SCHEDULE 3.21

BUSINESS OF THE LOAN PARTIES

Providing pre-engineered membrane building systems for the North American and European non residential construction market.

SCHEDULE 3.22

LIENS

NIL.

SCHEDULE 3.23

INDEBTEDNESS AND GUARANTEES OF THE LOAN PARTIES

Indebtedness

Bonding Facility with a single contract limit of $5,000,000; aggregate contract limit of $5,000,000, granted by Travelers Guarantee Company of Canada to the Cover-All Group, by letter dated May 7, 2007.

Cover-All Germany
Net Third Party Debt Detail for October 23, 2007 Closing

Debt	Account	Authorized	Balance In Euros	1.39 Cdn	Notes
Sparkasse	85164	125000	56,836	79,003	Revolver
Sparkasse	608182564	110000	81,714	113,582	Term
Sparkasse	608186917	50,000	37,500	52,125	Government Guaranteed Term
Sparkasse	608186931	50,000	50,000	69,500	Government Guaranteed Term
Sparkasse	608181373	40,000	20,458	28,437	Term
Volksbank	34444400	80000	-	-	Facility not drawn, used to collateralize Deposit Guarantees
Volksbank	34444403	80000	-	-	Facility not drawn, used to collateralize Deposit Guarantees
Volksbank	34444420	13,000	308	428	Trailer Loan
Third Party Debt			**$ 246,816**	**$ 343,074**	

Cash	Account	Authorized	Euros	Cdn	
Sparkasse	208055417		107,689	149,688	Cash Restricted for Deposit Guarantee's
Sparkasse	288052038		31,701	44,065	Cash Restricted for Deposit Guarantee's
Volksbank	34444403	500,000	272,252	378,431	Facility Requires Cash Collateral – Cash Restricted for Deposit Guarantee's
Volksbank	34444402		99,093	137,739	
Deutche Bank	26197400		7,332	10,192	
Commerce Bank	26740044		(104)	(144)	
Outstanding Cheques			(16,743)	(23,273)	
Cash			**$ 501,221**	**$ 696,697**	

Deposit Guarantee's Outstanding as of October 22nd, 2007	539,000
Deposit Guarantee's Collateralize By Above Cash	411.643
Deposit Guarantee's Collateralize By Above VolksBank Facilities	127,357

VAN01: 2423394: v3

Auto Loans

Agreement Name	Date	Parties	Authorized Amount	Amount Owing as of Closing	Agreement Sub-Category	Notes
NorthStar Cover-All Auto Loans	January, 2007	Ford Credit	14,066			
		Ford Credit	49,649			
		Ford Credit	27,833			
		1st National Bank	21,841			
Cover-All Ontario Auto Loan			28,359			

Guarantees

NIL

SCHEDULE 3.25

CHIEF EXECUTIVE OFFICE AND LEGAL NAMES OF THE LOAN PARTIES

Exact Legal Names

Cover-All Holding Corp.
1353537 Alberta Ltd.
Cover-All Building Systems Inc.
Summit Structures Limited
Cover-All Deutschland GmbH
Summit Structures, LLC
Quick Structures, LLC
Cover-All Holdings U.S., LLC
Cover-All U.S. Holding Corp.
Summit Structures U.S., LLC
Cover-All Building Systems of New York, Inc.
Summit Project Management LLC

Chief Executive Office (the "CEO") and the Location of the Books and Records if Different from the CEO

1. Cover-All Holding Corp.

3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4

2. 1353537 Alberta Ltd.

3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4

3. Cover-All Building Systems Inc.

3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4

4. Summit Structures Limited

6 Charter Point Way, Ashby Park, Ashby de la Zouch, Leicestershire, LE65 1 NF

3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4

5. Cover-All Deutschland GmbH

Im Hook 10, 48607 Ochtrup (Germany)

6. Summit Structures, LLC

3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4; 946 North Van Buren St., Allentown, PA 18109

7. Quick Structures, LLC

3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4; 946 North Van Buren St., Allentown, PA 18109

8. Cover-All Holdings U.S., LLC

3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4; 946 North Van Buren St., Allentown, PA 18109

9. Cover-All U.S. Holding Corp.

101 Huntington Ave., Boston, MA 02199

10. Summit Structures U.S., LLC

3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4; 946 North Van Buren St., Allentown, PA 18109

11. Cover-All Building Systems of New York, Inc.

3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4; 946 North Van Buren St., Allentown, PA 18109

12. Summit Project Management LLC

3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4; 946 North Van Buren St., Allentown, PA 18109

SCHEDULE 3.27

PRIOR LEGAL NAMES AND TRADE NAMES

1. Cover-All Holding Corp.

NIL

2. 1353537 Alberta Ltd.

NIL

3. Cover-All Building Systems Inc.

101003052 Saskatchewan Ltd.
629224 Saskatchewan Ltd.
101008739 Saskatchewan Ltd.
1210876 Ontario Inc.
1210877 Ontario Inc.
Cover-All Shelter Systems

4. Summit Structures Limited

NIL

5. Cover-All Deutschland GmbH

NIL

6. Summit Structures, LLC

NIL (was organized in Delaware under the same name until mid-2002)

7. Quick Structures, LLC

NIL

8. Cover-All Holdings U.S., LLC

NIL

9. Cover-All U.S. Holding Corp.

NIL

SCHEDULE 3.28

DEPOSIT ACCOUNTS

Bank Accounts held by Cover-All Building Systems Inc. with Bank of Montreal

Account Number	Account Name	Currency
00341068628	MANAGEMENT	CAD
00341068636	PAYROLL	CAD
00341068644	HOLDINGS	CAD
00341068919	GENERAL	CAD
00341069276	SUMMIT LLC	CAD
00341072512	COVERALL	CAD
00341074227	SUMMITT STRUCTURES	CAD
00344504762	USD GENERAL	USD
00344504770	COVER ALL	USD
00344504973	QUICK STRUCTURES	USD
00344505001	SUMMIT US LLC	USD
00344506645	SUMMIT LLC	USD
00344602178	SUMMIT PROJECT MGMT	USD
23661017768	COVER ALL ONTARIO	CAD
23664600245	COVER ALL ONTARIO	USD

Bank Account held by Cover-All Building Systems of New York Inc. with Bank of America

Account Number	Account Name	Currency
0093 9009 2916	N/A	USD

Bank Account held by Summit Structures, LLC with M&T Bank

Account / ABA Numbers	Account Name	Currency
(Account) 8889702406 (ABA) 022 000 046	PAYROLL	USD

Bank Accounts held by Northstar Cover-All, LLC with First National Bank of Cold Springs

Account Number	Account Name	Currency
320-685-8611 000548500	N/A	USD

SCHEDULE 6.09

INVESTMENTS AND TRANSACTIONS

German Restrictions on Dividends: Restrictions on distribution of profits pursuant to Section 10 *Distribution of Profits* of the articles of association of Cover-All Deutschland GmbH as resolved by the shareholders in the shareholders' resolution dated April 13, 2007, notarial deed W 378/2007 of the notary public Dr. Gerrit Wenz.

SCHEDULE 6.14

TOTAL LEVERAGE RATIO MAXIMUMS

Fiscal Year	End of Fiscal Quarter	Total Leverage Ratio Maximum
2008	Q3	5.00 to 1.00
2008	Q4	5.00 to 1.00
2009	Q1	5.25 to 1.00
2009	Q2	5.00 to 1.00
2009	Q3	4.75 to 1.00
2009	Q4	4.50 to 1.00
2010	Q1	5.00 to 1.00
2010	Q2	4.75 to 1.00
2010	Q3	4.25 to 1.00
2010	Q4	4.00 to 1.00
2011	Q1	4.50 to 1.00
2011	Q2	4.25 to 1.00
2011	Q3	3.75 to 1.00
2011	Q4	3.50 to 1.00
After end of Fiscal Year 2011		3.50 to 1.00

EXHIBIT A

FORM OF ASSIGNMENT AND ACCEPTANCE

____________________, Assignee

Dated: ______________ _____, ______

Reference is made to the Credit Agreement dated for reference October ___, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") by and among 1353537 Alberta Ltd., the Persons party thereto as Lenders and Canadian Imperial Bank of Commerce, as Lead Arranger and Administrative Agent. Terms used herein that are defined in the Credit Agreement are used with the meanings therein ascribed to them.

_________________ (the "Assignor") and ________________ (the "Assignee") hereby agree as follows:

1. The Assignor hereby sells and assigns to the Assignee without recourse and without representation or warranty (other than as expressly provided herein), and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof which represents the percentage interest specified in Item 2(b) of Annex I hereto (the "Assigned Share") of all of the outstanding rights and obligations under the Credit Agreement relating to the facilities listed in Item 2 of Annex I, including, without limitation, in the case of any assignment of all or any portion of the Assignor's outstanding Term Loan, all rights and obligations with respect to the Assigned Share of such outstanding Term Loan.

2. The Assignor (i) represents and warrants that, subject to clause (ii) below, it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the other Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or the other Loan Documents or any other instrument or document furnished pursuant thereto; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Holdco, Borrower or any of the Subsidiaries or the performance or observance by Holdco, Borrower or any of the Subsidiaries of any of their obligations under the Credit Agreement or the other Loan Documents to which they are a party or any other instrument or document furnished pursuant thereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement and the other Loan Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption Agreement; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is an eligible assignee under Section 9.04(b)(b) of the Credit Agreement; (iv) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (v) agrees that it will perform in accordance with their

terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

4. Following the execution of this Assignment and Assumption Agreement by the Assignor and the Assignee, an executed original hereof (together with all attachments) will be delivered to the Administrative Agent. The effective date of this Assignment and Assumption Agreement shall be the date of execution hereof by the Assignor and the Assignee and the receipt of the consent of the Administrative Agent and Borrower to the extent required by Section 9.04(b)(b) of the Credit Agreement and receipt by the Administrative Agent of the administrative fee referred to in such Section 9.04(b)(b) to the extent required thereby, unless otherwise specified in Item 3 of Annex I hereto (the "Settlement Date").

5. Upon the delivery of a fully executed original hereof to the Administrative Agent, as of the Settlement Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Assumption Agreement, have the rights and obligations of a Lender thereunder and under the other Loan Documents and (ii) the Assignor shall, to the extent provided in this Assignment and Assumption Agreement, relinquish its rights and be released from its obligations under the Credit Agreement and the other Loan Documents other than as provided therein.

6. It is agreed that upon the effectiveness hereof, the Assignee shall be entitled to all interest on the Assigned Share of the Term Loan at the rates specified in Item 4 of Annex I which accrue on and after the Settlement Date, such interest to be paid by the Administrative Agent directly to the Assignee. It is further agreed that all payments of principal made on the Assigned Share of the Term Loan which occur on and after the Settlement Date will be paid directly by the Administrative Agent to the Assignee. Upon the Settlement Date, the Assignee shall pay to the Assignor an amount specified by the Assignor in writing which represents the Assigned Share of the principal amount of the respective Term Loans made by the Assignor pursuant to the Credit Agreement which are outstanding on the Settlement Date, net of any closing costs, and which are being assigned hereunder. The Assignor and the Assignee shall make all appropriate adjustments in payments under the Credit Agreement for periods prior to the Settlement Date directly between themselves.

7. THIS ASSIGNMENT AND ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ALBERTA BUT EXCLUDING ALL CHOICE OF LAW AND CONFLICTS OF LAWS RULES THEREOF.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Assignment and Assumption Agreement, as of the date first above written, such execution also being made on Annex I hereto.

Accepted this _____ day
of ________, ____

[NAME OF ASSIGNOR],
as Assignor

By:____________________________

Name:__________________________

Title:___________________________

[NAME OF ASSIGNEE],
as Assignee

By:___________________________

Name:___________________________

Title:___________________________

Acknowledged and Agreed:

CANADIAN IMPERIAL BANK OF COMMERCE,
as Administrative Agent[1]

By:___________________________

Name:___________________________

Title:___________________________

1353537 ALBERTA LTD.
as Borrower[2]

By:___________________________

Name:___________________________

Title:___________________________

[1] The consent of Canadian Imperial Bank of Commerce (not to be unreasonably withheld or delayed) is required for assignments that are not to existing Lenders or Affiliates of existing Lenders.

[2] The consent of Borrower (not to be unreasonably withheld or delayed) is required for assignments that are not to existing Lenders, or Affiliates of existing Lenders unless a Default or Event of Default has occurred and is continuing.

ANNEX FOR ASSIGNMENT AND ASSUMPTION AGREEMENT

ANNEX I

1. Date of Assignment Agreement:

2. Amounts (as of date of Item #1 above):

	Outstanding Principal of Term Loan
a. Aggregate Amount for all Lenders	$__________
b. Assigned Share	__________%
c. Amount of Assigned Share	$__________

3. Settlement Date:

4. Rate of Interest to the Assignee: As set forth in <u>Section 2.06</u> of the Credit Agreement (unless otherwise agreed to by the Assignor and the Assignee)

7. Notice:

ASSIGNOR:

____
____
____
____
Attention:________________________
Telephone:________________________
Telecopier:_______________________
Reference:________________________

ASSIGNEE:

____
____
____
____
Attention:________________________
Telephone:________________________
Telecopier:_______________________
Reference:________________________

Payment Instructions: See Attached

ASSIGNOR:

____
____
____
____
Attention:________________________
Reference:________________________

ASSIGNEE:

____
____
____
____
Attention:________________________
Reference:________________________

Accepted and Agreed:

[NAME OF ASSIGNEE]

By:________________________________
Name:______________________________
Title:_______________________________

[NAME OF ASSIGNOR]

By:________________________________
Name:______________________________
Title:_______________________________

EXHIBIT C

FORM OF NOTICE OF BORROWING

Canadian Imperial Bank of Commerce,
as Administrative Agent
Credit Capital Markets, Syndication Agency
BCE Place, 161 Bay Street, 8th Floor
Toronto, Ontario M5J 2S8
Attn: Marina Tellis
Fax No.: (416) 956-3830

Ladies and Gentlemen:

The undersigned refers to the Credit Agreement dated for reference October [__], 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) among the undersigned, the lenders from time to time party thereto (the "Lenders"), and Canadian Imperial Bank of Commerce as administrative agent (the "Administrative Agent") and Lead Arranger, and hereby irrevocably gives you notice, pursuant to Section 2.03 of the Credit Agreement that the undersigned hereby requests the advance of the Term Loan under the Credit Agreement, and in that connection sets forth below the information relating to the Term Loan (the "Proposed Borrowing"):

(i) The Business Day of the Proposed Borrowing is __________ __, ____.

(vi) The disbursement instructions pursuant to which the proceeds of the Proposed Borrowing are to be disbursed, are ________________________.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in Article III of the Credit Agreement are true and correct in all material respects on and as of the date of the Proposed Borrowing, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date (other than any such representations or warranties that, by their terms, refer to a specific date other than the date of the Proposed Borrowing, in which case, as of such specific date); and

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes a Default or an Event of Default.

Very truly yours,

1353537 ALBERTA LTD.

By: ______________________________

Name: ____________________________

Title:

EXHIBIT E

FORM OF COMPLIANCE CERTIFICATE

TO: Canadian Imperial Bank of Commerce,
as Administrative Agent
Credit Capital Markets, Syndication Agency
BCE Place, 161 Bay Street, 8th Floor
Toronto, Ontario M5J 2S8
Attn: Marina Tellis
Fax No.: (416) 956-3830

The undersigned, the **[Title]** of 1353537 Alberta Ltd. (the "Borrower"), gives this certificate to Canadian Imperial Bank of Commerce, in its capacity as administrative agent for the below-described Lenders (the "Administrative Agent"), in accordance with the Credit Agreement dated for reference October [___], 2007, among Borrower, the lenders party thereto from time to time (the "Lenders") the Administrative Agent, and Canadian Imperial Bank of Commerce as Lead Arranger (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used in this Certificate, unless otherwise defined herein, shall have the meanings ascribed to them in the Credit Agreement.

(1) Based on an examination sufficient to enable me to make an informed statement, no Default or Event of Default exists on the date hereof.

(2) Based upon a review of the financial statements of the Loan Parties for the period ending [__________], I hereby certify that, as of [__________]:

(a) The Total Leverage Ratio for the immediately preceding four Fiscal Quarters is [___] to 1.00. Pursuant to the Credit Agreement, the maximum for such ratio as of such fiscal quarter end is [___] to 1.00.

(b) The Fixed Charge Coverage Ratio for the immediately preceding four Fiscal Quarters is greater than 1.10 to 1.00.

(c) Capital Expenditures for the Fiscal Year to date period ending [________] are $[______]. Pursuant to the Credit Agreement, the maximum Capital Expenditures for such fiscal year are $1,000,000.

Attached hereto as Exhibit A are complete and correct calculations of such financial covenants.

(3) Attached as Exhibit B is a true and correct summary of the Loan Parties' cash position after giving effect to the Transactions occurring on the Closing Date.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on behalf of Borrower.

1353537 ALBERTA LTD.

By: ______________________________

Name: ____________________________

Title:

EXHIBIT A TO COMPLIANCE CERTIFICATE

FINANCIAL COVENANT CALCULATIONS

Section 6.13 Capital Expenditures.

Capital Expenditures	$________
Maximum Capital Expenditures for such Fiscal Year	$1,000,000
Compliance?	**[Yes/No]**

Section 6.14 Total Leverage Ratio.

(a) *Indebtedness*

Indebtedness under Credit Agreement	$__________	
plus		
Other Indebtedness*:		
(i) borrowed money	$__________	
(ii) evidenced by bonds, debentures, notes, etc.	$__________	
(iii) conditional sale or other title retention agreements	$__________	
(iv) deferred purchase price of property or services	$__________	
(v) Indebtedness of others secured by Liens**	$__________	
(vi) Guarantees of other "Indebtedness"	$__________	
(vii) Capital Lease Obligations	$__________	
(viii) letter of credit obligations	$__________	
Indebtedness	$__________	(x)
minus		
Cash and cash equivalents on hand	$__________	(y)
Total Leverage Ratio Numerator	$__________)	(x) - (y)

* Indebtedness of Loan Parties on a consolidated basis, to be calculated without duplication

** 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 such Indebtedness shall be the lesser of the amount of such obligation and the fair market value of such property)

(b) *Operating Cash Flow*

	Consolidated Net Income	$__________
*plus**	Federal, provincial, local and foreign taxes	$__________
plus	Consolidated Interest Expense	$__________
plus	Depreciation and amortization expense	$__________
plus	management fees paid**	$__________
plus	fees and expenses related to the Transactions	$__________
plus	proceeds of business interruption insurance	$__________
plus	costs, fees, etc. of certain permitted transactions***	$__________
plus	expenses etc. indemnified or reimbursed by unaffiliated Persons	$__________
plus	director fees, reimbursements and indemnifications	$__________
plus	indemnifications paid to officers and employees	$__________
plus	one-time compensation re: Transactions or Permitted Acquisitions	$__________
	Consolidated Operating Cash Flow	$__________

(c) *Total Leverage Ratio*

Total Leverage Ratio
(Ratio of Total Leverage Ratio Numerator (calculated in (a)) to Consolidated Operating Cash Flow calculated in (b))

__________ Total Leverage Ratio

Maximum Total Leverage Ratio __________

Compliance? **[Yes/No]**

---

* each item to be added only to the extent deducted in determining Consolidated Net Income
** not to exceed $600,000 in any Fiscal Year or $150,000 in any Fiscal Quarter, and payable not more than once each Fiscal Quarter
*** 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 Permitted Indebtedness

Section 7.16 <u>Fixed Charge Coverage Ratio</u>.

(a) <u>*Numerator of Ratio*</u>

Operating Cash Flow (as calculated above in (a) for *Total Leverage Ratio*)	$____________
Numerator of Ratio	$____________

(b) <u>*Fixed Charges*</u>

Consolidated Interest Expense (in cash)	$____________
<u>plus</u>	
Unfunded Capital Expenditures	$____________
plus	
Payments of cash Taxes	$____________
plus	
Scheduled payments of principal actually made with respect to Indebtedness, including the principal component of payments with respect to Capital Leases	$____________
plus	
Restricted Payments under **[Section 7.08(b)(iii)]**.	$____________
Fixed Charges	$____________

(c) <u>*Fixed Charge Coverage Ratio*</u>

Fixed Charge Coverage Ratio (Ratio of Numerator (calculated in (a)) to Fixed Charges (calculated in (b))	____________
Minimum Fixed Charge Coverage Ratio	<u>1.05 to 1.00</u>
Compliance?	**[Yes/No]**

EXHIBIT B TO COMPLIANCE CERTIFICATE

E

EXHIBIT E

This is the Exhibit marked “E” 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

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated for reference October 23, 2007

Section 1
SECURITY INTEREST

1.1 Creation of Security Interest.

COVER-ALL BUILDING SYSTEMS INC. (the "**Debtor**"), a corporation duly incorporated under the laws of the Province of Alberta and having its chief executive office address at 3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4, as continuing security for the repayment and the performance of each of the Obligations (as defined herein) of the Debtor to any one or more of the Administrative Agent and the Lenders (as defined herein), grants to **CANADIAN IMPERIAL BANK OF COMMERCE** (the "**Administrative Agent**"), as Administrative Agent for the benefit of and on behalf of the Lenders under the Credit Agreement (as defined herein), a Chartered Bank of Canada, having a branch office and postal address at 595 Bay Street, 5th Floor, Toronto, Ontario, M5G 2C2, a continuing assignment, transfer, pledge and security interest and specific and fixed mortgage and charge in all of the Debtor's present and after-acquired personal property, including those described in this clause 1.1, namely:

(a) **Accessions.** All increases, additions, accretions and accessions to, and all extensions, reversions, renewals, continuations or replacement of any of the Collateral (as defined in Section 2.1) (collectively the "**Accessions**");

(b) **Accounts.** All debts, accounts, claims and monies which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor or in which the Debtor now or hereafter has any other interest, and also all securities, bills, notes and other documents now held or owned or which may be hereafter taken, held or owned by the Debtor or anyone on behalf of the Debtor in respect of the said debts, accounts, claims and monies, and any part thereof (collectively, the "**Accounts**");

(c) **Chattel Paper.** All chattel paper in which the Debtor now or hereafter has an interest, and any part thereof (the "**Chattel Paper**");

(d) **Documents of Title.** All documents of title, whether negotiable or non-negotiable, including, without limitation, all warehouse receipts and bills of lading, in which the Debtor now or hereafter has an interest, and any part thereof (collectively, the "**Documents of Title**");

(e) **Equipment.** All goods in which the Debtor now or hereafter has an interest other than Inventory or consumer goods and any part thereof, including, without limitation, all tools, apparatus, fixtures, plant, machinery, furniture, chattels, vehicles, vessels, air conditioning, heating, ventilating, electrical, mechanical, plumbing, communications and data systems, elevators, escalators and other conveyancing devices, boilers, furnaces, carpets, blinds, window coverings, curtains, awnings, lighting fixtures, doors, windows, demising walls and partitions, wiring, pipes, conduits, seasonal decorations, and the equipment described in **Schedule A** hereto or any schedule hereafter annexed hereto (collectively, the "**Equipment**");

(f) **Instruments.** All letters of credit, advices of credit and all other instruments in which the Debtor now or hereafter has an interest, and any part thereof (collectively, the "**Instruments**");

(g) **Intangibles.** All intangible property of whatever kind in which the Debtor now or hereafter has an interest, including, without limitation, all of the Debtor's choses in action, contractual rights, agreements, leases of personal property, licence rights, licences, permits, goodwill, patents, trade marks, trade names, quotas, industrial designs, copyrights and other industrial or intellectual property (collectively, the "**Intangibles**");

(h) **Intellectual Property.** All of the Debtor's right, title and interest throughout the world in and to the following property (the "**Intellectual Property**"), which is currently or in the future may be owned, created, acquired, or used (whether pursuant to a License (as defined herein) or otherwise) by the Debtor, in whole or in part:

(i) all trademarks and rights and interests which are capable of being protected as Trademarks (including trademarks, service marks, certification marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names, trade styles, and other source or business identifiers, and applications pertaining thereto), Licenses in respect thereof and rights to register, renew and extend such trademarks and trademark rights and any and all copyrights in such trademarks;

(ii) all patents, patent applications, industrial designs and industrial design applications, including all reissues, divisions and continuations in part, Licenses in respect thereof, foreign filing rights, and rights to register, renew and extend such rights;

(iii) the trademarks, trademark registrations and pending applications listed on **Schedule C** attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;

(iv) the patents, patent applications, industrial designs and industrial design applications listed on **Schedule C** attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;

(v) the right to register trademark claims and to apply for, renew and extend trademark registrations and trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of the Debtor or in the name of the Administrative Agent for past, present and future infringements or violations of trademarks, registrations, or other trademark rights and the associated goodwill;

(vi) all of the Debtor's right, title and interest in and to all patentable and unpatentable inventions and all industrial designs, and to file applications for patents and industrial designs and to request reexamination and/or reissue of the patents, the right (without obligation) to sue or bring interference proceedings in the name of the Debtor or in the name of the Administrative Agent for past, present and future infringements of the patents and industrial designs;

(vii) all copyrights, copyright applications, copyright registrations, know-how, trade secrets, technical processes, recipes and formulae and Licenses in respect thereof;

(viii) all general intangibles relating to the foregoing, including all associated goodwill; and

(ix) all proceeds of and rights associated with any and all of the foregoing (including, without limitation, claims by the Debtor against third parties for past, present or future infringement of the Intellectual Property, including those items listed in the Schedules to this Agreement, or for injury to the goodwill associated with the use of any of the Trademarks or for breach or enforcement of any License, Royalties (as defined herein) and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance, or any indemnity, warranty, or guarantee, payable by reason of loss or damage to or otherwise with respect to the Collateral.

(i) **Inventory.** All personal property of whatever kind and wherever situated, which now or hereafter forms part of the inventory of the Debtor, in which the Debtor now or hereafter has an interest, including without limitation, all goods, merchandise, raw materials, goods in process, work in progress, finished goods and other tangible personal property now or hereafter held for sale, lease, resale or exchange or furnished or to be furnished under contracts for service or that are used or consumed in the business of the Debtor, and any part thereof (collectively, the "**Inventory**");

(j) **Money.** All money in which the Debtor now or hereafter has an interest, and any part thereof (the "**Money**");

(k) **Proceeds.** All proceeds and personal property in any form derived directly or indirectly from any dealing with the Collateral or any part thereof and all proceeds of proceeds and any part thereof (collectively, the "**Proceeds**");

(l) **Records.** All books, papers, documents, writings, tapes, magnetic or other machine readable data and records, and all other information, however stored, recording or relating to any of the Collateral (collectively, the "**Records**"); and

(m) **Securities.** All shares, stock, warrants, bonds, debentures, debenture stock, mortgages and other Equity Interests (as defined in the Credit Agreement) and securities (including all certificates or similar documents evidencing the interest of the Debtor therein) in which the Debtor now or hereafter has an interest, and any part thereof (collectively, the "**Securities**"), including without limitation the Securities described in **Schedule B** attached hereto.

1.2 Floating Charge.

As security for the repayment and the performance of each of the Obligations, the Debtor grants a floating charge to the Administrative Agent on all the Debtor's interest in real property, including without limitation, all fixtures, crops and improvements, both present and future, other than such as are validly and effectively charged under Section 1.1 or excluded under Section 1.5.

1.3 Nature of Security Interests.

Notwithstanding the Debtor's right to deal with the Inventory in the ordinary course of business as provided herein, the security interests created hereby shall operate as fixed and specific mortgages and charges of all of the Collateral presently existing, and with respect to all future Collateral, shall operate as fixed and specific mortgages and charges of such future Collateral which shall attach at the moment the Debtor acquires any right or interest therein. The security interest created by Section 1.2 is intended as a floating charge which shall attach at the time provided in Section 1.4.

1.4 Attachment.

The Debtor acknowledges that value has been given. The security interests created hereby are intended to attach, as to all of the Collateral in which the Debtor has an interest, forthwith when the Debtor executes this Security Agreement, and, as to all Collateral in which the Debtor acquires any right or interest after the execution of this Security Agreement, when the Debtor acquires such right or interest.

1.5 Exceptions – Leases and Licenses.

The last day of any term reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor is hereby excepted out of the security interests created hereby. The Debtor shall assign and dispose of such last day of any term reserved by any such lease or agreement in such manner as the Administrative Agent may from time to time direct in writing. Upon any sale, assignment, sublease or other disposition of such lease or agreement to lease, the Administrative Agent shall, for the purpose of vesting the aforesaid residue of any such term in any purchaser, assignee, sublessee or such other acquirer of the lease, agreement to lease or any interest therein, be entitled by deed or other written instrument to assign to such other person, the aforesaid residue of any such term in place of the Debtor and to vest the same freed and discharged from any obligation whatsoever respecting the same. The security interests shall not extend or apply to the last day of any term of years reserved by a License, but the Debtor shall stand possessed of any such reversion in trust to assign and dispose thereof as the Administrative Agent may direct.

1.6 Statement.

The Debtor acknowledges that a security interest is taken in all of the Debtor's present and after acquired property except the last day of any term reserved by any lease of real property, verbal or written or any agreement therefor, now held or hereafter acquired by the Debtor.

1.7 Where Consent Required.

Nothing herein shall constitute an assignment or attempted assignment of any right, privilege, benefit, contract, permit, policy or other document or instrument which by the provisions thereof or by law is not assignable or which requires the consent of any third party to its assignment unless and until such consent is obtained or is waived by the third party. In each such case the Debtor shall, unless the Administrative Agent otherwise agrees in writing, use reasonable commercial efforts to obtain the consent of any necessary third party to its assignment hereby and for its further assignment by the Administrative Agent to any third party who may acquire same as a result of the Administrative Agent's exercise of remedies after an Event of Default which is continuing. Upon such consents being obtained from, or waived by, such relevant third party, this Security Agreement shall apply thereto without regard to this Section 1.7 and without the necessity of any further assurance to effect the assignment thereof.

1.8 Pending Consent.

In any case to which Section 1.7 applies, unless and until consent to assignment is obtained as therein provided, the Debtor shall, to the extent it may do so by law or pursuant to the provisions of the document or interest therein referred to, hold all benefit to be derived therefrom in trust for the Administrative Agent as additional security for the performance of the Obligations and shall deliver up all such benefit to the Administrative Agent forthwith upon demand by the Administrative Agent.

Section 2
DEFINITIONS

2.1 Collateral.

The property, assets, rights and undertaking charged hereunder, including all of such Accessions, Accounts, Chattel Paper, Documents of Title, Equipment, Instruments, Intangibles, Intellectual Property, Inventory, Money, Proceeds, Records and Securities together with all increases, additions, improvements and accessions thereto, and all substitutions or any replacements thereof are, unless otherwise specified, herein referred to as the "**Collateral**".

2.2 Defined Terms.

(a) "**Administrative Agent**" means Canadian Imperial Bank of Commerce and its successors and permitted assigns, in its capacity as administrative agent for the benefit of and on behalf of the Lenders under the Credit Agreement;

(b) "**Credit Agreement**" means the credit agreement, dated as of October 23, 2007, among 1353537 Alberta Ltd., as borrower, the Lenders from time to time party thereto, as lenders, Canadian Imperial Bank of Commerce, as Lead Arranger and Administrative Agent, and Canadian Imperial Bank of Commerce, as Operating Lender;

(c) "**Lenders**" means, collectively, the Lenders (as defined in the Credit Agreement) and each Swap Lender (as defined in the Credit Agreement), and their respective successors and permitted assigns, and "**Lender**" means any one of them and its successors and assigns. Unless the context otherwise requires, the term "**Lenders**" includes the Operating Lender (as defined in the Credit Agreement) and its successors and permitted assigns;

(d) "**Licenses**" means any and all licenses, sub-licenses, leases, sub-leases, agreements to license or sub-license or lease or sub-lease, rights of use or control (whether as licensee or licensor or lessee or lessor and whether exclusive or nonexclusive) in respect of or in connection with the acquisition, ownership or use of Intellectual Property, together in each case with any amendments, supplements, modifications, extensions, renewals or replacements thereof, and "**License**" means any one of them;

(e) "**Official Body**" means any government or political subdivision or any agency, authority, bureau, central bank, monetary authority, commission, department or instrumentality thereof, or any court, tribunal, grand jury or arbitrator acting under the authority of any of the foregoing, whether foreign or domestic, in each case having or purporting to have jurisdiction in the relevant circumstances;

(f) "**Royalties**" means all royalties, rents, issues, proceeds, profits or other fees (including, without limitation, license fees), charges, assessments or penalties payable to the Debtor or due or accruing due to the Debtor pursuant to any License; and

(g) Unless the context otherwise requires or unless otherwise specified, all the terms used herein without initial capitals which are defined in the *Personal Property Security Act* (Alberta) or the regulations thereunder, as they may be amended, restated or replaced by successor legislation of comparable effect (collectively, the "**PPSA**"), have the same meaning herein as in the PPSA.

Section 3
OBLIGATIONS SECURED

3.1 Obligations Secured.

The Collateral constitutes and will constitute continuing security for each of the following obligations (collectively, the "**Obligations**") of the Debtor to any one or more of the Administrative Agent and the Lenders under the Credit Agreement or any other Loan Document (as defined in the Credit Agreement):

(a) **Indebtedness.** The prompt payment, as and when due and payable, of all amounts now or hereafter owing by the Debtor to any one or more of the Administrative Agent and the Lenders under the Credit Agreement or any other Loan Document and any Swap Agreement (as such terms are defined in the Credit Agreement), including by way of guarantee or indemnity, whether now existing or hereafter incurred, matured or unmatured, direct, indirect, joint or several, or contingent including any extensions and renewals thereof, and all future advances and re-advances; and

(b) **Performance of Agreements.** The strict performance and observance by the Debtor of all agreements, warranties, representations, covenants and conditions of the Debtor made pursuant to this Security Agreement or any other agreement between the Debtor and any one or more of the Administrative Agent and the Lenders in connection with the Credit Agreement all as now in effect or as hereafter entered into or amended.

3.2 Reduction of Obligations.

The Obligations may be reduced to zero from time to time without affecting the validity, perfection or enforceability of this Security Agreement or the security interests created hereby until this Security Agreement is discharged in accordance with Section 9.10.

Section 4
DEBTOR'S REPRESENTATIONS AND WARRANTIES

4.1 General.

The Debtor represents and warrants to and for the benefit of the Administrative Agent and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant as set out in this Section 4, and that each of the representations and warranties made with respect to the Debtor in the Credit Agreement is true and correct as if the same were given by the Debtor at the date hereof.

4.2 Places of Business of Debtor.

The locations specified in **Schedule D** hereto are the Debtor's only places of business (the "**Places of Business**") where the Debtor conducts its business operations or keeps or stores the Collateral and records in respect thereof and of the Debtor's business.

4.3 Serial Numbered Goods.

To the knowledge of the Debtor, the complete, accurate and appropriate serial number (as specified in the regulations under the PPSA) for each item of Equipment that is serial numbered goods in which the Debtor now has any interest (excluding, for certainty, any Equipment held by the Debtor under any operating lease), is set out in **Schedule A** hereto.

4.4 Account Debtor.

To the knowledge of the Debtor, each Account, Chattel Paper, Security and Instrument constituting Collateral is genuine and enforceable in accordance with its terms against the party obligated to pay thereunder (the "**Account Debtor**").

4.5 Amounts Due From Account Debtor.

The amount represented by the Debtor to the Administrative Agent from time to time as owing by each Account Debtor or by all Account Debtors shall, to the best of the Debtor's knowledge be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, save and except for normal cash discounts where applicable.

4.6 Survival and Reliance.

All representations and warranties of the Debtor made herein or in any certificate or other document delivered by or on behalf of the Debtor for the benefit of the Administrative Agent or any of the Lenders are material, shall survive the execution and delivery of this Security Agreement and shall continue in full force and effect without time limit. The Administrative Agent and each of the Lenders are deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Administrative Agent or any of the Lenders at any time.

4.7 Intellectual Property.

Attached hereto as **Schedule C** is a true and complete schedule setting forth all material Intellectual Property of the Debtor.

4.8 Validity; Enforceability.

The Debtor is not currently aware of any past, present, or prospective claim by any third party that any of the Intellectual Property is invalid or unenforceable or that the use of the Intellectual Property violates the rights of any third person, or of any basis for any such claims, except for those claims set out in **Schedule E** attached hereto.

4.9 Perfection of Security Interest in Intellectual Property.

Except for the filing of a financing statement with provincial or state personal property registries, and filings with the Canadian Patent Office, Canadian Copyright Office and Canadian

Trademark Office, the United States Patent and Trademark Office and the United States Copyright Office, or the corresponding offices in any other country which may be necessary to perfect the security interest, no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either for the grant by the Debtor of the security interest or for the execution, delivery or performance of this Security Agreement by the Debtor or for the perfection of or the exercise by the Administrative Agent of its rights hereunder to the Intellectual Property in Canada or the United States.

Section 5
DEBTOR'S COVENANTS

5.1 General.

Unless compliance with the following covenants is waived by the Administrative Agent in writing or unless non-compliance with any such covenants is otherwise consented to by the Administrative Agent by written agreement with the Debtor, the Debtor covenants and agrees with the Administrative Agent to observe and perform each of the covenants set out in this Section 5, and to comply with each and every term, covenant, condition and agreement under the Credit Agreement, any Swap Agreement entered into by the Debtor with any Lender or any Affiliate of any Lender or any other agreement entered into by the Debtor in connection with such agreements and to not do anything which would result in a breach of the Credit Agreement, any Swap Agreement entered into by the Debtor with any Lender or any Affiliate of any Lender or any other agreement entered into by the Debtor in connection with such agreements.

5.2 Conduct of Business.

The Debtor will carry on and conduct its business in accordance with sound industry practice.

5.3 No Accessions or Fixtures.

The Debtor will prevent the Collateral from becoming an accession to any property other than the Collateral or from becoming a fixture unless the security interests hereby created rank prior to the interests of all other persons in the realty.

5.4 Marking the Collateral.

The Debtor will, at the reasonable request of the Administrative Agent, and if reasonably necessary for identification purposes, mark, or otherwise take appropriate steps to identify, the Collateral to indicate clearly that it is subject to the security interests hereby created.

5.5 Change of Places of Business, Collateral and Names.

The Debtor will not change its places of business, chief executive office, or the records in respect thereof or, other than in accordance with the Purchase Transactions or any Permitted Acquisition (as such terms are defined in the Credit Agreement), change its corporate name or any name or style under which it carries on business without giving to the Administrative Agent five (5) Business Day's prior written notice of the change or of the new name or style, as applicable.

5.6 Notice of Loss of Collateral.

The Debtor will give prompt written notice to the Administrative Agent of all loss or damage to or loss or possession of the Collateral otherwise than by disposition in accordance with the terms of the Credit Agreement unless such loss, damage or loss of possession would not, in the aggregate, reasonably be considered to constitute a Material Adverse Effect (as defined in the Credit Agreement).

5.7 Proceeds In Trust.

Upon the occurrence of and during the continuation of an Event of Default, the Debtor will and shall be deemed to hold all Proceeds in trust, separate and apart from other Money, Instruments or property, for the benefit of the Administrative Agent until all amounts owing by the Debtor to each of the Administrative Agent and the Lenders have been paid in full and all obligations of each of the Administrative Agent and the Lenders to the Debtor have been terminated.

5.8 Additional Securities.

In the event that the Debtor shall, during the currency of the Credit Agreement, become the beneficial owner of any other Securities than those set out in Schedule B hereto, the Debtor agrees that, subject to the terms of the Credit Agreement, it shall forthwith deliver and pledge such Securities to the Administrative Agent and such Securities shall become Securities held by the Administrative Agent pursuant to the terms of this Security Agreement, the security interest of the Administrative Agent attaching when the Debtor has rights in such Securities.

5.9 Security Interest in Intellectual Property.

The Debtor agrees that the Administrative Agent will not be deemed in any manner to have assumed any obligation of the Debtor under any License nor shall the Administrative Agent be liable to any Official Body or license counterparties by reason of any default by any person under any contract. The Debtor agrees to indemnify and hold the Administrative Agent harmless of and from all liability, loss, damage or expense which it may or might incur by reason of any claim or demand against it based on its alleged assumption of the Debtor's duty and obligation to perform and discharge the terms, covenants and agreements in any License, other than those arising from gross negligence or willful misconduct.

5.10 Litigation and Proceedings With Respect to Intellectual Property.

The Debtor shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit and its own expense, such suits, administrative proceedings, or other actions for infringement or other causes of action as are in its reasonable business judgment necessary to protect the Intellectual Property. The Debtor shall diligently defend all suits, administrative proceedings or other actions brought by third parties in respect of the Intellectual Property or use thereof unless such suits, proceedings or actions do not constitute a Material Adverse Effect. The Debtor shall provide to the Administrative Agent any information with respect to the foregoing in this Section 5.10 requested by the Administrative Agent. The Administrative Agent may, but shall not be required to, provide at the Debtor's expense all necessary cooperation in connection with any such suits, proceedings or actions including, without limitation, joining as a necessary party. Following the Debtor becoming aware thereof, the Debtor shall promptly notify the Administrative Agent of the institution of or any adverse determination in any proceeding in any patent, trademark or copyright office or other regulatory authority, or any Canadian, United States, state, provincial or foreign court regarding the Debtor's claim of ownership in any of the Intellectual Property, its right to apply for the same or its right to keep and maintain such rights, the whole provided that such proceeding is likely to constitute a Material Adverse Effect.

Section 6
COLLECTION OF ACCOUNTS

6.1 Collection of Accounts.

The Administrative Agent may, upon the occurrence and during the continuation of an Event of Default, notify and direct any Account Debtor to make all payments whatever to the Administrative Agent. The Administrative Agent may hold all amounts acquired from any Account Debtor and any Proceeds as part of the Collateral.

6.2 Trust Provision.

Any payments received by the Debtor upon the occurrence and during the continuation of an Event of Default and after notification to Account Debtors, shall be held by the Debtor in trust for the Administrative Agent in the same medium in which received, shall not be commingled with any assets of the Debtor and shall, at the request of the Administrative Agent, be turned over to the Administrative Agent not later than the next business day following the day of their receipt.

Section 7
DEFAULT

7.1 Default.

The occurrence of any "Event of Default" under the Credit Agreement, other than under Article VIII, subparagraphs (h) or (i) of the Credit Agreement, that has not been remedied or waived by the Administrative Agent in accordance with the provisions of the Credit Agreement and for which the Administrative Agent has provided a notice of acceleration to the Debtor, or the occurrence of any "Event of Default" specified in Article VIII, subparagraphs (h) or (i) of the Credit Agreement will constitute an "**Event of Default**" under this Security Agreement.

7.2 Crystallization.

The floating charge created by Section 1.2 shall become a fixed charge as soon as:

(a) the Administrative Agent gives notice to that effect to the Debtor upon the occurrence and during the continuation of an Event of Default;

(b) the Administrative Agent takes any step to accelerate or demand payment of the Obligations, or gives notice of its intention or takes any steps to enforce its security upon the occurrence and during the continuation of an Event of Default; or

(c) an Event of Default described in Article VIII, subparagraphs (h) or (i) of the Credit Agreement occurs in respect of the Debtor.

7.3 Grant of License.

In addition, upon the occurrence of any default or Event of Default which is not susceptible of being remedied or waived, the Debtor shall, to the extent permitted by law, grant to the

Administrative Agent a royalty-free exclusive license to use the Intellectual Property and associated goodwill to the extent necessary to enable the Administrative Agent to use, possess and realize upon the Intellectual Property and to enable any successor or assign to enjoy the benefits of all the Intellectual Property.

7.4 Waiver not to Affect Subsequent Breach.

The Administrative Agent may waive default or any breach by the Debtor of any of the provisions contained in this Security Agreement. No waiver shall extend to a subsequent breach or default, whether or not the same as or similar to the breach or default waived. No act or omission of the Administrative Agent shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default of the Debtor or the rights of the Administrative Agent resulting therefrom. Any such waiver must to be in writing and signed by the Administrative Agent to be effective.

Section 8
ADMINISTRATIVE AGENT'S REMEDIES ON DEFAULT

8.1 Indebtedness Due and Rights and Remedies.

Upon the occurrence and during the continuation of an Event of Default, all of the Obligations shall become immediately due and payable without notice to the Debtor, and the Administrative Agent may, at its option, proceed to enforce payment of same and to exercise any or all of the rights and remedies contained herein, including, without limitation, the signification and collection of the Debtor's Accounts, or otherwise afforded by law, in equity or otherwise. The Administrative Agent shall have the right to enforce one or more remedies successively or concurrently in accordance with applicable law and the Administrative Agent expressly retains all rights and remedies not inconsistent with the provisions herein including all the rights it may have under the PPSA as well as the Credit Agreement, and, without restricting the generality of the foregoing, the Administrative Agent may upon such Event of Default which is continuing:

(a) **Appointment of Receiver**. Appoint by instrument in writing a receiver, receiver-manager or receiver and manager (herein a "**Receiver**") of the Debtor and of all or any part of the Collateral and remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver. Any Receiver appointed by the Administrative Agent so far as concerns responsibility for its acts shall be deemed the agent of the Debtor and not of the Administrative Agent. Where the Administrative Agent is referred to in this Section the reference includes, where the context permits, any Receiver so appointed and the officers, employees, servants or agents of such Receiver;

(b) **Enter and Repossess**. Immediately and without notice enter the Debtor's premises and repossess, disable or remove the Collateral and the Debtor hereby grants to the Administrative Agent a licence to occupy any premises of the Debtor for the purpose of storage of the Collateral;

(c) **Retain the Collateral**. Retain and administer the Collateral in the Administrative Agent's sole and unfettered discretion, which the Debtor hereby acknowledges is commercially reasonable;

(d) **Dispose of the Collateral**. Dispose of any Collateral by public auction, private tender or private contract with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor. The Administrative Agent may, at its discretion establish the terms of such disposition, including, without limitation, terms and conditions as to credit, upset, reserve bid or price. The Administrative Agent may also lease the Collateral on such terms as it deems appropriate. The payments for Collateral, whether on a disposition or lease, may be deferred. All payments made pursuant to such dispositions shall be credited against the Obligations only as they are actually received. The Administrative Agent may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral again without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Administrative Agent has taken possession of the Collateral;

(e) **Foreclose.** Foreclose upon the Collateral in satisfaction of the Obligations. The Administrative Agent may designate any part of the Obligations to be satisfied by the foreclosure of particular Collateral which the Administrative Agent considers to have a net realizable value approximating the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be deemed to be satisfied by the foreclosure of the particular Collateral;

(f) **Carry on Business.** Carry on or concur in the carrying on of all or any part of the business of the Debtor and may, in any event, to the exclusion of all others, including the Debtor, enter upon, occupy and use all premises of or occupied or used by the Debtor and use any of the personal property (which shall include fixtures) of the Debtor for such time and such purposes as the Administrative Agent sees fit. The Administrative Agent shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, costs, charges, depreciation or damages in connection therewith;

(g) **Payment of Encumbrances.** Pay any encumbrance that may exist or be threatened against the Collateral. In any such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations secured by this Security Agreement;

(h) **Payment of Deficiency.** If the proceeds of realization are insufficient to pay all monetary Obligations, the Debtor shall forthwith pay or cause to be paid to the Administrative Agent any deficiency and the Administrative Agent may sue the Debtor to collect the amount of such deficiency; and

(i) **Dealing with Collateral.** Subject to applicable law, seize, collect, realize, borrow money on the security of, release to third parties, sell (by way of public or private sale), lease or otherwise deal with the Collateral in such manner, upon such terms and conditions, at such time or times and place or places and for such consideration as may seem to the Administrative Agent advisable and without notice to the Debtor. The Administrative Agent may charge on its own behalf and pay to others sums for reasonable expenses incurred and for services rendered (expressly including legal services, consulting, receivers and accounting fees) in or in connection with seizing, collecting, realizing, borrowing on the security of, selling or obtaining payment of the Collateral and may add such sums to the Obligations secured by this Security Agreement.

8.2 <u>Assemble the Collateral</u>.

To assist the Administrative Agent in the implementation of such rights and remedies the Debtor will, at its own risk and expense and at the Administrative Agent's request, assemble and prepare for removal such items of the Collateral as are selected by the Administrative Agent as shall, in the Administrative Agent's sole judgment, have a value sufficient to cover all the Obligations.

8.3 Administrative Agent Not Liable for Failure to Exercise Remedies.

None of the Administrative Agent or the Lenders shall be liable or accountable for any delay or failure to exercise its remedies, take possession of, seize, collect, realize, sell, lease or otherwise dispose of or obtain payment for the Collateral. None of the Administrative Agent or the Lenders shall be bound to institute proceedings for such purposes or for the purpose of preserving any rights, remedies or powers of the Administrative Agent, the Debtor or any other person in respect of the Collateral or against any Account Debtor.

8.4 Allocation of Proceeds.

All monies collected or received by the Administrative Agent in respect of the Collateral may be held by the Administrative Agent and may be applied on account of such parts of the Obligations at the sole discretion of the Administrative Agent, the whole subject to the terms of the Credit Agreeement.

8.5 Extension of Time.

Each of the Administrative Agent and the Lenders may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Collateral to third parties and otherwise deal with the Debtor's guarantors or sureties and others and with the Collateral and other securities as such of the Administrative Agent or the Lenders may see fit without prejudice to the liability of the Debtor to the Administrative Agent, or the Administrative Agent's rights, remedies and powers under this Security Agreement.

8.6 Forbearance is not Waiver.

No extension of time, forbearance, indulgence or other accommodation now, heretofore or hereafter given by the Administrative Agent to the Debtor shall operate as a waiver, alteration or amendment of the rights of the Administrative Agent or otherwise preclude the Administrative Agent from enforcing such rights.

8.7 Effect of Appointment of Receiver.

As soon as the Administrative Agent takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the directors and officers of the Debtor with respect to that Collateral shall cease, unless specifically continued by the written consent of the Administrative Agent or the Receiver.

8.8 Limitation of Liability.

The Administrative Agent and the Lenders shall not be liable by reason of any entry into or taking possession of any of the Collateral hereby charged or intended so to be or any part thereof, to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or any act or omission for which a secured party in possession might be liable. The Debtor acknowledges and agrees that any and all payments, responsibilities, obligations and liabilities in respect of the Collateral shall remain those of the Debtor and no such payments, responsibilities, obligations or liabilities are assigned hereby nor are assumed or incurred by the Administrative Agent or the Lenders hereunder, other than gross negligence or wilful misconduct.

8.9 Release by Debtor.

The Debtor hereby releases and discharges the Administrative Agent, the Lenders and the Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Debtor or any person claiming through or under the Debtor by reason or as a result of any act or omission of the Administrative Agent or any successor or assign claiming through or under the Administrative Agent or the Receiver under the provisions of this Security Agreement unless such claim is the result of dishonesty or gross neglect.

8.10 Performance by Agent.

Nothing herein shall obligate the Administrative Agent to assume or perform any obligation of the Debtor to any third party in respect or arising out of the Collateral. The Debtor agrees to indemnify and save harmless the Administrative Agent from any and all claims of such third parties, other than those arising out of gross negligence or wilful misconduct. The Administrative Agent may however at its option assume or perform any such obligations which the Administrative Agent considers necessary or desirable to obtain the benefit of the Collateral, or any part thereof, free of any set off, deduction or abatement and any money so expended by the Administrative Agent shall form part of the Obligations and shall bear interest at the interest rate(s) provided for in the Credit Agreement.

Section 9
MISCELLANEOUS

9.1 Costs.

The Debtor will indemnify and reimburse the Administrative Agent on demand for all interest, commissions, costs of realization and other reasonable costs and expenses (including the full amount of all legal fees and expenses paid by the Administrative Agent) incurred by the Administrative Agent, any of the Lenders or any Receiver in connection with:

(a) the registration of any financing statement registered in connection with the security interests hereby created;

(b) the preparation, execution, perfection, protection, enforcement of and advice with respect to this Security Agreement;

(c) the realization, disposition of, retention, protection, insuring or collection of any Collateral;

(d) the protection or enforcement of the rights, remedies and powers of any of the Administrative Agent or the Lenders or any Receiver, including, without limitation, participation, preparation and advice with respect to any actions or proceedings commenced or threatened by or against the Debtor or any Guarantor/Indemnitor;

(e) the inspection of the Collateral;

(f) investigating title to the Collateral;

(g) the compliance by the Administrative Agent with all demands made upon the Administrative Agent to amend, extend, cancel or discharge any registrations and filings related hereto; and

(h) any other reasonable cost related hereto.

All amounts for which the Debtor is required hereunder to reimburse the Administrative Agent or any of the Lenders or any Receiver shall, from the date of disbursement until the date the Administrative Agent, such Lenders or the Receiver receives reimbursement, be deemed advanced to the Debtor by the Lenders, shall be deemed to be Obligations and shall bear interest at the interest rate(s) provided for in the Credit Agreement.

9.2 Appointment of Attorney.

The Debtor hereby constitutes and appoints the Administrative Agent, or any Receiver, the true and lawful attorney of the Debtor irrevocably with full power of substitution to do, make and execute all such assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever it may be deemed necessary or expedient. This power of attorney may only be exercised upon the occurrence and during the continuation of an Event of Default. The Debtor hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest, is given for valuable consideration.

9.3 No Obligation to Make Advances.

Nothing herein shall obligate the Administrative Agent or any of the Lenders to make any advance or loan or further advance or extend credit to the Debtor and, in particular, nothing herein shall obligate the Administrative Agent or any of the Lenders to advance any unadvanced portion of any loan or credit to the Debtor after the occurrence of an Event of Default which is continuing. Except to the extent that the Administrative Agent or any of the Lenders:

(a) by accepting bills of exchange drawn on it by the Debtor; or

(b) by issuing letters of credit or letters of guarantee on the application of the Debtor,

is required to advance monies on the maturity of those bills or pursuant to those letters of credit or letters of guarantee, as the case may be, none of the preparation, execution, perfection or registration of this Security Agreement or the advance of any monies by the Administrative Agent or any of the Lenders shall bind the Administrative Agent or the Lenders to make any further advance.

9.4 Security Interests Effective Immediately.

Neither the execution of, nor any filing with respect to, this Security Agreement shall bind the Administrative Agent or any of the Lenders to grant any credit to the Debtor, but the security interests hereby created shall take effect forthwith upon the execution of this Security Agreement by the Debtor.

9.5 Security in Addition and not in Substitution, Remedies Cumulative.

The rights, remedies and powers conferred by this Security Agreement are in addition to, and not in substitution for, any other rights, remedies or powers the Administrative Agent and the Lenders may have under this Security Agreement, at law, in equity or by or under the PPSA or any other statute.

The Administrative Agent may proceed by way of any action, suit or other proceeding at law or in equity and no right, remedy or power of the Administrative Agent shall be exclusive of or dependent on any other. The Administrative Agent may exercise any of its rights, remedies or powers separately or in combination and at any time.

9.6 Statutory Waivers.

To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protection given by the provisions of any existing or future statute which imposes limitations upon the rights, remedies or powers of the Administrative Agent or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. In particular, the Debtor waives all rights, benefits and protection given by the *Civil Enforcement Act* of the Province of Alberta insofar as they extend to or relate to any of the Collateral. The *Limitation of Civil Rights Act* of the Province of Saskatchewan shall not apply to the security interests hereby created or any of the rights, remedies or powers of the Administrative Agent or any Receiver.

9.7 Provisions Reasonable.

The Debtor acknowledges that the provisions of this Security Agreement and, in particular, those respecting rights, remedies and powers of the Administrative Agent and any Receiver against the Debtor, its business and any Collateral upon an Event of Default, are commercially reasonable and not manifestly unreasonable.

9.8 Further Assurances.

The Debtor shall at all times, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, assignments, security agreements and assurances as the Administrative Agent may reasonably require in order to give effect to the provisions hereof and for the better granting, transferring, assigning, charging, setting over, assuring, confirming or perfecting the security interests hereby created and the priority accorded to them by law or under this Security Agreement.

9.9 Notices. Every notice, demand and other communication in connection with this Security Agreement (including, without limitation, notices required or permitted under the *Bankruptcy and Insolvency Act*) and all legal process in regard hereto shall be validly given, made or served in accordance with the Credit Agreement.

9.10 Release of Collateral and Discharge.

The Administrative Agent shall, in accordance with the provisions of the Credit Agreement, release any of the Collateral from time to time from the security interest created pursuant to this Security Agreement. Upon payment and performance by the Debtor of the Obligations secured hereby the Administrative Agent shall promptly upon request in writing by the Debtor deliver up this Security Agreement to the Debtor and shall at the expense of the Debtor cancel and discharge the security interests hereby created and execute and deliver to the Debtor such documents as shall be requisite to discharge the security interests hereby created.

9.11 Amalgamation.

In the event of the amalgamation of the Debtor, this Security Agreement and all other security delivered by the Debtor in connection with this Security Agreement shall be binding on the amalgamated corporation and charge its present and future undertaking, property and assets to secure the present and future Obligations of the amalgamated corporation, all as if the amalgamated corporation had originally executed and delivered those documents; provided nothing in this paragraph shall be construed as a consent or a permission for the Debtor to amalgamate.

9.12 Delivery of Copy/Waiver.

The Debtor hereby acknowledges receiving a copy of this Security Agreement. The Debtor waives all rights to receive from the Administrative Agent a copy of any financing statement or financing change statement registered or verification statement issued at any time in respect of this Security Agreement.

9.13 Conflict.

In the event of a conflict or inconsistency between the provisions of this Security Agreement and the provisions of the Credit Agreement, the provisions of the Credit Agreement shall prevail provided that they do not invalidate any security created hereunder.

9.14 Release of Information.

The Debtor hereby authorizes the Administrative Agent to provide a copy of this Security Agreement and such other information (including full details of the Obligations) as may be requested of the Administrative Agent by persons entitled thereto under the PPSA.

Section 10
INTERPRETATION

10.1 Entire Agreement/Amendment.

This Security Agreement contains the entire agreement between the parties relating to the security interests hereby created. Any amendment of this Security Agreement shall not be binding unless in writing and signed by the Administrative Agent and the Debtor. The Debtor confirms that there are no representations, warranties, covenants or acknowledgements affecting, or relied upon in entering this Security Agreement.

10.2 Severability.

Any provision of this Security Agreement prohibited by law or otherwise ineffective shall be ineffective only to the extent of such prohibition or ineffectiveness and shall be severable without invalidating or otherwise affecting the remaining provisions hereof.

10.3 Joint and Several Liability.

If more than one person executes this Security Agreement as Debtor, their obligations hereunder and the liability resulting therefrom shall be joint and several.

10.4 Headings.

All headings and titles in this Security Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

10.5 Included Words.

Wherever the singular or the masculine are used herein, the same shall be deemed to include the plural or the feminine or the body politic or corporate where the context or the parties so require.

10.6 Applicable Law.

This Security Agreement shall be construed and enforceable under and in accordance with the laws of Alberta. The Debtor hereby irrevocably submits and attorns to the jurisdiction of the courts of Alberta.

10.7 Binding Effect.

This Security Agreement shall be binding on the Debtor and its successors, heirs, administrators and executors and shall enure to the benefit of the Administrative Agent and its successors and assigns.

[SIGNATURE PAGE FOLLOWS]

COVER-ALL BUILDING SYSTEMS INC.

By: ______________________

Name: Franklin H. Foster
Title: Secretary

SCHEDULE A

SPECIFIC EQUIPMENT DESCRIPTION

[NTD: complete once relative schedule to the Credit Agreement is settled]

SCHEDULE B

SECURITIES OWNED BY THE DEBTOR

(1) IN THE CAPITAL OF SUMMIT STRUCTURES LIMITED

CLASS OF SHARES	CERTIFICATE NUMBER	NUMBER OF SHARES
Ordinary		200,001

(2) IN THE CAPITAL OF SUMMIT STRUCTURES, LLC

CLASS OF UNITS	CERTIFICATE NUMBER	NUMBER OF UNITS
Common	5	100

(3) IN THE CAPITAL OF QUICK STRUCTURES, LLC

CLASS OF INTERESTS	CERTIFICATE NUMBER	NUMBER OF INTERESTS
Limited Liability	2	1,000

(4) IN THE CAPITAL OF COVER-ALL HOLDINGS U.S., LLC

CLASS OF INTERESTS	CERTIFICATE NUMBER	NUMBER OF INTERESTS
Liability	2	100%

SCHEDULE C

INTELLECTUAL PROPERTY OF THE DEBTOR

PATENTS

A. United States Patent Registration Serial No. 6,026,613 – TRUSS ARCH FOR FABRIC COVERED BUILDINGS AND THE LIKE

B. United States Continuation-in-part Patent Registration Serial No. 6,085,468 – TRUSS ARCH FOR FABRIC COVERED BUILDINGS AND THE LIKE

C. United States Patent Registration Serial No. 6, 145,526 – TIE DOWN SYSTEM FOR FABRIC COVERED BUILDINGS

D. Canadian Patent Registration No. CA2,258,446 – TIE DOWN SYSTEM FOR FABRIC COVERED BUILDINGS

E. Canadian Patent Registration No. CA-2,226,787 – TIE DOWN SYSTEM FOR FABRIC COVERED BUILDINGS

TRADEMARKS

A. Canadian Trademark Registration Serial No. TMA520,625 - DURAWEAVE

B. United States Trademark Registration Serial No. 2,267,575 – DURAWEAVE

C. Canadian Trademark Registration Serial No. TMA501,217 - WINCHLOC

D. United States Trademark Registration Serial No. 2,559,123 – WINCHLOC

E. Canadian Trademark Registration Serial No. TMA300,009 – COVER-ALL

F. United States Trademark Registration Serial No. 2,372,138 – COVER-ALL

G. European Trademark Registration Serial No. 003116951 – COVER-ALL

H. United States Trademark Registration Serial No. 2,052,613 – COVER-ALL SHELTER SYSTEMS

I. Canadian Trademark Registration Serial No. TMA504,034- COVER-ALL SHELTER SYSTEMS & DESIGN

J. United States Trademark Registration Serial No. 2,714,779 – COVER-ALL SHELTER SYSTEMS & DESIGN

K. Canadian Trademark Registration Serial No. TMA528,327 – TITAN

L. United States Trademark Registration Serial No. 2,562,135 – TITAN

M. Canadian Trademark Registration Serial No. TMA532,215 – VIPERSTEEL

N. United States Trademark Registration Serial No. 2,579,338 – VIPERSTEEL

O. Canadian Trademark Registration Serial No. TMA613,807 – SUMMIT STRUCTURES

P. United States Trademark Registration Serial No. 2,947,659 – SUMMIT STRUCTURES

Q. European Trademark Registration Serial No. 003116894 – SUMMIT STRUCTURES

R. Canadian Trademark Registration No. TMA662,172 – QUICK STRUCTURES

S. United States Supplemental Trademark Registration Serial No. 3,128,211 – QUICK STRUCTURES

T. Canadian Trademark Registration Serial No. TMA623,170 – LEGEND

U. United States Trademark Registration Serial No. 2,918,155 – LEGEND

V. Canadian Trademark Registration No. TMA662,142 – QUICK STRUCTURES & DESIGN

W. United States Trademark Registration Serial No. 3,155,991 – QUICK STRUCTURES & DESIGN

X. Canadian Trademark Application No. 1,356,969 - MEDALLION

Y. Canadian Trademark Application No. 1,356,967 - MERIDIAN

Z. Canadian Trademark Application No. 1,356,791 - GEMINI

AA. United States Trademark Application Serial No. 77240283 - MEDALLION

BB. United States Trademark Application Serial No. 77240240 - MERIDIAN

CC. United States Trademark Application Serial No. 77237912 – GEMINI

INTERNET DOMAIN NAMES

Coverall.net
Coverall.ca
Coverall.bz
Summitstructures.com
Summitstructures.de
Quickstructures.com
Quickstructures.net

Coverallbuildings.on.ca
Northstarcoverall.com

Password Protected sites available to the dealer network only:

dcs.coverall.net
scs.summitstructures.com
qcs.quickstructres.com

OTHER WEB SERVICES

Product Catalogues/ Product Documentation Library

- transitioning to Microsoft SharePoint

Online Order Guide

- transitioning to a new system based on DriveWorks which leverages 3D models created in SolidWorks to generate the necessary order documents

IN-HOUSE SOFTWARE

1.	Excel Component lists	Numerous Excel 'programs' used to generate component lists
2.	Access CO-OP program.	Program to manage and maintain Marketing CO-OP program.
3.	Wizards	Building wizards (CDN, USA, EUR)
4.	Time Cards	Uses the access cards to create time cards instead of manual punch clocks.
5.	Promotions	Manage promotions which in turn will be applied to the SO during import.
6.	PDMWorks Email Trigger	Creates an email for when drawings are released from PDMWorks.
7.	Warranty card website	Automated submission of warranty registration and photos
8.	DriveWorks Order Guide	New order guide, the ASP.NET front-end.
9.	DriveWorks Backend Processor	Persistent application running on our server which processes specifications entered into the order guide
10.	DriveWorks Live Image Generator	Persistent application running on our server which processes requests for end wall images for the order guide.
11.	Cover-All Dealership Management Application	Application containing embedded web browsers for accessing PDL, US Wizard uploader and the DW Order Guide as well as the

(CDMA)	new Canadian Building Wizard.
12. Wizard Web Service	Web service running on our servers which provides a data gateway for the new Canadian Building Wizard to get and send data.
13. Programming Time Tracker	Application which interfaces with the OnTime tracking software to keep track of programmer time.
14. Files.coverall.net	Web application for providing access to large files for people located outside the Cover-All network
15. Mailer.coverall.net	Web application for sending mass promotional emails to mailing lists. A MySQL database and two Python scripts located on WOPR provide back end support for queuing and throttling of email transmission
16. Support.coverall.net	Web application interface to helpdesk and OnTime project tracking software allowing internal users to register helpdesk requests, programming feature requests and program bug reports.
17. OURS	Sales, logistics, and manufacturing ERP system
18. DCS Internal	CRM system – Internal interface
19. DCS Website – CRM system	External interface
20. Catalog Cleaner	Clears out the defunct files in the website catalogs
21. Systems Notifications	Group notification workflow system
22. ERP Packaging	Manages the packaging, picking, and label creation
23. ERP Traffic	Manages the planning and shipping of orders
24. ERP Operations	Manages the order processing and shipping of orders
25. ERP Engineering	Handles the tracking of orders through Engineering
26. ERP Manufacturing	Handles the dispatch list for the production floors
27. Add-in Manager and Reports	Manages custom Excel based report add-ins for users.

SCHEDULE D

DEBTOR'S PLACES OF BUSINESS

1. 3815 Wanuskewin Road
   Saskatoon, Saskatchewan S7P 1A4

2. 37651 Amberly Road
   R.R. #1
   Lucknow, Ontario N0G 2H0

3. 4500, 855 – 2nd Street S.W.
   Calgary, Alberta T2P 4K7

SCHEDULE E

CLAIMS AGAINST INTELLECTUAL PROPERTY OF THE DEBTOR

PENDING INFRINGEMNTS

1. Letter issued to Pavilion Structures and Pavilion Buildings dated August 27, 2007 concerning images of Cover-All structures being passed off as Pavilion-made structures on Pavilion's website and promotional materials;

2. Letter issued to Fabinno Co., Ltd. dated June 4, 2007 in connection with trademark infringement of the registered trademark Duraweave® and unfair competition concerning images of Cover-All structures featuring Duraweave® fabric on Fabinno's website.

SETTLEMENTS

1. Settlement of a dispute respecting three "COVERALL" trademarks registered in the United States by Flex-O-Glass, Inc., as evidenced by a Trademark Agreement dated August 21, 2002 between Flex-O-Glass, Inc. and Cover-All Building Systems Inc.

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated for reference October 23, 2007

Section 1
SECURITY INTEREST

1.1 Creation of Security Interest.

COVER-ALL BUILDING SYSTEMS INC. (the "**Debtor**"), a corporation duly incorporated under the laws of the Province of Alberta and having its chief executive office address at 3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4, as continuing security for the repayment and the performance of each of the Obligations (as defined herein) of the Debtor to any one or more of the Administrative Agent and the Lenders (as defined herein), grants to **CANADIAN IMPERIAL BANK OF COMMERCE** (the "**Administrative Agent**"), as Administrative Agent for the benefit of and on behalf of the Lenders under the Credit Agreement (as defined herein), a Chartered Bank of Canada, having a branch office and postal address at 595 Bay Street, 5th Floor, Toronto, Ontario, M5G 2C2, a continuing assignment, transfer, pledge and security interest and specific and fixed mortgage and charge in all of the Debtor's present and after-acquired personal property, including those described in this clause 1.1, namely:

(a) **Accessions.** All increases, additions, accretions and accessions to, and all extensions, reversions, renewals, continuations or replacement of any of the Collateral (as defined in Section 2.1) (collectively the "**Accessions**");

(b) **Accounts.** All debts, accounts, claims and monies which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor or in which the Debtor now or hereafter has any other interest, and also all securities, bills, notes and other documents now held or owned or which may be hereafter taken, held or owned by the Debtor or anyone on behalf of the Debtor in respect of the said debts, accounts, claims and monies, and any part thereof (collectively, the "**Accounts**");

(c) **Chattel Paper.** All chattel paper in which the Debtor now or hereafter has an interest, and any part thereof (the "**Chattel Paper**");

(d) **Documents of Title.** All documents of title, whether negotiable or non-negotiable, including, without limitation, all warehouse receipts and bills of lading, in which the Debtor now or hereafter has an interest, and any part thereof (collectively, the "**Documents of Title**");

(e) **Equipment.** All goods in which the Debtor now or hereafter has an interest other than Inventory or consumer goods and any part thereof, including, without limitation, all tools, apparatus, fixtures, plant, machinery, furniture, chattels, vehicles, vessels, air conditioning, heating, ventilating, electrical, mechanical, plumbing, communications and data systems, elevators, escalators and other conveyancing devices, boilers, furnaces, carpets, blinds, window coverings, curtains, awnings, lighting fixtures, doors, windows, demising walls and partitions, wiring, pipes, conduits, seasonal decorations, and the equipment described in **Schedule A** hereto or any schedule hereafter annexed hereto (collectively, the "**Equipment**");

(f) **Instruments.** All letters of credit, advices of credit and all other instruments in which the Debtor now or hereafter has an interest, and any part thereof (collectively, the "**Instruments**");

(g) **Intangibles.** All intangible property of whatever kind in which the Debtor now or hereafter has an interest, including, without limitation, all of the Debtor's choses in action, contractual rights, agreements, leases of personal property, licence rights, licences, permits, goodwill, patents, trade marks, trade names, quotas, industrial designs, copyrights and other industrial or intellectual property (collectively, the "**Intangibles**");

(h) **Intellectual Property.** All of the Debtor's right, title and interest throughout the world in and to the following property (the "**Intellectual Property**"), which is currently or in the future may be owned, created, acquired, or used (whether pursuant to a License (as defined herein) or otherwise) by the Debtor, in whole or in part:

(i) all trademarks and rights and interests which are capable of being protected as Trademarks (including trademarks, service marks, certification marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names, trade styles, and other source or business identifiers, and applications pertaining thereto), Licenses in respect thereof and rights to register, renew and extend such trademarks and trademark rights and any and all copyrights in such trademarks;

(ii) all patents, patent applications, industrial designs and industrial design applications, including all reissues, divisions and continuations in part, Licenses in respect thereof, foreign filing rights, and rights to register, renew and extend such rights;

(iii) the trademarks, trademark registrations and pending applications listed on **Schedule C** attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;

(iv) the patents, patent applications, industrial designs and industrial design applications listed on **Schedule C** attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;

(v) the right to register trademark claims and to apply for, renew and extend trademark registrations and trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of the Debtor or in the name of the Administrative Agent for past, present and future infringements or violations of trademarks, registrations, or other trademark rights and the associated goodwill;

(vi) all of the Debtor's right, title and interest in and to all patentable and unpatentable inventions and all industrial designs, and to file applications for patents and industrial designs and to request reexamination and/or reissue of the patents, the right (without obligation) to sue or bring interference proceedings in the name of the Debtor or in the name of the Administrative Agent for past, present and future infringements of the patents and industrial designs;

(vii) all copyrights, copyright applications, copyright registrations, know-how, trade secrets, technical processes, recipes and formulae and Licenses in respect thereof;

(viii) all general intangibles relating to the foregoing, including all associated goodwill; and

(ix) all proceeds of and rights associated with any and all of the foregoing (including, without limitation, claims by the Debtor against third parties for past, present or future infringement of the Intellectual Property, including those items listed in the Schedules to this Agreement, or for injury to the goodwill associated with the use of any of the Trademarks or for breach or enforcement of any License, Royalties (as defined herein) and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance, or any indemnity, warranty, or guarantee, payable by reason of loss or damage to or otherwise with respect to the Collateral.

(i) **Inventory.** All personal property of whatever kind and wherever situated, which now or hereafter forms part of the inventory of the Debtor, in which the Debtor now or hereafter has an interest, including without limitation, all goods, merchandise, raw materials, goods in process, work in progress, finished goods and other tangible personal property now or hereafter held for sale, lease, resale or exchange or furnished or to be furnished under contracts for service or that are used or consumed in the business of the Debtor, and any part thereof (collectively, the "**Inventory**");

(j) **Money.** All money in which the Debtor now or hereafter has an interest, and any part thereof (the "**Money**");

(k) **Proceeds.** All proceeds and personal property in any form derived directly or indirectly from any dealing with the Collateral or any part thereof and all proceeds of proceeds and any part thereof (collectively, the "**Proceeds**");

(l) **Records.** All books, papers, documents, writings, tapes, magnetic or other machine readable data and records, and all other information, however stored, recording or relating to any of the Collateral (collectively, the "**Records**"); and

(m) **Securities.** All shares, stock, warrants, bonds, debentures, debenture stock, mortgages and other Equity Interests (as defined in the Credit Agreement) and securities (including all certificates or similar documents evidencing the interest of the Debtor therein) in which the Debtor now or hereafter has an interest, and any part thereof (collectively, the "**Securities**"), including without limitation the Securities described in **Schedule B** attached hereto.

1.2 <u>Floating Charge.</u>

As security for the repayment and the performance of each of the Obligations, the Debtor grants a floating charge to the Administrative Agent on all the Debtor's interest in real property, including without limitation, all fixtures, crops and improvements, both present and future, other than such as are validly and effectively charged under Section 1.1 or excluded under Section 1.5.

1.3 Nature of Security Interests.

Notwithstanding the Debtor's right to deal with the Inventory in the ordinary course of business as provided herein, the security interests created hereby shall operate as fixed and specific mortgages and charges of all of the Collateral presently existing, and with respect to all future Collateral, shall operate as fixed and specific mortgages and charges of such future Collateral which shall attach at the moment the Debtor acquires any right or interest therein. The security interest created by Section 1.2 is intended as a floating charge which shall attach at the time provided in Section 1.4.

1.4 Attachment.

The Debtor acknowledges that value has been given. The security interests created hereby are intended to attach, as to all of the Collateral in which the Debtor has an interest, forthwith when the Debtor executes this Security Agreement, and, as to all Collateral in which the Debtor acquires any right or interest after the execution of this Security Agreement, when the Debtor acquires such right or interest.

1.5 Exceptions – Leases and Licenses.

The last day of any term reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor is hereby excepted out of the security interests created hereby. The Debtor shall assign and dispose of such last day of any term reserved by any such lease or agreement in such manner as the Administrative Agent may from time to time direct in writing. Upon any sale, assignment, sublease or other disposition of such lease or agreement to lease, the Administrative Agent shall, for the purpose of vesting the aforesaid residue of any such term in any purchaser, assignee, sublessee or such other acquirer of the lease, agreement to lease or any interest therein, be entitled by deed or other written instrument to assign to such other person, the aforesaid residue of any such term in place of the Debtor and to vest the same freed and discharged from any obligation whatsoever respecting the same. The security interests shall not extend or apply to the last day of any term of years reserved by a License, but the Debtor shall stand possessed of any such reversion in trust to assign and dispose thereof as the Administrative Agent may direct.

1.6 Statement.

The Debtor acknowledges that a security interest is taken in all of the Debtor's present and after acquired property except the last day of any term reserved by any lease of real property, verbal or written or any agreement therefor, now held or hereafter acquired by the Debtor.

1.7 Where Consent Required.

Nothing herein shall constitute an assignment or attempted assignment of any right, privilege, benefit, contract, permit, policy or other document or instrument which by the provisions thereof or by law is not assignable or which requires the consent of any third party to its assignment unless and until such consent is obtained or is waived by the third party. In each such case the Debtor shall, unless the Administrative Agent otherwise agrees in writing, use reasonable commercial efforts to obtain the consent of any necessary third party to its assignment hereby and for its further assignment by the Administrative Agent to any third party who may acquire same as a result of the Administrative Agent's exercise of remedies after an Event of Default which is continuing. Upon such consents being obtained from, or waived by, such relevant third party, this Security Agreement shall apply thereto without regard to this Section 1.7 and without the necessity of any further assurance to effect the assignment thereof.

1.8 Pending Consent.

In any case to which Section 1.7 applies, unless and until consent to assignment is obtained as therein provided, the Debtor shall, to the extent it may do so by law or pursuant to the provisions of the document or interest therein referred to, hold all benefit to be derived therefrom in trust for the Administrative Agent as additional security for the performance of the Obligations and shall deliver up all such benefit to the Administrative Agent forthwith upon demand by the Administrative Agent.

Section 2
DEFINITIONS

2.1 Collateral.

The property, assets, rights and undertaking charged hereunder, including all of such Accessions, Accounts, Chattel Paper, Documents of Title, Equipment, Instruments, Intangibles, Intellectual Property, Inventory, Money, Proceeds, Records and Securities together with all increases, additions, improvements and accessions thereto, and all substitutions or any replacements thereof are, unless otherwise specified, herein referred to as the "**Collateral**".

2.2 Defined Terms.

(a) "**Administrative Agent**" means Canadian Imperial Bank of Commerce and its successors and permitted assigns, in its capacity as administrative agent for the benefit of and on behalf of the Lenders under the Credit Agreement;

(b) "**Credit Agreement**" means the subordinated secured credit agreement, dated as of October 23, 2007, among 1353537 Alberta Ltd., as borrower, the Lenders from time to time party thereto, as lenders, Canadian Imperial Bank of Commerce, as Lead Arranger and Administrative Agent, and Canadian Imperial Bank of Commerce, as Operating Lender;

(c) "**Intercreditor Agreement**" means the intercreditor agreement, dated as of October 23, 2007, among Canadian Imperial Bank of Commerce, in its capacity as Administrative Agent under the Senior Credit Agreement (as defined in the Intercreditor Agreement), Canadian Imperial Bank of Commerce, in its capacity as Administrative Agent under the Subordinate Credit Agreement (as defined in the Intercreditor Agreement) and 1353537 Alberta Ltd.;

(d) "**Lenders**" means, collectively, the Lenders (as defined in the Credit Agreement) and each Swap Lender (as defined in the Credit Agreement), and their respective successors and permitted assigns, and "**Lender**" means any one of them and its successors and assigns. Unless the context otherwise requires, the term "**Lenders**" includes the Operating Lender (as defined in the Credit Agreement) and its successors and permitted assigns;

(e) "**Licenses**" means any and all licenses, sub-licenses, leases, sub-leases, agreements to license or sub-license or lease or sub-lease, rights of use or control (whether as licensee or licensor or lessee or lessor and whether exclusive or nonexclusive) in respect of or in connection with the acquisition, ownership or use of Intellectual Property, together in each case with any amendments, supplements, modifications, extensions, renewals or replacements thereof, and "**License**" means any one of them;

(f) "**Official Body**" means any government or political subdivision or any agency, authority, bureau, central bank, monetary authority, commission, department or instrumentality thereof, or any court, tribunal, grand jury or arbitrator acting under the authority of any of the foregoing, whether foreign or domestic, in each case having or purporting to have jurisdiction in the relevant circumstances;

(g) "**Royalties**" means all royalties, rents, issues, proceeds, profits or other fees (including, without limitation, license fees), charges, assessments or penalties payable to the Debtor or due or accruing due to the Debtor pursuant to any License; and

(h) Unless the context otherwise requires or unless otherwise specified, all the terms used herein without initial capitals which are defined in the *Personal Property Security Act* (Alberta) or the regulations thereunder, as they may be amended, restated or replaced by successor legislation of comparable effect (collectively, the "**PPSA**"), have the same meaning herein as in the PPSA.

Section 3
OBLIGATIONS SECURED

3.1 Obligations Secured.

The Collateral constitutes and will constitute continuing security for each of the following obligations (collectively, the "**Obligations**") of the Debtor to any one or more of the Administrative Agent and the Lenders under the Credit Agreement or any other Loan Document (as defined in the Credit Agreement):

(a) **Indebtedness.** The prompt payment, as and when due and payable, of all amounts now or hereafter owing by the Debtor to any one or more of the Administrative Agent and the Lenders under the Credit Agreement or any other Loan Document and any Swap Agreement (as such terms are defined in the Credit Agreement), including by way of guarantee or indemnity, whether now existing or hereafter incurred, matured or unmatured, direct, indirect, joint or several, or contingent including any extensions and renewals thereof, and all future advances and re-advances; and

(b) **Performance of Agreements.** The strict performance and observance by the Debtor of all agreements, warranties, representations, covenants and conditions of the Debtor made pursuant to this Security Agreement or any other agreement between the Debtor and any one or more of the Administrative Agent and the Lenders in connection with the Credit Agreement all as now in effect or as hereafter entered into or amended.

3.2 Reduction of Obligations.

The Obligations may be reduced to zero from time to time without affecting the validity, perfection or enforceability of this Security Agreement or the security interests created hereby until this Security Agreement is discharged in accordance with Section 9.10.

Section 4
DEBTOR'S REPRESENTATIONS AND WARRANTIES

4.1 General.

The Debtor represents and warrants to and for the benefit of the Administrative Agent and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant as set out in this Section 4, and that each of the representations and warranties made with respect to the Debtor in the Credit Agreement is true and correct as if the same were given by the Debtor at the date hereof.

4.2 Places of Business of Debtor.

The locations specified in **Schedule D** hereto are the Debtor's only places of business (the "**Places of Business**") where the Debtor conducts its business operations or keeps or stores the Collateral and records in respect thereof and of the Debtor's business.

4.3 Serial Numbered Goods.

To the knowledge of the Debtor, the complete, accurate and appropriate serial number (as specified in the regulations under the PPSA) for each item of Equipment that is serial numbered goods in which the Debtor now has any interest (excluding, for certainty, any Equipment held by the Debtor under any operating lease), is set out in **Schedule A** hereto.

4.4 Account Debtor.

To the knowledge of the Debtor, each Account, Chattel Paper, Security and Instrument constituting Collateral is genuine and enforceable in accordance with its terms against the party obligated to pay thereunder (the "**Account Debtor**").

4.5 Amounts Due From Account Debtor.

The amount represented by the Debtor to the Administrative Agent from time to time as owing by each Account Debtor or by all Account Debtors shall, to the best of the Debtor's knowledge be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, save and except for normal cash discounts where applicable.

4.6 Survival and Reliance.

All representations and warranties of the Debtor made herein or in any certificate or other document delivered by or on behalf of the Debtor for the benefit of the Administrative Agent or any of the Lenders are material, shall survive the execution and delivery of this Security Agreement and shall continue in full force and effect without time limit. The Administrative Agent and each of the Lenders are deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Administrative Agent or any of the Lenders at any time.

4.7 Intellectual Property.

Attached hereto as **Schedule C** is a true and complete schedule setting forth all material Intellectual Property of the Debtor.

4.8 Validity; Enforceability.

The Debtor is not currently aware of any past, present, or prospective claim by any third party that any of the Intellectual Property is invalid or unenforceable or that the use of the Intellectual Property violates the rights of any third person, or of any basis for any such claims, except for those claims set out in **Schedule E** attached hereto.

4.9 Perfection of Security Interest in Intellectual Property.

Except for the filing of a financing statement with provincial or state personal property registries, and filings with the Canadian Patent Office, Canadian Copyright Office and Canadian Trademark Office, the United States Patent and Trademark Office and the United States Copyright Office, or the corresponding offices in any other country which may be necessary to perfect the security interest, no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either for the grant by the Debtor of the security interest or for the execution, delivery or performance of this Security Agreement by the Debtor or for the perfection of or the exercise by the Administrative Agent of its rights hereunder to the Intellectual Property in Canada or the United States.

Section 5
DEBTOR'S COVENANTS

5.1 General.

Unless compliance with the following covenants is waived by the Administrative Agent in writing or unless non-compliance with any such covenants is otherwise consented to by the Administrative Agent by written agreement with the Debtor, the Debtor covenants and agrees with the Administrative Agent to observe and perform each of the covenants set out in this Section 5, and to comply with each and every term, covenant, condition and agreement under the Credit Agreement, any Swap Agreement entered into by the Debtor with any Lender or any Affiliate of any Lender or any other agreement entered into by the Debtor in connection with such agreements and to not do anything which would result in a breach of the Credit Agreement, any Swap Agreement entered into by the Debtor with any Lender or any Affiliate of any Lender or any other agreement entered into by the Debtor in connection with such agreements.

5.2 Conduct of Business.

The Debtor will carry on and conduct its business in accordance with sound industry practice.

5.3 No Accessions or Fixtures.

The Debtor will prevent the Collateral from becoming an accession to any property other than the Collateral or from becoming a fixture unless the security interests hereby created rank prior to the interests of all other persons in the realty.

5.4 Marking the Collateral.

The Debtor will, at the reasonable request of the Administrative Agent, and if reasonably necessary for identification purposes, mark, or otherwise take appropriate steps to identify, the Collateral to indicate clearly that it is subject to the security interests hereby created.

5.5 Change of Places of Business, Collateral and Names.

The Debtor will not change its places of business, chief executive office, or the records in respect thereof or, other than in accordance with the Purchase Transactions or any Permitted Acquisition (as such terms are defined in the Credit Agreement), change its corporate name or any name or style under which it carries on business without giving to the Administrative Agent five (5) Business Day's prior written notice of the change or of the new name or style, as applicable.

5.6 Notice of Loss of Collateral.

The Debtor will give prompt written notice to the Administrative Agent of all loss or damage to or loss or possession of the Collateral otherwise than by disposition in accordance with the terms of the Credit Agreement unless such loss, damage or loss of possession would not, in the aggregate, reasonably be considered to constitute a Material Adverse Effect (as defined in the Credit Agreement).

5.7 Proceeds In Trust.

Upon the occurrence of and during the continuation of an Event of Default, the Debtor will and shall be deemed to hold all Proceeds in trust, separate and apart from other Money, Instruments or property, for the benefit of the Administrative Agent until all amounts owing by the Debtor to each of the Administrative Agent and the Lenders have been paid in full and all obligations of each of the Administrative Agent and the Lenders to the Debtor have been terminated.

5.8 Additional Securities.

In the event that the Debtor shall, during the currency of the Credit Agreement, become the beneficial owner of any other Securities than those set out in Schedule B hereto, the Debtor agrees that, subject to the terms of the Credit Agreement, and subject to the terms of the Intercreditor Agreement, it shall pledge such Securities to the Administrative Agent and forthwith deliver same to the Administrative Agent under the Senior Credit Agreement (as defined in the Intercreditor Agreement) that will hold such Securities on behalf of the Creditors (as defined in the Intercreditor Agreement) to be dealt with in accordance with the terms and conditions of the Intercreditor Agreement and such Securities shall become Securities so held by and on behalf of the Administrative Agent pursuant to the terms of this Security Agreement, the security interest of the Administrative Agent attaching when the Debtor has rights in such Securities.

5.9 Security Interest in Intellectual Property.

The Debtor agrees that the Administrative Agent will not be deemed in any manner to have assumed any obligation of the Debtor under any License nor shall the Administrative Agent be liable to any Official Body or license counterparties by reason of any default by any person under any contract. The Debtor agrees to indemnify and hold the Administrative Agent harmless of and from all liability, loss, damage or expense which it may or might incur by reason of any claim or demand against it based on its alleged assumption of the Debtor's duty and obligation to perform and discharge the terms, covenants and agreements in any License, other than those arising from gross negligence or willful misconduct.

5.10 Litigation and Proceedings With Respect to Intellectual Property.

The Debtor shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit and its own expense, such suits, administrative proceedings, or other actions for infringement or other causes of action as are in its reasonable business judgment necessary to protect the Intellectual Property. The Debtor shall diligently defend all suits, administrative proceedings or other actions brought by third parties in respect of the Intellectual Property or use thereof unless such suits, proceedings or actions do not constitute a Material Adverse Effect. The Debtor shall provide to the Administrative Agent any information with respect to the foregoing in this Section 5.10 requested by the Administrative Agent. The Administrative Agent may, but shall not be required to, provide at the Debtor's expense all necessary cooperation in connection with any such suits, proceedings or actions including, without limitation, joining as a necessary party. Following the Debtor becoming aware thereof, the Debtor shall promptly notify the Administrative Agent of the institution of or any adverse determination in any proceeding in any patent, trademark or copyright office or other regulatory authority, or any Canadian, United States, state, provincial or foreign court regarding the Debtor's claim of ownership in any of the Intellectual Property, its right to apply for the same or its right to keep and maintain such rights, the whole provided that such proceeding is likely to constitute a Material Adverse Effect.

Section 6
COLLECTION OF ACCOUNTS

6.1 Collection of Accounts.

The Administrative Agent may, upon the occurrence and during the continuation of an Event of Default, notify and direct any Account Debtor to make all payments whatever to the Administrative Agent. The Administrative Agent may hold all amounts acquired from any Account Debtor and any Proceeds as part of the Collateral.

6.2 Trust Provision.

Any payments received by the Debtor upon the occurrence and during the continuation of an Event of Default and after notification to Account Debtors, shall be held by the Debtor in trust for the Administrative Agent in the same medium in which received, shall not be commingled with any assets of the Debtor and shall, at the request of the Administrative Agent, be turned over to the Administrative Agent not later than the next business day following the day of their receipt.

Section 7
DEFAULT

7.1 Default.

The occurrence of any "Event of Default" under the Credit Agreement, other than under Article VIII, subparagraphs (h) or (i) of the Credit Agreement, that has not been remedied or waived by the Administrative Agent in accordance with the provisions of the Credit Agreement and for which the Administrative Agent has provided a notice of acceleration to the Debtor, or the occurrence of any "Event of Default" specified in Article VIII, subparagraphs (h) or (i) of the Credit Agreement will constitute an "**Event of Default**" under this Security Agreement.

7.2 Crystallization.

The floating charge created by Section 1.2 shall become a fixed charge as soon as:

(a) the Administrative Agent gives notice to that effect to the Debtor upon the occurrence and during the continuation of an Event of Default;

(b) the Administrative Agent takes any step to accelerate or demand payment of the Obligations, or gives notice of its intention or takes any steps to enforce its security upon the occurrence and during the continuation of an Event of Default; or

(c) an Event of Default described in Article VIII, subparagraphs (h) or (i) of the Credit Agreement occurs in respect of the Debtor.

7.3 Grant of License.

In addition, upon the occurrence of any default or Event of Default which is not susceptible of being remedied or waived, the Debtor shall, to the extent permitted by law, grant to the Administrative Agent a royalty-free exclusive license to use the Intellectual Property and associated goodwill to the extent necessary to enable the Administrative Agent to use, possess and realize upon the Intellectual Property and to enable any successor or assign to enjoy the benefits of all the Intellectual Property.

7.4 Waiver not to Affect Subsequent Breach.

The Administrative Agent may waive default or any breach by the Debtor of any of the provisions contained in this Security Agreement. No waiver shall extend to a subsequent breach or default, whether or not the same as or similar to the breach or default waived. No act or omission of the Administrative Agent shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default of the Debtor or the rights of the Administrative Agent resulting therefrom. Any such waiver must to be in writing and signed by the Administrative Agent to be effective.

Section 8
ADMINISTRATIVE AGENT'S REMEDIES ON DEFAULT

8.1 Indebtedness Due and Rights and Remedies.

Upon the occurrence and during the continuation of an Event of Default, all of the Obligations shall become immediately due and payable without notice to the Debtor, and the Administrative Agent may, at its option, proceed to enforce payment of same and to exercise any or all of the rights and remedies contained herein, including, without limitation, the signification and collection of the Debtor's Accounts, or otherwise afforded by law, in equity or otherwise. The Administrative Agent shall have the right to enforce one or more remedies successively or concurrently in accordance with applicable law and the Administrative Agent expressly retains all rights and remedies not inconsistent with the provisions herein including all the rights it may have under the PPSA as well as the Credit Agreement, and, without restricting the generality of the foregoing, the Administrative Agent may upon such Event of Default which is continuing:

(a) **Appointment of Receiver.** Appoint by instrument in writing a receiver, receiver-manager or receiver and manager (herein a "**Receiver**") of the Debtor and of all or any part of the Collateral and remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver. Any Receiver appointed by the Administrative Agent so far as concerns responsibility for its acts shall be deemed the agent of the Debtor and not of the Administrative Agent. Where the Administrative Agent is referred to in this Section the reference includes, where the context permits, any Receiver so appointed and the officers, employees, servants or agents of such Receiver;

(b) **Enter and Repossess.** Immediately and without notice enter the Debtor's premises and repossess, disable or remove the Collateral and the Debtor hereby grants to the Administrative Agent a licence to occupy any premises of the Debtor for the purpose of storage of the Collateral;

(c) **Retain the Collateral.** Retain and administer the Collateral in the Administrative Agent's sole and unfettered discretion, which the Debtor hereby acknowledges is commercially reasonable;

(d) **Dispose of the Collateral.** Dispose of any Collateral by public auction, private tender or private contract with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor. The Administrative Agent may, at its discretion establish the terms of such disposition, including, without limitation, terms and conditions as to credit, upset, reserve bid or price. The Administrative Agent may also lease the Collateral on such terms as it deems appropriate. The payments for Collateral, whether on a disposition or lease, may be deferred. All payments made pursuant to such dispositions shall be credited against the Obligations only as they are actually received. The Administrative Agent may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral again without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Administrative Agent has taken possession of the Collateral;

(e) **Foreclose.** Foreclose upon the Collateral in satisfaction of the Obligations. The Administrative Agent may designate any part of the Obligations to be satisfied by the foreclosure of particular Collateral which the Administrative Agent considers to have a net realizable value approximating the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be deemed to be satisfied by the foreclosure of the particular Collateral;

(f) **Carry on Business.** Carry on or concur in the carrying on of all or any part of the business of the Debtor and may, in any event, to the exclusion of all others, including the Debtor, enter upon, occupy and use all premises of or occupied or used by the Debtor and use any of the personal property (which shall include fixtures) of the Debtor for such time and such purposes as the Administrative Agent sees fit. The Administrative Agent shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, costs, charges, depreciation or damages in connection therewith;

(g) **Payment of Encumbrances.** Pay any encumbrance that may exist or be threatened against the Collateral. In any such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations secured by this Security Agreement;

(h) **Payment of Deficiency.** If the proceeds of realization are insufficient to pay all monetary Obligations, the Debtor shall forthwith pay or cause to be paid to the Administrative Agent any deficiency and the Administrative Agent may sue the Debtor to collect the amount of such deficiency; and

(i) **Dealing with Collateral.** Subject to applicable law, seize, collect, realize, borrow money on the security of, release to third parties, sell (by way of public or private sale), lease or otherwise deal with the Collateral in such manner, upon such terms and conditions, at such time or times and place or places and for such consideration as may seem to the

Administrative Agent advisable and without notice to the Debtor. The Administrative Agent may charge on its own behalf and pay to others sums for reasonable expenses incurred and for services rendered (expressly including legal services, consulting, receivers and accounting fees) in or in connection with seizing, collecting, realizing, borrowing on the security of, selling or obtaining payment of the Collateral and may add such sums to the Obligations secured by this Security Agreement.

8.2 Assemble the Collateral.

To assist the Administrative Agent in the implementation of such rights and remedies the Debtor will, at its own risk and expense and at the Administrative Agent's request, assemble and prepare for removal such items of the Collateral as are selected by the Administrative Agent as shall, in the Administrative Agent's sole judgment, have a value sufficient to cover all the Obligations.

8.3 Administrative Agent Not Liable for Failure to Exercise Remedies.

None of the Administrative Agent or the Lenders shall be liable or accountable for any delay or failure to exercise its remedies, take possession of, seize, collect, realize, sell, lease or otherwise dispose of or obtain payment for the Collateral. None of the Administrative Agent or the Lenders shall be bound to institute proceedings for such purposes or for the purpose of preserving any rights, remedies or powers of the Administrative Agent, the Debtor or any other person in respect of the Collateral or against any Account Debtor.

8.4 Allocation of Proceeds.

All monies collected or received by the Administrative Agent in respect of the Collateral may be held by the Administrative Agent and may be applied on account of such parts of the Obligations at the sole discretion of the Administrative Agent, the whole subject to the terms of the Credit Agreeement.

8.5 Extension of Time.

Each of the Administrative Agent and the Lenders may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Collateral to third parties and otherwise deal with the Debtor's guarantors or sureties and others and with the Collateral and other securities as such of the Administrative Agent or the Lenders may see fit without prejudice to the liability of the Debtor to the Administrative Agent, or the Administrative Agent's rights, remedies and powers under this Security Agreement.

8.6 Forbearance is not Waiver.

No extension of time, forbearance, indulgence or other accommodation now, heretofore or hereafter given by the Administrative Agent to the Debtor shall operate as a waiver, alteration or amendment of the rights of the Administrative Agent or otherwise preclude the Administrative Agent from enforcing such rights.

8.7 Effect of Appointment of Receiver.

As soon as the Administrative Agent takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the directors and officers of the Debtor with respect to that Collateral shall cease, unless specifically continued by the written consent of the Administrative Agent or the Receiver.

8.8 Limitation of Liability.

The Administrative Agent and the Lenders shall not be liable by reason of any entry into or taking possession of any of the Collateral hereby charged or intended so to be or any part thereof, to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or any act or omission for which a secured party in possession might be liable. The Debtor acknowledges and agrees that any and all payments, responsibilities, obligations and liabilities in respect of the Collateral shall remain those of the Debtor and no such payments, responsibilities, obligations or liabilities are assigned hereby nor are assumed or incurred by the Administrative Agent or the Lenders hereunder, other than gross negligence or wilful misconduct.

8.9 Release by Debtor.

The Debtor hereby releases and discharges the Administrative Agent, the Lenders and the Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Debtor or any person claiming through or under the Debtor by reason or as a result of any act or omission of the Administrative Agent or any successor or assign claiming through or under the Administrative Agent or the Receiver under the provisions of this Security Agreement unless such claim is the result of dishonesty or gross neglect.

8.10 Performance by Agent.

Nothing herein shall obligate the Administrative Agent to assume or perform any obligation of the Debtor to any third party in respect or arising out of the Collateral. The Debtor agrees to indemnify and save harmless the Administrative Agent from any and all claims of such third parties, other than those arising out of gross negligence or wilful misconduct. The Administrative Agent may however at its option assume or perform any such obligations which the Administrative Agent considers necessary or desirable to obtain the benefit of the Collateral, or any part thereof, free of any set off, deduction or abatement and any money so expended by the Administrative Agent shall form part of the Obligations and shall bear interest at the interest rate(s) provided for in the Credit Agreement.

Section 9
MISCELLANEOUS

9.1 Costs.

The Debtor will indemnify and reimburse the Administrative Agent on demand for all interest, commissions, costs of realization and other reasonable costs and expenses (including the full amount of all legal fees and expenses paid by the Administrative Agent) incurred by the Administrative Agent, any of the Lenders or any Receiver in connection with:

(a) the registration of any financing statement registered in connection with the security interests hereby created;

(b) the preparation, execution, perfection, protection, enforcement of and advice with respect to this Security Agreement;

(c) the realization, disposition of, retention, protection, insuring or collection of any Collateral;

(d) the protection or enforcement of the rights, remedies and powers of any of the Administrative Agent or the Lenders or any Receiver, including, without limitation, participation, preparation and advice with respect to any actions or proceedings commenced or threatened by or against the Debtor or any Guarantor/Indemnitor;

(e) the inspection of the Collateral;

(f) investigating title to the Collateral;

(g) the compliance by the Administrative Agent with all demands made upon the Administrative Agent to amend, extend, cancel or discharge any registrations and filings related hereto; and

(h) any other reasonable cost related hereto.

All amounts for which the Debtor is required hereunder to reimburse the Administrative Agent or any of the Lenders or any Receiver shall, from the date of disbursement until the date the Administrative Agent, such Lenders or the Receiver receives reimbursement, be deemed advanced to the Debtor by the Lenders, shall be deemed to be Obligations and shall bear interest at the interest rate(s) provided for in the Credit Agreement.

9.2 Appointment of Attorney.

The Debtor hereby constitutes and appoints the Administrative Agent, or any Receiver, the true and lawful attorney of the Debtor irrevocably with full power of substitution to do, make and execute all such assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever it may be deemed necessary or expedient. This power of attorney may only be exercised upon the occurrence and during the continuation of an Event of Default. The Debtor hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest, is given for valuable consideration.

9.3 No Obligation to Make Advances.

Nothing herein shall obligate the Administrative Agent or any of the Lenders to make any advance or loan or further advance or extend credit to the Debtor and, in particular, nothing herein shall obligate the Administrative Agent or any of the Lenders to advance any unadvanced portion of any loan or credit to the Debtor after the occurrence of an Event of Default which is continuing. Except to the extent that the Administrative Agent or any of the Lenders:

(a) by accepting bills of exchange drawn on it by the Debtor; or

(b) by issuing letters of credit or letters of guarantee on the application of the Debtor,

is required to advance monies on the maturity of those bills or pursuant to those letters of credit or letters of guarantee, as the case may be, none of the preparation, execution, perfection or registration of this Security Agreement or the advance of any monies by the Administrative Agent or any of the Lenders shall bind the Administrative Agent or the Lenders to make any further advance.

9.4 Security Interests Effective Immediately.

Neither the execution of, nor any filing with respect to, this Security Agreement shall bind the Administrative Agent or any of the Lenders to grant any credit to the Debtor, but the security interests hereby created shall take effect forthwith upon the execution of this Security Agreement by the Debtor.

9.5 Security in Addition and not in Substitution, Remedies Cumulative.

The rights, remedies and powers conferred by this Security Agreement are in addition to, and not in substitution for, any other rights, remedies or powers the Administrative Agent and the Lenders may have under this Security Agreement, at law, in equity or by or under the PPSA or any other statute. The Administrative Agent may proceed by way of any action, suit or other proceeding at law or in equity and no right, remedy or power of the Administrative Agent shall be exclusive of or dependent on any other. The Administrative Agent may exercise any of its rights, remedies or powers separately or in combination and at any time.

9.6 Statutory Waivers.

To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protection given by the provisions of any existing or future statute which imposes limitations upon the rights, remedies or powers of the Administrative Agent or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. In particular, the Debtor waives all rights, benefits and protection given by the *Civil Enforcement Act* of the Province of Alberta insofar as they extend to or relate to any of the Collateral. The *Limitation of Civil Rights Act* of the Province of Saskatchewan shall not apply to the security interests hereby created or any of the rights, remedies or powers of the Administrative Agent or any Receiver.

9.7 Provisions Reasonable.

The Debtor acknowledges that the provisions of this Security Agreement and, in particular, those respecting rights, remedies and powers of the Administrative Agent and any Receiver against the Debtor, its business and any Collateral upon an Event of Default, are commercially reasonable and not manifestly unreasonable.

9.8 Further Assurances.

The Debtor shall at all times, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, assignments, security agreements and assurances as the Administrative Agent may reasonably require in order to give effect to the provisions hereof and for the better granting, transferring, assigning, charging, setting over, assuring, confirming or perfecting the security interests hereby created and the priority accorded to them by law or under this Security Agreement.

9.9 Notices. Every notice, demand and other communication in connection with this Security Agreement (including, without limitation, notices required or permitted under the *Bankruptcy and Insolvency Act*) and all legal process in regard hereto shall be validly given, made or served in accordance with the Credit Agreement.

9.10 Release of Collateral and Discharge.

The Administrative Agent shall, in accordance with the provisions of the Credit Agreement, release any of the Collateral from time to time from the security interest created pursuant to this Security Agreement. Upon payment and performance by the Debtor of the Obligations secured hereby the Administrative Agent shall promptly upon request in writing by the Debtor deliver up this Security Agreement to the Debtor and shall at the expense of the Debtor cancel and discharge the security interests hereby created and execute and deliver to the Debtor such documents as shall be requisite to discharge the security interests hereby created.

9.11 Amalgamation.

In the event of the amalgamation of the Debtor, this Security Agreement and all other security delivered by the Debtor in connection with this Security Agreement shall be binding on the amalgamated corporation and charge its present and future undertaking, property and assets to secure the present and future Obligations of the amalgamated corporation, all as if the amalgamated corporation had originally executed and delivered those documents; provided nothing in this paragraph shall be construed as a consent or a permission for the Debtor to amalgamate.

9.12 Delivery of Copy/Waiver.

The Debtor hereby acknowledges receiving a copy of this Security Agreement. The Debtor waives all rights to receive from the Administrative Agent a copy of any financing statement or financing change statement registered or verification statement issued at any time in respect of this Security Agreement.

9.13 Conflict.

In the event of a conflict or inconsistency between the provisions of this Security Agreement and the provisions of the Credit Agreement, the provisions of the Credit Agreement shall prevail provided that they do not invalidate any security created hereunder.

9.14 Release of Information.

The Debtor hereby authorizes the Administrative Agent to provide a copy of this Security Agreement and such other information (including full details of the Obligations) as may be requested of the Administrative Agent by persons entitled thereto under the PPSA.

Section 10
INTERPRETATION

10.1 Entire Agreement/Amendment.

This Security Agreement contains the entire agreement between the parties relating to the security interests hereby created. Any amendment of this Security Agreement shall not be binding unless in writing and signed by the Administrative Agent and the Debtor. The Debtor confirms that there are no representations, warranties, covenants or acknowledgements affecting, or relied upon in entering this Security Agreement.

10.2 Severability.

Any provision of this Security Agreement prohibited by law or otherwise ineffective shall be ineffective only to the extent of such prohibition or ineffectiveness and shall be severable without invalidating or otherwise affecting the remaining provisions hereof.

10.3 Joint and Several Liability.

If more than one person executes this Security Agreement as Debtor, their obligations hereunder and the liability resulting therefrom shall be joint and several.

10.4 Headings.

All headings and titles in this Security Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

10.5 Included Words.

Wherever the singular or the masculine are used herein, the same shall be deemed to include the plural or the feminine or the body politic or corporate where the context or the parties so require.

10.6 Applicable Law.

This Security Agreement shall be construed and enforceable under and in accordance with the laws of Alberta. The Debtor hereby irrevocably submits and attorns to the jurisdiction of the courts of Alberta.

10.7 Binding Effect.

This Security Agreement shall be binding on the Debtor and its successors, heirs, administrators and executors and shall enure to the benefit of the Administrative Agent and its successors and assigns.

[SIGNATURE PAGE FOLLOWS]

COVER-ALL BUILDING SYSTEMS INC.

By: ______________________________
Name: Franklin H. Foster
Title: Secretary

SCHEDULE A

SPECIFIC EQUIPMENT DESCRIPTION

[NTD: complete once relative schedule to the Credit Agreement is settled]

SCHEDULE B

SECURITIES OWNED BY THE DEBTOR

(1) IN THE CAPITAL OF SUMMIT STRUCTURES LIMITED

CLASS OF SHARES	CERTIFICATE NUMBER	NUMBER OF SHARES
Ordinary		200,001

(2) IN THE CAPITAL OF SUMMIT STRUCTURES, LLC

CLASS OF UNITS	CERTIFICATE NUMBER	NUMBER OF UNITS
Common	5	100

(3) IN THE CAPITAL OF QUICK STRUCTURES, LLC

CLASS OF INTERESTS	CERTIFICATE NUMBER	NUMBER OF INTERSTS
Limited Liability	2	1,000

(4) IN THE CAPITAL OF COVER-ALL HOLDINGS U.S., LLC

CLASS OF INTERESTS	CERTIFICATE NUMBER	NUMBER OF INTERESTS
Limited Liability	2	100%

SCHEDULE C

INTELLECTUAL PROPERTY OF THE DEBTOR

PATENTS

A. United States Patent Registration Serial No. 6,026,613 – TRUSS ARCH FOR FABRIC COVERED BUILDINGS AND THE LIKE

B. United States Continuation-in-part Patent Registration Serial No. 6,085,468 – TRUSS ARCH FOR FABRIC COVERED BUILDINGS AND THE LIKE

C. United States Patent Registration Serial No. 6, 145,526 – TIE DOWN SYSTEM FOR FABRIC COVERED BUILDINGS

D. Canadian Patent Registration No. CA2,258,446 – TIE DOWN SYSTEM FOR FABRIC COVERED BUILDINGS

E. Canadian Patent Registration No. CA-2,226,787 – TIE DOWN SYSTEM FOR FABRIC COVERED BUILDINGS

TRADEMARKS

A. Canadian Trademark Registration Serial No. TMA520,625 - DURAWEAVE

B. United States Trademark Registration Serial No. 2,267,575 – DURAWEAVE

C. Canadian Trademark Registration Serial No. TMA501,217 - WINCHLOC

D. United States Trademark Registration Serial No. 2,559,123 – WINCHLOC

E. Canadian Trademark Registration Serial No. TMA300,009 – COVER-ALL

F. United States Trademark Registration Serial No. 2,372,138 – COVER-ALL

G. European Trademark Registration Serial No. 003116951 – COVER-ALL

H. United States Trademark Registration Serial No. 2,052,613 – COVER-ALL SHELTER SYSTEMS

I. Canadian Trademark Registration Serial No. TMA504,034- COVER-ALL SHELTER SYSTEMS & DESIGN

J. United States Trademark Registration Serial No. 2,714,779 – COVER-ALL SHELTER SYSTEMS & DESIGN

K. Canadian Trademark Registration Serial No. TMA528,327 – TITAN

L. United States Trademark Registration Serial No. 2,562,135 – TITAN

M. Canadian Trademark Registration Serial No. TMA532,215 – VIPERSTEEL

N. United States Trademark Registration Serial No. 2,579,338 – VIPERSTEEL

O. Canadian Trademark Registration Serial No. TMA613,807 – SUMMIT STRUCTURES

P. United States Trademark Registration Serial No. 2,947,659 – SUMMIT STRUCTURES

Q. European Trademark Registration Serial No. 003116894 – SUMMIT STRUCTURES

R. Canadian Trademark Registration No. TMA662,172 – QUICK STRUCTURES

S. United States Supplemental Trademark Registration Serial No. 3,128,211 – QUICK STRUCTURES

T. Canadian Trademark Registration Serial No. TMA623,170 – LEGEND

U. United States Trademark Registration Serial No. 2,918,155 – LEGEND

V. Canadian Trademark Registration No. TMA662,142 – QUICK STRUCTURES & DESIGN

W. United States Trademark Registration Serial No. 3,155,991 – QUICK STRUCTURES & DESIGN

X. Canadian Trademark Application No. 1,356,969 - MEDALLION

Y. Canadian Trademark Application No. 1,356,967 - MERIDIAN

Z. Canadian Trademark Application No. 1,356,791 - GEMINI

AA. United States Trademark Application Serial No. 77240283 - MEDALLION

BB. United States Trademark Application Serial No. 77240240 - MERIDIAN

CC. United States Trademark Application Serial No. 77237912 – GEMINI

INTERNET DOMAIN NAMES

Coverall.net
Coverall.ca
Coverall.bz
Summitstructures.com
Summitstructures.de
Quickstructures.com
Quickstructures.net

Coverallbuildings.on.ca
Northstarcoverall.com

Password Protected sites available to the dealer network only:

dcs.coverall.net
scs.summitstructures.com
qcs.quickstructres.com

OTHER WEB SERVICES

Product Catalogues/ Product Documentation Library

- transitioning to Microsoft SharePoint

Online Order Guide

- transitioning to a new system based on DriveWorks which leverages 3D models created in SolidWorks to generate the necessary order documents

IN-HOUSE SOFTWARE

1. Excel Component lists	Numerous Excel 'programs' used to generate component lists
2. Access CO-OP program.	Program to manage and maintain Marketing CO-OP program.
3. Wizards	Building wizards (CDN, USA, EUR)
4. Time Cards	Uses the access cards to create time cards instead of manual punch clocks.
5. Promotions	Manage promotions which in turn will be applied to the SO during import.
6. PDMWorks Email Trigger	Creates an email for when drawings are released from PDMWorks.
7. Warranty card website	Automated submission of warranty registration and photos
8. DriveWorks Order Guide	New order guide, the ASP.NET front-end.
9. DriveWorks Backend Processor	Persistent application running on our server which processes specifications entered into the order guide
10. DriveWorks Live Image Generator	Persistent application running on our server which processes requests for end wall images for the order guide.
11. Cover-All Dealership Management Application	Application containing embedded web browsers for accessing PDL, US Wizard uploader and the DW Order Guide as well as the

(CDMA)	new Canadian Building Wizard.
12. Wizard Web Service	Web service running on our servers which provides a data gateway for the new Canadian Building Wizard to get and send data.
13. Programming Time Tracker	Application which interfaces with the OnTime tracking software to keep track of programmer time.
14. Files.coverall.net	Web application for providing access to large files for people located outside the Cover-All network
15. Mailer.coverall.net	Web application for sending mass promotional emails to mailing lists. A MySQL database and two Python scripts located on WOPR provide back end support for queuing and throttling of email transmission
16. Support.coverall.net	Web application interface to helpdesk and OnTime project tracking software allowing internal users to register helpdesk requests, programming feature requests and program bug reports.
17. OURS	Sales, logistics, and manufacturing ERP system
18. DCS Internal	CRM system – Internal interface
19. DCS Website – CRM system	External interface
20. Catalog Cleaner	Clears out the defunct files in the website catalogs
21. Systems Notifications	Group notification workflow system
22. ERP Packaging	Manages the packaging, picking, and label creation
23. ERP Traffic	Manages the planning and shipping of orders
24. ERP Operations	Manages the order processing and shipping of orders
25. ERP Engineering	Handles the tracking of orders through Engineering
26. ERP Manufacturing	Handles the dispatch list for the production floors
27. Add-in Manager and Reports	Manages custom Excel based report add-ins for users.

SCHEDULE D

DEBTOR'S PLACES OF BUSINESS

1. 3815 Wanuskewin Road
   Saskatoon, Saskatchewan S7P 1A4

2. 37651 Amberly Road
   R.R. #1
   Lucknow, Ontario N0G 2H0

3. 4500, 855 – 2nd Street S.W.
   Calgary, Alberta T2P 4K7

SCHEDULE E

CLAIMS AGAINST INTELLECTUAL PROPERTY OF THE DEBTOR

PENDING INFRINGEMNTS

1. Letter issued to Pavilion Structures and Pavilion Buildings dated August 27, 2007 concerning images of Cover-All structures being passed off as Pavilion-made structures on Pavilion's website and promotional materials;

2. Letter issued to Fabinno Co., Ltd. dated June 4, 2007 in connection with trademark infringement of the registered trademark Duraweave® and unfair competition concerning images of Cover-All structures featuring Duraweave® fabric on Fabinno's website.

SETTLEMENTS

1. Settlement of a dispute respecting three "COVERALL" trademarks registered in the United States by Flex-O-Glass, Inc., as evidenced by a Trademark Agreement dated August 21, 2002 between Flex-O-Glass, Inc. and Cover-All Building Systems Inc.

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated for reference October 23, 2007

Section 1
SECURITY INTEREST

1.1 Creation of Security Interest.

1353537 ALBERTA LTD. (the "**Debtor**"), a corporation duly incorporated under the laws of the Province of Alberta and having its chief executive office address at 3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4, as continuing security for the repayment and the performance of each of the Obligations (as defined herein) of the Debtor to any one or more of the Administrative Agent and the Lenders (as defined herein), grants to **CANADIAN IMPERIAL BANK OF COMMERCE** (the "**Administrative Agent**"), as Administrative Agent for the benefit of and on behalf of the Lenders under the Credit Agreement (as defined herein), a Chartered Bank of Canada, having a branch office and postal address at 595 Bay Street, 5th Floor, Toronto, Ontario, M5G 2C2, a continuing assignment, transfer, pledge and security interest and specific and fixed mortgage and charge in all of the Debtor's present and after-acquired personal property, including those described in this clause 1.1, namely:

(a) **Accessions.** All increases, additions, accretions and accessions to, and all extensions, reversions, renewals, continuations or replacement of any of the Collateral (as defined in Section 2.1) (collectively the "**Accessions**");

(b) **Accounts.** All debts, accounts, claims and monies which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor or in which the Debtor now or hereafter has any other interest, and also all securities, bills, notes and other documents now held or owned or which may be hereafter taken, held or owned by the Debtor or anyone on behalf of the Debtor in respect of the said debts, accounts, claims and monies, and any part thereof (collectively, the "**Accounts**");

(c) **Chattel Paper.** All chattel paper in which the Debtor now or hereafter has an interest, and any part thereof (the "**Chattel Paper**");

(d) **Documents of Title.** All documents of title, whether negotiable or non-negotiable, including, without limitation, all warehouse receipts and bills of lading, in which the Debtor now or hereafter has an interest, and any part thereof (collectively, the "**Documents of Title**");

(e) **Equipment.** All goods in which the Debtor now or hereafter has an interest other than Inventory or consumer goods and any part thereof, including, without limitation, all tools, apparatus, fixtures, plant, machinery, furniture, chattels, vehicles, vessels, air conditioning, heating, ventilating, electrical, mechanical, plumbing, communications and data systems, elevators, escalators and other conveyancing devices, boilers, furnaces, carpets, blinds, window coverings, curtains, awnings, lighting fixtures, doors, windows, demising walls and partitions, wiring, pipes, conduits, seasonal decorations, and the equipment described in **Schedule A** hereto or any schedule hereafter annexed hereto (collectively, the "**Equipment**");

(f) **Instruments.** All letters of credit, advices of credit and all other instruments in which the Debtor now or hereafter has an interest, and any part thereof (collectively, the "**Instruments**");

(g) **Intangibles.** All intangible property of whatever kind in which the Debtor now or hereafter has an interest, including, without limitation, all of the Debtor's choses in action, contractual rights, agreements, leases of personal property, licence rights, licences, permits, goodwill, patents, trade marks, trade names, quotas, industrial designs, copyrights and other industrial or intellectual property (collectively, the "**Intangibles**");

(h) **Intellectual Property.** All of the Debtor's right, title and interest throughout the world in and to the following property (the "**Intellectual Property**"), which is currently or in the future may be owned, created, acquired, or used (whether pursuant to a License (as defined herein) or otherwise) by the Debtor, in whole or in part:

(i) all trademarks and rights and interests which are capable of being protected as Trademarks (including trademarks, service marks, certification marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names, trade styles, and other source or business identifiers, and applications pertaining thereto), Licenses in respect thereof and rights to register, renew and extend such trademarks and trademark rights and any and all copyrights in such trademarks;

(ii) all patents, patent applications, industrial designs and industrial design applications, including all reissues, divisions and continuations in part, Licenses in respect thereof, foreign filing rights, and rights to register, renew and extend such rights;

(iii) the trademarks, trademark registrations and pending applications listed on **Schedule C** attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;

(iv) the patents, patent applications, industrial designs and industrial design applications listed on **Schedule C** attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;

(v) the right to register trademark claims and to apply for, renew and extend trademark registrations and trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of the Debtor or in the name of the Administrative Agent for past, present and future infringements or violations of trademarks, registrations, or other trademark rights and the associated goodwill;

(vi) all of the Debtor's right, title and interest in and to all patentable and unpatentable inventions and all industrial designs, and to file applications for patents and industrial designs and to request reexamination and/or reissue of the patents, the right (without obligation) to sue or bring interference proceedings in the name of the Debtor or in the name of the Administrative Agent for past, present and future infringements of the patents and industrial designs;

(vii) all copyrights, copyright applications, copyright registrations, know-how, trade secrets, technical processes, recipes and formulae and Licenses in respect thereof;

(viii) all general intangibles relating to the foregoing, including all associated goodwill; and

(ix) all proceeds of and rights associated with any and all of the foregoing (including, without limitation, claims by the Debtor against third parties for past, present or future infringement of the Intellectual Property, including those items listed in the Schedules to this Agreement, or for injury to the goodwill associated with the use of any of the Trademarks or for breach or enforcement of any License, Royalties (as defined herein) and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance, or any indemnity, warranty, or guarantee, payable by reason of loss or damage to or otherwise with respect to the Collateral.

(i) **Inventory.** All personal property of whatever kind and wherever situated, which now or hereafter forms part of the inventory of the Debtor, in which the Debtor now or hereafter has an interest, including without limitation, all goods, merchandise, raw materials, goods in process, work in progress, finished goods and other tangible personal property now or hereafter held for sale, lease, resale or exchange or furnished or to be furnished under contracts for service or that are used or consumed in the business of the Debtor, and any part thereof (collectively, the "**Inventory**");

(j) **Money.** All money in which the Debtor now or hereafter has an interest, and any part thereof (the "**Money**");

(k) **Proceeds.** All proceeds and personal property in any form derived directly or indirectly from any dealing with the Collateral or any part thereof and all proceeds of proceeds and any part thereof (collectively, the "**Proceeds**");

(l) **Records.** All books, papers, documents, writings, tapes, magnetic or other machine readable data and records, and all other information, however stored, recording or relating to any of the Collateral (collectively, the "**Records**"); and

(m) **Securities.** All shares, stock, warrants, bonds, debentures, debenture stock, mortgages and other Equity Interests (as defined in the Credit Agreement) and securities (including all certificates or similar documents evidencing the interest of the Debtor therein) in which the Debtor now or hereafter has an interest, and any part thereof (collectively, the "**Securities**"), including without limitation the Securities described in **Schedule B** attached hereto.

1.2 Floating Charge.

As security for the repayment and the performance of each of the Obligations, the Debtor grants a floating charge to the Administrative Agent on all the Debtor's interest in real property, including without limitation, all fixtures, crops and improvements, both present and future, other than such as are validly and effectively charged under Section 1.1 or excluded under Section 1.5.

1.3 Nature of Security Interests.

Notwithstanding the Debtor's right to deal with the Inventory in the ordinary course of business as provided herein, the security interests created hereby shall operate as fixed and specific mortgages and charges of all of the Collateral presently existing, and with respect to all future Collateral, shall operate as fixed and specific mortgages and charges of such future Collateral which shall attach at the moment the Debtor acquires any right or interest therein. The security interest created by Section 1.2 is intended as a floating charge which shall attach at the time provided in Section 1.4.

1.4 Attachment.

The Debtor acknowledges that value has been given. The security interests created hereby are intended to attach, as to all of the Collateral in which the Debtor has an interest, forthwith when the Debtor executes this Security Agreement, and, as to all Collateral in which the Debtor acquires any right or interest after the execution of this Security Agreement, when the Debtor acquires such right or interest.

1.5 Exceptions – Leases and Licenses.

The last day of any term reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor is hereby excepted out of the security interests created hereby. The Debtor shall assign and dispose of such last day of any term reserved by any such lease or agreement in such manner as the Administrative Agent may from time to time direct in writing. Upon any sale, assignment, sublease or other disposition of such lease or agreement to lease, the Administrative Agent shall, for the purpose of vesting the aforesaid residue of any such term in any purchaser, assignee, sublessee or such other acquirer of the lease, agreement to lease or any interest therein, be entitled by deed or other written instrument to assign to such other person, the aforesaid residue of any such term in place of the Debtor and to vest the same freed and discharged from any obligation whatsoever respecting the same. The security interests shall not extend or apply to the last day of any term of years reserved by a License, but the Debtor shall stand possessed of any such reversion in trust to assign and dispose thereof as the Administrative Agent may direct.

1.6 Statement.

The Debtor acknowledges that a security interest is taken in all of the Debtor's present and after acquired property except the last day of any term reserved by any lease of real property, verbal or written or any agreement therefor, now held or hereafter acquired by the Debtor.

1.7 Where Consent Required.

Nothing herein shall constitute an assignment or attempted assignment of any right, privilege, benefit, contract, permit, policy or other document or instrument which by the provisions thereof or by law is not assignable or which requires the consent of any third party to its assignment unless and until such consent is obtained or is waived by the third party. In each such case the Debtor shall, unless the Administrative Agent otherwise agrees in writing, use reasonable commercial efforts to obtain the consent of any necessary third party to its assignment hereby and for its further assignment by the Administrative Agent to any third party who may acquire same as a result of the Administrative Agent's exercise of remedies after an Event of Default which is continuing. Upon such consents being obtained from, or waived by, such relevant third party, this Security Agreement shall apply thereto without regard to this Section 1.7 and without the necessity of any further assurance to effect the assignment thereof.

1.8 Pending Consent.

In any case to which Section 1.7 applies, unless and until consent to assignment is obtained as therein provided, the Debtor shall, to the extent it may do so by law or pursuant to the provisions of the document or interest therein referred to, hold all benefit to be derived therefrom in trust for the Administrative Agent as additional security for the performance of the Obligations and shall deliver up all such benefit to the Administrative Agent forthwith upon demand by the Administrative Agent.

Section 2
DEFINITIONS

2.1 Collateral.

The property, assets, rights and undertaking charged hereunder, including all of such Accessions, Accounts, Chattel Paper, Documents of Title, Equipment, Instruments, Intangibles, Intellectual Property, Inventory, Money, Proceeds, Records and Securities together with all increases, additions, improvements and accessions thereto, and all substitutions or any replacements thereof are, unless otherwise specified, herein referred to as the "**Collateral**".

2.2 Defined Terms.

(a) "**Administrative Agent**" means Canadian Imperial Bank of Commerce and its successors and permitted assigns, in its capacity as administrative agent for the benefit of and on behalf of the Lenders under the Credit Agreement;

(b) "**Credit Agreement**" means the credit agreement, dated as of October 23, 2007, among 1353537 Alberta Ltd., as borrower, the Lenders from time to time party thereto, as lenders, Canadian Imperial Bank of Commerce, as Lead Arranger and Administrative Agent, and Canadian Imperial Bank of Commerce, as Operating Lender;

(c) "**Lenders**" means, collectively, the Lenders (as defined in the Credit Agreement) and each Swap Lender (as defined in the Credit Agreement), and their respective successors and permitted assigns, and "**Lender**" means any one of them and its successors and assigns. Unless the context otherwise requires, the term "**Lenders**" includes the Operating Lender (as defined in the Credit Agreement) and its successors and permitted assigns;

(d) "**Licenses**" means any and all licenses, sub-licenses, leases, sub-leases, agreements to license or sub-license or lease or sub-lease, rights of use or control (whether as licensee or licensor or lessee or lessor and whether exclusive or nonexclusive) in respect of or in connection with the acquisition, ownership or use of Intellectual Property, together in each case with any amendments, supplements, modifications, extensions, renewals or replacements thereof, and "**License**" means any one of them;

(e) "**Official Body**" means any government or political subdivision or any agency, authority, bureau, central bank, monetary authority, commission, department or instrumentality thereof, or any court, tribunal, grand jury or arbitrator acting under the authority of any of the foregoing, whether foreign or domestic, in each case having or purporting to have jurisdiction in the relevant circumstances;

(f) "**Royalties**" means all royalties, rents, issues, proceeds, profits or other fees (including, without limitation, license fees), charges, assessments or penalties payable to the Debtor or due or accruing due to the Debtor pursuant to any License; and

(g) Unless the context otherwise requires or unless otherwise specified, all the terms used herein without initial capitals which are defined in the *Personal Property Security Act* (Alberta) or the regulations thereunder, as they may be amended, restated or replaced by successor legislation of comparable effect (collectively, the "**PPSA**"), have the same meaning herein as in the PPSA.

Section 3
OBLIGATIONS SECURED

3.1 Obligations Secured.

The Collateral constitutes and will constitute continuing security for each of the following obligations (collectively, the "**Obligations**") of the Debtor to any one or more of the Administrative Agent and the Lenders under the Credit Agreement or any other Loan Document (as defined in the Credit Agreement):

(a) **Indebtedness.** The prompt payment, as and when due and payable, of all amounts now or hereafter owing by the Debtor to any one or more of the Administrative Agent and the Lenders under the Credit Agreement or any other Loan Document and any Swap Agreement (as such terms are defined in the Credit Agreement), including by way of guarantee or indemnity, whether now existing or hereafter incurred, matured or unmatured, direct, indirect, joint or several, or contingent including any extensions and renewals thereof, and all future advances and re-advances; and

(b) **Performance of Agreements.** The strict performance and observance by the Debtor of all agreements, warranties, representations, covenants and conditions of the Debtor made pursuant to this Security Agreement or any other agreement between the Debtor and any one or more of the Administrative Agent and the Lenders in connection with the Credit Agreement all as now in effect or as hereafter entered into or amended.

3.2 Reduction of Obligations.

The Obligations may be reduced to zero from time to time without affecting the validity, perfection or enforceability of this Security Agreement or the security interests created hereby until this Security Agreement is discharged in accordance with Section 9.10.

Section 4
DEBTOR'S REPRESENTATIONS AND WARRANTIES

4.1 General.

The Debtor represents and warrants to and for the benefit of the Administrative Agent and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant as set out in this Section 4, and that each of the representations and warranties made with respect to the Debtor in the Credit Agreement is true and correct as if the same were given by the Debtor at the date hereof.

4.2 Places of Business of Debtor.

The locations specified in **Schedule D** hereto are the Debtor's only places of business (the "**Places of Business**") where the Debtor conducts its business operations or keeps or stores the Collateral and records in respect thereof and of the Debtor's business.

4.3 Serial Numbered Goods.

To the knowledge of the Debtor, the complete, accurate and appropriate serial number (as specified in the regulations under the PPSA) for each item of Equipment that is serial numbered goods in which the Debtor now has any interest (excluding, for certainty, any Equipment held by the Debtor under any operating lease), is set out in **Schedule A** hereto.

4.4 Account Debtor.

To the knowledge of the Debtor, each Account, Chattel Paper, Security and Instrument constituting Collateral is genuine and enforceable in accordance with its terms against the party obligated to pay thereunder (the "**Account Debtor**").

4.5 Amounts Due From Account Debtor.

The amount represented by the Debtor to the Administrative Agent from time to time as owing by each Account Debtor or by all Account Debtors shall, to the best of the Debtor's knowledge be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, save and except for normal cash discounts where applicable.

4.6 Survival and Reliance.

All representations and warranties of the Debtor made herein or in any certificate or other document delivered by or on behalf of the Debtor for the benefit of the Administrative Agent or any of the Lenders are material, shall survive the execution and delivery of this Security Agreement and shall continue in full force and effect without time limit. The Administrative Agent and each of the Lenders are deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Administrative Agent or any of the Lenders at any time.

4.7 Intellectual Property.

Attached hereto as **Schedule C** is a true and complete schedule setting forth all material Intellectual Property of the Debtor.

4.8 Validity; Enforceability.

The Debtor is not currently aware of any past, present, or prospective claim by any third party that any of the Intellectual Property is invalid or unenforceable or that the use of the Intellectual Property violates the rights of any third person, or of any basis for any such claims, except for those claims set out in **Schedule E** attached hereto.

4.9 Perfection of Security Interest in Intellectual Property.

Except for the filing of a financing statement with provincial or state personal property registries, and filings with the Canadian Patent Office, Canadian Copyright Office and Canadian

Trademark Office, the United States Patent and Trademark Office and the United States Copyright Office, or the corresponding offices in any other country which may be necessary to perfect the security interest, no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either for the grant by the Debtor of the security interest or for the execution, delivery or performance of this Security Agreement by the Debtor or for the perfection of or the exercise by the Administrative Agent of its rights hereunder to the Intellectual Property in Canada or the United States.

Section 5
DEBTOR'S COVENANTS

5.1 General.

Unless compliance with the following covenants is waived by the Administrative Agent in writing or unless non-compliance with any such covenants is otherwise consented to by the Administrative Agent by written agreement with the Debtor, the Debtor covenants and agrees with the Administrative Agent to observe and perform each of the covenants set out in this Section 5, and to comply with each and every term, covenant, condition and agreement under the Credit Agreement, any Swap Agreement entered into by the Debtor with any Lender or any Affiliate of any Lender or any other agreement entered into by the Debtor in connection with such agreements and to not do anything which would result in a breach of the Credit Agreement, any Swap Agreement entered into by the Debtor with any Lender or any Affiliate of any Lender or any other agreement entered into by the Debtor in connection with such agreements.

5.2 Conduct of Business.

The Debtor will carry on and conduct its business in accordance with sound industry practice.

5.3 No Accessions or Fixtures.

The Debtor will prevent the Collateral from becoming an accession to any property other than the Collateral or from becoming a fixture unless the security interests hereby created rank prior to the interests of all other persons in the realty.

5.4 Marking the Collateral.

The Debtor will, at the reasonable request of the Administrative Agent, and if reasonably necessary for identification purposes, mark, or otherwise take appropriate steps to identify, the Collateral to indicate clearly that it is subject to the security interests hereby created.

5.5 Change of Places of Business, Collateral and Names.

The Debtor will not change its places of business, chief executive office, or the records in respect thereof or, other than in accordance with the Purchase Transactions or any Permitted Acquisition (as such terms are defined in the Credit Agreement), change its corporate name or any name or style under which it carries on business without giving to the Administrative Agent five (5) Business Day's prior written notice of the change or of the new name or style, as applicable.

5.6 Notice of Loss of Collateral.

The Debtor will give prompt written notice to the Administrative Agent of all loss or damage to or loss or possession of the Collateral otherwise than by disposition in accordance with the terms of the Credit Agreement unless such loss, damage or loss of possession would not, in the aggregate, reasonably be considered to constitute a Material Adverse Effect (as defined in the Credit Agreement).

5.7 Proceeds In Trust.

Upon the occurrence of and during the continuation of an Event of Default, the Debtor will and shall be deemed to hold all Proceeds in trust, separate and apart from other Money, Instruments or property, for the benefit of the Administrative Agent until all amounts owing by the Debtor to each of the Administrative Agent and the Lenders have been paid in full and all obligations of each of the Administrative Agent and the Lenders to the Debtor have been terminated.

5.8 Additional Securities.

In the event that the Debtor shall, during the currency of the Credit Agreement, become the beneficial owner of any other Securities than those set out in Schedule B hereto, the Debtor agrees that, subject to the terms of the Credit Agreement, it shall forthwith deliver and pledge such Securities to the Administrative Agent and such Securities shall become Securities held by the Administrative Agent pursuant to the terms of this Security Agreement, the security interest of the Administrative Agent attaching when the Debtor has rights in such Securities.

5.9 Security Interest in Intellectual Property.

The Debtor agrees that the Administrative Agent will not be deemed in any manner to have assumed any obligation of the Debtor under any License nor shall the Administrative Agent be liable to any Official Body or license counterparties by reason of any default by any person under any contract. The Debtor agrees to indemnify and hold the Administrative Agent harmless of and from all liability, loss, damage or expense which it may or might incur by reason of any claim or demand against it based on its alleged assumption of the Debtor's duty and obligation to perform and discharge the terms, covenants and agreements in any License, other than those arising from gross negligence or willful misconduct.

5.10 Litigation and Proceedings With Respect to Intellectual Property.

The Debtor shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit and its own expense, such suits, administrative proceedings, or other actions for infringement or other causes of action as are in its reasonable business judgment necessary to protect the Intellectual Property. The Debtor shall diligently defend all suits, administrative proceedings or other actions brought by third parties in respect of the Intellectual Property or use thereof unless such suits, proceedings or actions do not constitute a Material Adverse Effect. The Debtor shall provide to the Administrative Agent any information with respect to the foregoing in this Section 5.10 requested by the Administrative Agent. The Administrative Agent may, but shall not be required to, provide at the Debtor's expense all necessary cooperation in connection with any such suits, proceedings or actions including, without limitation, joining as a necessary party. Following the Debtor becoming aware thereof, the Debtor shall promptly notify the Administrative Agent of the institution of or any adverse determination in any proceeding in any patent, trademark or copyright office or other regulatory authority, or any Canadian, United States, state, provincial or foreign court regarding the Debtor's claim of ownership in any of the Intellectual Property, its right to apply for the same or its right to keep and maintain such rights, the whole provided that such proceeding is likely to constitute a Material Adverse Effect.

Section 6
COLLECTION OF ACCOUNTS

6.1 Collection of Accounts.

The Administrative Agent may, upon the occurrence and during the continuation of an Event of Default, notify and direct any Account Debtor to make all payments whatever to the Administrative Agent. The Administrative Agent may hold all amounts acquired from any Account Debtor and any Proceeds as part of the Collateral.

6.2 Trust Provision.

Any payments received by the Debtor upon the occurrence and during the continuation of an Event of Default and after notification to Account Debtors, shall be held by the Debtor in trust for the Administrative Agent in the same medium in which received, shall not be commingled with any assets of the Debtor and shall, at the request of the Administrative Agent, be turned over to the Administrative Agent not later than the next business day following the day of their receipt.

Section 7
DEFAULT

7.1 Default.

The occurrence of any "Event of Default" under the Credit Agreement, other than under Article VIII, subparagraphs (h) or (i) of the Credit Agreement, that has not been remedied or waived by the Administrative Agent in accordance with the provisions of the Credit Agreement and for which the Administrative Agent has provided a notice of acceleration to the Debtor, or the occurrence of any "Event of Default" specified in Article VIII, subparagraphs (h) or (i) of the Credit Agreement will constitute an **"Event of Default"** under this Security Agreement.

7.2 Crystallization.

The floating charge created by Section 1.2 shall become a fixed charge as soon as:

(a) the Administrative Agent gives notice to that effect to the Debtor upon the occurrence and during the continuation of an Event of Default;

(b) the Administrative Agent takes any step to accelerate or demand payment of the Obligations, or gives notice of its intention or takes any steps to enforce its security upon the occurrence and during the continuation of an Event of Default; or

(c) an Event of Default described in Article VIII, subparagraphs (h) or (i) of the Credit Agreement occurs in respect of the Debtor.

7.3 Grant of License.

In addition, upon the occurrence of any default or Event of Default which is not susceptible of being remedied or waived, the Debtor shall, to the extent permitted by law, grant to the

Administrative Agent a royalty-free exclusive license to use the Intellectual Property and associated goodwill to the extent necessary to enable the Administrative Agent to use, possess and realize upon the Intellectual Property and to enable any successor or assign to enjoy the benefits of all the Intellectual Property.

7.4 Waiver not to Affect Subsequent Breach.

The Administrative Agent may waive default or any breach by the Debtor of any of the provisions contained in this Security Agreement. No waiver shall extend to a subsequent breach or default, whether or not the same as or similar to the breach or default waived. No act or omission of the Administrative Agent shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default of the Debtor or the rights of the Administrative Agent resulting therefrom. Any such waiver must to be in writing and signed by the Administrative Agent to be effective.

Section 8
ADMINISTRATIVE AGENT'S REMEDIES ON DEFAULT

8.1 Indebtedness Due and Rights and Remedies.

Upon the occurrence and during the continuation of an Event of Default, all of the Obligations shall become immediately due and payable without notice to the Debtor, and the Administrative Agent may, at its option, proceed to enforce payment of same and to exercise any or all of the rights and remedies contained herein, including, without limitation, the signification and collection of the Debtor's Accounts, or otherwise afforded by law, in equity or otherwise. The Administrative Agent shall have the right to enforce one or more remedies successively or concurrently in accordance with applicable law and the Administrative Agent expressly retains all rights and remedies not inconsistent with the provisions herein including all the rights it may have under the PPSA as well as the Credit Agreement, and, without restricting the generality of the foregoing, the Administrative Agent may upon such Event of Default which is continuing:

(a) **Appointment of Receiver**. Appoint by instrument in writing a receiver, receiver-manager or receiver and manager (herein a "**Receiver**") of the Debtor and of all or any part of the Collateral and remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver. Any Receiver appointed by the Administrative Agent so far as concerns responsibility for its acts shall be deemed the agent of the Debtor and not of the Administrative Agent. Where the Administrative Agent is referred to in this Section the reference includes, where the context permits, any Receiver so appointed and the officers, employees, servants or agents of such Receiver;

(b) **Enter and Repossess.** Immediately and without notice enter the Debtor's premises and repossess, disable or remove the Collateral and the Debtor hereby grants to the Administrative Agent a licence to occupy any premises of the Debtor for the purpose of storage of the Collateral;

(c) **Retain the Collateral.** Retain and administer the Collateral in the Administrative Agent's sole and unfettered discretion, which the Debtor hereby acknowledges is commercially reasonable;

(d) **Dispose of the Collateral.** Dispose of any Collateral by public auction, private tender or private contract with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor. The Administrative Agent may, at its discretion establish the terms of such disposition, including, without limitation, terms and conditions as to credit, upset, reserve bid or price. The Administrative Agent may also lease the Collateral on such terms as it deems appropriate. The payments for Collateral, whether on a disposition or lease, may be deferred. All payments made pursuant to such dispositions shall be credited against the Obligations only as they are actually received. The Administrative Agent may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral again without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Administrative Agent has taken possession of the Collateral;

(e) **Foreclose.** Foreclose upon the Collateral in satisfaction of the Obligations. The Administrative Agent may designate any part of the Obligations to be satisfied by the foreclosure of particular Collateral which the Administrative Agent considers to have a net realizable value approximating the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be deemed to be satisfied by the foreclosure of the particular Collateral;

(f) **Carry on Business.** Carry on or concur in the carrying on of all or any part of the business of the Debtor and may, in any event, to the exclusion of all others, including the Debtor, enter upon, occupy and use all premises of or occupied or used by the Debtor and use any of the personal property (which shall include fixtures) of the Debtor for such time and such purposes as the Administrative Agent sees fit. The Administrative Agent shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, costs, charges, depreciation or damages in connection therewith;

(g) **Payment of Encumbrances.** Pay any encumbrance that may exist or be threatened against the Collateral. In any such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations secured by this Security Agreement;

(h) **Payment of Deficiency.** If the proceeds of realization are insufficient to pay all monetary Obligations, the Debtor shall forthwith pay or cause to be paid to the Administrative Agent any deficiency and the Administrative Agent may sue the Debtor to collect the amount of such deficiency; and

(i) **Dealing with Collateral.** Subject to applicable law, seize, collect, realize, borrow money on the security of, release to third parties, sell (by way of public or private sale), lease or otherwise deal with the Collateral in such manner, upon such terms and conditions, at such time or times and place or places and for such consideration as may seem to the Administrative Agent advisable and without notice to the Debtor. The Administrative Agent may charge on its own behalf and pay to others sums for reasonable expenses incurred and for services rendered (expressly including legal services, consulting, receivers and accounting fees) in or in connection with seizing, collecting, realizing, borrowing on the security of, selling or obtaining payment of the Collateral and may add such sums to the Obligations secured by this Security Agreement.

8.2 <u>Assemble the Collateral</u>.

To assist the Administrative Agent in the implementation of such rights and remedies the Debtor will, at its own risk and expense and at the Administrative Agent's request, assemble and prepare for removal such items of the Collateral as are selected by the Administrative Agent as shall, in the Administrative Agent's sole judgment, have a value sufficient to cover all the Obligations.

8.3 Administrative Agent Not Liable for Failure to Exercise Remedies.

None of the Administrative Agent or the Lenders shall be liable or accountable for any delay or failure to exercise its remedies, take possession of, seize, collect, realize, sell, lease or otherwise dispose of or obtain payment for the Collateral. None of the Administrative Agent or the Lenders shall be bound to institute proceedings for such purposes or for the purpose of preserving any rights, remedies or powers of the Administrative Agent, the Debtor or any other person in respect of the Collateral or against any Account Debtor.

8.4 Allocation of Proceeds.

All monies collected or received by the Administrative Agent in respect of the Collateral may be held by the Administrative Agent and may be applied on account of such parts of the Obligations at the sole discretion of the Administrative Agent, the whole subject to the terms of the Credit Agreeement.

8.5 Extension of Time.

Each of the Administrative Agent and the Lenders may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Collateral to third parties and otherwise deal with the Debtor's guarantors or sureties and others and with the Collateral and other securities as such of the Administrative Agent or the Lenders may see fit without prejudice to the liability of the Debtor to the Administrative Agent, or the Administrative Agent's rights, remedies and powers under this Security Agreement.

8.6 Forbearance is not Waiver.

No extension of time, forbearance, indulgence or other accommodation now, heretofore or hereafter given by the Administrative Agent to the Debtor shall operate as a waiver, alteration or amendment of the rights of the Administrative Agent or otherwise preclude the Administrative Agent from enforcing such rights.

8.7 Effect of Appointment of Receiver.

As soon as the Administrative Agent takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the directors and officers of the Debtor with respect to that Collateral shall cease, unless specifically continued by the written consent of the Administrative Agent or the Receiver.

8.8 Limitation of Liability.

The Administrative Agent and the Lenders shall not be liable by reason of any entry into or taking possession of any of the Collateral hereby charged or intended so to be or any part thereof, to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or any act or omission for which a secured party in possession might be liable. The Debtor acknowledges and agrees that any and all payments, responsibilities, obligations and liabilities in respect of the Collateral shall remain those of the Debtor and no such payments, responsibilities, obligations or liabilities are assigned hereby nor are assumed or incurred by the Administrative Agent or the Lenders hereunder, other than gross negligence or wilful misconduct.

8.9 Release by Debtor.

The Debtor hereby releases and discharges the Administrative Agent, the Lenders and the Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Debtor or any person claiming through or under the Debtor by reason or as a result of any act or omission of the Administrative Agent or any successor or assign claiming through or under the Administrative Agent or the Receiver under the provisions of this Security Agreement unless such claim is the result of dishonesty or gross neglect.

8.10 Performance by Agent.

Nothing herein shall obligate the Administrative Agent to assume or perform any obligation of the Debtor to any third party in respect or arising out of the Collateral. The Debtor agrees to indemnify and save harmless the Administrative Agent from any and all claims of such third parties, other than those arising out of gross negligence or wilful misconduct. The Administrative Agent may however at its option assume or perform any such obligations which the Administrative Agent considers necessary or desirable to obtain the benefit of the Collateral, or any part thereof, free of any set off, deduction or abatement and any money so expended by the Administrative Agent shall form part of the Obligations and shall bear interest at the interest rate(s) provided for in the Credit Agreement.

Section 9
MISCELLANEOUS

9.1 Costs.

The Debtor will indemnify and reimburse the Administrative Agent on demand for all interest, commissions, costs of realization and other reasonable costs and expenses (including the full amount of all legal fees and expenses paid by the Administrative Agent) incurred by the Administrative Agent, any of the Lenders or any Receiver in connection with:

(a) the registration of any financing statement registered in connection with the security interests hereby created;

(b) the preparation, execution, perfection, protection, enforcement of and advice with respect to this Security Agreement;

(c) the realization, disposition of, retention, protection, insuring or collection of any Collateral;

(d) the protection or enforcement of the rights, remedies and powers of any of the Administrative Agent or the Lenders or any Receiver, including, without limitation, participation, preparation and advice with respect to any actions or proceedings commenced or threatened by or against the Debtor or any Guarantor/Indemnitor;

(e) the inspection of the Collateral;

(f) investigating title to the Collateral;

(g) the compliance by the Administrative Agent with all demands made upon the Administrative Agent to amend, extend, cancel or discharge any registrations and filings related hereto; and

(h) any other reasonable cost related hereto.

All amounts for which the Debtor is required hereunder to reimburse the Administrative Agent or any of the Lenders or any Receiver shall, from the date of disbursement until the date the Administrative Agent, such Lenders or the Receiver receives reimbursement, be deemed advanced to the Debtor by the Lenders, shall be deemed to be Obligations and shall bear interest at the interest rate(s) provided for in the Credit Agreement.

9.2 Appointment of Attorney.

The Debtor hereby constitutes and appoints the Administrative Agent, or any Receiver, the true and lawful attorney of the Debtor irrevocably with full power of substitution to do, make and execute all such assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever it may be deemed necessary or expedient. This power of attorney may only be exercised upon the occurrence and during the continuation of an Event of Default. The Debtor hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest, is given for valuable consideration.

9.3 No Obligation to Make Advances.

Nothing herein shall obligate the Administrative Agent or any of the Lenders to make any advance or loan or further advance or extend credit to the Debtor and, in particular, nothing herein shall obligate the Administrative Agent or any of the Lenders to advance any unadvanced portion of any loan or credit to the Debtor after the occurrence of an Event of Default which is continuing. Except to the extent that the Administrative Agent or any of the Lenders:

(a) by accepting bills of exchange drawn on it by the Debtor; or

(b) by issuing letters of credit or letters of guarantee on the application of the Debtor,

is required to advance monies on the maturity of those bills or pursuant to those letters of credit or letters of guarantee, as the case may be, none of the preparation, execution, perfection or registration of this Security Agreement or the advance of any monies by the Administrative Agent or any of the Lenders shall bind the Administrative Agent or the Lenders to make any further advance.

9.4 Security Interests Effective Immediately.

Neither the execution of, nor any filing with respect to, this Security Agreement shall bind the Administrative Agent or any of the Lenders to grant any credit to the Debtor, but the security interests hereby created shall take effect forthwith upon the execution of this Security Agreement by the Debtor.

9.5 Security in Addition and not in Substitution, Remedies Cumulative.

The rights, remedies and powers conferred by this Security Agreement are in addition to, and not in substitution for, any other rights, remedies or powers the Administrative Agent and the Lenders may have under this Security Agreement, at law, in equity or by or under the PPSA or any other statute.

The Administrative Agent may proceed by way of any action, suit or other proceeding at law or in equity and no right, remedy or power of the Administrative Agent shall be exclusive of or dependent on any other. The Administrative Agent may exercise any of its rights, remedies or powers separately or in combination and at any time.

9.6 Statutory Waivers.

To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protection given by the provisions of any existing or future statute which imposes limitations upon the rights, remedies or powers of the Administrative Agent or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. In particular, the Debtor waives all rights, benefits and protection given by the *Civil Enforcement Act* of the Province of Alberta insofar as they extend to or relate to any of the Collateral. The *Limitation of Civil Rights Act* of the Province of Saskatchewan shall not apply to the security interests hereby created or any of the rights, remedies or powers of the Administrative Agent or any Receiver.

9.7 Provisions Reasonable.

The Debtor acknowledges that the provisions of this Security Agreement and, in particular, those respecting rights, remedies and powers of the Administrative Agent and any Receiver against the Debtor, its business and any Collateral upon an Event of Default, are commercially reasonable and not manifestly unreasonable.

9.8 Further Assurances.

The Debtor shall at all times, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, assignments, security agreements and assurances as the Administrative Agent may reasonably require in order to give effect to the provisions hereof and for the better granting, transferring, assigning, charging, setting over, assuring, confirming or perfecting the security interests hereby created and the priority accorded to them by law or under this Security Agreement.

9.9 Notices. Every notice, demand and other communication in connection with this Security Agreement (including, without limitation, notices required or permitted under the *Bankruptcy and Insolvency Act*) and all legal process in regard hereto shall be validly given, made or served in accordance with the Credit Agreement.

9.10 Release of Collateral and Discharge.

The Administrative Agent shall, in accordance with the provisions of the Credit Agreement, release any of the Collateral from time to time from the security interest created pursuant to this Security Agreement. Upon payment and performance by the Debtor of the Obligations secured hereby the Administrative Agent shall promptly upon request in writing by the Debtor deliver up this Security Agreement to the Debtor and shall at the expense of the Debtor cancel and discharge the security interests hereby created and execute and deliver to the Debtor such documents as shall be requisite to discharge the security interests hereby created.

9.11 Amalgamation.

In the event of the amalgamation of the Debtor, this Security Agreement and all other security delivered by the Debtor in connection with this Security Agreement shall be binding on the amalgamated corporation and charge its present and future undertaking, property and assets to secure the present and future Obligations of the amalgamated corporation, all as if the amalgamated corporation had originally executed and delivered those documents; provided nothing in this paragraph shall be construed as a consent or a permission for the Debtor to amalgamate.

9.12 Delivery of Copy/Waiver.

The Debtor hereby acknowledges receiving a copy of this Security Agreement. The Debtor waives all rights to receive from the Administrative Agent a copy of any financing statement or financing change statement registered or verification statement issued at any time in respect of this Security Agreement.

9.13 Conflict.

In the event of a conflict or inconsistency between the provisions of this Security Agreement and the provisions of the Credit Agreement, the provisions of the Credit Agreement shall prevail provided that they do not invalidate any security created hereunder.

9.14 Release of Information.

The Debtor hereby authorizes the Administrative Agent to provide a copy of this Security Agreement and such other information (including full details of the Obligations) as may be requested of the Administrative Agent by persons entitled thereto under the PPSA.

Section 10
INTERPRETATION

10.1 Entire Agreement/Amendment.

This Security Agreement contains the entire agreement between the parties relating to the security interests hereby created. Any amendment of this Security Agreement shall not be binding unless in writing and signed by the Administrative Agent and the Debtor. The Debtor confirms that there are no representations, warranties, covenants or acknowledgements affecting, or relied upon in entering this Security Agreement.

10.2 Severability.

Any provision of this Security Agreement prohibited by law or otherwise ineffective shall be ineffective only to the extent of such prohibition or ineffectiveness and shall be severable without invalidating or otherwise affecting the remaining provisions hereof.

10.3 Joint and Several Liability.

If more than one person executes this Security Agreement as Debtor, their obligations hereunder and the liability resulting therefrom shall be joint and several.

10.4 Headings.

All headings and titles in this Security Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

10.5 Included Words.

Wherever the singular or the masculine are used herein, the same shall be deemed to include the plural or the feminine or the body politic or corporate where the context or the parties so require.

10.6 Applicable Law.

This Security Agreement shall be construed and enforceable under and in accordance with the laws of Alberta. The Debtor hereby irrevocably submits and attorns to the jurisdiction of the courts of Alberta.

10.7 Binding Effect.

This Security Agreement shall be binding on the Debtor and its successors, heirs, administrators and executors and shall enure to the benefit of the Administrative Agent and its successors and assigns.

[SIGNATURE PAGE FOLLOWS]

1353537 ALBERTA LTD.

By: ______________________
Name: Franklin H. Foster
Title: Secretary

SCHEDULE A

SPECIFIC EQUIPMENT DESCRIPTION

NIL

SCHEDULE B

SECURITIES OWNED BY THE DEBTOR

(1) IN THE CAPITAL OF COVER-ALL BUILDING SYSTEMS INC.

CLASS OF SHARES	CERTIFICATE NUMBER	NUMBER OF SHARES
Class A Shares	CA-1	8,679,913
Class A Shares	CA-2	4,673,799
Class G Shares	CG-1	1,974,246
Class G Shares	CG-2	1,063,056

SCHEDULE C

INTELLECTUAL PROPERTY OF THE DEBTOR

NIL

SCHEDULE D

DEBTOR'S PLACES OF BUSINESS

3815 Wanuskewin Road
Saskatoon, Saskatchewan S7P 1A4

4300 Bankers Hall West
888 – 3rd Street S.W.
Calgary, Alberta T2P 5C5

SCHEDULE E

CLAIMS AGAINST INTELLECTUAL PROPERTY OF THE DEBTOR

NIL

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated for reference October 23, 2007

Section 1
SECURITY INTEREST

1.1 Creation of Security Interest.

1353537 ALBERTA LTD. (the "**Debtor**"), a corporation duly incorporated under the laws of the Province of Alberta and having its chief executive office address at 3815 Wanuskewin Road, Saskatoon, Saskatchewan, S7P 1A4, as continuing security for the repayment and the performance of each of the Obligations (as defined herein) of the Debtor to any one or more of the Administrative Agent and the Lenders (as defined herein), grants to **CANADIAN IMPERIAL BANK OF COMMERCE** (the "**Administrative Agent**"), as Administrative Agent for the benefit of and on behalf of the Lenders under the Credit Agreement (as defined herein), a Chartered Bank of Canada, having a branch office and postal address at 595 Bay Street, 5th Floor, Toronto, Ontario, M5G 2C2, a continuing assignment, transfer, pledge and security interest and specific and fixed mortgage and charge in all of the Debtor's present and after-acquired personal property, including those described in this clause 1.1, namely:

(a) **Accessions.** All increases, additions, accretions and accessions to, and all extensions, reversions, renewals, continuations or replacement of any of the Collateral (as defined in Section 2.1) (collectively the "**Accessions**");

(b) **Accounts.** All debts, accounts, claims and monies which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor or in which the Debtor now or hereafter has any other interest, and also all securities, bills, notes and other documents now held or owned or which may be hereafter taken, held or owned by the Debtor or anyone on behalf of the Debtor in respect of the said debts, accounts, claims and monies, and any part thereof (collectively, the "**Accounts**");

(c) **Chattel Paper.** All chattel paper in which the Debtor now or hereafter has an interest, and any part thereof (the "**Chattel Paper**");

(d) **Documents of Title.** All documents of title, whether negotiable or non-negotiable, including, without limitation, all warehouse receipts and bills of lading, in which the Debtor now or hereafter has an interest, and any part thereof (collectively, the "**Documents of Title**");

(e) **Equipment.** All goods in which the Debtor now or hereafter has an interest other than Inventory or consumer goods and any part thereof, including, without limitation, all tools, apparatus, fixtures, plant, machinery, furniture, chattels, vehicles, vessels, air conditioning, heating, ventilating, electrical, mechanical, plumbing, communications and data systems, elevators, escalators and other conveyancing devices, boilers, furnaces, carpets, blinds, window coverings, curtains, awnings, lighting fixtures, doors, windows, demising walls and partitions, wiring, pipes, conduits, seasonal decorations, and the equipment described in **Schedule A** hereto or any schedule hereafter annexed hereto (collectively, the "**Equipment**");

(f) **Instruments.** All letters of credit, advices of credit and all other instruments in which the Debtor now or hereafter has an interest, and any part thereof (collectively, the "**Instruments**");

(g) **Intangibles.** All intangible property of whatever kind in which the Debtor now or hereafter has an interest, including, without limitation, all of the Debtor's choses in action, contractual rights, agreements, leases of personal property, licence rights, licences, permits, goodwill, patents, trade marks, trade names, quotas, industrial designs, copyrights and other industrial or intellectual property (collectively, the "**Intangibles**");

(h) **Intellectual Property.** All of the Debtor's right, title and interest throughout the world in and to the following property (the "**Intellectual Property**"), which is currently or in the future may be owned, created, acquired, or used (whether pursuant to a License (as defined herein) or otherwise) by the Debtor, in whole or in part:

(i) all trademarks and rights and interests which are capable of being protected as Trademarks (including trademarks, service marks, certification marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names, trade styles, and other source or business identifiers, and applications pertaining thereto), Licenses in respect thereof and rights to register, renew and extend such trademarks and trademark rights and any and all copyrights in such trademarks;

(ii) all patents, patent applications, industrial designs and industrial design applications, including all reissues, divisions and continuations in part, Licenses in respect thereof, foreign filing rights, and rights to register, renew and extend such rights;

(iii) the trademarks, trademark registrations and pending applications listed on **Schedule C** attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;

(iv) the patents, patent applications, industrial designs and industrial design applications listed on **Schedule C** attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;

(v) the right to register trademark claims and to apply for, renew and extend trademark registrations and trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of the Debtor or in the name of the Administrative Agent for past, present and future infringements or violations of trademarks, registrations, or other trademark rights and the associated goodwill;

(vi) all of the Debtor's right, title and interest in and to all patentable and unpatentable inventions and all industrial designs, and to file applications for patents and industrial designs and to request reexamination and/or reissue of the patents, the right (without obligation) to sue or bring interference proceedings in the name of the Debtor or in the name of the Administrative Agent for past, present and future infringements of the patents and industrial designs;

(vii) all copyrights, copyright applications, copyright registrations, know-how, trade secrets, technical processes, recipes and formulae and Licenses in respect thereof;

(viii) all general intangibles relating to the foregoing, including all associated goodwill; and

(ix) all proceeds of and rights associated with any and all of the foregoing (including, without limitation, claims by the Debtor against third parties for past, present or future infringement of the Intellectual Property, including those items listed in the Schedules to this Agreement, or for injury to the goodwill associated with the use of any of the Trademarks or for breach or enforcement of any License, Royalties (as defined herein) and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance, or any indemnity, warranty, or guarantee, payable by reason of loss or damage to or otherwise with respect to the Collateral.

(i) **Inventory.** All personal property of whatever kind and wherever situated, which now or hereafter forms part of the inventory of the Debtor, in which the Debtor now or hereafter has an interest, including without limitation, all goods, merchandise, raw materials, goods in process, work in progress, finished goods and other tangible personal property now or hereafter held for sale, lease, resale or exchange or furnished or to be furnished under contracts for service or that are used or consumed in the business of the Debtor, and any part thereof (collectively, the "**Inventory**");

(j) **Money.** All money in which the Debtor now or hereafter has an interest, and any part thereof (the "**Money**");

(k) **Proceeds.** All proceeds and personal property in any form derived directly or indirectly from any dealing with the Collateral or any part thereof and all proceeds of proceeds and any part thereof (collectively, the "**Proceeds**");

(l) **Records.** All books, papers, documents, writings, tapes, magnetic or other machine readable data and records, and all other information, however stored, recording or relating to any of the Collateral (collectively, the "**Records**"); and

(m) **Securities.** All shares, stock, warrants, bonds, debentures, debenture stock, mortgages and other Equity Interests (as defined in the Credit Agreement) and securities (including all certificates or similar documents evidencing the interest of the Debtor therein) in which the Debtor now or hereafter has an interest, and any part thereof (collectively, the "**Securities**"), including without limitation the Securities described in **Schedule B** attached hereto.

1.2 Floating Charge.

As security for the repayment and the performance of each of the Obligations, the Debtor grants a floating charge to the Administrative Agent on all the Debtor's interest in real property, including without limitation, all fixtures, crops and improvements, both present and future, other than such as are validly and effectively charged under Section 1.1 or excluded under Section 1.5.

1.3 Nature of Security Interests.

Notwithstanding the Debtor's right to deal with the Inventory in the ordinary course of business as provided herein, the security interests created hereby shall operate as fixed and specific mortgages and charges of all of the Collateral presently existing, and with respect to all future Collateral, shall operate as fixed and specific mortgages and charges of such future Collateral which shall attach at the moment the Debtor acquires any right or interest therein. The security interest created by Section 1.2 is intended as a floating charge which shall attach at the time provided in Section 1.4.

1.4 Attachment.

The Debtor acknowledges that value has been given. The security interests created hereby are intended to attach, as to all of the Collateral in which the Debtor has an interest, forthwith when the Debtor executes this Security Agreement, and, as to all Collateral in which the Debtor acquires any right or interest after the execution of this Security Agreement, when the Debtor acquires such right or interest.

1.5 Exceptions – Leases and Licenses.

The last day of any term reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor is hereby excepted out of the security interests created hereby. The Debtor shall assign and dispose of such last day of any term reserved by any such lease or agreement in such manner as the Administrative Agent may from time to time direct in writing. Upon any sale, assignment, sublease or other disposition of such lease or agreement to lease, the Administrative Agent shall, for the purpose of vesting the aforesaid residue of any such term in any purchaser, assignee, sublessee or such other acquirer of the lease, agreement to lease or any interest therein, be entitled by deed or other written instrument to assign to such other person, the aforesaid residue of any such term in place of the Debtor and to vest the same freed and discharged from any obligation whatsoever respecting the same. The security interests shall not extend or apply to the last day of any term of years reserved by a License, but the Debtor shall stand possessed of any such reversion in trust to assign and dispose thereof as the Administrative Agent may direct.

1.6 Statement.

The Debtor acknowledges that a security interest is taken in all of the Debtor's present and after acquired property except the last day of any term reserved by any lease of real property, verbal or written or any agreement therefor, now held or hereafter acquired by the Debtor.

1.7 Where Consent Required.

Nothing herein shall constitute an assignment or attempted assignment of any right, privilege, benefit, contract, permit, policy or other document or instrument which by the provisions thereof or by law is not assignable or which requires the consent of any third party to its assignment unless and until such consent is obtained or is waived by the third party. In each such case the Debtor shall, unless the Administrative Agent otherwise agrees in writing, use reasonable commercial efforts to obtain the consent of any necessary third party to its assignment hereby and for its further assignment by the Administrative Agent to any third party who may acquire same as a result of the Administrative Agent's exercise of remedies after an Event of Default which is continuing. Upon such consents being obtained from, or waived by, such relevant third party, this Security Agreement shall apply thereto without regard to this Section 1.7 and without the necessity of any further assurance to effect the assignment thereof.

1.8 Pending Consent.

In any case to which Section 1.7 applies, unless and until consent to assignment is obtained as therein provided, the Debtor shall, to the extent it may do so by law or pursuant to the provisions of the document or interest therein referred to, hold all benefit to be derived therefrom in trust for the Administrative Agent as additional security for the performance of the Obligations and shall deliver up all such benefit to the Administrative Agent forthwith upon demand by the Administrative Agent.

Section 2
DEFINITIONS

2.1 Collateral.

The property, assets, rights and undertaking charged hereunder, including all of such Accessions, Accounts, Chattel Paper, Documents of Title, Equipment, Instruments, Intangibles, Intellectual Property, Inventory, Money, Proceeds, Records and Securities together with all increases, additions, improvements and accessions thereto, and all substitutions or any replacements thereof are, unless otherwise specified, herein referred to as the "**Collateral**".

2.2 Defined Terms.

(a) "**Administrative Agent**" means Canadian Imperial Bank of Commerce and its successors and permitted assigns, in its capacity as administrative agent for the benefit of and on behalf of the Lenders under the Credit Agreement;

(b) "**Credit Agreement**" means the subordinated secured credit agreement, dated as of October 23, 2007, among 1353537 Alberta Ltd., as borrower, the Lenders from time to time party thereto, as lenders, Canadian Imperial Bank of Commerce, as Lead Arranger and Administrative Agent, and Canadian Imperial Bank of Commerce, as Operating Lender;

(c) "**Intercreditor Agreement**" means the intercreditor agreement, dated as of October 23, 2007, among Canadian Imperial Bank of Commerce, in its capacity as Administrative Agent under the Senior Credit Agreement (as defined in the Intercreditor Agreement), Canadian Imperial Bank of Commerce, in its capacity as Administrative Agent under the Subordinate Credit Agreement (as defined in the Intercreditor Agreement) and 1353537 Alberta Ltd.;

(d) "**Lenders**" means, collectively, the Lenders (as defined in the Credit Agreement) and each Swap Lender (as defined in the Credit Agreement), and their respective successors and permitted assigns, and "**Lender**" means any one of them and its successors and assigns. Unless the context otherwise requires, the term "**Lenders**" includes the Operating Lender (as defined in the Credit Agreement) and its successors and permitted assigns;

(e) "**Licenses**" means any and all licenses, sub-licenses, leases, sub-leases, agreements to license or sub-license or lease or sub-lease, rights of use or control (whether as licensee or licensor or lessee or lessor and whether exclusive or nonexclusive) in respect of or in connection with the acquisition, ownership or use of Intellectual Property, together in each case with any amendments, supplements, modifications, extensions, renewals or replacements thereof, and "**License**" means any one of them;

(f) "**Official Body**" means any government or political subdivision or any agency, authority, bureau, central bank, monetary authority, commission, department or instrumentality thereof, or any court, tribunal, grand jury or arbitrator acting under the authority of any of the foregoing, whether foreign or domestic, in each case having or purporting to have jurisdiction in the relevant circumstances;

(g) "**Royalties**" means all royalties, rents, issues, proceeds, profits or other fees (including, without limitation, license fees), charges, assessments or penalties payable to the Debtor or due or accruing due to the Debtor pursuant to any License; and

(h) Unless the context otherwise requires or unless otherwise specified, all the terms used herein without initial capitals which are defined in the *Personal Property Security Act* (Alberta) or the regulations thereunder, as they may be amended, restated or replaced by successor legislation of comparable effect (collectively, the "**PPSA**"), have the same meaning herein as in the PPSA.

Section 3
OBLIGATIONS SECURED

3.1 Obligations Secured.

The Collateral constitutes and will constitute continuing security for each of the following obligations (collectively, the "**Obligations**") of the Debtor to any one or more of the Administrative Agent and the Lenders under the Credit Agreement or any other Loan Document (as defined in the Credit Agreement):

(a) **Indebtedness.** The prompt payment, as and when due and payable, of all amounts now or hereafter owing by the Debtor to any one or more of the Administrative Agent and the Lenders under the Credit Agreement or any other Loan Document and any Swap Agreement (as such terms are defined in the Credit Agreement), including by way of guarantee or indemnity, whether now existing or hereafter incurred, matured or unmatured, direct, indirect, joint or several, or contingent including any extensions and renewals thereof, and all future advances and re-advances; and

(b) **Performance of Agreements.** The strict performance and observance by the Debtor of all agreements, warranties, representations, covenants and conditions of the Debtor made pursuant to this Security Agreement or any other agreement between the Debtor and any one or more of the Administrative Agent and the Lenders in connection with the Credit Agreement all as now in effect or as hereafter entered into or amended.

3.2 Reduction of Obligations.

The Obligations may be reduced to zero from time to time without affecting the validity, perfection or enforceability of this Security Agreement or the security interests created hereby until this Security Agreement is discharged in accordance with Section 9.10.

Section 4
DEBTOR'S REPRESENTATIONS AND WARRANTIES

4.1 General.

The Debtor represents and warrants to and for the benefit of the Administrative Agent and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant as set out in this Section 4, and that each of the representations and warranties made with respect to the Debtor in the Credit Agreement is true and correct as if the same were given by the Debtor at the date hereof.

4.2 Places of Business of Debtor.

The locations specified in **Schedule D** hereto are the Debtor's only places of business (the "**Places of Business**") where the Debtor conducts its business operations or keeps or stores the Collateral and records in respect thereof and of the Debtor's business.

4.3 Serial Numbered Goods.

To the knowledge of the Debtor, the complete, accurate and appropriate serial number (as specified in the regulations under the PPSA) for each item of Equipment that is serial numbered goods in which the Debtor now has any interest (excluding, for certainty, any Equipment held by the Debtor under any operating lease), is set out in **Schedule A** hereto.

4.4 Account Debtor.

To the knowledge of the Debtor, each Account, Chattel Paper, Security and Instrument constituting Collateral is genuine and enforceable in accordance with its terms against the party obligated to pay thereunder (the "**Account Debtor**").

4.5 Amounts Due From Account Debtor.

The amount represented by the Debtor to the Administrative Agent from time to time as owing by each Account Debtor or by all Account Debtors shall, to the best of the Debtor's knowledge be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, save and except for normal cash discounts where applicable.

4.6 Survival and Reliance.

All representations and warranties of the Debtor made herein or in any certificate or other document delivered by or on behalf of the Debtor for the benefit of the Administrative Agent or any of the Lenders are material, shall survive the execution and delivery of this Security Agreement and shall continue in full force and effect without time limit. The Administrative Agent and each of the Lenders are deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Administrative Agent or any of the Lenders at any time.

4.7 Intellectual Property.

Attached hereto as **Schedule C** is a true and complete schedule setting forth all material Intellectual Property of the Debtor.

4.8 Validity; Enforceability.

The Debtor is not currently aware of any past, present, or prospective claim by any third party that any of the Intellectual Property is invalid or unenforceable or that the use of the Intellectual Property violates the rights of any third person, or of any basis for any such claims, except for those claims set out in **Schedule E** attached hereto.

4.9 Perfection of Security Interest in Intellectual Property.

Except for the filing of a financing statement with provincial or state personal property registries, and filings with the Canadian Patent Office, Canadian Copyright Office and Canadian Trademark Office, the United States Patent and Trademark Office and the United States Copyright Office, or the corresponding offices in any other country which may be necessary to perfect the security interest, no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either for the grant by the Debtor of the security interest or for the execution, delivery or performance of this Security Agreement by the Debtor or for the perfection of or the exercise by the Administrative Agent of its rights hereunder to the Intellectual Property in Canada or the United States.

Section 5
DEBTOR'S COVENANTS

5.1 General.

Unless compliance with the following covenants is waived by the Administrative Agent in writing or unless non-compliance with any such covenants is otherwise consented to by the Administrative Agent by written agreement with the Debtor, the Debtor covenants and agrees with the Administrative Agent to observe and perform each of the covenants set out in this Section 5, and to comply with each and every term, covenant, condition and agreement under the Credit Agreement, any Swap Agreement entered into by the Debtor with any Lender or any Affiliate of any Lender or any other agreement entered into by the Debtor in connection with such agreements and to not do anything which would result in a breach of the Credit Agreement, any Swap Agreement entered into by the Debtor with any Lender or any Affiliate of any Lender or any other agreement entered into by the Debtor in connection with such agreements.

5.2 Conduct of Business.

The Debtor will carry on and conduct its business in accordance with sound industry practice.

5.3 No Accessions or Fixtures.

The Debtor will prevent the Collateral from becoming an accession to any property other than the Collateral or from becoming a fixture unless the security interests hereby created rank prior to the interests of all other persons in the realty.

5.4 Marking the Collateral.

The Debtor will, at the reasonable request of the Administrative Agent, and if reasonably necessary for identification purposes, mark, or otherwise take appropriate steps to identify, the Collateral to indicate clearly that it is subject to the security interests hereby created.

5.5 Change of Places of Business, Collateral and Names.

The Debtor will not change its places of business, chief executive office, or the records in respect thereof or, other than in accordance with the Purchase Transactions or any Permitted Acquisition (as such terms are defined in the Credit Agreement), change its corporate name or any name or style under which it carries on business without giving to the Administrative Agent five (5) Business Day's prior written notice of the change or of the new name or style, as applicable.

5.6 Notice of Loss of Collateral.

The Debtor will give prompt written notice to the Administrative Agent of all loss or damage to or loss or possession of the Collateral otherwise than by disposition in accordance with the terms of the Credit Agreement unless such loss, damage or loss of possession would not, in the aggregate, reasonably be considered to constitute a Material Adverse Effect (as defined in the Credit Agreement).

5.7 Proceeds In Trust.

Upon the occurrence of and during the continuation of an Event of Default, the Debtor will and shall be deemed to hold all Proceeds in trust, separate and apart from other Money, Instruments or property, for the benefit of the Administrative Agent until all amounts owing by the Debtor to each of the Administrative Agent and the Lenders have been paid in full and all obligations of each of the Administrative Agent and the Lenders to the Debtor have been terminated.

5.8 Additional Securities.

In the event that the Debtor shall, during the currency of the Credit Agreement, become the beneficial owner of any other Securities than those set out in Schedule B hereto, the Debtor agrees that, subject to the terms of the Credit Agreement, and subject to the terms of the Intercreditor Agreement, it shall pledge such Securities to the Administrative Agent and forthwith deliver same to the Administrative Agent under the Senior Credit Agreement (as defined in the Intercreditor Agreement) that will hold such Securities on behalf of the Creditors (as defined in the Intercreditor Agreement) to be dealt with in accordance with the terms and conditions of the Intercreditor Agreement and such Securities shall become Securities so held by or on behalf of the Administrative Agent pursuant to the terms of this Security Agreement, the security interest of the Administrative Agent attaching when the Debtor has rights in such Securities.

5.9 Security Interest in Intellectual Property.

The Debtor agrees that the Administrative Agent will not be deemed in any manner to have assumed any obligation of the Debtor under any License nor shall the Administrative Agent be liable to any Official Body or license counterparties by reason of any default by any person under any contract. The Debtor agrees to indemnify and hold the Administrative Agent harmless of and from all liability, loss, damage or expense which it may or might incur by reason of any claim or demand against it based on its alleged assumption of the Debtor's duty and obligation to perform and discharge the terms, covenants and agreements in any License, other than those arising from gross negligence or willful misconduct.

5.10 Litigation and Proceedings With Respect to Intellectual Property.

The Debtor shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit and its own expense, such suits, administrative proceedings, or other actions for infringement or other causes of action as are in its reasonable business judgment necessary to protect the Intellectual Property. The Debtor shall diligently defend all suits, administrative proceedings or other actions brought by third parties in respect of the Intellectual Property or use thereof unless such suits, proceedings or actions do not constitute a Material Adverse Effect. The Debtor shall provide to the Administrative Agent any information with respect to the foregoing in this Section 5.10 requested by the Administrative Agent. The Administrative Agent may, but shall not be required to, provide at the Debtor's expense all necessary cooperation in connection with any such suits, proceedings or actions including, without limitation, joining as a necessary party. Following the Debtor becoming aware thereof, the Debtor shall promptly notify the Administrative Agent of the institution of or any adverse determination in any proceeding in any patent, trademark or copyright office or other regulatory authority, or any Canadian, United States, state, provincial or foreign court regarding the Debtor's claim of ownership in any of the Intellectual Property, its right to apply for the same or its right to keep and maintain such rights, the whole provided that such proceeding is likely to constitute a Material Adverse Effect.

Section 6
COLLECTION OF ACCOUNTS

6.1 Collection of Accounts.

The Administrative Agent may, upon the occurrence and during the continuation of an Event of Default, notify and direct any Account Debtor to make all payments whatever to the Administrative Agent. The Administrative Agent may hold all amounts acquired from any Account Debtor and any Proceeds as part of the Collateral.

6.2 Trust Provision.

Any payments received by the Debtor upon the occurrence and during the continuation of an Event of Default and after notification to Account Debtors, shall be held by the Debtor in trust for the Administrative Agent in the same medium in which received, shall not be commingled with any assets of the Debtor and shall, at the request of the Administrative Agent, be turned over to the Administrative Agent not later than the next business day following the day of their receipt.

Section 7
DEFAULT

7.1 Default.

The occurrence of any "Event of Default" under the Credit Agreement, other than under Article VIII, subparagraphs (h) or (i) of the Credit Agreement, that has not been remedied or waived by the Administrative Agent in accordance with the provisions of the Credit Agreement and for which the Administrative Agent has provided a notice of acceleration to the Debtor, or the occurrence of any "Event of Default" specified in Article VIII, subparagraphs (h) or (i) of the Credit Agreement will constitute an "**Event of Default**" under this Security Agreement.

7.2 Crystallization.

The floating charge created by Section 1.2 shall become a fixed charge as soon as:

(a) the Administrative Agent gives notice to that effect to the Debtor upon the occurrence and during the continuation of an Event of Default;

(b) the Administrative Agent takes any step to accelerate or demand payment of the Obligations, or gives notice of its intention or takes any steps to enforce its security upon the occurrence and during the continuation of an Event of Default; or

(c) an Event of Default described in Article VIII, subparagraphs (h) or (i) of the Credit Agreement occurs in respect of the Debtor.

7.3 Grant of License.

In addition, upon the occurrence of any default or Event of Default which is not susceptible of being remedied or waived, the Debtor shall, to the extent permitted by law, grant to the Administrative Agent a royalty-free exclusive license to use the Intellectual Property and associated goodwill to the extent necessary to enable the Administrative Agent to use, possess and realize upon the Intellectual Property and to enable any successor or assign to enjoy the benefits of all the Intellectual Property.

7.4 Waiver not to Affect Subsequent Breach.

The Administrative Agent may waive default or any breach by the Debtor of any of the provisions contained in this Security Agreement. No waiver shall extend to a subsequent breach or default, whether or not the same as or similar to the breach or default waived. No act or omission of the Administrative Agent shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default of the Debtor or the rights of the Administrative Agent resulting therefrom. Any such waiver must to be in writing and signed by the Administrative Agent to be effective.

Section 8
ADMINISTRATIVE AGENT'S REMEDIES ON DEFAULT

8.1 Indebtedness Due and Rights and Remedies.

Upon the occurrence and during the continuation of an Event of Default, all of the Obligations shall become immediately due and payable without notice to the Debtor, and the Administrative Agent may, at its option, proceed to enforce payment of same and to exercise any or all of the rights and remedies contained herein, including, without limitation, the signification and collection of the Debtor's Accounts, or otherwise afforded by law, in equity or otherwise. The Administrative Agent shall have the right to enforce one or more remedies successively or concurrently in accordance with applicable law and the Administrative Agent expressly retains all rights and remedies not inconsistent with the provisions herein including all the rights it may have under the PPSA as well as the Credit Agreement, and, without restricting the generality of the foregoing, the Administrative Agent may upon such Event of Default which is continuing:

(a) **Appointment of Receiver**. Appoint by instrument in writing a receiver, receiver-manager or receiver and manager (herein a "**Receiver**") of the Debtor and of all or any part of the Collateral and remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver. Any Receiver appointed by the Administrative Agent so far as concerns responsibility for its acts shall be deemed the agent of the Debtor and not of the Administrative Agent. Where the Administrative Agent is referred to in this Section the reference includes, where the context permits, any Receiver so appointed and the officers, employees, servants or agents of such Receiver;

(b) **Enter and Repossess.** Immediately and without notice enter the Debtor's premises and repossess, disable or remove the Collateral and the Debtor hereby grants to the Administrative Agent a licence to occupy any premises of the Debtor for the purpose of storage of the Collateral;

(c) **Retain the Collateral.** Retain and administer the Collateral in the Administrative Agent's sole and unfettered discretion, which the Debtor hereby acknowledges is commercially reasonable;

(d) **Dispose of the Collateral.** Dispose of any Collateral by public auction, private tender or private contract with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor. The Administrative Agent may, at its discretion establish the terms of such disposition, including, without limitation, terms and conditions as to credit, upset, reserve bid or price. The Administrative Agent may also lease the Collateral on such terms as it deems appropriate. The payments for Collateral, whether on a disposition or lease, may be deferred. All payments made pursuant to such dispositions shall be credited against the Obligations only as they are actually received. The Administrative Agent may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral again without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Administrative Agent has taken possession of the Collateral;

(e) **Foreclose.** Foreclose upon the Collateral in satisfaction of the Obligations. The Administrative Agent may designate any part of the Obligations to be satisfied by the foreclosure of particular Collateral which the Administrative Agent considers to have a net realizable value approximating the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be deemed to be satisfied by the foreclosure of the particular Collateral;

(f) **Carry on Business.** Carry on or concur in the carrying on of all or any part of the business of the Debtor and may, in any event, to the exclusion of all others, including the Debtor, enter upon, occupy and use all premises of or occupied or used by the Debtor and use any of the personal property (which shall include fixtures) of the Debtor for such time and such purposes as the Administrative Agent sees fit. The Administrative Agent shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, costs, charges, depreciation or damages in connection therewith;

(g) **Payment of Encumbrances.** Pay any encumbrance that may exist or be threatened against the Collateral. In any such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations secured by this Security Agreement;

(h) **Payment of Deficiency.** If the proceeds of realization are insufficient to pay all monetary Obligations, the Debtor shall forthwith pay or cause to be paid to the Administrative Agent any deficiency and the Administrative Agent may sue the Debtor to collect the amount of such deficiency; and

(i) **Dealing with Collateral.** Subject to applicable law, seize, collect, realize, borrow money on the security of, release to third parties, sell (by way of public or private sale), lease or otherwise deal with the Collateral in such manner, upon such terms and conditions, at such time or times and place or places and for such consideration as may seem to the

Administrative Agent advisable and without notice to the Debtor. The Administrative Agent may charge on its own behalf and pay to others sums for reasonable expenses incurred and for services rendered (expressly including legal services, consulting, receivers and accounting fees) in or in connection with seizing, collecting, realizing, borrowing on the security of, selling or obtaining payment of the Collateral and may add such sums to the Obligations secured by this Security Agreement.

8.2 Assemble the Collateral.

To assist the Administrative Agent in the implementation of such rights and remedies the Debtor will, at its own risk and expense and at the Administrative Agent's request, assemble and prepare for removal such items of the Collateral as are selected by the Administrative Agent as shall, in the Administrative Agent's sole judgment, have a value sufficient to cover all the Obligations.

8.3 Administrative Agent Not Liable for Failure to Exercise Remedies.

None of the Administrative Agent or the Lenders shall be liable or accountable for any delay or failure to exercise its remedies, take possession of, seize, collect, realize, sell, lease or otherwise dispose of or obtain payment for the Collateral. None of the Administrative Agent or the Lenders shall be bound to institute proceedings for such purposes or for the purpose of preserving any rights, remedies or powers of the Administrative Agent, the Debtor or any other person in respect of the Collateral or against any Account Debtor.

8.4 Allocation of Proceeds.

All monies collected or received by the Administrative Agent in respect of the Collateral may be held by the Administrative Agent and may be applied on account of such parts of the Obligations at the sole discretion of the Administrative Agent, the whole subject to the terms of the Credit Agreement.

8.5 Extension of Time.

Each of the Administrative Agent and the Lenders may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Collateral to third parties and otherwise deal with the Debtor's guarantors or sureties and others and with the Collateral and other securities as such of the Administrative Agent or the Lenders may see fit without prejudice to the liability of the Debtor to the Administrative Agent, or the Administrative Agent's rights, remedies and powers under this Security Agreement.

8.6 Forbearance is not Waiver.

No extension of time, forbearance, indulgence or other accommodation now, heretofore or hereafter given by the Administrative Agent to the Debtor shall operate as a waiver, alteration or amendment of the rights of the Administrative Agent or otherwise preclude the Administrative Agent from enforcing such rights.

8.7 Effect of Appointment of Receiver.

As soon as the Administrative Agent takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the directors and officers of the Debtor with respect to that Collateral shall cease, unless specifically continued by the written consent of the Administrative Agent or the Receiver.

8.8 Limitation of Liability.

The Administrative Agent and the Lenders shall not be liable by reason of any entry into or taking possession of any of the Collateral hereby charged or intended so to be or any part thereof, to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or any act or omission for which a secured party in possession might be liable. The Debtor acknowledges and agrees that any and all payments, responsibilities, obligations and liabilities in respect of the Collateral shall remain those of the Debtor and no such payments, responsibilities, obligations or liabilities are assigned hereby nor are assumed or incurred by the Administrative Agent or the Lenders hereunder, other than gross negligence or wilful misconduct.

8.9 Release by Debtor.

The Debtor hereby releases and discharges the Administrative Agent, the Lenders and the Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Debtor or any person claiming through or under the Debtor by reason or as a result of any act or omission of the Administrative Agent or any successor or assign claiming through or under the Administrative Agent or the Receiver under the provisions of this Security Agreement unless such claim is the result of dishonesty or gross neglect.

8.10 Performance by Agent.

Nothing herein shall obligate the Administrative Agent to assume or perform any obligation of the Debtor to any third party in respect or arising out of the Collateral. The Debtor agrees to indemnify and save harmless the Administrative Agent from any and all claims of such third parties, other than those arising out of gross negligence or wilful misconduct. The Administrative Agent may however at its option assume or perform any such obligations which the Administrative Agent considers necessary or desirable to obtain the benefit of the Collateral, or any part thereof, free of any set off, deduction or abatement and any money so expended by the Administrative Agent shall form part of the Obligations and shall bear interest at the interest rate(s) provided for in the Credit Agreement.

Section 9
MISCELLANEOUS

9.1 Costs.

The Debtor will indemnify and reimburse the Administrative Agent on demand for all interest, commissions, costs of realization and other reasonable costs and expenses (including the full amount of all legal fees and expenses paid by the Administrative Agent) incurred by the Administrative Agent, any of the Lenders or any Receiver in connection with:

(a) the registration of any financing statement registered in connection with the security interests hereby created;

(b) the preparation, execution, perfection, protection, enforcement of and advice with respect to this Security Agreement;

(c) the realization, disposition of, retention, protection, insuring or collection of any Collateral;

(d) the protection or enforcement of the rights, remedies and powers of any of the Administrative Agent or the Lenders or any Receiver, including, without limitation, participation, preparation and advice with respect to any actions or proceedings commenced or threatened by or against the Debtor or any Guarantor/Indemnitor;

(e) the inspection of the Collateral;

(f) investigating title to the Collateral;

(g) the compliance by the Administrative Agent with all demands made upon the Administrative Agent to amend, extend, cancel or discharge any registrations and filings related hereto; and

(h) any other reasonable cost related hereto.

All amounts for which the Debtor is required hereunder to reimburse the Administrative Agent or any of the Lenders or any Receiver shall, from the date of disbursement until the date the Administrative Agent, such Lenders or the Receiver receives reimbursement, be deemed advanced to the Debtor by the Lenders, shall be deemed to be Obligations and shall bear interest at the interest rate(s) provided for in the Credit Agreement.

9.2 Appointment of Attorney.

The Debtor hereby constitutes and appoints the Administrative Agent, or any Receiver, the true and lawful attorney of the Debtor irrevocably with full power of substitution to do, make and execute all such assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever it may be deemed necessary or expedient. This power of attorney may only be exercised upon the occurrence and during the continuation of an Event of Default. The Debtor hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest, is given for valuable consideration.

9.3 No Obligation to Make Advances.

Nothing herein shall obligate the Administrative Agent or any of the Lenders to make any advance or loan or further advance or extend credit to the Debtor and, in particular, nothing herein shall obligate the Administrative Agent or any of the Lenders to advance any unadvanced portion of any loan or credit to the Debtor after the occurrence of an Event of Default which is continuing. Except to the extent that the Administrative Agent or any of the Lenders:

(a) by accepting bills of exchange drawn on it by the Debtor; or

(b) by issuing letters of credit or letters of guarantee on the application of the Debtor,

is required to advance monies on the maturity of those bills or pursuant to those letters of credit or letters of guarantee, as the case may be, none of the preparation, execution, perfection or registration of this Security Agreement or the advance of any monies by the Administrative Agent or any of the Lenders shall bind the Administrative Agent or the Lenders to make any further advance.

9.4 Security Interests Effective Immediately.

Neither the execution of, nor any filing with respect to, this Security Agreement shall bind the Administrative Agent or any of the Lenders to grant any credit to the Debtor, but the security interests hereby created shall take effect forthwith upon the execution of this Security Agreement by the Debtor.

9.5 Security in Addition and not in Substitution, Remedies Cumulative.

The rights, remedies and powers conferred by this Security Agreement are in addition to, and not in substitution for, any other rights, remedies or powers the Administrative Agent and the Lenders may have under this Security Agreement, at law, in equity or by or under the PPSA or any other statute. The Administrative Agent may proceed by way of any action, suit or other proceeding at law or in equity and no right, remedy or power of the Administrative Agent shall be exclusive of or dependent on any other. The Administrative Agent may exercise any of its rights, remedies or powers separately or in combination and at any time.

9.6 Statutory Waivers.

To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protection given by the provisions of any existing or future statute which imposes limitations upon the rights, remedies or powers of the Administrative Agent or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. In particular, the Debtor waives all rights, benefits and protection given by the *Civil Enforcement Act* of the Province of Alberta insofar as they extend to or relate to any of the Collateral. The *Limitation of Civil Rights Act* of the Province of Saskatchewan shall not apply to the security interests hereby created or any of the rights, remedies or powers of the Administrative Agent or any Receiver.

9.7 Provisions Reasonable.

The Debtor acknowledges that the provisions of this Security Agreement and, in particular, those respecting rights, remedies and powers of the Administrative Agent and any Receiver against the Debtor, its business and any Collateral upon an Event of Default, are commercially reasonable and not manifestly unreasonable.

9.8 Further Assurances.

The Debtor shall at all times, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, assignments, security agreements and assurances as the Administrative Agent may reasonably require in order to give effect to the provisions hereof and for the better granting, transferring, assigning, charging, setting over, assuring, confirming or perfecting the security interests hereby created and the priority accorded to them by law or under this Security Agreement.

9.9 Notices. Every notice, demand and other communication in connection with this Security Agreement (including, without limitation, notices required or permitted under the *Bankruptcy and Insolvency Act*) and all legal process in regard hereto shall be validly given, made or served in accordance with the Credit Agreement.

9.10 Release of Collateral and Discharge.

The Administrative Agent shall, in accordance with the provisions of the Credit Agreement, release any of the Collateral from time to time from the security interest created pursuant to this Security Agreement. Upon payment and performance by the Debtor of the Obligations secured hereby the Administrative Agent shall promptly upon request in writing by the Debtor deliver up this Security Agreement to the Debtor and shall at the expense of the Debtor cancel and discharge the security interests hereby created and execute and deliver to the Debtor such documents as shall be requisite to discharge the security interests hereby created.

9.11 Amalgamation.

In the event of the amalgamation of the Debtor, this Security Agreement and all other security delivered by the Debtor in connection with this Security Agreement shall be binding on the amalgamated corporation and charge its present and future undertaking, property and assets to secure the present and future Obligations of the amalgamated corporation, all as if the amalgamated corporation had originally executed and delivered those documents; provided nothing in this paragraph shall be construed as a consent or a permission for the Debtor to amalgamate.

9.12 Delivery of Copy/Waiver.

The Debtor hereby acknowledges receiving a copy of this Security Agreement. The Debtor waives all rights to receive from the Administrative Agent a copy of any financing statement or financing change statement registered or verification statement issued at any time in respect of this Security Agreement.

9.13 Conflict.

In the event of a conflict or inconsistency between the provisions of this Security Agreement and the provisions of the Credit Agreement, the provisions of the Credit Agreement shall prevail provided that they do not invalidate any security created hereunder.

9.14 Release of Information.

The Debtor hereby authorizes the Administrative Agent to provide a copy of this Security Agreement and such other information (including full details of the Obligations) as may be requested of the Administrative Agent by persons entitled thereto under the PPSA.

Section 10
INTERPRETATION

10.1 Entire Agreement/Amendment.

This Security Agreement contains the entire agreement between the parties relating to the security interests hereby created. Any amendment of this Security Agreement shall not be binding unless in writing and signed by the Administrative Agent and the Debtor. The Debtor confirms that there are no representations, warranties, covenants or acknowledgements affecting, or relied upon in entering this Security Agreement.

10.2 Severability.

Any provision of this Security Agreement prohibited by law or otherwise ineffective shall be ineffective only to the extent of such prohibition or ineffectiveness and shall be severable without invalidating or otherwise affecting the remaining provisions hereof.

10.3 Joint and Several Liability.

If more than one person executes this Security Agreement as Debtor, their obligations hereunder and the liability resulting therefrom shall be joint and several.

10.4 Headings.

All headings and titles in this Security Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

10.5 Included Words.

Wherever the singular or the masculine are used herein, the same shall be deemed to include the plural or the feminine or the body politic or corporate where the context or the parties so require.

10.6 Applicable Law.

This Security Agreement shall be construed and enforceable under and in accordance with the laws of Alberta. The Debtor hereby irrevocably submits and attorns to the jurisdiction of the courts of Alberta.

10.7 Binding Effect.

This Security Agreement shall be binding on the Debtor and its successors, heirs, administrators and executors and shall enure to the benefit of the Administrative Agent and its successors and assigns.

[SIGNATURE PAGE FOLLOWS]

1353537 ALBERTA LTD.

By: ______________________

Name: Franklin H. Foster
Title: Secretary

SCHEDULE A

SPECIFIC EQUIPMENT DESCRIPTION

NIL

SCHEDULE B

SECURITIES OWNED BY THE DEBTOR

(1) IN THE CAPITAL OF COVER-ALL BUILDING SYSTEMS INC.

CLASS OF SHARES	CERTIFICATE NUMBER	NUMBER OF SHARES
Class A Shares	CA-1	8,679,913
Class A Shares	CA-2	4,673,799
Class G Shares	CG-1	1,974,246
Class G Shares	CG-2	1,063,056

SCHEDULE C

INTELLECTUAL PROPERTY OF THE DEBTOR

NIL

SCHEDULE D

DEBTOR'S PLACES OF BUSINESS

3815 Wanuskewin Road
Saskatoon, Saskatchewan S7P 1A4

4300 Bankers Hall West
888 – 3rd Street S.W.
Calgary, Alberta T2P 5C5

SCHEDULE E

CLAIMS AGAINST INTELLECTUAL PROPERTY OF THE DEBTOR

NIL

ASSIGNMENT AND SECURITY AGREEMENT

This ASSIGNMENT AND SECURITY AGREEMENT, dated as of October 23, 2007 (this "Agreement"), between each person listed on the signature pages hereof, each other person or entity which from time to time becomes a party hereto by executing and delivering a Joinder (as defined below) (collectively, including the Borrower, the "Debtors" and individually each a "Debtor") and CANADIAN IMPERIAL BANK OF COMMERCE ("CIBC"), in its capacity as administrative agent (as defined below) for the benefit of the Secured Parties (as defined below).

RECITALS:

1. 1353537 Alberta Ltd., a corporation incorporated in the province of Alberta (the "Borrower") is a party to a Credit Agreement, dated as of October 23, 2007 (as amended, modified, restated or supplemented from time to time, the "Credit Agreement"), with certain financial institutions, as lenders (collectively, the "Lenders") and CIBC, as administrative agent for the Lenders (in such capacity, the "Administrative Agent") and CIBC, as Operating Lender.

2. Each of the Debtors has executed and delivered a Guarantee dated as of the date hereof (as amended, modified, restated or supplemented from time to time, the "Guarantee"), of the obligations of the Borrower in respect of the Loan Documents and the obligations of each Debtor under the Guarantee are to be secured pursuant to this Agreement.

3. The execution and delivery of this Agreement is a condition precedent set forth in the Credit Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. When used herein (a) the terms Account, Account Debtor, Certificated Security, Chattel Paper, Commercial Tort Claim, Commodity Account, Commodity Contract, Deposit Account, Document, Equipment, Fixture, General Intangibles, Goods, Instrument, Inventory, Investment Property, Proceeds, Security, Securities Account, Security Entitlement, and Uncertificated Security have the meaning ascribed under Article 8 or Article 9, as applicable of the Uniform Commercial Code as the same shall be hereafter amended; (b) capitalized terms used but not defined have the meanings assigned to such terms in the Credit Agreement and (c) the following terms have the following meanings (such definitions to be applicable to both the singular and plural forms of such terms):

Administrative Agent - see the recitals.

Agreement - see the introductory paragraph.

Borrower - see the recitals.

Computer Hardware and Software means, with respect to any Debtor, (i) all computer and other electronic data processing hardware, whether now or hereafter owned, licensed or leased by such Debtor, including, without limitation, all integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware; (ii) to the extent assignable, all software programs, whether now or hereafter owned, licensed or leased by such Debtor, designed for use on the computers and electronic data processing hardware described in clause (i) above, including, without limitation, all operating system software, utilities and application programs in whatsoever form (source code and object code in magnetic tape, disk or hard copy format or any other listings whatsoever); (iii) all firmware associated therewith, whether now or hereafter owned, licensed or leased by such Debtor; and (iv) to the extent assignable, all documentation for such hardware, software and firmware described in the preceding clauses (i), (ii) and (iii), whether now or hereafter owned, licensed or leased by such Debtor, including, without limitation, flow charts, logic diagrams, manuals, specifications, training materials, charts and pseudo codes.

Credit Agreement - see the recitals.

Debtor - see the introductory paragraph.

Guarantee - see the recitals.

Intellectual Property means all past, present and future: trade secrets and other proprietary information; trademarks, service marks, business names, designs, logos, indicia, and/or other source and/or business identifiers and the goodwill of the business relating thereto and all registrations or applications for registrations which have heretofore been or may hereafter be issued thereon throughout the world; copyrights (including, without limitation, copyrights for computer programs) and copyright registrations or applications for registrations which have heretofore been or may hereafter be issued throughout the world; unpatented inventions (whether or not patentable); patent applications and patents; industrial designs, industrial design applications and registered industrial designs; books, records, writings, computer tapes or disks, flow diagrams, specification sheets, source codes, object codes and other physical manifestations, embodiments or incorporations of any of the foregoing set forth in this definition; the right to sue for all past, present and future infringements of any of the foregoing set forth in this definition; and all common law and other rights throughout the world in and to all of the foregoing set forth in this definition.

Joinder means an Assignment and Security Agreement Joinder substantially in the form of Exhibit A hereto.

Liabilities means with respect to any Debtor all obligations of such Debtor to the Administrative Agent or any other Secured Party (including monetary obligations accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, which arise out of or in connection with (a) the Guarantee or any other Loan Document to which such Debtor is a party, (b) under any Swap Agreement to which such Debtor is a party, in each case as the same may be amended, modified, extended or renewed from time to time, and (c) cash management services (other than cash management services provided after the Termination Date) to any Lender or Affiliate of a Lender.

Non-Tangible Collateral means, with respect to any Debtor, collectively, such Debtor's Accounts and General Intangibles.

Secured Parties means (a) Lenders and the Administrative Agent, (b) the Swap Lenders, (c) the beneficiaries of each indemnification obligation undertaken by the Borrower or any Debtor under any Loan Document and (d) the successors and assigns of each of the foregoing.

Uniform Commercial Code or UCC means the Uniform Commercial Code as in effect in the State of New York on the date of this Agreement, as the same may be amended from time to time.

SECTION 2. Assignment and Grant of Security Interest.

(a) As security for the due and punctual payment and performance of all of the Liabilities now existing or hereafter arising, each Debtor hereby pledges, transfers and grants to the Administrative Agent for the benefit of the Secured Parties, a lien on and continuing security interest in, all of such Debtor's right, title and interest, whether now owned or held or hereafter acquired, in, to and under the following wheresoever the same may now or hereafter be located (the "Collateral"):

(i) Accounts;

(ii) Chattel Paper;

(iii) Commercial Tort Claims;

(iv) Computer Hardware and Software and all rights with respect thereto, including, without limitation, any and all licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing;

(v) Deposit Accounts;

(vi) Documents;

(vii) General Intangibles;

(viii) Goods (including, without limitation, all its Equipment, Fixtures and Inventory), together with all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor;

(ix) Instruments;

(x) Intellectual Property;

~~(xi) Investment Property;~~

(xii) Letter-of-Credit Rights and letters of credit (as such term is defined in Article 5 of the Uniform Commercial Code);

(xiii) money (as such term is defined in Article 1 of the Uniform Commercial Code) of every jurisdiction whatsoever;

(xiv) to the extent not included in the foregoing, maps, surveys and similar items used or useful in such Debtor's business;

(xv) to the extent not included in the foregoing, all books, records, writings, data bases, information in whatever form and other property relating to, used or useful in connection with, evidencing, embodying, incorporating or referring to any of the foregoing;

(xvi) all Proceeds, products, offspring, rents, issues, profits and, distributions on, rights arising out of, returns of and from, and any and all claims and/or insurance payments arising out of the loss, nonconformity, or interference with the use of, defects or infringements of rights in, or damage to, any of the foregoing; and

(xvii) to the extent not included in the foregoing, other personal property of any kind or description.

Notwithstanding the foregoing, the security interest granted herein shall not attach to, and the term Collateral shall not include, (i) any United States intent-to-use trademark or service mark application to the extent that and solely during the period in which the grant of a security interest therein would impair the validity or enforceability of such intent-to-use application under applicable federal law, and (ii) any lease, license, contract, property rights or agreement to which any Debtors is a party or any of its rights or interests thereunder, or any assets governed thereby, if and for so long as the grant of such security interest shall constitute or result in (A) the abandonment, invalidation or unenforceability of any right, title or interest of any Debtor therein or (B) in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, property rights or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity), provided however that the Collateral shall include and such security interest shall attach immediately at such time as the condition causing such abandonment, invalidation or unenforceability shall be remedied and to the extent severable, shall attach immediately to any portion of such lease, license, contract, property rights or agreement that does not result in any of the consequences specified in (A) or (B) above.

SECTION 3. Representations and Warranties. Each Debtor warrants that: (i) no financing statement (other than any which may have been filed on behalf of the Administrative Agent or in connection with Permitted Liens) covering any of the Collateral is on file in any public office that will not be released in connection with the financing contemplated by the Credit Agreement; (ii) such Debtor is and will be the lawful owner of all Collateral, free of all liens and claims whatsoever, other than Permitted Liens, with full power and authority to execute this Agreement and perform such Debtor's obligations hereunder, and to subject the Collateral to the security interest hereunder; (iii) all information with respect to Collateral and Account Debtors set forth in any schedule, certificate or other writing at any time heretofore or hereafter furnished by such Debtor to the Administrative Agent or any Lender will be true and correct in all material respects as of the date furnished; (iv) such Debtor's true legal name as registered in the jurisdiction in which such Debtor is organized or incorporated, state of incorporation or organization, organizational identification number as designed by the state of its incorporation or organization, chief executive office, and principal place of business are as set forth on Schedule 1 hereto and such Debtor has not maintained its chief executive office and principal place of business at any other locations (except such locations immediately prior to date of this Agreement as are set forth on Schedule 1); (v) each other location where such Debtor maintains a place of business or locates Goods is set forth on Schedule 2 hereto; (vi) except as disclosed on Schedule 1, such Debtor is not now known and during the five years preceding the date hereof has not previously been known by any trade name; (vii) except as disclosed on Schedule 1, during the five years preceding the date hereof such Debtor has not been known by any legal name different from the one set forth on the signature page of this Agreement nor has such Debtor been the subject of any merger or other corporate reorganization; (viii) Schedule 3 hereto contains a complete listing of all of such Debtor's Intellectual Property which has been registered under any registration statute; (ix) such Debtor is a duly organized, validly existing and in good standing under the laws of the state of its organization; (x) the execution and delivery of this Agreement and the performance by such Debtor of its obligations hereunder are within such Debtor's corporate powers, have been duly authorized by all necessary corporate action, have received all necessary governmental approval (if any shall be required), and do not and will not contravene or conflict with any provision of law or of the Organizational Documents of such Debtor or of any material agreement, indenture, instrument or other document, or any material judgment, order or decree, which is binding upon such Debtor; (xi) this Agreement is a legal, valid and binding obligation of such Debtor, enforceable in accordance with its terms, except that the enforceability of this Agreement may be limited by bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law); and (xii) such Debtor is in compliance with the requirements of all applicable laws (including, without limitation, the provisions of the Fair Labor Standards Act), rules, regulations and orders of every governmental authority, the non-compliance with which would materially adversely affect the business, properties, assets, operations or condition (financial or otherwise) of the Borrower and the Subsidiaries taken as a whole or the value of the Collateral or the worth of the Collateral as collateral security.

SECTION 4. Agreements of Debtors. Each Debtor (a) will, upon request of the Administrative Agent, execute and cause to be filed such financing statements and other documents (and pay the cost of filing or recording the same in all public offices reasonably deemed appropriate by the Administrative Agent) and do such other acts and things (including, without limitation, delivery to the Administrative Agent of any Instruments or Certificated Securities which constitute Collateral), all as the Administrative Agent may from time to time reasonably request, to establish and maintain a valid perfected security interest in the Collateral (free of all other liens, claims and rights of third parties whatsoever, other than Permitted Liens) to secure the payment of the Liabilities; (b) hereby authorizes the Administrative Agent to file financing statements describing the collateral as "all property" or words of similar import, and to file other documents without its signature (to the extent allowed by applicable law); (c) will keep all its Inventory, Equipment and all other Goods at, and will not maintain any place of business or locate any Goods at any location other than its address(es) shown on Schedules 1 and 2 hereto or at such other addresses of which such Debtor shall have given the Administrative Agent not less than 10 days' prior written notice; (d) shall not change its state of organization or incorporation or its name, identity, organizational structure or chief executive office or principal place of business such that any financing statement filed to perfect the Administrative Agent's interests under this Agreement would become seriously misleading, unless the Debtor shall have given the Administrative Agent not less than 5 days' prior notice of such change (provided that this Section 3(d) shall not be deemed authorize any change or transaction prohibited under the Credit Agreement); (e) will keep its records concerning the Non-Tangible Collateral in such a manner as will enable the Administrative Agent or its designees to determine at any time the status of the Non-Tangible Collateral; (f) will furnish the Administrative Agent such information concerning such Debtor, the Collateral and the Account Debtors as the Administrative Agent may from time to time reasonably request; (g) will permit the Administrative Agent and its designees, from time to time, on reasonable notice and at reasonable times and intervals during normal business hours (or at any time without notice during the existence of a Default) to inspect such Debtor's Inventory and other Goods, and to inspect, audit and make copies of and extracts from all records and all other papers in the possession of such Debtor pertaining to the Collateral and the Account Debtors, and will, upon request of the Administrative Agent during the existence of a Default, deliver to the Administrative Agent all of such records and papers; (h) will, upon request of the Administrative Agent, stamp on its records concerning the Collateral and add on all Chattel Paper constituting a portion of the Collateral, a notation, in form satisfactory to the Administrative Agent, of the security interest of the Administrative Agent hereunder; (i) except as permitted by the Credit Agreement, will not sell, lease, assign or create or permit to exist any Lien on any Collateral other than Permitted Liens; (j) will at all times keep all its Inventory and other Goods insured under policies maintained with reputable, financially sound insurance companies against loss, damage, theft and other risks to such extent as is customarily maintained by companies similarly situated, and cause all such policies to provide that loss thereunder shall be payable to the Administrative Agent as its interest may appear (it being understood that (A) so long as no Default shall be existing, the Administrative Agent shall deliver any proceeds of such insurance which may be received by it to such Debtor in accordance with the terms of the Credit Agreement and (B) whenever an Event of Default shall be existing, the Administrative Agent may apply any proceeds of such insurance which may be received by it toward payment of the Liabilities, whether or not due, in accordance with the terms of the Credit Agreement) and such policies or certificates thereof shall, if the Administrative Agent so requests, be deposited with or furnish to the

Administrative Agent; (k) will take such actions as are reasonably necessary to keep its Inventory in good repair and condition, ordinary wear and tear excepted; (l) will take such actions as are reasonably necessary to keep its Equipment (other than obsolete Equipment) in good repair and condition and in good working or running order, ordinary wear and tear excepted; (m) will promptly pay when due all license fees, registration fees, taxes, assessments and other charges which may be levied upon or assessed against the ownership, operation, possession, maintenance or use of its Equipment and other Goods (as applicable); provided, however, that such Debtor shall not be required to pay any such fee, tax, assessment or other charge if the validity thereof is being contested by such Debtor in good faith by appropriate proceedings, so long as forfeiture of any substantial part of its Equipment or other Goods will not result from the failure of such Debtor to pay any such fee, tax, assessment or other charge during the period of such contest; (n) will, upon the reasonable request of the Administrative Agent, (i) cause to be noted on the applicable certificate, in the event any of its Equipment is covered by a certificate of title, the security interest of the Administrative Agent in the Equipment covered thereby and (ii) deliver all such certificates to the Administrative Agent or its designees; (o) will take all steps reasonably necessary to protect, preserve and maintain all of its rights in the Collateral; (p) will keep all of the tangible Collateral, Deposit Accounts and Investment Property in the continental United States, provided, however, that if the Administrative Agent has a perfected security interest under the applicable law such Deposit Accounts and Investment Property may also be kept in Canada, United Kingdom or Germany, and (q) will reimburse the Administrative Agent for all expenses, including reasonable attorneys' fees and legal expenses, incurred by the Administrative Agent in seeking to collect or enforce any rights in respect of such Debtor's Collateral.

Any expenses incurred in protecting, preserving and maintaining any Collateral shall be borne by the applicable Debtor. The Administrative Agent shall not have any obligations or liabilities regarding the Collateral or any thereof by reason of, or arising out of, this Agreement.

SECTION 5. Collections, etc. Until such time during the existence of a Default as the Administrative Agent shall notify such Debtor of the revocation of such power and authority, each Debtor (a) may, in the ordinary course of its business, at its own expense, sell, lease or furnish under contracts of service any of the Inventory normally held by such Debtor for such purpose, use and consume, in the ordinary course of its business, any raw materials, work in process or materials normally held by such Debtor for such purpose, and use, in the ordinary course of its business (but subject to the terms of the Credit Agreement), the cash proceeds of Collateral and other money which constitutes Collateral, (b) will, at its own expense, endeavor to collect, as and when due, all amounts due under any of the Non-Tangible Collateral, including the taking of such action with respect to such collection as the Administrative Agent may reasonably request or, in the absence of such request, as such Debtor may deem advisable, and (c) may grant, in the ordinary course of business, to any party obligated on any of the Non-Tangible Collateral, any rebate, refund or allowance to which such party may be lawfully entitled, and may accept, in connection therewith, the return of Goods, the sale or lease of which shall have given rise to such Non-Tangible Collateral. The Administrative Agent, however, may, at any time that a Default exists, whether before or after any revocation of such power and authority or the maturity of any of the Liabilities, notify any parties obligated on any of the Non-Tangible Collateral to make payment to the Administrative Agent of any amounts due or to become due thereunder and enforce collection of any of the Non-Tangible

Collateral by suit or otherwise and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby. Upon request of the Administrative Agent during the existence of a Default, each Debtor will, at its own expense, notify any parties obligated on any of the Non-Tangible Collateral to make payment to the Administrative Agent of any amounts due or to become due thereunder.

Upon request by the Administrative Agent during the existence of a Default, each Debtor will forthwith, upon receipt, transmit and deliver to the Administrative Agent, in the form received, all cash, checks, drafts and other instruments or writings for the payment of money (properly endorsed, where required, so that such items may be collected by the Administrative Agent) which may be received by such Debtor at any time in full or partial payment or otherwise as proceeds of any of the Collateral. Except as the Administrative Agent may otherwise consent in writing, any such items which may be so received by any Debtor during the existence of a Default will not be commingled with any other of its funds or property, but will be held separate and apart from its own funds or property and upon express trust for the Administrative Agent until delivery is made to the Administrative Agent. Each Debtor will comply with the terms and conditions of any consent given by the Administrative Agent pursuant to the foregoing sentence.

Upon request by the Administrative Agent during the existence of a Default, all items or amounts which are delivered by any Debtor to the Administrative Agent on account of partial or full payment or otherwise as proceeds of any of the Collateral shall be deposited to the credit of a deposit account (each an "Assignee Deposit Account") as to which the Administrative Agent and the depositary bank have entered into an agreement in form acceptable to the Administrative Agent that the depositary bank will comply with instructions originated by Administrative Agent directing disposition of the funds in the account without further consent by such Debtor, as security for payment of the Liabilities. During the existence of a Default, no Debtor shall have any right to withdraw any funds deposited in the applicable Assignee Deposit Account. The Administrative Agent may, from time to time, in its discretion, and shall upon request of the applicable Debtor made not more than once in any week, apply all or any of the then balance, representing collected funds, in the Assignee Deposit Account, toward payment of the Liabilities, whether or not then due, in accordance with the terms of the Credit Agreement, and the Administrative Agent may, from time to time, in its discretion, release all or any of such balance to the applicable Debtor.

During the existence of a Default, the Administrative Agent is authorized to endorse, in the name of the applicable Debtor, any item, howsoever received by the Administrative Agent, representing any payment on or other proceeds of any of the Collateral.

SECTION 6. Certificates, Schedules and Reports. Each Debtor will from time to time deliver to the Administrative Agent such schedules, certificates and reports respecting all or any of the Collateral at the time subject to the security interest hereunder, and the items or amounts received by such Debtor in full or partial payment of any of the Collateral, as the Administrative Agent may reasonably request. Any such schedule, certificate or report shall be executed by a duly authorized officer of such Debtor and shall be in such form and detail as the Administrative Agent may specify. Each Debtor shall immediately notify the Administrative Agent of the occurrence of any event causing any loss or depreciation in the value of its Inventory or other Goods which is material to the Company and its Subsidiaries taken as a whole, and such notice shall specify the amount of such loss or depreciation.

SECTION 7. Attorney-in-Fact. Each Debtor hereby irrevocably appoints the Administrative Agent as such Debtor's attorney-in-fact (which appointment as attorney-in-fact is coupled with an interest), with full authority in the place and stead of such Debtor and in the name of such Debtor, effective from and while a Default has occurred and is continuing in such Person's discretion to take any action and to execute any instrument which such Person may reasonably deem necessary or advisable to accomplish the purposes of this Agreement, including to ask, demand, collect, sue for, recover and receive moneys due and to become due under or in connection with the Collateral, to receive, indorse and collect any drafts or other instruments, documents and chattel paper in connection therewith and to file any claims or take any action or institute any proceedings which the Administrative Agent may reasonably deem necessary or desirable for the collection thereof or to enforce compliance with the terms and conditions of this Agreement. Notwithstanding the foregoing, the Administrative Agent shall not be obligated to exercise any right or duty as attorney-in-fact, and shall not have any duty to such Debtor in connection therewith.

SECTION 8. Duties. The powers conferred on the Administrative Agent hereunder shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Administrative Agent shall not have any duty as to any Collateral or as to the taking of any necessary steps to preserve any rights pertaining to any Collateral.

SECTION 9. Rights and Remedies.

(a) If any Default shall have occurred, then, in addition to any other rights and remedies provided for herein or which may otherwise be available under applicable law, the Administrative Agent may (and, upon the direction of the Required Lenders shall), without any further demand, advertisement or notice (except as expressly provided for below in this Section 9(a) or as required by applicable law), exercise all the rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Collateral), and in addition: (i) may apply the moneys, if any, then held by it as part of the Collateral for the purposes and in the order provided in Section 9(e) and (ii) if there shall be no such moneys or the moneys so applied shall be insufficient to satisfy in full all Liabilities, may sell or otherwise dispose of the Collateral, or any part thereof, as hereinafter provided. The Collateral may be sold in one or more sales, at public or private sale, conducted by any officer or agent of, or auctioneer or attorney for, the Administrative Agent, at the Administrative Agent's place of business or elsewhere, for cash, upon credit or for other property, for immediate or future delivery, on such terms as the Administrative Agent shall deem appropriate and at such price or prices as the Administrative Agent shall deem best. The Administrative Agent and any other Secured Party may be the purchaser of any or all of the Collateral so sold at a public sale, and the obligations of the applicable Debtor to any such purchaser may be applied as a credit against the purchase price. Upon any such sale, the Administrative Agent shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser (including the Administrative Agent and any other Secured Party) at any such sale shall hold the Collateral so sold absolutely free from any claim or right of the Debtors of whatsoever kind, including any equity or right of redemption, and each Debtor hereby specifically waives, to the full extent it may lawfully do so, all rights of redemption, stay or appraisal now existing or hereafter adopted. The Administrative Agent shall give notice of any such public or private sale. Such notice, in case of public sale, shall state the time and place fixed for such sale. Any such public sale shall be held at such time or times within ordinary business hours as the Administrative Agent shall fix in the notice of such sale. At any such sale, the Collateral may be sold in one lot as an entirety or in separate parcels. The Administrative Agent shall not be obligated to make any sale pursuant to any such notice. The Administrative Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for such sale, and any such sale may be made at any time or place to which the same may be so adjourned without further notice or publication. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by the Administrative Agent until the full selling price is paid by the purchaser thereof, but the Administrative Agent shall not incur any liability in case of the failure of such purchaser to take up and pay for the Collateral so sold, and, in case of any such failure, such Collateral may again be sold pursuant to the provisions hereof.

(b) Each Debtor agrees, in case of the existence and continuance of a Default, (i) to assemble, at its expense, all its Inventory and other Goods (other than Fixtures) at a convenient place or places acceptable to the Administrative Agent, and (ii) at the Administrative Agent's request, to execute all such documents and do all such other things which may be necessary or desirable in order to enable the Administrative Agent or its nominee to be registered as owner of the Intellectual Property with any competent registration authority.

(c) Notice of the intended disposition of the Collateral may be given by first class mail, hand delivery (through a delivery service or otherwise), facsimile or E mail, and shall be deemed to have been "sent" upon deposit in the U.S. Mails with adequate postage properly affixed, upon delivery to an express delivery service or upon the electronic submission through telephonic or Internet services, as applicable. Each Debtor hereby agrees and acknowledges that (i) with respect to Collateral that is: (A) perishable or threatens to decline speedily in value, or (B) is of a type customarily sold on a recognized market (including but not limited to, Investment Property), no notice of disposition need be given; and (ii) with respect to Collateral not described in clause (i) of this Section 9(c), notification sent after default and ten days before any proposed disposition provides notice within a reasonable time before disposition.

(d) Each Debtor hereby agrees and acknowledges that a commercially reasonable disposition of Inventory, Equipment, Computer Hardware and Software, or Intellectual Property may be by lease or license of, in addition to the sale of, such Collateral. Each Debtor further agrees and acknowledges that and that a disposition: (i) made in the usual manner on any recognized market, or (ii) a disposition at the price current in any recognized market at the time of disposition, or (iii) a disposition in conformity with reasonable commercial practices among dealers in the type of property subject to the disposition; shall be deemed commercially reasonable.

(e) Any cash proceeds of any disposition by the Administrative Agent of any of the Collateral shall be applied by the Administrative Agent to payment of expenses in connection with the Collateral, including reasonable attorneys' fees and legal expenses, and thereafter to the payment of any and all of the Liabilities in accordance with the terms of the Credit Agreement, and thereafter any surplus will be paid to the Debtor. Administrative Agent need not apply or pay over for application noncash proceeds of collection and enforcement unless: (i) the failure to do so would be commercially unreasonable and (ii) the affected Debtor has provided Administrative Agent with a written demand to apply or pay over such noncash proceeds on such basis.

(f) If any Default shall have occurred and be continuing, instead of exercising the power of sale provided in Section 9(a), the Administrative Agent may (and, upon the direction of the Required Lenders, shall) proceed by a suit or suits at law or in equity to foreclose the pledge and security interest under this Agreement and sell the Collateral or any portion thereof under a judgment or decree of a court or courts of competent jurisdiction.

(g) If any Default shall have occurred and be continuing, the Administrative Agent, as attorney-in-fact pursuant to Section 7, may, in the name and stead of each Debtor, make and execute all conveyances, assignments and transfers of the Collateral sold pursuant to Section 9(a) or 9(d), and each Debtor hereby ratifies and confirms all that the Administrative Agent, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, each Debtor shall, if so requested by the Administrative Agent, ratify and confirm any sale or sales by executing and delivering to the Administrative Agent, or to such purchaser or purchasers, all such instruments as may, in the judgment of the Administrative Agent, be advisable for the purpose.

(h) The receipt of the Administrative Agent for the purchase money paid at any sale made by it pursuant to Section 9(a) or 9(b) shall be a sufficient discharge to any purchaser for the purchase price of the Collateral, or any portion thereof, sold as aforesaid; and no such purchaser (or the representatives or assigns of such purchaser), after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money, or any part thereof, or in any manner whatsoever be answerable for any loss, misapplication or nonapplication of any such purchase money, or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of such sale.

(i) The Administrative Agent shall not incur any liability as a result of the manner of sale of the Collateral, or any part thereof, at any private sale conducted in a commercially reasonable manner. Each Debtor hereby waives, to the full extent permitted by applicable law, any claims against the Administrative Agent or the Secured Parties arising by reason of the fact that the price at which the Collateral, or any part thereof, may have been sold at a private sale was less than the price which might have been obtained at a public sale or was less than the aggregate amount of the Liabilities, even if the Administrative Agent accepts the first offer received, which the Administrative Agent in good faith deems to be commercially reasonable under the circumstances and does not offer the Collateral to more than one offeree. To the extent permitted by law, each Debtor shall have the burden of proving that any such sale of the Collateral was conducted in a commercially unreasonable manner.

(j) Each and every right and remedy of the Administrative Agent shall, to the extent permitted by law, be cumulative and shall be in addition to any other remedy given hereunder or under the Credit Agreement or now or hereafter existing at law or in equity or by statute.

SECTION 10. Indemnity and Expenses. (a) Each Debtor agrees to indemnify the Administrative Agent and each of the other Secured Parties from and against any and all out of pocket losses, claims, damages, liabilities and related costs and expenses, including reasonable counsel fees, disbursements and other charges growing out of or resulting from (i) this Agreement **(INCLUDING ENFORCEMENT OF THIS AGREEMENT AND ANY CLAIMS, LOSSES AND LIABILITIES RESULTING FROM THE NEGLIGENCE OF THE PERSON CLAIMING INDEMNITY UNDER THIS SECTION 10(a))**, but excluding any such losses, claims, damages, liabilities or related expenses resulting from the gross negligence or willful misconduct of such Secured Party or its directors, officers, employees, trustees, advisors or agents) or (ii) any refund or adjustment (other than any refund or adjustment ordered or required as a result of the gross negligence or willful misconduct of any Secured Party or its directors, officers, employees, trustees, advisors or agents) of any amount paid or payable to the Administrative Agent under or in respect of any of the Collateral, or any interest thereon, which may be ordered or otherwise required by any Person.

(b) Each Debtor shall, upon demand, pay to the Administrative Agent the amount of any and all reasonable expenses (together with interest thereon at a rate per annum equal to the Default Rate), including the reasonable fees and expenses of counsel and of any experts and agents, which the Administrative Agent may incur following the occurrence and during the continuance of a Default in connection with (i) the administration of this Agreement, (ii) the custody or preservation of, or the collection from or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Administrative Agent hereunder or (iv) the failure by any Debtor to perform or observe any of the provisions hereof.

SECTION 11. Amendments; etc. No amendment, modification or waiver of any provision of this Agreement nor consent to any departure by any Debtor herefrom shall in any event be effective unless the same shall be in writing and signed by the such Debtor, the Administrative Agent and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. This Agreement may also be amended by the addition of Debtors pursuant to a Joinder.

SECTION 12. Addresses for Notices. All notices and other communications provided for hereunder shall be given in the form and manner, shall be addressed, and shall become effective as specified in Section 5.4 of the Guarantee.

SECTION 13. Continuing Assignment and Security Interest. (a) This Agreement shall create a continuing assignment of and security interest in the Collateral and shall (i) remain in full force and effect until termination of all of the Commitments and payment in full of the Liabilities (except for contingent indemnification obligations), (ii) be binding upon each Debtor, its successors and assigns and (iii) inure, together with the rights and remedies of the Administrative Agent hereunder, to the equal and ratable benefit of the Secured Parties and their respective successors and permitted assigns.

(b) On the Termination Date (as defined in Section 13(c)), the security interest granted hereby shall terminate, and all rights to the Collateral shall, subject to any other security interest applicable thereto, revert to the applicable Debtor. Upon any such termination, the Administrative Agent will, at the Debtor's expense, execute and deliver to the applicable Debtor such documents as the Debtors shall reasonably request to evidence such termination. Upon the occurrence of any sale by any Debtor of any portion of the Collateral permitted by Section 7.06 of the Credit Agreement, the security interest granted hereby in such portion of the Collateral shall terminate, and the Administrative Agent will, at such Debtor's expense, execute and deliver to such Debtor such documents as such Debtor shall reasonably request to evidence such termination.

(c) As used in Section 13(b), the term "Termination Date" shall mean the first date hereafter on which all of the following shall have occurred:

(i) all of the Commitments shall have been terminated and the Operating Lender has no further obligation to issue Letters of Credit,

(ii) each Swap Agreement shall have been terminated and all Letters of Credit have expired or been cancelled, and

(iii) all of the Liabilities shall have been paid in full (except for contingent indemnification obligations).

SECTION 14. GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE; WAIVER OF JURY TRIAL.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, OR THE PRIORITY OF THE SECURITY INTEREST GRANTED HEREUNDER MAY BE DETERMINED IN ACCORDANCE WITH THE UNIFORM COMMERCIAL CODE OF A DIFFERENT JURISDICTION IN ACCORDANCE WITH NEW YORK LAW.

(b) SUBMISSION TO JURISDICTION. EACH DEBTOR IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, IN EACH CASE SITTING IN THE BOROUGH OF MANHATTAN, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT OR

ANY OTHER SECURED PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY DEBTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH DEBTOR IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 15. Headings. Headings used in this Agreement are for convenience of reference only and do not constitute part of this Agreement for any purpose.

IN WITNESS WHEREOF, the parties hereto, by their officers duly authorized, have caused this Agreement to be duly executed and delivered as of the date first above written.

Cover-All U.S. Holding Corp., a Delaware corporation

By:________________________
Name: Franklin H. Foster
Title: Vice President

Summit Structures, LLC, a Pennsylvania limited liability company

By:________________________
Name: Franklin H. Foster
Title: Secretary

Quick Structures, LLC, a Pennsylvania limited liability company

By:________________________
Name: Franklin H. Foster
Title: Secretary

Cover-All Holdings U.S., LLC, a Pennsylvania limited liability company

By:________________________
Name: Franklin H. Foster
Title: Secretary

Summit Structures U.S., LLC, a Pennsylvania limited liability company

By: ______________________
Name: Franklin H. Foster
Title: Secretary

Cover-All Building Systems of New York, Inc., a New York corporation

By: ______________________
Name: Franklin H. Foster
Title: Secretary

Summit Project Management, LLC, a Pennsylvania limited liability company

By: ______________________
Name: Franklin H. Foster
Title: Secretary

CANADIAN IMPERIAL BANK OF
COMMERCE, as Administrative Agent

By: ______________________________
Robert Stevens, Authorized Signatory

By: ______________________________
Michael D. Scott, Authorized Signatory

SCHEDULE 1
to
ASSIGNMENT AND SECURITY AGREEMENT

Legal Name of Debtor	Jurisdiction of Formation and type of Organization	Organization Number	Location of Principal Place of Business	Location of Chief Executive Office	Trade Names and Prior Names
Cover-All U.S. Holding Corp.	a Delaware corporation	4434585	101 Huntington Ave., Boston, MA 02199	101 Huntington Ave., Boston, MA 02199	N/A
Summit Structures, LLC	a Pennsylvania limited liability company	3065169	946 North Van Buren St., Allentown, PA 18109	3815 Wanuskewin Road Saskatoon, Saskatchewan Canada, S7P 1A4	Originally incorporated in Delaware under same name
Quick Structures, LLC	a Pennsylvania limited liability company	3215308	946 North Van Buren St., Allentown, PA 18109	3815 Wanuskewin Road Saskatoon, Saskatchewan Canada, S7P 1A4	N/A
Cover-All Holdings U.S., LLC	a Pennsylvania limited liability company	3695526	946 North Van Buren St., Allentown, PA 18109	3815 Wanuskewin Road Saskatoon, Saskatchewan Canada, S7P 1A4	N/A
Summit Structures U.S., LLC	a Pennsylvania limited liability company	3223174	946 North Van Buren St., Allentown, PA 18109	3815 Wanuskewin Road Saskatoon, Saskatchewan Canada, S7P 1A4	N/A
Cover-All Building Systems of New York, Inc.	a New York corporation	NY does not provide IDs	946 North Van Buren St., Allentown, PA 18109	3815 Wanuskewin Road Saskatoon, Saskatchewan Canada, S7P 1A4	Cover-All Shelter Systems of New York, Inc.
Summit Project Management, LLC	a Pennsylvania limited liability company	3215307	946 North Van Buren St., Allentown, PA 18109	3815 Wanuskewin Road Saskatoon, Saskatchewan Canada, S7P 1A4	N/A

SCHEDULE 2
to
ASSIGNMENT AND SECURITY AGREEMENT

ADDRESSES OF ALL LOCATIONS AT WHICH GOODS ARE KEPT

946 North Van Buren St., Allentown, PA 18109

EXHIBIT A

FORM OF ASSIGNMENT AND SECURITY AGREEMENT JOINDER

This ASSIGNMENT AND SECURITY AGREEMENT JOINDER dated as of _________, _____ ~~(the or this "Joinder") is entered into [on a joint and several basis] by~~ [each of] the undersigned __________, a [type of entity] [and ____________, a [type of entity] ([which parties are hereinafter referred to individually as] a "Debtor". Terms not otherwise defined herein shall have the meaning set forth in the Security Agreement hereinafter referred to.

RECITALS

A. Reference is made to the Assignment and Security Agreement dated as of October 23, 2007 (herein, as the same may be further amended or modified from time to time, the "Security Agreement") among the various parties thereto as Debtors and Canadian Imperial Bank of Commerce, as administrative agent for the Secured Parties (the "Administrative Agent").

B. The Administrative Agent and the Lenders have required as a condition to their obligations to make Loans under the Credit Agreement that the Debtor become a party to the Guarantee and the Security Agreement and grant a lien on its properties as security for the Liabilities thereunder.

NOW, THEREFORE, as required by the Credit Agreement and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, [each/the] Debtor does hereby covenant and agree, [jointly and severally,] as follows:

The Debtor desires to amend the definition of Debtor (as the same may have been heretofore amended) set forth in the Security Agreement attached hereto so that at all times from and after the date hereof, the Debtor shall be liable as set forth in the Security Agreement for the obligations of a Debtor under the Security Agreement to the extent and in the manner set forth therein. The Debtor hereby pledges, assigns, transfers and grants to the Administrative Agent for the benefit of the Secured Parties, a lien on and continuing security interest in all of such Debtor's right, title and interest, whether now owned or held or hereafter acquired into and under the property described on Exhibit A to this Joinder to secure its obligations under the Guarantee and the other Liabilities (as defined in the Security Agreement).

The undersigned is the duly elected ____________ of the Debtor[s] and is duly authorized to execute and deliver this Joinder for the benefit of the Secured Parties. The execution by the undersigned of this Joinder shall evidence its consent to and acknowledgment and approval of the terms set forth herein and in the Security Agreement. By its execution hereof, the Debtor[s] shall be deemed to have made the representations and warranties set forth in Section 3 of the Security Agreement as of the date of this Joinder and Schedules 1, 2 and 3 attached hereto contain the information required by said Section 3.

(xv) to the extent not included in the foregoing, all books, records, writings, data bases, information in whatever form and other property relating to, used or useful in connection with, evidencing, embodying, incorporating or referring to any of the foregoing;

(xvi) all Proceeds, products, offspring, rents, issues, profits and, distributions on, rights arising out of, returns of and from, and any and all claims and/or insurance payments arising out of the loss, nonconformity, or interference with the use of, defects or infringements of rights in, or damage to, any of the foregoing; and

(xvii) to the extent not included in the foregoing, other personal property of any kind or description.

Notwithstanding the foregoing, the security interest granted herein shall not attach to, and the term Collateral shall not include, (i) any United States intent-to-use trademark or service mark application to the extent that and solely during the period in which the grant of a security interest therein would impair the validity or enforceability of such intent-to-use application under applicable federal law, and (ii) any lease, license, contract, property rights or agreement to which any Debtors is a party or any of its rights or interests thereunder, or any assets governed thereby, if and for so long as the grant of such security interest shall constitute or result in (A) the abandonment, invalidation or unenforceability of any right, title or interest of any Debtor therein or (B) in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, property rights or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity), provided however that the Collateral shall include and such security interest shall attach immediately at such time as the condition causing such abandonment, invalidation or unenforceability shall be remedied and to the extent severable, shall attach immediately to any portion of such lease, license, contract, property rights or agreement that does not result in any of the consequences specified in (A) or (B) above.

SCHEDULE 1
to
ASSIGNMENT AND SECURITY AGREEMENT

CORPORATE INFORMATION

Legal Name of Debtor	Jurisdiction of Formation and type of Organization	Organization Number	Location of Principal Place of Business	Location of Chief Executive Office	Trade Names and Prior Names

SCHEDULE 2
to
ASSIGNMENT AND SECURITY AGREEMENT

~~ADDRESSES OF ALL LOCATIONS AT WHICH GOODS ARE KEPT~~

SCHEDULE 3
to
ASSIGNMENT AND SECURITY AGREEMENT

LIST OF INTELLECTUAL PROPERTY

EXECUTION VERSION

SUBORDINATED ASSIGNMENT AND SECURITY AGREEMENT

This SUBORDINATED ASSIGNMENT AND SECURITY AGREEMENT, dated as of October 23, 2007 (this "Agreement"), between each person listed on the signature pages hereof, each other person or entity which from time to time becomes a party hereto by executing and delivering a Joinder (as defined below) (collectively, including the Borrower, the "Debtors" and individually each a "Debtor") and CANADIAN IMPERIAL BANK OF COMMERCE ("CIBC"), in its capacity as administrative agent (as defined below) for the benefit of the Secured Parties (as defined below).

RECITALS:

1. 1353537 Alberta Ltd., a corporation incorporated in the province of Alberta (the "Borrower") is a party to a credit agreement, dated as of October 23, 2007 (as amended, modified, restated or supplemented from time to time, the "Subordinated Credit Agreement"), with certain financial institutions, as lenders (collectively, the "Lenders") and CIBC, as administrative agent for the Lenders (in such capacity, the "Administrative Agent").

2. Each of the Debtors has executed and delivered a Subordinated Guarantee dated as of the date hereof (as amended, modified, restated or supplemented from time to time, the "Subordinated Guarantee"), of the obligations of the Borrower in respect of the Loan Documents and the obligations of each Debtor under the Subordinated Guarantee are to be secured pursuant to this Agreement.

3. The execution and delivery of this Agreement is a condition precedent set forth in the Subordinated Credit Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. When used herein (a) the terms Account, Account Debtor, Certificated Security, Chattel Paper, Commercial Tort Claim, Commodity Account, Commodity Contract, Deposit Account, Document, Equipment, Fixture, General Intangibles, Goods, Instrument, Inventory, Investment Property, Proceeds, Security, Securities Account, Security Entitlement, and Uncertificated Security have the meaning ascribed under Article 8 or Article 9, as applicable of the Uniform Commercial Code as the same shall be hereafter amended; (b) capitalized terms used but not defined have the meanings assigned to such terms in the Subordinated Credit Agreement and (c) the following terms have the following meanings (such definitions to be applicable to both the singular and plural forms of such terms):

Administrative Agent - see the recitals.

Agreement - see the introductory paragraph.

Borrower - see the recitals.

Computer Hardware and Software means, with respect to any Debtor, (i) all computer and other electronic data processing hardware, whether now or hereafter owned, licensed or leased by such Debtor, including, without limitation, all integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware; (ii) to the extent assignable, all software programs, whether now or hereafter owned, licensed or leased by such Debtor, designed for use on the computers and electronic data processing hardware described in clause (i) above, including, without limitation, all operating system software, utilities and application programs in whatsoever form (source code and object code in magnetic tape, disk or hard copy format or any other listings whatsoever); (iii) all firmware associated therewith, whether now or hereafter owned, licensed or leased by such Debtor; and (iv) to the extent assignable, all documentation for such hardware, software and firmware described in the preceding clauses (i), (ii) and (iii), whether now or hereafter owned, licensed or leased by such Debtor, including, without limitation, flow charts, logic diagrams, manuals, specifications, training materials, charts and pseudo codes.

Debtor - see the introductory paragraph.

Intellectual Property means all past, present and future: trade secrets and other proprietary information; trademarks, service marks, business names, designs, logos, indicia, and/or other source and/or business identifiers and the goodwill of the business relating thereto and all registrations or applications for registrations which have heretofore been or may hereafter be issued thereon throughout the world; copyrights (including, without limitation, copyrights for computer programs) and copyright registrations or applications for registrations which have heretofore been or may hereafter be issued throughout the world; unpatented inventions (whether or not patentable); patent applications and patents; industrial designs, industrial design applications and registered industrial designs; books, records, writings, computer tapes or disks, flow diagrams, specification sheets, source codes, object codes and other physical manifestations, embodiments or incorporations of any of the foregoing set forth in this definition; the right to sue for all past, present and future infringements of any of the foregoing set forth in this definition; and all common law and other rights throughout the world in and to all of the foregoing set forth in this definition.

Joinder means a Subordinated Assignment and Security Agreement Joinder substantially in the form of Exhibit A hereto.

Liabilities means with respect to any Debtor all obligations of such Debtor to the Administrative Agent or any other Secured Party (including monetary obligations accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, which arise out of or in connection with the Subordinated Guarantee or any other Loan Document to which such Debtor is a party.

Non-Tangible Collateral means, with respect to any Debtor, collectively, such Debtor's Accounts and General Intangibles.

Secured Parties means (a) Lenders and the Administrative Agent, (b) the beneficiaries of each indemnification obligation undertaken by the Borrower or any Debtor under any Loan Document and (d) the successors and assigns of each of the foregoing.

Subordinated Credit Agreement – see the recitals.

Subordinated Guarantee - see the recitals.

Uniform Commercial Code or UCC means the Uniform Commercial Code as in effect in the State of New York on the date of this Agreement, as the same may be amended from time to time.

SECTION 2. Assignment and Grant of Security Interest.

(a) As security for the due and punctual payment and performance of all of the Liabilities now existing or hereafter arising, each Debtor hereby pledges, transfers and grants to the Administrative Agent for the benefit of the Secured Parties, a lien on and continuing security interest in, all of such Debtor's right, title and interest, whether now owned or held or hereafter acquired, in, to and under the following wheresoever the same may now or hereafter be located (the "Collateral"):

(i) Accounts;

(ii) Chattel Paper;

(iii) Commercial Tort Claims;

(iv) Computer Hardware and Software and all rights with respect thereto, including, without limitation, any and all licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing;

(v) Deposit Accounts;

(vi) Documents;

(vii) General Intangibles;

(viii) Goods (including, without limitation, all its Equipment, Fixtures and Inventory), together with all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor;

(ix) Instruments;

(x) Intellectual Property;

(xi) Investment Property;

(xii) Letter-of-Credit Rights and letters of credit (as such term is defined in Article 5 of the Uniform Commercial Code);

(xiii) money (as such term is defined in Article 1 of the Uniform Commercial Code) of every jurisdiction whatsoever;

(xiv) to the extent not included in the foregoing, maps, surveys and similar items used or useful in such Debtor's business;

(xv) to the extent not included in the foregoing, all books, records, writings, data bases, information in whatever form and other property relating to, used or useful in connection with, evidencing, embodying, incorporating or referring to any of the foregoing;

(xvi) all Proceeds, products, offspring, rents, issues, profits and, distributions on, rights arising out of, returns of and from, and any and all claims and/or insurance payments arising out of the loss, nonconformity, or interference with the use of, defects or infringements of rights in, or damage to, any of the foregoing; and

(xvii) to the extent not included in the foregoing, other personal property of any kind or description.

Notwithstanding the foregoing, the security interest granted herein shall not attach to, and the term Collateral shall not include, (i) any United States intent-to-use trademark or service mark application to the extent that and solely during the period in which the grant of a security interest therein would impair the validity or enforceability of such intent-to-use application under applicable federal law, and (ii) any lease, license, contract, property rights or agreement to which any Debtors is a party or any of its rights or interests thereunder, or any assets governed thereby, if and for so long as the grant of such security interest shall constitute or result in (A) the abandonment, invalidation or unenforceability of any right, title or interest of any Debtor therein or (B) in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, property rights or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity), provided however that the Collateral shall include and such security interest shall attach immediately at such time as the condition causing such abandonment, invalidation or unenforceability shall be remedied and to the extent severable, shall attach immediately to any portion of such lease, license, contract, property rights or agreement that does not result in any of the consequences specified in (A) or (B) above.

SECTION 3. Representations and Warranties. Each Debtor warrants that: (i) no financing statement (other than any which may have been filed on behalf of the Administrative Agent or in connection with Permitted Liens) covering any of the Collateral is on file in any public office that will not be released in connection with the financing contemplated by the Subordinated Credit Agreement; (ii) such Debtor is and will be the lawful owner of all Collateral, free of all liens and claims whatsoever, other than Permitted Liens, with full power and authority to execute this Agreement and perform such Debtor's obligations hereunder, and to subject the Collateral to the security interest hereunder; (iii) all information with respect to

Collateral and Account Debtors set forth in any schedule, certificate or other writing at any time heretofore or hereafter furnished by such Debtor to the Administrative Agent or any Lender will be true and correct in all material respects as of the date furnished; (iv) such Debtor's true legal name as registered in the jurisdiction in which such Debtor is organized or incorporated, state of incorporation or organization, organizational identification number as designed by the state of its incorporation or organization, chief executive office, and principal place of business are as set forth on Schedule 1 hereto and such Debtor has not maintained its chief executive office and principal place of business at any other locations (except such locations immediately prior to date of this Agreement as are set forth on Schedule 1); (v) each other location where such Debtor maintains a place of business or locates Goods is set forth on Schedule 2 hereto; (vi) except as disclosed on Schedule 1, such Debtor is not now known and during the five years preceding the date hereof has not previously been known by any trade name; (vii) except as disclosed on Schedule 1, during the five years preceding the date hereof such Debtor has not been known by any legal name different from the one set forth on the signature page of this Agreement nor has such Debtor been the subject of any merger or other corporate reorganization; (viii) Schedule 3 hereto contains a complete listing of all of such Debtor's Intellectual Property which has been registered under any registration statute; (ix) such Debtor is a duly organized, validly existing and in good standing under the laws of the state of its organization; (x) the execution and delivery of this Agreement and the performance by such Debtor of its obligations hereunder are within such Debtor's corporate powers, have been duly authorized by all necessary corporate action, have received all necessary governmental approval (if any shall be required), and do not and will not contravene or conflict with any provision of law or of the Organizational Documents of such Debtor or of any material agreement, indenture, instrument or other document, or any material judgment, order or decree, which is binding upon such Debtor; (xi) this Agreement is a legal, valid and binding obligation of such Debtor, enforceable in accordance with its terms, except that the enforceability of this Agreement may be limited by bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law); and (xii) such Debtor is in compliance with the requirements of all applicable laws (including, without limitation, the provisions of the Fair Labor Standards Act), rules, regulations and orders of every governmental authority, the non-compliance with which would materially adversely affect the business, properties, assets, operations or condition (financial or otherwise) of the Borrower and the Subsidiaries taken as a whole or the value of the Collateral or the worth of the Collateral as collateral security.

SECTION 4. Agreements of Debtors. Each Debtor (a) will, upon request of the Administrative Agent, execute and cause to be filed such financing statements and other documents (and pay the cost of filing or recording the same in all public offices reasonably deemed appropriate by the Administrative Agent) and do such other acts and things (including, without limitation, delivery to the Administrative Agent of any Instruments or Certificated Securities which constitute Collateral), all as the Administrative Agent may from time to time reasonably request, to establish and maintain a valid perfected security interest in the Collateral (free of all other liens, claims and rights of third parties whatsoever, other than Permitted Liens) to secure the payment of the Liabilities; (b) hereby authorizes the Administrative Agent to file financing statements describing the collateral as "all property" or words of similar import, and to file other documents without its signature (to the extent allowed by applicable law); (c) will keep all its Inventory, Equipment and all other Goods at, and will not maintain any place of business or locate any Goods at any location other than its address(es) shown on Schedules 1 and 2 hereto or at such other addresses of which such Debtor shall have given the Administrative Agent not less than 10 days' prior written notice; (d) shall not change its state of organization or incorporation or its name, identity, organizational structure or chief executive office or principal place of business such that any financing statement filed to perfect the Administrative Agent's interests under this Agreement would become seriously misleading, unless the Debtor shall have given the Administrative Agent not less than 5 days' prior notice of such change (provided that this Section 3(d) shall not be deemed authorize any change or transaction prohibited under the Subordinated Credit Agreement); (e) will keep its records concerning the Non-Tangible Collateral in such a manner as will enable the Administrative Agent or its designees to determine at any time the status of the Non-Tangible Collateral; (f) will furnish the Administrative Agent such information concerning such Debtor, the Collateral and the Account Debtors as the Administrative Agent may from time to time reasonably request; (g) will permit the Administrative Agent and its designees, from time to time, on reasonable notice and at reasonable times and intervals during normal business hours (or at any time without notice during the existence of a Default) to inspect such Debtor's Inventory and other Goods, and to inspect, audit and make copies of and extracts from all records and all other papers in the possession of such Debtor pertaining to the Collateral and the Account Debtors, and will, upon request of the Administrative Agent during the existence of a Default, deliver to the Administrative Agent all of such records and papers; (h) will, upon request of the Administrative Agent, stamp on its records concerning the Collateral and add on all Chattel Paper constituting a portion of the Collateral, a notation, in form satisfactory to the Administrative Agent, of the security interest of the Administrative Agent hereunder; (i) except as permitted by the Subordinated Credit Agreement, will not sell, lease, assign or create or permit to exist any Lien on any Collateral other than Permitted Liens; (j) will at all times keep all its Inventory and other Goods insured under policies maintained with reputable, financially sound insurance companies against loss, damage, theft and other risks to such extent as is customarily maintained by companies similarly situated, and cause all such policies to provide that loss thereunder shall be payable to the Administrative Agent as its interest may appear (it being understood that (A) so long as no Default shall be existing, the Administrative Agent shall deliver any proceeds of such insurance which may be received by it to such Debtor in accordance with the terms of the Subordinated Credit Agreement and (B) whenever an Event of Default shall be existing, the Administrative Agent may apply any proceeds of such insurance which may be received by it toward payment of the Liabilities, whether or not due, in accordance with the terms of the Subordinated Credit Agreement) and such policies or certificates thereof shall, if the Administrative Agent so requests, be deposited with or furnish to the Administrative Agent ; (k) will take such actions as are reasonably necessary to keep its Inventory in good repair and condition, ordinary wear and tear excepted; (l) will take such actions as are reasonably necessary to keep its Equipment (other than obsolete Equipment) in good repair and condition and in good working or running order, ordinary wear and tear excepted; (m) will promptly pay when due all license fees, registration fees, taxes, assessments and other charges which may be levied upon or assessed against the ownership, operation, possession, maintenance or use of its Equipment and other Goods (as applicable); provided, however, that such Debtor shall not be required to pay any such fee, tax, assessment or other charge if the validity thereof is being contested by such Debtor in good faith by appropriate proceedings, so long as forfeiture of any substantial part of its Equipment or other Goods will not result from the failure of such Debtor to pay any such fee, tax, assessment or other charge during the period of such contest; (n) will, upon the reasonable request of the Administrative Agent, (i) cause to be noted on the applicable certificate, in the event any of its Equipment is covered by a certificate of title, the security interest of the Administrative Agent in the Equipment covered thereby and (ii) deliver all such certificates to the Administrative Agent or its designees; (o) will take all steps reasonably necessary to protect, preserve and maintain all of its rights in the Collateral; (p) will keep all of the tangible Collateral, Deposit Accounts and Investment Property in the continental United States, provided, however, that if the Administrative Agent has a perfected security interest under the applicable law such Deposit Accounts and Investment Property may also be kept in Canada, United Kingdom or Germany, and (q) will reimburse the Administrative Agent for all expenses, including reasonable attorneys' fees and legal expenses, incurred by the Administrative Agent in seeking to collect or enforce any rights in respect of such Debtor's Collateral.

Any expenses incurred in protecting, preserving and maintaining any Collateral shall be borne by the applicable Debtor. The Administrative Agent shall not have any obligations or liabilities regarding the Collateral or any thereof by reason of, or arising out of, this Agreement.

SECTION 5. Collections, etc. Until such time during the existence of a Default as the Administrative Agent shall notify such Debtor of the revocation of such power and authority, each Debtor (a) may, in the ordinary course of its business, at its own expense, sell, lease or furnish under contracts of service any of the Inventory normally held by such Debtor for such purpose, use and consume, in the ordinary course of its business, any raw materials, work in process or materials normally held by such Debtor for such purpose, and use, in the ordinary course of its business (but subject to the terms of the Subordinated Credit Agreement), the cash proceeds of Collateral and other money which constitutes Collateral, (b) will, at its own expense, endeavor to collect, as and when due, all amounts due under any of the Non-Tangible Collateral, including the taking of such action with respect to such collection as the Administrative Agent may reasonably request or, in the absence of such request, as such Debtor may deem advisable, and (c) may grant, in the ordinary course of business, to any party obligated on any of the Non-Tangible Collateral, any rebate, refund or allowance to which such party may be lawfully entitled, and may accept, in connection therewith, the return of Goods, the sale or lease of which shall have given rise to such Non-Tangible Collateral. The Administrative Agent, however, may, at any time that a Default exists, whether before or after any revocation of such power and authority or the maturity of any of the Liabilities, notify any parties obligated on any of the Non-Tangible Collateral to make payment to the Administrative Agent of any amounts due or to become due thereunder and enforce collection of any of the Non-Tangible Collateral by suit or otherwise and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby. Upon request of the Administrative Agent during the existence of a Default, each Debtor will, at its own expense, notify any parties obligated on any of the Non-Tangible Collateral to make payment to the Administrative Agent of any amounts due or to become due thereunder.

Upon request by the Administrative Agent during the existence of a Default, each Debtor will forthwith, upon receipt, transmit and deliver to the Administrative Agent, in the form received, all cash, checks, drafts and other instruments or writings for the payment of money (properly endorsed, where required, so that such items may be collected by the Administrative Agent) which may be received by such Debtor at any time in full or partial payment or otherwise as proceeds of any of the Collateral. Except as the Administrative Agent may otherwise consent in writing, any such items which may be so received by any Debtor during the existence of a Default will not be commingled with any other of its funds or property, but will be held separate and apart from its own funds or property and upon express trust for the Administrative Agent until delivery is made to the Administrative Agent. Each Debtor will comply with the terms and conditions of any consent given by the Administrative Agent pursuant to the foregoing sentence.

Upon request by the Administrative Agent during the existence of a Default, all items or amounts which are delivered by any Debtor to the Administrative Agent on account of partial or full payment or otherwise as proceeds of any of the Collateral shall be deposited to the credit of a deposit account (each an "Assignee Deposit Account") as to which the Administrative Agent and the depositary bank have entered into an agreement in form acceptable to the Administrative Agent that the depositary bank will comply with instructions originated by Administrative Agent directing disposition of the funds in the account without further consent by such Debtor, as security for payment of the Liabilities. During the existence of a Default, no Debtor shall have any right to withdraw any funds deposited in the applicable Assignee Deposit Account. The Administrative Agent may, from time to time, in its discretion, and shall upon request of the applicable Debtor made not more than once in any week, apply all or any of the then balance, representing collected funds, in the Assignee Deposit Account, toward payment of the Liabilities, whether or not then due, in accordance with the terms of the Subordinated Credit Agreement, and the Administrative Agent may, from time to time, in its discretion, release all or any of such balance to the applicable Debtor.

During the existence of a Default, the Administrative Agent is authorized to endorse, in the name of the applicable Debtor, any item, howsoever received by the Administrative Agent, representing any payment on or other proceeds of any of the Collateral.

SECTION 6. Certificates, Schedules and Reports. Each Debtor will from time to time deliver to the Administrative Agent such schedules, certificates and reports respecting all or any of the Collateral at the time subject to the security interest hereunder, and the items or amounts received by such Debtor in full or partial payment of any of the Collateral, as the Administrative Agent may reasonably request. Any such schedule, certificate or report shall be executed by a duly authorized officer of such Debtor and shall be in such form and detail as the Administrative Agent may specify. Each Debtor shall immediately notify the Administrative Agent of the occurrence of any event causing any loss or depreciation in the value of its Inventory or other Goods which is material to the Company and its Subsidiaries taken as a whole, and such notice shall specify the amount of such loss or depreciation.

SECTION 7. Attorney-in-Fact. Each Debtor hereby irrevocably appoints the Administrative Agent as such Debtor's attorney-in-fact (which appointment as attorney-in-fact is coupled with an interest), with full authority in the place and stead of such Debtor and in the name of such Debtor, effective from and while a Default has occurred and is continuing in such Person's discretion to take any action and to execute any instrument which such Person may reasonably deem necessary or advisable to accomplish the purposes of this Agreement, including to ask, demand, collect, sue for, recover and receive moneys due and to become due under or in connection with the Collateral, to receive, indorse and collect any drafts or other instruments, documents and chattel paper in connection therewith and to file any claims or take any action or institute any proceedings which the Administrative Agent may reasonably deem necessary or desirable for the collection thereof or to enforce compliance with the terms and conditions of this Agreement. Notwithstanding the foregoing, the Administrative Agent shall not be obligated to exercise any right or duty as attorney-in-fact, and shall not have any duty to such Debtor in connection therewith.

SECTION 8. Duties. The powers conferred on the Administrative Agent hereunder shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Administrative Agent shall not have any duty as to any Collateral or as to the taking of any necessary steps to preserve any rights pertaining to any Collateral.

SECTION 9. Rights and Remedies.

(a) If any Default shall have occurred, then, in addition to any other rights and remedies provided for herein or which may otherwise be available under applicable law, the Administrative Agent may (and, upon the direction of the Required Lenders shall), without any further demand, advertisement or notice (except as expressly provided for below in this Section 9(a) or as required by applicable law), exercise all the rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Collateral), and in addition: (i) may apply the moneys, if any, then held by it as part of the Collateral for the purposes and in the order provided in Section 9(e) and (ii) if there shall be no such moneys or the moneys so applied shall be insufficient to satisfy in full all Liabilities, may sell or otherwise dispose of the Collateral, or any part thereof, as hereinafter provided. The Collateral may be sold in one or more sales, at public or private sale, conducted by any officer or agent of, or auctioneer or attorney for, the Administrative Agent, at the Administrative Agent's place of business or elsewhere, for cash, upon credit or for other property, for immediate or future delivery, on such terms as the Administrative Agent shall deem appropriate and at such price or prices as the Administrative Agent shall deem best. The Administrative Agent and any other Secured Party may be the purchaser of any or all of the Collateral so sold at a public sale, and the obligations of the applicable Debtor to any such purchaser may be applied as a credit against the purchase price. Upon any such sale, the Administrative Agent shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser (including the Administrative Agent and any other Secured Party) at any such sale shall hold the Collateral so sold absolutely free from any claim or right of the Debtors of whatsoever kind, including any equity or right of redemption, and each Debtor hereby specifically waives, to the full extent it may lawfully do so, all rights of redemption, stay or appraisal now existing or hereafter adopted. The Administrative Agent shall give notice of any such public or private sale. Such notice, in case of public sale, shall state the time and place fixed for such sale. Any such public sale shall be held at such time or times within ordinary business hours as the Administrative Agent shall fix in the notice of such sale. At any such sale, the Collateral may be sold in one lot as an entirety or in separate parcels. The Administrative Agent shall not be obligated to make any sale pursuant to any such notice. The Administrative Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for such sale, and any such sale may be made at any time or place to which the same may be so adjourned without further notice or publication. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by the Administrative Agent until the full selling price is paid by the purchaser thereof, but the Administrative Agent shall not incur any liability in case of the failure of such purchaser to take up and pay for the Collateral so sold, and, in case of any such failure, such Collateral may again be sold pursuant to the provisions hereof.

(b) Each Debtor agrees, in case of the existence and continuance of a Default, (i) to assemble, at its expense, all its Inventory and other Goods (other than Fixtures) at a convenient place or places acceptable to the Administrative Agent, and (ii) at the Administrative Agent's request, to execute all such documents and do all such other things which may be necessary or desirable in order to enable the Administrative Agent or its nominee to be registered as owner of the Intellectual Property with any competent registration authority.

(c) Notice of the intended disposition of the Collateral may be given by first class mail, hand delivery (through a delivery service or otherwise), facsimile or E mail, and shall be deemed to have been "sent" upon deposit in the U.S. Mails with adequate postage properly affixed, upon delivery to an express delivery service or upon the electronic submission through telephonic or Internet services, as applicable. Each Debtor hereby agrees and acknowledges that (i) with respect to Collateral that is: (A) perishable or threatens to decline speedily in value, or (B) is of a type customarily sold on a recognized market (including but not limited to, Investment Property), no notice of disposition need be given; and (ii) with respect to Collateral not described in clause (i) of this Section 9(c), notification sent after default and ten days before any proposed disposition provides notice within a reasonable time before disposition.

(d) Each Debtor hereby agrees and acknowledges that a commercially reasonable disposition of Inventory, Equipment, Computer Hardware and Software, or Intellectual Property may be by lease or license of, in addition to the sale of, such Collateral. Each Debtor further agrees and acknowledges that and that a disposition: (i) made in the usual manner on any recognized market, or (ii) a disposition at the price current in any recognized market at the time of disposition, or (iii) a disposition in conformity with reasonable commercial practices among dealers in the type of property subject to the disposition; shall be deemed commercially reasonable.

(e) Any cash proceeds of any disposition by the Administrative Agent of any of the Collateral shall be applied by the Administrative Agent to payment of expenses in connection with the Collateral, including reasonable attorneys' fees and legal expenses, and thereafter to the payment of any and all of the Liabilities in accordance with the terms of the Subordinated Credit Agreement, and thereafter any surplus will be paid to the Debtor. Administrative Agent need not apply or pay over for application noncash proceeds of collection and enforcement unless: (i) the failure to do so would be commercially unreasonable and (ii) the affected Debtor has provided Administrative Agent with a written demand to apply or pay over such noncash proceeds on such basis.

(f) If any Default shall have occurred and be continuing, instead of exercising the power of sale provided in Section 9(a), the Administrative Agent may (and, upon the direction of the Required Lenders, shall) proceed by a suit or suits at law or in equity to foreclose the pledge and security interest under this Agreement and sell the Collateral or any portion thereof under a judgment or decree of a court or courts of competent jurisdiction.

(g) If any Default shall have occurred and be continuing, the Administrative Agent, as attorney-in-fact pursuant to Section 7, may, in the name and stead of each Debtor, make and execute all conveyances, assignments and transfers of the Collateral sold pursuant to Section 9(a) or 9(d), and each Debtor hereby ratifies and confirms all that the Administrative Agent, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, each Debtor shall, if so requested by the Administrative Agent, ratify and confirm any sale or sales by executing and delivering to the Administrative Agent, or to such purchaser or purchasers, all such instruments as may, in the judgment of the Administrative Agent, be advisable for the purpose.

(h) The receipt of the Administrative Agent for the purchase money paid at any sale made by it pursuant to Section 9(a) or 9(b) shall be a sufficient discharge to any purchaser for the purchase price of the Collateral, or any portion thereof, sold as aforesaid; and no such purchaser (or the representatives or assigns of such purchaser), after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money, or any part thereof, or in any manner whatsoever be answerable for any loss, misapplication or nonapplication of any such purchase money, or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of such sale.

(i) The Administrative Agent shall not incur any liability as a result of the manner of sale of the Collateral, or any part thereof, at any private sale conducted in a commercially reasonable manner. Each Debtor hereby waives, to the full extent permitted by applicable law, any claims against the Administrative Agent or the Secured Parties arising by reason of the fact that the price at which the Collateral, or any part thereof, may have been sold at a private sale was less than the price which might have been obtained at a public sale or was less than the aggregate amount of the Liabilities, even if the Administrative Agent accepts the first offer received, which the Administrative Agent in good faith deems to be commercially reasonable under the circumstances and does not offer the Collateral to more than one offeree. To the extent permitted by law, each Debtor shall have the burden of proving that any such sale of the Collateral was conducted in a commercially unreasonable manner.

(j) Each and every right and remedy of the Administrative Agent shall, to the extent permitted by law, be cumulative and shall be in addition to any other remedy given hereunder or under the Subordinated Credit Agreement or now or hereafter existing at law or in equity or by statute.

SECTION 10. Indemnity and Expenses. (a) Each Debtor agrees to indemnify the Administrative Agent and each of the other Secured Parties from and against any and all out of pocket losses, claims, damages, liabilities and related costs and expenses, including reasonable counsel fees, disbursements and other charges growing out of or resulting from (i) this Agreement (INCLUDING ENFORCEMENT OF THIS AGREEMENT AND ANY CLAIMS, LOSSES AND LIABILITIES RESULTING FROM THE NEGLIGENCE OF THE PERSON CLAIMING INDEMNITY UNDER THIS SECTION 10(a)), but excluding any such losses, claims, damages, liabilities or related expenses resulting from the gross negligence or willful misconduct of such Secured Party or its directors, officers, employees, trustees, advisors or agents) or (ii) any refund or adjustment (other than any refund or adjustment ordered or required as a result of the gross negligence or willful misconduct of any Secured Party or its directors, officers, employees, trustees, advisors or agents) of any amount paid or payable to the Administrative Agent under or in respect of any of the Collateral, or any interest thereon, which may be ordered or otherwise required by any Person.

(b) Each Debtor shall, upon demand, pay to the Administrative Agent the amount of any and all reasonable expenses (together with interest thereon at a rate per annum equal to the Default Rate), including the reasonable fees and expenses of counsel and of any experts and agents, which the Administrative Agent may incur following the occurrence and during the continuance of a Default in connection with (i) the administration of this Agreement, (ii) the custody or preservation of, or the collection from or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Administrative Agent hereunder or (iv) the failure by any Debtor to perform or observe any of the provisions hereof.

SECTION 11. Amendments; etc. No amendment, modification or waiver of any provision of this Agreement nor consent to any departure by any Debtor herefrom shall in any event be effective unless the same shall be in writing and signed by the such Debtor, the Administrative Agent and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. This Agreement may also be amended by the addition of Debtors pursuant to a Joinder.

SECTION 12. Addresses for Notices. All notices and other communications provided for hereunder shall be given in the form and manner, shall be addressed, and shall become effective as specified in Section 5.4 of the Subordinated Guarantee.

SECTION 13. Continuing Assignment and Security Interest. (a) This Agreement shall create a continuing assignment of and security interest in the Collateral and shall (i) remain in full force and effect until termination of all of the Commitments and payment in full of the Liabilities (except for contingent indemnification obligations), (ii) be binding upon each Debtor, its successors and assigns and (iii) inure, together with the rights and remedies of the Administrative Agent hereunder, to the equal and ratable benefit of the Secured Parties and their respective successors and permitted assigns.

(b) On the Termination Date (as defined in Section 13(c)), the security interest granted hereby shall terminate, and all rights to the Collateral shall, subject to any other security interest applicable thereto, revert to the applicable Debtor. Upon any such termination, the Administrative Agent will, at the Debtor's expense, execute and deliver to the applicable Debtor such documents as the Debtors shall reasonably request to evidence such termination. Upon the occurrence of any sale by any Debtor of any portion of the Collateral permitted by Section 6.06 of the Subordinated Credit Agreement, the security interest granted hereby in such portion of the Collateral shall terminate, and the Administrative Agent will, at such Debtor's expense, execute and deliver to such Debtor such documents as such Debtor shall reasonably request to evidence such termination.

(i) (c) As used in Section 13(b), the term "Termination Date" shall mean the first date hereafter on which all of the Liabilities shall have been paid in full (except for contingent indemnification obligations).

SECTION 14. GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE; WAIVER OF JURY TRIAL.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, OR THE PRIORITY OF THE SECURITY INTEREST GRANTED HEREUNDER MAY BE DETERMINED IN ACCORDANCE WITH THE UNIFORM COMMERCIAL CODE OF A DIFFERENT JURISDICTION IN ACCORDANCE WITH NEW YORK LAW.

(b) SUBMISSION TO JURISDICTION. EACH DEBTOR IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, IN EACH CASE SITTING IN THE BOROUGH OF MANHATTAN, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT OR ANY OTHER SECURED PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY DEBTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH DEBTOR IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.