein.

24. Notwithstanding any language in any applicable insurance policy to the contrary:

(a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and

(b) the directors and officers of the Applicants, or of any of them, shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 22 of this Order.

APPOINTMENT OF MONITOR

25. Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicants' conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

26. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;

(c) assist the Applicants, to the extent required by the Applicants, in their dissemination to the Lenders and/or their financial advisor and counsel, of financial and other information as agreed to between the Applicants and the Lenders which may be used in these proceedings;

(d) advise the Applicants in its preparation of the Applicants' cash flow statements and reporting required by the Lenders, which information shall be reviewed with the Monitor and delivered to the Lenders and their counsel or financial advisor on a periodic basis, but not less than weekly;

(e) advise the Applicants in their development of the Plan and any amendments to the Plan;

(f) advise the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(g) have full and complete access to the books, records and management, employees and advisors of the Applicants and to the Business and the Property to the extent required to adequately assess the Applicants' Business and financial affairs and perform its duties arising under this Order;

(h) advise and assist the Applicants with respect to any sales and marketing process to sell the Property and the Business or any part thereof, and administer and conduct any such marketing and sale process;

(i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(j) consider, and if deemed advisable by the Monitor, prepare a report and assessment on the Plan;

(k) assist the Applicants in the provision of weekly variance reports to the Lenders and/or their financial advisor and counsel with respect to the Approved Cash Flows; and

(l) perform such other duties as are required by this Order or by this Court from time to time.

27. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by

fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.

28. The Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

29. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

30. Notwithstanding any other provision of this Order, the Applicants, as part of the costs of these proceedings, shall pay the reasonable fees and disbursements incurred in respect of these proceedings, in each case at their standard rates and charges, of:

(a) the Monitor and counsel to the Monitor (including, without limitation, Canadian and U.S. counsel);

(b) counsel to the Applicants (including, without limitation, Canadian and U.S. counsel) ; and

(c) counsel to the Lenders (including, without limitation, Canadian and U.S. counsel) and, as applicable, financial advisors and appraisers to the Lenders

and the Monitor, counsel to the Monitor, counsel to the Applicants, and counsel and financial advisors and appraisers to the Lenders are hereby directed to render accounts to the Applicants on a weekly basis and the Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, counsel to the Applicants and counsel and financial advisors and appraisers to the Lenders on a weekly basis.

31. The Monitor and its legal counsel shall pass their accounts from time to time.

32. As security for the professional fees and disbursements incurred both before and after the granting of this Order in respect of these proceedings:

(a) the Monitor, counsel to the Monitor and the Applicants' counsel, shall be entitled to the benefits of and are hereby granted a charge (the "**Applicants' Advisors Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $500,000; and

(b) counsel and financial advisors and appraisers to the Lenders shall be entitled to the benefits of and are hereby granted a charge (the "**Lenders' Advisors Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $200,000.

The Applicants' Advisors Administration Charge and the Lenders' Advisors Administration Charge shall have the priority set out in paragraphs 35 and 37 hereof.

UNAFFECTED CREDITORS

33. Notwithstanding any other provision of this Order, including, without limitation the stay of proceedings granted hereunder:

(a) the Lenders shall be treated as unaffected in the Plan or any proposal filed by the Applicants or any of them under the *Bankruptcy and Insolvency Act* (Canada);

(b) upon at least two (2) business days notice to the Applicants and the Monitor, the Lenders may exercise any and all of their rights and remedies available to them against the Applicants or any of them and the Property under, in connection with or pursuant to the Senior Credit Agreement or the Subordinate Credit Agreement, and the security granted thereunder and with respect thereto;

(c) the foregoing rights and remedies of the Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or any of them, or the Property; and

(d) the Applicants shall not seek a continuation of the stay of proceedings without the prior consent of the Lenders and, in that case, on terms and conditions satisfactory to the Lenders.

DIP FINANCING

34. The Applicants shall not enter into or seek approval of any debtor in possession financing arrangements except with the prior approval of the Lenders and on terms and conditions reasonably satisfactory to the Lenders.

VALIDITY AND PRIORITY OF CHARGES

35. The priorities of the Directors' Charge, the Applicants' Advisors' Administration Charge and the Lenders' Advisors Administration Charge, as among them, shall be as follows:

First – Applicants' Advisors' Administration Charge (to the maximum amount of $500,000) and Lenders' Advisors Administration Charge (to the maximum amount of $200,000), on a *pari passu* basis as between them; and;

Second – Directors' Charge (to the maximum amount of $500,000).

36. The filing, registration or perfection of the Directors' Charge, the Applicants' Advisors Administration Charge and the Lenders' Advisors Administration Charge (collectively, the "**Charges**") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

37. Each of the Directors' Charge, the Applicants' Advisors Administration Charge and the Lenders' Advisors Administration Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, notwithstanding the order of perfection or attachment, except for any validly perfected security interest in favour of a "secured creditor" as defined in the CCAA not provided with notice of this Order or any Encumbrance existing on the date hereof in respect of any of source deductions from wages, employer health tax, workers compensation, federal or provincial sales taxes and vacation pay, in favour of any Person which is a "secured creditor" as defined in the CCAA not provided notice of this Order.

38. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Applicants' Advisors Administration Charge or the Lenders' Advisors Administration Charge, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the Directors' Charge, Applicants' Advisors Administration Charge and the Lenders' Advisors Administration Charge, or further Order of this Court.

39. The Directors' Charge, the Applicants' Advisors Administration Charge and the Lenders' Advisors Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by:

(a) the pendency of these proceedings and the declarations of insolvency made in this Order;

(b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;

(c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;

(d) the provisions of any federal or provincial statutes; or

(e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, or any of them, and notwithstanding any provision to the contrary in any Agreement:

(i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which they are a party;

(ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

(iii) the payments made by the Applicants pursuant to this Order and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

ALLOCATION

40. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an Order to allocate the Applicants' Advisors Administration Charge, the Lenders' Advisors Administration Charge and the Directors' Charge amongst the various assets comprising the Property.

SERVICE AND NOTICE

41. The Monitor shall (i) without delay, publish in the Globe and Mail a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than $1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

42. The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and Orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor may

post a copy of any or all such materials on its website at "www.ey.com/ca/cover-all", which shall be established for informational purposes.

GENERAL

43. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

44. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, or any of them, the Business or the Property.

45. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such Orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor or to any of the Applicants in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

46. Any of the Applicants or the Monitor is at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, including in any U.S. Bankruptcy Court in respect of proceedings commenced under Chapter 15 of the U.S. Bankruptcy Code in respect of recognition proceedings commenced therein, and any of the Applicants or the Monitor is authorized and empowered to act as a "foreign representative" of the Applicants or of any of them for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

47. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the Order sought or upon such other notice, if any, as this Court may order.

48. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

"S.J. LoVecchio"
J.C.Q.B.A.

Entered this 24 day of March, 2010
Clerk of the Court

K. MCAUSLAND COURT SEAL

SCHEDULE "A"
APPLICANTS

Cover-All Holding Corp.

Cover-All Building Systems Inc.

Cover-All U.S. Holding Corp.

Summit Structures, LLC

Quick Structures, LLC

Cover-All Holdings U.S., LLC

Summit Structures U.S., LLC

Summit Project Management, LLC

Eastern Cover-All, Inc.

NorthStar Cover-All, LLC

NorthStar Cover-All, Inc.

04270.

No: 1001- ~~04290~~

IN THE COURT OF QUEEN'S BENCH OF ALBERTA JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF COVER-ALL HOLDING CORP., COVER-ALL BUILDING SYSTEMS INC. AND THOSE ENTITIES LISTED IN SCHEDULE "A" HEREOF

INITIAL ORDER

GOODMANS LLP
Barristers and Solicitors
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Toronto, Ontario, Canada M5H 2S7

Jay A. Carfagnini (LSUC # 222936)
David Bish (LSUC# 41629A)
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Fax: 403 260-3501

DOCS #1154797 v. 4

B

EXHIBIT B

This is the Exhibit marked "B" referred to in the Affidavit of John McMurray sworn before me this 20^{th} day of April, 2010.

Notary Public in and for the Province of Ontario

Action No. ___________

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT* ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF

A PLAN OF COMPROMISE OR ARRANGEMENT OF COVER-ALL HOLDING CORP., COVER-ALL BUILDING SYSTEMS INC. AND THOSE ENTITIES LISTED IN SCHEDULE "A" HERETO

APPLICANTS

AFFIDAVIT OF NATHAN STOBBE

I, NATHAN STOBBE, of the City of Saskatoon, in the Province of Saskatchewan, MAKE OATH AND SAY:

I. INTRODUCTION

1. I have been President and Chief Executive Officer of Cover-All Building Systems Inc. ("**CBSI**") since June of 2002. I am also a director and/or an officer of Cover-All Holding Corp. ("**Holdco**"), CBSI and certain of the subsidiaries that are owned either directly or indirectly by Holdco and CBSI. As such, I have personal knowledge of the matters to which I depose in this Affidavit. Where I do not possess personal knowledge, I have stated the source of my information and in all such cases believe it to be true.

2. This Affidavit is sworn in support of a motion for an Order protecting Holdco, CBSI and those entities listed in Schedule "A" hereto (collectively, the "**Cover-All Group**") from their

creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

3. The principal objective of these proceedings is to provide the Cover-All Group with an opportunity to effect a successful restructuring of its business, which may include a sale of all or part of its assets, property, business and undertaking (collectively, the "**Property**"). In order to accomplish this objective, the Applicants seek protection of this Honourable Court from all proceedings and remedies taken or that might be taken in respect of the Applicants.

II. BACKGROUND

4. The Cover-All Group is the leading manufacturer of pre-engineered membrane building systems for the North American and European non-residential construction market. Operating through a world-wide dealer network, CBSI and its directly and indirectly owned subsidiaries provide engineering, manufacturing and design build services to customers (the "**Cover-All Business**").

(A) Overview of the Cover-All Group and the Cover-All Business

(i) The Pre-Engineered Building Systems Industry

5. The Cover-All Group participates in designing and building prefabricated, permanent and portable buildings.

6. Pre-engineered non-residential buildings have become a highly accepted method of construction for low-rise, non-residential structures such as retail stores, factories, warehouses, distribution centers, religious, athletic and event centres, office buildings, banks and schools.

7. Pre-engineered non-residential building systems are constructed from pre-engineered components such as steel, concrete, wood and fabric membrane, that are produced in a factory and either assembled at the plant or delivered to the building site for final assembly. In contrast to conventional construction methods (i.e. structures that are not pre-engineered) wherein components are cut, fitted, joined and assembled on-site, pre-engineered systems offer several benefits, including shorter construction time, lower construction costs, greater efficiencies and flexibility of design.

8. The size of the U.S. market for pre-engineered non-residential building systems was US$8 billion in 2009 and the size of the Canadian market was $2 billion in 2009.

9. The market for pre-engineered buildings system consists primarily of the following five broad customer segments:

(a) *industrial*: including manufacturing plants, warehousing, distribution and hangar facilities;

(b) *institutional*: including correctional facilities, libraries and health care facilities;

(c) *office:* including one-story, low-rise designs;

(d) *commercial:* including retail stores and hospitality facilities; and

(e) *agricultural and other markets*: including grain and crop storage facilities, garages, barns and the military market.

10. The fabric-covered building industry in North America is highly fragmented. There are a limited number of large companies that offer a broad range of products; however, there are also

numerous small regional manufacturers that operate in a single or limited product segment of the industry.

11. The Cover-All Group is the largest supplier of pre-engineered membrane building systems in North America, with an estimated market share of 25%. With approximately 35,000 of its storage buildings located around the world, the Cover-All Group is one of the most recognized and recommended pre-engineer membrane structure manufacturers in the world.

(ii) Cover-All Business

12. The Cover-All Business involves the manufacture of steel-framed, fabric covered buildings for use in agricultural, industrial, equine, government, commercial, disaster relief, military and recreational applications. The Cover-All Group also provides project management and installation services.

13. The Cover-All Business is carried out by CBSI, the entities that comprise the Cover-All Group, and various corporately-owned and independently authorized dealers. Specifically, CBSI manufactures building models and sells them to its subsidiaries and dealers at wholesale prices, which, in turn, sell these structures to retail and corporate customers. In most instances, the subsidiaries and dealers subsequently install the structures for the customers. The subsidiaries and dealers are located all over the world, including in Canada, the U.S., the United Kingdom and Germany.

14. CBSI controls, directly or indirectly, the subsidiaries that are included in Schedule "A" hereto. There are also approximately 80 dealers in North America and 24 dealers in Europe that solicit local sales and install the building structures supplied by CBSI. Of these dealers, CBSI directly or indirectly owns three in Canada, three in the U.S., one in the U.K. and one in

Germany. Dealers in North America have entered into written contracts with CBSI. The dealers in Europe do not have written contracts with the Cover-All Group; however, CBSI leads the arrangements and has a relationship with the European dealers.

15. The Cover-All Group has implemented modern, best-in-class information systems to support its activities and ensure a high level of sales and operations efficiency. The Cover-All Group has developed and implemented software solutions to increasingly automate manual processes and has developed software solutions specific to the Cover-All Group's needs.

(a) Manufacture of Pre-Engineered Membrane Building Systems

16. In the mid-1990's, the Cover-All Group pioneered the use of pre-engineered membrane building systems ("**PMBS**") for permanent structures in North America. Prior to the mid-1990's, PMBS were predominantly used for temporary structures.

17. PMBS structures offer several advantages over metal or wood building systems, including superior interior environment (i.e. increased natural light), speed of delivery (i.e. PMBS structures can be designed, engineered, manufactured and installed in a much shorter timeframe) and superior corrosion protection.

18. The Cover-All Group engineers, fabricates, sells and installs PMBS structures that range from 5 to 300 feet in width, and up to any length. Independent contract engineering firms review and stamp projects that require site specific engineering. Existing and new product designs and concepts other than Quick Structures (which do not involve engineering design) are reviewed and approved by, among others, independent contract engineering firms in each of Canada, the U.S. and the U.K.

19. CBSI designs and manufactures twelve different building models: Titan, Titan Low Slope, Meridian, Gemini, Icon, Medallion, Arch, Crescent, Guardian, Custom, Legend and Utility.

20. The Titan and Legend building series[2] are the most popular building models sold by the Cover-All Group. In 2009, the Titan and Legend building series accounted for approximately 90% of the Cover-All Group's building revenue.

21. The Cover-All Business has three main divisions: Cover-All Building Systems, Summit Structures, and Quick Structures, each of which targets a different market segment.

(1) Cover-All Building Systems Division

22. The Cover-All Building Systems ("**CABS**") division is the Cover-All Group's flagship brand, positioned as a mid-tier, high quality brand and sold, installed and serviced by the Cover-All Group's dealer network.

23. The CABS division is responsible for selling and distributing all CABS branded products including the Legend, Titan, Meridian and Medallion Building series.

24. The majority of CABS dealers are primarily dedicated to CABS products or have divisions wholly committed to CABS products.

25. The CABS division is further subdivided into three divisions: Cover-All Central Prairies, Cover-All Building Systems of Ontario and Cover-All Alberta.

26. In 2009, sales from the CABS division were $62 million, representing 56% of the Cover-All Group's revenue.

(2) Summit Structures Division

27. The Summit Structures division concentrates on larger, higher value projects that require more engineering and customization, and typically involve construction project management.

28. The Summit Structures division sells its products directly to customers through the Summit Structures divisional sales force instead of through a dealer network.

29. In 2009, sales from the Summit Structures division were $9 million, representing 8% of the Cover-All Group's revenue.

(3) Quick Structures Division

30. The Quick Structures brand provides smaller, lower-priced structures for non-engineered applications.

31. The Quick Structures division sells its products through its network of dealers and retailers across North America and Europe. In addition to independent dealers, Quick Structures are also sold through a significant number of CABS.

32. In 2009, sales from the Quick Structures division were $5 million, representing 4% of the Cover-All Group's revenue.

(b) Project Management and Installation Services

33. In addition to the Cover-All Group's manufactured products, the Cover-All Group provides value-added services including project management and installation services. In 2009, sales from project management and installation services were $36 million, representing 32% of the Cover-All Group's revenue.

34. Through the Cover-All Group's Summit Structures division and its corporate-owned dealers, the Cover-All Group provides building project management services, including co-ordination of design professionals, sub-contractors, contract workers and other services required to complete the overall construction project.

35. The Cover-All Group provides installation services to its customers and dealers primarily through its ownership interest in NorthStar Cover-All, LLC. North-Star Cover-All, LLC employs approximately 45 individuals who are dedicated to installation of the Cover-All Group's products and who travel throughout North America to provide the labour and expertise to install these products.

36. Additionally, the Cover-All Group's operations include after-sales service and warranty support to assist in the efficient processing of orders and the monitoring of product quality.

(c) Costs

37. The Cover-All Group's most significant costs are for steel, fabric and transportation.

38. Steel represents a large portion of the Cover-All Group's total manufacturing costs, which costs are therefore subject to market fluctuations in the price of steel. Similarly, the price of polyethylene fabric, which is typically used in the Cover-All Group's structures, is driven by the price of natural gas and is also subject to market fluctuations. Transportation of finished goods that are distributed from the plant to the customer are coordinated and procured by the Cover-All Group and the transportation costs are charged out to customers.

(iii) History of the Cover-All Group

39. The Cover-All business was founded in 1993. In its early years, the company concentrated on sales to agricultural end markets, including hay storage, cattle, and dairy.

40. By 1995, dealer networks were established in order to sell products outside of Saskatchewan to customers in Canada and the U.S.

41. The Cover-All business expanded into commercial and industrial markets in 1998. Shortly thereafter, the company launched the TITAN building series, which, at upwards of 160 feet wide, represented Cover-All's largest building at the time.

42. In and around 2000, after the registered name of the company was changed from 629224 Saskatchewan Ltd. to Cover-All Building Systems Inc., CBSI made the decision to formally expand outside of Saskatchewan in order to penetrate different geographic regions and expand the pool of potential purchasers.

43. In 2003, CBSI established a European dealer network, thereby providing the company with access into the European market. In 2005, CBSI acquired its largest dealer and in doing so gained access into Ontario and New York.

44. In 2007, Cover-All Holdings U.S., LLC acquired 51% of the installation company NorthStar Cover-All, LLC which was, at the time, the largest PMBS installation company in North America. In 2008, Cover-All Holdings U.S., LLC acquired the remaining 49% of NorthStar Cover-All, LLC.

45. Also in 2007, CBSI acquired 95% of its dealer in Germany to assist in its access to the European market.

(iv) Ownership of the Cover-All Group

46. Prior to October 2007, CBSI and the various direct and indirect subsidiaries that are listed in Schedule "A" were wholly-owned by management, Tri-West Capital Private Equity Fund and other former management as shareholders of the ultimate parent company. However, in October 2007, Audax Private Equity Fund II, L.P. and certain related entities (collectively, "**Audax**") acquired an 85% interest in the company, invested through a Luxembourg entity. As of the date of the swearing of this Affidavit, Audax and management (who invested through 101108501 Saskatchewan Ltd.) are the owners of Holdco, CBSI and the subsidiaries listed in Schedule "A", as shareholders of Cover-All Holdings, S.a.r.l and 101108501 Saskatchewan Ltd., respectively.

(v) Corporate Structure of the Cover-All Group

47. CBSI's registered head office is located at 4500, 855-2nd Street S.W., Calgary, Alberta. The Cover-All Group is managed and operated on a consolidated basis from its headquarters in Saskatoon, Saskatchewan.

48. A copy of the corporate organization chart for the Cover-All Group is attached hereto as Exhibit "A".

(a) Canadian Entities

(1) 101108501 Saskatchewan Ltd.

49. 101108501 Saskatchewan Ltd. was formed under the laws of the Province of Saskatchewan by the management of the Cover-All Group to pass investments through it to Holdco. Other than its shares in Holdco, 101108501 Saskatchewan Ltd. does not have any property or assets in Canada, is not a party to the lending arrangements with CIBC, as

administrative agent, related to the Cover-All Group, and is therefore not an applicant in these proceedings.

(2) Holdco

50. Holdco is an unlimited liability company that was incorporated under the laws of the Province of Nova Scotia on October 9, 2007. The registered head office of Holdco is located at 900 – 1959 Upper Water Street, Halifax, Nova Scotia.

51. Holdco is a guarantor of the obligations of CBSI to Canadian Imperial Bank of Commerce ("**CIBC**") and the other lenders (collectively, the "**Lenders**") under the Senior Credit Agreement and the Subordinate Credit Agreement (each as defined below) (the "**Credit Agreement Obligations**").

52. I am a director of Holdco, as are Andrew Fortier, Keith R. Polumbo and Steven R. Loose. I am the President of Holdco and its other officers are Steven R. Loose (Vice-President) and Andrew Fortier (Vice-President and Secretary).

53. Holdco's ~~only~~primary assets are 100% of the common shares that it holds in Cover-All U.S. Holding Corp. and CBSI.

54. Holdco is an Applicant in these proceedings.

(3) CBSI

55. CBSI was originally incorporated as 629224 Saskatchewan Ltd. under the laws of the Province of Saskatchewan on September 10, 1999. A name change was filed effective February 11, 2000 in which the name of the corporation was changed from 629224 Saskatchewan Ltd. to Cover-All Building Systems Inc.

56. After a series of amalgamations, and discontinuances and continuances from the Provinces of Saskatchewan and Ontario to the Province of Alberta, Cover-All Business Systems Inc. amalgamated with Cover-All Alberta Ltd. on August 17, 2008 to form CBSI, an Alberta corporation.

57. CBSI's registered head office is 4500, 855 – 2nd Street S.W., Calgary, Alberta. CBSI is a wholly-owned subsidiary of Holdco.

58. In addition to Alberta, CBSI is registered to conduct business in Ontario, British Columbia, Saskatchewan and Manitoba.

59. CBSI is the borrower under the Senior Credit Agreement and the Subordinate Credit Agreement.

60. I am a director of CBSI, as are Andrew Fortier, Steven R. Loose and Keith R. Palumbo. I am the President and CEO of CBSI, and its other officers are Todd Payne (Secretary, Treasurer and Chief Financial Officer), Paul Johnson (Chief Operating Officer) and Andrew Fortier (Secretary).

61. CBSI directly owns 100% of the shares or units, as applicable, of the following four subsidiaries: Summit Structures, LLC; Quick Structures, LLC; Cover-All Holdings U.S., LLC; and Summit Structures Limited.

62. CBSI is an Applicant in these proceedings.

(b) U.S. Entities

(1) Cover-All U.S. Holding Corp.

63. Cover-All U.S. Holding Corp. is a shell entity that was incorporated in Delaware on October 4, 2007. Although Cover-All U.S. Holding Corp. was incorporated for the purposes of carrying out a business venture, such business venture is yet to be pursued. As such, it has been inactive and has had no assets since its date of incorporation. However, Cover-All U.S. Holding Corp. is a guarantor of the Credit Agreement Obligations and has recently opened a bank account in Canada. Accordingly, Cover-All U.S. Holding Corp. is an Applicant in these proceedings.

64. I am a director of Cover-All U.S. Holding Corp., as are Andrew Fortier, Keith R. Polumbo and Steven R. Loose. I am the President of Cover-All U.S. Holding Corp., and its other officers are Steven R. Loose (Vice-President) and Andrew Fortier (Vice-President and Secretary).

(2) Summit Structures, LLC

65. Summit Structures, LLC is a limited liability company that was formed under the laws of Pennsylvania. Summit Structures, LLC's sole member is CBSI and its officers are Andrew Fortier (Secretary), Todd Payne (Treasurer), Paul Johnson (Chief Operating Officer), Wayne Gursky (General Sales Manager) and Darcy McLean (Business Director).

66. Summit Structures, LLC was formed to assist with large and complex orders that dealers were unable to fill on their own. Summit Structures, LLC has a bank account in Canada.

67. Summit Structures, LLC is a guarantor of the Credit Agreement Obligations.

68. Summit Structures, LLC is the parent corporation of three entities that were primarily formed for tax purposes. The following entities are subsidiaries of Summit Structures, LLC: Summit Structures U.S., LLC; Summit Project Management, LLC; and Eastern Cover-All Inc.

69. Summit Structures, LLC is an Applicant in these proceedings.

(3) Summit Structures U.S., LLC

70. Summit Structures U.S., LLC is a limited liability company that was formed in Pennsylvania. Its sole member is Summit Structures, LLC, and its officers are Andrew Fortier (Secretary), Todd Payne (Treasurer), Paul Johnson (Chief Operating Officer), Wayne Gursky (General Sales Manager) and Darcy McLean (Business Director).

71. Summit Structures, U.S., LLC performs some sales for the Cover-All Group and has a bank account in Canada. Summit Structures, U.S., LLC is a guarantor of the Credit Agreement Obligations.

72. Summit Structures U.S., LLC is an Applicant in these proceedings.

(4) Summit Project Management, LLC

73. Summit Project Management, LLC is a limited liability company that was formed in Pennsylvania. Its sole member is Summit Structures, LLC and its officers are Andrew Fortier (Secretary), Todd Payne (Treasurer), Paul Johnson (Chief Operating Officer) and Darcy McLean (Business Director).

74. Summit Project Management, LLC is presently inactive and has a bank account in Canada. Summit Project Management, LLC is a guarantor of the Credit Agreement Obligations.

75. Summit Project Management, LLC is an Applicant in these proceedings.

(5) Eastern Cover-All, Inc.

76. Eastern Cover-All, Inc. was incorporated under the laws of New York and is also registered to conduct business in Pennsylvania and Tennessee. Eastern Cover-All, Inc. is a wholly owned subsidiary of Summit Structures, LLC. I am a director of Eastern Cover-All, Inc., as are Todd Payne, Paul Johnson and Wayne Gursky. I am the President of Eastern Cover-All, Inc. and its other officers are Andrew Fortier (Secretary), Todd Payne (Treasurer and Chief Financial Officer), Paul Johnson (Chief Operating Officer) and Wayne Gursky (General Manager).

77. Eastern Cover-All, Inc. is a guarantor of the Credit Agreement Obligations and has a bank account in Canada.

78. Eastern Cover-All, Inc. is an Applicant in these proceedings.

(6) Quick Structures, LLC

79. Quick Structures, LLC is a limited liability corporation that was incorporated in Pennsylvania. The sole member of Quick Structures, LLC is CBSI and its officers are Andrew Fortier (Secretary), Todd Payne (Treasurer) and Paul Johnson (Chief Operating Officer).

80. Quick Structures, LLC is responsible for retail chain sales for the non-engineered product-line; however, it is relatively inactive.

81. All decision-making by Quick Structures LLC is centralized in Canada. Additionally, Quick Structures, LLC has a bank account in Canada and is a guarantor of the Credit Agreement Obligations.

82. Quick Structures, LLC is an Applicant in these proceedings.

(7) Cover-All Holdings U.S., LLC

83. Cover-All Holdings U.S., LLC is a limited liability company that was formed in Pennsylvania. In addition to Pennsylvania, it is also registered to conduct business in Iowa and Illinois. CBSI is the sole member of Cover-All Holdings U.S., LLC and its officers are Andrew Fortier (Secretary), Todd Payne (Treasurer) and Paul Johnson (Chief Operating Officer).

84. Cover-All Holdings U.S., LLC primarily sells and installs buildings in Iowa and Illinois.

85. Cover-All Holdings U.S., LLC is the sole member of NorthStar Cover-All, LLC.

86. Cover-All Holdings U.S., LLC is a guarantor of the Credit Agreement Obligations and has a bank account in Canada.

87. Cover-All Holdings U.S., LLC is an Applicant in these proceedings.

(8) NorthStar Cover-All, LLC

88. NorthStar Cover-All, LLC is a limited liability company formed in Delaware and is also registered to conduct business in Minnesota. I am a governor of NorthStar Cover-All, LLC, as are Todd Payne, Paul Johnson and Ben Fox. I am the Chief Executive Officer of NorthStar Cover-All, LLC, and its other officers are Todd Payne (Secretary and Chief Financial Officer), Paul Johnson (Chief Operating Officer) and Ben Fox (General Manager).

89. NorthStar Cover-All, LLC primarily installs buildings for corporate owned dealers and operates dealerships in Minnesota and South Dakota.

90. NorthStar Cover-All, LLC holds 100% of the shares in NorthStar Cover-All, Inc. and has a bank account in Canada. NorthStar Cover-All, LLC is an Applicant in these proceedings.

(9) NorthStar Cover-All, Inc.

91. NorthStar Cover-All, Inc. was formed under the laws of Minnesota and is registered to conduct business in California. NorthStar Cover-All, Inc.'s directors are Paul Johnson and Ben Fox, and its officer is Paul Johnson (Chief Executive Officer and Chief Financial Officer).

92. NorthStar Cover-All, Inc. operates in California and has very few assets and liabilities. It recently opened a Canadian bank account and is an Applicant in these proceedings.

(c) Foreign Entities

(1) Cover-All Holdings, S.a.r.l.

93. Cover-All Holdings, S.a.r.l. was formed under the laws of Luxembourg by Audax to pass investments through it to Holdco. Cover-All Holdings, S.a.r.l. does not have any property or assets in Canada, is not a party to the lending arrangements related to the Cover-All Group and is therefore not an applicant in these proceedings.

(2) Summit Structures Limited

94. Summit Structures Limited is a company incorporated in the United Kingdom. Summit Structures Limited purchases buildings from CBSI at wholesale prices and sells/installs the buildings in the United Kingdom.

95. Summit Structures Limited owns 95% of the shares in Cover-All Europe GmbH, a German company.

96. Summit Structures Limited is a guarantor of the Credit Agreement Obligations and has a bank account in Canada.

97. Summit Structures Limited is not an applicant in these proceedings at this time; however, the Applicants may subsequently appear before this Honourable Court to add Summit Structures Limited as an Applicant to these proceedings and recognition proceedings or other bankruptcy or creditor protection proceedings may subsequently be sought in respect of this entity.

(3) Cover-All Europe GmbH

98. Cover-All Europe GmbH is a guarantor of the Credit Agreement Obligations but does not do business or have any assets in Canada. Cover-All Europe GmbH is not an applicant in these proceedings; however, it may separately file for bankruptcy or for creditor protection in Germany.

(vi) Customers

99. The Cover-All Group has a diverse customer base and includes many North American and European leaders in each of the Cover-All Group's key end user markets, including industrial/commercial, agriculture, equine, recreation/entertainment, government, military and disaster relief.

100. Approximately 30% of the Cover-All Group's revenue in 2009 was generated from repeat customers. The Cover-All Group's top five customers accounted for 10% of revenue in fiscal 2009, with the largest customer at 3% of total revenue.

101. In 2009, customers in the United States accounted for approximately 40% of the Cover-All Group's revenues, followed by Canada at 50% and Europe at 10%.

(vii) Offices and Facilities

102. CBSI owns a 170,000 square foot manufacturing facility that is certified by the ISO (the "**Main Facility**"). Situated on twenty acres of land in Saskatoon, Saskatchewan, the Main Facility is the central location from which the steel is manufactured and the fabric is produced for all buildings purchased from the Cover-All Group or its various dealers.

103. Virtually all management, human resources, engineering, tax and accounting functions for the Cover-All Group take place from an office at the Main Facility.

104. CBSI leases offices in Edmonton, Calgary and Lucknow, Ontario. Summit Structures U.S., LLC leases an office in Allentown, Pennsylvania.

(viii) Employees

105. As at January 31, 2010, the Cover-All Group employed approximately 483 employees, including approximately 400 in Saskatoon, Saskatchewan and approximately 84 employees in Manitoba, Ontario, Alberta, U.S. and Germany. In Saskatoon, approximately 182 employees work in the corporate office and approximately 218 work in the manufacturing facility. Of all employees of the Cover-All Group, approximately 170 are salaried and approximately 230 are paid based on an hourly wage.

106. In 2007, the Cover-All Group implemented a formal stock plan under which options on Class O Shares were given to employees. The options vest at 20% each for five years from the anniversary date, provided the grantee is still employed.

107. Basic health benefits are provided to employees of the Cover-All Group on a cost shared basis.

(B) Assets and Liabilities of the Cover-All Group

108. The following financial statements (collectively, the "**Financial Statements**") are being provided to this Honourable Court in support of this Affidavit:

(a) the Applicants' unaudited consolidated financial statements as at January 30, 2010, attached hereto as Exhibit "B"; and

(b) the Applicants' audited consolidated financial statements as at January 31, 2009, attached hereto as Exhibit "C".

(i) Cover-All Group

109. Based on the Applicants' unaudited consolidated financial statements dated January 30, 2010, the Cover-All Group's assets had a book value of approximately $141.1 million. Of this asset value, approximately $32.2 million consists of current assets while the remaining $108.9 million is non-current assets. The current assets include cash totalling approximately $5.6 million, accounts receivable of approximately $12.5 million and inventory of approximately $11.1 million.

110. As at January 31, 2010, the Cover-All Group's liabilities amounted to approximately $96.0 million, including approximately $29.1 of current liabilities (including approximately $5.5 million of current bank debt)and approximately $66.9 million of non-current liabilities. Of the total liabilities, approximately $6.1 million consisted of accounts payable long-term debt was approximately $49.6 million (including approximately $33.5 million under the Senior Credit Agreement (as defined below) and approximately $16.1 million under the Subordinate Credit

Agreement (as defined below), and approximately $9.2 million was for amounts owing pursuant to shareholders loans.

111. Approximately 75% of the Cover-All Group's accounts payable to suppliers are current, with the remaining 25% (approximately $1.2 million as at March 23, 2010) less than thirty days overdue.

112. The Cover-All Group is also subject to certain litigation proceedings in certain jurisdictions of the United States, Canada and Europe, including proceedings commenced in January, 2010 before the Texas Northern District Court relating to the collapse of a building during a severe storm with severe winds, which building was manufactured by CBSI and was being used as a practice facility for the Dallas Cowboys football team.

(ii) Canadian Entities

(a) CBSI

113. CBSI is the main operating company within the Cover-All Group. CBSI owns the Main Facility and also has acquired three dealers, namely, Cover-All Central Prairies, Cover-All Ontario and Cover-All Alberta, which, along with NorthStar Cover-All Canada, are considered operating divisions of CBSI.

114. As mentioned above, CBSI leases offices in Edmonton, Calgary and Lucknow, Ontario.

115. As at January 30, 2010, CBSI's total assets had a book value of approximately $150,287,328. Of this total, approximately $103,854,947 was money owing to CBSI from its related companies. As at January 30, 2010, CBSI had approximately $3,623,422 of cash and $8,704,887 of inventory.

116. As at January 30, 2010, CBSI's total liabilities had a book value of approximately $77,428,808. CBSI has a capital lease obligation of approximately $982,582. CBSI's principal liability is as borrower under the Senior Credit Agreement and the Subordinate Credit Agreement. Specifically, as at January 30, 2010, CBSI owed approximately $52,665,201 in long term debt and $5,499,999 in current bank debt to CIBC and other lenders pursuant to a Senior Credit Agreement and a Subordinate Credit Agreement, while also owing approximately $3,939,148 in accounts payable and an additional $10,834,607 in income taxes payable.

117. CBSI entered into a Senior Credit Agreement with CIBC (as operating lender and administrative agent) and the other lenders party thereto on October 23, 2007 (the "**Senior Credit Agreement**"). Holdco and the other Applicants, with the exception of NorthStar Cover-All, LLC and NorthStar Cover-All, Inc., are guarantors of CBSI's obligations under the Senior Credit Agreement (the "**Guarantors**").

118. The Senior Credit Agreement provides for, *inter alia*:

(a) a term loan in the principal amount of $40,000,000 on a non-revolving basis payable within five years from the date of advancement by CIBC and the Bank of Nova Scotia, unless renewed pursuant to the terms of the Senior Credit Agreement;

(b) a revolving loan in the maximum aggregate principal amount at any time not in excess of $10,000,000; and

(c) operating loans in an aggregate principal amount at any time outstanding not to exceed $4,000,000.

119. The monies borrowed by CBSI pursuant to the Senior Credit Agreement were to be used by CBSI as follows:

(a) to partially fund the transactions of October 23, 2007 relating to the ownership of the Cover-All Group (described in paragraph 46 above) and the fees and expenses associated with those transactions; and

(b) monies borrowed under the Revolving Loans and the Operating Loans were to be used to finance ongoing working capital, capital expenditures and general corporate purposes of the Loan Parties (as defined in the Senior Credit Agreement).

120. CBSI, as borrower, and each of the Guarantors granted a security interest to CIBC, as agent, over all of their respective assets (by way of a general security agreement and/or mortgage and/or pledge agreement) to secure their obligations owing under the Senior Credit Agreement.

121. In addition to the Senior Credit Agreement, CBSI is also liable to CIBC and Roynat Capital Inc. under a Subordinate Credit Agreement entered into on October 23, 2007 ("**Subordinate Credit Agreement**"). The Guarantors have also guaranteed CBSI's obligations under the Subordinate Credit Agreement.

122. The Subordinate Credit Agreement provides for a term loan to CBSI in the principal amount of $15,000,000.

123. The monies borrowed by CBSI pursuant to the Subordinate Credit Agreement were to be used by CBSI to partially fund the transactions of October 23, 2007 relating to the ownership of

the Cover-All Group (described in paragraph 46 above) and the fees and expenses in connection therewith.

124. CBSI, as borrower, and each of the Guarantors granted a security interest to CIBC, as agent, over all of their respective assets (by way of a general security agreement and/or mortgage and/or pledge agreement) to secure their obligations owing under the Subordinate Credit Agreement.

125. As at January 30, 2010, CBSI also owed approximately $9,200,000 to Holdco pursuant to a shareholder loan, which loan is unsecured. These funds were used to acquire Cover-All Alberta Ltd. from John Cameron.

126. As mentioned previously, CBSI has four operating divisions, namely: Cover-All Central Prairies, Cover-All Ontario, Cover-All Alberta and NorthStar Cover-All Canada.

(1) Cover-All Central Prairies

127. Cover-All Central Prairies is a dealer that was acquired by CBSI and is now an operating division of CBSI. As at January 30, 2010, Cover-All Central Prairies had total assets of approximately $4,150,875, consisting primarily of $3,524,867 owed from related companies.

128. As at January 30, 2010, Cover-All Central Prairies had total liabilities of approximately $416,891, including $255,596 in accounts payable.

(2) Cover-All Ontario

129. Cover-All Ontario is a dealer that was acquired by CBSI and is now an operating division of CBSI. As at January 30, 2010, Cover-All Ontario had total assets of approximately $9,051,223, consisting primarily of $6,458,440 owed from related companies.

130. As at January 30, 2010, Cover-All Ontario had total liabilities of approximately $950,732, consisting primarily of other current liabilities of $751,603.

(3) Cover-All Alberta

131. Cover-All Alberta is a dealer that was acquired by CBSI and is now an operating division of CBSI. As at January 30, 2010, Cover-All Alberta had total assets of approximately $7,360,933, consisting primarily of $2,695,144 owed from related companies and $2,219,395 in accounts receivable.

132. As at January 30, 2010, Cover-All Alberta had total liabilities of approximately $1,196,521, consisting primarily of $1,172,421 in accounts payable.

(4) NorthStar Cover-All Canada

133. NorthStar Cover-All Canada is an operating division of CBSI relating to installation services provided to corporately owned and independent dealers in Canada. As at January 30, 2010, NorthStar Cover-All Canada had total assets of approximately $1,452,162, consisting primarily of $898,791 in accounts receivable.

134. As at January 30, 2010, North-Star Cover-All Canada had total liabilities of approximately $123,119, consisting primarily of $91,456 in accounts payable.

(b) Holdco

135. As at January 30, 2010, Holdco's primary asset was its 100% ownership of the common shares in each of CBSI and Cover-All Holding Corp.

136. As at January 30, 2010, Holdco was owed approximately $45,670,955 from related companies and had approximately $9,204,802 of long term senior debt owed to shareholders of Cover-All Holdings, S.a.r.l and 101108501 Saskatchewan Ltd., respectively, related to the acquisition of Cover-All Alberta Ltd. in 2008.

137. Holdco is a guarantor of the Credit Agreement Obligations.

(iii) U.S. Entities

(a) Cover-All Holding Corp.

138. As at January 30, 2010, Cover-All Holding Corp. was a shell entity with no assets or liabilities (other than nominal amounts in its bank account).

139. Cover-All Holding Corp. is a guarantor of the Credit Agreement Obligations.

(b) Summit Structures, LLC

140. As at January 30, 2010, Summit Structures, LLC had intangible assets with a book value of approximately $505,313. Summit Structures, LLC owed approximately $3,495,154 to related companies.

141. Summit Structures, LLC is a guarantor of the Credit Agreement Obligations.

(c) Summit Structures U.S., LLC

142. As at January 30, 2010, Summit Structures U.S., LLC had total assets of approximately $4,607,306. Summit Structures U.S., LLC's principal asset is approximately $3,836,086 owed from related companies.

143. As at January 30, 2010, Summit Structures U.S., LLC's total liabilities were approximately $1,154684, with its principal liability being approximately $668,472 in income taxes payable.

144. Summit Structures U.S., LLC leases an office in Allentown, Pennsylvania and is a guarantor of the Credit Agreement Obligations.

(d) Summit Project Management, LLC

145. As mentioned above, Summit Project Management, LLC is presently inactive. As at January 30, 2010, Summit Project Management, LLC's only liability was approximately $530,111 owing to related companies.

146. Summit Project Management, LLC is a guarantor of the Credit Agreement Obligations.

(e) Eastern Cover-All, Inc.

147. As at January 30, 2010, Eastern Cover-All, Inc. had total assets of approximately $3,420,021. Eastern Cover-All, Inc.'s principal assets are approximately $1,661,091 owing from related companies and approximately $1,002,583 in intangible assets.

148. As at January 30, 2010, Eastern Cover-All, Inc. had total liabilities of approximately $525,663, with its principal liabilities consisting of accounts payable (approximately $185,840) and other current liabilities (approximately $371,099).

149. Eastern Cover-All, Inc. is a guarantor of the Credit Agreement Obligations.

(f) Quick Structures, LLC

150. As at January 30, 2010, Quick Structures, LLC was relatively inactive. It had approximately $28,256 of total assets and approximately $1,663 of total liabilities.

151. Quick Structures, LLC is a guarantor of the Credit Agreement Obligations.

(g) Cover-All Holdings U.S., LLC

152. As at January 30, 2010, Cover-All Holdings U.S., LLC had approximately $1,917,091 in total assets, representing amounts due from related companies.

153. As at January 30, 2010, Cover-All Holdings U.S., LLC had approximately $903,149 in total liabilities, with its principal liability being approximately $1,560,225 owing in future income taxes.

154. Cover-All Holdings U.S., LLC is a guarantor of the Credit Agreement Obligations.

155. Mid-West Cover-All is as an operating division of Cover-All Holdings U.S., LLC.

(1) Mid-West Cover-All

156. As at January 30, 2010, Mid-West Cover-All had approximately $3,043,630 of total assets, the majority of which are intangible assets (approximately $3,283,132) and Goodwill (approximately $1,592,640).

157. As at January 30, 2010, Mid-West Cover-All had approximately $2,320,304 in total liabilities, of which approximately $1,592,640 consists of future income taxes payable.

(h) NorthStar Cover-All, LLC

158. As at January 30, 2010, NorthStar Cover-All, LLC had total assets of approximately $1,862,947. NorthStar Cover-All's principal assets are its intangible assets, with a book value of approximately $677, 151. and accounts receivable due from related companies for installation services provided to the corporate divisions owned by CBSI.

159. As at January 30, 2010, NorthStar Cover-All, LLC had current liabilities of approximately $284, 203 consisting primarily of-accounts payable.

160. NorthStar Cover-All, LLC is not a party to the lending arrangements with CIBC, as administrative agent, related to the Cover-All Group.

(i) NorthStar Cover-All, Inc.

161. NorthStar Cover-All, Inc. is not a party to the lending arrangements with CIBC, as administrative agent, related to the Cover-All Group. NorthStar Cover-All, Inc. is an inactive entity with no material assets or liabilities.

(iv) Foreign Entities

(a) Summit Structures Limited

162. As at January 30, 2010, Summit Structures Limited had a negative value for its total assets (approximately \$303,101). Although Summit Structures Limited had approximately \$544,060 in accounts receivable, it owed approximately \$972,252 to related companies.

163. As at January 30, 2010, Summit Structures Limited had a negative value for its total liabilities (approximately \$17,536), primarily as a result of an anticipated tax return of approximately \$175,106.

164. Summit Structures Limited is a guarantor of the Credit Agreement Obligations.

(b) Cover-All Europe GmbH

165. As at January 30, 2010, Cover-All Europe GmbH had total assets of approximately \$6,155,629. Cover-All Europe GmbH's primary asset was its accounts receivable (approximately \$3,078,042), although it owed approximately \$242,735 to related companies.

166. As at January 30, 2010, Cover-All Europe Gmbh's total liabilities were approximately \$5,107,488, primarily relating to its accounts payable (approximately \$1,387,591) and its other liabilities (approximately \$3,523,740).

167. Cover-All Europe GmbH is a guarantor of the Credit Agreement Obligations.

(C) Financial Difficulties

(i) Economic Challenges

168. The Cover-All Group's present financial difficulties are the result of a combination of external market and internal financial factors that have adversely affected the Cover-All Business.

169. Sales peaked for the Cover-All Group in 2008. Demand for the Cover-All Group's building series was at an all-time high, as the market conditions in North America and Europe were strong.

170. The Cover-All Group took advantage of these economic conditions by ensuring that, through its subsidiaries and various dealers located around the world, the demand for the Cover-All building models was matched by professional sales teams and large distribution chains. Revenues for the Cover-All Group reached approximately $129 million, their highest point since the company was founded in 1993.

171. However, the world-wide economic downturn negatively impacted virtually every market in which the Cover-All Group operated. The global recession created escalating external and economic pressures not only for the Cover-All Group, but for the prefabricated building industry as a whole.

172. As access to credit tightened up, so too did the pool of customers willing to purchase permanent and/or portable buildings. The resulting effect was a substantial and continuing contraction of the prefabricated building industry, especially in North America.

173. The Cover-All Group and its competitors have been greatly affected by these challenges. The recession has not only decreased demand, but it has also resulted in the chronic over-capacity of buildings and building supplies, which in turn has led to price competition among manufacturers.

174. Although the Cover-All Group has managed to endure the challenges described above and has stayed operational for the past two years, the cumulative effect of these challenges has

weakened the Cover-All Group and ultimately left it unable to deal with any further economic shocks.

(ii) Challenges Under the Senior Credit Agreement

175. Due to the various economic factors described above, CBSI found it difficult to remain in compliance with certain of its financial covenants in the Senior Credit Agreement.

176. CBSI has currently failed to meet certain financial covenants under the Senior Credit Agreement, which is an event of default. CBSI received a formal notice of default from CIBC as of March 16, 2010. The non-compliance with certain financial covenants can lead to the amounts owing under the Senior Credit Agreement (and the Subordinate Credit Agreement as a result of certain cross-defaults) becoming immediately due and payable. None of CBSI or the Guarantors would be able to pay the full amounts owing under the credit agreements should they become immediately due and payable as a result of the default.

(iii) Challenges Resulting from Potential Engineering Issues

177. Recently, Management of CBSI became aware of potential engineering issues with the TITAN building series. CBSI's Management and directors took these potential engineering issues very seriously and immediately took all reasonable steps to examine, address and then report the issues as raised.

178. Upon being notified of the possibility of engineering issues, Management of CBSI immediately arranged for internal and then external reviews of the engineering and design of the TITAN building line.

179. These reviews of the TITAN building series revealed that that there may be engineering issues with the TITAN buildings that may make some TITAN structures susceptible to collapse if certain weather conditions, including heavy snow and/or strong winds, were present.

180. On or around March 5, 2010 and based on the results of the internal and external reviews, CBSI's Management conferred with, among others, legal counsel, and determined that the appropriate course of action was to provide notice to customers, dealers, and principal insurers regarding the potential engineering issues concerning some of the TITAN buildings (the "**Notice Letters**") and to advise the Lenders of its decision in this regard.

181. On or about March 16, 2010, Management advised the Lenders of the events leading up to its decision to send the Notice Letters with respect to the potential engineering issues with some of the TITAN buildings. Management also advised the Lenders that: (a) the Cover-All Group had retained Goodmans LLP and Ernst & Young Inc. ("**EYI**") as professional advisors; (b) EYI was assisting in the preparation of cash flows and similar matters; and (c) the Cover-All Group was currently reviewing its options and opportunities to continue to operate the business, potentially under CCAA proceedings.

182. On or about March 17, 2010, the Notice Letters were sent to various customers, dealers and insurers regarding the potential engineering issues concerning some of the TITAN buildings.

183. The Cover-All Group takes the safety of its products very seriously. Accordingly, following completion of the internal and external reviews relating to the TITAN building series indicating potential engineering issues, the Cover-All Group considered its other product lines and decided to take a proactive approach relating to these other product lines. In this regard,

Management decided that additional internal and external reviews of all other building series manufactured by CBSI was a responsible course of action.

184. In addition, Management of CBSI decided that it was prudent and responsible to suspend the production and sale of all building series models until the engineering reviews were completed.

185. Management of CBSI, on advice from, among others, its lawyers and financial advisors, determined that significant costs would likely arise as a result of: (a) the possibility of replacement and/or repair of one or more of the building series models; and (b) potential litigation that may arise as a result of the potential engineering issues.

186. In exploring options to fund these potential costs, Management reviewed whether funds would be available under CBSI's Senior Credit Agreement and/or its Subordinate Credit Agreement. The Lenders advised CBSI that, as a result of CBSI's failure to meet certain financial covenants and the current circumstances, there is no remaining availability under the credit facilities. Furthermore, as a result of the prudent suspension of production and sale of all building models, the Cover-All Group will suffer a loss of revenue pending the completion of the external engineering review of its other building models, reducing its ability to defray these potential significant costs.

187. The Cover-All Group determined that it had no alternative but to commence Court-supervised proceedings in an expedited manner to protect its business, given:

(a) the prevailing economic conditions and significant contraction of sales over the past few years (and corresponding loss of revenue);

(b) the prudent suspension of production and sale of all building series models pending further internal and external engineering reviews and the corresponding loss of revenue;

(c) anticipated difficulty of collecting receivables following issuance of Notice Letters to, among others, various customers and dealers, and the suspension of production and sale of building series models;

(d) the non-compliance with certain financial covenants that is an event of default under the Senior Credit Agreement (and cross-default under the Subordinate Credit Agreement);

(e) its present financial circumstances that would lead to an inability to pay the amounts outstanding under the credit agreements should these amounts become immediately due and payable; and

(f) the shortfall of funding available to the Cover-All Group to cover costs relating to potential engineering issues with some of the TITAN buildings and possibly other building series models, and potential litigation in respect thereof.

188. Commencing Court-supervised proceedings was the only alternative available to the Cover-All Group to preserve value for its stakeholders and to give it a fair opportunity to restructure the Cover-All Business.

(iv) Key Initiatives

189. The Cover-All Group is currently considering a number of initiatives to address its challenges and reduce costs.

190. The Cover-All Group has suspended the manufacture and sale of all of its building series models while it addresses its challenges and undertakes a coordinated, comprehensive review of the product lines, including the completion of any necessary redesign.

191. Only staff essential to maintain the value of the business and to allow the Cover-All Group to restructure in an expedited manner will be kept during this period of time, leading to significant workforce reduction and corresponding reduction of costs.

192. Employment opportunities are scarce right now in Saskatoon, the site of the Cover-All Group's head office, and it is anticipated that a restructured Cover-All Group will be able to re-hire many key staff when operations re-start.

193. Further, all non-essential expenses will be eliminated during this restructuring period.

(D) The Proceedings

(i) The Cover-All Group is Insolvent for the Purposes of the CCAA

194. The Cover-All Group has been unable to find an out-of-court solution to its financial difficulties, and there is no reasonable expectation that the Cover-All Group's financial condition will improve. On the contrary, absent a successful restructuring, all indications suggest that the Cover-All Group's financial condition will deteriorate further with a corresponding erosion of the value of the Cover-All Business.

195. Although the unaudited balance sheets of the Cover-All Group as at January 30, 2010 reflect that assets exceed liabilities, it is anticipated that the Cover-All Group will, absent debtor-in-possession financing, not have sufficient cash to meet its liabilities following week eight of these proceedings. Furthermore, absent a stay, CIBC may demand immediate payment of the

amounts outstanding under the Senior Credit Agreement and the Subordinate Credit Agreement as a result of CBSI's non-compliance with certain financial covenants, and the Cover-All Group may face potential litigation claims, which amounts and claims the Cover-All Group will be unable to satisfy. I am advised by Goodmans LLP that a company will be considered to be insolvent for purposes of the CCAA if there is a "reasonably foreseeable" liquidity crisis or a "hypothetical" deficiency of assets to liabilities (including contingent and unliquidated liabilities). As a result of factors described in paragraph 189 above, there exists a reasonably foreseeable liquidity crisis such that the Applicants are insolvent for the purposes of the CCAA.

(ii) The CCAA Proceedings

196. The Cover-All Group is highly concerned that in light of the Cover-All Group's financial circumstances, there could be a fast and significant erosion of value to the detriment of all stakeholders. In particular, the Cover-All Group is highly concerned about the following risks:

(a) the Lenders demanding payment in full for money owing under the Senior Credit Agreement and the Subordinate Credit Agreement;

(b) the significant costs associated with any replacement and/or repair of TITAN buildings and possibly other building series models;

(c) potential litigation claims arising from potential engineering issues related to TITAN buildings and possibly other building series models;

(d) potential termination of contracts by key suppliers; and

(e) potential termination of dealer contracts (which typically have a mutual termination clause on notice) following issuance of the Notice Letters and upon the suspension of operations.

197. Having regard to the circumstances, and in an effort to preserve the value of the Cover-All Business, the commencement of the within CCAA proceeding is in the best interests of the Cover-All Group and its stakeholders. Additionally, the Cover-All Group's principal lenders have indicated their concern that, due to existing circumstances and without a Court-supervised process, the Cover-All Group will be unable to service and repay their debts, including under the Senior Credit Agreement and Subordinate Credit Agreement; accordingly, they support the commencement of a Court-supervised process for the recovery of their debt.

198. In the circumstances, without a stay of proceedings to enable the Cover-All Group to restructure and debtor-in-possession financing from and after week eight of these proceedings, the Cover-All Group would not be able to service their debt load or meet their debts as they become due.

199. Holdco, CBSI, and the subsidiaries listed in Schedule "A" are Applicants in the within CCAA Proceedings. Although the entities listed in Schedule "A" are U.S. corporations, some of which have employees and/or assets located in the United States, they nevertheless meet the requirements of the CCAA as Applicants thereunder. It is reasonably foreseeable that all of the Applicants will become insolvent companies if not granted CCAA protection, they will collectively face claims in excess of CDN$5 million, and they all have assets and do business in Canada. For reasons discussed in the following section, it is appropriate for this Honourable

Court to exercise its jurisdiction to grant the Initial CCAA Order in respect of Holdco, CBSI and all of the entities listed in Schedule "A".

(iii) Ancillary Proceedings

200. The Cover-All Group and the Monitor are of the view that any restructuring of the Cover-All Group or any sale of its Property is likely to require some form of judicial proceeding and approval in the United States, or other jurisdictions as applicable, to address the assets and obligations of the Cover-All Group in those respective jurisdictions. As the Cover-All Business is integrated and the U.S. entities listed in Schedule "A" are reliant on CBSI for the manufacture and supply of buildings, it is in the best interests of the stakeholders to deal with the Cover-All Group on a consolidated basis through a single, centralized restructuring process, which may include a sale of all or parts of the Property of the Cover-All Group.

201. The centre or focal point of the Cover-All Business is in Canada, and therefore it is appropriate for the CCAA Proceedings to be the primary Court-supervised process for the restructuring, with ancillary proceedings in the United States to effectuate matters arising in the CCAA Proceedings.

202. Accordingly, the Cover-All Group, with the support of CIBC, intends to commence proceedings in respect of the Cover-All Group under Chapter 15 of the U.S. Bankruptcy Code (the "**Chapter 15 Proceedings**") before the U.S. Bankruptcy Court for the Eastern District of Pennsylvania (the "**U.S. Court**"). The Cover-All Group has decided to pursue the Chapter 15 Proceedings due to its expediency and efficacy in addressing the Cover-All Group's assets and business in the United States, the integrated nature of the Cover-All Business, and based on its view that Canada is the appropriate principal jurisdiction in which to pursue and implement the

restructuring, which may include a sale of Property of the Cover-All Group. The Order sought in the within proceedings authorizes either the Monitor or any of the entities in the Cover-All Group to act as foreign representative in any foreign proceedings.

203. As mentioned previously, at this time, Summit Structures Limited, a U.K. corporation, is not an applicant in these proceedings. However, the Applicants may subsequently appear before this Honourable Court to add Summit Structures Limited, and/or any other subsidiary that is not an applicant if the circumstances warrant, as an Applicant to these proceedings and recognition proceedings or other bankruptcy or creditor protection proceedings may subsequently be sought in respect of Summit Structures Limited and/or any other subsidiary.

204. The Cover-All Group believes that the centre of main interest or focal point of the Cover-All Group is clearly in Canada, based on the following factors:

(a) Holdco and CBSI, the parents and sole shareholders of all of the subsidiaries in the Cover-All Group, are Canadian entities;

(b) the main operating entity, CBSI, has its registered head office in Calgary, Alberta;

(c) the Cover-All Group is managed on a consolidated basis, with the corporate head-quarters located in Saskatoon, Saskatchewan;

(d) the Cover-All Group's corporate-level decision-making and corporate administrative functions, including management, human resources, engineering, tax and accounting functions, are centralized in Saskatoon, Saskatchewan;

(e) key contracts including, among others, dealer contracts, key financing documents and consignment agreements, are created in Canada and subject to the jurisdiction of Canadian law;

(f) customer warranties are serviced out of Canada;

(g) the President, Chief Executive Officer and Secretary of CBSI, the main operating entity in the Cover-All Group, who are also directors, officers and/or governors of other entities in the Cover-All Group, are based in Canada;

(h) all dealer contracts in North America (of which there are approximately 80) are with CBSI, while arrangements with the European dealers are led by CBSI;

(i) the cash management structure is set up such that any excess cash earned by the subsidiaries is swept by CBSI, while CBSI sends cash to the subsidiaries as necessary;

(j) the manufacture of all buildings sold by the Cover-All Group and its various dealers takes place at the Main Facility, which is situated in Saskatoon, Saskatchewan;

(k) all of the Applicants have assets or do business in Canada;

(l) the Cover-All Group's principal secured creditor, CIBC, as administrative agent under the Senior Credit Agreement and the Subordinate Credit Agreement, is a chartered Canadian financial institution based in Toronto, Ontario, and the Senior

Credit Agreement and Subordinate Credit Agreement are governed by Canadian law;

(m) contracts and credit terms for the purchase of raw materials from major suppliers are predominantly negotiated at the corporate level from the Cover-All Group's head office in Saskatoon, Saskatchewan;

(n) oversight of the vast majority of the Cover-All Group's customer accounts and customer relationships is managed by CBSI's VP Sales and Marketing from the Cover-All Group's head office in Saskatoon, Saskatchewan;

(o) pricing decisions for all of the entities listed in Schedule "A" are ultimately made by the Vice President of Sales, in Saskatoon, Saskatchewan;

(p) treasury management functions, including the management of the Cover-All Group's accounts receivable and accounts payable, are managed from the Cover-All Group's head office in Saskatoon, Saskatchewan;

(q) although certain bookkeeping and accounting functions are performed locally, bookkeeping, accounting, financial reporting, budgeting and cash management (including the allocation of funds drawn on the Cover-All Group's credit facilities) are overseen in Saskatoon, Saskatchewan;

(r) with the exception of routine maintenance expenditures, all capital expenditure decisions affecting the Cover-All Group are managed in Saskatoon, Saskatchewan;

(s) the information technology systems on which the Cover-All Group functions, such as key servers, networks and personnel, are centralized and managed in Saskatoon, Saskatchewan;

(t) new business development initiatives are centralized and managed from Saskatoon, Saskatchewan; and

(u) research and development is carried out at the Main Facility in Saskatoon, Saskatchewan, including the Cover-All Group's corporate-level research and development budget and strategy.

205. In addition to the foregoing factors, which reinforce the centralized management of the Cover-All Business in Canada, there is strong integration among the Cover-All Group, which makes it appropriate to address the restructuring of the Cover-All Group primarily in one jurisdiction to maximize efficiencies in the best interests of the stakeholders.

206. In addition, cash management and other banking arrangements for the Cover-All Group are integrated, with CBSI borrowing and advancing funds on an intercompany basis as necessary and sweeping funds when its subsidiaries have excess cash. Due to the integrated nature of these arrangements, the banking and financing of the subsidiaries listed in Schedule "A" cannot easily be separated from those of CBSI, and *vice versa*.

207. For these reasons, the Cover-All Group believes strongly that the restructuring, including any sale of the Property of the Cover-All Group, ought to be dealt with primarily in a single forum. Since the center or focal point of the Cover-All Group and the Cover-All Business is in Canada, it is appropriate that CCAA Proceedings in Canada be the primary court-supervised

proceedings in respect of the Cover-All Group, with the U.S. Court assisting as necessary with the recognition and enforcement of matters arising in the CCAA Proceedings in the United States.

III. FUNDING OF THE COVER-ALL GROUP

(A) Cash Flow Forecast

208. The cash-flow forecast attached hereto as Exhibit "D" (the "**Cash Flow Forecast**") contemplates the suspension of operations of the Cover-All Business for an eight-week period pending completion of the external engineering review relating to the other product lines. A resumption of operations and corresponding sale of products is anticipated in n week nine.

209. As set out in the Cash Flow Forecast, with a temporary suspension of operations and corresponding reduction in costs, the Cover-All Group has sufficient funds to satisfy its projected uses of cash during the next eight weeks. The principal uses of cash during the next eight weeks will consist of the costs associated with the conduct of the external engineering review relating to CBSI's other product lines and professional fees and disbursements in connection with these CCAA proceedings. The Lenders have reviewed the Cash Flow Forecast and have approved the Cover-All Group's use of cash as contemplated by the Cash Flow Forecast. Accordingly, it is projected that the Cover-All Group will not require additional funds for the first eight weeks of these proceedings.

210. It is anticipated that the Cover-All Group will require debtor-in-possession financing for the period following the first eight weeks of these proceedings. The Cover-All Group, the Monitor and the Lenders have been working together with respect to the commencement of these

proceedings. The Lenders are in support of the commencement of these proceedings; however, pursuant to the Order sought, the Lenders have the ability, notwithstanding the stay of proceedings, to enforce their rights and remedies with respect to the Cover-All Group and the Property on two business days notice to the Applicants and the Monitor. Accordingly, the Cover-All Group, the Monitor and the Lenders will communicate on an ongoing basis with respect to these proceedings, including with respect to debtor-in-possession financing and a subsequent appearance before this Honourable Court for approval of any such debtor-in-possession financing and the granting of a Court-Ordered charge over the Property to secure amounts advanced and owing with respect to any such financing.

(B) Cash Management System

211. As part of the proposed interim financing arrangements, the Cover-All Group seeks the authority to continue to use the existing cash management system (the "**Cash Management System**") and to maintain the funding and banking arrangements already in place.

212. Pursuant to the Senior Credit Agreement and the Subordinate Credit Agreement:

(a) all deposit accounts of CBSI must be maintained with CIBC; and

(b) all deposit accounts of the Guarantors, if maintained with an institution other than CIBC, must be subject to a first priority perfected lien in favour of CIBC and a Deposit Account Pledge Agreement.

213. In addition to various accounts held by subsidiaries described below, the current Cash Management System consists of: (i) nine Canadian dollar bank accounts held by CBSI at CIBC in Canada (the "**Canadian Accounts**"); (ii) four U.S. dollar bank accounts held by CBSI at

CIBC (the "**U.S. Accounts**"); (iii) one Euro bank account held by CBSI at CIBC (the "**Euro Account**"); and (iv) and one Pound bank account held by CBSI at CIBC (the "**Pound Account**").

214. All of the Canadian Accounts are operating accounts, which CBSI uses for, among other things, disbursements and drawings against the Senior Credit Agreement and Subordinate Credit Agreement; depositing proceeds of any receivables received by CBSI and payroll.

215. All of the U.S. Accounts are operating accounts, which CBSI uses for, among other things, disbursements and drawings against the Senior Credit Agreement and Subordinate Credit Agreement and depositing proceeds of any receivables received by CBSI.

216. The Euro Account and the Pound Account are both operating accounts.

217. In addition to the accounts held by CBSI with CIBC in Canada, all of the entities listed in Schedule "A", with the exception of Holdco, have bank accounts at CIBC in Canada, including bank accounts with CIBC recently opened by Cover-All U.S. Holding Corp. and NorthStar Cover-All, Inc. Additionally, Summit Structures, LLC has a bank account in U.S. dollars with M&T Bank in the United States, Cover-All Holdings U.S. has a bank account in U.S. dollars with Chelsea Savings Bank in the United States, NorthStar Cover-All, LLC has a bank account in U.S. dollars with First National Bank of Cold Spring in the United States, and Summit Structures Limited and Cover-All Europe GmbH have various bank accounts in multiple currencies in Europe.

218. The Cover-All Group receives its funding for operations through the Cash Management System. CBSI advances funds through the Cash Management System to its subsidiaries listed in

Schedule "A" as necessary by way of intercompany loans. Additionally, CBSI sweeps excess cash held by its subsidiaries through the Cash Management System.

219. The Order sought also includes the granting of a Court-Ordered charge (ranking after the Applicants' Advisors Administration Charge and the Lenders' Advisors Administration Charge (each as subsequently defined), but in priority to all other charges) in favour of the bank providing the cash management system (the "**Cash Management System Provider**") for any obligations, chargebacks, returns, liabilities, costs, charges, fees or expenses incurred by the Cash Management System Provider under the Cash Management System.

220. The current Cash Management System includes the necessary accounting controls to enable the Cover-All Group, as well as its creditors and this Honourable Court, to trace funds through the system and ensure that all transactions are adequately ascertainable. As such, it is hereby requested that this Honourable Court grants a continuation of the current system.

IV. MONITOR

221. EYI has been retained to, among other things, act as Monitor in potential CCAA Proceedings. The professionals of EYI who have carriage of this matter, and who will have carriage of this matter for EYI, the proposed Monitor, have acquired considerable knowledge of the Cover-All Group and the Cover-All Business since the commencement of their engagement. EYI is therefore in a position to immediately commence any restructuring process, which may include a sales process.

222. EYI has consented to act as the Monitor of the Cover-All Group in the within proceedings (the "**Monitor**").

223. In connection with its appointment, it is contemplated that a Court-Ordered charge over the assets, property and undertaking of the Cover-All Group (the "**Applicants' Advisors Administration Charge**") would be granted in favour of the Monitor, its legal counsel and the Cover-All Group's legal counsel, in respect of their fees and disbursements incurred at their standard rates and charges, which Applicants' Advisors Administration Charge is to be in an aggregate amount of $500,000.

224. It is also contemplated that a Court-Ordered charge over the assets, property and undertaking of the Cover-All Group (the "**Lenders' Advisors Administration Charge**") would be granted in favour of the Lenders' counsel and financial advisors and appraisers, in respect of their fees and disbursements incurred at their standard rates and charges, which Lenders' Advisors Administration Charge is to be in an aggregate amount of $200,000.

225. The Lenders have consented to the Applicants' Advisors Administrative Charge and the Lenders' Advisors Administration Charge.

V. DIRECTORS & OFFICERS' CHARGE

226. The directors of the Cover-All Group have been actively involved in the attempts to address the Cover-All Group's current financial circumstances and difficulties, including through the exploration of alternatives, communicating with the principal secured lenders, the Cover-All Group's engagement of outside engineering consultants, and the commencement of the within CCAA Proceedings. The directors have been mindful of their duties with respect to the supervision and guidance of the Cover-All Group in advance of these CCAA Proceedings.

227. The Cover-All Group has made inquiries regarding the availability of indemnification coverage for the directors and senior officers on a going forward basis. To that end, the Cover-All Group has approached ~~the following entities:~~ ●Willis Canada, Inc. and Willis M&A Group, brokers in Canada and the U.S., respectively. However, the Cover-All Group has been unsuccessful in its attempt to obtain indemnification coverage on a going forward basis at a reasonable rate for the obligations of the directors and senior officers.

228. In order to complete a successful restructuring, which may include the sale of all or parts of the Property belonging to the Cover-All Group, the members of the Cover-All Group require the active and committed involvement of the directors and senior officers of the Cover-All Group.

229. The Applicants request a Court-Ordered charge in the amount of $500,000 over the assets, property and undertaking of the Applicants to indemnify the directors and senior officers of the Applicants in respect of liabilities they may incur in such capacities from and after the commencement of these proceedings (the "**D&O Charge**")

230. The Lenders have consented to the D&O Charge.

VI. PRIORITIES OF CHARGES

231. It is contemplated that the priorities of the various charges set out herein will have the following priorities:

(a) First – the Applicants' Advisors Administration Charge to a maximum of $500,000 and the Lenders' Advisors Administration Charge to a maximum of $200,000, on a *pari passu* basis as between them; and

(b) Second – the D&O Charge to a maximum of $500,000.

232. The Order sought by the Applicants provides for the Applicants' Advisors Administrative Charge, the Lenders' Advisors Administration Charge and a D&O Charge (collectively, the "**Charges**") on the Property ranking in priority to all security interests and encumbrances, statutory or otherwise, except for any validly perfected security interest in favour of a "secured creditor" as defined in the CCAA not provided with notice of the Order sought or any encumbrance existing on the date of the Order in respect of any of source deductions from wages, employer health tax, workers compensation, federal or provincial sales taxes and vacation pay, in favour of a "secured creditor" as defined in the CCAA not provided notice of the Order sought.

233. The Applicants have provided notice of the within proceedings to the Lenders under the Senior Credit Agreement and the Subordinate Credit Agreement. The Applicants may subsequently appear before this Honourable Court to seek priority of the Charges over other existing secured creditors on notice to such secured creditors.

VII. CONCLUSION

234. The Cover-All Business has been severely impacted by the downtown in the global market conditions and the corresponding decrease in demand for prefabricated buildings. As a result of declining sales, the Cover-All Group was unable to meet certain financial covenants under its Senior Credit Agreement and further funding is not available unless a restructuring is commenced and a Court-ordered charge is granted to secure additional funding. Additionally, certain potential engineering issues that were recently discovered regarding some of the TITAN buildings, the prudent investigations into whether other building series models have potential

engineering issues and suspension of production while such investigations are completed have put further strain on the Cover-All Group.

235. Despite the efforts undertaken to date to address the current financial situation and circumstances, the Cover-All Group could not effect a solution that would be in the best interests of its stakeholders without the assistance of this Honourable Court. The Cover-All Business is at risk of a significant erosion of value if proceedings to protect it are not commenced. The Applicants believe that the best possible alternative for all stakeholders will be achieved through a restructuring, which may include a sale of parts or all of the Property of the Cover-All Group.

236. The Order sought by the Applicants will provide them with the opportunity to seek a restructuring of the Cover-All Business in the best interests of its stakeholders.

SWORN BEFORE ME at the City of Calgary, in the Province of ~~Ontario~~Alberta, on March 24, 2010 Commissioner for Taking Affidavits	Nathan Stobbe

SEAN F. COLLINS
BARRISTER & SOLICITOR

C

EXHIBIT C

This is the Exhibit marked "C" referred to in the Affidavit of John McMurray sworn before me this 20th day of April, 2010.

Notary Public in and for the Province of Ontario

CREDIT AGREEMENT

dated as of

October 23, 2007

among

1353537 ALBERTA LTD.
as Borrower,

The Lenders Party Hereto,

CANADIAN IMPERIAL BANK OF COMMERCE,
as Lead Arranger and Administrative Agent,

and

CANADIAN IMPERIAL BANK OF COMMERCE,
as Operating Lender

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SCHEDULES:

EXHIBITS:

CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of October 23, 2007, is by and among 1353537 Alberta Ltd., a corporation incorporated in the province of Alberta, the Lenders from time to time party hereto, CANADIAN IMPERIAL BANK OF COMMERCE, as Lead Arranger and Administrative Agent, and CANADIAN IMPERIAL BANK OF COMMERCE, as Operating Lender.

W I T N E S S E T H:

WHEREAS, Borrower has requested (a) the Term Lenders (such term and each other capitalized term used but not otherwise defined in the preamble or in the recitals having the meaning specified in Article I) to make Term Loans to Borrower in an aggregate principal amount of $40,000,000 on the Closing Date on a non-revolving basis, (b) the Revolving Lenders to make from time to time Revolving Loans in an aggregate principal amount at any time outstanding not in excess of $12,000,000, and (c) the Operating Lender to make from time to time Operating Loans in an aggregate principal amount at any time outstanding not in excess of $2,000,000;

WHEREAS, Borrower also has requested the Operating Lender to make Operating Loans from time to time by way of issuance of Letters of Credit;

WHEREAS, on the Closing Date the proceeds of the Term Loans, the Revolving Loans and the Operating Loans will be used to partially finance the Transactions and to pay fees and expenses in connection therewith;

WHEREAS after the Closing Date the proceeds of the Revolving Loans and the Operating Loans will be used to finance ongoing working capital, capital expenditures and general corporate purposes of the Loan Parties; and

WHEREAS, the Lenders are willing to extend such credit to Borrower, and the Operating Lender is willing to, inter alia, issue Letters of Credit for the account of Borrower, on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, for and in consideration of the above premises and the mutual covenants and agreements contained herein, the Borrower, the Lenders and the Administrative Agent hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement (including the Schedules hereto), the following terms shall have the meanings specified below:

"Acceptance Fee" shall mean a fee payable in Dollars by Borrower to the Administrative Agent for the account of a Lender with respect to the acceptance of a B/A or the making of a B/A Equivalent Loan on the date of such acceptance or loan, calculated on the face amount of the B/A or the B/A Equivalent Loan at the rate per annum applicable on such date as set forth in the column labelled "B/A Spread" in the definition of the term "Applicable Rate" set forth herein on the basis of the number of days in the applicable Contract Period (including the date of acceptance and excluding the date of maturity) and a year of 365 days (it being agreed that the rate per annum applicable to the B/A Equivalent Loan is equivalent to the rate per annum otherwise applicable to the Bankers' Acceptance which has been replaced by the making of such B/A Equivalent Loan pursuant to Section 2.20(h)).

"Account" shall have the meaning given such term in the PPSA.

"Account Debtor" shall have the meaning given such term in the Security Agreement granted by the Borrower to the Administrative Agent.

"Administrative Agent" shall mean CIBC, in its capacity as administrative agent (and as security trustee under the Security Documents governed by English law or German law) for the Lenders.

"Administrative Questionnaire" shall mean an Administrative Questionnaire in the form supplied from time to time by the Administrative Agent.

"Affiliate" shall mean, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. For purposes of this definition, neither any Lender nor any Affiliate of a Lender shall be deemed to be an Affiliate of a Loan Party solely by reason of its ownership of or right to vote any Indebtedness or equity securities of such Loan Party.

"Agreement" shall mean this Credit Agreement.

"Applicable Percentage" of any Revolving Lender shall mean the percentage of the aggregate Revolving Commitments represented by such Lender's Revolving Commitment. If the Revolving Commitments shall have terminated or expired, the Applicable Percentage shall be determined based upon the Revolving Commitments most recently in effect, giving effect to any assignments.

"Applicable Rate" shall mean, for any day, with respect to any Term Loan, Revolving Loans or Operating Loans, as the case may be, the applicable percentage set forth below under the caption (x) "Prime Rate Spread" and (y) "B/A Spread", as the case may be, based upon the Total Leverage Ratio as of the relevant date of determination:

Total Leverage Ratio	Prime Rate Spread	B/A Spread
Greater than or equal to 4.50 to 1.00	2.00%	3.50%
Less than 4.50 to 1.00 but greater than or equal to 3.50 to 1.00	1.50%	3.00%
Less than 3.50 to 1.00 but greater than or equal to 3.00 to 1.00	1.00%	2.50%

Total Leverage Ratio	Prime Rate Spread	B/A Spread
Less than 3.00 to 1.00 but greater than or equal to 2.50 to 1.00	0.50%	2.00%
Less than 2.50 to 1.00	0.00%	1.50%

Each change in the Applicable Rate resulting from a change in the Total Leverage Ratio shall be effective with respect to all Loans, Commitments and Letters of Credit on the date of delivery to the Administrative Agent of the financial statements and certificates required by Section 6.04, based upon the Total Leverage Ratio as of the end of the most recent Fiscal Quarter included in such financial statements so delivered, and shall remain in effect until the date immediately preceding the date of delivery of such financial statements and certificates for the subsequent Fiscal Quarter. Notwithstanding the foregoing, (i) in the case of rollovers of Bankers' Acceptances, a change in the Applicable Rate as of the end of the most recent Fiscal Quarter will apply on the date of such rollover, and (ii) until the delivery of the financial statements and certificates required by Section 6.04, (a), (d), (e) and (g) for the 2008 Fiscal Year, the Total Leverage Ratio shall be equal to 3.50 to 1.0 for purposes of determining the Applicable Rate.

"Approved Fund" shall mean any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Asset Sale" shall mean the sale, transfer or other disposition (including any casualty or condemnation) by a Loan Party or any Subsidiary to any Person other than a Loan Party of (a) any capital stock in any Person (other than its own capital stock) or (b) any other asset or right of such Loan Party.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an assignee (with the consent of any Person whose consent is required by Section 10.04(b), in the form of Exhibit A or such other form as shall be approved by the Administrative Agent.

"Audax" means each of Audax Private Equity Fund II, L.P., Audax Co-Invest, L.P., Audax Trust Co-Invest, L.P. and AFF Co-Invest, L.P.

"B/A Equivalent Loan" is defined in Section 2.20(h).

"B/A Loan" shall mean a Borrowing comprised of one or more Bankers' Acceptances or, as applicable, B/A Equivalent Loans. For greater certainty, all provisions of this Agreement which are applicable to Bankers' Acceptances are also applicable, mutatis mutandis, to B/A Equivalent Loans.

"Bank Act Security" shall mean security delivered by Borrower to each Lender that is a bank listed under Schedule I, II or III of the Bank Act (Canada).

"Bankers' Acceptance" and "B/A" shall mean a non-interest bearing instrument denominated in Dollars, drawn by Borrower and accepted by a Lender in accordance with this Agreement, and shall include a depository bill within the meaning of the Depository Bills and Notes Act (Canada) and a bill of exchange within the meaning of the Bills of Exchange Act (Canada); and when used in conjunction with a "Loan" or a "Borrowing", shall include a B/A Equivalent Loan.

"Beneficiaries" shall mean (a) the Lenders and the Administrative Agent, (b) the Swap Lenders, (c) the beneficiaries of each indemnification obligation undertaken by any Loan Party under any Loan Document and (d) the successors and assigns of each of the foregoing.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States.

"Borrower" shall mean 1353537 Alberta Ltd., a corporation incorporated under the laws of the Province of Alberta.

"Borrower Security Agreement" shall mean the security agreement in form acceptable to the Administrative Agent, between Borrower and the Administrative Agent, for the benefit of the Beneficiaries.

"Borrowing" shall mean (a) a group of Loans of the same Class and Type, and denominated in the same currency, made, converted or continued by the Lenders on a single date and as to which a single Interest Period or Contract Period is in effect or (b) an Operating Loan.

"Borrowing Base" shall mean an amount equal to the total of (a) 75% of the unpaid amount of all Eligible Accounts of the Loan Parties less Reserves (or 90% of the unpaid amount of all Eligible Accounts that are insured in manner acceptable to the Administrative Agent, acting reasonably), and (b) the lesser of $7,000,000 and 50% of Eligible Inventory.

"Borrowing Base Certificate" means a certificate substantially in the form of Exhibit B.

"Business Day" shall mean any day (other than a Saturday, Sunday or legal holiday in the Province of Ontario or the Province of Saskatchewan) on which banks are open for business in Toronto and Saskatoon; provided, however, that when used in connection with a Letter of Credit, the term "Business Day" shall also exclude any day on which banks are not open for business in the jurisdiction in which the lending office of the Operating Lender is located.

"Business Unit" shall mean the assets constituting the business, or a division or operating unit thereof, of any Person.

"Canadian Benefit Plans" shall mean all employee benefit plans of any nature or kind whatsoever (other than the Canadian Pension Plans) that are maintained or contributed to by a Loan Party.

"Canadian Pension Plans" shall mean each plan that is considered to be a pension plan for the purposes of the ITA or any applicable pension benefits standards statute and/or regulation in Canada and that is established, maintained or contributed to by a Loan Party for its current or former employees.

"Capital Expenditures" shall mean, for any period, all amounts that would be included as additions to property, plant and equipment and other capital expenditures on a consolidated statement of cash flows for the Loan Parties during such period in accordance with GAAP (excluding capitalized interest but including the amount of assets leased under any Capital Lease; provided, however, that Capital Expenditures shall not include the capitalized portion of any Permitted Acquisitions).

"Capital Lease" is defined in the definition of the term "Capital Lease Obligations".

"Capital Lease Obligations" of any Person shall mean the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof (each, a "Capital Lease"), which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP. For the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time, determined in accordance with GAAP.

"Cash Proceeds" shall mean, with respect to any Asset Sale, cash, cash equivalents or marketable securities received from such Asset Sale, including any insurance or condemnation proceeds and proceeds received by way of deferred payment pursuant to a note receivable or otherwise.

"CDOR Rate" shall mean, for each day in any period, the annual rate of interest that is equal to the average rate applicable to Dollar bankers' acceptances for a term equal to the term of the relevant Contract Period (or for a term of one month for purposes of determining the Prime Rate) appearing on the Reuters Screen CDOR Page at approximately 10:00 a.m., Standard Time, on such date, or if such date is not a Business Day, on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such date as contemplated, then the CDOR Rate on such date shall be Administrative Agent's B/A bid rate.

A "Change in Control" shall be deemed to have occurred if (a) Audax and its affiliates shall cease to beneficially own, directly or indirectly, at least a majority of the voting and economic Equity Interests of Holdco on a fully diluted basis, or (b) Holdco shall cease to beneficially own, directly or indirectly, 100% of the voting and economic Equity Interests of Borrower and the Subsidiaries (except that the 100% figure above shall be 51% in the case of NorthStar Cover-All, LLC and 95% in the case of Cover-All Deutschland GmbH).

"CIBC" shall mean Canadian Imperial Bank of Commerce.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Term Loans or Operating Loans and, when used in reference to any Commitment, refers to whether such Commitment is a Revolving Commitment, Term Commitment or Operating Commitment.

"Closing Date" shall mean the date upon which the Term Loans are advanced by the Term Lenders.

"Code" shall mean the Internal Revenue Code of 1986, or any successor statute thereto, as the same may be amended from time to time.

"Collateral" shall mean all the "Collateral" or the "Security Assets" as defined in any Security Document and/or any assets which are the subject of a security interest created under a Security Document.

"Commitment" shall mean, with respect to each Lender, such Lender's Revolving Commitment, Term Commitment or Operating Commitment, as applicable.

"Commitment Fees" is defined in Section 2.05(a).

"Compliance Certificate" is defined in Section 6.04(d).

"Contract Period" shall mean the term of a B/A Loan selected by Borrower in accordance with Section 2.20, commencing on the date of such B/A Loan and expiring on a Business Day which shall be either one, two, three, six or twelve months thereafter, provided that (a) subject to clause (b) below, each such period shall be subject to such extensions or reductions as may be determined by the Administrative Agent to ensure that each Contract Period shall expire on a Business Day, and (b) no Contract Period shall extend beyond the Maturity Date.

"Contribution Notice" means a contribution as issued by the Pensions regulator under Section 38 or Section 47 of the UK Pensions Act 2004.

"Control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities or other Equity Interests, by contract or otherwise. "Controlling" and "Controlled" shall have meanings correlative thereto.

"Credit Event" is defined in Article V.

"Credit Facility" shall mean a Class of Commitments and extensions of credit thereunder. For purposes of this Agreement, each of the following comprises a separate Credit Facility: (a) the Term Facility in respect of Term Commitments, (b) the Revolving Facility in respect of Revolving Commitments, (d) the Operating Commitment.

"Credit Transactions" is defined in Section 4.02.

"Current Assets" shall mean, as at any date of determination, the total assets (other than cash and cash equivalents) of the Loan Parties on a consolidated basis that may properly be classified as current assets in conformity with GAAP.

"Current Liabilities" shall mean, as at any date of determination, the total liabilities of the Loan Parties on a consolidated basis that may properly be classified as current liabilities in conformity with GAAP.

"Default" shall mean any event or condition described in Article VIII that upon notice or expiration of any cure period set forth therein, or both will constitute an Event of Default.

"Default Rate" is defined in Section 2.07.

"Deposit Account" shall mean, with respect to any Person, any demand, time, savings, passbook or similar account of such Person maintained with a bank, savings and loan association, credit union or similar organization, whether now owned or existing or hereafter acquired or arising.

"Deposit Account Pledge Agreements" shall mean the Deposit Account Pledge Agreements entered into by the Loan Parties from time to time, in form and substance reasonably satisfactory to the Administrative Agent, in connection with all of the Deposit Accounts maintained by the Loan Parties (other than (i) payroll, tax withholding and trust accounts and (ii) any Deposit Accounts with an average monthly balance of less than $100,000).

"Discount Proceeds" shall mean, for any B/A Loan (or, as applicable, any B/A Equivalent Loan), an amount (rounded to the nearest whole cent, and with one-half of one cent being rounded upwards) calculated on the applicable date of the Borrowing of which such B/A Loan is a part or any rollover date for such Borrowing by multiplying:

(a) the face amount of the B/A Loan; by

(b) the quotient of one divided by the sum of one plus the product of:

   (i) the Discount Rate (expressed as a decimal) applicable to such B/A Loan, and

   (ii) a fraction, the numerator of which is the Contract Period of the B/A Loan and the denominator of which is 365 days,

with such quotient being rounded up or down to the fifth decimal place, and any multiple of .000005 being rounded up.

"Discount Rate" shall mean:

(a) with respect to any Lender that is a Schedule I Bank, as applicable to a B/A being purchased by such Lender on any day, the CDOR Rate; and

(b) with respect to any Lender that is not a Schedule I Bank, as applicable to a Banker's Acceptance being purchased or a B/A Equivalent Loan being made or deemed to be purchased by such Lender on any day, the CDOR Rate plus 10 basis points (0.10%).

"Dollars" and "$" shall mean lawful currency of Canada.

"Eligible Account" shall mean an Account owing to any Loan Party that meets each of the following requirements:

(a) it arises from the sale or lease of goods or the rendering of services which have been fully performed by such Loan Party (excluding any inspection rights and warranties granted in the ordinary course of business); and if it arises from the sale or lease of goods, (i) such goods comply with such Account Debtor's specifications (if any) in all material respects and have been delivered to such Account Debtor and (ii) such Loan Party has possession of, or if requested by the Administrative Agent, has delivered to the Administrative Agent, delivery receipts evidencing such delivery; and notwithstanding the foregoing, Accounts that are billed based on percentage of completion of installation projects shall be subject to this clause (a);

(b) it (i) is subject to a perfected, first priority Lien in favour of the Administrative Agent and (ii) is not subject to any other assignment, claim or Lien other than Permitted Liens;

(c) it is a valid, legally enforceable and unconditional obligation (excluding any inspection rights and warranties granted in the ordinary course of business) of the Account Debtor with respect thereto, and is not subject to the fulfillment of any condition whatsoever or any counterclaim, credit, allowance, discount, rebate, set-off or adjustment by the Account Debtor with respect thereto (excluding any inspection rights and warranties granted in the ordinary course of business), or to any claim by such Account Debtor denying liability thereunder in whole or in part and the Account Debtor has not refused to accept and/or has not returned or offered to return any of the goods or services which are the subject of such Account; provided, that Account shall be deemed ineligible hereunder only to the extent of such counterclaim, credit, allowance, discount, rebate, set-off, adjustment, refusal or return;

(d) there is no bankruptcy, insolvency or liquidation proceeding pending by or against the Account Debtor with respect thereto;

(e) the Account Debtor with respect thereto is a resident or citizen of, and is located within, Canada or the United States, England or (upon satisfaction of the German Conditions Precedent) Germany, unless the sale of goods or services giving rise to such Account is on letter of credit, banker's acceptance or other credit support terms reasonably satisfactory to the Administrative Agent;

(f) it is not an Account arising from a "sale on approval," "sale or return," "consignment" or "bill and hold" or subject to any other repurchase or return agreement (excluding any inspection rights and warranties granted in the ordinary course of business) ;

(g) it is not an Account with respect to which possession and/or control of the goods sold giving rise thereto is held, maintained or retained by any Loan Party (or by any agent or custodian of any Loan Party) for the account of or subject to further and/or future direction from the Account Debtor with respect thereto;

(h) it arises in the ordinary course of business of the applicable Loan Party;

(i) if the Account Debtor is Canada, the United States, or any department, agency or instrumentality thereof, the applicable Loan Party has assigned (to the extent assignable) its right to payment of such Account to the Administrative Agent pursuant to the *Assignment of Claims Act of 1940* (if applicable to such Account) or the Financial Administration Act (Canada), or any and all consents required for the effective assignment of such right to payment have been obtained, and evidence (satisfactory to the Administrative Agent) of such assignment and/or consents has been delivered to the Administrative Agent; however, notwithstanding the foregoing, the assignment and consent requirements of this clause (i) shall not apply with respect to up to $250,000 (in the aggregate) of such Accounts of the Loan Parties outstanding at any time.

(j) if the applicable Loan Party maintains a credit limit for an Account Debtor, the aggregate dollar amount of Accounts due from such Account Debtor, including such Account, does not exceed such credit limit;

(k) if the Account is evidenced by chattel paper or an instrument, the originals of such chattel paper or instrument shall have been endorsed and/or assigned and delivered to the Administrative Agent or, in the case of electronic chattel paper, shall be in the control of the Administrative Agent, in each case in a manner satisfactory to the Administrative Agent;

(l) such Account is evidenced by an invoice delivered to the related Account Debtor and is not more than (i) 90 days past the due date thereof or (ii) 120 days past the original invoice date thereof, in each case according to the original terms of sale;

(m) it is not an Account with respect to an Account Debtor that is located in any jurisdiction which has adopted a statute or other requirement with respect to which any Person that obtains business from within such jurisdiction must file a notice of business activities report or make any other required filings in a timely manner in order to enforce its claims in such jurisdiction's courts unless (i) such notice of business activities report has been duly and timely filed or the applicable Loan Party is exempt from filing such report and has provided the Administrative Agent with satisfactory evidence of such exemption or (ii) the failure to make such filings may be cured retroactively by the applicable Loan Party for a nominal fee;

(n) the Account Debtor with respect thereto is not a Loan Party or an Affiliate of a Loan Party;

(o) it is not owed by an Account Debtor with respect to which 35% or more of the aggregate amount of outstanding Accounts owed at such time by such Account Debtor is classified as ineligible under clause (l) of this definition; and

(p) if the aggregate amount of all Accounts owed by the Account Debtor thereon exceeds 25% of the aggregate amount of all Accounts of all Account Debtors of Loan Parties at such time, then all Accounts owed by such Account Debtor in excess of such amount shall be deemed ineligible.

An Account which is at any time an Eligible Account, but which subsequently fails to meet any of the foregoing requirements, shall forthwith cease to be an Eligible Account.

Notwithstanding the foregoing, (i) if an Account that does not meet one or more of the criteria set out above, it shall still be considered an Eligible Account if it is subject to a standard insurance policy of Export Development Canada or any other insurance policy acceptable to the Administrative Agent acting reasonably; and (ii) upon satisfaction of the German Conditions Precedent, but prior to the repayment in full of the German Non-Prepayable Indebtedness and the release and discharge of all Liens in respect thereof, a Reserve (which, for certainty, shall be in addition to any other Reserve in effect at such time) against Eligible Accounts in an amount in Canadian dollars equal to €37,500 at the time of calculation shall be applied to the calculation of the Borrowing Base.

"Eligible Inventory" shall mean inventory located in North America, England, or (upon satisfaction of the German Conditions Precedent) Germany and valued at the lower of cost and fair market value of all products, goods and materials owned by the Borrower for resale or for production of goods for resale, including work in progress not exceeding $1,000,000 at any time, and which is subject to a perfected, first priority Lien in favour of the Administrative Agent, and which is not subject to any other assignment, claim or lien other than Permitted Liens.

"Environmental Laws" shall mean all current and future federal, state, provincial, local and foreign laws, rules or regulations, codes, ordinances, orders, decrees, judgments or injunctions issued, promulgated, approved or entered thereunder or other requirements of Governmental Authorities or the common law, relating to protection of health and safety from environmental hazards, or pollution or protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of, or exposure to, pollutants, contaminants, chemicals or industrial, toxic or hazardous substances, or wastes into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances, or wastes, or underground storage tanks and emissions or releases therefrom.

"Equity Interests" shall mean, with respect to any Person, any and all shares, interests, participations or other equivalents, including membership interests (however designated, whether voting or nonvoting), of capital of such Person, including, if such Person is a partnership, partnership interests (whether general or limited) and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership, whether outstanding on the Closing Date or thereafter.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, or any successor statute, as the same may be amended from time to time.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) under common control with the Borrower or any other Loan Party within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"Event of Default" is defined in Article VIII.

"Equipment" shall mean all of the equipment of the Loan Parties, from time to time necessary or desirable for the conduct of the business of the Loan Parties.

"Excess Cash Flow" shall mean, for the relevant period and without duplication, Operating Cash Flow during such period, minus the sum during such period of (i) the Working Capital Adjustment, (ii) all income taxes paid in cash by the Loan Parties, (iii) cash Interest Expense, (iv) scheduled repayments of Permitted Indebtedness, (v) unfunded Capital Expenditures (excluding any Capital Expenditures made through a Sale Proceeds Reinvestment), (vi) all other cash items added to Net Income in the determination of Operating Cash Flow, (vii) Permitted Acquisition Expenses (excluding any Permitted Acquisition Expenses paid in respect of cash or cash equivalents of an acquired Person or Business Unit), except to the extent financed with equity or debt proceeds, other financings or Asset Sales, (viii) all cash Investments permitted to be made hereunder, and (ix) all Restricted Payments permitted to be made hereunder and (x) all voluntary prepayments of Permitted Indebtedness (other than the Loans).

"Excluded Issuances" shall mean the sale or issuance of equity securities of Holdco (i) to any Person who holds Equity Interests of Holdco as of the Closing Date or an Affiliate of such Person, (ii) to management, or (iii) the proceeds of which are used to (A) make permitted Capital Expenditures, (B) make Permitted Investments, or (C) make Restricted Payments permitted hereunder.

"Fees" shall mean the fees described in Section 2.05.

"Financial Officer" of any Person shall mean the chief financial officer, principal accounting officer, treasurer, controller or assistant treasurer of such Person.

"Financial Support Direction" means a financial support direction issued by the Pension Regulator under Section 43 of the UK Pensions Act 2004.

"Fiscal Quarter" shall mean, with respect to any Loan Party, a period of time covering Periods 1 to 4 (first Fiscal Quarter), Periods 5 to 7 (second Fiscal Quarter), Periods 8 to 10 (third Fiscal Quarter) or Periods 11 to 13 (fourth Fiscal Quarter) of each Fiscal Year of such Loan Party.

"Fiscal Year" shall mean the Fiscal Year of the Borrower, Holdco and the Subsidiaries beginning in each case on the first day of Period 1 of a calendar year and ending on the last day of Period 13 in the following calendar year.

"Fixed Charges" means, for any period, the sum, without duplication, of (a) cash Interest Expense (including, without limitation, the interest component of Capital Lease expense, commitment fees and letter of credit fees), and (b) scheduled amortization payments of principal actually made (specifically excluding prepayments of Term Loans under Section 2.12) or scheduled to be made with respect to Indebtedness (other than payments under the Revolving Loans), including the principal component of payments with respect to Capital Leases as such scheduled payments may be reduced by the application of prepayments.

"Fixed Charge Coverage Ratio" shall, on any date of determination, mean the ratio of (a) Operating Cash Flow less payments of cash Taxes and unfunded Capital Expenditures (excluding any Capital Expenditures made through a Sale Proceeds Reinvestment), to (b) Fixed Charges, all determined for the period of four consecutive Fiscal Quarters ending on or most recently prior to such date. For all reporting periods ending prior to the first anniversary of the Closing Date, (x) Fixed Charges shall be annualized and (y) cash Taxes and unfinanced Capital Expenditures shall be equal to the actual amounts expended in cash on such after the Closing Date through the end of such testing period.

"GAAP" shall mean generally accepted accounting principles in Canada which are in effect from time to time, as published in the Handbook of the Canadian Institute of Chartered Accountants, applied on a consistent basis.

"German Conditions Precedent" means (i) the repayment in full of the German Secured Indebtedness, (ii) the release and discharge of all Liens securing the German Secured Indebtedness, (iii) the resolution and filing of an amendment of the Organizational Documents of Cover-All Deutschland GmbH to remove any restriction as to the payment of dividends or other distributions to its shareholders, (iv) the granting by Cover-All Deutschland GmbH of a Guarantee Agreement, Guarantor Security Agreements and all related Loan Documents as required hereunder, and (v) the perfecting (of equivalent thereto under German law) of all Liens in favour of the Administrative Agent pursuant to the Guarantor Security Agreements granted by Cover-All Deutschland GmbH.

"German Non-Prepayable Indebtedness" means the outstanding indebtedness under two loan agreements each dated May 22, 2003 and made between Cover-All Deutschland GmbH and Stadtsparkasse Ochtrupp (renamed Verbundsparkasse Emsdetten – Ochtrupp) in a principal amount not exceeding €87,500, with respect to which no more than €37,500 may be secured by a Lien over the Accounts (but not over any other property) of Cover-All Deutschland GmbH; and for certainty, the principal amount of the German Non-Prepayable Indebtedness in excess of €37,500 shall be unsecured.

"German Secured Indebtedness" means Indebtedness of Cover-All Deutschland GmbH to, without limitation, VerbundSparkasse Emsdetten-Ochtrup, and Volksbank Ochtrup eG, pursuant to certain operating and term loan credit facilities set out in detail in Schedule 4.23 hereof, which Indebtedness shall not exceed the amount owing in respect thereof as of the Closing Debt, and which shall be fully cash collateralized except for (i) no more than €162,500 of the principal amount thereof plus (ii) the German Non-Prepayable Indebtedness (which for purposes of this Agreement shall not form part of the German Secured Indebtedness).

"Governmental Authority" shall mean any federal, state, provincial, regional, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guarantee" of or by any Person shall mean any obligation, contingent or otherwise (whether or not denominated as a guarantee), of such Person guaranteeing any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee at any time shall be deemed to be an amount equal to the least at such time of (x) the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or (y) the maximum amount for which such Person may be liable pursuant to the terms of the instrument embodying such Guarantee (or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof), or (z) if recourse is limited to a specified asset, the fair market value of such asset.

"Guarantee Agreements" shall mean the guarantee agreements in form acceptable to the Administrative Agent entered into by each of the Guarantors for the benefit of the Beneficiaries.

"Guarantor Security Agreements" shall mean the security agreements in form acceptable to the Administrative Agent, between each Guarantor and the Administrative Agent, for the benefit of the Beneficiaries. For certainty, the Guarantor Security Agreements shall include any charge agreements, assignment agreements, pledge agreements, debentures, or other security agreements granted by a guarantor for the benefit of the Beneficiaries.

"Guarantors" shall mean Holdco and each Subsidiary that from time to time guarantees the Obligations pursuant to a Guarantee Agreement. For certainty, NorthStar Cover-All, LLC shall not be a Guarantor hereunder.

"Hazardous Materials" is defined in Section 4.14(d).

"Holdco" shall mean Cover-All Holding Corp., a Nova Scotia unlimited liability company.

"Indebtedness" of any Person shall mean all obligations of such Person for borrowed money, including without limitation (a) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (b) all obligations of such Person under conditional sale or other title retention agreements relating to assets purchased by such Person, (c) all obligations of such Person issued or assumed as the deferred purchase price of property or services (excluding trade accounts payable and similar accrued liabilities arising in the ordinary course of business), (d) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed by such Person (and in the event such Person has not assumed or otherwise become liable for payment of such obligation, the amount of Indebtedness under this clause (d) shall be the lesser of the amount of such obligation and the fair market value of such property), (e) all Guarantees of obligations that otherwise constitute "Indebtedness" hereunder by such Person, (f) all Capital Lease Obligations of such Person, (g) all obligations of such Person as an account party to reimburse any bank or any other Person in respect of amounts drawn under letters of credit. The Indebtedness of any Person shall include the Indebtedness of any partnership in which such Person is a general partner, except to the extent such Indebtedness is expressly non-recourse to such Person.

"Indemnitee" is defined in Section 10.05(b).

"Information" is defined in Section 10.15.

"Insolvency Law" shall mean, to the extent applicable, (a) Title 11 of the United States Code, (b) the Bankruptcy and Insolvency Act (Canada), (c) the Companies' Creditors Arrangement Act (Canada) and (d) any similar federal, provincial, state, local or foreign bankruptcy or insolvency law, in each case as now constituted or hereafter amended or enacted.

"Intercreditor Agreement" shall mean an intercreditor agreement among the Borrower, the Administrative Agent and the administrative agent with respect to the Subordinated Loan, on terms satisfactory to the Lenders acting reasonably.

"Interest Expense" shall mean, for any period, the interest expense of the Loan Parties for such period determined on a consolidated basis in accordance with GAAP.

"Interest Payment Date" shall mean with respect to any Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part.

"Interest Period" shall mean as to any Prime Rate Borrowing the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the earlier of (i) the last day of the next succeeding month and (ii) the Maturity Date. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"Inventory" shall have the meaning given such term in the Borrower Security Agreement.

"Investment" shall mean, as applied to any Person (the "investor"), any direct or indirect purchase or other acquisition by the investor of, or a beneficial interest in, stock or other securities of any other Person, including any exchange of equity securities for Indebtedness, or any direct or indirect loan, advance (other than advances to employees for moving and travel expenses, drawing accounts and similar expenditures in the ordinary course of business) or capital contribution by the investor to any other Person, including all Indebtedness and accounts receivable owing to the investor from such other Person that did not arise from sales or services rendered to such other Person in the ordinary course of the investor's business. Except for any Investment described in the immediately succeeding sentence, the amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment minus any amounts (a) realized upon the disposition of assets comprising an Investment (including the value of any liabilities assumed by any Person other than Borrower or any Subsidiary in connection with such disposition), (b) constituting repayments of Investments that are loans or advances or (c) constituting cash returns of principal or capital thereon (including any dividend, redemption or repurchase of equity that is accounted for, in accordance with GAAP, as a return of principal or capital). For purposes of this Agreement, the redemption, purchase or other acquisition for value by Borrower or any Subsidiary of any shares of its capital stock from a Person other than Borrower or any other Subsidiary shall be deemed to be an "Investment" by Borrower or such Subsidiary in its shares of capital stock.

"ITA" shall mean the Income Tax Act (Canada), as amended, and any successor thereto, and any regulations promulgated thereunder.

"LC Disbursement" shall mean any payment or disbursement made by the Operating Lender under or pursuant to a Letter of Credit.

"LC Exposure" shall mean, at any time of determination, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit and (b) the aggregate amount of all LC Disbursements in respect of Letters of Credit that have not been reimbursed by Borrower or another Loan Party at such time.

"Lead Arranger" shall mean CIBC.

"Lenders" shall mean the Persons listed on Schedule 2.01 (and their respective successors, which shall include any entity resulting from a merger or consolidation) and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context clearly indicates otherwise, the term "Lenders" shall include the Operating Lender.

"Lenders' Counsel" shall mean Borden Ladner Gervais LLP.

"Letters of Credit" shall mean the letters of credit issued for the account of Borrower by the Operating Lender pursuant to the terms and conditions of Article III.

"Letter of Credit Request" shall mean a properly completed notice in a form acceptable to the Operating Lender .

"Lien" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, assignment for security, hypothecation, encumbrance, charge or security interest in or on such asset, and (b) the interest of a vendor or a lessor under any conditional sale agreement, Capital Lease or title retention agreement relating to such asset.

"Loan Documents" shall mean this Agreement, the Notes, the Letters of Credit, the Security Documents, the Guarantee Agreements, the Bankers' Acceptances, all agreements, instruments and documents which create or perfect any of the Liens securing the Obligations or create any obligation between any Loan Party and the Administrative Agent or any Lender, each Notice of Borrowing, Notice of Conversion or Continuation, Borrowing Base Certificate, Letter of Credit Request and Compliance Certificate, and all agreements, instruments and documents that are agreed to by Borrower and the Administrative Agent to constitute a "Loan Document" hereunder heretofore, now or hereafter executed by or on behalf of any Loan Party and delivered to or for the benefit of the Administrative Agent or any Lender in connection this Agreement, and all renewals, replacements, consolidations, substitutions and extensions of any of the foregoing.

"Loan Party" shall mean Holdco, Borrower and each Subsidiary.

"Loans" shall mean the Revolving Loans, the Term Loans and the Operating Loans.

"Margin Stock" shall have the meaning given such term under Regulation U.

"Material Adverse Effect" shall mean any act, omission, event or undertaking which would, singly or in the aggregate, have a materially adverse effect upon (a) the business, assets, properties, liabilities, financial condition or results of operations or business prospects of the Loan Parties taken as a whole, (b) the ability of the Loan Parties taken as a whole to perform any obligations under the Loan Documents, (c) the legality, validity, binding effect, enforceability or admissibility into evidence of the Loan Documents or the ability of the Administrative Agent or any Lender to enforce any rights or remedies under or in connection with the Loan Documents or (d) the perfection or priority of the Administrative Agent's Lien on the Collateral.

"Material Contract" shall mean any contract to which as Loan Party is or becomes a party that provides for payments by or to a Loan Party in excess of $250,000.

"Maturity Date" shall mean the fifth anniversary of the Closing Date.

"Mortgages" means such mortgages of the Loan Parties' interests in real property as are required by the Administrative Agent and the Lender, in form and on terms satisfactory to the Administrative Agent and the Lenders.

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which Borrower or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Net Cash Proceeds" shall mean (a) with respect to any Asset Sale or casualty loss, the Cash Proceeds therefrom, net of (i) costs of sale (including payment of the outstanding principal amount of, premium or penalty, if any, and interest on any Indebtedness (other than Loans) required to be repaid under the terms thereof as a result of such Asset Sale), (ii) taxes paid or reasonably estimated to be payable in the year such Asset Sale occurs or in the following year as a result thereof, (iii) appropriate amounts required to be reserved for post-closing adjustments in connection with such Asset Sale, and (iv) deductions for Indebtedness secured by any assets forming part of such Asset Sale, provided that such Indebtedness is repaid as a result of such Asset Sale; and (b) with respect to any issuance of debt or equity securities, the cash proceeds thereof, net of underwriting commissions or placement fees and expenses directly incurred in connection therewith.

"Net Current Assets" shall mean for any Person, as of any date of determination, the difference (which may be a negative number) between (a) the total assets of such Person that may properly be classified as current assets in conformity with GAAP, excluding cash and cash equivalents, minus (b) the total liabilities of such Person that may properly be classified as current liabilities in conformity with GAAP, excluding the current portion of long term debt.

"Net Income" shall mean, for any period, the net income (or loss) of Borrower and the Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP (incuding, for certainty, adjustments to reflect minority interests in non-wholly owned Subsidiaries), provided that there shall be excluded from such calculation: (a) the net income (or net loss) of any other Person accrued prior to the date it becomes a Subsidiary of, or is merged into or consolidated with, the Person whose Net Income is being determined or a Subsidiary of such Person, (b) any restoration of any contingency reserve not in the ordinary course of business, except to the extent that provision for such reserve was made out of income during such period, (c) any net gains or losses on the sale or other disposition, not in the ordinary course of business, of any assets, or discontinued operations, (d) any net gain arising from the collection of the proceeds of any insurance policy, (e) any writeup of any asset, except any write-up of any asset in the ordinary course of such Person's business in accordance with the percentage of completion rules under GAAP, and (f) any other non-cash, extraordinary, unusual or non-recurring item.

"NorthStar Negative Pledge" means an agreement granted by NorthStar Cover-All, LLC in favour of the Administrative Agent for the benefit of the Beneficiaries, whereby NorthStar Cover-All, LCC covenants and agrees, on terms acceptable to the Administrative Agent, not to incur any Indebtedness other than Indebtedness expressly permitted thereby.

"Notes" shall mean the promissory notes executed by Borrower and delivered to the Lenders evidencing such Lender's Loans and participations in Letters of Credit.

"Notice of Borrowing" is defined in Section 2.03.

"Notice of Conversion or Continuation" is defined in Section 2.09.

"Obligations" shall mean, without duplication, (a) the due and punctual payment by Borrower of (i) the principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans made to Borrower, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by Borrower in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of LC Disbursements, interest thereon (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) and obligations to provide cash collateral, and (iii) all other monetary obligations of Borrower to any of the Administrative Agent, the Operating Lender and the Lenders under this Agreement and each of the other Loan Documents, including obligations to pay Fees, expense reimbursement obligations and indemnification obligations, whether primary, secondary, direct, contingent, fixed or otherwise, arising under the Loan Documents (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), (b) the due and punctual payment of all the monetary obligations of each other Loan Party under or pursuant to this Agreement and each of the other Loan Documents, (c) the due and punctual payment of all monetary obligations of each Loan Party under each Swap Agreement that (i) is in effect on the Closing Date with a counterparty that is a Lender or an Affiliate of a Lender as of the Closing Date or (ii) is entered into after the Closing Date with any counterparty that is a Lender or an Affiliate of a Lender at the time such agreement is entered into and (d) the due and punctual payment and performance of all obligations of each Loan Party to a Lender or an Affiliate of a Lender in respect of cash management services (other than cash management services provided after (i) the principal of and interest on each Loan and all Fees payable hereunder have been paid in full, (ii) the Lenders have no further commitment to lend hereunder, (iii) the LC Exposure has been reduced to zero and (iv) the Operating Lender has no further obligation to issue Letters of Credit), including obligations in respect of overdrafts, temporary advances, interest and fees.

"Operating Cash Flow" shall mean, for any period, the sum (without duplication) of the amounts for such period of Net Income plus, in each case to the extent deducted in determining such Net Income (except in the case of (f)), (a) all federal, provincial, state, local and foreign taxes, (b) Interest Expense, (c) depreciation and amortization expense, (d) management fees and transaction fees and expense reimbursements and indemnities paid in the ordinary course of business in connection therewith (e) all fees and expenses related to the Transactions, (f) the proceeds of any business interruption insurance, (g) all costs, fees, expenses, charges and any one time payments made related to any Permitted Investment, Permitted Acquisition, permitted issuance of equity, permitted recapitalization, permitted reorganization, permitted Asset Sale, or issuance of Indebtedness permitted pursuant to Section 7.01, (h) all expenses and charges indemnified or reimbursed by unaffiliated Persons, (i) all director fees, expense reimbursements and indemnifications paid in the ordinary course of business, (j) all indemnifications paid to officers and employees in the ordinary course of business, and (k) all one-time compensation expenses paid in connection with the Transactions or any Permitted Acquisition; and provided that solely for the purpose of calculating compliance with Section 7.13,Section 7.14 and Section 7.15, (i) the Operating Cash Flow of any Persons acquired during such period shall be calculated as though such Person had been acquired on the first day of such period, and (ii) the Operating Cash Flow shall be calculated with the addition or subtraction of the following adjustments and such other adjustments as are reasonably acceptable to the Required Lenders:

Fiscal Year 2007	Periods 11-13	($417,000)
Fiscal Year 2008	Periods 1-4	$58,000
Fiscal Year 2008	Periods 5-7	$171,000
Fiscal Year 2008	Periods 8-10	($125,000)

"Operating Commitment" shall mean, with respect to the Operating Lender, the commitment of such Lender to make Operating Loans hereunder as set forth on Schedule 2.01.

"Operating Exposure" shall mean, at any time, the aggregate principal amount of the Operating Loans outstanding at such time.

"Operating Lender" shall mean CIBC, in its capacity as the holder of the Operating Commitment and the maker of Operating Loans hereunder, or any successor thereto or assign thereof which shall not be a non-resident of Canada or shall be deemed to be a resident of Canada for purposes of Subsection 212(13.3) of the ITA in respect of any amount paid or credited hereunder in respect of such Operating Commitment and Loans.

"Operating Loans" shall mean the loans made by the Operating Lender pursuant to Section 2.01(c).

"Organizational Documents" means, with respect to any Person, such Person's memorandum, notice of articles, articles, certificate of incorporation or formation, bylaws, partnership agreement, operating agreement, joint venture agreement or other similar governing documents and any document setting forth the designation, amount and/or relative rights, limitations and preferences of any class of such Person's capital stock, partnership interests, membership interests or other equivalent interests.

"Other Taxes" is defined in Section 2.18(b).

"Original Obligations" has the meaning given to that term in Section 4.17.

"Parallel Debt Security" has the meaning given to that term in Section 4.17.

"Parallel Obligations" has the meaning given to that term in Section 4.17.

"Pension Plan Event" shall mean (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by any Loan Party or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by any Loan Party or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by any Loan Party or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; (g) the receipt by any Loan Party or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any Loan Party or any ERISA Affiliate of any notice, concerning the imposition of a withdrawal liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; (h) a Governmental Authority gives notice of its intention to terminate, in whole or in part, a Canadian Pension Plan, or to appoint an administrator of a Canadian Pension Plan, or Borrower, any Subsidiary or any other Loan Party declares or gives notice of intention to declare a wind up of a Canadian Pension Plan, in whole or in part, or any of the Canadian Pension Plans individually or in the aggregate have an unfunded actuarial liability or solvency deficiency (within the meaning of applicable laws) that exceeds $500,000; or (i) the Pensions Regulator issues a Financial Support Direction or a Contribution Notice to any Loan Party.

"Pensions Regulator" means the body corporate called the Pensions Regulator established under Part I of the UK Pensions Act 2004.

"Period" means any one of the periods in Borrower's Fiscal Year, such periods from the Closing Date to the Maturity Date being set out specifically in Schedule 1.01; and any Period referred to in this Agreement followed by a numerical indicator shall mean the Period identified by that number for a particular Fiscal Year in Schedule 1.01.

"Permitted Acquisition" shall have the meaning set out in Section 7.05.

"Permitted Acquisition Expenses" means (a) cash consideration paid by Borrower or any of its or Holdco's wholly-owned Subsidiaries to acquire assets, capital stock or a Business Unit in connection with a Permitted Acquisition made in accordance with Section 7.05, (b) bona fide direct costs and expenses incurred as a result of a Permitted Acquisition (including costs and expenses related to the shutdown of facilities and employee severance) to the extent such costs and expenses (i) are capitalized as part of the cost of the Permitted Acquisition in the consolidated financial statements of Borrower and (ii) are paid by a Loan Party no more than 365 days from the date of such Permitted Acquisition, and (c) bona fide direct costs and expenses paid in connection with such Permitted Acquisition, including reasonable commissions and fees and expenses of professional advisors and any title and recordation expenses.

"Permitted Discretion" shall mean the Administrative Agent's reasonable judgment exercised in good faith based upon its consideration of any factor which the Administrative Agent believes in good faith: (a) will or could adversely affect the value of any Collateral, the enforceability or priority of the Administrative Agent's Liens thereon or the amount which the Administrative Agent, the Lenders or the Operating Lender would be likely to receive (after giving consideration to delays in payment and costs of enforcement) in the liquidation of such Collateral; (b) suggests that any collateral report or financial information delivered to the Administrative Agent by Borrower is incomplete, inaccurate or misleading in any material respect; or (c) materially increases the likelihood of a bankruptcy, reorganization or other insolvency proceeding involving a Loan Party. In exercising such judgment, the Administrative Agent may consider such factors already included in or tested by the definition of Eligible Accounts, as well as any of the following: (i) the changes in collection history and dilution with respect to the Accounts; (ii) changes in any concentration of risk with respect to any such Accounts; and (iii) any other factors that adversely affect the credit risk of lending to Borrower on the security of Borrowers' Accounts.

"Permitted Investments" shall mean any of the following:

(a) any evidence of Indebtedness, maturing not more than one year after the acquisition thereof, issued by Canada or the United States of America, or any instrumentality or agency thereof and guaranteed fully as to principal, interest and premium, if any, by Canada or the United States of America;

(b) any certificate of deposit, maturing not more than one year after the date of purchase, issued by a commercial banking institution that has long-term debt rated "A" or higher by Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Services ("S&P") and which has a combined capital and surplus and undivided profits of not less than U.S.$500,000,000;

(c) commercial paper (i) maturing not more than 365 days after the date of purchase and (ii) issued by a corporation (other than a Loan Party or any Affiliate of a Loan Party) with a rating, at the time as of which any determination thereof is to be made, of "P-1" or higher by Moody's or "A-1" or higher by S&P (or equivalent rating in the case of a Permitted Investment made by a foreign Subsidiary);

(d) demand deposits with any bank or trust company;

(e) loans by a Loan Party to any other Loan Party; provided that if such loan is evidenced by a demand note or other instrument which is secured or by chattel paper, such note, instrument or chattel paper shall be delivered to the Administrative Agent;

(f) loans to elderly part-time employees (*Altersteilzeitgesetz*), to the extent required under German law;

(g) repurchase agreements with a term of not more than 30 days with respect to Indebtedness issued by Canada or the United States of America, or any instrumentality or agency thereof and guaranteed fully as to principal, interest and premium, if any, by Canada or the United States of America;

(h) Any mutual or money market funds composed exclusively of the foregoing (other than (e));

(i) Investments in securities of Account Debtors received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such Account Debtors;

(j) Investments listed on Schedule 7.05 and agreed to by the Administrative Agent in its Permitted Discretion;

(k) earnest money required in connection with permitted Investments;

(l) any Loan Party may make a loan or an Investment that could otherwise be made as a Restricted Payment;

(m) any Loan Party may capitalize or forgive any Debt owed to it by any other Loan Party (other than non wholly-owned Subsidiaries);

(n) (A) travel and moving advances given to employees and directors in the ordinary course of business and (B) other emergency or special circumstance advances given to employees not to exceed in the case of (A) and (B) taken together $250,000 in the aggregate outstanding at any time;

(o) Investments received as the non-cash portion of consideration received in connection with dispositions permitted under this Agreement;

(p) Equity Investments in Subsidiaries; and

(q) other Investments not listed above in an aggregate amount not to exceed $100,000 at any one time in the aggregate.

"Permitted Liens" shall mean, with respect to any Person, any of the following:

(a) Liens for taxes, assessments or other governmental charges or levies not yet due and payable or which are being contested in good faith by appropriate proceedings diligently pursued, provided that (i) any proceedings commenced for the enforcement of such Liens shall have been duly suspended and (ii) full provision for the payment of all such taxes known to such Person has been made on the books of such Person if and to the extent required by GAAP;

(b) Builders', mechanics', materialmen's, carriers', warehousemen's, landlord's and similar Liens arising by operation of law and in the ordinary course of business and securing obligations of such Person that are either (i) less than $200,000 in the aggregate or (ii) not overdue for a period of more than 60 days or are being contested in good faith by appropriate proceedings diligently pursued, provided that in the case of any such contest (A) any proceedings commenced for the enforcement of such Liens shall have been suspended and (B) full provision for the payment of such Liens has been made on the books of such Person if and to the extent required by GAAP;

(c) Liens arising in connection with worker's compensation, unemployment insurance, old age pensions and social security benefits that are not overdue or are being contested in good faith by appropriate proceedings diligently pursued, provided that in the case of any such contest (i) any proceedings commenced for the enforcement of such Liens shall have been duly suspended and (ii) full provision for the payment of such Liens has been made on the books of such Person if and to the extent required by GAAP;

(d) Liens required under or created by German law in favour of elderly part-time employees (*Altersteilzeitgesetz*);

(e) (i) Liens incurred or deposits made in the ordinary course of business to secure the performance of bids, tenders, statutory obligations, fee and expense arrangements with trustees and fiscal agents (exclusive of obligations incurred in connection with the borrowing of money or the payment of the deferred purchase price of property) and (ii) Liens securing surety, indemnity, performance, appeal and release bonds, in the case of either clause (i) or (ii), securing such obligations and (A) also fully secured by a Letter of Credit issued by the Operating Lender, or (B) otherwise in an amount outstanding at any time not to exceed individually or in the aggregate $20,000,000, provided that full provision for the payment of all such obligations has been made on the books of such Person if and to the extent required by GAAP, and that any Lien in favour of the Administrative Agent under this Agreement and the credit agreement in respect of the Subordinated Loan has priority over any consensual Lien in favor of such surety or similar Person;

(f) imperfections of title, covenants, restrictions, rights of way, easements, servitudes, mineral interest reservations, municipal and zoning ordinances, general real estate taxes and assessments not yet delinquent and other encumbrances on real property that (i) do not arise out of the incurrence of any Indebtedness for money borrowed and (ii) do not interfere with or impair in any material respect the utility, operation, value or marketability of the real property on which such Lien is imposed;

(g) the rights of collecting banks or other financial institutions having a right of setoff, revocation, refund, pledge, chargeback or similar rights under customary general terms and conditions with respect to money or instruments on deposit with or in the possession of such financial institution;

(h) leases or subleases granted to others not interfering in any material respect with the business of Borrower or any Subsidiary and any interest or title of a lessor under any lease (whether a Capital Lease or an operating lease) permitted by this Agreement or the Security Documents;

(i) Liens on accounts receivable for which attempts at collection have been undertaken by a third party authorized by the Person owning such accounts receivable;

(j) Liens arising from UCC or PPSA financing statements (or analogous personal property security filings or registrations in other jurisdictions) regarding operating leases;

(k) Liens in favour of the Administrative Agent on behalf of the Lenders;

(l) Liens under the Subordinated Loan credit agreement, in favour of the administrative agent thereunder on behalf of the lenders thereunder;

(m) all reservations in the original grant from the Crown of any lands or interests therein and statutory exceptions, qualifications and reservations in respect of title;

(n) attachments, appeal bonds, judgments and other similar Liens with respect to judgements not otherwise constituting an Event of Default under Section 8(j);

(o) Liens exclusively on the proceeds of insurance and premium refunds in connection with the financing of insurance premiums;

(p) Liens encumbering customary initial deposits and margin deposits, and similar Liens in favour of the broker thereof attaching to commodity trading accounts and other brokerage accounts incurred in the ordinary course of business to the extent that the underlying Investment is permitted hereunder;

(q) Liens on goods in the possession of customs authorities in favour of such customs authorities which secure payment of customs duties in connection with importation of goods;

(r) Liens deemed to exist in connection with permitted repurchase obligations or set-off rights;

(s) Liens in favour of collecting banks arising under Section 4-210 of the UCC;

(t) Liens existing on the Closing Date (and for up to 30 days thereafter) against the property of Cover-All Deutschland GmbH and securing the German Secured Indebtedness; and

(u) Liens existing on the Closing Date against the Accounts of Cover-All Deutschland GmbH and securing up to €37,500 of the German Non-Prepayable Indebtedness.

Any reference in any of the Loan Documents to a Permitted Lien is not intended to and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Lien created by any of the Loan Documents to any Permitted Lien.

"Person" shall mean any natural person, corporation, legal person, business trust, joint venture, association, company, limited liability company, partnership or government, or any agency or political subdivision thereof.

"Plan" shall mean any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of

ERISA, has made contributions at any time during the immediately preceding five plan years.

"PPSA" shall have the meaning given such term in the Borrower Security Agreement.

"Prime Rate" shall mean, for each day in any period, a fluctuating interest rate per annum as shall be in effect from time to time, which rate per annum shall at all times for such day be equal to the higher of (a) the annual rate of interest announced publicly by the Administrative Agent and in effect as its prime rate at its principal office in Toronto, Ontario on such day for determining interest rates on Dollar-denominated commercial loans made in Canada and (b) 1.00% per annum above the CDOR Rate in effect on such date. Each change to the Prime Rate shall be effective on the date such change is publicly announced as being effective.

"Purchase Agreement" shall mean that certain Share Purchase Agreement dated as of the Closing Date by and among Holdco, the Borrower, the Vendors (as defined therein) and the various other parties thereto, in respect of, *inter alia*, the purchase and sale of the Purchased Shares (as defined therein).

"Purchase Transactions" is defined in Section 4.02.

"Real Properties" shall mean each parcel of real property identified on Section 4.19, together with all fixtures thereon.

"Register" is defined in Section 10.04(d).

"Regulation T" shall mean Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation X" shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Required Lenders" shall mean, as of the date of determination thereof, the Lenders having at least 66 2/3% of the sum of the aggregate principal amount of Loans, LC Exposures and unused Revolving Commitments; provided that if there are only two Lenders, then "Required Lenders" shall mean both Lenders.

"Responsible Officer" of any Person shall mean the chief executive officer, president, any Financial Officer or any vice president of such Person and any other officer or similar official thereof responsible for the administration of the obligations of such Person in respect of this Agreement.

"Reserves" shall mean such amounts, if any, determined in each case by the Administrative Agent, in its good faith reasonable business judgment, as a result of a change in circumstances, as a reserve against Account values for potential or anticipated obligations of Borrower, including (a) tax liabilities and other obligations owing to government entities, (b) litigation liabilities, (c) environmental liabilities, and (d) the anticipated costs and expenses relating to the liquidation of Accounts, determined by the

Administrative Agent, in its good faith business judgment, to have a reasonable likelihood of becoming actual obligations of Borrower, except to the extent of any reserves for such obligations reflected in Borrower's applicable financial statements. The Borrower shall provide the Administrative Agent with regular updates in respect of the matters set out in (a) to (d) above in detail sufficient for the Administrative Agent, acting reasonably, to assess the requirement for such reserves. The Administrative Agent shall provide Borrower with notice of such reserve ten (10) Business Days prior to instituting the reserve, during which time Borrower may provide the Administrative Agent with information rebutting the change in circumstances giving rise to the reserve. No Reserve shall be duplicative of eligibility requirements.

"Restricted Payment" shall mean (a) any dividend or other distribution, direct or indirect, on account of any Equity Interests of any Loan Party, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase, exchange or other acquisition for value, direct or indirect, of any Equity Interests of any Loan Party, now or hereafter outstanding, (c) any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire Equity Interests of any Loan Party; (d) any payment of a claim for the rescission of the purchase or sale of, or for material damages arising from the purchase or sale of, any Equity Interests of any Loan Party or of a claim for reimbursement, indemnification or contribution arising out of or related to any such claim for damages or rescission; (e) any payment, loan, contribution, or other transfer of funds or other property to any holder of Equity Interests of any Loan Party other than payment of compensation (which compensation shall exclude any shareholder or equity distributions) in the ordinary course of business to holders who are employees or directors of such Loan Party; (f) any redemption, repurchase or prepayment or other retirement, prior to the stated maturity thereof or prior to the due date of any regularly scheduled instalment or amortization payment with respect thereto, of any Indebtedness of a Person (other than the Obligations and trade debt); and (g) any payment of management fees (or other fees of a similar nature) or out-of-pocket expenses in connection therewith by any Loan Party to any holder of Equity Interests of any Loan Party or its Affiliates.

"Revolving Borrowing" shall mean a Borrowing comprised of Revolving Loans.

"Revolving Commitment" shall mean, with respect to each Revolving Lender, the commitment of such Lender to make Revolving Loans hereunder as set forth on Section 2.01 or in the Assignment and Acceptance pursuant to which such Lender assumed its Revolving Commitment, as applicable, as the same may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04.

"Revolving Credit Availability Period" shall mean the period commencing on the Closing Date and ending on the Maturity Date.

"Revolving Credit Utilization" shall mean, at any time of determination, the aggregate principal amount of Revolving Loans outstanding at such time.

"Revolving Lenders" shall mean the Lenders having Revolving Commitments or holding Revolving Loans and which shall not be non-residents of Canada or shall be deemed to be residents in Canada for purposes of Subsection 212(13.3) of the ITA in respect of any amount paid or credited hereunder in respect of such Commitments and Loans.

"Revolving Loans" shall mean the revolving loans made by the Revolving Lenders to Borrower pursuant to Section 2.01(b). For the avoidance of doubt, Operating Loans shall not constitute Revolving Loans for purposes of this Agreement.

"Sale Proceeds Reinvestment" shall mean the reinvestment by a Loan Party of the net proceeds of Asset Sales in assets used or useful in the business of such Loan Party within 180 days of such Asset sale.

"Sale/Leaseback Transaction" shall mean an arrangement, direct or indirect, whereby any Loan Party shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred.

"Schedule I Bank" shall mean a bank that is a Canadian chartered bank listed on Schedule I under the Bank Act (Canada).

"Security Agreements" shall mean the Borrower Security Agreement and the Guarantor Security Agreements.

"Security Documents" shall mean the Mortgages, Security Agreements, the Deposit Account Pledge Agreements, the Bank Act Security, the Notes, the NorthStar Negative Pledge, financing statements and all other similar agreements, assignments, instruments and documents delivered to the Administrative Agent from time to time to create, evidence or perfect Liens securing the Obligations, and all renewals, replacements, consolidations, substitutions and extensions of any of the foregoing.

"Senior Leverage Ratio" shall mean, on any date of determination, the ratio of (a) Senior Secured Indebtedness on such date net of (i) all Cash and Cash Equivalents on hand and (ii) the cash collateralized portion of the German Secured Indebtedness, to (b) Operating Cash Flow of the Loan Parties for the period of four consecutive Fiscal Quarters ending on or most recently prior to such date.

"Senior Secured Indebtedness" shall mean all Indebtedness of the Loan Parties, secured by Liens against real property, personal property or other assets of the Loan Parties, where such Liens have priority over or rank equally with the Liens created by the Security Documents, and shall include the Obligations and the principal component of Capital Leases and secured Guarantees entered into by the Loan Parties.

"Standard Time" shall mean eastern standard time or eastern daylight savings time, as applicable on the relevant date.

"Subordinated Debt" means Indebtedness of the Borrower that has been subordinated and postponed to the Obligations on terms and conditions, and pursuant to documentation, reasonably acceptable to the Lenders.

"Subordinated Loan" means the loan to the Borrower in the original principal amount of $15,000,000 made pursuant to a credit agreement of even date herewith among the Borrower, the lenders party thereto and Canadian Imperial Bank of Commerce as administrative agent and lead arranger.

"subsidiary" shall mean, with respect to any Person (herein referred to as the "parent"), any corporation, partnership, association or other business entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership or membership interests are, at the time any determination is being made, owned, controlled or held by, or otherwise Controlled by, the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" shall mean, unless the context indicates otherwise, any direct or indirect subsidiary of Holdco or Borrower.

"Swap Agreement" means any interest rate, currency or commodity swap agreement, cap agreement or collar agreement, and any other agreement or arrangement designed to protect a Loan Party against fluctuations in interest rates, currency exchange rates or commodity prices.

"Swap Lender" mean each Lender or Affiliate of such Lender that is the counterparty to any Swap Agreement with a Loan Party, the obligations under which shall constitute Obligations.

"Taxes" is defined in Section 2.18(a).

"Term Borrowing" shall mean a Borrowing comprised of Term Loans.

"Term Commitment" shall mean, with respect to each Lender, the commitment of such Lender to make Term Loans hereunder as set forth on Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender assumed its Term Commitment, as applicable, as the same may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04.

"Term Lenders" shall mean the Lenders having Term Commitments or holding Term Loans and which shall not be non-residents of Canada or which shall be deemed to be residents in Canada for purposes of Subsection 212(13.3) of the ITA in respect of any amount paid or credited hereunder in respect of such Commitments and Loans.

"Term Loans" shall mean the term loans made by the Lenders to Borrower pursuant to Section 2.01(a)(i).

"Term Repayment Amount" is defined in Section 2.10(a).

"Term Repayment Date" is defined in Section 2.10(a).

"Total Leverage Ratio" shall mean, on any date of determination, the ratio obtained by dividing (a) Indebtedness of Borrower and the Subsidiaries on such date less (i) all cash and cash equivalents on hand and (ii) the cash collateralized portion of the German Secured Indebtedness, by (b) Operating Cash Flow for the period of four consecutive Fiscal Quarters ending on or most recently prior to such date.

"Transactions" is defined in Section 4.02.

"Transferee" is defined in Section 2.18(a).

"Type", when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term "Rate" shall include the Prime Rate and the Discount Rate applicable to B/A and B/A Equivalent Loans.

"U.S. Newco" means Cover-All U.S. Holding Corp.

"Vendors" means the vendors under the Purchase Agreement.

"wholly owned", when used in reference to any subsidiary of a Person, shall mean any subsidiary of such Person of which securities (except for directors' qualifying shares) or other ownership interests representing 100% of the equity or 100% of the ordinary voting power or 100% of the general partnership or membership interests are, at the time any determination is being made, owned, controlled or held by such Person or one or more wholly owned subsidiaries of such Person or by such Person and one or more wholly owned subsidiaries of such Person.

"Working Capital" shall mean, as of any date of determination, the excess (if any) of (a) Current Assets over (b) Current Liabilities.

"Working Capital Adjustment" shall mean, for any period, the amount (which may be a negative number), without duplication, of (a) Working Capital as of the end of such period, minus (b) Working Capital as of the beginning of such period, excluding from such calculation the Net Current Assets acquired in a Permitted Acquisition during such period, determined at the time of such acquisition.

SECTION 1.02. Terms Generally. The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context shall otherwise require, all references herein to Articles, Sections, Exhibits and Schedules shall be deemed to be references to Articles and Sections of, and Exhibits and Schedules to, this Agreement, and the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof. Each reference to any Loan Document or any other document or agreement shall be deemed to be a reference to such Loan Document, document or agreement as amended, restated, waived, supplemented or otherwise modified from time to time in accordance with the provisions hereof and thereof.

SECTION 1.03. Classification of Loans and Borrowings. For the purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "B/A Loan") or by Class and Type (e.g., a "B/A Revolving Loan"). Borrowings may also be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "B/A Borrowing") or by Class and Type (e.g., a "B/A Revolving Borrowing").

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if Borrower notifies the Administrative Agent that it requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if Administrative Agent notifies Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding the foregoing, for purposes of this Agreement, to the extent that insurance is prepaid by issuance of a promissory note or other debt instrument (an "insurance note") by the insured party, the obligations under the insurance note shall not be considered to be a liability of the insured party, and the insurance premiums so prepaid shall not be considered to be an asset of the insured party.

ARTICLE II

The Credits

SECTION 2.01. Commitments.

(a) Subject to the terms and conditions and relying on the representations and warranties set forth herein, each Term Lender agrees, severally and not jointly, to make to Borrower on the Closing Date a Term Loan by means of Prime Rate Loan, B/A Loan or B/A Equivalent Loans in an aggregate principal amount equal to its Term Commitment. Each Term Loan shall be denominated in Dollars.

(b) Subject to the terms and conditions and relying on the representations and warranties set forth herein, each Revolving Lender agrees, severally and not jointly, to make from time to time during the Revolving Credit Availability Period, Revolving Loans to Borrower by means of Prime Rate Loans, B/A Loans or B/A Equivalent Loans, in an aggregate principal amount that will not result in the Revolving Credit Utilization plus the Operating Credit Utilization exceeding the Borrowing Base. Notwithstanding the foregoing sentence, the principal amount of the Revolving Loans on the Closing Date shall not exceed $1,000,000 without the written consent of the Lenders. Within the limits set forth in the preceding sentence, Borrower may borrow, pay or prepay and reborrow Revolving Loans. Each Revolving Loan shall be denominated in Dollars.

(c) Subject to the terms and conditions and relying on the representations and warranties set forth herein, the Operating Lender agrees from time to time during the Revolving Credit Availability Period to make Operating Loans to Borrower by issuing letters of credit or by means of overdraft in any Deposit Account of Borrower with the Operating Lender, in an aggregate principal amount at any time outstanding not to exceed the Operating Commitment. Notwithstanding the foregoing sentence, the principal amount of the Operating Loans on the Closing Date shall not exceed $650,000 without the written consent of the Lenders. Operating Loans shall not be subject to any notice or minimum amount requirements. For the avoidance of doubt, such Deposit Accounts may include accounts of the Loan Parties in respect of which consolidation or netting arrangements have been made with the Operating Lender, including any notional account reflecting any such consolidation or netting of accounts. The Operating Lender shall make each Operating Loan available to Borrower by means of a credit to the applicable Deposit Accounts with the Operating Lender in which an Operating has occurred as described above. Within the limits set forth in the first sentence of this Subsection (c), Borrower may borrow, pay, prepay and re-borrow Operating Loans.

SECTION 2.02. Loans.

(a) Each Loan (other than an Operating Loan) shall be made as part of a Borrowing consisting of Loans made by the Lenders rateably in accordance with their respective applicable Commitments; provided, however, that the failure of any Lender to make any Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). Except for Operating Loan, Loans deemed made pursuant to Section 3.04 and subject to Section 2.20(e) in the case of B/A Loans, Loans comprising any Borrowing shall be in an aggregate principal amount that is not less than $1,000,000 and an integral multiple of $100,000.

(b) Each Revolving Borrowing shall be comprised entirely of B/A Loans or Prime Rate Loans, in each case as Borrower may request pursuant to Section 2.03 or as otherwise may be provided in this Agreement; provided, however, that the Loans to be made on the Closing Date shall be made as Prime Rate Loans. Each Lender may at its option fulfill its Commitment by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided, however, that any exercise of any such option shall not (A) affect the obligation of Borrower to repay such Loan in accordance with the terms of this Agreement or (B) require any reimbursement or other payment to be made to such Lender or its Affiliates pursuant to Section 2.18 in an amount in excess of the amounts that would have been payable thereunder to such Lender had such Lender not exercised such option. Borrowings of more than one Type may be outstanding at the same time; provided, however, that Borrower shall not be entitled to request any Borrowing that, if made, would result in an aggregate of more than five B/A Borrowings of any Lender being outstanding hereunder at any one time. For purposes of the foregoing, Loans having different Contract Periods regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Except with respect to Operating Loans (which shall be made as provided in Section 2.01(c)), each Lender shall make a Loan in the amount of its pro rata portion, as determined under Section 2.15, of each Borrowing hereunder on the proposed date thereof by wire transfer of immediately available funds not later than 2:00 p.m., Standard Time, to the account of the Administrative Agent most recently designated by such agent for such purpose, and the Administrative Agent shall promptly credit the amounts so received to the general Deposit Account of Borrower or, if a Borrowing shall not occur on such date because any condition precedent specified herein shall not have been met, return the amounts so received to the respective Lenders. Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing (or, in the case of a Prime Rate Borrowing, prior to 2:00 p.m., Standard Time, on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (c), and the Administrative Agent may, in reliance upon such assumption, make available to Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount, together with interest thereon for each day from the date such amount is made available to Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, the rate determined by the Administrative Agent to represent its cost of obtaining overnight Dollars. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall be deemed to constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

(d) Notwithstanding any other provision of this Agreement, Borrower shall not be entitled to request any Interest Period (or Contract Period in the case of a B/A Borrowing) with respect to any Borrowing that would end after the Maturity Date.

SECTION 2.03. Notice of Borrowings. To request a Borrowing (other than an Operating Loan or a Borrowing deemed made pursuant to Section 3.04, as to which this Section 2.03 shall not apply), Borrower shall give the Administrative Agent written or fax notice substantially in the form of Exhibit C hereto (each, a "Notice of Borrowing") (or telephone notice promptly confirmed in writing or by fax), not later than 1:00 p.m. Standard Time, one Business Day before a proposed Borrowing. Such notice shall be irrevocable and shall in each case refer to this Agreement and specify the following information:

(i) the Type (e.g., B/A or Prime Rate) of such Borrowing;

(ii) whether the Borrowing is to be a Revolving Borrowing, or Term Borrowing;

(iii) the aggregate amount of such Borrowing;

(iv) the date of such Borrowing (which shall be a Business Day);

(v) in the case of a B/A Borrowing, the Contract Period and maturity date with respect thereto; and

(vi) the number and location of the account to which funds are to be disbursed;

provided, however, that, notwithstanding any contrary specification in any such notice, each requested Borrowing shall comply with the requirements set forth in Section 2.02. If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be a Prime Rate Borrowing. If no Contract Period with respect to a B/A Borrowing is specified in any such notice, then Borrower shall be deemed to have selected a Contract Period of one month's duration. The Administrative Agent shall promptly advise the applicable Lenders of any notice given pursuant to this Section 2.03, and of each such Lender's portion of the requested Borrowing.

SECTION 2.04. Repayment of Loans; Evidence of Debt.

(a) Borrower hereby unconditionally promises to pay (i) to the Administrative Agent, for the account of each Revolving Lender, the then unpaid principal amount of each Revolving Loan of such Lender on the Maturity Date, (ii) to the Administrative Agent, for the account of each Term Lender, the then unpaid principal amount of each Term Loan of such Lender in such amounts and on such dates as provided in Section 2.10, and (iii) to the Operating Lender the then unpaid principal amount of each Operating Loan on the Maturity Date. Except for any B/A Loan (the compensation for which is set forth in Section 2.20), each Loan shall bear interest from and including the date made on the outstanding principal balance thereof as set forth in Section 2.06.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan (other than any Operating Loan) made hereunder, the Type of each such Loan and the Contract Period, if any, applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrower to each Lender hereunder (except with respect to Operating Loans) and (iii) the amount of any sum received by the Administrative Agent hereunder from Borrower or any Guarantor, and each Lender's share thereof.

(d) The entries made in the accounts maintained by the Lenders and the Administrative Agent pursuant to paragraphs (b) and (c) above shall, to the extent permitted by applicable laws, be prima facie evidence of the existence and amounts of the obligations therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of Borrower to repay the Loans in accordance with their terms.

(e) Any Lender may request that Loans (other than Operating Loans) made by it hereunder be evidenced by a promissory note. In response to any such request, Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns substantially in the form acceptable to such Lender. Notwithstanding any other provision of this Agreement, in the event that any Lender shall request and receive such a promissory note, the Loans evidenced by such promissory note and interest payable on such Loans shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes, if any, payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.05. Fees.

(a) Borrower agrees to pay to each Revolving Lender, in respect of the Revolving Commitment of such Lender, through the Administrative Agent, on the first Business Day of each January, April, July and October and on each date on which the Revolving Commitment of such Lender shall expire or be terminated as provided herein, a commitment fee (a "Commitment Fee") equal to 0.50% per annum on the average daily unused amount of the Revolving Commitment of such Lender during the preceding quarter (or shorter period commencing with the Closing Date or ending with the Maturity Date or the date on which such Revolving Commitment of such Lender shall be terminated). The Commitment Fee shall commence to accrue on and including the Closing Date and, with respect to any Lender, shall cease to accrue on, but excluding, the date on which the Revolving Commitment of such Lender shall expire or be terminated as provided herein.

(b) Borrower agrees to pay to the Operating Lender, in respect of the Operating Commitment, on the first Business Day of each January, April, July and October and on each date on which the Operating Commitment shall expire or be terminated as provided herein, a Commitment Fee equal to 0.50% per annum on the average daily unused amount of the Operating Commitment during the preceding quarter (or shorter period commencing with the Closing Date or ending with the Maturity Date or the date on which such Operating Commitment of such Lender shall be terminated). Such Commitment Fee shall commence to accrue on and including the Closing Date and shall cease to accrue on, but excluding, the date on which the Operating Commitment shall expire or be terminated as provided herein.

(c) Borrower agrees to pay directly to the Operating Lender with respect to the issuance, amendment or transfer of any Letter of Credit issued by the Operating Lender and each drawing made thereunder, customary documentary and processing charges in accordance with the Operating Lender's standard schedule for such charges in effect at the time of such issuance, amendment, transfer or drawing, as the case may be.

(d) Borrower agrees to pay to the Administrative Agent, for its own account, the administration fees at the times and in the amounts agreed upon by Borrower and the Administrative Agent.

(e) All Fees shall be paid on the dates due, in Dollars in immediately available funds, to the Administrative Agent for distribution as appropriate among the Lenders, except that Fees payable to any Operating Lender or to the Administrative Agent shall be paid directly to such Person. Once paid, none of the Fees shall be refundable under any circumstances (other than corrections of errors in payment). The Commitment Fees shall be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be.

SECTION 2.06. Interest on Loans.

(a) Subject to the provisions of Section 2.07, the Loans comprising each Prime Rate Borrowing shall bear interest (payable monthly in arrears, and computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be) at a rate per annum equal to the Prime Rate plus the Applicable Rate in effect at such time with respect to such Loans. Operating Loans shall bear interest at the rate applicable to Prime Rate Revolving Loans.

(b) Subject to the provisions of Section 2.07, the Loans comprising each B/A Borrowing shall be subject to an Acceptance Fee, payable by Borrower on the date of acceptance (or date of rollover) of the relevant B/A and calculated as set forth in the definition of the term "Acceptance Fee" in Section 1.01.

(c) Interest on each Loan (other than pursuant to a B/A Borrowing) shall be payable on the Interest Payment Dates applicable to such Loan and at such other times as are specified in this Agreement. The Applicable Rate for each Interest Period or Contract Period or day within an Interest Period or Contract Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be presumptively correct absent manifest error.

(d) For the purposes of the Interest Act (Canada) and disclosure thereunder, whenever any interest or fee to be paid hereunder or in connection herewith is to be calculated on the basis of any period of time that is less than a calendar year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 365 or 366, as applicable. The rates of interest under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement.

SECTION 2.07. Default Interest. If there shall occur and be continuing an Event of Default, and the Borrower shall have received written notice that the Required Lenders have so elected, from and after the date of receipt of such notice, the unpaid principal amount of the Loans and other Obligations shall bear interest for each day from the date of such Event of Default until such Event of Default shall have been cured or waived at a rate per annum (the "Default Rate") equal to (i) in the case of any Loan, the rate that would be applicable to such Loan, plus 2.0% per annum (and in the case of B/A Loans, the Loans shall for purposes of this Section 2.07 automatically convert to Prime Rate Revolving Loans at the end of the Contract Period for such B/A Loans), and (ii) in the case of any Obligation other than a Loan, the rate that would be applicable if such Obligation were a Prime Rate Revolving Loan, plus 2.0% per annum, in each case payable on demand. The interest rate provided for in the preceding sentence shall, to the extent permitted by applicable law, apply to and accrue on the amount of any judgment entered with respect to any Obligation and shall continue to accrue at such rate during any bankruptcy proceeding.

SECTION 2.08. Termination and Reduction of Commitments.

(a) The Term Loan Commitments shall terminate at 5:00 p.m., Standard Time, on the Closing Date. The Revolving Commitments and the Operating Commitment shall terminate at 5:00 p.m., Standard Time, on the Maturity Date.

(b) Upon at least five Business Days' prior irrevocable written or fax notice to the Administrative Agent, Borrower may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Revolving Commitments; provided, however, that (i) each partial reduction of such Revolving Commitments shall be in an integral multiple of $100,000 and in a minimum principal amount of $1,000,000, and (ii) Borrower shall not be permitted to terminate or reduce the Revolving Commitments if, as the result of such termination or reduction, the Revolving Credit Utilization would exceed the aggregate remaining Revolving Commitments.

(c) Borrower shall pay to the Administrative Agent for the account of the applicable Lenders, on the date of each termination or reduction, the Commitment Fees on the amount of the Commitments so terminated or reduced accrued to, but excluding, the date of such termination or reduction.

(d) Nothing in this Section 2.08 shall prejudice any rights that either Borrower may have against any Lender that fails to lend as required hereunder prior to the date of termination of any Commitment.

SECTION 2.09. Conversion and Continuation of Borrowings. Borrower shall have the right at any time upon prior irrevocable notice substantially in the form of Exhibit E (each, a "Notice of Conversion or Continuation") to the Administrative Agent not later than 1:00 p.m., Standard Time, one Business Day prior to conversion or continuation, to convert any B/A Borrowing into a Prime Rate Borrowing, a Prime Rate Borrowing into a B/A Borrowing or to continue any B/A Borrowing as a B/A Borrowing for an additional Contract Period, subject in each case to the following:

(i) each conversion or continuation shall be made pro rata among the Lenders in accordance with the respective principal amounts of the Loans comprising the converted or continued Borrowing;

(ii) if less than all the outstanding principal amount of any Borrowing shall be converted or continued, the aggregate principal amount of such Borrowing converted or continued shall be in an integral multiple of $100,000, and not less than $1,000,000;

(iii) each conversion shall be effected by each Lender and the Administrative Agent by recording the particulars thereof in their respective accounts maintained pursuant to Section 2.04, and no new Loan shall be considered to have been made as a result thereof;

(iv) any portion of a Borrowing maturing or required to be repaid in less than one month may not be converted into or continued as a B/A Borrowing;

(v) any portion of a B/A Borrowing that cannot be converted into or continued as a B/A Borrowing by reason of clause (iv) above shall be automatically converted at the end of the Contract Period in effect for such Borrowing into a Prime Rate Borrowing;

(vi) no B/A Borrowing may be converted or continued other than at the end of the Contract Period applicable thereto; and

(vii) upon notice to Borrower from the Administrative Agent given at the request of the Required Lenders, after the occurrence and during the continuance of a Default or Event of Default, no outstanding Loan may be converted into, or continued as, a B/A Loan.

Each notice pursuant to this Section 2.09 shall be irrevocable and shall refer to this Agreement and specify (A) the identity, amount and Class of the Borrowing that Borrower requests be converted or continued, (B) whether such Borrowing is to be converted to or continued as a B/A Borrowing or a Prime Rate Borrowing, (C) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (D) if such Borrowing is to be converted to or continued as a B/A Borrowing, the Contract Period with respect thereto. If no Contract Period is specified in any such notice with respect to any conversion to or continuation as a B/A Borrowing, Borrower shall be deemed to have selected a Contract Period of one month's duration. The Administrative Agent shall advise the applicable Lenders of any notice given pursuant to this Section 2.09 and of each Lender's portion of any converted or continued Borrowing. If Borrower shall not have given notice in accordance with this Section 2.09 to continue any Borrowing into a subsequent Contract Period (and shall not otherwise have given notice in accordance with this Section 2.09 to convert such Borrowing), such Borrowing shall, at the end of the Contract Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a new Interest Period as a Prime Rate Borrowing.

SECTION 2.10. Repayment of Term Borrowings.

(a) Borrower shall pay to the Administrative Agent, for the account of the Term Lenders, on the dates set forth below, or if any such date is not a Business Day, on the immediately preceding Business Day (each such date being a "Term Repayment Date"), a principal amount of Term Loans (such amount, as adjusted from time to time pursuant to Section 2.11, 2.12(g), being called the "Term Repayment Amount") equal to the amount set forth below for such date:

Date	Amount
May 24, 2008	$720,000
August 16, 2008	$720,000
November 8, 2008	$720,000
January 31, 2009	$720,000
May 23, 2009	$900,000
August 15, 2009	$900,000
November 7, 2009	$900,000
January 30, 2010	$900,000
May 22, 2010	$1,080,000
August 14, 2010	$1,080,000
November 6, 2010	$1,080,000

January 29, 2011	$1,080,000
May 21, 2011	$1,260,000
August 13, 2011	$1,260,000
November 5, 2011	$1,260,000
February 4, 2012	$1,260,000
May 26, 2012	$1,440,000
August 18, 2012	$1,440,000
November 10, 2012	$1,440,000
Maturity Date	$19,840,000

(b) To the extent not previously paid, all Term Loans shall be due and payable on the Maturity Date.

SECTION 2.11. Optional Prepayments.

(a) Borrower shall have the right at any time and from time to time to prepay any Prime Rate Borrowing, in whole or in part, upon written or fax notice (or telephone notice promptly confirmed by written or fax notice) delivered to the Administrative Agent by 1:00 p.m., Standard Time, of at least one Business Day prior to the date designated for such prepayment; provided, however, that each partial payment shall be in an amount that is a minimum amount of $1,000,000 and in an integral multiple of $100,000. Borrower may defease any B/A or B/A Equivalent Loan by depositing with the Administrative Agent an amount that, together with interest accruing on such amount to the end of the Contract Period for such B/A or B/A Equivalent Loan at such rate as the Administrative Agent shall specify upon receipt of such amount, is sufficient to pay such maturing B/A or B/A Equivalent Loan when due.

(b) Optional prepayments of Term Loans made by Borrower pursuant to paragraph (a) above shall be allocated to the remaining scheduled instalments of principal with respect thereto on a *pro rata* basis.

(c) Each notice of optional prepayment shall specify (i) the amount to be prepaid, (ii) the prepayment date, (iii) the Class of Loans to be prepaid and (iv) the allocation of the amount specified pursuant to clause (i) among the Loans specified pursuant to clause (iii). Each notice of optional prepayment shall be irrevocable and shall commit Borrower to prepay such obligations by the amount specified therein on the date specified therein. All prepayments pursuant to this Section 2.11 shall be subject to Section 2.14 and shall be without premium or penalty.

(d) No optional prepayment of Term Loans made by Borrower pursuant to this Section 2.11 shall reduce Borrower's obligation to make mandatory prepayments pursuant to Section 2.12(c), Section 2.12(e) or Section 2.12(f).

SECTION 2.12. Mandatory Prepayments.

(a) On the date of any termination or reduction of the Revolving Commitments pursuant to Section 2.08, Borrower shall pay or prepay so much of the then outstanding Revolving Borrowings (and/or Borrower shall cash collateralize outstanding Letters of Credit and defease B/As and B/A Equivalent Loans) as shall be necessary in order that the aggregate Revolving Credit Utilization at such time shall not exceed the aggregate Revolving Commitments (after giving effect to such termination or reduction).

(b) Within three Business Days of the date when Revolving Credit Utilization plus the Operating Credit Utilization exceeds the Borrowing Base, Borrower shall pay or prepay so much of the then outstanding Revolving Borrowings (and/or Borrower shall defease B/As and B/A Equivalent Loans) as shall be necessary in order that the aggregate Revolving Credit Utilization plus the Operating Credit Utilization at such time shall not exceed the Borrowing Base.

(c) No later than the third Business Day following receipt by Borrower or any Subsidiary of Net Cash Proceeds received in respect of any Asset Sale (other than the sale of (i) inventory in the ordinary course of business and (ii) cash equivalents) occurring on or after the Closing Date to the extent such proceeds exceed $250,000 in the aggregate for all such assets sold or otherwise disposed of during any Fiscal Year (provided no Default or Event of Default shall have occurred and is continuing), Borrower shall deliver to the Administrative Agent and the Lenders an offer of prepayment (a "Prepayment Offer"), which shall contain and constitute an offer to prepay outstanding Loans in an amount equal to 100% of such Net Cash Proceeds. Such Prepayment Offer shall set forth the amount of such Net Cash Proceeds, the portion thereof that each Lender would be entitled to receive if it accepts such offer of prepayment and request each Lender to notify Borrower and the Administrative Agent in writing no later than five Business Days from the receipt of such Prepayment Offer of such Lender's acceptance or rejection (in whole and not in part) of its portion of such Net Cash Proceeds. The failure of any Lender to timely give such notice shall be deemed to be an acceptance of the prepayment offer. On the sixth Business Day following the receipt of such Prepayment Offer, the Administrative Agent shall apply the entire amount for which the Prepayment Offer has been made, such amount to be applied as provided in Section 2.12(g) in repayment of the Loans; provided, however, that if any Lender has rejected any Prepayment Offer as provided above, any portion of the amount paid to the Administrative Agent that would otherwise have been applied to repay Loans of such rejecting Lender shall be paid to those Lenders that have accepted such Prepayment Offer and applied to repay their Loans as specified in Section 2.12(g). Notwithstanding the foregoing provisions of this Section 2.12(c), with respect to no more than $2,000,000 in the aggregate of such Net Cash Proceeds in any Fiscal Year of Borrower (including, and not in addition to, the $250,000 sublimit above), the proceeds therefrom shall not be required to be so applied on such date to the extent that no Event of Default or Default then exists at the time of receipt of such Net Cash Proceeds and such Net Cash Proceeds are used for a Sale Proceeds Reinvestment; provided, that if all or any portion of such Net Cash Proceeds not so applied to the repayment of Loans are not so used for a Sales Proceeds Reinvestment, such remaining portion shall be applied within 180 days after such Asset Sale as a mandatory prepayment of principal of outstanding Loans as provided above in this Section 2.12(c). The $2,000,000 limit set out above in respect of Sale Proceeds Reinvestment shall not apply to Net Cash Proceeds in respect of casualty loss, to the extent that such Net Cash Proceeds are used to replace or repair the property for which such Net Cash Proceeds were received.

(d) No later than 95 Business Days after the end of each Fiscal Year of Borrower, commencing with the the 2009 Fiscal Year, Borrower shall prepay outstanding Loans in accordance with Section 2.12(g) in an aggregate principal amount equal to 50% of the amount of Excess Cash Flow for the

Fiscal Year then ended less optional prepayments of the Term Loans and Revolving Loans (to the extent accompanied by a permanent reduction in Revolving Commitments made during such Fiscal Year). Notwithstanding the foregoing sentence, the 50% figure above shall be reduced to 0% for any Fiscal Year (but only for that Fiscal Year) for which, at the end of such Fiscal Year, the Total Leverage Ratio was equal to or less than 2.50 to 1.00.

(e) In the event that any Loan Party shall receive Net Cash Proceeds from the issuance or other disposition of Indebtedness for money borrowed (other than Indebtedness for money borrowed permitted pursuant to Section 7.01), Borrower shall not later than the third Business Day following the receipt of such Net Cash Proceeds by such Loan Party, apply an amount equal to 100% of such Net Cash Proceeds to prepay outstanding Loans in accordance with Section 2.12(g).

(f) In the event that any Loan Party shall receive Net Cash Proceeds from the issuance of shares of any class of stock (including any capital contributions, but excluding any Excluded Issuances) of any Loan Party, Borrower shall not later than the tenth Business Day following the receipt of such Net Cash Proceeds by such Loan Party, apply an amount equal to 50% of such Net Cash Proceeds to prepay outstanding Loans in accordance with Section 2.12(g).

(g) Subject to Section 2.12(c), mandatory prepayments of Loans pursuant to paragraphs (c), (d), (e) and (f) above shall be applied to reduce the remaining Term Repayment Amounts in inverse order of maturity and thereafter shall be applied to repay Revolving Loans to the extent outstanding.

(h) Borrower shall deliver to the Administrative Agent, (i) at the time of each prepayment by Borrower required under paragraphs (c), (d), (e) and (f) above, a certificate signed by a Financial Officer of Borrower setting forth in reasonable detail the calculation of the amount of such prepayment and (ii) at least three Business Days prior to the time of each prepayment required under this Section 2.12, a notice of such prepayment. Each notice of prepayment shall specify the prepayment date, the Class and Type of each Loan being prepaid (which specification shall comply with this Section 2.12) and the principal amount of each Term Loan (or portion thereof) to be prepaid. All prepayments of Borrowings under this Section 2.12 shall be subject to Section 2.14 and shall be accompanied by accrued but unpaid interest on the principal amount paid to but excluding the date of payment, but shall otherwise be without premium or penalty.

(i) To the extent consistent with paragraphs (c) and (g) above, amounts to be applied pursuant to this Section 2.12 to the prepayment of Loans shall be applied to reduce outstanding Prime Rate Loans prior to being applied to reduce B/A Loans.

(j) In the event that any provision of this Section 2.12 requires prepayment of the Term Loans prior to the selected Mandatory Prepayment Date, Borrower shall deposit the entire amount of the Prepayment Amount into an account under the exclusive control and dominion of the Administrative Agent.

(k) There shall be no obligation to prepay under this Section 2.12:

(i) to the extent of legal prohibitions under German law or the incurrence of personal liability of management or shareholders of a German member of the Group preventing the recipient of the proceeds from making prepayment or making the funds available to a Group member that can make such prepayment; or

(ii) reputable legal counsel to the Group has advised that such upstreaming would result in liability for the member concerned or its directors or officers or a member of the Group,

subject to an obligation to use all reasonable endeavours to overcome the situation described in (i) and (ii) above.

If at any time the restrictions set out in (i) and (ii) above are removed, any relevant proceeds will be applied in prepayment at the end of the next Insert Period.

SECTION 2.13. Reserve Requirements; Change in Circumstances; Increased Costs.

(a) Notwithstanding any other provision herein, if after the Closing Date any change in applicable law or regulation or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by any Lender or the Operating Lender (except any such reserve requirement that is reflected in the Prime Rate) or shall impose on any Lender or the Operating Lender or the Canadian interbank market any other condition affecting this Agreement or Loans made by such Lender or any Letter of Credit obligations (except for changes in the rate of tax on the overall net income of such Lender or the Operating Lender or its lending office imposed by the jurisdiction in which such Lender's or the Operating Lender's principal executive office or lending office is located), and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan or of issuing or maintaining any Letter of Credit or purchasing or maintaining a participation therein or to reduce the amount of any sum received or receivable by any Lender or the Operating Lender hereunder (whether of principal, interest or otherwise) by an amount deemed by such Lender or the Operating Lender to be material, then Borrower will pay to such Lender or the Operating Lender, following receipt by Borrower of a certificate of such Lender or the Operating Lender to such effect in accordance with Section 2.13(c), such additional amount or amounts as will compensate such Lender or the Operating Lender on an after-tax basis for such additional costs incurred or reduction suffered.

(b) If any Lender or the Operating Lender shall have determined that the adoption after the Closing Date of any law, rule, regulation, agreement or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or the Operating Lender or any Lender's or the Operating Lender's holding company, if any, with any request or directive regarding capital adequacy issued under any law, rule, regulation or guideline (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's or the Operating Lender's capital or on the capital of such Lender's or the Operating Lender's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Operating Lender pursuant hereto, to a level below that which such Lender or the Operating Lender or such Lender's or the Operating Lender's holding company, if any, could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's or the Operating Lender's policies and the policies of such Lender's or the Operating Lender's holding company, if any, with respect to capital adequacy), then from time to time Borrower shall pay to such Lender or the Operating Lender, following receipt by Borrower of a certificate of such Lender or the Operating Lender to such effect in accordance with Section

2.13(c), such additional amount or amounts as will compensate such Lender or the Operating Lender or such Lender's or the Operating Lender's holding company, if any, on an after-tax basis for any such reduction suffered.

(c) A certificate of a Lender or the Operating Lender setting forth such amount or amounts as shall be necessary to compensate such Lender or the Operating Lender or its holding company, if any, as specified in paragraph (a) or (b) above, as the case may be, and setting forth in reasonable detail an explanation of the basis of requesting such compensation in accordance with paragraph (a) or (b) above, including calculations in reasonable detail, shall be delivered to Borrower and shall be conclusive absent manifest error. Borrower shall pay such Lender or such Operating Lender the amount shown as due on any such certificate delivered by it within 10 days after Borrower's receipt of the same; provided that Borrower shall not be required to compensate a Lender (or Transferee), the Administrative Agent or any Operating Lender pursuant to this Section 2.13 for any amounts incurred more than six months prior to the date such Lender (or Transferee), the Administrative Agent or such Operating Lender, as the case may be, notifies the Borrower of its intention to claim compensation therefor; provided further, that if the circumstances giving rise to such claim have a retroactive effect, then such six month period shall be extended to include such period of retroactive effect; provided further that if Borrower reasonably believes that the condition or event giving rise to the payment of any additional amount to a Lender (or Transferee), Administrative Agent or Operating Lender pursuant to this Section 2.13 was not correctly interpreted, asserted or applied, such Lender (or Transferee), Administrative Agent or Operating Lender will use reasonable efforts to cooperate with the Borrower to contest the application of the change in law, regulation or interpretation so long as such efforts would not, in the sole determination of such Lender result in any non-reimbursable additional costs, expenses or risks or be otherwise disadvantageous to it (unless the Borrower agree to reimburse such Lender for the reasonable incremental out-of-pocket costs thereof).

(d) Failure on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's right to demand compensation with respect to such period or any other period. The benefits of this Section 2.13 shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition that shall have occurred or been imposed; provided that the Loan Parties shall not be responsible for costs under this Section 2.13 arising more than 180 days prior to receipt by such Loan Parties of the demand from the affected Lender pursuant to this Section 2.13; provided further that if such change in or in the interpretation of any law or regulation giving rise to such increased cost is retroactive, then the 180-day period referred to in the previous proviso shall be extended to include the period of retroactive effect thereof.

SECTION 2.14. Indemnity. Borrower shall indemnify each Lender against any loss or expense that such Lender may sustain or incur with respect to B/A Loans as a consequence of (a) any failure by Borrower to fulfill on the date of any Borrowing hereunder the applicable conditions set forth in Article V, (b) any failure by Borrower to borrow or to convert or continue any Loan hereunder after irrevocable notice of such borrowing, conversion or continuation has been given pursuant to Section 2.03 or 2.09, (c) any payment, prepayment or conversion of a B/A Loan required or permitted by any other provision of this Agreement or otherwise, or any assignment of a B/A Loan required by Section 2.19(b), in each case made or deemed made on a date other than the last day of the Contract Period applicable thereto, and (d) any default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether at scheduled maturity, by acceleration, irrevocable notice of prepayment or otherwise), including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a B/A Loan. Such loss or reasonable expense shall be equal to the sum of (i) such Lender's actual costs and expenses incurred (other than any lost profits) in connection with, or by reason of, any of the foregoing events and (ii) an amount equal to the excess, if any, as reasonably determined by such Lender, of (A) its cost of obtaining the funds for the Loan being paid, prepaid, converted or not borrowed, converted or continued (assumed to be the Discount Rate applicable thereto) for the period from and including the date of such payment, prepayment, conversion or failure to borrow, convert or continue to but excluding the last day of the Contract Period for such Loan (or, in the case of a failure to borrow, convert or continue, the Contract Period for such Loan that would have commenced on the date of such failure) over (B) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid, converted or not borrowed, converted or continued for such period or Contract Period, as the case may be. A certificate of any Lender setting forth any amount or amounts, including calculations in reasonable detail, that such Lender is entitled to receive pursuant to this Section 2.14 shall be delivered to Borrower and shall be conclusive absent manifest error.

SECTION 2.15. Pro Rata Treatment. Except as permitted under Section 2.12(j) and other than in connection with Operating Loans, each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, each payment of the Fees due to the Lenders, each reduction of the Commitments of a Class and each conversion of any Borrowing to or continuation of any Borrowing as a Borrowing of any Type shall be allocated pro rata among the Lenders in accordance with their respective applicable Commitments (provided, that (x) in the case of Term Loans or (y) in the event that such Commitments shall have expired or been terminated, such pro rata allocation shall be based on the respective principal amounts of the outstanding Loans (other than Operating Loans). Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's percentage of such Borrowing, computed in accordance with Section 2.01, to the next higher or lower whole Dollar amount. In addition, each Lender agrees that the Administrative Agent may, in its sole discretion, increase or reduce any Revolving Lender's portion of a B/A Loan to the extent provided in Section 2.20(e).

SECTION 2.16. Sharing of Setoffs and Realization of Security.Each Lender agrees that if it shall through the exercise of a right of banker's lien, combination of accounts, setoff or counterclaim against any Loan Party, or pursuant to a secured claim under any applicable Insolvency Law or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable Insolvency Law or otherwise, or pursuant to any Bank Act Security held by such Lender, or by any other means, obtain payment (voluntary or involuntary) in respect of any Loans and accrued interest thereon as a result of which the unpaid principal portion of its Loans and accrued interest thereon shall be proportionately less than the unpaid principal portion of the Loans and accrued interest thereon of any other Lender, such Lender shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Loans and accrued interest thereon of such other Lender, so that the benefit of all such payments shall be shared by the Lenders rateably in accordance with the aggregate amount of the principal of and accrued interest on their respective Loans; provided, however, that if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.16 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation pursuant to the foregoing arrangements may, subject to the terms of Section 10.06, exercise any and all rights of banker's lien, combination of accounts or setoff with respect to any and all moneys owing by the Loan Parties to such Lender by reason thereof as fully as if such Lender were a direct creditor of Borrower in the amount of such participation.

SECTION 2.17. Payments.

(a) Borrower shall make each payment (including payment of principal of or interest on any Loan or any Fees) hereunder and under any other Loan Document not later than 12:00 noon, Standard Time, on the date when due in immediately available funds, without defense, setoff or counterclaim. All payments hereunder of principal or interest in respect of any Loan (or of any breakage indemnity in respect of any Loan) and any other payments hereunder and under each other Loan Document shall be made in Dollars. Each such payment (other than (i) the payments specified in Sections 2.05 and 3.04 to be made to the Operating Lenders, which shall be paid directly to the Operating Lender, (ii) payments of principal of and interest on Operating Loans, which shall be paid directly to the Operating Lender, and (iii) payments pursuant to Sections 2.13, 2.14, 2.18 and 10.05, which shall be made to the Persons entitled thereto) shall be made to the account of the Administrative Agent, as the Administrative Agent shall specify by notice to Borrower. Payments made directly to the Operating Lender shall be made to such account of the Operating Lender as such Operating Lender shall specify by notice to Borrower. Payments made directly to the Operating Lender shall be made to such account of the Operating Lender as the Operating Lender shall specify by notice to Borrower. Any payments received by the Administrative Agent, any Operating Lender or the Operating Lender after the specified time for receipt of such payment on any day shall be deemed to have been received on the next Business Day. The Administrative Agent shall distribute to the applicable Lenders all payments received by it for their respective accounts, promptly following receipt thereof.

(b) Whenever any payment (including any payment of principal of or interest on any Borrowing or any Fees) hereunder or under any other Loan Document shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

SECTION 2.18. Taxes.

(a) Any and all payments by the Loan Parties hereunder and under the other Loan Documents shall be made free and clear of and without deduction for any and all current or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, with respect to the Administrative Agent, any Operating Lender or any Lender (or any transferee or assignee of any of the foregoing, including a participation holder (any such entity being called a "Transferee")) taxes imposed on the overall net income or capital of the Administrative Agent, such Operating Lender or such Lender (or Transferee), as the case may be, and taxes arising from the Administrative Agent, such Operating Lender or such Lender (or Transferee), as the case may be, failing to be a resident of Canada or be deemed to be a resident of Canada for purposes of Section 212(13.3) of the ITA, and franchise taxes (to the extent imposed in lieu of net income taxes) imposed on the Administrative Agent, such Operating Lender or such Lender (or Transferee), as the case may be, and any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction on the Administrative Agent, the Operating Lender or such Lender (or Transferee), as the case may be, in each case, imposed by the jurisdiction under the laws of which the Administrative Agent, such Operating Lender or such Lender (or Transferee) is organized, or in which the Administrative Agent, such Operating Lender or such Lender (or Transferee) has its principal office or lending office or any political subdivision or taxing authority thereof or therein or in any other jurisdiction in which the Administrative Agent, such Operating Lender or such Lender (or Transferee) is otherwise doing business (or, if a treaty applies, a jurisdiction in which the Administrative Agent, such Operating Lender or such Lender (or Transferee) has a permanent establishment) other than any jurisdiction in which the Administrative Agent, such Operating Lender or such Lender (or Transferee) is treated as doing business (or, if a treaty applies, is treated as having a permanent establishment) as a result of having executed, delivered or performed its obligations or received a payment hereunder or exercised or enforced any rights hereunder or any other Loan Document (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If any Taxes (including, for the avoidance of doubt, Canadian withholding taxes) are required to be deducted from or in respect of any sum payable hereunder by or on behalf of any Loan Party to any Lender (or any Transferee), the Administrative Agent or any Operating Lender, (i) the sum payable shall be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.18) such Lender (or Transferee), the Administrative Agent or such Operating Lender, as the case may be, shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions and (iii) Borrower shall pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with applicable law.

(b) Borrower agrees to pay any current or future stamp, intangible or documentary taxes or any other excise or property taxes, charges or similar levies (including mortgage recording taxes and similar fees) that arise from any payment made hereunder or from the execution, delivery, enforcement or registration of, or otherwise with respect to, this Agreement, any Assignment and Acceptance or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) Borrower will indemnify each Lender (or Transferee), the Administrative Agent and each Operating Lender for the full amount of Taxes and Other Taxes (including any taxes on amounts payable under this Section 2.18) paid by such Lender (or Transferee), the Administrative Agent, or such Operating Lender, as the case may be, and any liability (including penalties, interest and reasonable expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant taxing authority or other Governmental Authority. Such indemnification shall be made within 30 days after the date any Lender (or Transferee), the Administrative Agent or any Operating Lender, as the case may be, makes written demand therefor (which demand shall identify the nature and amount of Taxes and Other Taxes for which indemnification is being sought); provided that Borrower shall not be required to compensate a Lender (or Transferee), the Administrative Agent or any Operating Lender pursuant to this Section 2.18 for any amounts incurred more than six months prior to the date such Lender (or Transferee), the Administrative Agent or such Operating Lender, as the case may be, notifies the Borrower of its intention to claim compensation therefor; provided further, that if the circumstances giving rise to such claim have a retroactive effect, then such six month period shall be extended to include such period of retroactive effect; provided further that if a Borrower reasonably believes that such taxes were not correctly or legally asserted, such Lender (or Transferee), the Administrative Agent or such Operating Lender, as the case may be, will use reasonable efforts to cooperate with the Borrower to contest the imposition of such taxes or to obtain a refund of such taxes so long as such efforts would not, in the sole determination of such Lender (or Transferee), the Administrative Agent or such Operating Lender, as the case may be, result in any non-reimbursable additional costs, expenses or risks or be otherwise disadvantageous to it (unless the Loan Parties agree to reimburse such Lender for the reasonable incremental out-of-pocket costs thereof).

(d) Each of the Lenders (or Transferees), the Administrative Agent and Operating Lenders agree that if it subsequently recovers, or receives a permanent net tax benefit with respect to, any amount (i) previously paid by it and as to which it has been indemnified by or on behalf of the Borrower or (ii) previously deducted by the Borrower (including, without limitation, any taxes deducted from any additional sums payable under subsection (c) above), such Lender (or Transferee), the Administrative Agent or such Operating Lender, as the case may be, shall reimburse the

Borrower to the extent of the amount of any such recovery or permanent net tax benefit (but only to the extent of indemnity payments made, or additional amounts paid, by or on behalf of the Borrowers under Section 2.13 or this Section 2.18 with respect to the taxes or changes giving rise to such recovery or tax benefit); provided, however, that the Borrower, upon the request of such Lender (or Transferee), the Administrative Agent or such Operating Lender, agrees to repay the amount paid over to the Borrower (together with any penalties, interest or other charges), in the event such Lender (or Transferee), the Administrative Agent or such Operating Lender is required to repay such amount to the relevant authority.

(e) Each of the Lenders (or Transferees), the Administrative Agent and Operating Lender shall deliver to the Borrower (within fifteen Business Days of demand by the Borrower) accurate and complete signed copies, in form and substance reasonably acceptable to the Borrower, of any applicable form certifying such Lender's (or Transferee's), Administrative Agent's or Operating Lender's exemption from, or a reduced rate in, any applicable Taxes or Other Taxes. Notwithstanding anything to the contrary in this Agreement, neither Borrower nor any other Loan Party shall be required to make any payment under Section 2.13 or this Section 2.18 to the extent that such obligations would not have arisen but for the failure of a Lender (or Transferee), the Administrative Agent or the Operating Lender to comply with this paragraph.

(f) Notwithstanding anything to the contrary in this Agreement, neither Borrower nor any other Loan Party shall be required to make any payment under this Section 2.18 (including any withholding taxes) that is imposed on amounts payable to a Lender (or Transferee), the Administrative Agent or Operating Lender at the time such Lender (or Transferee), the Administrative Agent or Operating Lender becomes a party to this Agreement.

(g) Within 30 days after the date of any payment of Taxes or Other Taxes withheld by Borrower in respect of any payment to any Lender (or Transferee) or the Administrative Agent, Borrower will furnish to the Administrative Agent, at the addresses referred to in Section 10.01, the original or a certified copy of a receipt evidencing payment thereof or other evidence reasonably satisfactory to such Lender (or Transferee), the Administrative Agent or such Operating Lender, as the case may be.

(h) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.18 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

SECTION 2.19. Duty to Mitigate; Replacement of Lenders.

(a) Any of the Administrative Agent, the Operating Lenders or the Lenders (or Transferees) claiming any additional amounts payable pursuant to Section 2.13 or 2.18 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by Borrower or to change the jurisdiction of its applicable lending office if the making of such filing or change would avoid the need for or reduce the amount of any such additional amounts that may thereafter accrue or avoid the circumstances giving rise to such exercise and would not, in the sole determination of such Lender (or Transferee), the Administrative Agent or such Operating Lender, as the case may be, require it to incur additional costs or be otherwise disadvantageous to such Lender (or Transferee), the Administrative Agent or such Operating Lender.

(b) In the event that any Lender shall have delivered a notice or certificate pursuant to Section 2.13 or defaults in its obligations to make Loans hereunder, or Borrower shall be required to make additional payments to any Lender under Section 2.18, Borrower shall have the right, but not the obligation, at its own expense (including with respect to the processing and recordation fee referred to in Section 10.04(b)), upon notice to such Lender and the Administrative Agent, to replace such Lender with an assignee (in accordance with and subject to the restrictions contained in Section 10.04(b)) approved by the Administrative Agent, which approval shall not be unreasonably withheld, and such Lender hereby agrees to transfer and assign without recourse (in accordance with and subject to the restrictions contained in Section 10.04(b)) all its interests, rights and obligations under this Agreement to such assignee; provided, however, that no Lender shall be obligated to make any such assignment unless (i) such assignment shall not conflict with any law or any rule, regulation or order of any Governmental Authority, (ii) such assignee shall pay to the affected Lender in immediately available funds on the date of such assignment the principal of the Loans made by such Lender hereunder and (iii) Borrower shall pay to the affected Lender in immediately available funds on the date of such assignment the interest accrued to the date of payment on the Loans made by such Lender hereunder and all other amounts accrued for such Lender's account or owed to it hereunder.

(c) If, in connection with any proposed amendment, modification, change, waiver, discharge or termination to any of the provisions of this Agreement as contemplated by Section 10.08(b), the consent of the Required Lenders is obtained but the consent of one or more of such other Lenders whose consent is required is not obtained, then Borrower shall have the right, but not the obligation, at its own expense (including with respect to the processing and recordation fee referred to in Section 10.04(b)) upon notice to such Lender and the Administrative Agent, to replace each such non-consenting Lender or Lenders (or, at the option of Borrower, if such Lender's consent is required with respect to less than all Loans, to replace only the respective Loans of the respective non-consenting Lender which gave rise to the need to obtain such Lender's individual consent) with an assignee (in accordance with and subject to the restrictions contained in Section 10.04(b)) approved by the Administrative Agent, which approval shall not be unreasonably withheld, so long as at the time of such replacement, each such assignee consents to the proposed amendment, modification, change, waiver, discharge or termination; provided, however, that no Lender shall be obligated to make any such assignment unless (i) such assignment shall not conflict with any law or any rule, regulation or order of any Governmental Authority, (ii) such assignee shall pay to the non-consenting Lender in immediately available funds on the date of such assignment the principal of the Loans made by such Lender hereunder and subject to such assignment and (iii) Borrower shall pay to the non-consenting Lender in immediately available funds on the date of such assignment the interest accrued to the date of payment on the Loans made by such Lender hereunder and subject to such assignment and all other amounts accrued for such Lender's account or owed to it hereunder with respect to such Loans.

SECTION 2.20. Bankers' Acceptances.

(a) Subject to the terms and conditions of this Agreement, Borrower may request a Borrowing denominated in Dollars by presenting drafts for acceptance and purchase as B/As by the Lenders; provided, however, that until a successful syndication of the Credit Facilities has occurred as determined by the Lead Arranger, no B/A Loans shall be made to Borrower.

(b) No Contract Period with respect to a B/A to be accepted and, if applicable, purchased or deemed purchased as a Loan shall extend beyond the Maturity Date. All B/As and B/A Loans shall be denominated in Dollars.

(c) To facilitate availment of B/A Loans, Borrower hereby appoints each Lender as its attorney to sign and endorse on its behalf (in accordance with a notice of Borrowing relating to a B/A Loan pursuant to Section 2.03 or 2.09), in handwriting or by facsimile or mechanical signature as and when deemed necessary by such Lender, blank forms of B/As in the form requested by such Lender. Borrower recognizes and agrees that all B/As signed and/or endorsed by a Lender on behalf of Borrower shall bind Borrower as fully and effectually as if signed in the handwriting of and duly issued by the proper signing officers of Borrower. Each Lender is hereby authorized (in accordance with a notice of Borrowing relating to a B/A Loan) to issue such B/As endorsed in blank in such face amounts as may be determined by such Lender; provided that the aggregate amount thereof is equal to the aggregate amount of B/As required to be accepted and purchased by such Lender. No Lender shall be liable for any damage, loss or other claim arising by reason of any loss or improper use of any such instrument except for the gross negligence or wilful misconduct of such Lender or its officers, employees, agents or representatives. Each Lender shall maintain a record, which shall be made available to Borrower upon its request, with respect to B/As (i) received by it in blank hereunder, (ii) voided by it for any reason, (iii) accepted and purchased by it hereunder, and (iv) cancelled at their respective maturities. On request by or on behalf of Borrower, a Lender shall cancel all forms of B/As which have been pre-signed or pre-endorsed on behalf of Borrower and that are held by such Lender and are not required to be issued in accordance with Borrower's irrevocable notice. Alternatively, Borrower agrees that, at the request of the Administrative Agent, Borrower shall deliver to the Administrative Agent a "depository note" which complies with the requirements of the Depository Bills and Notes Act (Canada), and consents to the deposit of any such depository note in the book-based debt clearance system maintained by the Canadian Depository for Securities.

(d) Drafts of Borrower to be accepted as B/As hereunder shall be signed as set forth in this Section 2.20. Notwithstanding that any Person whose signature appears on any B/A may no longer be an authorized signatory for any Lender or Borrower at the date of issuance of a B/A, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and any such B/A so signed shall be binding on Borrower.

(e) Promptly following the receipt of a Notice of Borrowing specifying a Borrowing by way of B/A, the Administrative Agent shall so advise the Lenders and shall advise each Lender of the aggregate face amount of the B/A to be accepted by it and the applicable Contract Period (which shall be identical for all Lenders). In the case of Loans comprised of B/A Loans, the aggregate face amount of the B/A to be accepted by a Revolving Lender shall be in a minimum aggregate amount of $100,000 and shall be a whole multiple of $100,000, and such face amount shall be in the Lenders' pro rata portions of such Borrowing, provided that the Administrative Agent may in its sole discretion increase or reduce any Lender's portion of such B/A Loan to the nearest $1,000 without reducing the aggregate Revolving Commitments.

(f) Borrower may specify in a Notice of Borrowing pursuant to Section 2.03 or 2.09 that it desires that any B/A requested by such Notice of Borrowing be purchased by the Lenders, in which case the Lenders shall, upon acceptance of a B/A by a Lender, purchase each B/A from Borrower at the Discount Rate for such Lender applicable to such B/A accepted by it and provide to the Administrative Agent the Discount Proceeds for the account of Borrower. The Acceptance Fee payable by Borrower to a Lender under Section 2.06(b) in respect of each B/A accepted (which shall include continuations) by such Lender shall be set off against and deducted from the Discount Proceeds payable by such Lender under this Section 2.20.

(g) Each Lender may at any time and from time to time hold, sell, rediscount or otherwise dispose of any or all B/As accepted and purchased by it.

(h) If a Lender is not a chartered bank under the Bank Act (Canada) or if a Lender notifies the Administrative Agent in writing that it is otherwise unable to accept Bankers' Acceptances, such Lender will, instead of accepting and purchasing Bankers' Acceptances, make an advance (a "B/A Equivalent Loan") to Borrower in the amount and for the same term as the draft that such Lender would otherwise have been required to accept and purchase hereunder. Each such Lender will provide to the Administrative Agent the Discount Proceeds of such B/A Equivalent Loan for the account of Borrower. Each such B/A Equivalent Loan will bear interest at the same rate that would result if such Lender had accepted (and been paid an Acceptance Fee) and purchased (on a discounted basis at the Discount Rate) a Bankers' Acceptance for the relevant Contract Period (it being the intention of the parties that each such B/A Equivalent Loan shall have the same economic consequences for such Lender and Borrower as the Bankers' Acceptance which such B/A Equivalent Loan replaces). All such interest shall be paid in advance on the date such B/A Equivalent Loan is made, and will be deducted from the principal amount of such B/A Equivalent Loan in the same manner in which the Discount Proceeds of a Bankers' Acceptance would be deducted from the face amount of the Bankers' Acceptance.

(i) Borrower waives presentment for payment and any other defence to payment of any amounts due to a Lender in respect of a B/A accepted and purchased by it pursuant to this Agreement which might exist solely by reason of such B/A being held, at the maturity thereof, by such Lender in its own right, and Borrower agrees not to claim any days of grace if such Lender, as holder, claims payment from or sues Borrower on the B/A for payment of the amount payable by Borrower thereunder. On the last day of the Contract Period of a B/A, or such earlier date as may be required or permitted pursuant to the provisions of this Agreement, Borrower shall pay the Lender that has accepted and purchased a B/A or advanced a B/A Equivalent Loan the full face amount of such B/A or B/A Equivalent Loan, as the case may be, and, after such payment, Borrower shall have no further liability in respect of such B/A and such Lender shall be entitled to all benefits of, and be responsible for all payments due to third parties under, such B/A.

(j) Except as required by any Lender upon the occurrence of an Event of Default, no B/A Loan may be repaid by Borrower prior to the expiry date of the Contract Period applicable to such B/A Loan; provided, however, that any B/A Loan may be defeased as provided in the last sentence of Section 2.11(a).

(k) Any B/A Borrowing that is not repaid on the last day of the Contract Period in accordance with (i) above shall be automatically converted at the end of such Contract Period into a Prime Rate Borrowing.

ARTICLE III

Letters of Credit

SECTION 3.01. General. Subject to the terms and conditions set forth herein, Borrower may request the issuance of Letters of Credit denominated in Dollars, for its own account, by the Operating Lender, in a form reasonably acceptable to the Operating Lender, at any time and from time to time during the period from the Closing Date to the date that is 30 days prior to the Maturity Date. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by Borrower to, or entered into by Borrower with, the Operating Lender relating to any Letter of Credit, the terms and conditions of this Agreement shall take precedence.

SECTION 3.02. <u>Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions</u>. To request the issuance of a Letter of Credit, Borrower shall hand deliver or fax (or transmit by electronic communication, if arrangements for doing so have been approved by the Operating Lender) to the Operating Lender, three (3) Business Days in advance of the requested date of issuance, a Letter of Credit Request. To request any amendment, renewal or extension of any outstanding Letter of Credit, Borrower shall hand deliver or fax (or transmit by electronic communication, if arrangements for doing so have been approved by the Operating Lender) to the Operating Lender, three (3) Business Days in advance of the requested date of amendment, renewal or extension, a notice on Borrower's letterhead identifying the Letter of Credit and the date of the requested amendment, renewal or extension (which must be a Business Day) and indicating the specifics of such amendment, renewal or extension. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit, Borrower shall be deemed to represent and warrant that) after giving effect to such issuance, amendment, renewal or extension (a) the LC Exposure shall not exceed the Operating Commitment. Promptly after the issuance or amendment of any Letter of Credit, the Operating Lender shall notify the Administrative Agent and Borrower, in writing of such issuance or amendment and such notice shall be accompanied by a copy of such issued or amended Letter of Credit. Upon receipt of such notice, the Administrative Agent shall promptly notify each Revolving Lender in writing of such issuance or amendment, and if any Revolving Lender shall so request, the Administrative Agent shall provide such Lender with a copy of such issued or amended Letter of Credit.

SECTION 3.03. <u>Expiration Date</u>. Each Letter of Credit shall expire at or prior to the close of business on the earliest of (a) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (b) the date that is five Business Days prior to the Maturity Date (unless cash collateralized).

SECTION 3.04. <u>Reimbursement</u>. If the Operating Lender shall pay any draft or other form of demand presented under a Letter of Credit, Borrower shall pay to the Operating Lender an amount equal to the amount of such draft or other form of demand not later than two hours after Borrower shall have received notice from the Operating Lender that payment of such draft or other form of demand will be made or, if Borrower shall have received such notice later than 10:00 a.m., Standard Time, on any Business Day, not later than 10:00 a.m., Standard Time, on the immediately following Business Day, <u>provided</u> that Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with <u>Section 2.03</u> that such reimbursement payment be financed by way of overdraft in any Deposit Account of Borrower with the Operating Lender in an equivalent amount and, to the extent so financed, the obligations of Borrower in respect of such LC Disbursement shall be discharged and replaced by the resulting overdraft. If Borrower fails to make such reimbursement payment when due and such reimbursement payment is not financed with a Borrowing as contemplated by the immediately preceding sentence, the Operating Lender shall notify the Administrative Agent, which shall in turn notify each Revolving Lender of such LC Disbursement, the reimbursement payment then due from Borrower in respect thereof and such Lender's Applicable Percentage thereof.

SECTION 3.05. <u>Obligations Absolute</u>. Borrower's obligation to repay the Operating Lender for LC Disbursements made by the Operating Lender under the outstanding Letters of Credit for the account of Borrower shall be absolute, unconditional and irrevocable under any and all circumstances and irrespective of:

(a) any lack of validity or enforceability of any Letter of Credit;

(b) the existence of any claim, setoff, defense or other right that Borrower or any other Person may at any time have against the beneficiary or transferee under any Letter of Credit, any Operating Lender, the Administrative Agent, any Lender or any other Person (other than the defense of payment in accordance with the terms of this Agreement or a defense based on the gross negligence or willful misconduct of the Operating Lender) in connection with this Agreement or any other agreement or transaction;

(c) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect, provided that payment by the Operating Lender under such Letter of Credit against presentation of such draft or document shall not have constituted gross negligence or willful misconduct of the Operating Lender;

(d) payment by the Operating Lender under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, provided that such payment shall not have constituted gross negligence or willful misconduct of the Operating Lender; and

(e) any other circumstance or event whatsoever, whether or not similar to any of the foregoing, provided that such circumstance or event shall not have been the result of gross negligence or willful misconduct of the Operating Lender.

It is understood that in making any payment under a Letter of Credit (i) the Operating Lender's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever, and (ii) any non-compliance in any immaterial respect of the documents presented under a Letter of Credit with the terms thereof shall not, in each case, be deemed wilful misconduct or gross negligence of the Operating Lender.

SECTION 3.06. Interim Interest. If the Operating Lender shall make any LC Disbursement, then, unless Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall be deemed to be a Prime Rate Loan and shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that Borrower reimburses such LC Disbursement, at the rate per annum then applicable to Prime Rate Loans; provided that, if Borrower fails to reimburse such LC Disbursement when due or finance such reimbursement payment with a Borrower as contemplated by Section 3.04, then Section 2.07 shall apply. Interest accrued pursuant to this Section 3.06 shall be for the account of the Operating Lender.

SECTION 3.07. Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that Borrower receives notice from the Operating Lender demanding the deposit of cash collateral pursuant to this Section 3.07, Borrower shall deposit in a Desposit Account with the Operating Lender an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid fees and interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to Borrower described in paragraph (h) or (i) of Article VIII. Each such deposit shall be held by the Operating Lender, as collateral for the payment and performance of the obligations of Borrower under this Agreement. The Operating Lender shall have exclusive dominion and control, including the exclusive right of withdrawal, over such accounts. All such accounts shall bear interest at the Operating Lender's prevailing rates of interest for similar deposits. Interest or profits, if any, on such investments shall accumulate in such account.

Moneys in such account shall be applied by the Operating Lender to reimburse the Operating Lender for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of Borrower for the LC Exposure at such time or, if the maturity of the Loans has been, be applied to satisfy other obligations of Borrower under this Agreement. If Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to Borrower within three Business Days after all Events of Default have been cured or waived.

ARTICLE IV

Representations and Warranties

Borrower represents and warrants to each of the Lenders, the Administrative Agent and the Operating Lender that:

SECTION 4.01. Organization; Powers. Each of the Loan Parties (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite organizational power and authority to own its property and assets and to carry on its business as now conducted, (c) is qualified to do business in every jurisdiction where such qualification is required by the nature of its business, the character and location of its property, business or customers, or the ownership or leasing of its properties, except for such jurisdictions in which the failure so to qualify, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, and (d) has the requisite power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of Borrower, to borrow hereunder.

SECTION 4.02. Authorization. The execution, delivery and performance by the parties party thereto of the Purchase Agreement and the transactions contemplated thereby (collectively, the "Purchase Transactions") and by each of the Loan Parties of each of the Loan Documents to which it is a party, the Borrowings hereunder, the issuance of the Letters of Credit, the use of the proceeds of the Loans and the Letters of Credit, the creation of the security interests contemplated by the Security Documents and the other transactions contemplated by the Loan Documents (other than the Purchase Transactions) (collectively, the "Credit Transactions" and, together with the Purchase Transactions, the "Transactions") (a) have been duly authorized by all requisite corporate and, if required, stockholder action and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or the certificate of incorporation or other constitutive documents or by-laws of any Loan Party or any of its subsidiaries, (B) any order of any Governmental Authority or (C) any provision of any indenture or other material agreement or other material instrument to which any Loan Party or any of its subsidiaries is a party or by which any of them or any of their property is or may be bound, (ii) constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument, or (iii) result in the creation or imposition of any Lien (other than any Lien created hereunder or under the Security Documents) upon or with respect to any property or assets now owned or hereafter acquired by any Loan Party or any of its subsidiaries.

SECTION 4.03. Enforceability. This Agreement has been duly executed and delivered by Borrower and constitutes, and each other Loan Document when executed and delivered by each Loan Party that is party thereto will constitute, a legal, valid and binding obligation of Borrower and the other Loan Parties, as applicable, enforceable against each of them in accordance with its terms (except as the enforceability thereof may be limited by bankruptcy, insolvency reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and subject to general principles of equity (whether enforcement is sought by proceeding in equity or at law)).

SECTION 4.04. Governmental Approvals. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the Transactions, except for (a) the filing of PPSA and UCC financing statements and similar security or collateral filings and registrations under applicable laws in other jurisdictions, (b) such actions, consents, approvals, registrations and filings as have been made or obtained and are in full force and effect and (c) such actions, consents, approvals, registrations and filings, the failure of which to obtain, would not reasonably be expected to have a Material Adverse Effect.

SECTION 4.05. Financial Statements.

The Loan Parties have delivered to the Lenders their audited financial statements and the auditor's management letters (if any) for the Fiscal Years ended January 28, 2006 and January 27, 2007, and the available unaudited statements through Period 8. The audited statements agree in all material respects with the financial information provided to the Lenders prior to the receipt of such audited financial statements (after accounting for management bonuses). The Lender has also received a *pro forma* closing balance sheet, adjusted to give effect to the Transactions, that is satisfactory to the Lenders acting reasonably. All financial statements set forth or referred to in the materials specified in the preceding sentence were prepared in conformity with GAAP except, in the case of unaudited financial statements, for the absence of footnote disclosure and for year-end audit adjustments. All such financial statements fairly present in all material respects the consolidated financial position of such Loan Parties as at the date thereof and the consolidated results of operations and cash flows of the Loan Parties for each of the periods covered thereby. Except as disclosed in such financial statements, none of the Loan Parties had at the date of such financial statements any material contingent obligation, material contingent liability or material liability for taxes, long-term lease or unusual forward or long-term commitment or obligations to retired employees for medical or other employee benefits that is not reflected in the foregoing financial statements or the notes thereto.

SECTION 4.06. No Material Adverse Effect. Since January 28, 2007, there has been no event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect.

SECTION 4.07. Title to Properties; Possession Under Leases.

(a) Except as set forth on Schedule 4.07, each of Borrower and the Subsidiaries has good and marketable title to, or valid leasehold interests in, or equivalent legal title in the applicable jurisdiction to, all its properties and assets, except for minor defects in title that do not interfere in any material respect with its ability to conduct its business as currently conducted. All such title to, or leasehold interest in, properties and assets are free and clear of Liens, other than Liens expressly permitted by Section 7.02 and Liens with respect to which the Administrative Agent has received on or prior to the Closing Date duly executed releases and termination statements in connection therewith.

(b) Each of Borrower and the Subsidiaries has complied with all obligations under all leases to which it is a party and enjoys peaceful and undisturbed possession under all such leases except for acts of non-compliance which could not reasonably be expected to have a Material Adverse Effect.

SECTION 4.08. Subsidiaries and Ownership of the Loan Parties. Except as set forth on Schedule 4.08, the Loan Parties have no direct or indirect Subsidiaries. The outstanding stock and/or Equity Interests of each Loan Party has been duly and validly issued and is fully paid and non-assessable by such Loan

Party, as applicable, and the number and owners of such shares of capital stock and/or Equity Interests of such Loan Party are set forth on Schedule 4.08. Except as set forth on Schedule 4.08, there are no securities, notes, bonds or other instruments convertible into or exchangeable for capital stock and/or Equity Interests of any Loan Party.

SECTION 4.09. Litigation; Compliance with Laws.

(a) Except as set forth in Schedule 4.09, there are no actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of Borrower, threatened against or affecting Borrower or any of the Subsidiaries or any business or property of any such Person that (i) purports to affect the legality, validity or enforceability of any Loan Document or the Transactions or (ii) would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(b) Neither Borrower nor any of the Subsidiaries nor any of their respective properties or assets is (i) in violation of, nor will the continued operation of their properties and assets as currently conducted violate, any law, rule, regulation, statute (including any zoning, building, Environmental Laws, ordinance, code or approval or any building permits) or any restrictions of record or agreements, where such violations could reasonably be expected to have a Material Adverse Effect or (ii) in default with respect to any judgment, writ, injunction, decree or order of any Governmental Authority, where such defaults, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.

SECTION 4.10. Federal Reserve Regulations

(a) Neither Borrower nor any of the Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Letter of Credit or Loan has been used, whether directly or indirectly, and whether immediately, incidentally or ultimately, (i) to purchase or carry Margin Stock or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose or (ii) for any purpose that entails a violation of, or is inconsistent with, the provisions of the Regulations of the Board, including Regulation T, U or X.

SECTION 4.11. Tax Returns. All federal, and material provincial and local and foreign national, state, provincial, regional and local and all other tax returns of the Loan Parties required by applicable law to be filed have been duly filed, and all federal, and material provincial and local and foreign national, state, provincial, regional and local and all other taxes, assessments and other governmental charges or levies upon the Loan Parties and their respective property, income, profits and assets which are due and payable have been paid, except any such non-payment which is at the time permitted under Section 6.03. The charges, accruals and reserves on the books of the Loan Parties in respect of federal, provincial and local taxes and foreign national, state, provincial, regional and local taxes for all Fiscal Years and portions thereof since the organization of each of the Loan Parties, as applicable, are in the judgment of Borrower adequate, and to the knowledge of Borrower, no additional assessments for any of such years are pending which, singly or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

SECTION 4.12. Accuracy and Completeness of Information. All written information, reports, certificates, financial statements, other instruments, and other papers and data (other than projections, *pro formas*, budgets and general economic or industry data) produced by or on behalf of Borrower or any other Loan Party and furnished, to the Administrative Agent or any Lender were, at the time the same were so furnished, when taken as a whole, complete and correct in all material respects to the extent necessary to give the recipient a materially true and accurate knowledge of the subject matter, and no fact is known to Borrower or any other Loan Party which has had, or could reasonably be expected to in the future have, a Material Adverse Effect which has not been set forth in the financial statements or disclosure delivered prior to the Closing Date, in each case referred to in Section 4.05, or in such written information, reports or other papers or data or otherwise disclosed in writing to the Administrative Agent or any Lender prior to the Closing Date.

SECTION 4.13. Employee Benefit Plans. As of the Closing Date:

(a) there are no outstanding disputes concerning the assets of the Canadian Pension Plans, the Canadian Benefit Plans, or the Plans, except where such dispute would not reasonably be expected to have a Material Adverse Effect;

(b) no promises of benefit improvements under the Canadian Pension Plans, the Canadian Benefit Plans or the Plans have been made, except where such improvement would not reasonably be expected to have a Material Adverse Effect;

(c) All contributions or premiums required to be made or paid by the Loan Parties to the Canadian Pension Plans, the Canadian Benefit Plans or Plans have been made on a timely basis in accordance with the terms of such plans and all applicable laws;

(d) there have been no improper withdrawals or applications of the assets of the Canadian Pension Plans, the Canadian Benefit Plans or the Plans, except where such impropriety would not reasonably be expected to have a Material Adverse Effect;

(e) none of the Canadian Pension Plans or the Canadian Benefit Plans has any unfunded actuarial liabilities or solvency deficiencies (within the meaning of the applicable laws) except where such unfunded liabilities or solvency deficiencies could not reasonably be expected to result in a Material Adverse Effect.;

(f) no Pension Plan Event has occurred with respect to the Plans;

(g) no Loan Party or has at anytime been an employer (for the purposes of Sections 38-51 of the UK Pensions Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the UK Pensions Schemes Act 1993); and

(h) no Loan Party is or has at anytime been "connected" with or an "associate" of (as such terms are used in Sections 39 and 43 of the UK Pensions Act 2004) such an employer.

SECTION 4.14. Environmental and Safety Matters. Except as set forth on Schedule 4.14:

(a) Each of Borrower and the Subsidiaries has obtained all permits, licenses and other authorizations that are required and material with respect to the operation of the business of Borrower and the Subsidiaries under any Environmental Law, and each such permit, license and authorization is in full force and effect, except for where the failure to obtain or maintain in force or effect such permits, licenses or other authorizations would not reasonably be expected to have a Material Adverse Effect.

(b) Each of Borrower and the Subsidiaries is in compliance with all material terms and conditions of the permits, licenses and authorizations specified in paragraph (a) above, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any Environmental Law applicable to it and its business, assets, operations and properties, except where the failure to comply would not reasonably be expected to have a Material Adverse Effect.

(c) There is no civil, criminal or administrative action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter or request for information pending or, to the knowledge of Borrower, after inquiry, threatened against Borrower or any of the Subsidiaries under any Environmental Law that would reasonably be expected to have a Material Adverse Effect.

(d) Neither Borrower nor any of the Subsidiaries has received notice that it has been identified as a potentially responsible party under any Canadian federal or provincial law, or any United States federal or state law, or any English or German law for any hazardous substances or any pollutant or contaminant, or any toxic substance, hazardous waste, hazardous constituents, hazardous materials, asbestos or asbestos containing material, polychlorinated biphenyls, petroleum, including crude oil and any fractions thereof, or other wastes, chemicals, substances or materials regulated by any Environmental Laws (collectively, "Hazardous Materials") that it or any of their respective predecessors in interest has used, generated, stored, tested, handled, transported or disposed of, has been found at any site at which any Governmental Authority or private party is conducting a remedial investigation or other action pursuant to any Environmental Law, except for any such notices that would not reasonably be expected to have a Material Adverse Effect.

(e) There have been no releases or threatened releases of Hazardous Materials by Borrower or any of the Subsidiaries on, upon, into or from any of the Real Properties, which releases or threatened releases would reasonably be expected to have a Material Adverse Effect. To the best knowledge of Borrower, there have been no such releases or threatened releases on, upon, under or into any real property in the vicinity of any of the Real Properties that, through soil, surface water or groundwater migration or contamination, may be located on, in or under such Real Properties and which would reasonably be expected to have a Material Adverse Effect.

(f) There is no asbestos in, on, or at any Real Properties or any facility or equipment of Borrower or any of the Subsidiaries, except to the extent that the presence of, or exposure to, such material would not reasonably be expected to have a Material Adverse Effect.

(g) There are no events, conditions, circumstances, activities, practices, incidents, actions or plans that would reasonably be anticipated to interfere with or prevent compliance with any Environmental Law, or which may give rise to liability under any Environmental Law, or otherwise form the basis of any claim, action, demand, suit, proceeding, hearing or notice of violation, study or investigation, based on or related to the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport, shipping or handling, the emission, discharge, release or threatened release into the environment of, or exposure to, any Hazardous Material that would reasonably be expected to have a Material Adverse Effect.

SECTION 4.15. Solvency. Immediately after giving effect to the Transactions to occur on the Closing Date, and taking into account credit support from other Loan Parties, (a) the present fair saleable value on a going concern basis of the assets of Borrower and each of the Subsidiaries will exceed the amount that will be required to be paid on or in respect of the existing debts and other liabilities (including contingent liabilities) of Borrower and each the Subsidiaries as they become absolute and mature, (b) Borrower and each the Subsidiaries will not have unreasonably small capital to carry out their businesses as conducted or as proposed to be conducted, and (c) Borrower does not intend to, nor does it intend to permit any of the Subsidiaries to, and does not believe that it or any such Subsidiary will, incur debts beyond its ability to generally pay such debts as they become absolute and mature.

SECTION 4.16. Security Documents. The Security Agreements, upon execution and delivery thereof by the parties thereto, will create in favour of the Administrative Agent, for the rateable benefit of the beneficiaries named therein, a legal, valid and enforceable security interest in the Collateral and proceeds thereof and (i) (x) when the Pledged Collateral (as defined in the Security Agreements) represented by certificates is delivered to the Administrative Agent, together with an executed blank stock power and (y) when financing statements in appropriate form have been duly filed in the offices specified in Schedule 4.16 and (where required by the Lenders) control agreements have been executed by the issuers of such Pledged Collateral (as defined in the Security Agreements) which is not represented by certificates, the Security Agreements shall constitute a fully perfected first priority Lien on, and security interest in, all right, title and interest of the Loan Parties in such Pledged Collateral, in each case prior and superior in right to any other Person other than the holders of Permitted Liens and (ii) when financing statements in appropriate form have been duly filed in the offices specified on Schedule 4.16, each Lien created under the Security Agreements will constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral, and the proceeds thereof, to the extent perfection or publication can be obtained by filing PPSA and UCC financing statements or similar filings or registrations under the applicable laws of any other applicable jurisdiction, in each case prior and superior in right to any other Person (other than the holders of Liens Permitted under Section 7.02.

SECTION 4.17. Parallel Debt.

For the purposes of taking and ensuring the continuing validity of security (**"Parallel Debt Security"**) under the Security Documents subject to the laws of (or to the extent affecting assets situated in) Germany, notwithstanding any contrary provision in this Agreement:

(a) the Borrower irrevocably and unconditionally undertakes (such undertakings, the **"Parallel Obligations"**) to pay to the Administrative Agent amounts equal to all present and future amounts (the **"Original Obligations"**) owing by it to a Lender under the Loan Documents;

(b) the Administrative Agent shall have its own independent right to demand and receive payment of the Parallel Obligations;

(c) the Parallel Obligations shall not limit or affect the existence of the Original Obligations for which the Lenders shall have an independent right to demand payment;

(d) notwithstanding paragraphs (b) and (c), payment by a Loan Party of its Parallel Obligations shall to the same extent decrease and be a good discharge of the corresponding Original Obligations owing to the relevant Lenders and payment by a Loan Party of its Original Obligations to the relevant Lender shall to the same extent decrease and be a good discharge of the Parallel Obligations owing by it to the Administrative Agent;

(e) the Parallel Obligations are owed to the Administrative Agent in its own name on behalf of itself and not as agent or representative of any other person nor as trustee and the Parallel Debt Security shall secure the Parallel Obligations so owing;

(f) without limiting or affecting the Administrative Agent's right to protect, preserve or enforce its rights under any Security Document, the Administrative Agent undertakes to each Lender not to exercise its rights in respect of the Parallel Obligations without the consent of the relevant Lender; and

(g) the Administrative Agent undertakes to pay to the Lender any amount collected or received by it in payment or partial payment of the Parallel Obligations and shall distribute any amount so received to the Lenders in accordance with the terms of this Agreement as if such amounts had been received in respect of the Original Obligations.

SECTION 4.18. Labour Matters. As of the Closing Date, there are no strikes or other labour disputes against any of the Loan Parties pending or, to the knowledge of Borrower, threatened that would reasonably be expected to result in a Material Adverse Effect. The hours worked by and payment made to employees of any Loan Party have not been in violation of applicable federal, provincial, regional, local or foreign law dealing with such matters, where such violations could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. The consummation of the Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which Borrower or any of the Subsidiaries is a party or by which Borrower or any of the Subsidiaries is bound on the Closing Date.

SECTION 4.19. Real Property. Schedule 4.19 sets forth as of the Closing Date all real property owned or leased by Borrower or any of the Subsidiaries. With respect to all real property described as being owned by Borrower or any Subsidiary, such real property is owned in fee simple by such owner. With respect to all leasehold real property interests, the lease agreements are described in Schedule 4.19 hereto.

SECTION 4.20. Intellectual Property. Each of Borrower and the Subsidiaries owns, or is licensed or otherwise authorized to use, all patents, designs, trademarks, trade names, copyrights, technology, know-how and processes, service marks and rights with respect to the foregoing that are used in or necessary for the conduct of its business as currently conducted, and Schedule 4.20 lists all material patents, designs, trademarks, trade names, copyrights, technology, processes and other intellectual property rights. The use of such patents, designs, trademarks, trade names, copyrights, technology, processes and rights with respect to the foregoing by Borrower and the Subsidiaries does not, to the knowledge of Borrower and the Subsidiaries, infringe on the rights of any Person, subject to such claims and infringements as do not, in the aggregate, give rise to any liability on the part of Borrower and the Subsidiaries that is material to Borrower or any Subsidiaries.

SECTION 4.21. Business. Borrower and each of the Subsidiaries are engaged principally in the business described on Schedule 4.21 or reasonable extensions thereof.

SECTION 4.22. Liens. Except as set forth in Schedule 4.22, none of the properties and assets of Borrower or any Subsidiary is subject to any Lien, except Permitted Liens.

SECTION 4.23. Indebtedness and Guarantees. Set forth on Schedule 4.23 is a complete and correct listing as of the Closing Date of all of Borrower's and the Subsidiaries' Indebtedness (excluding Indebtedness incurred in the ordinary course of business) and Guarantees (excluding Guarantees entered into in the ordinary course of business). Neither Borrower nor any Subsidiary is in default of any material provision of any agreement evidencing or relating to such any such Indebtedness or Guarantee.

SECTION 4.24. Burdensome Provisions. Neither Borrower nor any of the Subsidiaries is a party to any indenture, agreement, lease or other instrument, or subject to any charter or corporate restriction, Governmental Approval or applicable law, compliance with the terms of which could reasonably be expected to have a Material Adverse Effect.

SECTION 4.25. Chief Executive Office. The chief executive office of each Loan Party and the books and records relating to the Eligible Accounts are located at the address or addresses set forth on Schedule 4.25; except as set forth on Schedule 4.25, no loan party has maintained its chief executive office or the books and records relating to any Eligible Accounts at any other address at any time during the five years immediately preceding the Closing Date. The exact legal name of each Loan Party is set forth on Schedule 4.25.

SECTION 4.26. Equipment. All Equipment is in good order and repair in all material respects, normal wear and tear excepted and usual ongoing operational repairs as required and casualty loss and condemnation excepted.

SECTION 4.27. Corporate and Fictitious Names; Trade Names. Except as otherwise disclosed on Schedule 4.27, during the five-year period preceding the Closing Date, neither Borrower nor any Subsidiary has been known as or used any corporate or other organizational, or fictitious name other than the corporate or other organizational name of Borrower or such Subsidiary on the Closing Date. All trade names or styles under which Borrower or any Subsidiary sells Inventory or Equipment or creates Accounts, or to which Instruments in payment of Accounts are made payable, are listed on Schedule 4.27.

SECTION 4.28. Deposit Accounts. Schedule 4.28 is a complete and correct list of all Deposit Accounts maintained by each Loan Party.

SECTION 4.29. Survival of Representations and Warranties, Etc. All representations and warranties set forth in this Article IV or any of the other Loan Documents (including any such representation, warranty or statement made in or in connection with any amendment thereto) shall constitute representations and warranties made under this Agreement. All representations and warranties made under this Agreement shall be made or deemed to be made at and as of the Closing Date and at and as of the date of each Loan (excluding, for certainty, rollovers and conversions), except that representations and warranties which, by their terms are applicable only to one such date shall be deemed to be made only at and as of such date. All representations and warranties made or deemed to be made under this Agreement shall survive and not be waived by the execution and delivery of this Agreement, any investigation made by or on behalf of the Administrative Agent or any Lender or any borrowing hereunder.

ARTICLE V

Conditions

The obligation of each Lender to make Loans hereunder and the obligation of each Operating Lender to issue, amend, extend or renew any Letter of Credit hereunder (each, a "Credit Event") is subject to the satisfaction of the following conditions:

SECTION 5.01. All Credit Events. On the date of each Credit Event:

(a) The Administrative Agent and, where applicable, the Operating Lender or the Operating Lender, shall have received a notice of such Credit Event as required by Section 2.03 or 3.02, respectively.

(b) The representations and warranties set forth in Article IV hereof and in the other Loan Documents shall be true and correct in all material respects on and as of the date of such Credit Event with the same effect as though made on and as of such date, except to the extent that such representations and warranties expressly relate to an earlier date.

(c) At the time of and immediately after such Credit Event, no Default or Event of Default shall have occurred and be continuing.

(d) At the time of and immediately after such Credit Event, there shall have occurred no event or condition that has had, or would reasonably be expected to have, a Material Adverse Effect.

Each Credit Event shall be deemed to constitute a representation and warranty by Borrower on the date of such Credit Event as to the matters specified in paragraphs (b) and (c) of this Section 5.01.

SECTION 5.02. Conditions Precedent to the Closing Date. Notwithstanding any other provision of this Agreement, the effectiveness of this Agreement, the Lenders' obligation to make the initial Loans and the Operating Lender's obligation to issue the initial Letters of Credit are subject to the fulfillment or waiver by the Lenders of each of the following conditions prior to or contemporaneously with the making of such Loan or issuance of such Letters of Credit:

(a) Closing Documents. The Administrative Agent shall have received each of the following documents, all of which shall be satisfactory in form and substance to Administrative Agent and Lenders' Counsel:

(i) this Agreement, complete with Schedules and Exhibits duly executed and delivered by the Parties hereto;

(ii) certified copies of the Organizational Documents of each Loan Party as in effect on the Closing Date;

(iii) certified copies of all corporate action, including partnership or shareholder approval, if necessary, taken by each Loan Party to authorize the execution, delivery and performance of this Agreement and the other Loan Documents and the Borrowings under this Agreement;

(iv) certificates of incumbency and specimen signatures with respect to each of the officers of each Loan Party who is authorized to execute and deliver this Agreement or any other Loan Document on behalf of such Loan Party or any document, certificate or instrument to be delivered in connection with this Agreement or the other Loan Documents and to request borrowings under this Agreement;

(v) a certificate evidencing the good standing of each Loan Party in the jurisdiction of its incorporation and in each other jurisdiction in which it is qualified as a foreign corporation to transact business (to the extent applicable in such Loan Party's jurisdiction of formation or incorporation);

(vi) financing statements duly executed and delivered (where required) by each Loan Party, and evidence satisfactory to the Administrative Agent that financing statements have been filed in each jurisdiction where such filing may be necessary or appropriate to perfect the Administrative Agent's security interest in the Collateral;

(vii) the Security Documents, duly executed and delivered by each applicable Loan Party or shareholder, together with stock certificates where applicable (or other certificates in respect of Equity Interests) and blank stock powers (or equivalent) for all Equity Interests of each Loan Party;

(viii) certificates or binders of insurance relating to each of the policies of insurance covering all of the Collateral together with loss payable clauses which comply with the terms of the Security Agreements;

(ix) the opening Borrowing Base Certificate for Borrower and the Subsidiaries prepared as of the Closing Date (based on the Period 9 balance sheet) duly executed and delivered by the chief financial officer or most senior financial officer of Borrower;

(x) a letter from Borrower to the Administrative Agent requesting the initial Loans and specifying the method of disbursement;

(xi) copies of all the financial statements referred to in Section 4.05 and meeting the requirements thereof;

(xii) a consolidated balance sheet of Borrower as of September 8, 2007 prepared by Borrower on a *pro forma* basis, giving effect to the Transactions and setting forth the assumptions on which such balance sheet was prepared;

(xiii) a certificate of a Responsible Officer on behalf of Borrower stating that, to the best of his knowledge and based on an examination sufficient to enable him to make an informed statement, (a) all of the representations and warranties made or deemed to be made under this Agreement are true and correct as of the Closing Date in all material respects, both with and without giving effect to the Loans to be made at such time and the application of the proceeds thereof, and the consummation of the Transactions, and (b) no Default or Event of Default exists;

(xiv) signed opinions of Stikeman Elliott LLP, Kirkland and Ellis LLP, Balfour Moss LLP, Mayer Brown LLP, Stewart McKelvey and such other local counsel as the Administrative Agent shall deem reasonably necessary or desirable, opining as to such matters in connection with this Agreement as the Administrative Agent or Lenders' Counsel may reasonably request;

(xv) initial Notice of Borrowing executed by Borrower;

(xvi) Compliance Certificate for Borrower, duly executed by Borrower;

(xvii) direction to pay, duly executed by Borrower;

(xviii) a written statement of sources and uses of funds for the Transactions; and

(xix) copies of each of the other Loan Documents duly executed by the parties thereto with evidence reasonably satisfactory to the Administrative Agent and Lenders' Counsel of the due authorization, binding effect and enforceability of each such Loan Document on each such party and such other documents and instruments as the Administrative Agent may reasonably request.

(b) Purchase Transaction.

(i) The Lenders and the Administrative Agent shall be satisfied in all respects with their due diligence and review of the assets to be acquired by Loan Parties pursuant to the Purchase Agreement, including all employment contracts of the Loan Parties.

(ii) The Administrative Agent shall have received a due diligence report from RSM McGladrey, in each case with respect to the Loan Parties and the other assets to be acquired by the Loan Parties pursuant to the Purchase Agreement, the results of which shall be satisfactory to the Administrative Agent in its discretion.

(iii) On the Closing Date, the Purchase Transaction shall have been consummated in accordance with all applicable laws and the terms and provisions of the Purchase Agreement, without any amendment or waiver of any material provision thereof (except as may have been agreed to in writing by the Required Lenders), and the Administrative Agent shall have received an officer's certificate to such effect and certified copies of the Purchase Agreement and all other purchase documents as in effect on the Closing Date, in substantially the forms of such documents delivered to the Administrative Agent prior to the Closing Date. In addition, Borrower shall use commercially reasonable efforts to cause all opinion letters, if any, delivered in connection with the Purchase Transaction to be addressed to the Administrative Agent and the Lenders, or to be accompanied by a written authorization from the firm delivering such opinion letter stating that the Administrative Agent and the Lenders may rely on such opinion letter as though it were addressed to them.

(iv) The purchase price paid in respect of the Purchase Transaction shall not exceed $85,500,000, excluding transaction costs and expenses, the repayment of indebtedness and subject to working capital adjustments.

(v) The aggregate amount of indebtedness being repaid in respect of the Purchase Transaction shall not exceed $10,776,278.90.

(vi) after giving effect to the Transactions, (A) Audax shall beneficially own, directly or indirectly, at least 70% of each of the voting and economic Equity Interests in Holdco; (B) Holdco shall beneficially own 100% of the voting and economic Equity Interests of the Borrower; and (C) Holdco shall beneficially own, directly or indirectly, 100% of the voting and economic Equity Interests of the Subsidiaries (except that the 100% figure above shall be 51% in the case of NorthStar Cover-All, LLC and 95% in the case of Cover-All Deutschland GmbH) .

(c) Equity Contribution. Simultaneously with the consummation of the transactions contemplated by this Agreement, on the Closing Date, Audax shall have contributed not less than $28,000,000 of cash equity, to Holdco.

(d) Subordinated Loan. Simultaneously with the consummation of the transactions contemplated by this Agreement, on the Closing Date the Borrower shall have received gross proceeds of the Subordinated Loan of not less than $15,000,000, and the Intercreditor Agreement shall have been entered into.

(e) Due Diligence Review. The Administrative Agent and the Lenders shall be satisfied in all respects with the results of their due diligence and review of the Loan Parties, including the organizational structure of the Loan Parties, management and management operations of the Loan Parties, and operating, information, management, technical, financial control and other systems of the Loan Parties

(f) Total Leverage Ratio. The Lenders and the Administrative Agent shall have received evidence satisfactory to them that Borrower's Total Leverage Ratio, calculated on a *pro forma* basis after giving effect to the closing of the Transactions and using consolidated Indebtedness of Borrower and the Subsidiaries after giving effect to the incurrence of the initial Loans and the closing of the Purchase Transaction in accordance with the terms of the Purchase Agreement, does not exceed 4.35 to 1.00.

(g) Senior Leverage Ratio. The Lenders and the Administrative Agent shall have received evidence satisfactory to them that Borrower's Senior Leverage Ratio, calculated on *a pro forma* basis after giving effect to the closing of the Transactions and using consolidated Indebtedness of Borrower and the Subsidiaries after giving effect to the incurrence of the initial Loans and the closing of the Purchase Transaction in accordance with the terms of the Purchase Agreement, does not exceed 3.20 to 1.00.

(h) No Injunctions, Conflicts, etc. No action, suit or proceeding (including any inquiry or investigation) by any entity (private or governmental) shall be pending or threatened (x) with respect to the facilities or any related documentation or (y) with respect to the Transactions or any Loan Party or the assets to be acquired under the Purchase Agreement which in the case of any or all litigation described in this sub-clause (y) the Administrative Agent shall determine could have a materially adverse effect on the Transactions, the assets to be acquired under the Purchase Agreement or the business, assets, liabilities, results of operations or condition (financial or otherwise) of the Loan Parties. The Lenders and the Administrative Agent shall have been provided with such information regarding the status of all material litigation pending against the Loan Parties, and shall be reasonably satisfied in all respects with the status of such litigation. After giving effect to the Transactions, the financings incurred in connection therewith and the other transactions contemplated thereby, there shall be no conflict with, or default under, any Material Contract.

(i) No Default. No Default or Event of Default shall have occurred and shall then be continuing on such date or will occur after giving effect to this Agreement.

(j) Approvals. All necessary governmental (domestic and foreign) and third party approvals and/or consents in connection with the Transactions and otherwise referred to herein or therein shall have been obtained and remain in effect, and all applicable waiting periods shall have expired without any action being taken by any competent authority which, in the judgment of the Administrative Agent, restrains, prevents or imposes materially adverse conditions upon the consummation of the Transactions including all filings required to be made and any approval required to be received (including any action required to be taken as a condition thereto) pursuant to the *Hart-Scott-Rodino Antitrust Improvements Act* of 1976, as amended. Additionally, there shall not exist any judgment, order, injunction or other restraint prohibiting or imposing material adverse conditions upon the Transactions or the transactions contemplated by this Agreement.

(k) No Material Adverse Effect. On or prior to the Closing Date, nothing shall have occurred (and neither the Administrative Agent nor any Lender shall have become aware of any facts or conditions not previously known) which the Administrative Agent shall reasonably determine has or is reasonably likely to have a Material Adverse Effect on the rights or remedies of the Lenders or the Administrative Agent, or on the ability of the Loan Parties to perform their obligations to the Lenders or which is reasonably likely to constitute or give rise to any condition or change that would reasonably be expected to have a Material Adverse Effect on the business, assets, liabilities, results of operations or financial condition of the Loan Parties, taken as a whole.

(l) Release of Liens. The Administrative Agent shall have received evidence satisfactory to them of the release and termination of all Liens on the property of the Loan Parties other than Liens permitted under Section 7.02.

(m) Environmental Review. Borrower shall have delivered to the Administrative Agent such environmental reports and surveys pertaining to any real property owned or leased by any of the Loan Parties as the Administrative Agent and the Lenders may reasonably request, and the Administrative Agent and the Lenders shall be satisfied in all respects with the results of the environmental due diligence relating to such real property.

(n) Minimum Operating Cash Flow. The Lenders and the Administrative Agent shall have received evidence satisfactory to them that Borrower's consolidated Operating Cash Flow, calculated for the twelve month period through the end of Period 8, equals or exceeds $12,850,000.

(o) Fees. All reasonable costs, fees (including for certainty all fees payable pursuant to the fee letter of even date herewith from the Lead Arranger to the Borrower), expenses (including the reasonable legal fees and expenses of Lenders' Counsel, US counsel to the Lenders, and such other local counsel or agents retained by the Lenders in connection with the Loans) and other compensation contemplated thereby, payable to the Lead Arranger, the Administrative Agent, and the Lenders shall have been paid on the Closing Date.

(p) Borrower's Deposit Account. In order to facilitate the Operating Lender's provision of the Operating Facility, the Borrower shall maintain a Deposit Account with a branch of the Operating Lender.

(q) German Secured Indebtedness. The German Secured Indebtedness that is not fully cash-collateralized shall not exceed €162,500, and the Administrative Agent shall have been provided with evidence thereof in form satisfactory to it, acting reasonably.

(r) German Non-Prepayable Indebtedness. The German Non-Prepayable Indebtedness shall not exceed €87,500, the Liens granted in respect thereof shall secure no more than €37,500 thereof and shall secure only the Accounts of Cover-All Deutschland GmbH, and the Administrative Agent shall have been provided with evidence thereof in form satisfactory to it, acting reasonably.

ARTICLE VI

Affirmative Covenants

Borrower covenants and agrees with each Lender, the Administrative Agent and the Operating Lender that until the Obligations are paid in full (other than contingent indemnity Obligations), and, unless the Required Lenders shall otherwise consent in writing, it will, and will cause each of the Guarantors to:

SECTION 6.01. Preservation of Existence and Similar Matters. Preserve and maintain its corporate or other organizational existence, rights, franchises, licenses and privileges in the jurisdiction of its formation (which shall not change without the prior written consent of the Administrative Agent) and qualify and remain qualified as a foreign corporation or other organization and authorized to do business in each jurisdiction in which the character of its properties or the nature of its business requires such qualification or authorization, except where the failure to be so qualified as a foreign corporation or other organization could not reasonably be expected to have a Material Adverse Effect; and provide to the Administrative Agent as soon as reasonably possible with a certificate of good standing (or similar document) in each case where a Loan Party has qualified as an extra-provincial corporation, or has otherwise qualified to transact business in a new jurisdiction.

SECTION 6.02. Insurance. Keep its insurable properties adequately insured at all times by financially sound and reputable insurers; maintain such other insurance, to such extent and against such risks, including fire and other risks insured against by extended coverage, as is usually maintained in the same general area by companies engaged in the same or similar businesses, including public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by it or the use of any products sold by it; and maintain such other insurance as may be required by law.

SECTION 6.03. Payment of Taxes and Claims. Pay or discharge when due (a) all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any properties belonging to it, and (b) all lawful claims of builders, materialmen, mechanics, carriers, warehousemen and landlords for labour, materials, supplies and rentals which, if unpaid, might become a Lien on any properties of Borrower or such Subsidiary, except that this Section 6.03 shall not require the payment or discharge of any such tax, assessment, charge, levy or claim (i) which is being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP and such contest operates to suspend enforcement of a Lien and there is no material risk of forfeiture of such property or (ii) the failure of which to pay or discharge would not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.04. Financial Statements, Reports, etc. Furnish to the Administrative Agent and each Lender:

(a) within 90 days after the end of each Fiscal Year (but 120 days after the end of Fiscal Year 2008), its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows, showing the financial condition of Borrower and the Subsidiaries as of the close of such Fiscal Year and the results of its operations and the operations of such Subsidiaries during such Fiscal, all audited by Hergott Duval Stack & Partners or other independent auditors of recognized national standing;

(b) within 30 days after the end of each Period, its unaudited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows, showing the financial condition of Borrower and the Subsidiaries as of the close of such Period and the results of its operations and the operations of such Subsidiaries during such Period and the then-elapsed portion of the Fiscal Year (it being understood that such information shall be in reasonable detail);

(c) within 45 days after the end of each Fiscal Quarter, its unaudited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows (including a comparison to the previous year's actual results (and current year's budget)), showing the financial condition of Borrower and the Subsidiaries as of the close of such Fiscal Quarter and the results of its operations and the operations of such Subsidiaries during such Fiscal Quarter and the then-elapsed portion of the Fiscal Year (it being understood that such information shall be in reasonable detail and certified by a Financial Officer of Borrower, as fairly presenting in all material respects the financial condition and results of operations of Borrower and the

Subsidiaries on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments and the absence of notes);

(d) concurrently with any delivery of financial statements of Borrower under paragraphs (a) and (c) above, a duly completed compliance certificate in the form of Exhibit E (a "Compliance Certificate"), with appropriate insertions, dated the date of such annual report or such quarterly statements and signed by a Financial Officer of Borrower, containing (i) a written statement to the effect that such officer has not become aware of any Default or Event of Default that has occurred and is continuing or, if there is any such event, describing it and the steps, if any, being taken to cure it, (ii) a written statement of Borrower's management setting forth a discussion of Borrower's consolidated and consolidating financial condition, changes in financial condition and results of operations and (iii) a computation of each of the financial ratios and restrictions set forth in Article VII and, in the case of a Compliance Certificate delivered concurrently with the financial statements delivered pursuant to paragraph (a) above, a computation of Excess Cash Flow;

(e) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by Borrower or any of the other Loan Parties with the Securities and Exchange Commission, or any Governmental Authority succeeding to any of or all the functions of such Commission, or with any securities commission of any Canadian province, or with any Canadian or U.S. securities exchange, or distributed to any such Person's shareholders (other than to Borrower or any of the Subsidiaries), as the case may be;

(f) no later than 30 days after the end of each Fiscal Year, forecasted financial statements, prepared by Borrower, consisting of a consolidated balance sheet, cash flow statement and income statement of Borrower and the Subsidiaries on a consolidated basis, reflecting projected borrowings hereunder and setting forth the assumptions on which such forecasted financial statements were prepared, covering the one-year period until the next Fiscal Year end and prepared on a Period-by-Period basis; all such projected financial statements shall contain projected calculations of the covenants contained in Sections 7.13, 7.14,Section 7.15, and Section 7.16 ;

(g) within 20 days after the end of each Period of Borrower, a Borrowing Base Certificate dated as of the end of such Period and executed by a Financial Officer on behalf of Borrower; provided that (i) Borrower may deliver a Borrowing Base Certificate more frequently if it chooses and (ii) at any time an Event of Default exists, Administrative Agent may require Borrower to deliver Borrowing Base Certificates more frequently.

(h) concurrently with the delivery of the Borrowing Base Certificate required by paragraph (g) a schedule of Eligible Accounts and Eligible Inventory as of the last Business Day of such Fiscal Quarter, in form reasonably satisfactory to the Administrative Agent, setting forth a detailed aged trial balance of all of Borrowers' and the Subsidiaries' then existing Eligible Accounts, specifying the name of and the balance due from (and any rebate due to) each Account Debtor obligated on an Eligible Account so listed, and including a breakdown of Eligible Inventory by warehouse locations of the Loan Parties; and

(i) promptly from time to time, such other information regarding the operations, business affairs and financial condition of Borrower and the Subsidiaries, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

SECTION 6.05. Inter-Corporate Debt. Furnish to the Administrative Agent an originally executed copy of any secured promissory note, other instrument or chattel paper held by a Loan Party and evidencing inter-corporate debt, along with copies of any other agreements related to such inter-corporate debt (if any).

SECTION 6.06. Litigation and Other Notices. Furnish to the Administrative Agent written notice of the following promptly upon a Responsible Officer of Borrower or any Subsidiary obtaining knowledge thereof:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) taken or proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written notice to any Loan Party of the intention of any Person to file or commence, any action, suit or proceeding (whether at law or in equity or by or before any Governmental Authority or any arbitrator) against any Loan Party or any Affiliate thereof that, if adversely determined, could result in monetary liability in excess of $500,000 or have a Material Adverse Effect;

(c) the occurrence of any Pension Plan Event that, alone or together with other Pension Plan Event, could reasonably be expected to result in liability of Borrower or any of the Subsidiaries in an aggregate amount exceeding $500,000;

(d) any material amendment of any Organizational Document of Borrower or any Subsidiary of Borrower which is adverse to the Lenders;

(e) any change in the business, assets, liabilities, financial condition, results of operations or business prospects of a Loan Party which, or any event which, has had or would reasonably be expected to have any Material Adverse Effect and any change in the executive officers of Borrower;

(f) any event that constitutes or that, with the passage of time or giving of notice or both, will constitute a Default or Event of Default by a Loan Party under any material agreement (other than this Agreement) to which such Loan Party is a party or by which such Loan Party or any of its property may be bound if the exercise of remedies thereunder by the other party to such agreement would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect; and

(g) any material demands, notices of default or other material notices received or delivered by any Loan Party under or pursuant to the Purchase Transaction, including without limitation the Purchase Agreement, or under any renewals, replacements, consolidations, substitutions and extensions of any of the foregoing.

SECTION 6.07. Maintaining Records; Access to Properties and Inspections. Maintain its books and records in accordance with sound business practices sufficient to allow the preparation of financial statements in accordance with GAAP; permit any Lender or the Administrative Agent or any representative thereof to inspect the properties and operations of the Loan Parties; and permit, at any reasonable time and with reasonable notice (or at any time without notice if an Event of Default exists), any Lender or the Administrative Agent or any representative thereof to visit any or all of its offices, to discuss its financial matters with its officers and its independent auditors (and Borrower hereby authorizes such independent auditors to discuss such financial matters with any Lender or the Administrative Agent or any representative thereof provided that a Loan Party is given the opportunity to be present for such), and to examine (and, at the expense of the Loan Parties, photocopy extracts from) any of its books or other records; and at any reasonable time and with reasonable notice permit the Administrative Agent and its representatives to inspect the Inventory and other tangible assets of the Loan Parties, to perform appraisals of the equipment of the Loan Parties, and to inspect, audit, check and make copies of and extracts from the books, records, computer data, computer programs, journals, orders, receipts, correspondence and other data relating to Inventory, Accounts and any other Collateral. All reasonable costs of such inspections or audits by the Administrative Agent shall be at Borrower's expense, provided that, so long as no Default or Event of Default exists, Borrower shall not be required to reimburse the Administrative Agent for Collateral inspections or audits more frequently than once each Fiscal Year.

SECTION 6.08. Use of Proceeds. Use the proceeds of Loans and request the issuance of Letters of Credit only for the purposes set forth in the recitals to this Agreement. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 6.09. Compliance with Law. Comply with the requirements of all applicable laws (including Environmental Laws), rules, regulations and decrees, directives and orders of any Governmental Authority that are applicable to it or to any of its properties, except where non-compliance could not reasonably be expected to have a Material Adverse Effect.

SECTION 6.10. Further Assurances.

(a) Execute any and all further documents, financing statements, agreements and instruments, and take all further action (including filing PPSA, UCC and other financing statements, registrations, mortgages and deeds of trust), that may be required under applicable law or which the Required Lenders or the Administrative Agent may reasonably request, in order to effectuate the transactions contemplated by the Loan Documents and in order to grant, preserve, protect and perfect the validity and priority of the security interests and hypothecs created or intended to be created by the Security Documents.

(b) Cause each Subsidiary (including, for certainty, Cover-All Building Systems Inc., the entity resulting from the amalgamation of the Borrower and Cover-All Buildings Systems Inc. which shall occur after the Closing Date) to become a party to such Security Documents and (if applicable) a Guarantee Agreement as may be reasonably requested by the Administrative Agent.

(c) From time to time, Borrower and the Subsidiaries will, at their cost and expense, promptly secure the Obligations by pledging or creating, or causing to be pledged or created, perfected security interests with respect to such of the assets and properties of the Loan Parties as the Administrative Agent or the Required Lenders shall reasonably request (it being understood that, subject to the limitations set forth in this paragraph (c), it is the intent of the parties that the Obligations shall be secured by substantially all of the assets of the Loan Parties (including real and personal properties acquired after the Closing Date). Such security interests and Liens will be created under the Security Documents and other security agreements, mortgages, deeds of trust and other instruments and documents in form and substance reasonably satisfactory to the Administrative Agent, and Borrower and the other Loan Parties shall deliver or cause to be delivered to the Lenders all such instruments and documents (including customary legal opinions, title insurance policies or title opinions and lien searches) as the Administrative Agent shall reasonably request to evidence compliance with this paragraph (c). Borrower and the other Loan Parties agree to provide such evidence as the Administrative Agent shall reasonably request as to the perfection and priority status of each such security interest and Lien.

SECTION 6.11. Material Contracts. Maintain in full force and effect (including exercising any available renewal option), and without amendment or modification, each Material Contract, unless the failure so to maintain any such Material Contract (or any amendment or modification thereto) could not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

SECTION 6.12. Environmental Matters.

(a) Promptly give notice to the Administrative Agent upon becoming aware of (i) any violation of any Environmental Law, (ii) any claim, inquiry, proceeding, investigation or other action, including a request for information or a notice of potential liability under any Environmental Law, by or from any Governmental Authority or any third party claimant or (iii) the discovery of the release of any Hazardous Material at, on, under or from any of the Real Properties or any facility or equipment thereat in excess of reportable or allowable standards or levels under any Environmental Law, or in a manner or amount that would result in liability in excess of $300,000 under any Environmental Law, or have a Material Adverse Effect.

(b) Upon discovery of the presence on any of the Real Properties of any Hazardous Material that is in violation of, or that could result in liability in excess of $200,000 under, any Environmental Law, or have a Material Adverse Effect, take or cause to be taken all necessary steps to initiate and expeditiously complete all remedial, corrective and other action to eliminate any such adverse effect, and keep the Administrative Agent reasonably informed of such actions and the results thereof.

SECTION 6.13. Conduct of Business. Engage only in businesses in substantially the same fields as the businesses conducted on the Closing Date and in similar or related businesses that are reasonable extensions or additions to Borrowers' business on the Closing Date.

SECTION 6.14. Accuracy of Information. Cause all written information, reports, certificates, financial statements, other instruments, and other papers and data (other than projections, *pro formas*, budgets and general economic or industry data) produced by or on behalf of Borrower or any other Loan Party and furnished to the Administrative Agent or any Lender, whether pursuant to this Article VI or any other provision of this Agreement or any of the other Loan Documents to be, at the time the same were so furnished, when taken as a whole, complete and correct in all material respects to the extent necessary to give the recipient a materially true and accurate knowledge of the subject matter.

SECTION 6.15. Revisions or Updates to Schedules. Should any of the information or disclosures provided on any of the Schedules originally attached hereto become outdated or incorrect in any material respect, provide at such time it submits its Compliance Certificates to the Administrative Agent and each Lender such revisions or updates to such Schedule(s) as may be necessary or appropriate to update or correct such Schedule(s); provided, that no such revisions or updates to any Schedule(s) shall be deemed to have cured any breach of warranty or representation resulting from the inaccuracy or incompleteness of any such Schedule(s) unless and until the Required Lenders, in their sole discretion, shall have accepted in writing such revisions or updates to such Schedule(s). The Required Lenders shall be deemed to have accepted any such revisions or updates if they do not object to such revisions or updates within 30 days of receipt thereof.

SECTION 6.16. Deposit Accounts. In order to facilitate the Administrative Agent's and the Lenders' maintenance and monitoring of their security interests in the Collateral, within 45 days after the Closing Date, cause all Deposit Accounts of the Borrower to be maintained with the Administrative Agent, and with respect to Deposit Accounts of the other Loan Parties which exist but are not maintained with the Administrative Agent, cause all such Deposit Accounts to be subject to a first priority perfected Lien in favour of the Administrative Agent, for the benefit of the Beneficiaries, and (with respect to all Loan Parties formed or incorporated in the United States and, if applicable in the UK and Germany) cause any applicable depositary financial institution to enter into a Deposit Account Pledge Agreement with respect to such Deposit Accounts (other than (i) payroll, tax withholding and trust accounts and (ii) any Deposit Accounts with an average monthly balance of less than $1,000).

SECTION 6.17. Holdco. Cause Holdco to engage in no business or activities other than (i) its ownership of the Equity Interests of Borrower and Cover-All U.S. Holding Corp., (ii) management of Holdco and its Subsidiaries, (iii) the issuance of capital stock of Holdco and the investment of any proceeds therefrom in Borrower, and (iv) entering into contracts and incurring other obligations in the ordinary cause of business of Holdco and its Subsidiaries, provided, that at no time shall Holdco own any property or assets other than the Equity Interests of Borrower and U.S. Newco.

SECTION 6.18. Interest Rate Protection

Within 120 days after the Closing Date, enter into a Swap Agreement with a term of at least two and a half years on an ISDA standard form to hedge the interest rate with respect to not less than 35% of the principal amount of the Term Loans in form and substance reasonably satisfactory to the Administrative Agent.

SECTION 6.19. Pension Plans

(a) The Borrower shall ensure that all pension schemes operated by or maintained for the benefit of members of the Loan Parties and/or any of their employees are fully funded based on the minimum funding requirement under Section 56 Pensions Act 1995 or the statutory funding objective under Section 222 Pensions Act 2004 and that no action or omission is taken by any Loan Party in relation to such a pension scheme which has or is reasonably likely to have a Material Adverse Effect (including, without limitation, the termination or commencement of winding-up proceedings of any such pension scheme or Loan Party ceasing to employ any member of such a pension scheme).

(b) The Borrower shall ensure that no Loan Party is or has been at any time an employer (for the purposes of Sections38-51 of the UK Pensions Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the UK Pension Schemes Act 1993) or "connected" with or an "associate" of (as those terms are under in Sections 39 or 43 of the UK Pensions Act 2004) such an employer.

(c) The Borrower shall deliver to the Administrative Agent at such times as those reports are prepared in order to comply with the then current statutory or auditing requirements (as applicable either to the trustees of any relevant schemes or to the Borrower, actuarial reports in relation to all pension schemes mentioned in Section 6.19 (a).

(d) The Borrower shall promptly notify the Administrative Agent of any material change in the rate of contributions to any pension schemes mentioned in Section 6.19 (a) paid or recommended to be paid (whether by the scheme actuary or otherwise) or required (by law or otherwise).

SECTION 6.20. Notice of Defaults.

Promptly give written notice to the Administrative Agent of any default by a Loan Party under its Organizational Documents in any material respect, or the occurrence of any event which has not been remedied, cured or waived (i) that constitutes a Default or an Event of Default or (ii) that constitutes or that, with the passage of time or giving of notice, or both, would constitute a default or event of default by Borrower or any Subsidiary under any Material Contract (other than this Agreement) or judgment, decree or order to which Borrower or any Subsidiary is a party or by which Borrower or any Subsidiary or any of their respective properties may be bound or which would require Borrower or any Subsidiary to make any payment thereunder in excess of $300,000 prior to the scheduled maturity date therefor.

SECTION 6.21. German Conditions Precedent.

(i) Satisfy each of the German Conditions Precedent within 30 days of the Closing Date, and (ii) use commercial best efforts to obtain such consents as may be necessary to prepay or cause to be prepaid the German Non-Prepayable Indebtedness and obtain the release and discharge of all Liens in respect thereof.

ARTICLE VII

Negative Covenants

Borrower covenants and agrees with each Lender, the Administrative Agent and the Operating Lender, until the Obligations are paid in full (other than contingent indemnity obligations) and, unless the Required Lenders shall otherwise consent in writing, it will not, and will not cause or permit any of the Guarantors to:

SECTION 7.01. Indebtedness. Create, incur, assume or permit to exist any Indebtedness, except, without duplication:

(a) the Indebtedness created hereunder and under the other Loan Documents;

(b) the Subordinated Loan;

(c) the Indebtedness existing on the Closing Date and listed on Schedule 4.23 and refinancings thereof;

(d) Capital Lease Obligations, and Obligations in respect of mortgage and purchase money financings, such that the sum of the Indebtedness thereby created, incurred or assumed (including such Indebtedness of NorthStar Cover-All, LLC) shall not exceed at any time outstanding $1,500,000;

(e) Subject to Section 7.21, Indebtedness created pursuant to any Swap Agreement that has been entered into (i) to hedge or mitigate risks to which a Loan Party has actual exposure (other than those in respect of Equity Interests) or (ii) to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of a Loan Party;

(f) intercompany loans and advances permitted by Section 7.05;

(g) Indebtedness of any Person acquired by a Loan Party in a Permitted Acquisition and assumed by such Loan Party pursuant to such acquisition (including any refinancing, renewal or replacement, in whole or in part, thereof at the time of assumption thereof or from time to time thereafter), provided that (i) such Indebtedness was not incurred in contemplation of such acquisition and (ii) the aggregate principal amount of such Indebtedness at any time outstanding shall not exceed $500,000;

(h) accounts payable (for the deferred purchase price of property or services) from time to time incurred in the ordinary course of business;

(i) Indebtedness with respect to surety bonds, appeal bonds or customs bonds required in the ordinary course of business or in connection with the enforcement of rights or claims of any Loan Party;

(j) Subordinated Debt;

(k) obligations arising with respect to customary indemnification obligations or purchase price adjustments in favour of purchasers in connection with Asset Sales permitted hereunder;

(l) Indebtedness consisting of deferred purchase price or notes issued to officers, directors and employees to purchase or redeem equity interests to the extent that such purchases or redemptions are otherwise permitted hereunder (or options or warrants or similar instruments) of a Loan Party;

(m) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, securing the performance of such Borrower or Subsidiary pursuant to such agreements, in connection with Permitted Acquisitions permitted hereunder;

(n) obligations under incentive, non-compete, consulting, deferred compensation, or other similar arrangements incurred by it;

(o) Indebtedness incurred in connection with the financing of insurance premiums;

(p) Indebtedness in the ordinary course of business in respect of overdraft protections and otherwise in connection with deposit accounts;

(q) endorsement of instruments for deposit or collection in the ordinary course of business, and guarantees of guarantees incurred for the benefit of any other Loan Party if the primary obligation is permitted elsewhere in this Section 7.01;

(r) Indebtedness arising under German law in respect of elderly part-time employees (*Altersteilzeitgesetz*);

(s) German Secured Indebtedness existing only during the period beginning on the Closing Date and ending 30 days thereafter;

(t) German Non-Prepayable Indebtedness; and

(u) other Indebtedness of Borrower and the Subsidiaries incurred in the ordinary course of business, that does not exceed, in an aggregate amount at any time outstanding, $1,000,000.

SECTION 7.02. Liens.

(a) Create, incur, assume or permit to exist any Lien on any property or assets (including stock or other securities of any Person) now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except:

(i) Permitted Liens;