

05-05-2003

Form PTO-1594

(Rev. 03/01)

OMB No. 0651-0027 (exp. 5/31/2002)

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4-30-03

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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):

Shred-It Canada Corporation Inc.

- Individual(s)
- General Partnership
- Corporation-State
- Other a Canadian corporation
- Association
- Limited Partnership

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

3. Nature of conveyance:

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

Execution Date: April 9, 2003

2. Name and address of receiving party(ies)

Name: The Bank of Nova Scotia, as  
Administrative Agent

Internal Address: Scotia Plaza  
40 King Street West  
Street Address: 62nd Floor

City: Toronto State: Ontario Zip: M5X 2X6

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other a Canadian banking corporation

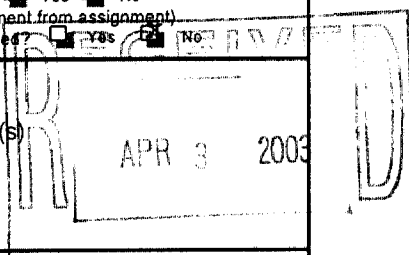
If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
(Designations must be a separate document from assignment)  
Additional name(s) & address(es) attached?  Yes  No

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

A. Trademark Application No.(s)  
See attached

B. Trademark Registration No.(s)  
See attached

Additional number(s) attached  Yes  No



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

Name: Rebecca C. Ambriz, Paralegal

Internal Address: Sonnenschein Nath  
& Rosenthal

8000 Sears Tower

Street Address: 233 South Wacker Drive

City: Chicago State: IL Zip: 60606

6. Total number of applications and registrations involved: 12

7. Total fee (37 CFR 3.41).....\$ 315.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

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

DO NOT USE THIS SPACE

9. Statement and signature.

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

Rebecca C. Ambriz  
Name of Person Signing

Rebecca C. Ambriz  
Signature

4/30/03  
Date

21

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

05/02/2003 BYRNE 00000157 2379173

01 FC:8521  
02 FC:8522

40.00 OP  
275.00 OP

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

TRADEMARK  
REEL: 002723 FRAME: 0872

Registered Trade-Marks:

1. The Trade-Mark Shred-IT & Design (Canadian Trade-Mark registration No. 430632)
2. The Trade-Mark DOCUMENT DESTRUCTION.DONE RIGHT.ON SITE (U.S. Trade-Mark registration No. 2,379,173)
3. The Trade-Mark DONE RIGHT.ON SITE (U.S. Trade-Mark registration No. 2,329,832)
4. The Trade-Mark OUR BUSINESS IS TO ENSURE THAT NO ONE KNOWS YOURS (U.S. Trade-Mark registration No. 2,399,485)
5. The Trade-Mark Shred-IT & Design (U.S. Trade-Mark registration No. 1,890,271)
6. The Trade-Mark Shred-CO & Des. (U.S. Trade-Mark registration No. 2,084,571)

Applications for Trade-Marks:

1. The Application for the Trade-Mark SECURIT filed July 18, 2002 (Canadian Trade-Mark application No. 1,147,221)
2. The Application for the Trade-Mark SECURIT filed December 18, 2002 (U.S. Trade-Mark application No. 76/476,609)
3. The Application for the Trade-Mark ARTECH & Design filed June 28, 2002 (Canadian Trade-Mark application No. 1,145,290)
4. The Application for the Trade-Mark ARTECH & Design filed May 28, 2002 (U.S. Trade-Mark application No. 76/411,518)
5. The Application for the Trade-Mark ARTECH REDUCTION TECHNOLOGIES filed June 28, 2002 (Canadian Trade-mark application No. 1145291)
6. The Application for the Trade-Mark ARTECH REDUCTION TECHNOLOGIES filed May 28, 2002 (U.S. Trade-Mark application No. 76/411,517)

**TRADE MARK SECURITY AGREEMENT**

**THIS AGREEMENT** is made as of the 9<sup>th</sup> day of April, 2003 by Shred-It Canada Corporation Inc. (herein called the "**Debtor**"), whose principal place of business is located at 2794 South Sheridan Way, Oakville, Ontario ("**Business Location**"), in favour of **The Bank of Nova Scotia**, acting in its capacity as administrative agent for the Creditors referred to and defined in the Credit Agreement referred to below (herein called the "**Agent**") through its offices at Scotia Plaza, 40 King Street West, 62<sup>nd</sup> Floor, Toronto, Ontario.

**RECITALS:**

**WHEREAS** Shred-It International Inc., the Agent, the Lenders named therein and Canadian Imperial Bank of Commerce, as syndication agent, entered into a certain Credit Agreement dated April 9<sup>th</sup>, 2003 (the "Credit Agreement");

**AND WHEREAS** the Debtor has entered into a guarantee of even date herewith in favour of the Agent, pursuant to which the Debtor has guaranteed the Secured Obligations of Shred-It International Inc.;

**AND WHEREAS** it is a condition to the extension of credit by the Lenders pursuant to the Credit Agreement that the Debtor enter into this Security Agreement;

**FOR VALUABLE CONSIDERATION** (the receipt and sufficiency of which are hereby acknowledged), the Debtor covenants, acknowledges, represents and warrants in favour of the Agent, for the rateable benefit of the Creditors, as follows:

**1. INTERPRETATION****1.1 Definitions**

Each word and phrase defined in Schedule A is used in this Security Agreement with the respective meaning assigned to it in Schedule A. Words and phrases defined in the PPSA and used without initial capitals in this Security Agreement (including in Schedule A) have the meanings assigned to them in the PPSA, unless the context otherwise requires.

**1.2 Statutes**

A reference in this Security Agreement to a statute refers to that statute as it may be amended, and to any restated or successor legislation of comparable effect.

### **1.3 Headings**

The division of this Security Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Security Agreement. The Article and Section headings in this Security Agreement are not intended to be full or accurate descriptions of the text to which they refer and shall not be considered part of this Security Agreement.

### **1.4 Number and Gender**

In this Security Agreement, words (including defined terms) in the singular include the plural and *vice versa* (the necessary changes being made to fit the context) and words in one gender include all genders.

### **1.5 References to Agreements**

Each reference in this Security Agreement to any agreement (including this Security Agreement and any other defined term that is an agreement) shall be construed so as to include such agreement (including any attached schedules, appendices and exhibits) and each amendment, supplement, other modification, amendment and restatement, novation and replacement of it made at or before the time in question.

## **2. GRANT OF SECURITY INTEREST**

### **2.1 Security Interest**

As general and continuing collateral security, without impairment or novation of any other existing or future security, for the due payment and performance of all Secured Obligations of the Debtor, and subject to the exceptions in Section 2.3, the Debtor hereby grants to the Agent, for the rateable benefit of the Creditors, security interests in the Collateral, as and by way of fixed and specific security. The parties intend that the Collateral shall include all Collateral of each successor of the Debtor.

### **2.2 Attachment**

The Debtor acknowledges that value has been given. The parties have not agreed to postpone the time for attachment and the Security Interests are intended to attach, as to all of the Collateral in which the Debtor has rights, forthwith when the Debtor executes this Security Agreement, and, as to all Collateral in which the Debtor has rights after the execution of this Security Agreement, when the Debtor first has such rights.

### **2.3 Agreements and Licenses**

2.3.1 If the Debtor cannot lawfully grant the Security Interests in any Agreement or License comprised in the Collateral in which it now or hereafter has rights

because the Agreement or License prohibits or restricts such Security Interests, the Agreement or License requires the consent of any Person which has not been obtained or the grant of such Security Interests in the Agreement or License would contravene applicable law, that Agreement or License shall not, to the extent it would be illegal or result in forfeiture of all material rights thereunder (each, a “**Prescribed Agreement or License**”), be subject to the Security Interests unless and until such Agreements, consents, waivers and approvals as may be required to avoid such illegality or forfeiture have been obtained (“**Required Approvals**”). The Security Interests shall nonetheless immediately attach to any rights of the Debtor arising under, by reason of, or otherwise in respect of such Agreement or License, such as the right to receive payments thereunder and all Proceeds of the Agreement or License (“**Related Rights**”), if and to the extent and as at the time such attachment to the Related Rights is not illegal or would not result in forfeiture of all material rights thereunder.

2.3.2 To the extent permitted by applicable law, the Debtor will hold in trust for the Agent, and provide the Agent with the benefits of, each Prescribed Agreement or License and will enforce all Related Rights at the direction of the Agent for the benefit of the Creditors or such other Person (including any purchaser of Collateral from the Agent or any Receiver) as the Agent may designate.

2.3.3 The Debtor shall forthwith use commercially reasonable efforts to obtain, as soon as reasonably practicable, all such Required Approvals and acknowledgments of the nature referred to in Subsection 2.3.4.

2.3.4 The Debtor shall, at the time it enters into a TM License, use commercially reasonable efforts to obtain from the licensor or licensee (as applicable) under such TM License (a) a consent to the Security Interest in such TM License and related Intellectual Property and to any disposition thereof pursuant to Article 7 and (b) an agreement that none of the Creditors shall have any obligations to such licensor or licensee (as applicable) by reason only of such Security Interest or disposition.

### **3. REPRESENTATIONS AND WARRANTIES**

The Debtor represents and warrants to and in favour of the Agent, for its own benefit and for the rateable benefit of the other Creditors, as follows:

#### **3.1 Identification**

Schedule B includes a complete list of all Trade Marks owned or used by the Debtor in carrying on the Debtor’s business subdivided into the categories (a) owned by the Debtor, (b) licensed for use to the Debtor and (c) licensed for use by the Debtor.

#### **3.2 Ownership**

3.2.1 Except with respect to those rights in Trade Marks owned by third parties granted to the Debtor pursuant to a TM License as disclosed in Schedule B, the Debtor is

the sole legal and beneficial owner of the Trade Marks, free and clear of all Liens whatsoever, except for Permitted Liens.

3.2.2 The Trade Mark applications and registrations identified in Schedule B are valid and subsisting, and are in good standing, all required filings with any relevant governmental Trade Marks office have been made and all required filing fees have been paid.

3.2.3 The Debtor has used its Trade Marks in such manner as to preserve its rights therein including the use of proper notices indicating ownership of and/or rights to use its Trade Marks, to the extent reasonably necessary for the protection of its Trade Marks.

3.2.4 No claim has been made and no Litigation is in process or is being threatened in writing that the use of any Trade Marks of the Debtor or the sale or licensing of any of the Debtor's inventory does or may violate the rights of any Person.

3.2.5 There is no Litigation in progress or pending or threatened in writing against or relating to the Debtor or affecting the Trade Marks of the Debtor which if determined adversely to the Debtor or its licensor might materially and adversely affect the value of any Trade Marks of the Debtor and there is not presently outstanding against the Debtor any order or award of any court of competent jurisdiction in Canada or the United States relating to or affecting the Trade Marks of the Debtor.

### **3.3 Licensing**

3.3.1 All TM Licenses granted by the Debtor permitting third parties to use any Trade Marks of the Debtor are set out in Schedule B.

3.3.2 All TM Licenses granted by the Debtor are in full force and effect unamended, the Debtor has duly observed and performed all of its covenants and obligations under each of the TM Licenses and there has not been any default under or breach of any TM Licenses by the other parties thereto.

3.3.3 The Debtor has not granted any TM Licenses to any Person other than the TM Licenses disclosed in Schedule B.

3.3.4 The Debtor has not granted any perpetual TM License (or right to acquire a perpetual TM License) to any Person.

3.3.5 All TM Licenses used by the Debtor in carrying on its business are in full force and effect unamended, the Debtor has duly observed and performed all of its covenants and obligations under each of such TM Licenses and, to the Debtor's knowledge, there has not been any default under or breach of any such TM Licenses by the other parties thereto.

### **3.4 Quality**

The Debtor has used consistent standards of high quality in its creation, development, manufacture, sale, licensing, distribution, provision, advertising, packaging and labelling of its inventory and other products and services which pertain to its business.

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

## **4. COVENANTS**

### **4.1 Records**

The Debtor shall keep its Records at the Business Location and permit the Agent or its authorized Representatives to have access during regular business hours to all premises occupied by the Debtor or any place where Records may be found in order to examine those Records, and to have temporary custody of, make copies of and take extracts from such Records.

### **4.2 Compliance with Rules of Use**

The Debtor shall duly comply with all requirements of any governmental authority applicable to Collateral or its use and with all covenants, terms or conditions upon which Collateral is held or used.

### **4.3 Further Assurances**

The Debtor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, assignments, agreements and assurances as the Agent may reasonably require in order to give effect to the provisions of this Security Agreement and for the better securing the Secured Obligations of the Grantor and the priority accorded to the Security Interests intended under this Security Agreement. The Debtor constitutes and appoints the Agent to be its attorney with full power of substitution to do anything the Debtor can lawfully do by an attorney, including to do, make, execute, acknowledge and deliver or cause to be done, made, executed, acknowledged and delivered all such acts, deeds, transfers, assignments, agreements and assurances, with the rights to use the name of the Debtor, whenever and wherever the attorney deems necessary or expedient and to carry out the Debtor's obligations under this Security Agreement or realize upon the Collateral. Such power of attorney, being granted by way of security and coupled with an interest, is irrevocable.

#### **4.4 General Indemnity**

The Debtor will indemnify each of the Agent, the other Creditors, any Receiver and their respective Representatives (collectively, the “**Indemnified Parties**”) and save each of the Indemnified Parties fully harmless of and from all losses and expenses which any of them may suffer or incur in connection with (a) the exercise by the Agent of any of its rights hereunder, (b) any breach by the Debtor of any of the representations or warranties contained herein, or (c) any breach by the Debtor of, or any failure by the Debtor to observe or perform, any of its Secured Obligations. The Agent shall be constituted as the trustee of each of the Indemnified Parties, other than itself, and shall hold and enforce such other Indemnified Parties’ respective rights under this Section 4.4 for their respective benefits.

#### **4.5 Registration**

The Debtor shall forthwith register, file and record this Security Agreement or notice thereof, at all proper offices where, in the opinion of counsel to the Agent, such registration, filing or recording may be necessary or advantageous to create, perfect, preserve or protect the Security Interests in the Collateral and shall hereafter maintain all such registrations, filings and recordings in full force and effect.

### **5. DEALING WITH COLLATERAL**

#### **5.1 Attributes of Trade Marks**

The Debtor shall take such actions as shall be required to ensure that the representations and warranties contained in Section 3 are true, accurate and complete at all times in all material respects, including providing updated versions of Schedule B to include all additional Trade Marks in which the Debtor hereafter has rights.

#### **5.2 Proceeds Held in Trust**

The Debtor shall receive and hold all Proceeds in trust, separate and apart from other moneys, instruments or property, and shall forthwith endorse as necessary and pay over or deliver them to the Agent.

### **6. DEFAULT**

#### **6.1 Security Enforceable**

Whenever any Event of Default occurs, the Agent may, in accordance with Section 13.1 of the Credit Agreement, accelerate the Secured Obligations of the Borrower and the Debtor, whereupon the Security Interests shall become immediately enforceable without the necessity for any further action or notice by any of the Agent and the other Creditors.



## **6.2 Demand Obligations**

The fact that this Security Agreement provides for Events of Default and rights of acceleration shall not derogate from the demand nature of any Secured Obligation payable on demand.

## **6.3 Waiver**

The Agent may waive any Event of Default or any breach by the Debtor of any of the provisions of this Security Agreement. No waiver, however, shall be deemed to extend to a subsequent breach or Event of Default, whether or not the same as or similar to the breach or Event of Default waived, and no act or omission by the Agent shall extend to, or be taken in any manner whatsoever to affect, any subsequent breach or Event of Default or the rights of the Agent and the Lenders arising therefrom. Any such waiver must be in writing and signed by the Agent to be effective. No failure on the part of the Agent, or the Debtor to exercise, and no delay by the Agent or the Debtor in exercising, any rights under this Security Agreement shall operate as a waiver of such rights. No single or partial exercise of any such rights shall preclude any other or further exercise of such rights or the exercise of any other rights.

## **7. REMEDIES ON DEFAULT**

If the Security Interests become enforceable pursuant to Section 6.1, the Agent shall have the following rights:

### **7.1 Receiver**

The Agent may appoint by instrument in writing one or more Receivers of Collateral. Any such Receiver shall have the rights set out in Sections 7.2 through 7.6, 7.10, 7.11, 7.15, 7.16 and 7.18. In exercising such rights, any Receiver shall act as and for all purposes shall be deemed to be the agent of the Debtor and none of the Creditors shall be responsible for any act or default of any Receiver. The Agent may remove any Receiver and appoint another from time to time. An officer or employee of the Agent may be appointed as a Receiver. No Receiver appointed by the Agent need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court. If two or more Receivers are appointed to act concurrently, they shall, unless otherwise expressly provided in the instrument appointing them, so act jointly and severally. The appointment of a Receiver or anything done by a Receiver shall not have the effect of constituting any of the Creditors a mortgagee in possession of the Collateral.

### **7.2 Power of Entry**

The Debtor shall forthwith upon demand deliver to a Receiver possession of the Collateral. Any Receiver may at any time enter upon any premises where Records are located to take possession of and remove such Records.

### **7.3 Power of Sale**

Any Receiver may sell, consign, lease, license, assign or otherwise dispose of Collateral (each, a “**disposition**”) by public auction, private tender or private contract with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor to the extent permitted by applicable law. Any Receiver may, at its discretion establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions shall be credited against the Secured Obligations of the Debtor only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of Collateral and may dispose of Collateral again without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of Collateral.

### **7.4 Pay Liens**

Any Receiver may pay any liability secured by any actual or threatened Lien against Collateral. Any Receiver may borrow money for the maintenance, preservation or protection of Collateral and may grant Liens in Collateral in priority to the Security Interests as security for the money so borrowed. The Debtor will forthwith upon demand reimburse the Receiver for all such payments and borrowings.

### **7.5 Powers re Collateral**

Any Receiver may have, enjoy and exercise all of the rights of and enjoyed by the Debtor with respect to the Collateral or incidental, ancillary, attaching or deriving from the ownership of the Collateral by the Debtor, including the power to enter into Agreements and grant TM Licenses over or pertaining to all or any item or part of the Collateral and the right to commence or continue any Litigation to preserve or protect Collateral.

### **7.6 Dealing with Collateral**

Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with Collateral in such manner, upon such terms and conditions and at such time as it deems advisable without notice to the Debtor (except as otherwise required by any applicable law), and may charge on its own behalf and pay to others its costs or expenses (including legal, Receivers’ and accounting fees and expenses on a full indemnity basis) incurred in connection with such actions. The Debtor will forthwith upon demand reimburse the Receiver for all such costs or expenses.

### **7.7 Right to Have Court Appoint a Receiver**

The Agent may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as,

greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Agent pursuant to this Security Agreement.

**7.8 Agent May Exercise Rights of a Receiver**

In lieu of, or in addition to, exercising its rights under Sections 7.1, 7.7 and 7.9, the Agent has, and may exercise, any of the rights which are capable of being granted to a Receiver appointed by the Agent pursuant to this Security Agreement.

**7.9 Retention of Collateral**

The Agent may elect to retain Collateral in satisfaction of the Secured Obligations of the Debtor. The Agent may designate any part of the Secured Obligations to be satisfied by the retention of particular Collateral which the Agent considers to have a net realizable value approximating the amount of the designated part of such Secured Obligations, in which case only the designated part of such Secured Obligations shall be deemed to be satisfied by the retention of the particular Collateral.

**7.10 Limitation of Liability**

None of the Creditors shall be liable or accountable for any failure of the Agent or any Receiver to seize, collect, realize, dispose of, enforce or otherwise deal with Collateral and the Agent shall not be bound to institute proceedings for any such purposes or for the purpose of preserving any rights of the Creditors, the Debtor or any other Person in respect of Collateral. The Agent shall not be liable or responsible for any loss or expense whatever which may accrue in consequence of any such failure resulting from any negligence of the Agent, any of its Representatives or any Receiver, or otherwise. If any Receiver or the Agent takes possession of Collateral, neither any of the Creditors nor any Receiver shall have any liability as a mortgagee in possession or be accountable for anything except actual receipts.

**7.11 Extensions of Time**

The Agent may grant renewals, extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, perfect or fail to perfect any securities, release Collateral to third parties and otherwise deal or fail to deal with the Debtor, debtors of the Debtor, guarantors, sureties and others and with Collateral and other securities as the Agent may see fit, all without prejudice to the liability of the Debtor to the Creditors or the rights of the Creditors under this Security Agreement.

**7.12 Application of Payments against Secured Obligations**

Any moneys realized on Collateral shall, notwithstanding any appropriation by the Debtor, be appropriated to such parts of the Secured Obligations and in such order as is provided in the Credit Agreement.

**7.13 Set-Off, Combination of Accounts and Crossclaims**

The Secured Obligations of the Debtor will be paid by the Debtor without regard to any equities between the Debtor and any of the Creditors or any right of set-off, netting or novation of payments, combination of accounts or cross-claim. Any indebtedness owing by any of the Creditors to the Debtor, direct or indirect, extended or renewed, actual or contingent, matured or not, may be set off or applied against, or netted, novated or combined with, the Secured Obligations of the Debtor by any of the Creditors at any time, either before or after maturity, without demand upon or notice to anyone.

**7.14 Deficiency**

If the proceeds of the realization of Collateral are insufficient to pay all liquidated Secured Obligations of the Debtor, the Debtor shall forthwith pay or cause to be paid to the Agent any deficiency for the benefit of the Creditors.

**7.15 Validity of Sale**

No Person dealing with the Agent or any Receiver, or with any Representative of the Agent or any Receiver shall be concerned to inquire whether the Security Interests have become enforceable, whether any rights of the Agent or the Receiver has become exercisable, whether any Secured Obligations of the Debtor remain outstanding or otherwise as to the propriety or regularity of any dealing by the Agent or the Receiver with Collateral or to see to the application of any money paid to the Agent or the Receiver, and in the absence of fraud on the part of such Person such dealings shall be deemed, as regards such Person, to be within the rights hereby conferred and to be valid and effective accordingly.

**7.16 Effect of Appointment of Receiver**

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

**7.17 Time for Payment**

If the Agent demands payment of any Secured Obligations of the Debtor which are payable on demand or if any Secured Obligations of the Debtor are otherwise due by maturity or acceleration, it shall be deemed reasonable for the Agent to exercise its rights hereunder immediately if such payment is not made, and any days of grace or any time for payment which might otherwise be required to be afforded to the Debtor by any other agreement or applicable law is hereby irrevocably waived to the extent permitted by applicable law.

## **7.18 Rights in Addition**

The rights conferred by this Article 7 are in addition to, and not in substitution for, any other rights the Creditors may have under this Security Agreement, at law, in equity or by or under the PPSA or any other statute or agreement. The Agent may proceed by way of any action, suit or other proceeding at law or in equity to enforce the rights of the Creditors under this Security Agreement and no right of any of the Creditors shall be exclusive of or dependent on any other. Each of the Creditors may exercise any of its rights separately or in combination and at any time.

## **8. GENERAL**

### **8.1 Security in Addition**

The Security Interests do not replace or otherwise affect any existing or future Lien held by any of the Creditors. Neither the taking of any action, suit or proceedings, judicial or extra-judicial, nor the refraining from so doing, nor any dealing with any other security for any Secured Obligations of the Debtor shall release or affect the Security Interests. Neither the taking of any action, suit or proceedings, judicial or extra-judicial, pursuant to this Security Agreement, nor the refraining from so doing, nor any dealing with Collateral shall release or affect any of the other security of any of the Creditors for the payment or performance of any Secured Obligations of the Debtor.

### **8.2 No Merger**

This Security Agreement shall not operate by way of a merger of the Secured Obligations of the Debtor or of any agreement by which the Secured Obligations of the Debtor now or at any time hereafter may be represented or evidenced. Neither the taking of any judgment nor the exercise of any power of seizure or disposition shall extinguish the liability of the Debtor to pay and perform the Secured Obligations of the Debtor nor shall the acceptance of any payment or alternate security constitute or create any novation. No covenant, representation or warranty of the Debtor herein shall merge in any judgment.

### **8.3 Notices**

Any notice, demand, consent, approval or other communication from the Agent to the Debtor shall be in writing and shall be sufficiently given (and deemed received) if:

- (a) delivered in person and left with a receptionist or other responsible employee of the Debtor;
- (b) sent by prepaid first class mail; or

- (c) sent by any electronic means of sending messages, including telex, facsimile transmission or internet e-mail,

in each case to the address, telecopy number or internet e-mail address of the Debtor set out at the commencement of this Security Agreement or to such other address, telecopy number or internet e-mail address as the Debtor may notify the Agent in writing.

#### **8.4 Time of the Essence**

Time is of the essence of each provision of this Security Agreement.

#### **8.5 Governing Law**

This Security Agreement shall be governed by, and interpreted and enforced in accordance with, the laws in force in the Province of Ontario, including the federal laws of Canada applicable thereon (excluding any conflict of laws rule or principle which might refer such construction to the laws of any other jurisdiction). Such choice of law shall, however, be without prejudice to or limitation of any other rights available to the Agent or any Receiver under the laws of any other jurisdiction where the Agent or any Receiver may elect to enforce this Security Agreement. The Debtor irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario located at Toronto with respect to any matter arising hereunder or related hereto.

#### **8.6 Security Interests Effective Immediately**

Neither the execution of, nor any filing with respect to, this Security Agreement nor any partial advance or extension of credit by any of the Creditors shall bind any of the Creditors to advance any amount, grant any credit or supply any other financial services to the Debtor or any other Person, but the Security Interests shall take effect forthwith upon the execution of this Security Agreement by the Debtor.

#### **8.7 Entire Agreement**

There are no representations, warranties, conditions, other agreements or acknowledgements, whether direct or collateral, express or implied, that form part of or affect this Security Agreement or the Collateral other than as expressed herein or in the other Credit Documents. The execution of this Security Agreement has not been induced by, nor does the Debtor rely upon or regard as material, any representations, warranties, conditions, other agreements or acknowledgements not expressly made in this Security Agreement or in the other Credit Documents.

#### **8.8 Provisions Reasonable**

The Debtor acknowledges that the provisions of this Security Agreement and, in particular, those respecting rights of the Agent and the other Credit Documents or

any Receiver against the Debtor, its business and Collateral upon an Event of Default, are commercially reasonable and not manifestly unreasonable.

### **8.9 Invalidity**

If any provision of this Security Agreement is determined to be invalid or unenforceable by a court of competent jurisdiction from which no further appeal lies or is taken, that provision shall be deemed to be severed herefrom, and the remaining provisions of this Security Agreement shall not be affected thereby and shall remain valid and enforceable.

### **8.10 Statutory Waivers**

To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the rights of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

### **8.11 Currency**

All sums of money payable under this Security Agreement shall be paid in the currency in which such sums are incurred or expressed as due.

### **8.12 Currency Conversions**

If the Agent receives or recovers any amount pursuant to this Security Agreement in a currency (the "**Recovered Amount**") which is different than the currency in which the relevant Secured Obligation is denominated (the "**Contract Currency**"), the Agent shall convert the Recovered Amount to the Contract Currency according to the provisions of Section 15.9 of the Credit Agreement.

### **8.13 Judgment Currency**

If, for the purposes of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into the currency of the country giving such judgment (the "**Judgment Currency**") an amount due hereunder in different currency (the "**Agreed Currency**"), then the date on which the rate of exchange for conversion is selected by that court is referred to herein as the "**Conversion Date**". If there is a change in the rate of exchange between the Judgment Currency and the Agreed Currency between the Conversion Date and the actual receipt by any of the Creditors of the amount due hereunder or under such judgment, the Debtor will, notwithstanding such judgment, pay all such additional amounts as may be necessary to ensure that the amount received by each of the Creditors in the Judgment Currency, when converted at the rate of exchange prevailing on the date of receipt, will produce the amount due in the Agreed Currency. The Debtor's liability hereunder constitutes a separate and independent

liability which shall not merge with any judgment or any partial payment or enforcement of payment of sums due under this Security Agreement. The term "rate of exchange", as used in this Section 8.13 and in Section 8.12, includes any premiums or costs payable in connection with the currency conversion then being effected.

**8.14 Amendment**

This Security Agreement may only be amended, supplemented or otherwise modified by a written agreement signed by the Debtor and the Agent.

**8.15 Binding Effect**

This Security Agreement shall enure to the benefit of the Agent, the other Creditors and any Receiver and their respective successors and assigns and shall bind the Debtor, its legal representatives (including receivers, managers, receivers and managers and trustees) and its successors. Each reference to the Debtor in this Security Agreement shall be construed so as to include such successors of the Debtor to the extent the context so admits.

**8.16 Receipt of Copy**

The Debtor acknowledges receipt of an executed copy of this Security Agreement and a copy of the verification statement pertaining to the financing statement filed under the PPSA by the Agent in respect of this Security Agreement. To the extent permitted by applicable law, the Debtor irrevocably waives the right to receive a copy of any financing or financing change statement (or any verification statement pertaining thereto) filed under the PPSA by the Agent in respect of this Security Agreement or any other security agreement, and releases any and all claims or causes of action it may have against any of the Agent and the other Creditors for failure to provide any such copy.

**8.17 Information**

At any time the Agent or any Receiver may provide to any Person copies of this Security Agreement or information about it or about the Collateral or the Secured Obligations of the Debtor.

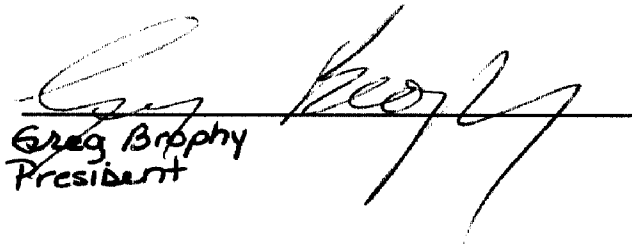
**TO WITNESS** this Security Agreement, the Debtor has caused it to be duly executed.

**SHRED-IT CANADA CORPORATION INC.**

Per:

Name:

Title:

  
Greg Brophy  
President



## SCHEDULE A

### Definitions

**“Accounts”** means all accounts, and any item or part thereof, including rights to receive royalties or license fees, which are now owned by or are due, owing or accruing due to the Debtor or which may hereafter be owned by or become due, owing or accruing due to the Debtor or in which the Debtor now or hereafter has any other rights, including all debts, claims and demands of any kind whatever, claims against the Crown and claims under insurance policies.

**“Business Day”** means any day of the week except Saturday, Sunday or any statutory or civic holiday observed in Toronto.

**“Collateral”** means all Trade Marks, all Agreements and Licenses entered into or granted in connection with such Trade Marks, all Records and all Accounts, Money and Proceeds derived from any of such Trade Marks, Agreements and Licenses, and any item or part thereof.

**“Credit Agreement”** has the meaning assigned to it in the first Recital to this Security Agreement.

**“Credit Documents”** has the defined meaning assigned to it in the Credit Agreement.

**“Creditors”** means the Creditors referred to and defined in the Credit Agreement.

**“Event of Default”** has the defined meaning assigned to it in the Credit Agreement.

**“including”** means including without limitation and shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it, and **“include”** and **“includes”** shall be construed in like manner.

**“Indemnified Parties”** has the defined meaning assigned to it in Section 4.4.

**“License”** means (i) any authorization, approval, consent, exemption, license, permit, franchise, concession or no action letter from any applicable governmental or regulatory body or authority having jurisdiction with respect to the Debtor or its property or business or (ii) any TM License.

**“Liens”** has the defined meaning assigned to it in the Credit Agreement.

**“Litigation”** means any grievance, investigation, litigation, legal action, lawsuit or other proceeding (whether civil, administrative, quasi-criminal or criminal) by or before any applicable governmental or regulatory body or authority or court or arbitrator.

**“losses and expenses”** means losses, costs, expenses, damages, penalties, causes of action, actions, judgments, suits, proceedings, claims, claims over, claims for contribution and

indemnity, demands and liabilities, including all related court costs and legal fees and disbursements on a full indemnity scale.

“**Money**” means all money in which the Debtor now or hereafter has an interest, and any item or part thereof.

“**Permitted Lien**” has the defined meaning assigned to it in the Credit Agreement.

“**Person**” means an individual, corporation, body corporate, partnership, joint venture, trust, estate, unincorporated organization, the Crown or any agency or instrumentality thereof or any other entity recognized by foreign or domestic law.

“**PPSA**” means the *Personal Property Security Act* of the Province of Ontario.

“**Proceeds**” means all proceeds and personal property in any form derived directly or indirectly from any dealing with any item or part of the Collateral, or that indemnifies or compensates for such property stolen, lost, destroyed or damaged, and proceeds of Proceeds whether or not of the same type, class or kind as the original Proceeds, and any item or part thereof.

“**Receiver**” means any receiver, manager or receiver and manager for the Collateral appointed by the Agent or by a court on application by the Agent.

“**Records**” means all books, accounts, invoices, letters, papers, security certificates, documents and other records in any form evidencing or relating in any way to any item or part of the Collateral and all Agreements, Licenses and other rights and benefits in respect thereof, and any item or part thereof.

“**Representative**” of any Person means any director, officer, employee, agent, solicitor, accountant, financial advisor, expert, manager, consultant or other representative appointed, engaged or employed by such Person.

“**rights**” means rights, titles, benefits, interests, powers, authorities, discretions, privileges, immunities and remedies (actual or contingent, direct or indirect, matured or not, now existing or arising hereafter), whether arising by contract or statute, at law or in equity or otherwise.

“**Secured Obligations**” has the meaning assigned to it in the Credit Agreement.

“**Security Agreement**” means this Trade Mark Security Agreement and all schedules attached hereto. All uses of the words “**hereto**”, “**herein**”, “**hereof**”, “**hereby**” and “**hereunder**” and similar expressions refer to this Security Agreement and not to any particular section or portion of it. References to an “**Article**”, “**Section**”, “**Subsection**” or “**Schedule**” refer to the applicable article, section, subsection or schedule of this Security Agreement.

“**Security Interests**” means any and all Liens granted by the Debtor to the Agent in this Security Agreement.

**“successor”** of a Person (the **“relevant party”**) shall be construed so as to include (i) any amalgamated or other corporation of which the relevant party or any of its successors is one of the amalgamating corporations, (ii) any corporation resulting from any court approved arrangement of which the relevant party or any of its successors is party, (iii) any Person to whom all or substantially all the business and assets of the relevant party is transferred, (iv) any corporation resulting from the continuance of the relevant party or any successor of it under the laws of another jurisdiction of incorporation and (iv) any successor (determined as aforesaid or in any similar or comparable procedure under the laws of any other jurisdiction) of any corporation referred to in clause (i), (ii), (iii) or (iv) above. Each reference in this Agreement to any party hereto or any other Person shall (where the context so admits) include its successors.

**“Taxes”** means all taxes, imposts, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of Collateral, including income, sales, excise, use, property, goods and services, business transfer and value added taxes.

**“TM License”** means any license agreement pursuant to which the Debtor is granted a right to use Trade Marks or the Debtor grants a right to use Trade Marks.

**“Trade Marks”** means all trade marks, trade mark rights, registrations and applications, designs, logos, indicia, trade names, corporate names, company names, business names, trade styles, business identifiers and fictitious business names or characters in which the Debtor now or hereafter has rights, and any item or part thereof.

## **SCHEDULE B**

### **List of Registered Trade Marks and Trade Mark Applications**

#### Registered Trade-Marks:

1. The Trade-Mark Shred-IT & Design (Canadian Trade-Mark registration No. 430632)
2. The Trade-Mark DOCUMENT DESTRUCTION.DONE RIGHT.ON SITE (U.S. Trade-Mark registration No. 2,379,173)
3. The Trade-Mark DONE RIGHT.ON SITE (U.S. Trade-Mark registration No. 2,329,832)
4. The Trade-Mark OUR BUSINESS IS TO ENSURE THAT NO ONE KNOWS YOURS (U.S. Trade-Mark registration No. 2,399,485)
5. The Trade-Mark Shred-IT & Design (U.S. Trade-Mark registration No. 1,890,271)
6. The Trade-Mark Shred-CO & Des. (U.S. Trade-Mark registration No. 2,084,571)

#### Applications for Trade-Marks:

1. The Application for the Trade-Mark SECURIT filed July 18, 2002 (Canadian Trade-Mark application No. 1,147,221)
2. The Application for the Trade-Mark SECURIT filed December 18, 2002 (U.S. Trade-Mark application No. 76/476,609)
3. The Application for the Trade-Mark ARTECH & Design filed June 28, 2002 (Canadian Trade-Mark application No. 1,145,290)
4. The Application for the Trade-Mark ARTECH & Design filed May 28, 2002 (U.S. Trade-Mark application No. 76/411,518)
5. The Application for the Trade-Mark ARTECH REDUCTION TECHNOLOGIES filed June 28, 2002 (Canadian Trade-mark application No. 1145291)
6. The Application for the Trade-Mark ARTECH REDUCTION TECHNOLOGIES filed May 28, 2002 (U.S. Trade-Mark application No. 76/411,517)