



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

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

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

1. Name of conveying party(ies): TDS Automotive Canada, Inc. 7.30.02
Individual(s) Association
General Partnership Limited Partnership
Corporation-State
Other Canadian corporation
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: Penfund Mezzanine Master Trust
Internal
Address:
Street Address: 390 Bay Street, Suite 1720
City: Toronto State: ON Zip: M5H 2Y2
Individual(s) citizenship
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 Merger
Security Agreement Change of Name
Other
Execution Date: January 18, 2002

4. Application number(s) or registration number(s):
A. Trademark Application No.(s) 75/603,245
B. Trademark Registration No.(s)
Additional number(s) attached Yes No

6. Total number of applications and registrations involved:
7. Total fee (37 CFR 3.41) \$40.00
Enclosed
Authorized to be charged to deposit account

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: William G. Barber
Internal Address: Fulbright & Jaworski LLP
Street Address: 600 Congress Ave., Suite 2400
City: Austin State: TX Zip: 78701

8. Deposit account number:
55-1212/BRSK:127/10010980/WGB

DO NOT USE THIS SPACE

9. Signature.
Laura D. Robertson
Name of Person Signing Signature Date July 23, 2002

Total number of pages including cover sheet, attachments, and document: 21

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

TRADEMARK
REEL: 002553 FRAME: 0889

TDS AUTOMOTIVE CANADA, INC.

GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made as of January 18, 2002.

1. As general and continuing security for the payment and performance of the Obligations (as defined below) **TDS AUTOMOTIVE CANADA, INC.**, a corporation existing under the laws of the Province of Ontario, (including its successors and assigns whether by amalgamation or otherwise, the "**Company**") for valuable consideration grants, assigns, transfers, sets over, grants a security interest, mortgages and charges to **PENFUND MEZZANINE MASTER TRUST** (with its successors and assigns, "**Penfund MMT**") and to **PENFUND MEZZANINE LIMITED PARTNERSHIP** (with its successors and assigns, "**Penfund MLP**") (Penfund MMT and Penfund MLP collectively, the "**Lender**") as and by way of a fixed and specific mortgage, charge and security interest in all of the assets, property 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;
- (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",

General Security Agreement - Amalco in favour of Penfund

McCarthy Tétrault LLP TDO-CORP #6902294 v. 2 - MS WORD

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"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.

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

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, supplemented or replaced from time to time;
- (b) "Borrowers" means the Company, TDS Automotive Holdings, Inc., a corporation existing under the laws of the State of Michigan and TDS Automotive U.S., Inc., a corporation existing under the laws of the State of Michigan, 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;
 - (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, including each copyright referred to in Item A of Schedule I attached hereto, and all applications for registration thereof, including each copyright application referred to in Item A of Schedule I attached hereto, 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 January 18, 2002 among the Lender, Canadian Imperial Bank of Commerce 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) **“Lender”** means, collectively, Penfund MLP and Penfund MMT;
- (h) **“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 allowable as a claim in any such case, proceeding or other action) to the Lender;

(i) **“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;

(j) **“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, including each trademark referred to in Item B of Schedule I attached hereto, all registrations and recordings thereof and all applications in connection therewith, including each trademark application referred to in Item B of Schedule I attached hereto, 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 C 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);

- (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 B and Item C 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;

(k) **“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 Lender 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 security interests, mortgages, hypothecs, charges, liens or other encumbrances except as may be permitted by the Credit Agreement. No financing statement or other instrument similar in effect relating to all or any part of the Collateral is on file in any recording office, except such as may have been filed in favour of the Lender relating to this Agreement or as relate to Permitted Encumbrances or in respect of which the secured party has delivered forms of discharge to the Company (copies of which have been provided to the Lender) or has undertaken in favour of the Company to deliver discharges on repayment of amounts that are to be paid from the proceeds of Loans under the Credit Agreement;
- (b) subject to the terms of the Intercreditor Agreement, upon the request of the Lender, the Company shall deliver to the Lender 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 Lender);
- (c) with respect to any Intellectual Property Collateral:

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- (i) such Intellectual Property Collateral is subsisting and has not been adjudged invalid or unenforceable, in whole or in part;
 - (ii) such Intellectual Property Collateral is valid and enforceable;
 - (iii) the Company has made all necessary and material filings and recordings in Canada or the United States, as applicable, to protect its interest in such Intellectual Property Collateral;
 - (iv) the Company is the exclusive owner of the entire right, title and interest in and to such Intellectual Property Collateral owned by the Company and is entitled to use the Intellectual Property Collateral leased or licensed to the Company and, to its knowledge, no claim has been made that the use of such Intellectual Property Collateral does or may violate the asserted rights of any third party; and
 - (v) the interest of the Company in such Intellectual Property Collateral is free and clear of any Encumbrance except for the security interest created by this Agreement and except for Permitted Encumbrances.
- (d) the Company owns directly or is entitled to use by license or otherwise, all patents, Trademarks, Trade Secrets, copyrights, integrated circuit topography, mask works, licenses, technology, know-how, processes and rights with respect to any of the foregoing that are used in or material to the conduct of the Company's business;
- (e) this Agreement creates a valid first priority security interest in the Collateral, subject to Permitted Encumbrances;
- (f) no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either
- (i) 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, or
 - (ii) for the perfection of or the exercise by the Lender of its rights and remedies hereunder in the Province of Ontario,

except for such filings as have been made and are in full force and effect and except to the extent that the Collateral includes claims against the Crown to which the provisions of the *Financial Administration Act* (Canada) or similar provincial or territorial legislation apply.

5. The Company hereby agrees that, so long as any portion of the Obligations shall remain unpaid or the Lender shall have any outstanding Commitment, the Company covenants

with the Lender that it will comply with or perform, or cause to be complied with or performed, the following obligations:

- (a) the Company shall maintain, use and operate the Collateral so as to preserve and protect the Collateral and the earnings, incomes, rents, issues and profits thereof, ordinary wear and tear excepted;
- (b) the Company shall keep proper books of account with respect to the Collateral in accordance with generally accepted accounting practice;
- (c) the Company shall keep the Collateral free and clear of all Encumbrances, whether ranking in priority to, *pari passu* with or subsequent to the fixed and specific mortgages and charges and the security interest granted by this Agreement, except for Permitted Encumbrances;
- (d) the Company shall, upon request by the Lender, 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 Lender to give effect to the intent of this Agreement;
- (e) the Company will immediately notify the Lender if any person, firm or corporation has the right to go into, collect or seize possession of the Collateral by means of execution, garnishment or other legal process;
- (f) the Company shall:
 - (i) keep all the Equipment and all other tangible personal property of the Company in jurisdictions in which all required filings have been duly made for the perfection of the security interests created hereby and are in full force and effect and in which this Agreement creates a valid and enforceable first priority security interest in the Collateral subject only to Permitted Encumbrances;
 - (ii) with respect to any Equipment or Inventory in the possession or control of any third party, upon the request of the Lender, notify such third party of the Lender's security interest in such Equipment or Inventory and, upon the Lender's request following the occurrence and during the continuance of an Event of Default, direct such third party to hold all such Equipment or Inventory for the Lender's account and subject to the Lender's instructions;
 - (iii) cause the Equipment to be maintained and preserved in reasonable repair and functional working order (reasonable wear and tear excepted);

(g)

- (i) the Company shall not move its chief executive office outside of the Province of Ontario except upon 15 days' prior written notice to the Lender and, in such event, (A) only to another Province in Canada, and (B) only if the security interest created hereby continues to constitute a valid, enforceable and perfected first priority security interest in all intangible property of the Company including, without limitation, Receivables, subject only to Permitted Encumbrances, and in such circumstances the Company shall continue to hold and preserve its records concerning Receivables;
 - (ii) if an Event of Default shall have occurred, at the direction of the Lender, all proceeds of Collateral received by the Company shall be delivered in kind to the Lender for deposit to a deposit account (the "Collateral Account") of the Company maintained with the Lender, and the Company shall hold all such proceeds in express trust for the benefit of the Lender until delivery thereof is made to the Lender. No funds, other than proceeds of Collateral, will be deposited in the Collateral Account; and
 - (iii) following the Lender's exercise of the remedy provided for in paragraph 5(g)(ii) hereof, the Lender 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, or to the payment of any Obligations at any time that an Event of Default shall have occurred. The Lender 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 Lender's rights under this Section;
- (h) the Company shall not, unless the Company shall reasonably and in good faith determine (and notice of such determination, in form and substance satisfactory to the Lender, shall have been delivered to the Lender) that any of the Patent Collateral is not material to the business of the Company and has negligible economic value, do any act, or omit to do any act, whereby any of the Patent Collateral may lapse or become abandoned or dedicated to the public or unenforceable;
- (i) the Company shall not, and the Company shall not permit any of its licensees to, unless the Company shall reasonably and in good faith determine (and notice of such determination, in form and substance satisfactory to the Lender, shall have been delivered to the Lender) that any of the Trademark Collateral in respect of which a registration has been made by the Company is not material to the business of the Company and has negligible economic value,

- (i) discontinue the use any of the Trademark Collateral in respect of which a registration has been made by the Company, in order to maintain all of such Trademark Collateral in full force free from any claim of abandonment for non-use,
 - (ii) fail to maintain as in the past the quality of products and services offered under such Trademark Collateral, and shall use its reasonable best efforts to require its licensees to maintain as in the past the quality of products and services offered under any such Trademark Collateral that is subject to license agreements,
 - (iii) fail to employ all of such Trademark Collateral registered with any Canadian or foreign authority with an appropriate notice of such registration, to the extent required to preserve such Trademark Collateral and the Company's rights therein, and
 - (iv) do or permit any act or knowingly omit to do any act whereby any of such Trademark Collateral may lapse or become invalid or unenforceable.
- (j) the Company shall not, unless the Company shall reasonably and in good faith determine (and notice of such determination, in form and substance satisfactory to the Lender, shall have been delivered to the Lender) that any of the Copyright Collateral in respect of which a registration has been made by the Company is not material to the business of the Company and has negligible economic value, do or permit any act or knowingly omit to do any act whereby any of such Copyright Collateral may lapse or become invalid or unenforceable except upon expiration of the end of an unrenewable term of a registration thereof;
- (k) the Company shall not, unless the Company shall reasonably and in good faith determine (and notice of such determination, in form and substance satisfactory to the Lender, shall have been delivered to the Lender) that any of the Trade Secrets Collateral is not material to the business of the Company and has negligible economic value, do or permit any act or knowingly omit to do any act whereby any of the Trade Secrets Collateral may lapse or become invalid or unenforceable or placed in the public domain except upon expiration of the end of an unrenewable term of a registration thereof;
- (l) the Company shall notify the Lender immediately if it knows, or has reason to believe, that any application or registration relating to any material item of the Intellectual Property Collateral may become abandoned or dedicated to the public or placed in the public domain or invalid or unenforceable, or of any materially adverse determination or development (including the institution of, or any such materially adverse determination or development in, any proceeding in the relevant Canadian Intellectual Property Office or any similar office or agency in any other country or political subdivision thereof or any court) regarding the Company's ownership of any of the Intellectual Property Collateral, its right to register the same or to keep and maintain and enforce the same;

- (m) promptly and in any event within 30 days the Company shall inform the Lender of each patent application, trademark application and copyright application it has filed in the relevant Canadian Intellectual Property Office or any similar office or agency in any other country or any political subdivision thereof, and upon request of the Lender will promptly execute and deliver any and all agreements, instruments, documents and papers as the Lender may reasonably request to evidence the security interest of the Lender in such Intellectual Property Collateral and the goodwill and intangibles of the Company relating thereto or represented thereby;
- (n) the Company shall take all necessary steps, including in any proceeding before the relevant Canadian Intellectual Property Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue any application (and to obtain the relevant registration) filed with respect to, and to maintain any registration of, the Intellectual Property Collateral that used in the conduct of, or otherwise is material to the business, of the Company including the filing of applications for renewal, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings and the payment of fees and taxes, except to the extent that dedication, abandonment or invalidation is permitted under the foregoing paragraphs 5(h), (i), (j) and (k);
- (o) the Company shall execute and deliver to the Lender any document required to acknowledge or register or perfect the Lender's interest in any part of the Intellectual Property Collateral;
- (p) the Company shall defend the title to the Collateral against all persons and shall, upon reasonable demand by the Lender, 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
- (q) 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 responsible 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, the Lender may notify any parties obligated on any of the Collateral to make any payment to the Lender 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. Following the occurrence of an Event of Default, (i) upon request of the

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Lender, the Company will, at its own expense, notify any parties obligated on any of the Collateral to make any payment to the Lender 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 Lender and paid over to the Lender on request.

9. The Company agrees that, forthwith upon request by the Lender, 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 requested by the Lender in order to perfect, preserve and protect any security interest granted or purported to be granted hereby or to enable the Lender to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Company will:

- (a) if requested by the Lender, mark conspicuously each chattel paper included in the Receivables and each related contract with a legend, in form and substance satisfactory to the Lender, indicating that such document, chattel paper or related contract is subject to the security interest granted hereby;
- (b) if requested by the Lender, if any Receivable shall be evidenced by a promissory note or other instrument, negotiable document or chattel paper, deliver and pledge to the Lender 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 Lender;
- (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 Lender in order to perfect and preserve the security interests and other rights granted or purported to be granted to the Lender hereby; and
- (d) furnish to the Lender, from time to time at the Lender's reasonable request, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Lender 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 Lender 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 Lender shall provide a copy 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 Lender

and its representatives shall have the right at any time upon reasonable notice to inspect the operations of the Company, its books and records and the Collateral.

11. Subject to the terms of the Intercreditor Agreement, the Lender 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 Lender 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 Lender 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 Lender, forthwith upon written demand therefor, an amount equal to the costs, fees and expenses incurred by the Lender 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 Lender 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 Lender 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 Lender the location or locations of the Collateral and the Company agrees to make such disclosure when so required by the Lender;
- (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 Lender to 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 Company or otherwise and take such steps as they consider desirable 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 Lender 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 Lender 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 Lender see fit, free of charge, and the Lender shall not be liable to the Company for any act, omission, or negligence 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 Lender shall bear interest at the rate 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 Lender 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 Lender 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 Lender 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 may be effectively given by delivering the same at the address set out on the signature page of this Agreement or by sending the same by facsimile to it at the facsimile number set out therein. Any facsimile notice shall be deemed to have been received on transmission if sent during normal business hours on a Business Day and, if not, on the next Business Day following transmission. The Company may from time to time notify the Lender of any change of its address or facsimile number which after such notification, until changed by like notice, shall be the address or facsimile number of the Company for all purposes of this Agreement. Any notice or communication to be given under this Agreement to the Lender shall be effective if given in accordance with the provisions of the Credit Agreement as to the giving of notice to it, and the Lender may change its address for notices in accordance with the said provisions.

16. If the Lender is entitled to exercise its rights and remedies in accordance with Paragraph 13 hereof, the Lender may take proceedings in any court of competent jurisdiction for 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 Lender and appoint another in his stead; and any such receiver appointed by instrument in writing shall have powers of the Lender 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 the Lender shall not 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 Lender to the payment of 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 Lender towards the payment of the Obligations in such order of application as the Lender may from time to time elect. 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 Lender, the Company shall be liable to pay any deficiency to the Lender on demand.

18. The Company and the Lender 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 charges, expenses, fees, costs and interest;
- (b) any failure by the Lender 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 Lender 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

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 Lender 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 Lender, 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:

- (i) 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;
- (ii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (i) above;
- (iii) to file any claims or take any action or institute any proceedings which the Lender may reasonably deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Lender with respect to any of the Collateral; and
- (iv) 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 Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty on it 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 Lender 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 Lender hereunder shall enure to the benefit of its respective successors and permitted assigns in accordance with the terms of the Credit Agreement and all obligations of the Company hereunder shall bind the Company and its successors and assigns.

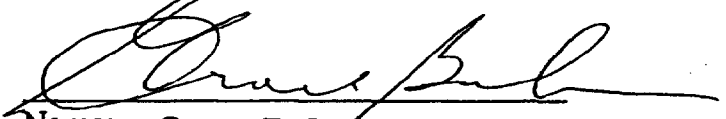
23. The Company acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the security interest created hereby (i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating 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 Lender at the time of amalgamation and any "Obligations" of the amalgamated corporation to the Lender 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.

IN WITNESS WHEREOF the Company has caused this Agreement to be executed by its officer thereunto duly authorized as of the date first above written.

TDS AUTOMOTIVE CANADA, INC.

Per: 
Name: **Grant R.C. Barker**
Title: **Secretary**

Per: _____
Name:
Title:

Address: 620(A) Richmond Street
2nd Floor
London, Ontario
N6A 5J9

Attention: President

Facsimile No.: (519) 645-6080

SCHEDULE I
to
GENERAL SECURITY AGREEMENT

Item A. Copyrights

Registered Copyrights

1. Copyright registration for the Production Automated Sequencing System ("PASS"). Author: Steve Olender. Status: Registered by Mackie Automotive Holdings Inc. on June 11, 1996 in Canada. Canadian Registration #453490.

Copyrights Pending Registration Applications

None

Copyright Registration Applications in Preparation

None

Item B. Trademarks

Registered Trademarks

1. Trademark registration for the mark "TIER ZERO". Status: Applied for by Mackie Automotive Holdings Inc. on March 21, 2000 in Europe. Application recorded and approved. European Application #001016245.
2. Trademark registration for the mark "TIER ZERO". Status: Applied for by Mackie Automotive Holdings Inc., on June 17, 1998 in Mexico. Application recorded and approved. Mexican Application #639411.

Pending Trademark Applications

1. Trademark application for the mark "TIER ZERO". Status: Applied for by Mackie Automotive Holdings Inc. in Canada. Magna International Inc., filed an opposition proceeding in Canada on March 23, 2000, disputing Mackie's application on the basis that it is using a registered trademark for "Tier 0.5". Canadian Application #881,701.

Trademark Applications in Preparation

1. Trademark application for the mark "TIER ZERO". Status: Applied for by Mackie Automotive Holdings Inc. in the United States. Application refused by U.S. examiner on the basis that the mark was purely descriptive. Notice of rejection dated August 24, 1999. Magna International Inc., also filed an opposition proceeding in the U.S., disputing Mackie's application on the basis that it is using a registered trademark for "Tier 0.5". United States Application #75/603,245.

Item C. Trademark Licenses

None.

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