

08-31-1999



To the Honorable Commissioner of Patents

1 original documents or copy thereof.

101132636

1. Name of conveying party(ies):

Wexxar Packaging Machinery, Ltd.

- Individual(s)
- General Partnership
- Association
- Limited Liability

- Corporation (British Columbia)
- Other

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

2. Name of receiving party(ies):

Name: LaSalle National Bank
Internal Address: 135 South LaSalle Street
City: Chicago State: IL ZIP: 60603

- Individual(s) citizenship
- Association National Banking Association
- General Partnership

- Limited Partnership
- Corporation-State
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from Assignment)

Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: December 21, 1998

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

A. Trademark Application No.(s)

B. Trademark registration No.(s)

1,404,636

Additional numbers attached? Yes No

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

Name: VEDDER,PRICE, KAUFMAN & KAMMHOLZ

Attention: Tammy S. Settle

Internal Address:

Street Address: 222 North LaSalle Street
Suite 2600

City: Chicago State: IL ZIP: 60601

6. Total number of applications and registrations involved: 1

7. Total Fee (37 CFR 3.41) \$ 40.00

- Enclosed
- Authorized to be charged to deposit account (Any Deficiencies)

408

8. Deposit account number: 22-0259

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Tammy S. Settle
Name of Person Signing

Tammy S. Settle
Signature

August 25, 1999
Date

Total number of pages including cover sheet, attachments, and document: 26

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents and Trademarks
Box Assignments
Washington, D.C. 20231

08/31/1999 MTHAI1 00000031 1404636

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WEXXAR PACKAGING MACHINERY LTD. SECURITY AGREEMENT

This Agreement is made as of December 21, 1998, between **WEXXAR PACKAGING MACHINERY LTD.**, a British Columbia corporation, ("**Grantor**")

and

LASALLE NATIONAL BANK, for itself as a lender, and as Agent for the lenders under the Credit Agreement (as defined below) ("**Agent**")

RECITALS

A. Grantor, as borrower, has entered into a Credit Agreement dated as of the date hereof between Grantor, the other Loan Parties signatory thereto, the lenders signatory thereto from time to time (the "**Banks**") and Agent (as from time to time amended, restated, supplemented or otherwise modified, the "**Credit Agreement**"), under which the Banks have agreed to provide to the Borrowers a revolving credit facility of up to US \$5,000,000 (which facility will not exceed US\$250,000 for the account of the Foreign Subsidiaries) and a term loan of up to US \$20,000,000.

B. Grantor has executed and delivered to the Agent for the benefit of the Agent and the Lender Parties a Foreign Guaranty dated of even date herewith pursuant to which the Grantor has guaranteed to the Agent and the Lender Parties the payment and performance of the Liabilities.

C. In connection with the making of the Loans and provision of other financial accommodations under the Credit Agreement and as a condition precedent thereto, the Banks require that Grantor shall have executed and delivered this Agreement as security for the Liabilities. FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 — INTERPRETATION

1.1 Terms Defined in PPSA. The terms "Goods", "Chattel Paper", "Document of Title", "Equipment", "Instrument", "Intangible", "Security", "Inventory", "Accessions", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted in accordance with their respective meanings when used in the *Personal Property Security Act* (British Columbia), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "PPSA". The term "Goods" when used herein shall not include "consumer goods" of Grantor as that term is defined in the PPSA.

1.2 Other Defined Terms. In addition to the meanings given to capitalized terms elsewhere in this Agreement:

(1) **Agreement** means this Security Agreement and all schedules attached hereto as the same may be amended, restated, supplemented or otherwise modified from time to time. All

uses of the words "hereto", "herein", "hereof", "hereby" and "hereunder" and similar expressions refer to this Agreement and not to any particular section or portion of it.

(2) **Bank** has the meaning given to it in Recital A.

(3) **Business** means all of the business carried on by Grantor through each of its divisions now or in the future, and all goodwill associated with it.

(4) **Collateral** has the meaning given to it in Section 2.1. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

(5) **Confidential Information** means the trade secrets, confidential information and confidential know-how in which Grantor now or hereafter has an interest. Confidential Information includes, without limitation, the following aspects of the Business:

(a) all unpatented inventions,

(b) all customer and supplier lists for the Business,

(c) all unpublished studies and data, prototypes, drawings, design and construction specifications and production, operating and quality control manuals used in the Business,

(d) all marketing strategies and business plans,

(e) all current or proposed business opportunities, and

(f) all documents, materials and media embodying other items of Confidential Information.

(6) **Contracts** means all "contracts" now owned or hereafter acquired by Grantor, in any event, including all contracts, undertakings, or agreements (other than rights evidenced by chattel paper, securities or Instruments) in or under which Grantor may now or hereafter have any right, title or interest, including any agreement relating to the terms of payment or the terms of performance of any Account.

(7) **Copyrights** means all copyrights that Grantor now or hereafter owns. Copyrights include:

(a) all registrations and applications that have been or shall be made or filed in the Canadian Copyright Office or any similar office in any country in the world and all records thereof and all reissues, extensions or renewals thereof, and

(b) all common law and other rights in the above.

(8) **Credit Agreement** has the meaning given to it in Recital A.

(9) **Designs** means all industrial designs, design patents and other designs that Grantor now or hereafter owns, including, without limitation, all industrial designs, design patents and other designs listed on Schedule 4.1(8). Designs include:

(a) all registrations and applications that have been or shall be made or filed in the Canadian Industrial Design Office or any similar office in any country in the world and all records thereof and all reissues, extensions or renewals thereof, and

(b) all common law and other rights in the above.

(10) **Intellectual Property** means all Confidential Information, Copyrights, Designs, Licence Agreements, Patents, Software and Trade-marks.

(11) **Lender Parties** means (i) each Bank, and (ii) any Affiliate of a Bank which is a party to a Hedging Agreement with any one or more of the Foreign Subsidiaries and "**Lender Party**" means any one of them.

(12) **Liabilities** means (i) all obligations (monetary or otherwise) of any one or more of the Foreign Subsidiaries, 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 Credit Agreement, this Agreement, any other Loan Document or any document or instrument executed in connection therewith and (ii) all Hedging Obligations owed by any one or more of the Foreign Subsidiaries to any one or more of the Lender Parties or any Affiliate thereof.

(13) **Licence Agreements** means the Licensor Licence Agreements and the Licensee Licence Agreements.

(14) **Licensee Licence Agreements** means all agreements pursuant to which Grantor has obtained rights or an option to acquire rights to use any copyright, patent, trade-mark, industrial design, confidential information or other intellectual or industrial property owned by a Person.

(15) **Licensor Licence Agreements** means all agreements pursuant to which Grantor has granted to a Person rights or an option to acquire rights to use any copyright, patent, trade-mark, industrial design, confidential information or other intellectual or industrial property owned by Grantor or licensed to Grantor.

(16) **Patents** means all letters patent of invention and all applications for letters patent, renewals, reissues, extensions, divisions, continuations and continuations-in-part thereof which Grantor now or hereafter owns. Patents include:

(a) all registrations and applications that have been or shall be made or filed in the Canadian Patent Office or any similar office in any country in the world and all records thereof and all reissues, extensions or renewals thereof, and

(b) all other rights in the above.

(17) **Proceeds** means all fixtures, accounts, chattel paper, documents of title, instruments, money, securities, proceeds, earnings, income, royalties, rents, issues, profits and personal property in any form derived directly or indirectly from any dealing with or use of any item or part of the Collateral, or that indemnifies or compensates for such property destroyed, damaged, infringed upon or used without authorization and proceeds of Proceeds whether or not of the same type, class or kind as the original Proceeds, and any item or part thereof. The term "Proceeds" whenever used herein and interpreted as above shall by way of example include trade-ins, equipment, cash, bank accounts, notes, chattel paper, goods, contracts rights, accounts and any other personal property or obligation received when such Collateral or Proceeds are sold, exchanged, collected or otherwise disposed of.

(18) **Replacements** means all increases, additions and accessions to, and all substitutions for and replacements of, and all corrections, updates, enhancements, translations, modifications, adaptations and new versions of, any item or part of the Collateral, and any item or part thereof.

(19) **Security Interest** has the meaning given to it in Section 2.1.

(20) **Software** means all computer programs and databases owned by Grantor in whatever form and on whatever medium those programs or databases are expressed, fixed, embodied or stored from time to time, and the copyright therein. Software includes both the object code and source code versions of each such program and all corrections, updates, enhancements, translations, modifications, adaptations and new versions thereof together with both the media upon or in which such software and databases are expressed, fixed, embodied or stored (such as disks, diskettes, tapes and semiconductor chips) and all flow charts, manuals, instructions, documentation and other material relating thereto; provided that, non-customized commercial software that is available for sale to the general public shall not constitute "Software".

(21) **Trade-marks** means all trade-marks that Grantor now or hereafter owns. Trade-marks include:

(a) trade-marks both registered and unregistered,

(b) designs, logos, indicia, trade-names, corporate names, company names, business names, trade styles and other source or business identifiers,

(c) fictitious characters,

(d) prints and labels on which any of the foregoing have appeared or appear or shall appear,

(e) all registrations and applications that have been or shall be made or filed in the Canadian Trade-marks Office or any similar office in any country in the world and all records thereof and all reissues, extensions, or renewals thereof, and

(f) all common law and other rights in the above.

1.3 Terms Defined in Credit Agreement. Other capitalized terms used herein and not otherwise defined have the meanings given to them in the Credit Agreement.

SECTION 2 — SECURITY INTEREST

2.1 Grant of Security Interest. As continuing collateral security for the due payment and performance by Grantor of all of the Liabilities, Grantor hereby grants to Agent for itself and for the benefit of the Lender Parties a security interest (the “**Security Interest**”) in the undertaking of Grantor and in all of Grantor’s present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities now owned or hereafter owned or acquired by or on behalf of Grantor (including such as may be returned to or repossessed by Grantor) and in all Proceeds and renewals thereof, accretions thereto and substitutions therefor, and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Grantor:

(1) all Inventory of whatever kind and wherever situate;

(2) all Equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;

(3) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Grantor (“**Debts**”);

(4) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;

(5) all contractual rights and insurance claims;

(6) all Intellectual Property; and

(7) all property described in Schedule 2.1(7) or any schedule now or hereafter annexed hereto.

The foregoing undertaking and property are collectively referred to as the "Collateral"; provided, that to the extent that the provisions of any lease or license of Equipment, Computer Hardware and Software or Intellectual Property expressly prohibit (which prohibition is enforceable under applicable law) the assignment thereof, and the grant of a security interest therein, such Grantor's rights in such lease or license shall be excluded from the foregoing assignment and grant for so long as such prohibition continues. In addition, to secure the prompt and complete payment, performance and observation of the Liabilities, Grantor hereby grants to Agent, for itself and for the benefit of the Lender Parties, a right of set-off against the Collateral held by Agent or any Lender Party for any purpose.

2.2 Exception to Last Day. The Security Interest granted hereby shall not extend or apply to, and Collateral shall not include, the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest Grantor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

2.3 Liability for Deficiency. If the Collateral is realized upon and the Security Interest in the Collateral is not sufficient to satisfy all Liabilities, Grantor acknowledges and agrees that, subject to the provisions of the PPSA, Grantor shall continue to be liable for any Liabilities remaining outstanding and Agent shall be entitled to pursue full payment thereof.

SECTION 3 — AGENT'S AND LENDER PARTIES' RIGHTS; LIMITATIONS ON AGENT'S AND LENDER PARTIES' LIABILITIES

3.1 Continued Liability of Grantor under Licenses, etc. It is expressly agreed by Grantor that, anything herein to the contrary notwithstanding, Grantor shall remain liable under each of its Contracts and each of its License Agreements to observe and perform all the conditions and obligations to be observed and performed by it thereunder. Neither Agent nor any Lender Party shall have any obligation or liability under any Contract or License Agreement by reason of or arising out of this Agreement or the granting herein of a Security Interest therein or the receipt by Agent or any Lender Party of any payment relating to any Contract or License Agreement pursuant hereto. Neither Agent nor any Lender Party shall be required or obligated in any manner to perform or fulfill any of the obligations of Grantor under or pursuant to any Contract or License Agreement, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any Contract or License Agreement, or to present or file any claims, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

3.2 Notice to Account Debtors. Upon the occurrence of an Unmatured Event of Default or an Event of Default that is continuing, Agent may without prior notice to Grantor, notify any Account Debtors obligated under any Account of Grantor, parties to any Contracts and obligors in respect of Instruments and Chattel Paper, that such Accounts and the right, title and interest of

Grantor in and under such Contracts, Instruments and Chattel Paper have been assigned to Agent and that all payments shall be made directly to Agent. Upon the request of Agent, Grantor shall so notify such Account Debtors, parties to Contracts and obligors in respect of Instruments and Chattel Paper. Grantor acknowledges that any payments on or other proceeds of Collateral received by Grantor from such Account Debtors, whether before or after notification of this Security Interest to such Account Debtors and whether before or after the occurrence of an Unmatured Event of Default or an Event of Default, shall be received and held by Grantor in trust for Agent and, if Agent requests, turned over to Agent.

3.3 Verification of Accounts. Agent may at any time in Agent's own name or in the name of Grantor communicate with Account Debtors, parties to Contracts, obligors in respect of Instruments and obligors in respect of Chattel Paper to verify with such Persons, to Agent's satisfaction, the existence, amount and terms of any such Accounts, Contracts, Instruments or Chattel Paper. If an Unmatured Event of Default or an Event of Default shall have occurred and be continuing, Grantor, at its own expense, shall cause the independent chartered accountants then engaged by such Grantor to prepare and deliver to Agent and each Lender Party at any time and from time to time promptly upon Agent's request the following reports with respect to Grantor: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts as Agent may request. Grantor, at its own expense, shall deliver to Agent the results of each physical verification, if any, which Grantor may in its discretion have made, or caused any other Person to have made on its behalf, of all or any portion of its Inventory.

SECTION 4 — REPRESENTATIONS AND WARRANTIES OF GRANTOR

4.1 Representations and Warranties. Grantor represents and warrants and so long as this Agreement remains in effect shall be deemed to continuously represent and warrant to Agent and the Lender Parties (unless Grantor notifies Agent in writing to the contrary) that:

(1) Grantor is the sole owner of each item of the Collateral in which it purports to grant the Security Interest hereunder and the other Liens under the other Loan Documents, and has good and marketable title thereto free and clear of any and all Liens other than Liens permitted under the Credit Agreement;

(2) no effective security agreement, financing statement, financing change statement, equivalent security or Lien instrument or continuation statement covering all or any part of the Collateral is on file or of record in any public office, except such as may have been filed (i) by Grantor in favour of Agent or in favor of Agent and the Lender Parties, as applicable, pursuant to this Agreement or the other Loan Documents, and (ii) in connection with any other Liens permitted under the Credit Agreement;

(3) this Agreement is effective to create a valid and continuing security interest in and, upon the filing of the appropriate financing statements listed in Part I of Schedule 4.1(3) hereto, a perfected security interest in favour of Agent, for itself and for the benefit of the Lender Parties, in the Collateral with respect to which a security interest may be perfected by filing pursuant to the PPSA or other applicable personal property security laws. The Security Interest and other

Liens created by other Loan Documents are prior to all other Liens, except Liens permitted under the Credit Agreement that would be prior to Liens in favour of Agent for the benefit of Agent and the Lender Parties as a matter of law, and are enforceable as such as against any and all creditors of and purchasers from Grantor (other than purchasers of Inventory in the ordinary course of business). All action by Grantor necessary or desirable to protect and perfect the Security Interest and other Liens created by the other Loan Documents on each item of the Collateral has been duly taken; Part 2 of Schedule 4.1(3) hereto lists all motor vehicles owned or leased by Grantor; Part 3 of Schedule 4.1(3) hereto lists all Instruments and Chattel Paper of Grantor. All action by Grantor necessary or desirable to protect and perfect the Security Interest and other Liens of Agent and the Lender Parties in each item set forth on Part 3 of Schedule 4.1(3) (including the delivery of all originals thereof to Agent) has been duly taken. The Security Interest and other Liens of Agent, for the benefit of Agent and the Lender Parties, and the other Liens of Agent and the Lender Parties on the Collateral listed on Schedule 4.1(3) hereto are prior to all other Liens, except Liens permitted under the Credit Agreement that would be prior to the Liens in favour of Agent, or in favour of Agent and the Lender Parties, as applicable, as a matter of law, and are enforceable as such against any and all creditors of and purchasers from Grantor;

(4) Grantor's chief executive office, principal place of business, corporate offices, all warehouses and premises where Collateral is stored or located, and the locations of all of its books and records concerning the Collateral and of all Account Debtors are set forth on Schedule 4.1(4) hereto;

(5) with respect to the Accounts of Grantor, except as specifically disclosed in the most recent report delivered to Agent, (i) they represent *bona fide* sales of Inventory or rendering of services to Account Debtors in the ordinary course of Grantor's business and are not evidenced by a judgment, Instrument or Chattel Paper; (ii) the amounts shown on all invoices, statements and reports which may be delivered to Agent with respect thereto are actually and absolutely owing to Grantor as indicated thereon and are not in any way contingent; (iii) except as specifically disclosed in a current Borrowing Base Certificate delivered to Agent, there are no set-offs, claims or disputes existing or asserted with respect thereto and Grantor has made no agreement with any Account Debtor for any extension of time for the payment thereof, any compromise or settlement for less than the full amount thereof, any release of any Account Debtor from liability therefor, or any deduction therefrom except a discount or allowance allowed by Grantor in the ordinary course of its business for prompt payment and disclosed to Agent; (iv) to Grantor's knowledge, except as specifically disclosed in a report delivered to Agent, there are no facts, events or occurrences which in any way impair the validity or enforceability thereof or could reasonably be expected to reduce the amount payable thereunder as shown on Grantor's books and records and any invoices, statements and reports delivered to Agent and the Lender Parties with respect thereto; (v) to Grantor's knowledge, all Account Debtors have the capacity to contract; (vi) except as specifically disclosed in a report delivered to Agent, Grantor has no notice of proceedings or actions which are threatened or pending against any Account Debtor which might result in any adverse change in such Account Debtor's financial condition; and (vii) except as specifically disclosed in a report delivered to Agent, Grantor has no knowledge that any Account Debtor is unable generally to pay its debts as they become due or is otherwise insolvent;

(6) all Inventory purchased by Grantor is purchased free and clear of any and all Liens and other adverse claims other than unpaid suppliers' rights to repossess goods under Section 81.1 of the *Bankruptcy and Insolvency Act* (Canada);

(7) with respect to any Inventory scheduled or listed on the most recent report delivered to Agent pursuant to the terms of this Agreement or the Credit Agreement, (i) such Inventory is located at one of Grantor's locations set forth on Schedule 4.1(4) hereto, (ii) no Inventory is now, or shall at any time or times hereafter be stored at any other location without Agent's prior consent, and if Agent gives such consent, Grantor will concurrently therewith obtain, to the extent required by the Credit Agreement, Collateral Access Agreements, (iii) Grantor has good, indefeasible and marketable title to such property and such property is not subject to any Lien or security interest or document whatsoever except for the Security Interest granted to Agent, for the benefit of Agent and the Lender Parties, and except for Liens permitted under the Credit Agreement, (iv) except as specifically disclosed in the most recent report delivered to Agent, such Inventory is Eligible Inventory of good and merchantable quality, free from any defects, (v) such property is not subject to any licensing, patent, royalty, trademark, trade name or copyright agreements with any third parties which would require any consent of any third party upon sale or disposition of that Inventory or the payment of any monies to any third party as a precondition of such sale or other disposition, and (vi) the completion of manufacture, sale or other disposition of such property by Agent following default, shall not require the consent of any Person and shall not constitute a breach or default under any contract or agreement to which Grantor is a party or to which such property is subject; and

(8) Grantor does not have any interest in, or title to, any Intellectual Property except as set forth in Schedule 4.1(8) hereto. All Grantor's Intellectual Property applications and registrations are valid and in good standing and Grantor is the owner of the applications and registrations. This Agreement is effective to create valid and continuing security interests in favour of Agent in Grantor's Intellectual Property.

SECTION 5 — COVENANTS OF GRANTOR

5.1 Covenants. So long as this Agreement remains in effect, Grantor covenants and agrees with Agent, for the benefit of Agent and the Lender Parties, as follows:

(1) ***Defense of Collateral.*** Grantor shall defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; shall diligently initiate and prosecute legal action against all infringers of Grantor's rights in Intellectual Property; shall not create, permit or suffer to exist any Liens, and will defend the Collateral against and take such other action as is necessary to keep the Collateral free from all Liens, except for Liens permitted under the Credit Agreement and shall not sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral, to the extent prohibited by the Credit Agreement.

(2) ***Notice to Agent.*** Grantor will advise Agent promptly, in reasonable detail, (i) of any Liens (other than Liens permitted under the Credit Agreement) or claims made or asserted against any of the Collateral, and (ii) of the occurrence of any other event which would have a

material adverse effect on the aggregate value of the Collateral or on the Liens created hereunder or under any other Loan Document.

(3) ***Maintenance of Collateral.*** Grantor shall keep Collateral in good order, condition and repair and not use Collateral in violation of the provisions of this Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; shall keep all agreements, registrations and applications relating to Intellectual Property and Intellectual Property used by Grantor in its Business in good standing and renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by Agent; and shall apply to register all existing and future Intellectual Property whenever it is commercially reasonable to do so.

(4) ***Further Assurances; Pledge of Instruments.*** At any time and from time to time, upon the written request of Agent and at the sole expense of Grantor, Grantor shall promptly and duly execute and deliver such further instruments and documents and take such further actions as Agent may deem desirable to obtain the full benefits of this Agreement and the other Loan Documents to which Grantor is a party and of the rights and powers herein and therein granted, including (i) using its best efforts to secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of Agent of any Licence Agreement or Contract held by Grantor or in which Grantor has any rights not heretofore assigned, (ii) filing any financing or continuation statements (or the applicable equivalent) under applicable law with respect to the Liens granted hereunder or under any other Loan Document, (iii) transferring Collateral to Agent's possession (for the benefit of Agent and the Lender Parties) if such Collateral consists of Chattel Paper, Instruments or if a Lien on such Collateral can only be perfected by possession, or if requested by Agent, and (iv) obtaining, or using best efforts to obtain, waivers of Liens, if any exist, from landlords and mortgagees in accordance with the Credit Agreement. Grantor also hereby authorizes Agent, for the benefit of Agent and the Lender Parties, to file any such financing or continuation statements (or the applicable equivalent) without the signature of Grantor to the extent permitted by applicable law. If any amount payable under or in connection with any of the Collateral is or shall become evidenced by any Instrument, such Instrument, other than cheques and notes received in the ordinary course of business, shall be duly endorsed in a manner satisfactory to Agent immediately upon Grantor's receipt thereof.

(5) ***No Accessions.*** Grantor shall prevent Collateral, except for Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Agreement or by another Loan Document.

(6) ***Records.*** Grantor shall keep and maintain, at its own cost and expense, satisfactory and complete records of the Collateral, including a record of any and all payments received and any and all credits granted with respect to the Collateral and all other dealings with the Collateral. Grantor shall mark its books and records pertaining to the Collateral to evidence this Agreement, the other Collateral Documents and the Liens granted hereby and thereby. All Chattel Paper shall be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of LaSalle National Bank, as Agent, for the benefit of the Agent and certain Lender Parties."

(7) ***Intellectual Property.***

(a) If Grantor shall (1) obtain rights to any new Intellectual Property or (2) become entitled to the benefit of any new Intellectual Property, Grantor shall give to Agent prompt written notice thereof. Grantor shall make applications to register its Intellectual Property, as is appropriate in its best interests and use its best efforts to preserve and maintain all rights in its Intellectual Property, as is appropriate in its best interests. Grantor shall notify Agent immediately if it knows or has reason to know that any application or registration relating to any Intellectual Property (now or hereafter existing) may become abandoned or of any adverse determination or development regarding Grantor's ownership of any Intellectual Property, its right to register the same, or to keep and maintain the same where, in any such case, there could reasonably be expected to be a material adverse impact on Grantor. Following Grantor's acquisition of any new Intellectual Property that Agent determines, acting reasonably, is material, upon request of Agent, Grantor shall execute and deliver any and all agreements, documents and instruments as Agent may request to evidence Agent's, or Agent's and the Lender Parties', as applicable, security interests in Grantor's Intellectual Property and that contain representations and warranties and covenants analogous to those granted by Grantor in connection with the Credit Agreement. Grantor shall, and Grantor shall instruct the solicitor or the agent prosecuting or filing each Intellectual Property application of Grantor to, take all necessary steps to perfect Agent's, or Agent's and the Lender Parties', as applicable, security in the Intellectual Property that is the subject of such applications. With respect to Grantor's options to acquire rights in or rights to use any Intellectual Property, Grantor shall deliver to Agent a copy of each Licensee Licence Agreement evidencing such options or rights, as applicable, and an agreement duly executed by each owner and (in the case of rights sub-licensed to Grantor) each licensor of such Intellectual Property under which such owner and licensor consents to Agent's, or Agent's and the Lender Parties', as applicable, security on Grantor's rights in such Intellectual Property and the exercise by Agent and the Lender Parties of their rights and remedies under such security, in form and substance satisfactory to Agent, together with a legal opinion relating to Agent's and the Lender Parties' abilities to exercise their rights and remedies in respect of such security from counsel, in form and substance, satisfactory to Agent.

(b) If any of Grantor's Intellectual Property is infringed upon, or misappropriated or diluted by a third party in any material respect, Grantor shall notify Agent promptly after Grantor learns thereof. Grantor shall, unless it shall reasonably determine that such Intellectual Property is in no way material to the conduct of its business or operations, promptly sue for infringement, misappropriation or dilution to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as Agent shall deem appropriate under the circumstances to protect such Intellectual Property.

(8) ***Indemnification.*** In any suit, proceeding or action brought by Agent or any Lender Party relating to any Account, Chattel Paper, Contract, Document of Title, Intangible or

Instrument for any sum owing thereunder or to enforce any provision of any Account, Chattel Paper, Contract, Document of Title, Intangible or Instrument, Grantor will save, indemnify and keep Agent and the Lender Parties harmless from and against all expense (including reasonable legal fees and expenses), loss or damage suffered by reason of any defense, set-off, counterclaim, recoupment, or reduction of liability whatsoever of the obligor thereunder, arising out of a breach by Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to, or in favor of, such obligor or its successors from Grantor, except in the case of Agent or any Lender Party, to the extent such expense, loss, or damage is attributable solely to the gross negligence or wilful misconduct of Agent or any Lender Party as finally determined by a court of competent jurisdiction. All such obligations of Grantor shall be and remain enforceable against and only against Grantor and shall not be enforceable against Agent or any Lender Party.

(9) ***Compliance with Terms of Accounts, etc.*** To the extent of Grantor's reasonable business judgment, in all material respects, Grantor will perform and comply with all obligations in respect of its Accounts, Chattel Paper, Contracts and Licence Agreements and all other agreements to which it is a party or by which it is bound relating to the Collateral.

(10) ***Further Identification of Collateral.*** Grantor will, if so requested by Agent, furnish to Agent, as often as Agent requests, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Agent may reasonably request, all in such detail as Agent may specify.

SECTION 6 — USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Grantor's covenants contained herein and in Section 7 hereof, Grantor may, until the occurrence of an Event of Default that is continuing, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Grantor's business in any manner not inconsistent with the provisions hereof and the other Loan Documents; provided always that Agent shall have the right at any time and from time to time to verify the existence and state of the Collateral in accordance with the Credit Agreement and Grantor agrees to furnish all assistance and information and to perform all such acts as Agent may reasonably request in connection therewith and for such purpose to grant to Agent or its agents access to all places where Collateral may be located and to all premises occupied by Grantor to the extent required by the Credit Agreement.

SECTION 7 — SECURITIES

If Collateral at any time includes Securities, Grantor authorizes Agent to transfer the same or any part thereof into its own name or that of its nominee(s) so that Agent or its nominee(s) may appear of record as the sole owner thereof. Until the occurrence of an Event of Default that is continuing, Agent shall deliver promptly to Grantor all notices or other communications received by it or its nominee(s) as such registered owner and shall issue to Grantor or its order a proxy to vote and take all action with respect to such Securities. After the occurrence of an Event of Default that is continuing, Grantor waives all rights to receive any notices or communications received by Agent or its nominee(s) as such registered owner and agrees that no proxy issued by Agent to Grantor or its order as aforesaid shall thereafter be effective.

SECTION 8 — REMEDIES

8.1 Appointment of Receiver. Upon the occurrence of and during the continuance of any Event of Default, Agent may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of Agent or not, to be a receiver or receivers (hereinafter called a “**Receiver**”, which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Grantor and not Agent or any of the Lender Parties, and neither Agent nor any of the Lender Parties shall be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Grantor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, to the extent permitted by law (provided that any limitations under applicable law shall only apply to the extent that they may not be waived or otherwise varied), including Grantor, enter upon, use and occupy all premises owned or occupied by Grantor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Grantor’s business or as security for loans or advances to enable the Receiver to carry on Grantor’s business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by Agent, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to Agent. Every such Receiver may, in the discretion of Agent, be vested with all or any of the rights and powers of Agent.

8.2 Exercise of Rights by Agent. Upon and during the continuance of an Event of Default, Agent may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of Section 8.1.

8.3 Taking Possession of Collateral. Upon and during the continuance of an Event of Default, Agent may take possession of, collect, demand, sue on, enforce, recover and receive Collateral in either Grantor’s or Agent’s name, at Agent’s option, and may endorse Grantor’s name on any and all cheques, commercial paper and other Instruments pertaining to or constituting Collateral and give valid and binding receipts and discharges therefor and in respect thereof, and may, in accordance with applicable law (provided that any limitations under applicable law shall only apply to the extent that they may not be waived or otherwise varied) sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to Agent may seem reasonable.

8.4 Rights and Remedies under PPSA. In addition to those rights granted herein and in any other agreement now or hereafter in effect between Grantor and Agent and any Lender Party and in addition to any other rights Agent or the Lender Parties may have at law or in equity, Agent shall have, both before and after any Event of Default, all rights and remedies of a secured party

under the PPSA. However, Agent shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, Agent shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in Agent's possession and shall not be liable or accountable for failure to do so.

8.5 Cooperation of Grantor with respect to Taking Possession. Grantor acknowledges that Agent or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Grantor agrees upon request from Agent or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

8.6 Costs. Grantor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by Agent, any Lender Party or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Grantor's accounts, in preparing or enforcing this Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by Agent, any Lender Party or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

8.7 Notice of Sale. Agent will give Grantor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the PPSA.

8.8 Grant of Licence to Use Intellectual Property. For the purpose of enabling Agent to exercise its rights and remedies hereunder and under the other Loan Documents, Grantor hereby grants to Agent an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to Grantor) effective upon the occurrence and during the continuance of an Event of Default, to use, licence or sublicense any Intellectual Property now owned or hereafter acquired by Grantor, and wherever the same may be located, and including in such licence access to all media in which any of the licenced items may be recorded or stored and to all Software which may be used for the compilation or printout thereof.

8.9 Power of Attorney. On the Closing Date, Grantor shall execute and deliver to Agent a power of attorney (the "**Power of Attorney**") substantially in the form attached hereto as Exhibit A. The power of attorney granted pursuant to the Power of Attorney is a power coupled with an interest and shall be irrevocable until the Termination Date. The powers conferred on Agent, for the benefit of Agent and the Lender Parties, under the Power of Attorney are solely to protect Agent's interest (for the benefit of Agent and the Lender Parties) in the Collateral and shall not impose any duty upon Agent or any Lender Party to exercise any such powers. Agent agrees that (a) it shall not exercise any power or authority granted under the Power of Attorney unless an Event of Default has occurred and is continuing, and (b) Agent shall account for any moneys received by

Agent in respect of any foreclosure on or disposition of Collateral pursuant to the Power of Attorney provided that none of Agent nor any Lender Party shall have any duty as to any Collateral, and Agent and each of the Lender Parties shall be accountable only for amounts it actually receives as a result of the exercise of such powers. None of Agent, the Lender Parties or their respective affiliates, officers, directors, employees, agents or representatives shall be responsible to Grantor for any act or failure to act under any Power of Attorney or otherwise, except in respect of damages attributable solely to their own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction, nor for any punitive, exemplary, indirect or consequential damages.

SECTION 9 — MISCELLANEOUS

9.1 Performance by Agent. Upon Grantor's failure to perform any of its duties hereunder, Agent may, but shall not be obligated to, perform any or all of such duties, and Grantor shall pay to Agent, forthwith upon written demand therefor, an amount equal to the expense incurred by Agent in so doing plus interest thereon from the date such expense is incurred until it is paid at an annual rate of interest equal to the Cost of Funds Rate plus the Cost Plus Margin, as determined by Agent on the basis of a three hundred and sixty (360) day year, for the actual number of days occurring in the period for which such interest is payable. The Cost of Funds Rate shall be determined each day in accordance with the Credit Agreement. For the purposes of the *Interest Act* (Canada), such rate of interest shall be equivalent to a rate based on a calendar year equal to such rate of interest multiplied by the actual number of days in the calendar year of calculation and divided by 360.

9.2 Extensions, etc. Agent may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Grantor, debtors of Grantor, any other Loan Party sureties and others and with Collateral and other security as Agent may see fit without prejudice to the liability of Grantor or Agent's right to hold and realize the Security Interest. Nothing herein contained shall in any way obligate Agent or any Lender Party to grant, continue, renew, or extend time for payment of anything which constitutes or would constitute obligations.

9.3 No Waiver. No delay or omission by Agent in exercising any right or remedy hereunder or with respect to any of the Liabilities shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, Agent may remedy any default by Grantor hereunder or with respect to any Liabilities in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Grantor. All rights and remedies of Agent granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

9.4 Waiver of Protest. Grantor waives protest of any Instrument constituting Collateral at any time held by Agent on which Grantor is in any way liable and, subject to Section 9.5 hereof, notice of any other action taken by Agent.

9.5 Assignment and Enurement. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Grantor shall not assert against the assignee any claim or defense which Grantor now has or hereafter may have against Agent or any Lender Party.

9.6 Amendment. Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

9.7 Notices. Except as otherwise provided herein, all notices provided for hereunder shall be given in accordance with Section 15.3 of the Credit Agreement.

9.8 Remedies Cumulative. This Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by Agent and is intended to be a continuing security agreement and shall remain in full force and effect until all Liabilities and any extensions or renewals thereof together with interest accruing thereon shall be paid in full.

9.9 Headings. The headings used in this Agreement are for convenience only and are not to be considered a part of this Agreement and do not in any way limit or amplify the terms and provisions of this Agreement.

9.10 Number and Gender. When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

9.11 Severability. In the event any provisions of this Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any court of competent jurisdiction, the remaining terms and provisions of this Agreement shall remain in full force and effect.

9.12 Attachment. The Security Interest created hereby is intended to attach when this Agreement is signed by Grantor and delivered to Agent.

9.13 Amalgamation. Grantor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Grantor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:

(1) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(2) shall secure the "Liabilities" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to Agent and the Lender Parties at the time of amalgamation and any "Liabilities" of the amalgamated company to Agent and the Lender Parties thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Grantor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

9.14 Governing Law. This Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province of British Columbia, as the same may from time to time be in effect, including, where applicable, the PPSA.

SECTION 10 — COPY OF AGREEMENT

10.1 Copy. Grantor hereby acknowledges receipt of a copy of this Agreement.

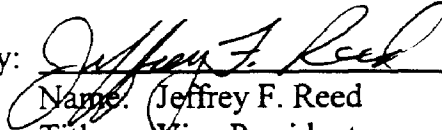
10.2 Waiver. To the extent permitted by applicable law, Grantor waives Grantor's right to receive a copy of any financing statement or financing change statement registered by Agent, or of any verification statement with respect to any financing statement or financing change statement registered by Agent.

[SIGNATURE PAGE FOLLOWS]


Signature Page To Wexxar Packaging Machinery, Ltd. Security Agreement

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

**WEXXAR PACKAGING MACHINERY
LTD.**

By: 
Name: Jeffrey F. Reed
Title: Vice President

LASALLE NATIONAL BANK

By: 
Name: Christopher O'Brien
Title: First Vice President

SCHEDULE 2.1(7)

(DESCRIPTION OF PROPERTY)

None.

SCHEDULE 4.1(3)

**PART I
(LIST OF FINANCING STATEMENTS)**

Financing statements are required in the following jurisdictions:

- British Columbia

**PART II
(MOTOR VEHICLES OWNED OR LEASED)**

- Grantor does not own or lease any motor vehicles.

**PART III
(COLLATERAL- INSTRUMENTS AND CHATTTEL PAPER)**

- None.

SCHEDULE 4.1(4)

1. Locations of Grantor's chief executive office and principal place of business:

- 10101 Nordel Court
Delta British Columbia
V46 1J8
Canada

2. Locations of Grantor's other corporate offices:

- None.

3. All warehouses and other premises where Collateral is located:

- None.

4. Locations of books and records concerning Collateral and Account Debtors:

- 10101 Nordel Court
Delta British Columbia
V46 1J8
Canada

SCHEDULE 4.1(8)

(INTELLECTUAL PROPERTY)

Patents

1. Patent No. 4,553, 954, issued on 11/19/85.
2. Patent No. 4,972,651, issued on 11/27/90.
3. Patent No. D298947, issued on 12/13/88 (under Grantor's former name, "Western Packaging Systems, Ltd.).
- ④ 4. Patent No. 1,312,766, issued on 1/19/93 (under Grantor's former name, "Western Packaging Systems, Ltd.).
5. Patent No. 1,275, 030, issued on 10/9/90 (under Grantor's former name, "Western Packaging Systems, Ltd.).

Trademarks

1. Trademark Reg./App. No. 1,404,636, issued/filed on 9/4/92 (under Grantor's former name, "Western Systems Packaging, Ltd.).

EXHIBIT A

POWER OF ATTORNEY

This Power of Attorney is executed and delivered by WEXXAR PACKAGING MACHINERY LTD., a British Columbia corporation ("Grantor"), to LASALLE NATIONAL BANK (hereinafter referred to as "Attorney"), as Agent for the benefit of Agent and the lenders under a Credit Agreement dated as of December 21, 1998, and other security and related documents (the "Loan Documents"). No person to whom this Power of Attorney is presented, as authority for Attorney to take any action or actions contemplated hereby, shall be required to inquire into or seek confirmation from Grantor as to the authority of Attorney to take any action described below, or as to the existence of or fulfilment of any condition to this Power of Attorney, which is intended to grant to Attorney unconditionally the authority to take and perform the actions contemplated herein, and Grantor irrevocably waives any right to commence any suit or action, in law or equity, against any person or entity which acts in reliance upon or acknowledges the authority granted under this Power of Attorney. The power of attorney granted hereby is coupled with an interest, and may not be revoked or cancelled by Grantor without Attorney's written consent.

Grantor hereby irrevocably constitutes and appoints Attorney (and all officers, employees or agents designated by Attorney), with full power of substitution, as Grantor's true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Grantor and in the name of Grantor or in its own name, from time to time in Attorney's discretion, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of the Loan Documents and, without limiting the generality of the foregoing, Grantor hereby grants to Attorney the power and right, on behalf of Grantor, without notice to or assent by Grantor, and at any time, to do the following: (a) change the mailing address of Grantor, open a post office box on behalf of Grantor, open mail for Grantor, and ask, demand, collect, give acquittances and receipts for, take possession of, endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, and notices in connection with any property of Grantor; (b) effect any repairs to any asset of Grantor, or continue to obtain any insurance and pay all or any part of the premiums therefor and costs thereof, and make, settle and adjust all claims under such policies or insurance, and make all determinations and decisions with respect to such policies; (c) pay or discharge any taxes, liens, security interests, or other encumbrances levied or placed on or threatened against Grantor or its property; (d) defend any suit, action or proceeding brought against Grantor if Grantor does not defend such suit, action or proceeding or if Attorney believes that Grantor is not pursuing such defense in a manner that will maximize the recovery to Attorney, and settle, compromise or adjust any suit, action, or proceeding described above and, in connection therewith, give such discharges or releases as Attorney may deem appropriate; (e) file or prosecute any claim, litigation, suit or proceeding in any court of competent jurisdiction or before any arbitrator, or take any other action otherwise deemed appropriate by Attorney for the purpose of collecting any and all such moneys due to Grantor whenever payable and to enforce any other right in respect of Grantor's property; (f) cause the independent chartered accountants then engaged by Grantor to prepare and deliver to Attorney at any time and from time to time, promptly upon

Attorney's request, the following reports: (1) a reconciliation of all accounts; (2) an aging of all accounts, (3) trial balances, (4) test verifications of such accounts as Attorney may request, and (5) the results of each physical verification of inventory; (g) communicate in its own name with any party to any contract with regard to the assignment of the right, title and interest of such Grantor in and under the contracts and other matters relating thereto; and (h) execute, in connection with sale provided for in any Loan Document, any endorsements, assignments or other instruments of conveyance or transfer with respect to the collateral and to otherwise direct such sale or resale, all as though Attorney were the absolute owner of the property of Grantor for all purposes, and to do, at Attorney's option and Grantor's expense, at any time or from time to time, all acts and other things that Attorney reasonably deems necessary to perfect, preserve, or realize upon Grantor's property or assets and Attorney's Liens thereon, all as fully and effectively as Grantor might do. Grantor hereby ratifies, to the extent permitted by law, all that said Attorney shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, this Power of Attorney is executed by Grantor and Grantor has caused its seal to be affixed pursuant to the authority of its board of directors this 21 day of December, 1998.

**WEXXAR PACKAGING
MACHINERY LTD.**

By: _____
Name: _____
Title : _____

DECLARATION OF WITNESS

I, Adam S. Lewis, whose full post office address is 222 North LaSalle Street, Chicago, Illinois 60601, hereby declare that I was personally present and did see Jeffrey F. Reed and Christopher O'Brien, each of whom is personally known to me to be the person named in the above Foreign Security Agreement of Wexxar Packaging Machinery, Ltd., duly sign and execute the same.

EXECUTED at Chicago, Illinois this 20 day of December, 1998.



Adam S. Lewis