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Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings

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

Resubm

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

1. Name of conveying party(ies):
 The Forzani Group Ltd. *10/18/01*

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other _____

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

2. Name and address of receiving party(ies)
 Name: General Electric Capital Canada, Internal Inc.
 Address: _____
 Street Address: 123 Front St. West, Suite 1400
 City: Toronto State: Ontario Zip: M5J 2M2

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State Canada
 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 Merger
 Security Agreement Change of Name
 Other _____

Execution Date: _____

4. Application number(s) or registration number(s):
 A. Trademark Application No.(s)
 B. Trademark Registration No.(s)
1,420,623 1,872,911

Additional number(s) attached Yes No

6. Total number of applications and registrations involved: 2

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: John C. McElwaine
 Internal Address: 151 Meeting Street
Suite 600
Charleston, SC 29401

Street Address: 151 Meeting Street
Suite 600
 City: Charleston State: SC Zip: 29401

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

Enclosed
 Authorized to be charged to deposit account

8. Deposit account number: _____

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

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.
John C. McElwaine *John C. McElwaine* 10/15/01
 Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 38

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

10/26/2001 DBYRNE 00000130 1420623 40.00 OP
01 FC:481
Adjustment date: 03/01/2002 DBYRNE
10/26/2001 DBYRNE 00000130 1420623 -40.00 OP
01 FC:481

03/01/2002 DBYRNE 00000130 1420623 40.00 OP
01 FC:481
02 FC:482

TRADEMARK REEL: 002452 FRAME: 0683

INTELLECTUAL PROPERTY SECURITY AGREEMENT

Made as of January 16, 2001

Between

THE FORZANI GROUP LTD.
("Debtor")

and

GENERAL ELECTRIC CAPITAL CANADA INC.
("Agent")

MCMILLAN BINCH

BARRISTERS & SOLICITORS

TABLE OF CONTENTS

RECITALS 1

SECTION 1 – INTERPRETATION 1

 1.1 Definitions 1

SECTION 2 - GRANT OF SECURITY INTEREST 5

SECTION 3 - REPRESENTATIONS AND WARRANTIES OF DEBTOR 5

SECTION 4 - COVENANTS OF DEBTOR 6

SECTION 5 - EVENTS OF DEFAULT 7

SECTION 6 - REMEDIES 7

SECTION 7 - DEBTOR REMAINS LIABLE 8

SECTION 8 - MISCELLANEOUS 9

Schedule A – Copyrights

Schedule B – Designs

Schedule C – Patents

Schedule D – Software

Schedule E – Trade-marks

Schedule F – Licensee Licence Agreements

Schedule G – Licensor Licence Agreements

Schedule H – Excluded Liens - Legal Proceedings

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This **INTELLECTUAL PROPERTY SECURITY AGREEMENT** (as amended, restated, supplemented otherwise modified together with all Schedules attached hereto, "**Security Agreement**") is dated as of the 15th day of January, 2001 by **The Forzani Group Ltd.** ("**Debtor**") in favour of **General Electric Capital Canada Inc.**, as agent (in such capacity, together with its successors in such capacity, "**Agent**"), in its individual capacity and on behalf of Lenders.

RECITALS

A. Debtor is indebted to Secured Parties pursuant to the Credit Agreement and the other Loan Documents; and

B. Debtor has agreed to grant to Agent for the benefit of Secured Parties a security interest in Debtor's intellectual property by entering into this Security Agreement.

FOR VALUE RECEIVED, the Debtor agrees as follows:

SECTION 1 – INTERPRETATION

1.1 Definitions

In this Agreement:

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

(2) **Business Day** means any day of the week except Saturday, Sunday or any statutory or civic holiday observed in Canada.

(3) **Collateral** means all of the Intellectual Property, the Records, the Replacements and the Proceeds located in Canada or in the United States of America and any item or part thereof.

(4) **Confidential Information** means the trade secrets, confidential information and confidential know-how in which Debtor 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,

treated by Debtor as confidential, acting reasonably.

(5) **Copyrights** means all copyrights that Debtor now or hereafter owns, including, without limitation, all of Debtor's copyrights in the works listed on Schedule "A". 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 the United States of America and all records thereof and all reissues, extensions or renewals thereof, and
- (b) all common law and other rights in the above.

(6) **Credit Agreement** means the Amended and Restated Credit Agreement dated as of December 21, 2000 (as further amended, restated, supplemented or otherwise modified from time to time) between Debtor, 340546 Alberta Ltd., Sport-Chek International 2000 Ltd., Sports Experts 2000 Inc., Intersport North America Ltd., Coast Mountain Sports Inc., The Forzani Group Corporate Partnership and The Forzani Group Franchise Partnership, as Loan Parties (as defined therein), Agent and Lenders.

(7) **Default Rate** has the meaning assigned to it in the Credit Agreement.

(8) **Designs** means all industrial designs registered in the Canadian Patent Office that Debtor now or hereafter owns, including, without limitation, all of Debtor's industrial designs listed on Schedule "B".

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

(10) **Index Rate** has the meaning assigned to it in the Credit Agreement.

(11) **Lenders** means the financial institutions and other entities that are from time to time "Lenders", as defined in the Credit Agreement.

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

(13) **Licensee Licence Agreements** means all agreements pursuant to which Debtor 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 including, without limitation, those agreements listed on Schedule "F", but excluding any standard pre-printed licence agreements pursuant to which Debtor has acquired rights to use non-customized commercial software generally available to the public.

(14) **Licensor Licence Agreements** means all agreements pursuant to which Debtor 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 Debtor or licensed to Debtor, including, without limitation, those agreements listed on Schedule "G", but excluding any franchise agreements entered into by Debtor and the rights thereunder.

(15) **Lien** means any mortgage, deed to secure debt or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest (or similar equivalent thereof)) under the laws of Canada or the United States whether or not filed, recorded or otherwise perfected under such laws.

(16) **Loan Documents** has the meaning assigned to it in the Credit Agreement.

(17) **Material Adverse Effect** has the meaning assigned to it in the Credit Agreement.

(18) **Obligations** has the meaning assigned to it in the Credit Agreement in so far as it refers to Debtor.

(19) **Patents** means all letters patent of invention and all applications for letters patent, renewals, reissues, extensions, divisions, continuations and continuations-in-part thereof which Debtor now or hereafter owns, including, without limitation, all of Debtor's letters patent, applications, renewals, reissues, extensions, divisions, continuations and continuations-in-part thereof listed on Schedule "C". 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 the United States of America and all records thereof and all reissues, extensions or renewals thereof, and
- (b) all other rights in the above.

(20) **Person** includes an individual, corporation, partnership, joint venture, trust, unincorporated organization, the Crown or any agency or instrumentality thereof or any other entity recognized by law other than Debtor or Secured Party.

(21) **PPSA** means the Personal Property Security Act, of the Province of Ontario.

(22) **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.

(23) **Records** means:

- (a) all copies and representations of the Intellectual Property in any form now known or in the future developed or discovered including, without limitation, those on paper, magnetic and optical media, and all working papers, notes, charts, drawings, materials and diagrams created in the process of developing the Intellectual Property,
- (b) all books, accounts, invoices, letters, papers, security certificates, documents and other records in any form evidencing or relating in any way to the Collateral,
- (c) all contracts, securities, instruments and other rights and benefits in respect of the Collateral, and
- (d) any item or part of any of the preceding.

(24) **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.

(25) **Secured Parties** means Agent and Lenders.

(26) **Security Agreement** has the meaning assigned to it in the first paragraph hereof. All uses of the words "hereto", "herein", "hereof", "hereby" and "hereunder" and similar expressions refer to this Security Agreement and not to any particular section or portion of it.

(27) **Software** means all computer programs and databases owned by Debtor 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 including, without limitation, those listed on Schedule "D". 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.

(28) **Termination Date** has the meaning assigned to it in the Credit Agreement.

(29) **Trade-Marks** means all trade-marks that Debtor now or hereafter owns, including, without limitation, those of Debtor's trade-marks listed on Schedule "E". 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 the United States of America and all records thereof and all reissues, extensions or renewals thereof, and
- (f) all common law and other rights in the above.

Words and phrases defined in the PPSA and used without initial capitals in this Security Agreement and the terms Instrument and Chattel Paper have the meanings assigned to them in the PPSA, unless the context otherwise requires.

SECTION 2 - GRANT OF SECURITY INTEREST

- (1) As general and continuing security for the due payment and performance of all Obligations, Debtor grants to Agent for the benefit of Secured Parties a security interest (the "**Security Interest**") in the Collateral and in the Debtor's interest in intellectual property not owned by it.
- (2) The last day of the term of each licence granted to Debtor pursuant to the Licensee Licence Agreements shall be excepted from the Security Interest and shall not form part of the Collateral. Debtor shall stand possessed of that day in trust to assign and dispose of it as Agent directs.

SECTION 3 - REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants to and in favour of Agent as follows:

- (1) Schedule "A" contains a complete list of all Copyrights registered as of the date of this Security Agreement, Schedule "B" contains a complete list of all Designs registered as of the date of this Security Agreement, Schedule "C" contains a complete list of all Patents, Schedule "D" contains a complete list of all Software and Schedule "E" contains a complete list of all Trade-marks registered or covered by applications as of the date of this Security Agreement at the Canadian Trade-marks Office or any similar office in the United States of America;
- (2) Schedule "F" and Schedule "G" contain a complete list of all written Licence Agreements and, to the best of Debtor's knowledge, a complete list of all oral Licence Agreements; and
- (3) except for the rights granted pursuant to the Licence Agreements, Debtor is the sole legal and beneficial owner of all rights in the Intellectual Property free and clear of all Liens other than the unresolved legal proceedings described as of the date hereof in Schedule "H".

All representations and warranties of Debtor made in this Security Agreement or in any certificate or other document delivered by or on behalf of Debtor for the benefit of Agent and/or Secured Parties are material and shall continue until the Termination Date.

SECTION 4 - COVENANTS OF DEBTOR

(1) Debtor shall defend or, with Agent's consent, settle, the Liens granted pursuant to this Security Agreement against claims and demands of all Persons whatsoever; provided that Agent's consent shall not be required to settle the unresolved legal proceedings (if any) described as of the date hereof in Schedule "H" or trademark opposition proceedings if, in each case, none of such proceedings could have a Material Adverse Effect. Debtor shall not permit any Collateral to become an accession to any property other than other Collateral. Nothing in this Security Agreement shall in any way prevent Agent from, at any time, contesting the validity, enforceability or priority of any Lien.

(2) Subject to the provisions of Section 8(2) hereof, Debtor shall, from time to time, upon each request from Agent, and Agent shall, from time to time, upon each request from Debtor to Agent, at Debtor's cost and expense in each case, make, do, execute and cause to be made, done and executed, all such further and other lawful acts, documents and assurances whatsoever which Agent or Debtor, respectively, reasonably determines may be necessary in order to give effect to the provisions, purposes and intent of this Security Agreement.

(3) Debtor shall notify Agent in writing:

- (a) forthwith of the failure of any licensee or other Person to pay or perform any obligations due to Debtor in respect of the Collateral; and
- (b) forthwith of any proceedings before any court, administrative board or other tribunal which could materially adversely affect any Collateral and of any action or proceeding that may affect Debtor's rights in the Collateral and of each allegation that the Intellectual Property infringes upon or violates the rights of any Person.

(4) At any time after the occurrence of and during the continuance of an Event of Default, Agent shall have the right, but shall in no way be obligated, to bring suit in its own name, on its behalf and on behalf of Lenders, to enforce all Intellectual Property of Debtor and, if Agent shall determine that it shall commence any such suit, Debtor shall do any and all lawful acts and execute any and all proper documents required by Agent in aid of such enforcement and Debtor shall, promptly, upon demand from Agent, reimburse and indemnify Agent for all costs and expenses incurred by Agent in the exercise of its rights under this section.

(5) Debtor shall make all reasonable efforts to preserve the confidentiality of all Confidential Information.

(6) Debtor appoints any officer or director of Agent to be its attorney with full power of substitution and, after the occurrence of and during the continuance of an Event of Default, to do on Debtor's behalf anything that Debtor can lawfully do by an attorney to preserve and protect the Collateral and to carry out Debtor's obligations with respect to the Collateral under the Loan Documents and to exercise the rights and remedies of Agent under this Security Agreement. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

SECTION 5 - EVENTS OF DEFAULT

The happening of an Event of Default (as defined in the Credit Agreement) shall constitute a default hereunder and shall be referred to hereunder as an "Event of Default".

SECTION 6 - REMEDIES

- (1) Upon the occurrence of and during the continuance of an Event of Default:
 - (a) Agent may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of any Secured Party 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 Proceeds) and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of Debtor and not of any Secured Party, and no Secured Party shall be in any way responsible for any misconduct, negligence, or non-feasance on the part of any such Receiver, his servants, agents or employees. Subject to the provisions of the instrument appointing him, 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 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 enter upon, use and occupy all premises owned or occupied by Debtor 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 the Business or as security for loans or advances to enable the Receiver to carry on the 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 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;
 - (b) 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 the foregoing sub-clause (a);
 - (c) Agent may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof, and Agent may sell, lease, license 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; and
 - (d) Debtor shall assign or license the Intellectual Property to whomever Agent directs, including to any Secured Party. Debtor appoints any officer or director of Agent to be its attorney with full power of substitution and to do on Debtor's

behalf anything that is required to assign, license or transfer, and to record any assignment, license or transfer of, the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

(2) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and any Secured Party and in addition to any other rights any Secured Party may have at law or in equity, Agent shall have, both before and after an Event of Default, all rights and remedies of a secured party under the PPSA. Provided always, that 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 any Secured Party's possession and shall not be liable or accountable for failure to do so.

(3) Debtor 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 Debtor agrees upon request from Agent or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(4) Debtor agrees to pay all costs, charges and expenses reasonably incurred by any Secured 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 Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, registering, licensing, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Obligations and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by any Secured 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.

(5) Agent will give Debtor 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.

SECTION 7 - DEBTOR REMAINS LIABLE

Debtor shall not be released from any of its duties or obligations under the Licence Agreements by the exercise of any rights by any Secured Party. No Secured Party shall have any obligation or liability under the Licence Agreements by reason of this Security Agreement, nor shall any Secured Party be obliged to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. The rights and powers conferred on each Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers.

SECTION 8 - MISCELLANEOUS

(1) No delay or omission by any Secured Party in exercising any right or remedy hereunder or with respect to any Obligations 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, any Secured Party may remedy any Event of Default by Debtor hereunder or with respect to any Obligations in any reasonable manner without waiving the Event of Default remedied and without waiving any other prior or subsequent Event of Default by Debtor. All rights and remedies of each Secured Party granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(2) Debtor hereby authorizes Agent to file such financing statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral) as Agent, acting reasonably and in good faith, may determine appropriate to perfect and continue its security interest in and to protect and preserve Collateral. Prior to the occurrence of an Event of Default, such acts, matters and things shall be done:

- (a) at the Debtor's cost and expense with respect to:
 - (i) all Trade-marks which are set out as of the date hereof on Schedule "E" to this Security Agreement and which are marked with an asterisk; and
 - (ii) all Trade-marks which are registered by Debtor after the date of this Security Agreement at the Canadian Trade-marks Office or any similar office in the United States of America and which Trade-marks are designated in writing by Agent at any time; and
- (b) at Agent's cost and expense with respect to Trade-marks which are set out as of the date of hereof on Schedule "E" to this Security Agreement but which are not marked with an asterisk.

After the occurrence of and during the continuance of an Event of Default, such acts, matters and things shall be done at Debtor's cost and expense with respect to all Trade-marks including, without limitation, all Trade-marks which are set out on Schedule "E" to this Security Agreement but which are not marked with an asterisk.

(3) Upon Debtor'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 Debtor shall pay to Secured Party, 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 a rate of interest equal to the Default Rate, if Section 1.7(4) of the Credit Agreement is then applicable pursuant to the Credit Agreement, or, the Index Rate plus 3% per annum if pursuant to Section 1.7(5) of the Credit Agreement Section 1.7(4) is not applicable.

(4) Debtor waives protest of any Instrument constituting Collateral at any time held by any Secured Party on which Debtor is in any way liable and, subject to Clause 6(5) hereof, notice of any other action taken by any Secured Party.

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

(6) 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.

(7) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to Agent.

(8) Each Secured Party 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 Debtor, debtors of Debtor, sureties and others and with Collateral and other security as such Secured Party may see fit without prejudice to the liability of Debtor or Secured Party's right to hold and realize the Security Interest. Furthermore, upon the occurrence of and during the continuance of an Event of Default, Agent may demand, collect and sue on Collateral in either Debtor's or Agent's name, at Agent's option, and may endorse Debtor's name on any and all cheques, commercial paper and any other Instruments pertaining to or constituting Collateral.

(9) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Any assignment or other transfer by Debtor or any Secured Party of their respective rights hereunder shall be subject to the provisions of the Credit Agreement.

(10) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security 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.

(11) Subject to the requirements of Clause 6(5) hereof, all notices provided for hereunder shall be given in accordance with the provisions of the Credit Agreement.

(12) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by any Secured Party and is, and is intended to be, a continuing Security Agreement and shall remain in full force and effect until all Obligations contracted for or created, and any extensions or renewals thereof together with interest accruing thereon and fees due in connection therewith, shall be paid, satisfied and terminated in full.

(13) In the event any provisions of this Security 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 Security Agreement shall remain in full force and effect.

(14) Nothing herein contained shall in any way obligate any Secured Party to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Obligations.

(15) This Security Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of Ontario.

(16) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(17) Debtor hereby acknowledges that Agent may register a copy of this Security Agreement and in such event it will be available to the public for inspection. Debtor shall cooperate with and assist Agent, as requested by Agent, with respect to any registrations of or relating to this Security Agreement which Agent deems appropriate.

(18) Debtor represents and warrants that the following information is accurate:

Name of Debtor: The Forzani Group Ltd.
Address of Debtor: 824-41 Avenue N.E.
Calgary, Alberta
T2E 3R3

Attention: Chief Financial Officer

Telecopy No. (403) 276-5973

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF Debtor has executed this Security Agreement.

THE FORZANI GROUP LTD.

By: 

Name:

D. Bruce Randall

Title:

General Counsel and
Corporate Secretary

Schedule A – Copyrights

Copyright (unregistered) in all materials produced and to be produced by Debtor including, without limitation, all advertising, marketing and web-site materials in any and all format and forms (electronic or otherwise)

Schedule B – Designs

None

Schedule C – Patents

None

Schedule D – Software1. Owned

All software developed exclusively by full-time employees of The Forzani Group Ltd. in the course of their employment relating to the general accounting, accounts receivable, accounts payable, inventory management, ordering and shipping, preparation of financial statements, point of sale matters and related and ancillary matters for use on the AS/400 hardware system of Sports Experts Inc.

Schedule E – Trade-marks

Please see attached.

SCHEDULE "E"
The Forzani Group Ltd.
Trade-mark Applications & Registrations

TRADEMARK	APPLICATION (SERIAL) NO./ APPL'N DATE	REGN. NO.	REG. DATE	STATUS
CANADA				
ZONE ATHLETIK *	845,639 May 21, 1992	TMA532,400	May 21, 1997	REGISTERED
FORZANI DESIGN	852,498 July 31, 1992	-	-	PENDING
G-FORCE	866,632 January 20, 1998	-	-	PENDING
TOTAL SPORTS & DESIGN	862,982 December 2, 1997	-	-	PENDING
ZONE ATHLETIC & DESIGN *	862,983 December 2, 1997	TMA527,222	May 2, 2000	REGISTERED
ECONO SPORTS *	1,027,313 August 30, 1999	-	-	PENDING
ECONO SPORTS DESIGN *	1,053,592 April 4, 2000	-	-	PENDING
SAVE ON SPORTS *	1,052,283 March 24, 2000	-	-	PENDING
ELITE SPORT *	1,062,952 June 12, 2000	-	-	PENDING
SOS*	1,062,200 June 7, 2000	-	-	PENDING
MOLE*	1,068,375 July 25, 2000	-	-	PENDING
MOLE & DESIGN *	846,83901 July 25, 2000	-	-	PENDING
MOLE & DESIGN*	846,839 June 2, 1997	TMA494743	May 15, 1998	REGISTERED
RUN, PLAY, JUMP... NOW FLY!	881,461 June 12, 1998	-	-	PENDING
e-CHEK*	1,015,210 May 12, 1999	-	-	PENDING
eCHEK*	1,015,746 May 17, 1999	-	-	PENDING

SCHEDULE "E"
The Forzani Group Ltd.
Trade-mark Applications & Registrations

- 2 -

TRADEMARK	APPLICATION (SERIAL) NO./ APPL'N DATE	REGN. NO.	REG. DATE	STATUS
CHEK *	1,015,821 Mar ch 22, 2000	-	-	PENDING
U BE THE PRODUCER	887,394 August 13, 1998	TMA515,334	August 25, 1999	REGISTERED
ARLINGTON	335,181 August 5, 1970	TMA183,634	June 9, 1972 June 9, 1987 (renewal)	REGISTERED
ARLINGTON	354,741 June 27, 1972	TMA190,127	April 13, 1973 April 13, 1988 (renewal)	REGISTERED
AVALANCHE SKI SALE	664,407 August 5, 1990	TMA392,331	December 27, 1991	REGISTERED
BASEBALL & DESIGN	380,187 November 1, 1974	TMA219,500	March 18, 1977	REGISTERED
C & DESIGN	499,288 February 23, 1983	TMA286,336	December 30, 1983 December 30, 1998 (renewal)	REGISTERED
CARAVANE & DESIGN	532,398 November 28, 1984	TMA318,078	September 5, 1986	REGISTERED
CIMALP	557,957 February 25, 1986	TMA329,554	July 3, 1987	REGISTERED
CIMALP & DESIGN	581,936 April 10, 1987	TMA345,016	September 16, 1988	REGISTERED
CIRCUIT PODIUM	495,195 November 23, 1982	TMA285,347	November 25, 1983 November 25, 1998 (renewal)	REGISTERED
COLLEGIATE / SPORTS EXPERTS*	595,821 November 19, 1987	TMA348,146	November 18, 1988	REGISTERED
COLLEGIATE SPORTS	543,629 June 12, 1985	TMA324,164	February 27, 1987	REGISTERED
COLLEGIATE SPORTSWORLD & DESIGN	499,435 February 28, 1983	TMA285,190	November 25, 1983 November 25, 1998 (renewal)	REGISTERED
COLLEGIATE SPORTSWORLD & DESIGN	502,291 April 25, 198	TMA285,236	November 25, 1983 November 25, 1998 (renewal)	REGISTERED

SCHEDULE "E"
The Forzani Group Ltd.
Trade-mark Applications & Registrations

- 3 -

TRADEMARK	APPLICATION (SERIAL) NO./ APPL'N DATE	REGN. NO.	REG. DATE	STATUS
COLLEGIATE TEAM SPORTS	510,137 September 29, 1983	TMA294,154	August 17, 1984 August 17, 1999 (renewal)	REGISTERED
COMPETITION	390,648 October 15, 1975	TMA216,197	September 17, 1976 September 17, 1991 (renewal)	REGISTERED
COMPETITION	398,860 June 9, 1976	TMA227,036	March 31, 1978 March 31, 1993 (renewal)	REGISTERED
DYNATOUR	520,111 April 11, 1984	TMA299,619	February 1, 1985 February 1, 2000 (renewal)	REGISTERED
DYNATOUR & DESIGN	675,425 January 21, 1991	TMA416,283	September 3, 1993	REGISTERED
DYNATOUR & DESIGN	675,422 January 21, 1991	TMA415,615	August 20, 1993	REGISTERED
DYNATOUR & DESIGN	675,427 January 21, 1991	TMA415,616	August 20, 1993	REGISTERED
EXTREME SKI SALE	690,329 September 25, 1991	TMA408,446	February 19, 1993	REGISTERED
GAME OVER	648,415 December 15, 1989	TMA383,628	April 26, 1991	REGISTERED
LA SKI FOLIE	529,491 October 4, 1984	TMA305,269	July 26, 1985 July 26, 2000 (renewal)	REGISTERED
LADY DYNATOUR & DESIGN	675,424 January 21, 1991	TMA416,282	September 3, 1993	REGISTERED
LADY DYNATOUR & DESIGN	675,420 January 21, 1991	TMA416,281	September 3, 1993	REGISTERED
LAYOUT	547,204 August 6, 1985	TMA336,652	February 5, 1988	REGISTERED
LE CENTRE DE LA MODE SPORTIVE SPORTS EXPERTS & DESIGN	577,339 January 9, 1987	TMA343,761	August 12, 1988	REGISTERED
LE CIRCUIT	381,782 January 6, 19	TMA210,044	October 10, 1975 October 10, 1990 (renewal)	REGISTERED

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SCHEDULE "E"
The Forzani Group Ltd.
Trade-mark Applications & Registrations

- 4 -

TRADEMARK	APPLICATION (SERIAL) NO./ APPL'N DATE	REGN. NO.	REG. DATE	STATUS
LE SOLDE DE SKI EXTREME	690,248 September 25, 1991	TMA411,439	April 23, 1993	REGISTERED
MEGA COLLEGIATE SPORTS EXPERTS *	679,860 April 12, 1991	TMA404,883	November 13, 1992	REGISTERED
MEGA MEANS MORE	689,610 September 11, 1991	TMA414,791	July 23, 1993	REGISTERED
MEGA SPORTS EXPERTS *	679,872 April 12, 1991	TMA419,428	November 12, 1993	REGISTERED
NAKAMURA & DESIGN	532,399 November 28, 1994	TMA318,079	September 5, 1986	REGISTERED
NIJI	485,286 April 1, 1982	TMA297,201	April 29, 1983 April 29, 1998 (renewal)	REGISTERED
PODIUM	456,888 July 30, 1980	TMA269,943	June 4, 1982 June 4, 1997 (renewal)	REGISTERED
PODIUM	478,184 November 10, 1981	TMA280,632	June 17, 1983 June 17, 1998 (renewal)	REGISTERED
PODIUM	481,515 January 28, 1982	TMA279,192	April 29, 1983 April 29, 1998 (renewal)	REGISTERED
PODIUM & DESIGN	650,522 February 12, 1990	TMA406,707	January 8, 1993	REGISTERED
PODIUM SPORTS	650,513 February 12, 1990	TMA391,589	December 13, 1991	REGISTERED
PODIUM SPORTS & DESIGN	650,523 February 12, 1990	TMA406,708	January 8, 1993	REGISTERED
PODIUM SPORTS & DESIGN	650,546 February 12, 1990	TMA407,050	January 22, 1993	REGISTERED
POSEIDON	446,518 November 8, 1979	TMA246,811	June 20, 1980 June 20, 1995 (renewal)	REGISTERED
PROJECT	547,206 August 6, 1985	TMA346,756	October 21, 1988	REGISTERED

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SCHEDULE "E"
The Forzani Group Ltd.
Trade-mark Applications & Registrations

- 5 -

TRADEMARK	APPLICATION (SERIAL) NO./ APPL'N DATE	REGN. NO.	REG. DATE	STATUS
SKI BLITZ SALE	664,411 August 15, 1990	TMA392,332	December 27, 1991	REGISTERED
SKI RAZY & DESIGN	550,787 October 16, 1985	TMA330,928	August 14, 1987	REGISTERED
SKI ULTIMATUM	538,643 March 20, 1985	TMA318,744	September 19, 1986	REGISTERED
SLAPSHOT	580,285 March 18, 1987	TMA342,074	June 23, 1988	REGISTERED
SPORT TECH	505,022 June 10, 1983	TMA288,490	March 2, 1984 March 2, 1999 (renewal)	REGISTERED
SPORT TECH & DESIGN	505,864 June 27, 1983	TMA288,756	March 9, 1984 March 9, 1999 (renewal)	REGISTERED
SPORTS EXPERTS *	375,355 May 17, 1974	TMA206,403	April 11, 1975 April 11, 1990 (renewal)	REGISTERED
SPORTS EXPERTS & DESIGN *	756,921 June 9, 1994	TMA449,394	October 27, 1995	REGISTERED
SPORTS EXPERTS ESSENTIALS & DESIGN *	739,607 October 22, 1993	TMA436,421	November 25, 1994	REGISTERED
SPORTS EXPRESS *	395,165 March 1, 1976	TMA219,966	April 7, 1977 April 7, 1992 (renewal)	REGISTERED
TECHNI-SPORT	505,021 June 10, 1983	TMA288,890	March 16, 1984 March 16, 1999 (renewal)	REGISTERED
TECHNI-SPORT & DESIGN	505,863 June 23, 1983	TMA288,755	March 9, 1984 March 9, 1999 (renewal)	REGISTERED
THE BICYCLE FACTORY	378,682 September 18, 1974	TMA215,974	September 10, 1976 September 10, 1991 (renewal)	REGISTERED
THE BIKE FACTORY	378,680 September 10, 1974	TMA215,973	September 10, 1976 September 10, 1991 (renewal)	REGISTERED
THE MORE SPORTS STORE	438,968 April 27, 1979	TMA246,484	June 13, 1980 June 13, 1995 (renewal)	REGISTERED

SCHEDULE "E"
The Forzani Group Ltd.
Trade-mark Applications & Registrations

- 6 -

TRADEMARK	APPLICATION (SERIAL) NO./ APPL'N DATE	REGN. NO.	REG. DATE	STATUS
THE OUTDOOR STORES & DESIGN	429,775 September 14, 1978	TMA245,134	May 16, 1980 May 16, 1995 (renewal)	REGISTERED
THE SPORTS FASHION CENTRE SPORTS EXPERTS & DESIGN	577,340 January 30, 1978	TMA343,259	July 29, 1988	REGISTERED
TOTAL SPORTS	395,534 May 11, 1976	TMA220,639	May 13, 1977 May 13, 1992 (renewal)	REGISTERED
VENTE SKI AVALANCHE	664,414 August 15, 1990	TMA392,742	January 10, 1992	REGISTERED
VENTE SKI BLITZ	664,413 August 15, 1990	TMA392,741	January 10, 1992	REGISTERED
VIBA & DESIGN	547,817 August 19, 1985	TMA327,874	May 22, 1987	REGISTERED
CROSSFIRE	797,079 November 9, 1995	TMA468,969	January 17, 1997	REGISTERED
DRILL	781,236 April 26, 1993	TMA470,713	February 11, 1997	REGISTERED
FORZANI'S LOCKER ROOM *	408,137 March 8, 1977	TMA226,567	March 10, 1978 March 10, 1993 (renewal)	REGISTERED
FORZANI'S MOTHER'S DAY RUN AND WALK *	789,035 August 1, 1995	TMA476,003	May 9, 1997	REGISTERED
FORZANI'S TECH SHOP	667,489 October 2, 1990	TMA397,025	April 10, 1992	REGISTERED
LEGENDS ATHLETICS & DESIGN	772,287 January 4, 1994	TMA474,884	April 17, 1997	REGISTERED
LITTLE LOCKER ROOM	584,500 May 20, 1987	TMA361,164	October 27, 1989	REGISTERED
THE ATHLETE'S WAREHOUSE	574,393 December 10, 1986	TMA381,413	March 15, 1991	REGISTERED
THE ATHLETE'S WAREHOUSE	596,422 December 2, 1987	TMA351,537	February 10, 1989	REGISTERED

TRADEMARK
REEL: 002452 FRAME: 0708

SCHEDULE "E"
The Forzani Group Ltd.
Trade-mark Applications & Registrations

- 7 -

TRADEMARK	APPLICATION (SERIAL) NO./ APPL'N DATE	REGN. NO.	REG. DATE	STATUS
THE LOCKER ROOM	408,138 March 8, 1977	TMA226,568	March 10, 1978 March 10, 1993 (renewal)	REGISTERED
EQUINOXE	827,306 October 29, 1996	483,878	October 9, 1997	REGISTERED
FGL SPORT CAMPS	797,742 November 20, 1995	TMA332183	September 5, 2000	REGISTERED
RN'R THE WALKING STORE	730,524 June 9, 1993	-	-	PENDING
TERAKOTA & DESIGN	813,174 May 22, 1996	TMA332438	September 11, 2000	REGISTERED
ALEC SMARI & DESIGN	631,940 May 15, 1989	TMA372,464	August 24, 1990	REGISTERED
ARASHI	622,017 December 23, 1988	TMA362,610	November 3, 1989	REGISTERED
BASIX	713,187 September 21, 1992	TMA431,945	August 19, 1994	REGISTERED
BRISTLECONE & DESIGN	503,823 May 19, 1983	TMA297,538	November 30, 1984 November 30, 1999 (renewal)	REGISTERED
CHEK STOP	593,543 October 21, 1987	TMA350,990	February 10, 1989	REGISTERED
DRY CLIMATE & DESIGN	584,302 May 21, 1987	TMA548,778	December 9, 1988	REGISTERED
GREEN ALERT	709,429 July 21, 1992	TMA428,156	June 3, 1994	REGISTERED
KINDERCHEK	531,722 November 16, 1984	TMA321,320	December 5, 1986	REGISTERED
NANTUCKET TRADING COMPANY & DESIGN	590,653 August 27, 1987	TMA351,915	February 24, 1989	REGISTERED
NEVADA & DESIGN	584,304 May 21, 1987	TMA349,328	December 16, 1988	REGISTERED

TRADEMARK
REEL: 002452 FRAME: 0709

SCHEDULE "E"
The Forzani Group Ltd.
Trade-mark Applications & Registrations

- 8 -

TRADEMARK	APPLICATION (SERIAL) NO./ APPL'N DATE	REGN. NO.	REG. DATE	STATUS
ORIGINAL HEAVYWEIGHTS SWEATS & DESIGN PHOENIX	590,654 August 27, 1987	TMA351,130	February 10, 1989	REGISTERED
SARASOTA	590,408 August 26, 1987	TMA363,228	November 10, 1989	REGISTERED
SKI HAPPENING	569,435 September 17, 1986	TMA341,548	June 10, 1988	REGISTERED
SOME STORES HAVE ALL THE FUN	408,577 March 18, 1977	TMA232,557	April 6, 1979 April 6, 1994 (renewal)	REGISTERED
SPORT CHEK & DESIGN*	422,712 March 23, 1978	TMA236,566	October 12, 1979 October 12, 1994 (renewal)	REGISTERED
SPORT; DESIGN*	595,222 March 2, 1976	TMA237,960	December 7, 1979 December 7, 1994 (renewal)	REGISTERED
SUNRIDGE DESIGNS & DESIGN	395,226 March 2, 1976	TMA259,636	June 5, 1981 June 5, 1996 (renewal)	REGISTERED
TECH CHEK	584,303 May 21, 1987	TMA349,077	December 16, 1988	REGISTERED
THE ORIGINAL SUPER SPORTS STORE & DESIGN	593,545 October 21, 1987	TMA351,588	February 17, 1989	REGISTERED
WE TAKE FUN SERIOUSLY	727,646 April 26, 1993	TMA451033	December 1, 1995	REGISTERED
VPK2*	593,542 October 21, 1987	TMA349833	January 6, 1989	REGISTERED
VPK3*	1,420,089 January 11, 2000	-	-	PENDING
	1,042,090 January 11, 2000	-	-	PENDING

SCHEDULE "E"
The Forzani Group Ltd.
Trade-mark Applications & Registrations

- 9 -

TRADEMARK	APPLICATION (SERIAL) NO./ APPL'N DATE	REGN. NO.	REG. DATE	STATUS
UNITED STATES				
SPORT CHEK*	73/594863 April 23, 1986	1,420,623	December 9, 1986	REGISTERED
MEGA SPORTS EXPERTS*	74/210038 October 7, 1991	1,872,911	January 10, 1995	REGISTERED

Schedule F – Licensee Licence AgreementsLicensed

- (1) Licence agreement dated February 23, 1995 between DLGL Ltd. and The Forzani Group Ltd.
- (2) Licence agreement between Data General (Canada) Ltd. and The Forzani Group Ltd. which is the subject of the Data General Consent and Acknowledgement.
- (3) Licence agreement between STS Systems Ltd. and The Forzani Group Ltd. which is the subject of the STS Consent and Waiver.
- (4) Hardware Purchase and Software Licence Agreement, Equipment Maintenance Agreement, Software Maintenance Agreement and POS System Maintenance Agreement all between STS Systems Ltd. and The Forzani Group Ltd.

Schedule G – Licensor Licence AgreementsWritten

Pursuant to a Partnership Agreement dated as of January 31, 2000 between the Debtor and Sports Experts 2000 Inc., The Forzani Group Franchise Partnership was granted a license to use certain Trademarks of the Debtor

Pursuant to a Partnership Agreement dated as of January 31, 2000 between the Debtor and Sport-Chek International 2000 Ltd., The Forzani Group Corporate Partnership was granted a license to use certain Trademarks of the Debtor

Oral

None

Schedule H – Excluded Liens - Legal Proceedings

None