

06-28-2006

DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office



6/28/06

RECORD
TRAC

103265509

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):

Groupe Procycle Inc.

- Individual(s)
- General Partnership
- Corporation- State: Province of Quebec
- Other _____
- Association
- Limited Partnership

Citizenship (see guidelines) Province of Quebec

Additional names of conveying parties attached? Yes No

3. Nature of conveyance / Execution Date(s) :

Execution Date(s) March 24, 2006

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

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: GMAC Commercial Finance Corporation - Canada/

Internal

Address: Societe Financiere Commerciale GMAC - Canada

Street Address: 800 Rene Levesque Blvd. West, Suite 2300

City: Montreal

State: Province of Quebec

Country: Canada Zip: H3B 1X9

Association Citizenship _____

General Partnership Citizenship _____

Limited Partnership Citizenship _____

Corporation Citizenship Canada

Other _____ Citizenship _____

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)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)
See annexed Schedule A

B. Trademark Registration No.(s)
See annexed Schedule A

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

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

Name: Otterbourg, Steindler, Houston & Rosen, P.C.

Internal Address: Attention: Cathleen A. Pellegrino,
Legal Assistant

Street Address: 230 Park Avenue

City: New York

State: New York Zip: 10169

Phone Number: 212-661-9100 ext. 310

Fax Number: 212-682-6104

Email Address: cpellegrino@shr.com

6. Total number of applications and registrations involved:

40

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 1,015.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number _____

Authorized User Name _____

9. Signature:

[Handwritten Signature] ASSIGNS DIV

Signature

6/21/06

Date

06/28/2006 DBYRNE 00000105 2622863

01 FC:8521
02 FC:8522

40.00 OF 975.00
2006 JUN 28 09:00 AM
975.00

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

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

TRADEMARK
REEL: 003363 FRAME: 0281

SCHEDULE A

LIST OF TRADEMARKS AND APPLICATIONS

MIELE	2,622,863
ELEKTRON	2,239,562
EVOX	2894161
BALFA	2824462
EQUIPE	1751179
MIKADO	2,136,475
ORYX	2,175,894
VELO SPORT	1,467,968
BLIZZARD	1,723,601
BODYGUARD	2,720,630
BODYGUARD & Dessin	934.405
CARDIAC	2,048,762
ELEMENT	2,403,911
ELEVATION	2,504,655
EQUIPE	1,751,179
ETSX	2,909,518
EXCURSION	2,790,071
FUSION	1,890,990
HAMMER	1,747,020
INSTINCT	2,454,661
JustGo	2,572,676
LATITUDE	2,560,970
LOGO COEUR	2723349
LOGO COEUR	2,723,349
OXYGEN	2,232,329
PIPELINE	2,475,249
REAPER	2,479,760
RIDE THE DIFFERENCE	2,671,261
RM9	2,443,973
RMX	3,025,054
ROCKY MOUNTAIN	2,189,228
SLAYER	2,735,220
SOLO	3,037,067
SOUL	2,170,742
SPICE	2,172,262
TEAM ONLY	2,549,512
THIN AIR	2,368,820
THRUSTLINK	2,251,596
VERTEX	1,929,777
WHEELTECH	2,521,876

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is executed on March 24, 2006 by GROUPE PROCYCLE INC., a corporation duly incorporated under the provisions of Part 1A of the Quebec *Companies Act*, having its principal place of business at 9095 - 25th Avenue, in the City of St-Georges, Province of Quebec, Canada, postal code G6A 1A1 (the "Grantor") in favour of GMAC COMMERCIAL FINANCE CORPORATION - CANADA/SOCIÉTÉ FINANCIÈRE COMMERCIALE GMAC - CANADA, with offices at 800 René Lévesque Blvd. West, Suite 2300, in the City of Montreal, Province of Quebec, Canada, postal code H3B 1X9 (the "Secured Party").

RECITALS

WHEREAS, the Grantor, together with each of FAUCHER INDUSTRIES INC. and COMPAGNIE CANADIENNE DE CYCLES INC./CANADIAN CYCLING COMPANY INC., has entered or will enter into the Credit Agreement (as such term is hereinafter defined) with the Secured Party, pursuant to which the Secured Party is to extend the Credit Facilities to the Grantor;

WHEREAS, it is a 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:

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.

Copyrights. (a) All copyrights in all works of authorship, and derivative works thereof, fixed in any tangible medium of expression, including, without limitation, all databases, source codes, object codes and manuals, whether published or unpublished, whether statutory or common law, whether in the United States or any other country, and all applications, registrations, renewals, extensions and recordings relating thereto, in each case in which the Grantor has any right, title or interest, whether as author, assignee, transferee or otherwise, and all other rights of the Grantor pursuant to any Copyright License, (b) all right, title and interest of the Grantor in all physical materials embodying any work with respect to which the Grantor owns or holds rights in any Copyright or Copyright License, and (c) the right to sue for past, present and future infringements of any thereof, all rights corresponding thereto throughout the world, and all goodwill associated therewith, all extensions, continuations and renewals of any thereof, and all proceeds of the foregoing, including licenses, fees, royalties, income, payments, claims, damages and proceeds of suit.

Copyrights Licenses. (a) Any agreement, written or oral, naming the Grantor as licensor or licensee, granting any right in or to any Copyright or (b) any and all agreements, including, without limitation, assignments and consents, as any such agreements may from time to time be amended or supplemented, pursuant to which the Grantor has any direct or beneficial interest in any Copyright, or is a grantor of rights to any third party with respect to any Copyright, whether as a party to any such agreement or as an assignee of any rights under any such agreement, excluding, however, non-exclusive computer software licenses.

Credit Agreement. Credit Agreement bearing formal date March 24, 2006 executed or to be executed between the Grantor, FAUCHER INDUSTRIES INC. and COMPAGNIE CANADIENNE DE CYCLES INC./CANADIAN CYCLING COMPANY INC., as the therein described "Borrowers", and the Secured Party, as the therein described "Lender", as well as any and all future amendments, supplements and/or addendums 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.

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 Secured Partys, truckers, warehousemen, vendors, selling Secured Party's 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.

Patents. (a) All patents and like protections, including patents, design patents and utility models, and all registrations and recordings thereof, including all applications, improvements, reissues, extensions, divisions, continuations and continuations-in-part thereof, and the inventions disclosed or claimed therein, including the right to make, sell and/or use the inventions disclosed or claimed therein, in each case in which the Grantor has any right, title or interest, (b) all Patent Licenses, and (c) the right to sue for past, present and future infringements of any thereof, all rights corresponding thereto, and all goodwill associated therewith, all extensions, continuations

and renewals of any thereof, and all proceeds of the foregoing, including licenses, fees, royalties, income, payments, claims, damages and proceeds of suit.

Patent Licenses. All agreements, whether written or oral, providing for the grant by or to the Grantor of any right to manufacture, use or sell any invention covered by a Patent, and all rights of the Grantor under such agreement.

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, and (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 any or all of the Grantor, Faucher Industries Inc. and/or Compagnie Canadienne de Cycles Inc./Canadian Cycling Company Inc. to the Secured Party pursuant to the provisions of 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.

Trademarks. a) All trademarks, service marks, trade names, corporate names, company names, business names, operating names, domain names, fictitious business names, trade styles, certification marks, collective marks, call signs, logos, other source of business identifiers, prints, labels and goods on which any of the foregoing appear or have appeared, designs (including product designs) and general intangibles of a like nature (any and all of the foregoing being the "Trademarks"), anywhere in the world, whether registered or not and whether currently in use or not, all registrations and recordings thereof and all applications to register the same, whether pending or in preparation for filing, including registrations, recordings and applications in the United States Patent and Trademark Office or in any office or agency of the United States of America or any State thereof or any foreign country, and (b) all Trademark licenses, and (c) all reissues, extensions or renewals of any of the foregoing, and (d) all of the goodwill of the business connected with the use of, and symbolized by, the items described in the foregoing, and (e) all proceeds, fees, royalties, income or payments of, and rights associated with, the foregoing, including any claim by the Grantor against third parties for past, present or future infringement or dilution of any Trademark, Trademark registration or Trademark License, or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark License.

Trademark Licenses. All agreements, written or oral, providing for the grant by or to the Grantor of any right to use any Trademark.

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 Secured Party all of its rights, title and interest in, and grants to the Secured Party 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 Secured Party or its designee, in the exact form received, with the Grantor's endorsement or reassignment when necessary, to be held by the Secured Party as Collateral.

Section 3. Secured Party's Rights with respect to Collateral. The Secured Party 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 Secured Party in such property of the Grantor and that payment thereof is to be made directly to the Secured Party; (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 Secured Party 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 Secured Party 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 Secured Party 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 Secured Party 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 Secured Party by this Section are solely to protect the interests of the Secured Party and shall not impose any duties on the Secured Party 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;
- (c) Schedule "I" hereto includes all Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks and Trademark Licenses owned by the Grantor in its own name as of the date hereof which are required for the conduct of the Grantor's business. To the best of the Grantor's knowledge, each Copyright, Patent and Trademark is valid, subsisting, unexpired, enforceable and has not been abandoned. No holding, decision or judgment has been rendered by any governmental authority which would limit, cancel or question the validity of any Copyright, Patent or Trademark. No action or proceeding is pending (i) seeking to limit, cancel or question the validity of any Copyright, Patent or Trademark, or (ii) which, if adversely determined, would have a material adverse effect on the value of any Copyright, Patent or Trademark.

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 Secured Party 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 Secured Party 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 Secured Party's security interest in the Collateral granted or intended to be granted and agreed to hereby;
- (b) it shall not amalgamate, merge or consolidate with any other Person unless (i) such Person 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 Secured Party 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 Secured Party and its representatives may examine the same, take extracts therefrom and make photocopies thereof, and the Grantor agrees to render to the Secured Party, at such Grantor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. The Secured Party 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 Secured Party 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 Secured Party 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 Secured Party 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 Secured Party, assemble all or part of the Collateral as directed by the Secured Party and make it available to the Secured Party at a place to be designated by the Secured Party that is reasonably convenient to both parties and allow inspection of the Collateral by the Secured Party, or persons designated by the Secured Party; and
 - (iv) at the Secured Party's request, appear in and defend any action or proceeding that may affect such Grantor's title to or the Secured Party's security interest in all or any part of the Collateral.
- (b) The Grantor hereby authorizes the Secured Party 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 Secured Party may determine, in its sole discretion, are necessary or advisable to perfect the security interest granted to the Secured Party 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 Secured Party 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 Secured Party 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 Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party 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 an "Event of Default" hereunder.

Section 9. Secured Party's Rights and Remedies.

- (a) So long as any Event of Default shall have occurred and be continuing:
- (i) the Secured Party 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 Secured Party may, so far as the Grantor can give authority therefor, in person, by Secured Party 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 Secured Party. The Secured Party may exclude the Grantor from such premises or portion thereof as may have been so entered upon, occupied, or used by the Secured Party. The Secured Party shall not be required to remove any of the Collateral from any such premises upon the Secured Party's taking possession thereof, and may render any Collateral unusable to the Grantor. In no event shall the Secured Party be liable to the Grantor for use or occupancy by the Secured Party 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 Secured Party's exercise of the Secured Party's rights and remedies;
 - (ii) the Grantor will, upon demand, assemble the Collateral and make it available to the Secured Party at a place and time designated by the Secured Party that is reasonably convenient to both parties;
 - (iii) the Secured Party 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 Secured Party 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 Secured Party 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 Secured Party 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 Secured Party may determine, and the Secured Party may purchase any Collateral at any such sale. The Secured Party 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 Secured Party at such sale. Unless the Collateral threatens to decline rapidly in value or is of the type customarily sold on a recognized market, the Secured Party 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 Secured Party 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 Secured Party 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 Secured Party 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 Secured Party's benefit.

- (d) The Grantor recognizes that the Secured Party 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 Secured Party 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 Secured Party 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 Secured Party be held by the Secured Party 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 Secured Party 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 Secured Party. 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 Secured Party may deem advisable. The Secured Party may exercise its rights with respect to the Collateral without resorting, or regard, to other collateral or sources of reimbursement for Secured Obligations. The Secured Party 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 Secured Party. No delay or omission on the part of the Secured Party 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 Secured Party 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 Secured Party 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 Secured Party for all reasonable expenses (including attorneys' fees of outside counsel or allocated costs of in-house counsel) incurred or paid by the Secured Party 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 Secured Party 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 Secured Party 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 Secured Party 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 Secured Party 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 Secured Party and each other Secured Party hereunder, to the benefit of the Secured Party 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 Secured Party'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 Secured Party'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 Secured Party.

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 Secured Party (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 Secured Party and the Grantor, and these provisions shall be subject to no exceptions. Neither the Secured Party 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.

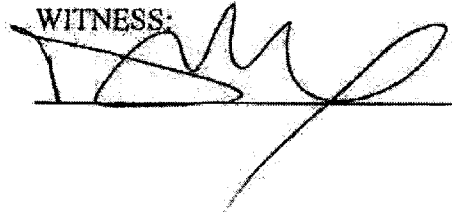
GRANTOR:

GROUPE PROCYCLE INC.

Per:


Raymond Dutil, President


WITNESS:



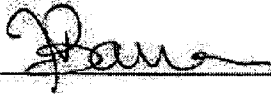
SECURED PARTY:

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

Per:


Stuart Coulter, Vice-President

WITNESS



GROUPE PROCYCLE 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>Chief Executive Office/Sole Place of Business</u>	<u>Organization I.D.#</u>
Groupe Procycle Inc.	Company	Quebec	9095-25th Avenue St-Georges, Quebec G6A 1A1	

(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>

(c) **TRADEMARKS:**

<u>Trademark</u>	<u>Country</u>	<u>Registration No.</u>
ECCO	Canada	TMA512,653
BIKE BUDDY	Canada	513,226
CHAOS	Canada	505,785
RIPTIDE	Canada	508,038
MIELE&Dessin	Canada	346,964
MIELE	Canada	346,965
MIELE&Dessin	Canada	355,772
QUAZAR	Canada	590,087
VOLT	Canada	565,195
AERO	Canada	293,467
ALPIN	Canada	285,930
APPALACHE	Canada	292,538
BANFF	Canada	365,299
BOBCAT	Canada	215,378
BREEZE	Canada	236,459
BRUTUS	Canada	282,730

<u>Trademark</u>	<u>Country</u>	<u>Registration No.</u>
CAMELEON	Canada	285,931
CAN AM	Canada	306,197
CANDI	Canada	306,737
CANYON EXPRESS	Canada	306,228
CAVALIER	Canada	296,420
CITY EXPRESS	Canada	378,582
CLASSIQUE	Canada	282,008
COBRA	Canada	202,028
COMMUTER	Canada	390,684
COMPACT	Canada	307,994
MUSTANG	Canada	563,834
CROSS-COUNTRY	Canada	UCA 14194
DBS	Canada	383,881
ELAN	Canada	205,365
ELEKTRON	Canada	500,495
ELITE	Canada	205,023
EMPIRE	Canada	312,857
ENERGY	Canada	494,381
ESCAPADE	Canada	271,410
EUROPA	Canada	317,206
EXPRESS	Canada	292,149
FALCON	Canada	NS 4451/14
FLAIR	Canada	202,042
FOX	Canada	307,995
GUIDE	Canada	274,633
HEAT	Canada	487,058
HELIUM	Canada	488,123
ISS	Canada	399,450
JASPER	Canada	297,123
LAGUNA	Canada	269,377
LE COMPAGNON	Canada	303,996
LRC	Canada	359,808
MARAUDER	Canada	202,035
MARLIN	Canada	309,641
MIKADO	Canada	475,550
MISTY	Canada	311,510
MONZA	Canada	236,456
MOUNTAIN WERKS	Canada	395,619
NAVIGATOR	Canada	488,122
NORTHLAND	Canada	441,572
ORIENT EXPRESS	Canada	306,226
ORYX	Canada	474,692
ORYX	Canada	471,166

<u>Trademark</u>	<u>Country</u>	<u>Registration No.</u>
PETIT AMOUR	Canada	365,298
PETIT DÉMON	Canada	365,899
PROCYCLE	Canada	438,928
PROCYCLE	Canada	471,498
PRESTIGE	Canada	271,409
PRINCESSE	Canada	315,982
PRO RACING	Canada	308,800
PURSUIT	Canada	202,034
PYRENEES	Canada	365,543
RAGE	Canada	447,164
RAIDER	Canada	306,736
RAINBOW DELIGHT	Canada	316,209
RAINBOWS	Canada	310,692
REBEL	Canada	230,831
ROTTWEILLER	Canada	441,903
ROUTIER	Canada	285,286
SEVILLE	Canada	245,113
SHOCKWAVE	Canada	488,121
SWEETHEARTS	Canada	306,738
TARGA	Canada	414,296
TOUR DE FRANCE	Canada	320,552
TOUR DU MONDE	Canada	316,660
TWISTER	Canada	487,768
URBAN EXPRESS	Canada	306,227
V DESSIN	Canada	301,960
VELOCARE	Canada	397,185
VELOCLUB	Canada	308,663
VELOMATIC	Canada	346,764
VELO SPORT	Canada	306,320
VELOTECH	Canada	306,225
VOODOO	Canada	246,600
X HEAT	Canada	492,260
REVENGE	Canada	565,365
NUOVO	Canada	567,598
RIOT	Canada	567,625
AUSSY	Canada	588,829
QUETZAL	Canada	574,425
ENERGY	Canada	494,381
MIELE	USA	2,622,863
ELEKTRON	USA	2,239,562
PROCYCLE	Mexique	554,723

<u>Trademark</u>	<u>Country</u>	<u>Registration No.</u>
TABU	Canada	588,933
MARBLE	Canada	588,934
EVOX	USA	2894161
BALFA	Canada	584,895
BALFA	USA	—
BALFA	Mexique	798,774
BALFA	Suisse	507,496
EQUIPE	Canada	
MIELE	Mexique	858 240
ELITE	Canada	205,023
EQUIPE	USA	
ECHO	Canada	TMA 607,672
MIKADO	USA	2,136,475
ORYX	USA	2,175,894
VELO SPORT	USA	1,467,968
PROCYCLE	France	1,532,067
VELO SPORT & LOGO	France	1,311,381
MIKADO	Mexique	215,906
ORYX	Mexique	215,905
VELO SPORT	Mexique	215,904
ORYX	UK	1,585,342
STYLUS	Canada	588,831
STALLION	Canada	588,806
SWINGER	Canada	588,810
MADHATTER	Canada	588,800
EMPORIA	Canada	588,718
BIKEXSTRAS	Canada	1155135
BLIZZARD	Canada	371038
CHAOS	Canada	505785
CITY EXPRESS	Canada	378582
EVOX	Canada	604970
LATITUDE	Canada	541992
MAGELLAN	Canada	539431
NEWTON	Canada	578934
PHANTOM	Canada	237274
POLAR HEAT	Canada	421621
ROYAL KNIGHT	Canada	288646
SUPRA	Canada	288026
SWITCH	Canada	1258498
VMX	Canada	288028

<u>Trademark</u>	<u>Country</u>	<u>Registration No.</u>
ALTITUDE	Canada	429,690
BLIZZARD	Canada	371,038
BLIZZARD	USA	1,723,601
BODYGUARD	Allemagne	949.853
BODYGUARD	Canada	587,629
BODYGUARD	Chine	1,771,402
BODYGUARD	Chine	1,68 1,926
BODYGUARD	Grèce	142,102
BODYGUARD	Hong Kong	B13095/2002
BODYGUARD	Indonésie	485543
BODYGUARD	Indonésie	485544
BODYGUARD	Israël	
BODYGUARD	Malaisie	2000-08737
BODYGUARD	Norvège	92.161
BODYGUARD	Nouvelle-Zélande	600443
BODYGUARD	Nouvelle-Zélande	600444
BODYGUARD	Portugual	340603
BODYGUARD	Russie	241759
BODYGUARD	Singapour	T00/11678Z
BODYGUARD	Singapour	T00/11679H
BODYGUARD	USA	2,720,630
BODYGUARD	Venezuela	A venir
BODYGUARD & Dessin	Allemagne	890,475
BODYGUARD & Dessin	Angleterre	965,297
BODYGUARD & Dessin	Angleterre	965,296
BODYGUARD & Dessin	Australie	733,584
BODYGUARD & Dessin	Autriche	68,725
BODYGUARD & Dessin	Benelux	201,074
BODYGUARD & Dessin	Canada	183,076
BODYGUARD & Dessin	Danemark	VR 1871/ 1971
BODYGUARD & Dessin	Espagne	639,871
BODYGUARD & Dessin	Finlande	61,399
BODYGUARD & Dessin	France	1,649,502
BODYGUARD & Dessin	Italy	587,909
BODYGUARD & Dessin	Japon	1,401,947
BODYGUARD & Dessin	Norvège	132,844
BODYGUARD & Dessin	Suède	134,397
BODYGUARD & Dessin	Suisse	278,872
BODYGUARD & Dessin	USA	934,405
BODYGUARD FITNESS&Dessin	Mexique	782,833
BODYGUARD FITNESS&Dessin	Mexique	625,500
CARDIAC	Canada	465,241
CARDIAC	USA	2,048,762
CIRRUS	Canada	375,456

<u>Trademark</u>	<u>Country</u>	<u>Registration No.</u>
EDGE	Canada	417,993
ELEMENT	Allemagne	300 77 355
ELEMENT	Canada	513,330
ELEMENT	USA	2,403,911
ELEVATION	USA	2,504,655
EQUIPE	Canada	368,273
EQUIPE	USA	1,751,179
ETSX	Canada	602,351
ETSX	COMMUNAUTAIRE	2,802,502
ETSX	Mexique	794,280
ETSX	Suisse	507,034
ETSX	USA	2,909,518
EXCURSION	Canada	TMB 557,740
EXCURSION	USA	2,790,071
EXPERIENCE	Canada	565,194
FAT CITY FLYER	Canada	326,892
FLOW	COMMUNAUTAIRE	3,005,469
FUSION	Canada	368,715
FUSION	USA	1,890,990
GET FIT	Canada	302,568
GYM TECH	Canada	313,579
HAMMER	Canada	368,716
HAMMER	USA	1,747,020
HEAVEN	Canada	514,490
INSTINCT	Canada	515,761
INSTINCT	USA	2,454,661
JustGo	USA	2,572,676
LATITUDE	USA	2,560,970
LOGO COEUR	Angleterre	2265224
LOGO COEUR	Canada	604,558
LOGO COEUR	Chine	1,771,403
LOGO COEUR	Chine	1,677,895
LOGO COEUR	Grèce	142,103
LOGO COEUR	Indonésie	485546
LOGO COEUR	Indonésie	485545
LOGO COEUR	Israël	
LOGO COEUR	Malaisie	00008736/8735
LOGO COEUR	Mexique	715,398
LOGO COEUR	Mexique	712,829
LOGO COEUR	Portugal	340602
LOGO COEUR	Russie	239769
LOGO COEUR	Singapour	TOO/11681Z
LOGO COEUR	Singapour	TOO/1680A
LOGO COEUR	USA	2723349

<u>Trademark</u>	<u>Country</u>	<u>Registration No.</u>
LOGO COEUR	USA	2,723,349
LOGO COEUR	Venezuela	A venir
LOGO RMB	Argentine	1,857,755
LOGO RMB	Canada	543,679
LOGO RMB	Chine	1,665,968
LOGO RMB	Colombie	261,391
LOGO RMB	Japon	4598138
LOGO RMB	Mexique	682472
LOGO RMB	Mexique	679,346
LOGO RMB	Mexique	688,707
LOGO RMB	Nouvelle-Zélande	621,453
LOGO RMB	Taiwan	981,863
LOVE THE RIDE	Canada	644497
METRO	Canada	368,718
OXYGEN	Canada	486,452
OXYGEN	USA	2,232,329
PIPELINE	Canada	545,180
PIPELINE	USA	2,475,249
REAPER	Canada	557,472
REAPER	USA	2,479,760
RIDE THE DIFFERENCE	Canada	584,617
RIDE THE DIFFERENCE	COMMUNAUTAIRE	2,988,293
RIDE THE DIFFERENCE	Mexique	798,775
RIDE THE DIFFERENCE	Suisse	508,750
RIDE THE DIFFERENCE	USA	2,671,261
RM6	Canada	552,423
RM9	Canada	543,657
RM9	USA	2,443,973
RMX	Canada	624 506
RMX	COMMUNAUTAIRE	3 162 468
RMX	Etats-Unis	3,025,054
ROCKY	Canada	
ROCKY	Irlande	224,469
ROCKY	Mexique	675,081
ROCKY MOUNTAIN	Australie	848981
ROCKY MOUNTAIN	Canada	565,427
ROCKY MOUNTAIN	Chili	659,443
ROCKY MOUNTAIN	Chine	1,666,024
ROCKY MOUNTAIN	Mexique	41172
ROCKY MOUNTAIN	Mexique	675080
ROCKY MOUNTAIN	Mexique	675079
ROCKY MOUNTAIN	Nouvelle-Zélande	621,451
ROCKY MOUNTAIN	Nouvelle-Zélande	621,452
ROCKY MOUNTAIN	Russie	243057

<u>Trademark</u>	<u>Country</u>	<u>Registration No.</u>
ROCKY MOUNTAIN	Suisse	432,596
ROCKY MOUNTAIN	Taiwan	979,669
ROCKY MOUNTAIN	Taiwan	960,673
ROCKY MOUNTAIN	USA	2,189,228
ROCKY MOUNTAIN BICYCLE	Danemark	VR 1993 07984
ROCKY MOUNTAIN BICYCLES	Canada	318,010
ROCKY MOUNTAIN BICYCLES	Italie	602,517
ROCKY MOUNTAIN BICYCLES	Japon	2,526,491
ROCKY MTN	Canada	549,412
ROUTE 66	Canada	TMA 543,930
SHERPA	Canada	543,808
SIGNATURE	COMMUNAUTAIRE	1,970,722
SLAYER	Canada	563,957
SLAYER	USA	2,735,220
SOLO	Canada	634,151
SOLO	COMMUNAUTAIRE	2,999,464
SOLO	USA	3,037,067
SOUL	Canada	486,454
SOUL	USA	2,170,742
SPEED	Canada	486,453
SPICE	Canada	486,162
SPICE	USA	2,172,262
STRATOS	Canada	368,717
TEAM ONLY	USA	2,549,512
THIN AIR	Canada	TMA 513,321
THIN AIR	USA	2,368,820
THRUSTLINK	Canada	546,259
THRUSTLINK	Chine	3430085
THRUSTLINK	COMMUNAUTAIRE	2,988,327
THRUSTLINK	Japon	4,697,116
THRUSTLINK	Mexique	798,248
THRUSTLINK	Suisse	508,312
THRUSTLINK	Taiwan	1,063,509
THRUSTLINK	USA	2,251,596
TURBO	Canada	252,997
VAPOR	Canada	515,742
VERTEX	Canada	463,217
VERTEX	USA	1,929,777
WHEELTECH	Canada	344,547
WHEELTECH	Chine	3430084
WHEELTECH	Japon	4,697,117
WHEELTECH	Mexique	798,249

<u>Trademark</u>	<u>Country</u>	<u>Registration No.</u>
WHEELTECH	Suisse	510,822
WHEELTECH	Taiwan	1,063,510
WHEELTECH	USA	2,521,876

COPYRIGHT LICENSES:

NONE.

COPYRIGHT APPLICATIONS:

NONE.

PATENTS / PATENT APPLICATIONS:

<u>Patent</u>	<u>Country</u>	<u>Reg. No.</u>
Head Tube Junction on a bicycle	US	6375210
Système de suspension arrière pour véhicules ...	Canada	2424428
Raccords de tube de direction de bicyclettes	Canada	2307983
Two-Wheeled Vehicle, especially a bicycle	Europe	0932 546
Rear Suspension system for two-wheeled vehicle...	US	6843494
Exercising Machine with Direct Drive to Weight Sta	Canada	CA 2180385

PATENT LICENSES:

NONE.

**GRANT OF SECURITY INTEREST
IN PATENTS AND TRADEMARKS**

THIS GRANT OF SECURITY INTEREST ("Grant"), effected as of March 30, 2006, is executed by **GROUPE PROCYCLE INC.**, a corporation constituted under the laws of the Province of Quebec (the "Grantor"), in favor of **GMAC COMMERCIAL FINANCE CORPORATION - CANADA/ SOCIÉTÉ FINANCIÈRE COMMERCIALE GMAC - CANADA** as creditor of the Grantor, all pursuant to the provisions of the Credit Agreement (as hereinafter defined) (the "Secured Party").

A. Pursuant to a "Credit Agreement" bearing formal date March 24, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") by and among, *Inter alia*, the Grantor and the Secured Party, the terms and provisions of which are hereby incorporated herein as if fully set forth herein, the Grantor has agreed to grant a security interest to the Secured Party in consideration of the Secured Party's agreement to provide financial accommodations to the Grantor.

B. Pursuant to a "General Security and Hypothecation Agreement" and a "Security Agreement" both dated March 24, 2006 (collectively the "Security Agreement"), the Grantor has granted a security interest and hypothec in favour of the Secured Party in and to all of its present and future personal and movable property of every kind and nature, tangible and intangible, including but without limitation all rights in patents, trademarks and other intellectual property of every kind or nature.

C. The Grantor (1) has adopted, used and is using the trademarks reflected in the trademark registrations and trademark applications more particularly described on Schedule 1 annexed hereto as part hereof (the "Trademarks"), and (2) has registered or applied for registration in the United States Patent and Trademark Office of the patents more particularly described on Schedule 2 annexed hereto as part hereof (the "Patents").

D. The Grantor wishes to confirm its grant to the Secured Party of a security interest in all right, title and interest of the Grantor in and to the Trademarks and Patents, and all proceeds thereof, together with the business as well as the goodwill of the business symbolized by, or related or pertaining to, the Trademarks, and the customer lists and records related to the Trademarks and Patents and all causes of action which may exist by reason of infringement of any of the Trademarks and Patents (collectively, the "T&P Collateral"), to secure the payment, performance and observance of the Obligations (as that term is defined in the Security Agreement).

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged:

1. The Grantor does hereby further grant to the Secured Party a security interest in the T&P Collateral to secure the full and prompt payment, performance and observance of the Obligations.

2. The Grantor agrees to perform, so long as the Security Agreement is in effect, all acts deemed necessary or desirable by the Secured Party to permit and assist it, at the Grantor's expense, in obtaining and enforcing the Trademarks and Patents in any and all countries. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. The Grantor hereby appoints the Secured Party as the Grantor's attorney-in-fact to execute and file any and all agreements, instruments, documents and papers as the Secured Party may determine to be necessary or desirable to evidence the Secured Party's security interest in the Trademarks and Patents or any other element of the T&P Collateral, all acts of such attorney-in-fact being hereby ratified and confirmed.

3. The Grantor acknowledges and affirms that the rights and remedies of the Secured Party with respect to the security interest in the T&P Collateral granted hereby are more fully set forth in the Security Agreement and the rights and remedies set forth herein are without prejudice to, and are in addition to, those set forth in the Security Agreement. In the event that any provisions of this Grant are deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall govern.

4. The Grantor hereby authorizes the Secured Party to file all such financing statements or other instruments to the extent required by the Uniform Commercial Code and agrees to execute all such other documents, agreements and instruments as may be required or deemed necessary by the Secured Party, in each case for purposes of affecting or continuing Secured Party's security interest in the T&P Collateral.

5. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Credit Agreement.

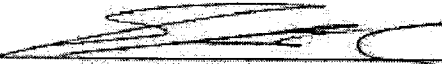
6. The parties acknowledge that they have required that this Agreement and all related documents be drawn up in English. Les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en anglais.

IN WITNESS WHEREOF, the Grantor has caused this instrument to be executed as of the day and year first above written.

GROUPE PROCYCLE INC.

By: 
Name: Raymond Dutil
Title: President

**GMAC COMMERCIAL FINANCE
CORPORATION - CANADA**

By: 
Name: Stuart Coulter
Title: Vice-President

SCHEDULE 1 TO GRANT OF SECURITY INTEREST

REGISTERED TRADEMARKS AND TRADEMARK APPLICATIONS

<u>Trademark</u>	<u>Country</u>	<u>Registration No.</u>
ECCO	Canada	TMA512,653
BIKE BUDDY	Canada	513,226
CHAOS	Canada	505,785
RIPTIDE	Canada	508,038
MIELE&Dessin	Canada	346,964
MIELE	Canada	346,965
MIELE&Dessin	Canada	355,772
QUAZAR	Canada	590,087
VOLT	Canada	565,195
AERO	Canada	293,467
ALPIN	Canada	285,930
APPALACHE	Canada	292,538
BANFF	Canada	365,299
BOBCAT	Canada	215,378
BREEZE	Canada	236,459
BRUTUS	Canada	282,730
CAMELEON	Canada	285,931
CAN AM	Canada	306,197
CANDI	Canada	306,737
CANYON EXPRESS	Canada	306,228
CAVALIER	Canada	296,420
CITY EXPRESS	Canada	378,582
CLASSIQUE	Canada	282,008
COBRA	Canada	202,028
COMMUTER	Canada	390,684
COMPACT	Canada	307,994
MUSTANG	Canada	563,834
CROSS-COUNTRY	Canada	UCA 14194
DBS	Canada	383,881
ELAN	Canada	205,365
ELEKTRON	Canada	500,495
ELITE	Canada	205,023
EMPIRE	Canada	312,857
ENERGY	Canada	494,381
ESCAPADE	Canada	271,410
EUROPA	Canada	317,206
EXPRESS	Canada	292,149
FALCON	Canada	NS 4451/14

FLAIR	Canada	202,042
FOX	Canada	307,995
GUIDE	Canada	274,633
HEAT	Canada	487,058
HELIUM	Canada	488,123
ISS	Canada	399,450
JASPER	Canada	297,123
LAGUNA	Canada	269,377
LE COMPAGNON	Canada	303,996
LRC	Canada	359,808
MARAUDER	Canada	202,035
MARLIN	Canada	309,641
MIKADO	Canada	475,550
MISTY	Canada	311,510
MONZA	Canada	236,456
MOUNTAIN WERKS	Canada	395,619
NAVIGATOR	Canada	488,122
NORTHLAND	Canada	441,572
ORIENT EXPRESS	Canada	306,226
ORYX	Canada	474,692
ORYX	Canada	471,166
PETIT AMOUR	Canada	365,298
PETTIT DÉMON	Canada	365,899
PROCYCLE	Canada	438,928
PROCYCLE	Canada	471,498
PRESTIGE	Canada	271,409
PRINCESSE	Canada	315,982
PRO RACING	Canada	308,800
PURSUIT	Canada	202,034
PYRENEES	Canada	365,543
RAGE	Canada	447,164
RAIDER	Canada	306,736
RAINBOW DELIGHT	Canada	316,209
RAINBOWS	Canada	310,692
REBEL	Canada	230,831
ROTTWEILLER	Canada	441,903
ROUTIER	Canada	285,286
SEVILLE	Canada	245,113
SHOCKWAVE	Canada	488,121
SWEETHEARTS	Canada	306,738
TARGA	Canada	414,296
TOUR DE FRANCE	Canada	320,552
TOUR DU MONDE	Canada	316,660
TWISTER	Canada	487,768
URBAN EXPRESS	Canada	306,227
V DESSIN	Canada	301,960

VELOCARE	Canada	397,185
VELOCLUB	Canada	308,663
VELOMATIC	Canada	346,764
VELO SPORT	Canada	306,320
VELOTECH	Canada	306,225
VOODOO	Canada	246,600
X HEAT	Canada	492,260
REVENGE	Canada	565,365
NUOVO	Canada	567,598
RIOT	Canada	567,625
AUSSY	Canada	588,829
QUETZAL	Canada	574,425
ENERGY	Canada	494,381
TABU	Canada	588,933
MARBLE	Canada	588,934
BALFA	Canada	584,895
EQUIPE	Canada	
ELITE	Canada	205,023
ECHO	Canada	TMA 607,672
STYLUS	Canada	588,831
STALLION	Canada	588,806
SWINGER	Canada	588,810
MADHATTER	Canada	588,800
EMPORIA	Canada	588,718
BIKEXSTRAS	Canada	1155135
BLIZZARD	Canada	371038
CHAOS	Canada	505785
CITY EXPRESS	Canada	378582
EVOX	Canada	604970
LATITUDE	Canada	541992
MAGELLAN	Canada	539431
NEWTON	Canada	578934
PHANTOM	Canada	237274
POLAR HEAT	Canada	421621
ROYAL KNIGHT	Canada	288646
SUPRA	Canada	288026
SWITCH	Canada	1258498
VMX	Canada	288028

Trademark

Country

Registration No.

ALTITUDE	Canada	429,690
BLIZZARD	Canada	371,038
BODYGUARD	Canada	587,629
BODYGUARD & Dessin	Canada	183,076
CARDIAC	Canada	465,241

CIRRUS	Canada	375,456
EDGE	Canada	417,993
ELEMENT	Canada	513,330
EQUIPE	Canada	368,273
ETSX	Canada	602,351
EXCURSION	Canada	TMB 557,740
EXPERIENCE	Canada	565,194
FAT CITY FLYER	Canada	326,892
FUSION	Canada	368,715
GET FIT	Canada	302,568
GYM TECH	Canada	313,579
HAMMER	Canada	368,716
HEAVEN	Canada	514,490
INSTINCT	Canada	515,761
LOGO COEUR	Canada	604,558
LOGO RMB	Canada	543,679
LOVE THE RIDE	Canada	644497
METRO	Canada	368,718
OXYGEN	Canada	486,452
PIPELINE	Canada	545,180
REAPER	Canada	557,472
RIDE THE DIFFERENCE	Canada	584,617
RM6	Canada	552,423
RM9	Canada	543,657
RMX	Canada	624 506
ROCKY	Canada	
ROCKY MOUNTAIN	Canada	565,427
ROCKY MOUNTAIN BICYCLES	Canada	318,010
ROCKY MTN	Canada	549,412
ROUTE 66	Canada	TMA 543,930
SHERPA	Canada	543,808
SLAYER	Canada	563,957
SOLO	Canada	634,151
SOUL	Canada	486,454
SPEED	Canada	486,453
SPICE	Canada	486,162
STRATOS	Canada	368,717
THIN AIR	Canada	TMA 513,321
THRUSTLINK	Canada	546,259
TURBO	Canada	252,997
VAPOR	Canada	515,742
VERTEX	Canada	463,217
WHEELTECH	Canada	344,547

<u>Trademark</u>	<u>Country</u>	<u>Registration No.</u>
MIELE	USA	2,622,863
ELEKTRON	USA	2,239,562
EVOX	USA	2894161
BALFA	USA	--
EQUIPE	USA	
MIKADO	USA	2,136,475
ORYX	USA	2,175,894
VELO SPORT	USA	1,467,968

<u>Trademark</u>	<u>Country</u>	<u>Registration No.</u>
BLIZZARD	USA	1,723,601
BODYGUARD	USA	2,720,630
BODYGUARD & Dessin	USA	934.405
CARDIAC	USA	2,048,762
ELEMENT	USA	2,403,911
ELEVATION	USA	2,504,655
EQUIPE	USA	1,751,179
ETSX	USA	2,909,518
EXCURSION	USA	2,790,071
FUSION	USA	1,890,990
HAMMER	USA	1,747,020
INSTINCT	USA	2,454,661
JustGo	USA	2,572,676
LATITUDE	USA	2,560,970
LOGO COEUR	USA	2723349
LOGO COEUR	USA	2,723,349
OXYGEN	USA	2,232,329
PIPELINE	USA	2,475,249
REAPER	USA	2,479,760
RIDE THE DIFFERENCE	USA	2,671,261
RM9	USA	2,443,973
RMX	USA	3,025,054
ROCKY MOUNTAIN	USA	2 189 228
SLAYER	USA	2,735,220
SOLO	USA	3,037,067
SOUL	USA	2,170,742
SPICE	USA	2,172,262
TEAM ONLY	USA	2,549,512
THIN AIR	USA	2,368,820
THRUSTLINK	USA	2,251,596
VERTEX	USA	1,929,777
WHEELTECH	USA	2,521,876

SCHEDULE 2 TO GRANT OF SECURITY INTEREST

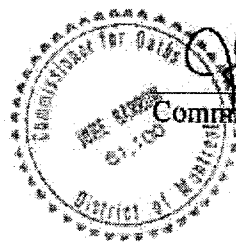
PATENTS AND PATENT APPLICATIONS

<u>Patent</u>	<u>Country</u>	<u>Reg. No.</u>
Système de suspension arrière pour véhicules ...	Canada	2424428
Raccords de tube de direction de bicyclettes	Canada	2307983
Exercising Machine with Direct Drive to Weight Sta	Canada	CA 2180385

<u>Patent</u>	<u>Country</u>	<u>Reg. No.</u>
Head Tube Junction on a bicycle	US	6375210
Rear Suspension system for two-wheeled vehicle...	US	6843494

CITY OF MONTREAL, PROVINCE OF QUEBEC


On this 30th day of March, 2006 before me personally came RAYMOND DUTIL who, being by me duly sworn, did state as follows: that he is the President of GROUPE PROCYCLE INC. and that he is authorized to execute the foregoing Grant on behalf of said corporation and that he did so by authority of the Board of Directors of said corporation.



[Handwritten signature] #61.100
Commissioner of Oaths for the City &
District of Montreal

CITY OF MONTREAL, PROVINCE OF QUEBEC

On this 30th day of March, 2006 before me personally came **STUART COULTER** who, being by me duly sworn, did state as follows: that he is the Vice-President of **GMAC COMMERCIAL FINANCE CORPORATION - CANADA** and that he is authorized to execute the foregoing Grant on behalf of said corporation as he so declares.


#61.100
Commissioner of Oaths for the City &
District of Montreal