

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Christina America Inc.		07/25/2005	CORPORATION: CANADA

RECEIVING PARTY DATA

Name:	GMAC Commercial Finance Corporation-Canada
Street Address:	800 Rene Levesque Boulevard West
Internal Address:	Suite 2300
City:	Montreal (Quebec)
State/Country:	CANADA
Postal Code:	H3B 1X9
Entity Type:	CORPORATION: CANADA

PROPERTY NUMBERS Total: 18

Property Type	Number	Word Mark
Registration Number:	1411398	CHRISTINA
Registration Number:	1521014	SABBIA
Registration Number:	2268127	SEAMLESS SWIMSUIT BY CHRISTINA
Registration Number:	2273544	THE BODY WRAP
Registration Number:	2174416	THE SWIMSUIT FIT SYSTEM
Registration Number:	1442201	VIA BRAZIL
Registration Number:	1705124	
Registration Number:	2060404	AQUABRA
Registration Number:	2261808	CHRISTEEN BY/PAR CHRISTINA
Registration Number:	2550518	CHRISTINA
Registration Number:	2414872	CHRISTINA PERFORMANCE
Serial Number:	78511847	COSTA DEL SOL BY/PAR CHRISTINA
Registration Number:	2473944	CSS CHRISTINA SEAMLESS-SWIMWEAR

OP \$465.00 1411398

Serial Number:	78272329	FANTASIZER
Registration Number:	2489874	KRISTA SWIMWEAR
Registration Number:	2382110	THE BODY WRAP
Registration Number:	2401223	THE SWIM WRAP BY CHRISTINA
Serial Number:	78379377	ZIPWRAP

CORRESPONDENCE DATA

Fax Number: (203)327-1096
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: (203) 324-6155
Email: cdc@ssjr.com
Correspondent Name: Gene S. Winter
Address Line 1: 986 Bedford Street
Address Line 2: St. Onge Steward Johnston and Reens LLC.
Address Line 4: Stamford, CONNECTICUT 06905

ATTORNEY DOCKET NUMBER: 01393-A0105A

DOMESTIC REPRESENTATIVE

Name:
Address Line 1:
Address Line 2:
Address Line 3:
Address Line 4:

NAME OF SUBMITTER: Gene S. Winter

Signature: /Gene S. Winter/

Date: 10/28/2005

Total Attachments: 17

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is executed on July 25, 2005 by CHRISTINA AMÉRIQUE INC./CHRISTINA AMERICA INC., a corporation duly amalgamated under the provisions of Part 1A of the Quebec *Companies Act* pursuant to a Certificate of Amalgamation issued under said Act on July 20, 2001, having its principal place of business at 9880 Clark Street, in the City of Montreal, Province of Quebec, Canada, postal code H3L 2R3 (the "Grantor") in favour of GMAC COMMERCIAL FINANCE CORPORATION-CANADA/SOCIÉTÉ FINANCIÈRE COMMERCIALE GMAC-CANADA ("GMACCF"), with offices at 800 René Lévesque Blvd. West, Suite 2300, in the City of Montreal, Province of Quebec, Canada, postal code H3B 1X9 (i) as Agent (the "Agent") for and on behalf of the Lenders, (ii) as one of the Lenders, and (iii) as solidary creditor (as defined and envisaged under the laws of the Province of Quebec, Canada) of the Grantor, all pursuant to the provisions of the Credit Agreement, (the Agent, Lenders and GMACCF, collectively the "Secured Party").

RECITALS

WHEREAS, the Grantor and each of the Guarantors have entered or will enter into the Credit Agreement (as such terms are hereinafter defined) with the Secured Party, pursuant to which the Secured Party is to extend the Credit Facilities to the Grantor;

WHEREAS, the provisions of the Credit Agreement provide that the Agent has and shall continue to have the authority to hold any and all Security on behalf of the Lenders;

WHEREAS, it is a further condition precedent to the Secured Party's obligations to extend and/or continue to extend the Credit Facilities to the Grantor that the Grantor execute and deliver the present Security Agreement in connection with the Credit Agreement, and the Grantor desires to execute and deliver the present Security Agreement in order to satisfy such condition precedent; and

NOW, THEREFORE, in order to induce Secured Party to extend and to continue to extend the Credit Facilities to the Grantor and in consideration of the foregoing premises and for other value received, the receipt and adequacy of which are hereby acknowledged by the Grantor, the Grantor hereby agrees to the following:

Section 1. Definitions. All capitalized terms used herein or in any certificate, report or other document delivered pursuant hereto shall have the meanings assigned to them in the Credit Agreement unless otherwise defined below. Except as otherwise defined herein and in the Credit Agreement, terms defined in the UCC shall have the meanings set forth therein. However, if a term is defined in Article 9 of the UCC differently than in another Article of the UCC, the term has the meaning specified in Article 9 of the UCC. Whenever used herein, the following words and terms shall have the following meanings:

TRADEMARK

REEL: 003183 FRAME: 0577

Accounts. All accounts, accounts receivable, health-care insurance receivables and other receivables, and rights of the Grantor to payment (whether or not earned by performance) for: property that has been, or is to be, sold, leased, licensed, assigned or otherwise disposed of; for services rendered or to be rendered; a policy of insurance issued or to be issued; a secondary obligation incurred or to be incurred; arising out of the use of a credit or charge card or information contained on or used with such card; all insurance proceeds; all other rights and claims to the payment of money, under contracts or otherwise; and all property from time to time constituting an "account" as such term is defined in the UCC.

Chattel Paper. All records that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods and license of software used in the goods, and all property from time to time constituting "chattel paper" as such term is defined in the UCC.

Collateral. See Section 2 of this Agreement.

Credit Agreement. Credit Agreement bearing formal date of July 20, 2005 executed or to be executed between, *inter alia*, the Grantor, as therein described "Borrower", the Guarantors, the Agent and the Lenders from time to time party thereto, as well as any and all future amendments, supplements and/or addendum thereto and/or renewals, replacements and/or restatements thereof.

Debtor Relief Laws. The *Bankruptcy Code of the United States*, the *Bankruptcy and Insolvency Act* (Canada) and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, fraudulent transfer or conveyance laws, suspension of payments, or similar laws from time to time in effect affecting the rights of creditors generally.

Deposit Accounts. All demand, time, savings, passbook, or similar accounts maintained with a bank exclusive of Investment Property and accounts evidenced by Instruments, and all other property from time to time constituting a "deposit account" as such term is defined in the UCC.

Documents. Documents of title and all property from time to time constituting a "document" as such term is defined in the UCC.

Equipment. All machinery, equipment, office furniture, furnishings and trade fixtures, specialty tools and parts, motor vehicles and materials handling equipment the Grantor, together with the Grantor's interest in, and right to, any and all manuals, computer programs, software embedded in any equipment, data bases and other materials relating to the use, operation or structure of any of the foregoing; and all property from time to time constituting "equipment" as such term is defined in the UCC.

Event of Default. See Section 8.

General Intangibles. All Payment Intangibles, all rights to payment for credit extended not evidenced by Chattel Paper or an Instrument; all deposits; all warranty claims; all causes of action; judgments; payments under any settlement or other agreement; domain names and

internet addresses, literary rights; rights to performance; royalties; licenses; franchises; license agreements; permits and similar rights granted by any governmental authority; all rights with respect to trademarks, trademark applications; service marks, trade names, trade styles, patents, patent applications, patents pending, copyrights, mask work rights and interests, derivative works and interests, trade-secrets information, other intellectual property and proprietary rights and rights to prevent others from doing acts that constitute unfair competition with the Grantor or misappropriation of its property, including without limitation any sums (net of expenses) that the Grantor may receive arising out of any claim for infringement of its rights in any of the foregoing; all rights of the Grantor under contracts to enjoy performance by others or to be entitled to enjoy rights granted by others, including without limitation any licenses; all tax refunds and abatements; all insurance refunds and premium rebates; all investments and hedges, including, without limitation, options, warrants, and futures contracts; all rights, title and interest of the Grantor in and to all documents, books, records and other information (on whatever medium recorded, and including without limitation computer programs, semi-conductor chips, tapes, discs, punch cards, data processing software and related property and rights) maintained by the Grantor that reflect the conduct of the Grantor's business, such as financial records, marketing and sales records, research and development records, and design, engineering and manufacturing records; all rights under service bureau service contracts; all computer data and the concepts and ideas on which said data is based; all computer software not otherwise embedded in goods (including source and object codes); all developmental ideas and concepts, proprietary processes, designs, papers, plans, schematics, drawings, blueprints, sketches and documents; all data bases; all customer lists; goodwill; and all property from time to time constituting "general intangibles" as such term is defined in the UCC.

Goods. All things movable when a security interest therein attaches and also all computer programs embedded in goods and any supporting information provided in connection with a transaction relating to the program if (i) the program is associated with the goods in such manner that it customarily is considered part of the goods, or (ii) by becoming the owner of the goods, a Person acquires a right to use the program in connection with the goods, and all property from time to time constituting "goods" as such term is defined in the UCC.

Guarantors. Collectively and jointly severally, Dan Chanan Elituv, Joseph Schwebel and Africa Israel Investments Ltd.

Instruments. All negotiable instruments or other writings that evidence a right to the payment of a monetary obligation, are not security agreements or leases, and are of a type that in the ordinary course of business are transferred by delivery with any necessary endorsement or assignment (excluding Investment Property, letters of credit and writings that evidence a right payment arising out of the use of a credit or charge card or information contained on or used with such card), and all property from time to time constituting "instruments" as such term is defined in the UCC.

Inventory. All: (a) Goods that are leased by the Grantor as a lessor; are held by the Grantor for sale or lease or to be furnished under a contract of service; are furnished by Grantor under a contract of service; consist of raw materials, piece goods, work-in-process or materials used or consumed or to be used or consumed in the Grantor's business; (b) Goods described in subclause (a) that are in transit or in the possession of Grantor or another, including, without limitation, all Goods covered by purchase orders and contracts with suppliers and all Goods

billed and held by suppliers and Goods located on the premises of any carriers, forwarding agents, truckers, warehousemen, vendors, selling agents or other third parties; (c) Goods described in subclause (a) that are returned, repossessed, abandoned or rejected; (d) packaging, assembly and display materials, advertising and shipping materials related to any of the foregoing; and (e) all names, marks, and General Intangibles affixed or to be affixed thereto or associated or otherwise relating to any of the foregoing; and (e) all property from time to time constituting "inventory" as such term is defined in the UCC.

Investment Property. All securities, whether certificated or uncertificated, security entitlements, securities accounts, commodity contracts and commodity accounts owned by the Grantor, including without limitation all stocks, bonds, Treasury bills, certificates of deposit and mutual or money market fund shares; and all property from time to time constituting "investment property" as such term is defined in the UCC; all sums due or to become due on any of the foregoing, and all securities, instruments or property purchased or acquired as a result of the investment and reinvestment thereof.

Letter-of-Credit Rights. All of the Grantor's rights to payment or performance under a letter of credit, whether or not Grantor has demanded or is at the time entitled to demand payment or performance, and all property from time to time constituting "letter-of-credit rights" as such term is defined in the UCC.

Lien. Any mortgage, pledge, security interest, lien or other charge or encumbrance of any kind or nature upon or with respect to any property.

Payment Intangibles. All General Intangibles under which the account debtor's principal obligation is a monetary obligation, and all property from time to time constituting "Payment Intangibles" as such term is defined in the UCC.

Person. An individual, a corporation, a limited liability company, a partnership, a limited liability partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

Secured Obligations. All: (i) Obligations, (ii) other present and future indebtedness and obligations, of any nature whatsoever, direct or indirect, absolute or contingent, matured or not, at any time owing or to become owing by the Grantor to the Agent and/or the Lenders or any other Secured Party pursuant to the provisions of the Credit Agreement, and (iii) indebtedness and obligations of the Grantor under any Credit Documents other than the Credit Agreement.

Supporting Obligations. All Letter-of-Credit Rights and secondary obligations that support the payment or performance of an Account, Chattel Paper, Document, General Intangible, Instrument or Investment Property, and all property from time to time constituting "supporting obligations" as such term is defined in the UCC.

UCC. The Uniform Commercial Code as in effect from time to time in the State of New York.
United States. The United States of America including all of its territories.

Section 2. Grant.

2.1 To secure the prompt payment in full when due, whether at stated maturity, by mandatory prepayment, declaration, acceleration, demand, or otherwise (including payment of amounts that would become due but for filing of a petition under any Debtor Relief Law) and performance of the Secured Obligations, the Grantor hereby assigns and pledges to the Agent for the ratable benefit of itself and each of the other Secured Parties all of its rights, title and interest in, and grants to the Agent for the ratable benefit of itself and each of the other Secured Parties a continuing security interest in all of the present and future personal property and fixtures of the Grantor, including without limitation:

- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all Deposit Accounts;
- (d) all Documents;
- (e) all Equipment;
- (f) all Payment Intangibles and all General Intangibles,
- (g) all Goods;
- (h) all Inventory;
- (i) all Instruments;
- (j) all Investment Property;
- (k) all Letter-of-Credit Rights;
- (l) all Supporting Obligations;

whether now owned or existing or hereafter arising or acquired, together with all policies and certificates of insurance, cash, deposits, impressed accounts, compensating balances, or other property owned by the Grantor or in which the Grantor has an interest; together with all books, records, and information relating to the foregoing and/or to the operation of the Grantor's business, and all property in which such books, records, and information are stored, recorded, and maintained; all insurance proceeds, refunds and premium rebates, including, without limitation, proceeds of fire and credit insurance, whether any of such proceeds, refunds, and premium rebates arise out of any of the foregoing; any and all additions, substitutions, replacements and accessions of any of the foregoing; and all proceeds and products of any of the foregoing (collectively, the "Collateral").

2.2 Securities/Investment Property: Voting. Dividends. Certificates. Options. etc. Until the occurrence of an Event of Default hereunder, the Grantor shall retain the right to vote any of the securities, including without limitation, all Investment Property, in a manner not inconsistent with the terms of this Agreement. If the Grantor, as registered holder of such securities and Investment Property, receives (i) any dividend or other distribution in cash or other property in connection with the liquidation or dissolution of the issuer of such securities or Investment Property, or in connection with the redemption or payment of such securities or Investment Property, or (ii) any stock certificate, option or right, or other distribution, whether as an addition to, in substitution of, or in exchange for, such securities or Investment Property, or otherwise, the Grantor agrees to accept same in trust for the Secured Party and to deliver same forthwith to the Agent or its designee, in the exact form received, with the Grantor's endorsement or reassignment when necessary, to be held by the Agent as Collateral.

Section 3. Agent's Rights with respect to Collateral. The Agent may, at its option and at any time, whether or not the Secured Obligations are due, without notice or demand on the Grantor, take the following actions with respect to the Collateral:

- (a) with respect to any Accounts, Chattel Paper and Payment Intangibles (i) notify obligors thereunder of the security interest of the Agent in such property of the Grantor and that payment thereof is to be made directly to the Agent; (ii) demand, collect, and receipt for any amounts relating thereto, as the Secured Party may determine; (iii) commence and prosecute any actions in any court for the purposes of collecting any amounts due thereunder and enforcing any other rights in respect thereof; (iv) defend, settle or compromise any action brought and, in connection therewith, give such discharges or releases as the Agent may deem appropriate; (v) receive, open and dispose of mail addressed to the Grantor and endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents evidencing payment, shipment or storage of the goods giving rise to such Accounts, Chattel Paper or Payment Intangibles or securing or relating thereto, on behalf of and in the name of the Grantor; and (vi) sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any such Accounts, Chattel Paper, or Payment Intangibles or the goods or services which have given rise thereto, as fully and completely as though the Agent were the absolute owner thereof for all purposes;
- (b) with respect to any Inventory (i) make, adjust and settle claims under any insurance policy related thereto and place and pay for appropriate insurance thereon; (ii) discharge taxes and other Liens at any time levied or placed thereon; (iii) make repairs or provide maintenance with respect thereto; and (iv) pay any necessary filing fees and any taxes arising as a consequence of any such filing. The Agent shall have no obligation to make any such expenditures nor shall the making thereof relieve the Grantor of its obligation to make such expenditures; and
- (c) with respect to any securities and other Investment Property (i) transfer such property at any time to itself, or to its nominee, and receive the income thereon and hold the same as Collateral hereunder or apply it to any matured Secured Obligations; and (ii) demand, sue for, collect or make any compromise or settlement it deems desirable.

Except as otherwise provided herein, the Agent shall have no duty as to the collection or protection of the Collateral nor as to the preservation of any rights pertaining thereto, beyond the safe custody of any Collateral in its possession. The powers conferred on the Agent by this Section are solely to protect the interests of the Agent and shall not impose any duties on the Agent to exercise any such powers.

Section 4. Set-off Rights. Regardless of the adequacy of any Collateral or any other means of obtaining repayment for any Secured Obligations, each Secured Party may at any time and from time to time, without notice to the Grantor (any such notice being expressly waived by the Grantor) and to the fullest extent permitted by law, set off and apply any and all deposits (general or special, time or demand, provisional or final) and other sums credited by or due from such Secured Party to the Grantor or subject to withdrawal by the Grantor and any other property of the Grantor at any time in the possession or control of such Secured Party against any Secured

Obligations, whether or not such Secured Party shall have made any demand for such Secured Obligations and although such Secured Obligations may be contingent or unmatured.

Section 5. Representations and Warranties and Covenants.

5.1 Representations and Warranties. The Grantor hereby represents and warrants that:

- (a) it has indicated on Schedule I hereto: (i) the type of organization of the Grantor, (ii) the jurisdiction of organization of the Grantor, (iii) its organizational identification number (if applicable) and (iv) the jurisdiction where the chief executive office or its sole place of business is, and for the one-year period preceding the date hereof has been, located;
- (b) except as provided on Schedule I, it has not changed its name, jurisdiction of organization, chief executive office or sole place of business or its corporate structure in any way (e.g. by amalgamation, merger, consolidation, change in corporate form or otherwise) within the past five (5) years.

5.2 Covenants and Agreements. The Grantor hereby covenants and agrees that:

- (a) it shall not change the Grantor's name, identity, corporate structure (e.g. by amalgamation, merger, consolidation, change in corporate form or otherwise), sole place of business, chief executive office, type of organization or jurisdiction of organization or establish any trade names unless it shall have (i) notified the Agent in writing, at least thirty (30) days prior to any such change or establishment, identifying such new proposed name, identity, corporate structure, sole place of business, chief executive office, jurisdiction of organization or trade name and providing such other information in connection therewith as the Agent may reasonably request and (ii) taken all actions necessary or advisable to maintain the continuous validity, perfection and the same or better priority of the Agent's security interest in the Collateral granted or intended to be granted and agreed to hereby;
- (b) it shall not permit any Credit Party to amalgamate, merge or consolidate unless (i) such Credit Party creates a security interest that is perfected by a filed financing statement (that is not effective solely under section 9-508 of the UCC) in collateral in which such new debtor has or acquires rights, and (ii) all the outstanding capital stock or other equity interests of the surviving or resulting corporation, limited liability company, partnership or other entity is, upon such amalgamation, merger or consolidation, pledged hereunder.

Section 6. Access: Right of Inspection. The Agent shall at all times have full and free access during normal business hours to all the books, correspondence and records of the Grantor, and the Agent and its representatives may examine the same, take extracts therefrom and make photocopies thereof, and the Grantor agrees to render to the Agent, at such Grantor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. The Agent and its representatives shall at all times also have the right to enter any premises of the Grantor and inspect any property of the Grantor where any of the Collateral of such Grantor granted pursuant to this Agreement is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein.

Section 7. Further Assurances.

- (a) The Grantor agrees that from time to time, at the expense of such Grantor, that it shall promptly authenticate, execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Agent may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Grantor shall:
- (i) file such financing or continuation statements, or amendments thereto, and execute and deliver such other agreements, instruments, endorsements, powers of attorney or notices, as may be necessary or desirable, or as the Agent may reasonably request, in order to perfect and preserve the security interests granted or purported to be granted hereby;
 - (ii) take all actions necessary to ensure the recordation of appropriate evidence of the liens and security interest granted hereunder in intellectual property with any intellectual property registry in which said intellectual property is registered or in which an application for registration is pending including, without limitation, the United States Patent and Trademark Office, the United States Copyright Office, the various Secretaries of State, and the foreign counterparts on any of the foregoing;
 - (iii) at any reasonable time, upon request by the Agent, assemble all or part of the Collateral as directed by the Agent and make it available to the Agent at a place to be designated by the Agent that is reasonably convenient to both parties and allow inspection of the Collateral by the Agent, or persons designated by the Agent; and
 - (iv) at the Agent's request, appear in and defend any action or proceeding that may affect such Grantor's title to or the Agent's security interest in all or any part of the Collateral.
- (b) The Grantor hereby authorizes the Agent to take all steps it deems reasonably necessary to maintain and preserve the Collateral, consistent with the Grantor's obligations to do so hereunder, including, with respect to intellectual property including in the Collateral, the making of additional filings, the payment of maintenance fees, and the defense of challenges to the Grantor's title or validity, all at the Grantor's expense.
- (c) The Grantor hereby authorizes the filing of any financing statements or continuation statements, and amendments to financing statements, or any similar document in any jurisdictions and with any filing offices as the Agent may determine, in its sole discretion, are necessary or advisable to perfect the security interest granted to the Agent herein. Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as the Agent may determine, in its sole discretion, is necessary, advisable or prudent to ensure the perfection of the security interest in the Collateral granted to the Agent herein, including, without limitation, describing such property as "all assets" or "all personal property, whether now owned or hereafter

acquired". The Grantor shall furnish to the Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Agent may reasonably request, all in reasonable detail.

Section 8. Defaults. The occurrence of any Default as set forth and defined in the Credit Agreement shall, *ipso facto*, and automatically constitute and be defined as "Event of Default" hereunder.

Section 9. Agent's Rights and Remedies.

- (a) So long as any Event of Default shall have occurred and be continuing:
- (i) the Agent may, at its option, without notice or demand, cause all of the Secured Obligations to become immediately due and payable and take immediate possession of the Collateral, and for that purpose the Agent may, so far as the Grantor can give authority therefor, in person, by agent or by court-appointed receiver, enter upon, occupy, and use any premises owned or operated by the Grantor on which any of the Collateral is situated and manage and operate the Collateral or remain on such premises and in possession of such Collateral for purposes of conducting a sale or enforcing the rights of the Agent. The Agent may exclude the Grantor from such premises or portion thereof as may have been so entered upon, occupied, or used by the Agent. The Agent shall not be required to remove any of the Collateral from any such premises upon the Agent's taking possession thereof, and may render any Collateral unusable to the Grantor. In no event shall the Agent be liable to the Grantor for use or occupancy by the Agent of any premises pursuant to this Section, or for any charge (such as wages for the Grantors' employees, rents and utilities) incurred in connection with the Agent's exercise of the Agent's rights and remedies;
 - (ii) the Grantor will, upon demand, assemble the Collateral and make it available to the Agent at a place and time designated by the Agent that is reasonably convenient to both parties;
 - (iii) the Agent may collect and receive all income and proceeds in respect of the Collateral and exercise all rights of Grantor and perform any of the Grantor's obligations hereunder with respect thereto, including without limitation the right to exercise all voting and corporate rights at any meeting of the shareholders of the issuer of any Investment Property and to exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any Investment Property as if the Agent were the absolute owner thereof, including the right to exchange, at its discretion, any and all of any Investment Property upon the merger, consolidation, reorganization, recapitalization or other readjustment of the issuer thereof, all without liability except to account for property actually received (but the Agent shall have no duty to exercise any of the aforesaid rights, privileges or options and shall not be responsible for any failure to do so or delay in so doing);

- (iv) the Agent may sell, lease or otherwise dispose of the Collateral at a public or private sale in its then condition or following any commercially reasonable preparation or processing, with or without having the Collateral at the place of sale, and upon such terms and in such manner as the Agent may determine, and the Agent may purchase any Collateral at any such sale. The Agent shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any Collateral payable by the Agent at such sale. Unless the Collateral threatens to decline rapidly in value or is of the type customarily sold on a recognized market, the Agent shall send to the Grantor prior written notice (which, if given within ten (10) days of any sale, shall be deemed to be reasonable) of the time and place of any public sale of the Collateral or of the time after which any private sale or other disposition thereof is to be made. The Grantor agrees that upon any such sale the Collateral shall be held by the purchaser free from all claims or rights of every kind and nature, including any equity of redemption or similar rights, and all such equity of redemption and similar rights are hereby expressly waived and released by the Grantor. In the event any consent, approval or authorization of any governmental agency is necessary to effectuate any such sale, the Grantor shall execute all applications or other instruments as may be required; and
- (v) in any jurisdiction where the enforcement of its rights hereunder is sought, the Agent shall have, in addition to all other rights and remedies, the rights and remedies of a secured party under the UCC.
- (b) Prior to any disposition of Collateral pursuant to this Agreement, the Agent may, at its option, cause any of the Collateral to be repaired, reconditioned, or upgraded in such manner and to such extent as to make it saleable.
- (c) The Agent is hereby granted a license or other right to use, without charge, all General Intangibles of the Grantor, including, without limitation, the Grantor's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks and advertising matter, or any property of a similar nature, relating to the Collateral, in completing production of, advertising for sale and selling any Collateral; and the Grantor's rights under all licenses and all franchise agreements shall inure to the Agent's benefit.
- (d) The Grantor recognizes that the Agent may be unable to effect a public sale of all or a part of the Investment Property by reason of certain prohibitions contained in the Securities Act of 1933 (as amended from time to time, the "Securities Act") or the securities laws of various states (the "Blue Sky Laws"), but may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Investment Property for their own account for investment and not with a view to the distribution or resale thereof. The Grantor acknowledges that private sales so made may be at prices and upon other terms less favorable to the seller than if the Investment Property were sold at public sales. The Grantor agrees that the Agent has no obligation to delay sale of any of the Investment

Property for the period of time necessary to permit the Investment Property to be registered for public sale under the Securities Act or the Blue Sky Laws, and that private sales made under the foregoing circumstances shall be deemed to have been made in a commercially reasonable manner.

- (e) All proceeds received by the Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Agent be held by the Agent as Collateral, and/or then, or at any time thereafter, applied in full or in part, first, to its reasonable expenses of retaking, holding, protecting and maintaining, and preparing for disposition and disposing of, the Collateral, including attorneys' fees and other legal expenses incurred by it in connection therewith; and second, to the payment of the Secured Obligations in such order of priority as the Agent shall determine. Any surplus remaining after such application shall be paid to the Grantor or to whomever may be legally entitled thereto, provided that in no event shall the Grantor be credited with any part of the proceeds of the disposition of the Collateral until such proceeds shall have been received in cash by the Agent. The Grantor shall remain liable for any deficiency.

Section 10. Waivers. The Grantor waives presentment, demand, notice, protest, notice of acceptance of this Agreement, notice of any loans made, credit or other extensions granted, collateral received or delivered or any other action taken in reliance hereon and all other demands and notices of any description, except for such demands and notices as are expressly required to be provided to the Grantor under this Agreement or any other document evidencing the Secured Obligations. With respect to both the Secured Obligations and the Collateral, the Grantor assents to any extension or postponement of the time of payment or any other forgiveness or indulgence, to any substitution, exchange or release of Collateral, to the addition or release of any party or Person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromise or adjustment of any thereof, all in such manner and at such time or times as the Agent may deem advisable. The Agent may exercise its rights with respect to the Collateral without resorting, or regard, to other collateral or sources of reimbursement for Secured Obligations. The Agent shall not be deemed to have waived any of its rights with respect to the Secured Obligations or the Collateral unless such waiver is in writing and signed by the Agent. No delay or omission on the part of the Agent in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not bar or waive the exercise of any right on any future occasion. All rights and remedies of the Agent in the Secured Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, are cumulative and not exclusive of any remedies provided by law or any other agreement, and may be exercised separately or concurrently.

Section 11. Indemnity and Expenses.

11.1 Indemnity. The Grantor shall at all times, both before and after repayment of the Secured Obligations, at its sole cost and expense defend, indemnify, exonerate and save harmless the Agent and each of the other Secured Parties and all those claiming by, through or under each such Secured Party (each, an "Indemnified Party") against and from all damages, losses liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind whatsoever, including, without limitation, attorneys' fees and experts' fees and disbursements, which may at any time (including, without limitation, before or after discharge or foreclosure or

realization of the Collateral) be imposed upon, incurred by or asserted or awarded against any Indemnified Party and arising from or out of:

- (a) any liability arising out of the establishment of the Credit Facilities or the transactions contemplated herein, or
- (b) any liability for damage to person or property arising out of any violation of any law with respect to any Credit Party, or
- (c) any and all liabilities, damages, penalties, costs, and expenses, relating in any manner to any brokerage or finder's fees in connection with the Credit Facilities, or
- (d) as a result of litigation that may arise in connection with the activities of any Credit Party or any of their respective subsidiaries.

Notwithstanding the foregoing, an Indemnified Party shall not be entitled to indemnification in respect of claims arising from: (i) any withholding tax imposed or levied under the *Income Tax Act* (Canada) to the extent set forth in the Credit Agreement; or (ii) acts of its own gross negligence or willful misconduct to the extent that such gross negligence or willful misconduct is determined by the final judgment of a court of competent jurisdiction, not subject to further appeal, in proceedings to which such Indemnified Party is a proper party.

11.2 Expenses. The Grantor shall, on demand, pay or reimburse the Agent for all reasonable expenses (including attorneys' fees of outside counsel or allocated costs of in-house counsel) incurred or paid by the Agent in connection with the preparation, negotiation, closing, administration or enforcement, of this Agreement, or its on-site periodic examinations of the Collateral, and for any other amounts permitted to be expended by the Agent hereunder, including without limitation such expenses as are incurred to preserve the value of the Collateral and the validity, perfection, priority and value of any security interest created hereby, the collection, sale or other disposition of any of the Collateral or the exercise by the Agent of any of the rights conferred upon it hereunder. The obligation to pay any such amount shall be an additional Secured Obligation secured hereby and each such amount shall bear interest from the time of demand at the rate per annum equal to 18%, or, if less, the maximum amount permitted by applicable law.

Section 12. Reinstatement. This Agreement shall continue to be effective, or be reinstated, as the case may be, if at any time any amount received by the Secured Party in respect of the Secured Obligations is rescinded or must otherwise be restored or returned by the Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Grantor or upon the appointment of an intervenor or conservator of, or trustee or similar official for, the Grantor or any substantial part of its properties, or otherwise, all as though said payments had not been made.

Section 13. Successors and Assigns. This Agreement shall be binding upon the Grantor, its successors and assigns, and shall inure to the benefit of and be enforceable by the Agent and its successors and assigns. Without limiting the generality of the foregoing sentence, but subject to

any applicable provisions of the Credit Agreement, any Secured Party may assign or otherwise transfer any agreement or any note held by it evidencing, securing or otherwise executed in connection with the Secured Obligations, or sell participations in any interest therein, to any other Person, and such other Person shall thereupon become vested, to the extent set forth in the agreement evidencing such assignment, transfer or participation, with all the rights in respect thereof granted to the Agent or any other Secured Party herein.

Section 14. Jointly Held Property. In the event that any Collateral or any deposit or other sum due from or credited by any Secured Party is held or stands in the name of the Grantor and another or others jointly, such Secured Party may deal with the same for all purposes as if it belonged to or stood in the name of the Grantor alone.

Section 15. Section Headings. Section headings are for convenience of reference only and are not a part of this Agreement.

Section 16. Continuing Security Interest. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the indefeasible payment in full of all Secured Obligations, (b) be binding upon the Grantor and the Grantor's successors and assigns, and (c) inure, together with the rights and remedies of the Agent and each other Secured Party hereunder, to the benefit of the Agent and each other Secured Party and its successors and permitted transferees and assigns.

Section 17. Marshalling. No Secured Party shall be required to marshal any present or future security for (including, but not limited to, this Agreement and the Collateral), or other assurances of payment of, the Secured Obligations or any of them, or to resort to such security or assurances of payment in any particular order. All of the Agent's and each other Secured Party's rights hereunder and in respect of such security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. The Grantor hereby agrees that the Grantor will not invoke any law, doctrine, or principle relating to the marshalling of collateral that might cause delay in or impede the enforcement of the Agent's or any other Secured Party's rights under this Agreement or under any other instrument evidencing any of the Secured Obligations or under which any of the Secured Obligations are outstanding or by which any of the Secured Obligations are secured or payment thereof are otherwise assured, and, to the extent that the Grantor lawfully may, the Grantor hereby irrevocably waives the benefits of all such laws.

Section 18. Interpretation. In the event of any conflict or inconsistency between the terms and provisions of this Agreement and those of the Credit Agreement, the terms of the Credit Agreement shall prevail.

Section 19. Amendments. This Agreement may not be amended or modified except by a writing signed by the Grantor and the Agent.

Section 20. Governing Law: Consent to Jurisdiction. THIS AGREEMENT IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. The Grantor agrees that any suit for the enforcement of this Agreement may be brought in the courts of the State of New York or any federal court sitting therein and consent to the non-

exclusive jurisdiction of such court and to service of process in any such suit being made upon the Grantor by registered or certified mail at the address set forth in the description of the parties hereto. The Grantor hereby waives any objection that Grantor may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

Section 21. JURY WAIVER. THE AGENT (BY ITS ACCEPTANCE HEREOF) AND THE GRANTOR AGREE THAT NEITHER OF THEM, NOR ANY ASSIGNEE OR SUCCESSOR SHALL (A) SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER ACTION BASED UPON, OR ARISING OUT OF, THIS AGREEMENT, ANY RELATED INSTRUMENTS, ANY COLLATERAL OR THE DEALINGS OR THE RELATIONSHIP BETWEEN OR AMONG ANY OF THEM, OR (B) SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY THE AGENT AND THE GRANTOR, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER THE AGENT NOR THE GRANTOR HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

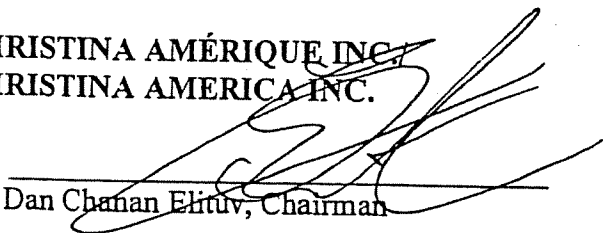
Section 22. Language. The parties hereto acknowledge that they have requested and are satisfied that the foregoing, as well as all notices, actions and legal proceedings be drawn up in the English language./Les parties à cette convention reconnaissent qu'elles ont exigé que ce qui précède ainsi que tous avis, actions et procédures légales soient rédigés et exécutés en anglais et s'en déclarent satisfaites.

IN WITNESS WHEREOF, the Grantor and the Secured Party have caused this Agreement to be duly executed by their duly authorized officers as an instrument under seal as of the date first written above.

GRANTOR:

CHRISTINA AMÉRIQUE INC.
CHRISTINA AMERICA INC.

By:

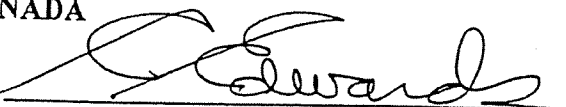

Dan Chanan Elituv, Chairman

WITNESS:



GMAC COMMERCIAL FINANCE
CORPORATION-CANADA/SOCIÉTÉ
FINANCIÈRE COMMERCIALE GMAC-
CANADA

By:



CHRISTINA AMÉRIQUE INC./
CHRISTINA AMERICA INC.

SCHEDULE I
TO SECURITY AGREEMENT

- (a) Full Legal Name, Type of Organization, Jurisdiction of Organization, Chief Executive Office/Sole Place of Business (or Residence if Grantor is a Natural Person) and Organizational Identification Number of each Grantor:

<u>Full Legal Name</u>	<u>Type of Organization</u>	<u>Jurisdiction of Organization</u> <u>Province of</u> <u>Quebec</u> <u>(Canada)</u>	<u>Chief Executive Office/Sole Place of Business</u>	<u>Organization I.D.#</u>
Christina Amérique Inc./ Christina America Inc.	Company		9880 Clark Street Montreal, Quebec H3L 2R3	N/A

- (b) Changes in Name, Jurisdiction of Organization, Chief Executive Office or Sole Place of Business and Corporate Structure within past five (5) years:

<u>Full Legal Name</u>	<u>Trade Name or Fictitious Business Name</u>
N/A	

N/A

**Section 1.
Definitions
General Intangibles
Trademarks
Canada**

SCHEDULE

No.	Trade-marks	Application number	Registration number	Status
1	ACCENTUE LA POITRINE	685,680	TMA399,671	Registered
2	AMINCIT LA TAILLE	685,681	TMA399,992	Registered
3	AMINCIT LES HANCHES	685,682	TMA399,672	Registered
4	AQUABRA	787,452	TMA465,726	Registered
5	AQUAROBICS	645,425	TMA377,363	Registered
6	BEACH BIZZ	571,953	TMA332,652	Registered
7	BUST ENHANCER	685,684	TMA401,755	Registered
8	CHRISTEEN BY/PAR CHRISTINA & DESIGN	817,831	TMA486,157	Registered
9	CHRISTINA	269,106	TMA128,877	Registered
10	CHRISTINA 4 YOU & DESIGN	799,574	TMA473,655	Registered
11	CHRISTINA PERFORMANCE & DESIGN	800,493	TMA470,427	Registered
12	CHRISTINA SEAMLESS SWIMWEAR CSS & DESIGN	874,279	TMA507,923	Registered
13	EXPERIENCE OUR FIT	715,884	TMA427,543	Registered
14	HOW TO BUY A SWIMSUIT	839,461	TMA486,577	Registered
15	KRISTA SWIMWEAR	1,006,540	TMA528,491	Registered
16	MAILLOT AMINCISSANT	636,752	TMA371,919	Registered
17	MISS CHRISTINE	277,747	TMA135,079	Registered
18	SABBIA	591,101	TMA345,940	Registered
19	SEAMLESS SWIMSUIT BY CHRISTINA	845,643	TMA504,542	Registered
20	SUPERBRA DESIGN	777,555	TMA466,279	Registered
21	THE BODY WRAP	699,687	TMA409,895	Registered
22	THE BODY WRAP & DESIGN	860,730	TMA519,628	Registered

23	THE BODY WRAP LITES	1,097,012	TMA585,057	Registered
24	THE SWIM WRAP BY CHRISTINA & DESIGN	871,583	TMA524,468	Registered
25	THE SWIMSUIT FIT SYSTEM BY CHRISTINA & DESIGN	828,531	TMA486,487	Registered
26	TUMMY TAMER	685,683	TMA416,607	Registered
27	VIA ACTION	374,385	TMA204,549	Registered
28	VIA BRAZIL	540,892	TMA329,347	Registered
29	WOMAN-FANCIFUL DESIGN	685,687	TMA401,234	Registered
30	ALOHA BY/PAR CHRISTINA & Design	1,230,415		Searched
31	AUSTRAL	613,162	TMA361,351	Registered
32	AUSTRAL STAMINA	644,485	TMA377,717	Registered
33	CAPTIVA	468,131	TMA265,860	Registered
34	CIRCLE & WAVES DESIGN	412,172	TMA235,461	Registered
35	COSTA DEL SOL BY/PAR CHRISTINA Design	1,234,889		Allowed
36	FANTASIZER	1,180,316	TMA627,700	Registered
37	LE FUNSKIN	426,529	TMA245,609	Registered
38	NEOTOUCH	713,984	TMA416,796	Registered
39	SLIM WRAP	1,111,509	TMA590,583	Registered
40	SOUTH COAST	1,153,838	TMA604,011	Registered
41	ZIPWRAP	1,206,170	TMA628,260	Registered