

Form PTO-1594 (Modified)
(Rev. 8/93)
OMB No. 0651-0011 (exp. 4/94)

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

Docket No.:
42936/ 3 4 3 8 6

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

1. Name of conveying party(ies):
Matrix Packaging Inc.

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

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

2. Name and address of receiving party(ies)
Name: Canadian Imperial Bank of Commerce
Internal Address: _____
Street Address: Commerce Court
City: Toronto, Ontario State: Canada ZIP: M5L1A2

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other Bank incorporated under the Canadian Federal Bank Act

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: 05/28/2002

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)
2,158,092
2,291,822

Additional numbers attached? Yes No

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

Name: Kay R. Sherman
Internal Address: Thompson Coburn LLP

Street Address: One US Bank Plaza

City: St. Louis State: MO ZIP: 63101

6. Total number of application and registrations involved: 2


7. Total fee (37 CFR 3.41): \$ 65.00

Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
20-0823

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.

Kay R. Sherman  6/26/02
 Name of Person Signing Signature Date

(Pre-Amalgamation)

MATRIX PACKAGING INC.

GENERAL SECURITY AGREEMENT

1. As general and continuing security for the payment and performance of the Obligations (as defined below) Matrix Packaging Inc., a corporation existing under the laws of the Province of Ontario, (the "Company"), for valuable consideration and subject to the exceptions provided in this Section 1 below, grants, assigns, transfers, sets over, grants a security interest, mortgages and charges to CANADIAN IMPERIAL BANK OF COMMERCE, as agent for and on behalf of the Lenders under the Credit Agreement (as hereinafter defined) (in such capacity, together with its successors and assigns in such capacity, the "Agent") for the benefit of the Agent and of each of the financial institutions that is or that becomes a Lender under, and as defined in, the Credit Agreement (as hereafter defined) (the Agent and the Lenders and their respective successors and assigns being referred to collectively herein as the "Secured Parties"), as and by way of a fixed and specific mortgage, charge of and security interest in, all of the present and future assets, property (both real and personal) and undertaking of the Company and in all right, title and interest which the Company now has or may hereafter have in all of its assets, property and undertaking, including without limitation, assets, property and undertaking of the kinds hereinafter described (collectively, the "Collateral"):

- (a) all goods comprising the inventory of the Company, including but not limited to goods held for sale or lease or furnished or to be furnished under a contract of service or that are raw materials, work in progress or materials used or consumed in a business or profession or finished goods (hereinafter sometimes collectively referred to as "Inventory");
- (b) all goods which are not inventory or consumer goods, including but not limited to furniture, fixtures, equipment, machinery, plant, tools, vehicles and other tangible personal property (hereinafter sometimes collectively referred to as "Equipment");
- (c) all Computer Hardware and Software Collateral and all computer software, in object code or source code form or otherwise, and all leases, licenses and intellectual property rights, including but not limited to copyrights, in respect thereof;
- (d) all accounts, debts, demands and choses in action which are now due, owing or accruing due or which may hereafter become due, owing or accruing due to the Company and all claims of any kind which the Company now has or may hereafter have, including but not limited to claims against the Crown and claims under insurance policies (hereinafter sometimes collectively referred to together with intangibles and the Collateral described in paragraphs 1(f) and (j) as "Receivables");
- (e) all patents, trade marks and other intellectual property of the Company, together with the Intellectual Property Collateral;

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- (f) all chattel paper;
- (g) all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (h) all instruments, shares, stock, warrants, bonds, debentures, debenture stock or other securities;
- (i) all rights, contracts (including, without limitation, rights and interests arising thereunder or subject thereto), instruments, agreements, licences, permits, consents, leases, policies, approvals, development agreements, building contracts, performance bonds, purchase orders, plans and specifications all of which may or may not be personal property but may be rights which the Company has interests in, all as may be amended, modified, supplemented, replaced or restated from time to time;
- (j) all rents, present or future, under any lease or agreement to lease any part of the lands of the Company or any building, erection, structure or facility now or hereafter constructed or located on such lands, income derived from any tenancy, use or occupation thereof and any other income and profit derived therefrom;
- (k) all intangibles, including but not limited to all money, cheques, deposit accounts, letters of credit, advances of credit and goodwill;
- (l) with respect to the property described in paragraphs 1(a) to (k) inclusive, all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating thereto and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (m) with respect to the property described in paragraphs 1(a) to (l) inclusive, all substitutions and replacements thereof and increases, additions and accessions thereto; and
- (n) with respect to the property described in paragraphs 1(a) to (m) inclusive, all proceeds therefrom including personal property in any form or fixtures derived directly or indirectly from any dealing with such property or proceeds therefrom and any insurance or other payment as indemnity or compensation for loss of or damage to such property or any right to such payment, and any payment made in total or partial discharge or redemption of an intangible, chattel paper, instrument or security;

provided, however, the security interest created shall not charge, encumber, create a lien upon or otherwise mortgage any consumer goods which the Company may own. In this Agreement, the words "account", "goods", "consumer goods", "inventory", "equipment", "chattel paper", "document of title", "instrument", "securities", "intangible" and "accessions" shall have the same meanings as their defined meanings in the *Personal Property Security Act* of the Province of Ontario, as amended from time to time (the "PPSA"), and "Collateral" means the Collateral or any part thereof.

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The said mortgage, charge and security interest shall not extend or apply to:

- (i) the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Company but should such mortgage, charge and security interest become enforceable, the Company shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any person acquiring such term or the part thereof mortgaged and charged in the course of any enforcement of the said mortgage, charge and security or any realization of the subject matter thereof; or
- (ii) any agreement, right, franchise, license or permit (for the purpose of this paragraph, the "contractual rights") to which the Company is a party or which the Company has the benefit to the extent that the creation of the security therein would constitute a breach of the terms of or permit any person to terminate the contractual rights or otherwise constitute a breach of or violation under any existing law, statute or regulation to which the Company is subject provided that any such agreement, right, franchise, license or permit will be held in trust by the Company for the benefit of the Agent.

2. Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein which are not otherwise defined shall have the meanings provided in the Credit Agreement, and in this Agreement:

- (a) **"Agreement"** means this agreement as the same may hereafter be amended or supplemented from time to time;
- (b) **"Borrowers"** means a5a5099 Ontario Limited, a corporation existing under the laws of the Province of Ontario and Tricor (Matrix) Acquisition U.S. Company Inc., a corporation existing under the laws of the State of Delaware, and their respective successors and assigns whether by amalgamation, merger or otherwise, and "Borrower" means any one of them;
- (c) **"Computer Hardware and Software Collateral"** means:
 - (i) all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware;
 - (ii) all software programs (including both source code, object code and all related applications and data files), whether now owned, licensed or leased or hereafter acquired by the Company, designed for use on the computers and electronic data processing hardware described in clause (i) above;
 - (iii) all firmware associated therewith;

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- (iv) all documentation (including flow charts, logic diagrams, manuals, guides and specifications) with respect to such hardware, software and firmware described in the preceding clauses (i) through (iii); and
 - (v) all rights with respect to all of the foregoing, including, without limitation, any and all copyrights, licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications and any substitutions, replacements, additions or model conversions of any of the foregoing;
- (d) **"Copyright Collateral"** means:
- (i) all copyrights (including without limitation copyrights for semi-conductor chip product mask works and all integrated circuit topography) of the Company, whether statutory or common law, registered or unregistered, now or hereafter in force throughout the world, and all applications for registration thereof, whether pending or in preparation, and all copyrights resulting from such applications;
 - (ii) all extensions and renewals of any thereof;
 - (iii) all copyright licenses and other agreements providing the Company with the right to use any of the items of the type referred to in clauses (i) and (ii);
 - (iv) the right to sue for past, present and future infringements of any of the Copyright Collateral referred to in clauses (i) and (ii) and, to the extent applicable, clause (iii); and
 - (v) all proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages and proceeds of suit;
- (e) **"Credit Agreement"** means the credit agreement dated as of May 28, 2002 among the Agent, the Lenders and the Borrowers, as the same may be amended, modified, supplemented, restated or replaced from time to time;
- (f) **"Intellectual Property Collateral"** means, collectively, the Copyright Collateral, the Patent Collateral, the Trademark Collateral and the Trade Secrets Collateral;
- (g) **"Obligations"** means all of the present and future indebtedness, liabilities and obligations of the Company of any and every kind, nature or description whatsoever (whether direct or indirect, joint or several or joint and several, absolute or contingent, matured or unmatured, in any currency, whether as principal debtor, guarantor, surety or otherwise, including without limitation any interest that accrues thereon but for the commencement of any case, proceeding or other action, whether voluntary or involuntary, relating to the bankruptcy, insolvency or reorganization of the Company, whether or not allowed or

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allowable as a claim in any such case, proceeding or other action) to the Secured Parties under, in connection with, relating to or with respect to each of the Credit Documents, and any unpaid balance thereof;

(h) **"Patent Collateral"** means:

- (i) all letters patent and applications for letters patent throughout the world, including all patent applications in preparation for filing anywhere in the world;
- (ii) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and re-examinations of any of the items described in clause (i);
- (iii) all patent licenses and other agreements providing the Company with the right to use any of the items of the type referred to in clauses (i) and (ii);
- (iv) the right to sue third parties for past, present or future infringements of any patent or patent application, and for breach or enforcement of any patent license; and
- (v) all proceeds of, and rights associated with, the foregoing (including license royalties and proceeds of infringement suits), and all rights corresponding thereto throughout the world;

(i) **"Trademark Collateral"** means:

- (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade dress, service marks, logos, other source of business identifiers, prints and labels on which any of the foregoing have appeared or appear and designs (all of the foregoing items in this clause (i) being collectively called a "Trademark"), now existing anywhere in the world or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the Canadian Trademarks Office or in any office or agency of Canada or any Province thereof or any foreign country, and all reissues, extensions or renewals thereof;
- (ii) all Trademark licenses and other agreements providing the Company with the right to use any items of the type described in clause (i), including each Trademark license referred to in Item B of Schedule I attached hereto;
- (iii) all of the goodwill of the business connected with the use of, and symbolized by, the items described in clause (i);

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(iv) the right to sue third parties for past, present and future infringements of any Trademark Collateral described in clauses (i) and (ii); and

(v) all proceeds of, and rights associated with, the foregoing, including any claim by the Company against third parties for past, present or future infringement or dilution of any Trademark, Trademark registration or Trademark license, including any Trademark, Trademark registration or Trademark license referred to in Item A and Item B of Schedule I attached hereto, or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark license and all rights corresponding thereto throughout the world;

(j) "Trade Secrets Collateral" means all common law and statutory trade secrets and all other confidential or proprietary or useful information (to the extent such confidential, proprietary or useful information is protected by the Company against disclosure and is not readily ascertainable) and all know-how obtained by or used in or contemplated at any time for use in the business of the Company (all of the foregoing being collectively called a "Trade Secret"), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to such Trade Secret, all Trade Secret licenses, and including the right to sue for and to enjoin and to collect damages for the actual or threatened misappropriation of any Trade Secret and for the breach or enforcement of any such Trade Secret license.

3. The fixed and specific mortgages and charges and the security interest granted under this Agreement secure payment and performance of all Obligations.

4. The Company hereby represents and warrants to the Secured Parties that:

- (a) all of the Collateral is, or when the Company acquires any right, title or interest therein, will be the sole property of the Company, free and clear of all Encumbrances, except as may be permitted by the Credit Agreement;
- (b) the security interest created by this Agreement, once properly perfected in accordance with applicable law, will be a valid first priority security interest in the Collateral, subject to Permitted Encumbrances; and
- (c) except for the filings and registrations necessary to perfect the security interests created herein, no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the grant by the Company of the security interest granted hereby in the Collateral or for the execution, delivery and performance of this Agreement by the Company.

5. The Company hereby agrees that, so long as any portion of the Obligations shall remain unpaid or any Secured Party shall have any outstanding Commitment, the Company covenants with the Secured Parties that it will comply with or perform, or cause to be complied with or performed, the following obligations:

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- (a) the Company shall, upon request by the Agent, execute and deliver all such financing statements, certificates, further assignments and documents and do all such further acts and things as may be necessary and reasonably requested by the Agent to give effect to the intent of this Agreement;
- (b) upon the request of the Agent, the Company shall deliver to the Agent possession of all originals of all negotiable documents, instruments and chattel paper owned or held by the Company (duly endorsed in blank, if requested by the Agent);
- (c) if an Event of Default shall have occurred, at the written direction of the Agent, all proceeds of Collateral received by the Company following receipt of such written direction shall be delivered in kind to the Agent for deposit to a deposit account (the "Collateral Account") of the Company maintained with the Agent, and the Company shall hold all such proceeds in express trust for the benefit of the Secured Parties until delivery thereof is made to the Agent. No funds, other than proceeds of Collateral, will be deposited in the Collateral Account; and
- (d) following the Agent's exercise of the remedy provided for in paragraph 5(c) hereof, the Secured Parties shall have the right to apply any amount held in the Collateral Account in accordance therewith to the payment of any Obligations which are due and payable or payable upon demand. The Agent may at any time transfer to the Company's general demand deposit accounts any or all of the collected funds in the Collateral Account; provided, however, that any such transfer shall not be deemed to be a waiver or modification of any of the Secured Parties' rights under this Section;
- (e) at the request of the Agent, the Company shall execute and deliver to the Agent any document required to acknowledge or register or perfect the Agent's interest in any part of the Intellectual Property Collateral;
- (f) the Company shall defend the title to the Collateral against all persons and shall, upon reasonable demand by the Agent, furnish further assurance of title and execute any written instruments or do any other acts necessary to make effective the purposes and provisions of this Agreement; and
- (g) the Company shall ensure that the representations and warranties set forth in paragraph 4 hereof will be true and correct at all times.

6. The Company will maintain or cause to be maintained with reputable insurance companies insurance with respect to the Collateral against such casualties and contingencies and of such types and in such amounts as are required under the Credit Agreement.

7. The Company shall not create or suffer to exist any Encumbrance upon any of the Collateral to secure any indebtedness or liabilities of any Person, except for the security interest created by this Agreement and except for Permitted Encumbrances.

8. Following the occurrence of an Event of Default that is continuing and has not been waived and the Agent having given written notice thereof to the Company, the Agent may

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notify any parties obligated on any of the Collateral to make any payment to the Agent of any amounts due or to become due thereunder and enforce collection of any of the Collateral by suit or otherwise and surrender, release, or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby and (i) upon written request of the Agent, the Company will, at its own expense, notify any parties obligated on any of the Collateral to make any payment to the Agent of any amounts due or to become due thereunder and (ii) any payment or other proceeds received by the Company from any party obligated on any of the Collateral must be held by the Company in trust for the Secured Parties and paid over to the Agent on request.

9. The Company agrees that, forthwith upon request by the Agent, from time to time at its own expense, the Company will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary and reasonably requested by the Agent in order to perfect, preserve and protect any security interest granted or purported to be granted hereby or to enable the Agent to exercise and enforce its rights and remedies in accordance with the terms hereof with respect to any Collateral. Without limiting the generality of the foregoing, the Company will:

- (a) if reasonably requested by the Agent, mark conspicuously each chattel paper included in the Receivables and each related contract with a legend, in form and substance satisfactory to the Agent, indicating that such document, chattel paper or related contract is subject to the security interest granted hereby;
- (b) if reasonably requested by the Agent, if any Receivable shall be evidenced by a promissory note or other instrument, negotiable document or chattel paper, deliver and pledge to the Agent hereunder such promissory note, instrument, negotiable document or chattel paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Agent;
- (c) execute and file such financing or financing change statements, or amendments thereto, and such other instruments or notices (including, without limitation, any assignment of claim form or other formality under or pursuant to the *Financial Administration Act* (Canada) or similar provincial or territorial legislation), as may be necessary and reasonably requested by the Agent in order to perfect and preserve the security interests and other rights granted or purported to be granted to the Secured Parties hereby; and
- (d) furnish to the Agent, from time to time at the Agent's reasonable request, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Agent may reasonably request, all in reasonable detail.

With respect to the foregoing and the grant of the security interest hereunder, the Company hereby authorizes the Agent on behalf of the Secured Parties to file one or more financing or financing change statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Company where permitted by law. The Agent shall provide a copy

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of such statement to the Company together with details of registration thereof. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

10. Unless an Event of Default has occurred, the Company may use the Collateral in any lawful manner not inconsistent with this Agreement or the Credit Agreement; and the Agent and its representatives shall have the right to inspect the operations of the Company, its books and records and the Collateral in the manner and at the times set out in the Credit Agreement.

11. The Agent may have any Collateral comprising instruments, shares, stock, warrants, bonds, debentures, debenture stock or other securities, registered in its name or in the name of its nominee and, following the occurrence of an Event of Default, will be entitled but not bound or required to exercise any of the rights that any holder of such securities may at any time have, but the Agent shall not be responsible for any loss occasioned by the exercise of any of such rights or by failure to exercise the same within the time limit for the exercise thereof.

12. Upon the Company's failure to perform any of its duties hereunder the Agent may, but shall not be obliged to, perform any or all of such duties, without waiving any rights to enforce this Agreement, and the Company shall pay to the Agent, forthwith upon written demand therefor, an amount equal to the reasonable costs, fees and expenses incurred by the Agent in so doing plus interest thereon from the date such costs, fees and expenses are incurred until paid at the rate or rates set out in the Credit Agreement.

13. Upon the occurrence of an Event of Default, the security hereby granted shall immediately become enforceable and the Agent may, in its sole discretion, forthwith or at any time thereafter:

- (a) declare any or all of the Obligations not then due and payable to be immediately due and payable and, in such event, such Obligations shall be forthwith due and payable to the Agent without presentment protest or notice of dishonour;
- (b) commence legal action to enforce payment or performance of the Obligations;
- (c) require the Company to disclose to the Agent the location or locations of the Collateral and the Company agrees to make such disclosure when so required by the Agent;
- (d) require the Company, at the Company's reasonable expense, to assemble the Collateral and deliver or make the Collateral available at a place or places designated by the Agent to the Company that is reasonably convenient for the Company, and the Company agrees to so assemble, deliver or make available the Collateral;
- (e) enter any premises where the Collateral may be situate and take possession of the Collateral by any method permitted by law;
- (f) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the

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Company or otherwise and take such steps as they reasonably consider necessary to maintain, preserve or protect the Collateral;

- (g) seize, collect, realize or dispose of the Collateral by private sale, public sale, lease, or otherwise upon such terms and conditions as the Agent may determine or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and of such times as may seem to the Agent advisable;
- (h) carry on all or any part of the business or businesses of the Company and may, to the exclusion of all others, enter upon, occupy and use all or any of such premises, buildings, plant, undertaking and other property of or used by the Company as part of or for such time and in such manner as the Agent see fit, free of charge, and the Agent shall not be liable to the Company for any act, omission, or negligence, other than gross negligence or wilful misconduct, in so doing or for any rent, charges, depreciation, damages or other amount in connection therewith or resulting therefrom and any sums expended by the Agent shall bear interest at the rate or rates set out in the Credit Agreement;
- (i) file such proofs of claim or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, winding-up, liquidation, dissolution or other proceedings (voluntary or otherwise) relating to the Company;
- (j) borrow money for the purpose of carrying on the business of the Company or for the maintenance, preservation or protection of the Collateral and mortgage, charge, pledge or grant a security interest in the Collateral, whether or not in priority to the security created herein, to secure repayment of any money so borrowed;
- (k) where the Collateral has been disposed of by the Secured Parties as provided in paragraph 13(g), commence legal action against the Company for any deficiency;
- (l) pay or discharge any mortgage, charge, encumbrance, lien, adverse claim or security interest claims by any person, firm or corporation in the Collateral and the amount so paid shall be added to the Obligations and secured hereby and shall bear interest at the highest rate of interest charged by the Lenders at that time in respect of any of the Obligations until payment thereof.

14. Where required to do so by the PPSA or other applicable law, the Secured Parties shall give to the Company the written notice required by the PPSA or other applicable law of any intended disposition of the Collateral.

15. Any notice or communication to be given under this Agreement to the Company or the Agent shall be effective if given in accordance with the provisions of the Credit Agreement as to the giving of notice to each, and the Company and the Agent may change their respective address for notices in accordance with the said provisions.

16. If the Agent is entitled to exercise its rights and remedies in accordance with Paragraph 13 hereof, the Agent may take proceedings in any court of competent jurisdiction for

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the appointment of a receiver (which term shall include a receiver and manager) of the Collateral or may by appointment in writing appoint any person to be a receiver of the Collateral and may remove any receiver so appointed by the Agent and appoint another in his stead; and any such receiver appointed by instrument in writing shall have powers of the Agent set out in subparagraphs 13(b) to (e), including, without limitation, the power (a) to take possession of the Collateral, (b) to carry on the business of the Company, (c) to borrow money required for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of the Company on the security of the Collateral in priority to the security interest created under this Agreement, and (d) to sell, lease or otherwise dispose of the whole or any part of the Collateral at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the receiver may determine; provided that, to the extent permitted and in the manner prescribed by law any such receiver shall be deemed the agent of the Company and no Secured Party shall be in any way responsible for any misconduct or negligence of any such receiver.

17. Any proceeds of any disposition of any Collateral may be applied by the Agent to the payment of reasonable expenses incurred in connection with retaking, holding, repairing, processing, preparing for disposition and disposing of the Collateral (including solicitor's fees on a solicitor-client basis and legal expenses and any other expenses), and any balance of such proceeds may be applied by the Agent towards the payment of the Obligations in such order of application as the Secured Parties may from time to time elect subject to the provisions of the Credit Agreement. All such expenses and all amounts borrowed on the security of the Collateral under paragraphs 13 and 16 hereof shall bear interest at the rate or rates set out in the Credit Agreement. If the disposition of the Collateral fails to satisfy the Obligations and the expenses incurred by the Secured Parties, the Company shall be liable to pay any deficiency to the Secured Parties on demand.

18. The Company and the Agent further agree that:

- (a) the Company shall not be discharged by an extension of time, additional advances, renewals and extensions, the taking of further security, releasing security, extinguishment of the security interest as to all or any part of the Collateral, or any other act except a release or discharge of the security interest upon the full payment of the Obligations including reasonable charges, expenses, fees, costs and interest;
- (b) any failure by the Agent to exercise any right set out in this Agreement shall not constitute a waiver thereof; nothing in this Agreement or in the Obligations shall preclude any other remedy by action or otherwise for the enforcement of this Agreement or the payment in full of the Obligations;
- (c) all rights of the Agent hereunder shall be assignable to the extent permitted under the Credit Agreement;
- (d) the security interest created by this Agreement is intended to attach when this Agreement is signed by the Company with respect to all items of Collateral in

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which the Company has rights at that moment, and shall attach to all other Collateral immediately upon the Company acquiring any rights therein; and

(e) value has been given.

19. The Company acknowledges having received an executed copy of this Agreement.

20. The Company hereby irrevocably constitutes and appoints the Agent and each of its officers holding office from time to time as the true and lawful attorney of the Company with power of substitution in the name of the Company, such appointment to become effective upon the occurrence of an Event of Default, to do any and all such acts and things or execute and deliver all such agreements, documents and instruments as the Agent, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise any of its rights and remedies hereunder, and to do all acts or things necessary to realize or collect the proceeds, including, without limitation:

- (a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;
- (b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (i) above;
- (c) to file any claims or take any action or institute any proceedings which the Agent may reasonably deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Secured Parties with respect to any of the Collateral; and
- (d) to perform the affirmative obligations of the Company hereunder.

The Company hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this paragraph is irrevocable (until termination of the security interest hereunder) and coupled with an interest. The Company hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with this paragraph.

21. The powers conferred on the Agent hereunder are solely to protect its interests in the Collateral and shall not impose any duty on the Agent to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

22. All rights of the Agent hereunder shall inure to the benefit of its respective successors and permitted assigns, provided that no Secured Party shall be entitled to transfer or assign any of its right, title or interest in, to, or arising under this Security Agreement except in accordance with the provisions governing assignment contained in the Credit Agreement and all obligations of the Company hereunder shall bind the Company and its successors and assigns.

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23. The Company acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the security interest created hereby (i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation, such that the term the "Company" when used herein would apply to each of the amalgamating corporations and the amalgamated corporation and (ii) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Secured Parties at the time of amalgamation and any "Obligations" of the amalgamated corporation to the Secured Parties thereafter arising. The security interest shall attach to the additional "Collateral" at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

24. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

25. In the event of any conflict between the provisions hereunder and the provisions of the Credit Agreement then, notwithstanding anything contained in this Agreement, the provisions contained in the Credit Agreement shall prevail and the provisions of this Agreement will be deemed to be amended to the extent necessary to eliminate such conflict. If any act or omission of the Company is expressly permitted under the Credit Agreement but is expressly prohibited hereunder, such act or omission shall be permitted. If any act or omission is expressly prohibited hereunder, but the Credit Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed hereunder but the Credit Agreement does not expressly relieve the Company from such performance, such circumstance shall not constitute a conflict between the applicable provisions hereunder and the provisions of the Credit Agreement.

un-25-02 09:27pm From-McCARTHY TETRAULT LLP


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IN WITNESS WHEREOF the Company has caused this Agreement to be executed by its officer thereunto duly authorized as of the 28 day of May, 2002.

MATRIX PACKAGING INC.

Per: 
Name:
Title:

Per: _____
Name:
Title:

Address: 5400 Tomken Road
Mississauga, Ontario
L4Z 1L9

Attention: President
Facsimile No.: (905) 624-3382.

Jun-25-02 09:20pm From-McCARTHY TETRAULT LLP

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T-895 P.17/18 F-991

**SCHEDULE I
to
GENERAL SECURITY AGREEMENT**

Item A. Trademarks

Registered Trademarks

| <u>Country</u> | <u>Trademark</u> | <u>Application No./Registration No.</u> | <u>Filing Date/Registration Date</u> | <u>Name of Owner</u> |
|----------------|-----------------------|---|--------------------------------------|-----------------------|
| Canada | MATRIX | TMA 485,757 | November 18, 1997 | Matrix Packaging Inc. |
| United States | MATRIX PACKAGING INC. | 2,291,822 | November 16, 1999 | Matrix Packaging Inc. |
| United States | MATRIX | 2,158,092 | May 19, 1998 | Matrix Packaging Inc. |
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Pending Trademark Applications

| <u>Country</u> | <u>Trademark</u> | <u>Application No./Serial No.</u> | <u>Filing Date</u> | <u>Name of Owner</u> |
|----------------|------------------|-----------------------------------|--------------------|----------------------|
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Trademark Applications in Preparation

Nil.

Item B. Trademark Licenses

Nil.