

Form PTO-1594 (Rev. 03/05)  
OMB Collection 0661-0027 (exp. 6/30/2005)

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

### RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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):**

AMERIC DISC INC.

- Individual(s)
- General Partnership
- Corporation- State: \_\_\_\_\_
- Other Corporation
- Association
- Limited Partnership

Citizenship (see guidelines) Canada

Additional names of conveying parties attached?  Yes  No

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

Execution Date(s) November 15, 2006

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

**2. Name and address of receiving party(ies)**

Additional names, addresses, or citizenship attached?  Yes  No

Name: TEC ABL FUND I LIMITED PARTNERSHIP

Internal Address: Suite 3820, BCE Place,  
Address: TD Canada Trust Tower

Street Address: 161 Bay St.

City: Toronto

State: Ontario

Country: Canada Zip: M5J 2S1

- Association
- General Partnership
- Limited Partnership
- Corporation
- Other \_\_\_\_\_
- Citizenship \_\_\_\_\_
- Citizenship \_\_\_\_\_
- Citizenship Canada
- 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)

77/006,682

B. Trademark Registration No.(s)

2,424,795

Additional sheet(s) attached?  Yes  No

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

AMERIC, AMERIC DISC

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

Name: A. Yates Dowell, III

Internal Address: Suite 406

Street Address: 2111 Eisenhower Avenue

City: Alexandria

State: Virginia Zip: 22314

Phone Number: (703) 415-2555

Fax Number: (703) 415-2559

Email Address: yates@dowellpc.com

**6. Total number of applications and registrations involved:**

2

**7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$65**

- 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 04-1577

Authorized User Name A. Yates Dowell, III

**9. Signature:**

A. Yates Dowell, III  
Signature

A. Yates Dowell, III  
Name of Person Signing

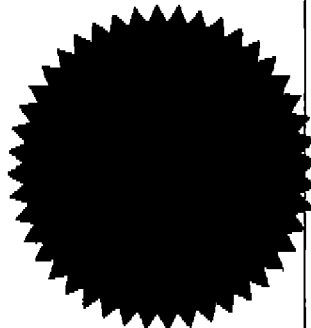
December 14, 2006  
Date

Total number of pages including cover sheet, attachments, and document: 29

Documents to be recorded (including cover sheet) should be faxed to (703) 306-8998, or mailed to:  
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1460, Alexandria, VA 22313-1460

TRADEMARK

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Minute 255

**DEED OF HYPOTHEC  
ON THE UNIVERSALITY OF MOVABLE AND  
IMMOVABLE PROPERTY**

ON THIS fifteenth (15<sup>th</sup>) day of November, TWO THOUSAND AND SIX (2006).

Before M<sup>rs</sup> Sabrina DESGAGNE, the undersigned Notary for the Province of Québec, practicing in the City of Montréal.

**APPEARED:**

DISQUE AMÉRIC INC./AMERIC DISC INC., a corporation incorporated under the *Canada Business Corporations Act*, having its registered or head office at 2525 Canadian Street, in the City of Drummondville, Province of Québec, J2C 7W2, herein acting and represented by Louis Roch Langlois, its Chief Financial Officer, duly authorized for the purposes hereof by virtue of a resolution of its Board of Directors dated November 9, 2006, a certified true copy or duplicate of which is annexed hereto after having been acknowledged as true and signed for identification by the said representative with and in the presence of the undersigned Notary,

(hereinafter the "Grantor")

**AND:**

TEC ABL FUND I LIMITED PARTNERSHIP, a limited partnership organized under the laws of Manitoba, herein acting and represented by its General Partner, Third Eye Credit Corporation, a corporation incorporated under the *Ontario Business Corporations Act*, having a place of business at BCE Place, TD Canada Trust Tower, 161 Bay Street, Suite 3820, in the City of Toronto, Province of Ontario, M5J 2S1, herein acting and represented by M<sup>rs</sup>. Michèle Friel, its duly authorized representative as he so declares,

(hereinafter the "Lender")

WHEREAS the Grantor, the Lender, and the other Loan Parties signatory thereto have entered into, or will enter into, a Loan and Security Agreement dated on or about the date herewith, as such agreement may be amended, restated, supplemented, replaced or otherwise modified from time to time (the "Loan and Security Agreement"); unless otherwise defined herein, all capitalized words and expressions when used herein shall have the same meaning as ascribed thereto in the Loan and Security Agreement;

WHEREAS, to secure the punctual payment and performance of its obligations under the Loan Documents, including the present Deed of Movable and Immovable Hypothec (hereinafter called "this Deed"), the Grantor has agreed to execute and deliver this Deed in favour of the Lender;

**NOW, THEREFORE, THIS DEED WITNESSETH:**

**1. SECURED OBLIGATIONS**

The Hypothec (as hereinafter defined) granted by this Deed secures the performance of the following obligations (hereinafter collectively called the "Secured Obligations"):

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**REEL: 003447 FRAME: 0062**

- 1.1 the prompt payment and performance in full, as and when due and payable, of all Obligations (as such term is defined in the Loan and Security Agreement);
- 1.2 the strict performance and observance by any Loan Party of all agreements, warranties, representations, covenants, conditions and obligations (whether actual or contingent, whether now existing or hereafter arising, whether or not for the payment of money, and including, without limitation, any obligation or liability to pay damages) pursuant to or in connection with the Loan Documents, all as now in effect or as hereafter entered into or amended, and
- 1.3 the prompt payment, as and when due and payable, of all other amounts now or hereafter owing by any Loan Party to the Lender, under or in connection with the Loan and Security Agreement and the other Loan Documents, including by way of guarantee or indemnity, whether now existing or hereafter incurred, matured or unmatured, direct, indirect or contingent, including any extensions and renewals thereof and including the payment of all amounts payable by the Grantor hereunder and the legitimate costs (including, without limitation, all reasonable fees, charges and disbursements of counsel) that the Lender may incur to recover the obligations secured hereby and to preserve the Hypothecated Property (as such expression is hereinbelow defined).

## 2. HYPOTHEC

### 2.1 Amount of Hypothec

To secure the performance of the Secured Obligations, the Grantor hereby hypothecates and, to the extent necessary or useful, particularly but without limitation with respect to property located outside of the Province of Québec, creates a security interest in (the hypothec and the security interest are hereinafter collectively called the "Hypothec"), in favour of the Lender, the Hypothecated Property described in Section 3 hereof for the sum of CANADIAN TWELVE MILLION FIVE HUNDRED THOUSAND dollars (CDN\$12,500,000.00) bearing interest at the rate of TWENTY-FIVE percent (25%) per annum from the date hereof, compounded annually.

### 2.2 Interpretation

The parties hereto acknowledge and confirm as follows:

- 2.2.1 that the Hypothec created on the Hypothecated Property pursuant to this Deed is not and shall not be construed as a floating hypothec within the meaning of articles 2715 *et seq.* of the *Civil Code of Québec*;
- 2.2.2 that the Hypothec constituted hereunder will remain in full force and effect for the full amount stipulated in Section 2.1 hereof until such time as an express written discharge is executed by the Lender and delivered to the Grantor. The Hypothec, security and rights hereby created in favour of the Lender will not be extinguished, reduced, novated or otherwise affected by any payments made to or amounts received by the Lender, directly or indirectly, from the Grantor or any other party or as a result of any insurance indemnities arising from loss or damage to any of the

Hypothecated Property or by reason of the collection of any claims hypothecated hereunder, and

- 2.2.3 that should the Secured Obligations at any time be fully extinguished without an express discharge of the Hypothec created hereunder having been granted, and should any new Secured Obligations arise, the security created hereunder will secure such new Secured Obligations in the same manner and to the same extent as if there had never occurred an extinction of any of the Secured Obligations and the Grantor is and shall remain obligated under the provisions hereof. The Grantor shall be deemed to have obligated itself for such new Secured Obligations pursuant to the provisions hereof and the Hypothec herein created shall secure such new Secured Obligations as contemplated by Article 2797 of the *Civil Code of Quebec*.

### 3. DESCRIPTION OF HYPOTHECATED PROPERTY

The Hypothec charges the universality of all of the Grantor's property, movable and immovable, present and future, corporeal and incorporeal, of whatsoever nature or kind and wheresoever situated, including without limitation (hereinafter collectively called the "Hypothecated Property"):

#### 3.1 Universality of Movable

The universality of property consisting of:

All tools and equipment pertaining to the enterprises of the Grantor, all claims (including, without limitation, all present and future promissory notes or other similar evidence of intercompany debt issued by a US Obligor in the name of, or for the benefit of, the Grantor, and including all security or accessories in respect thereof) and customer accounts, all securities (including, without limitation, those issued or which will be issued to the Grantor by the corporations listed in Schedule I hereof, or by any corporation successor thereto pursuant to an amalgamation or any other reorganization), all patents, trademarks and other intellectual property rights (including, in particular, and without limiting the generality of the foregoing, the intellectual property rights described in Schedule II hereof) and all corporeal movables included in the assets of any of the Grantor's enterprises kept for sale, lease or processing in the manufacture or transformation of property intended for sale, for lease or for use in providing a service.

#### 3.2 Universality of Immovables

- 3.2.1 All the immovable properties of the Grantor described in Schedule IV hereof together with the universality of property consisting of all other immovable property and rights of the Grantor, present and future, (any immovable property acquired by the Grantor in the future shall be specifically hypothecated upon the publication of a notice or summary, as the case may be, at the appropriate registry office, the whole at the Grantor's expense) along with all property permanently physically attached or joined thereto or united thereto by accession (including the heating and air conditioning apparatus and watertanks) and which become immovable by the effect of law, and all real rights relating to or attaching to any such immovables (collectively, hereinafter referred to as the "Immovables").

- 3.2.2 The present and future rents (the "Rents") produced by the Immovables under current or future leases therefor (including amounts payable for any right of emphyteusis, use or occupancy) and all indemnities paid under the insurance contracts covering such Rents.
- 3.2.3 All documents, contracts, books and records with regard to the Immovables and the Rents.
- 3.2.4 All reimbursements of taxes, rates, assessments, levies, surtaxes and any other impositions which may be assessed on or payable in respect of any of the Hypothecated Property.
- 3.2.5 All insurance proceeds and expropriation indemnities with respect to the foregoing.

### 3.3 Leases

All rights of the Grantor, as tenant, under all leases entered into by the Grantor.

Subject to Section 3.2.1, the whole of the above without the Lender being required to register or re-register any notice whatsoever, the object of the Hypothec being a universality of present and future property.

## 4. GRANTOR'S UNDERTAKINGS

### 4.1 Alienation

The Grantor agrees not to alienate, lease or otherwise dispose of any of the Hypothecated Property outside the ordinary course of business of its enterprise unless the Lender gives its prior written consent or unless otherwise permitted under the Loan and Security Agreement (each, an "Authorized Transaction").

In the event of any alienation or rental other than an Authorized Transaction, the Grantor (who shall not be relieved of any default resulting from such alienation or rental) shall immediately inform the Lender of the details of such alienation or rental and shall in particular provide the Lender with a description of the alienated or leased property and any property acquired in replacement, the name and address of the acquirer or lessee, as well as details concerning the proceeds of such alienation or rental.

### 4.2 Transformation

The Grantor may not, without the Lender's prior written consent, transform any of the movables forming part of the Hypothecated Property either by incorporating such movables into an immovable or by combining or mixing them with other movables so as to form new property, unless such immovable or new property are themselves subject or made subject to the Hypothec hereby granted or unless such transformation is made in the ordinary course of operating an enterprise of the Grantor that is engaged in the business of manufacturing or transforming property. In no event, however, may the Grantor transform any such property where such transformation would result in the Lender's security or rights hereunder, including in particular their rank, being diminished.

In the event of any such transformation, even without the Lender's authorization, the Grantor (who shall not be relieved of the default resulting from the failure to obtain authorization) shall immediately inform the Lender of

the details of such transformation and shall in particular provide the Lender with a description of the property thereby affected, the name and address of the owner of the property that may result therefrom and the address where such property is located.

#### 4.3 Insurance

##### 4.3.1 Insurance to be in force at all times

- (a) the Grantor binds itself to subscribe for and maintain in force all risk property insurance against damage caused by fire and any other risk that the Lender may specify, on all of its Immovables for their full replacement cost (including by-law compliance), without depreciation, by means of a policy issued by an insurer approved by the Lender and the Grantor is to keep them insured at all times to their full or all risks value, at a stated amount, in accordance with replacement value principles and without a co-insurance clause. The policy shall appoint the Lender as the beneficiary of the proceeds of any claims and shall contain a clause with respect to hypothecary security in accordance with the formula approved by the Insurance Bureau of Canada and satisfactory to the Lender or shall contain an equivalent clause satisfactory to the Lender, and the Lender shall be designated as first loss payee and additional insured therein, under the terms of which false representations, bad faith or wrongful acts by the owner or a third party may not be invoked against the Lender;
- (b) at the Lender's request, the Grantor binds itself to subscribe for and maintain in force insurance against break-down of machinery for an amount equivalent to the Immovables' replacement value;
- (c) the Grantor undertakes to take out and maintain on the Immovables rental insurance coverage for at least twelve (12) months' gross rentals from the Immovables (such gross rentals to include, without limitation, base rent, percentage rent, operating costs and expenses, realty taxes and other recoveries), present or anticipated and, if applicable, coverage for business interruption losses for at least twelve (12) months;
- (d) the Grantor undertakes to take out and maintain primary and non-contributory public liability insurance in a minimum amount, per occurrence, acceptable to the Lender; and
- (e) the Grantor undertakes to take out and maintain any other coverage, as may be required by the Lender, which a prudent and reasonable owner would obtain.

##### 4.3.2 Insurance to be in force during construction period

The Grantor undertakes to take out and maintain:

- (a) all risk construction insurance for an amount acceptable to the Lender equal to at least the total cost of any construction;
- (b) public liability insurance extending coverage to the general contractor and sub-contractors in an amount, per occurrence, acceptable to the Lender; and
- (c) a suretyship bond for performance of a contract covering 100% of

the cost of work as well as a suretyship bond for the payment of 100% of the cost of the workmen and materials under terms approved by the Lender and by a duly authorized and reputedly solvent insurer.

#### 4.3.3 General Insurance Provisions

- (a) all insurance contracts, with the exception of contracts relating to public liability, shall provide that the indemnities owing to the insured shall be attributed first to the Lender;
- (b) all insurance contracts shall provide for at least thirty (30) days' prior notice to the Lender of any cancellation, modification or non-renewal;
- (c) policies taken out by tenants are not acceptable as a replacement of Grantor's insurance unless the tenant has leased the whole of the Immovables and, in such event, the policies must satisfy the requirements in this Section 4.3;
- (d) unless the amount received by the Lender is applied expressly by it in reduction of the balance of the amounts owing under the Loan and Security Agreement in principal and interest, the receipt by the Lender of such insurance indemnities shall not operate as payment of the Grantor's indebtedness;
- (e) the insurance above must be maintained in force until full extinction of the Secured Obligations. The Grantor must provide the Lender with proof of renewal or replacement of any policy as well as proof of payment of the premium at least fifteen (15) days prior to the expiry or cancellation of such insurance policy;
- (f) if the Grantor fails to fulfil one of its obligations in accordance with this Section 4.3, the Lender may subscribe for insurance that it deems adequate and the Grantor must reimburse the Lender, on demand, for all amounts that it has paid for such purpose, plus interest thereon to the date of reimbursement at the rate of fifteen percent (15%) per annum; and
- (g) in the event of damage, the Grantor shall immediately notify the Lender and may not begin repair or renovation without the Lender's consent. The Lender reserves the right, if it deems it appropriate, to apply the proceeds towards the Secured Obligations, regardless of whether or not they are due, or to allocate it to the complete or partial payment for the work of reconstruction of the Immovables without prejudice, in any case, to its rights pursuant to this Deed and the Loan and Security Agreement.

#### 4.4 Taxes

The Grantor binds itself to pay when due, without subrogation, all assessments and taxes to which the Hypothecated Property is subject, including municipal, general and special taxes, church taxes, urban community or school taxes, and taxes for local improvements, water and business taxes as well as all interest and penalties imposed with respect to such taxes (hereinafter collectively referred to as "Taxes"), and to deliver to the Lender, upon request, proof of payment of such Taxes.

#### 4.5 Prior Claims

The Grantor binds itself to pay all claims to which the law assigns a priority or superior rank in favour of the creditor thereof as against the Hypothec created by this Deed, from the time they are due, except if the Grantor contests in good faith by appropriate proceedings the validity of such claims by appropriate means and gives the Lender satisfactory security to cover any loss or damage that might result therefrom.

#### 4.6 Real Rights

The Grantor binds itself not to subject the Hypothecated Property to any real rights without the Lender's prior written consent, other than the Permitted Liens.

#### 4.7 Maintenance of the Hypothecated Property

The Grantor binds itself to adequately maintain the Hypothecated Property, not to destroy, damage, remove or sell the Hypothecated Property, in whole or in part, to prevent any use of the Hypothecated Property that might diminish its value and, at the request of the Lender, to grant the Lender, its employees and mandataries, access to the Hypothecated Property for the purpose of inspection.

#### 4.8 Compliance with Laws

The Grantor binds itself to immediately comply with all legislative, regulatory, administrative and other provisions of federal, provincial, municipal or other authorities governing zoning, use, occupation, subdivision, parking, historical or cultural classification, fire, access, loading installations, serviced lots, environmental contamination, toxic substances or other sources of harm to the environment, construction of buildings, public health and safety, as well as all restrictions and private agreements relative to the whole or part of the Hypothecated Property; at the Lender's request, the Grantor must provide proof of compliance with such provisions and shall make the necessary improvements or alterations, structural or otherwise, at its expense, in order to comply with such provisions.

#### 4.9 Improvements

The Grantor undertakes not to do any work on the Immovables except if in conformity with laws and regulations and in accordance with industry standards. The Grantor must proceed with the work undertaken with diligence and without interruption and without unduly prejudicing the lessees or the operation of the Immovables. Each time that significant work is undertaken the Grantor shall, prior to the commencement of work, obtain approval of the plans and specifications and the schedule from the Lender. The Grantor in such case shall provide the Lender with a renunciation or an assignment of priority from the persons who will be taking part in the construction or renovation of the Immovables with respect to their legal hypothec. The Grantor shall ensure that the work is done by solvent and competent contractors. The Grantor shall furnish to the Lender proof of insurance and suretyship bonds required elsewhere in this Deed.



**4.10 Rents**

- 4.10.1 The Grantor undertakes not to assign or hypothecate to third parties, otherwise than in favour of the Lender, its rights under leases relating to the Immovables or the Rents.
- 4.10.2 The Grantor undertakes not to grant leases below the prevailing market conditions in the sector.
- 4.10.3 The Grantor undertakes not to cancel the leases relating to the Immovables nor to make any significant changes thereto nor to permit the surrender of the leased premises by a lessee other than in the normal course of business.
- 4.10.4 The Grantor undertakes not to grant an assignment of lease which would release the former lessee.
- 4.10.5 The Grantor undertakes to provide the Lender, annually from the date of the first advance, with a report on the leasing activities in the Immovables, including a list of the leases then in force with particulars on the lessees, sub-lessees, sureties, information of a monetary nature, term, options and any other useful details, especially details of a lessee's sales if the rent is a function thereof.
- 4.10.6 The Lender reserves the right to approve all existing and future tenants of the Immovables and the form and content of all leases entered into by the Grantor in respect of the Immovables, and may require that any rights under such leases be subordinated to the Lender's rights hereunder.
- 4.10.7 All future leases and offers to lease shall :
- (a) provide that the lessee shall not be released from its obligations in the event that its rights under the terms of the lease and the offer to lease are assigned; and
  - (b) provide that the lessee and its surety under the terms of the lease authorize the lessor to communicate to the Lender any information concerning or connected with the lease and the offer to lease and its financial situation and authorize the Lender to inspect the leased premises and to take any samples, if need be, for the purpose of analysis for conformity with environmental norms.
- 4.10.8 The Grantor undertakes to be diligent in order to maintain good quality lessees in the Immovables and to put into practice a rental policy so that the value of the Hypothecated Property will not be diminished.
- 4.10.9 The Grantor undertakes to remit to the Lender a copy of all future leases, renewals and amendments as soon as concluded.
- 4.10.10 The Grantor undertakes to assign specifically to the Lender, upon demand, all its rights in the present and future leases in the form required by the Lender.

**4.11 Expenses Incurred by the Lender**

The Grantor binds itself to reimburse the Lender, on demand, for all amounts that it shall have paid, plus interest thereon from the date of payment at the rate of fifteen percent (15%) per annum, in the event the Grantor does not itself pay amounts it is obliged to pay under this Deed, which the Lender may do at any time without notice to the Grantor. Similarly, if, for any reason whatsoever, the Lender's security or rights under this Deed are diminished, the Lender may take measures and incur such expenses as it deems desirable or necessary for the protection of its security or its rights, without notice to the Grantor, and the Grantor must reimburse the Lender, on demand, for all such amounts paid plus interest thereon at the rate of fifteen percent (15%) per annum.

**4.12 Appraisals**

Whenever an Event of Default (as hereinafter defined) exists, and at such other times not more frequently than once per year as the Lender requests, the Grantor shall, upon Lender's request and at the Grantor's expense, provide the Lender with appraisals or updates thereof of any or all of the Hypothecated Property from an appraiser, and prepared on a basis, satisfactory to the Lender, such appraisals and updates to include, without limitation, information required by applicable law and regulation and by the internal policies of the Lender.

**4.13 Notice of Change of Registered/Head Office**

The Grantor shall not change the location of its registered head office except in accordance with the Loan and Security Agreement.

**5. PROVISIONS APPLICABLE TO THE HYPOTHEC ON CLAIMS**

The following provisions apply to claims owed to the Grantor and hypothecated in favour of the Lender, including present and future rents payable under current and future leases affecting all or part of the Hypothecated Property.

**5.1 Delivery of Promissory Notes**

The Grantor undertakes to deliver to the Lender, or to a third party designated by the Lender, any and all present and future promissory notes or any other certificate or instrument representing intercompany debt issued by a US Obligor in the name of, or for the benefit of, the Grantor, upon issuance and execution of same, duly endorsed in favour of the Lender, each time accompanied by a duly executed acknowledgement of pledge and hypothecation, substantially in the form of Schedule III hereto, and any other document and confirmation that the Lender may reasonably require for such purpose.

**5.2 Collection**

Except for those claims consisting of securities pledged to the Lender, the Grantor shall have authority to collect payments of interest and repayments of capital made on the claims included in the Hypothecated Property hypothecated in favour of the Lender pursuant to this Deed, as they fall due. The Lender may withdraw this authorization by written notice at any time upon the occurrence of an Event of Default. Notwithstanding the foregoing, the Lender may at any time take all necessary steps to set up this Hypothec against the debtors of the hypothecated claims. In such event, the Grantor undertakes to remit to the Lender, upon request, copies of all titles, documents, registers, invoices and accounts evidencing the claims or relating thereto, whatever the nature of their

medium and whatever the form in which they are accessible, whether written, graphic, taped, filmed, computerized, or other.

Any payment received by the Grantor on account of any hypothecated claim other than pursuant to the foregoing authorization shall be received for the Lender's account, shall not entitle the Grantor to the amounts collected and shall be kept separate from the Grantor's other property at all times and remitted forthwith by the Grantor to the Lender without compensation.

Notwithstanding the provisions of Section 4.1 hereof, the Grantor is not authorized (i) to alienate any claim forming a part of a universality of claims hypothecated in favour of the Lender without the latter's prior written consent and (ii) to release, in whole or in part, any present or future security granted in favour of the Grantor securing any claims forming part of the Hypothecated Property without the prior written consent of the Lender.

#### 5.3 Lender's Rights

The Lender shall not be obliged to exercise its rights to the hypothecated claims or to ensure their recovery from the debtors, whether by legal proceedings or otherwise. Should the Lender decide to collect the hypothecated claims, it shall be at liberty to negotiate such arrangements as it deems appropriate with the debtors or third parties, to enter into agreements with them with respect to the claims and any security securing the claims, and even to waive the claims and such security, the whole without the Grantor's consent or intervention, and the Lender shall not thereby incur any liability toward or be accountable to the Grantor. Unless the Grantor so requests in writing, the Lender shall not be obliged to inform the Grantor of any irregularity in the payment of any amounts due on the claims. Apart from its obligation to remit to the Grantor any sums collected over and above the amount of the Secured Obligations in principal, interest and costs, the Lender shall not be accountable to the Grantor with respect to the status of the collections made or any transactions and arrangements entered into.

#### 5.4 Information

The Lender may, at its discretion, verify the existence and status of the claims at any time. The Grantor shall provide the necessary assistance and information for this purpose and shall take such action in this respect as the Lender may reasonably request: in particular, it shall allow the Lender and its agents to enter the premises occupied by the Grantor and to consult the Grantor's accounting books and registers as well as any document relating to the claims and make copies thereof.

The Grantor specifically authorizes the Lender to communicate with any third party in order to obtain or transmit any personal information and any information relating to the claims and to the Grantor for the purpose of verifying and collecting the claims.

Where the Hypothec granted by this Deed affects a claim that is itself secured by a registered hypothec, the Grantor shall inform the Lender accordingly and shall supply all the information that the Lender may request in this connection.

#### 5.5 Financial Administration Act (Canada)

Where any of the claims are subject to the provisions of the *Financial Administration Act* (Canada), the Grantor hereby sells, assigns and transfers the same absolutely to the Lender so that, upon a withdrawal of authorization as

referred to in Section 5.1 hereof, the Lender shall be free to complete the formalities required to make such assignment fully enforceable.

## 6. PROVISIONS APPLICABLE TO THE HYPOTHEC ON RENTS

The following provisions apply to Rents in addition to the provisions of Section 5 hereof. In the event that any provision of this Section 6 contradict or are otherwise incapable of being construed in conjunction with the provisions of Section 5, the provisions of Section 6 shall take precedence.

### 6.1 Information regarding Leases

The Grantor shall provide the Lender, on request, with a list containing the name of all tenants and details as to their leases. Upon request, the Grantor shall further provide a copy (or the original, when requested by the Lender) of all leases, present and future, relating to the Immovables and any document and any useful information in connection therewith, including but not limited to an annual statement of income and expenditures in respect of the Immovables.

### 6.2 Collection of Rents

The Lender hereby authorizes the Grantor to collect all Rents; however, the Grantor shall not collect more than three months' rent in advance nor shall it renounce to the payment of more than one month's rent. Such authorization may be revoked by the Lender by written notice, whether or not the Secured Obligations are due upon the occurrence of an Event of Default. In such a case, the Lender shall be at liberty to exercise as it may deem appropriate, to the exclusion of the Grantor, all rights, claims, priorities and legal hypothecs of the Grantor in order to maintain, renew, grant or terminate any lease, and to further protect or collect Rents and revenues from the Immovables.

When it collects the Rents, the Lender will receive them as payment on account of the amounts owing to it under the Loan and Security Agreement and apply them as provided herein, regardless of whether such amounts are due. The Lender cannot be held liable for damages caused as a result of the Rents not having been collected and is not bound to inform the Grantor of any irregularity in the payment of such Rents.

### 6.3 Action to Recover Rents

The Lender shall have the right to bring an action for recovery of Rents, provided the Lender impleads the Grantor, it being understood that the Lender shall be under no obligation to exercise such right and shall not be liable for any loss or damage which may result from its failure not to collect such Rents, and the Lender may give acquittance for any Rent collected.

## 7. PROVISIONS APPLICABLE TO THE HYPOTHEC ON SECURITIES

### 7.1 Interpretation

Unless otherwise indicated by the context, "securities" means bills of exchange, notes, shares, warrants, bonds, debentures and other securities considered or acknowledged as securities, as well as the renewals, substitutions and additions to which they are subject and the securities and other property received or issued pursuant to any transformation of such securities, along with all income derived and all rights arising therefrom.

**7.2 Delivery**

Subject to the Loan and Security Agreement, forthwith upon demand by the Lender, the Grantor undertakes to deliver to the Lender, or to a mutually agreed upon third party, any and all securities at any time forming part of the Hypothecated Property, duly endorsed in blank for transfer, together with any power of attorney, document and confirmation that the Lender may reasonably require for such purpose.

The Grantor further undertakes to turn over to the Lender or to such third party, as soon as the Grantor becomes entitled thereto, the renewals, substitutions and additions to which such securities are subject and the securities and other property received or issued upon the purchase, redemption, conversion, cancellation or any other transformation thereof, along with any income derived and any rights arising therefrom, the same, where applicable, to be duly endorsed in blank for transfer and accompanied by any power of attorney, document and confirmation that the Lender may reasonably require for such purpose.

**7.3 Voting, etc.**

Until the occurrence of an Event of Default, the Grantor shall be entitled to vote any and all securities and to give consents, waivers or ratifications in respect thereof, provided that no vote shall be cast or any consent, waiver or ratification given or any action taken which would violate or be inconsistent with any of the terms of the Loan and Security Agreement or this Deed or any other instrument or agreement or document relating to the Secured Obligations (including any Loan Document) or which would have the effect of materially impairing the position or interests of the Lender. All such rights of the Grantor to vote and to give consents, waivers and ratifications shall cease upon the occurrence of an Event of Default whereupon the Lender shall be entitled, without limiting its other rights and remedies hereunder, to vote all or any part of the securities whether or not transferred in the Lender's name and give all consents, waivers and ratifications in respect of the securities and otherwise act with respect thereto as though it were the outright owner thereof.

**7.4 Dividends and other Distributions**

Until the occurrence of an Event of Default, the Grantor may collect all cash dividends payable in respect of the securities, provided that all cash dividends payable in respect of the securities which are determined by the Lender, in its absolute discretion, to represent in whole or in part an extraordinary, liquidating or other distribution in return of capital, shall be paid to the Lender and retained by it as part of the Hypothecated Property. The Lender shall be entitled to receive directly, and to retain as part of the Hypothecated Property:

- 7.4.1 all other or additional stock or securities or property (other than cash) paid or distributed by way of dividend in respect of the securities;
- 7.4.2 all other or additional stock or other securities or property (including cash) paid or distributed in respect of the securities by way of stock-split, spin-off, split-up, reclassification, combination of shares or similar rearrangement; and
- 7.4.3 all other or additional stock or other securities or property which may be paid in respect of the securities hypothecated hereunder by reason of any consolidation, merger, exchange of stock,

conveyance of assets, liquidation or similar corporate reorganization or other disposition of the securities.

**7.5 Standard of Care**

The Lender shall not be:

- 7.5.1 obliged to protest a security, or take steps or institute proceedings to interrupt prescription or protect the securities hypothecated hereunder against depreciation or devaluation or make them productive;
- 7.5.2 obliged to protect the Grantor against loss relating to a security; or
- 7.5.3 obliged to vote with respect to a security or a subscription, conversion or other right pertaining thereto, or to any merger, consolidation, reorganization, receiving order, bankruptcy, insolvency proceedings, compromise or arrangement, or concerning the deposit of a security or otherwise, and shall not be obliged to participate in or take any action in relation to such matters, except where the Grantor has provided the Lender with written instructions to do so and where, in the Lender's opinion, the security and the rights conferred hereunder would not be thereby diminished, and upon payment of such indemnity or remuneration as the Lender may require.

**8. POSSESSION OF PROPERTY**

This Deed creates a Hypothec without delivery notwithstanding the undertakings contained in Section 7.2 hereof.

**9. REPRESENTATIONS, WARRANTIES AND COVENANTS**

The Grantor does hereby represent and warrant that each representation, warranty, covenant and agreement made in the Loan and Security Agreement is hereby reiterated as if incorporated by reference herein, and is hereby confirmed as true and correct as of the date hereof. In addition, the Grantor hereby represents and warrants the following:

- 9.1 It is the absolute owner of the Immovables by valid and incontestable title, and the Immovables are free from any prior claims and other charges and the only hypothecs affecting it are those declared in Section 10.1 of this Deed and the only servitudes affecting the Immovables are those declared in Section 10.1 of this Deed; furthermore, the Rents have not been assigned to a third party.
- 9.2 All Taxes due to the date hereof and to which the Hypothecated Property is subject have been paid without subrogation.
- 9.3 All movables such as heating, refrigerating, lighting and other fixtures, accessories, equipment and appliances which are presently or which may hereafter be placed by it in the Immovables belong to it absolutely and have been or will be so placed as a permanency and for the completion, ornamentation or operation thereof, and have been or will be incorporated therein, and are or will be immovable by nature.

- 9.4 That the electricity, the natural gas and the telephone service, as well as all other things necessary to the operation of the Immovables as it is intended to be operated, have been paid for, and the Grantor, undertakes, during the term of this Deed, to provide the Lender, upon demand, with evidence that no such account is outstanding.
- 9.5 That upon the execution and registration of this Hypothec, the Lender will hold a valid and enforceable SECOND hypothec on and security interest in the Hypothecated Property.
- 9.6 That the certificates of location of the Immovables listed and described in Schedule V hereof are still complete and accurate in all respects and no physical changes, transformation, construction or modification have been made to such Immovables since the respective dates of each such certificate of location.
- 9.7 **Environment**
- 9.7.1 no hazardous waste will be used, stored, processed, manufactured, handled or discharged in, on, under or from the Immovables except in accordance with the requirements of all Environmental Laws and any such hazardous waste shall be disclosed to the Lender in writing;
- 9.7.2 neither the Immovables nor any adjacent land has ever been used as or for a waste disposal site or coal gasification site, and there are not now, nor were there ever, any underground storage tanks on the Immovables;
- 9.7.3 all material Governmental Approvals or similar authorizations required to be obtained or filed under any Environmental Laws in connection with the operation on the Immovables of the business of the Grantor, or of any tenant, subtenant, assignee or other occupant of the Immovables, have been obtained and are valid, in full force and effect and in good standing;
- 9.7.4 no environmental damage has ever occurred on the Immovables;
- 9.7.5 there are no environmental Liabilities, convictions (or prosecutions settled prior to conviction) or outstanding or threatened investigations, claims, work orders, notices, directives or other similar remedial actions against the Immovables or the Grantor in relation to the requirements of any Environmental Law; and
- 9.7.6 the Grantor shall be responsible for remediation of any environmental Liabilities to the Immovable and the removal of any hazardous waste therefrom.

## 10. PREVIOUS CHARGES

### 10.1 **Charges**

The only hypothecs, charges and servitudes affecting the Immovables are those described and disclosed in Schedule VI hereof.

**11. DEFAULT****11.1 Events of Default**

The Grantor shall be considered in default upon the occurrence of an Event of Default under the Loan and Security Agreement.

**11.2 Effects**

Without limiting its right, at any time and at its discretion, to demand payment of any Secured Obligations payable on demand and without prejudice to any rights and remedies which it has pursuant to agreements with the Grantor or at law (in particular with respect to hypothecated claims), the Lender, upon the occurrence of any of the events listed in Section 11.1 hereof, may demand immediate and full payment of the amounts owing on account of the Secured Obligations, which shall forthwith become due and payable, and exercise, at its discretion, without restriction and without any prior notice other than such notices as are required by law, any rights and remedies which it has pursuant to this Deed or at law, including, in particular, the following hypothecary rights:

- taking of possession for purposes of administration;
- taking in payment;
- sale by the creditor;
- sale by judicial authority.

**11.3 Lender's Rights**

Irrespective of the particular remedy exercised by the Lender in the event of the Grantor's default, the following provisions shall apply in addition to any provisions that may by law apply in the circumstances, the Grantor expressly agreeing thereto:

- 11.3.1 the Grantor undertakes to assemble and voluntarily surrender the Hypothecated Property to the Lender upon request, at such place or places as may be specified by the Lender, and agree not to put any impediment in the way of, but rather to facilitate by all legal means, the exercise of the powers hereby granted to the Lender and not to interfere therewith; in addition, the Lender may, but shall not be obliged to, conduct a verification of the Hypothecated Property, assemble or move any of such property or take proceedings or do or take any act or action in relation to the Hypothecated Property that it may deem advisable, the whole at the Grantor's expense. The Lender may take such steps as it considers necessary or desirable to obtain possession of all or any part of the Hypothecated Property and, to that end, the Grantor agrees that the Lender, its servants or agents or Receiver (as hereinafter defined) may enter upon lands and premises where the Hypothecated Property may be found for the purpose of taking possession of and/or removing the Hypothecated Property or any part thereof. In the event of the Lender taking possession of the Hypothecated Property, or any part thereof, the Lender shall have the right to maintain the same upon the premises on which the Hypothecated Property may then be situate. The Lender may, in a reasonable manner, take such action or do such things as to render any Hypothecated Property unusable;



- 11.3.2 the Lender may, in addition, at its discretion and at the Grantor's expense, whether after the Grantor has surrendered the Hypothecated Property and until the Lender has exercised the hypothecary right which it intends to exercise, or whether after the Lender has chosen to take possession of the Hypothecated Property for purposes of administration, use or operate all or any part of the Hypothecated Property (without being obliged to make such property productive), change the destination of or alienate such property by onerous title (except for Hypothecated Property of little value) or charge such property with a Hypothec or other real right, enter into or renew any leases for such amounts and on such terms and conditions as the Lender deems appropriate, make any repairs or renovations or undertake or complete any work;
- 11.3.3 the Lender may, in the exercise of its rights, renounce any right belonging to the Grantor, even where no valuable consideration is received;
- 11.3.4 the Lender shall not be bound to make an inventory, take out insurance or furnish other security to secure the performance of its obligations;
- 11.3.5 the Lender may, at its discretion, take possession, through its officers, agents or mandataries, of all or any part of the Hypothecated Property, with full power to carry on, manage and conduct the Grantor's business; the Lender may use the Hypothecated Property or any information that it obtains by reason of its administration for its own benefit;
- 11.3.6 the Grantor, through its officers and directors, shall forthwith execute such documents and transfers as may be necessary to place the Lender in legal possession of the Hypothecated Property and the business of the Grantor in connection therewith, and thereupon all the powers, functions, rights and privileges of each and every one of the directors and officers of the Grantor shall cease and terminate with respect to the Hypothecated Property;
- 11.3.7 the Lender shall not be obliged to render an account with respect to its actions in the exercise of its hypothecary rights, except as stipulated by law. Should the Lender see fit to render an account, it may do so in summary fashion;
- 11.3.8 for the purpose of exercising any of its rights, the Lender may make use of any premises on which the Hypothecated Property is located, the whole at the Grantor's expense;
- 11.3.9 the Lender may, at its discretion, decide to sell and dispose of the Hypothecated Property as a whole or in separate parcels, by tender, public auction or private contract, on such date and on such terms and conditions as the Lender may stipulate, after giving such prior notices as are required by articles 2784 and following of the *Civil Code of Québec*, and the Lender may make such sale for cash or credit upon such reasonable conditions as to upset or reserve bid or price and as to terms of payment as it may deem proper, and may rescind or vary any contract of sale that may have been entered into and resell such property under any of the powers conferred by this Deed, adjourn any such sale from time to time and execute and deliver to the purchaser or purchasers of the said property or any part thereof good and

sufficient deed or deeds for the same, the Grantor hereby giving the Lender an irrevocable power of attorney for the purpose of making such sale and executing such deeds, and any such sale made as aforesaid shall be a perpetual bar in law and in equity against the Grantor and its assigns and against any other persons who may claim the said property or any part thereof from the Grantor or its assigns;

11.3.10 the Lender, or its agents or representatives, may become purchasers at any sale of the Hypothecated Property, whether made under the power of sale herein contained or pursuant to foreclosure or other legal proceedings; and

11.3.11 the Lender may, in addition to any other rights it may have, appoint by instrument in writing a receiver or receiver and manager (both of which are herein called a "Receiver") of all or any part of the Hypothecated Property or may institute proceedings in any court of competent jurisdiction for the appointment of such a Receiver. Any such Receiver is hereby given and shall have the same powers and rights and exclusions and limitations of liability as the Lender has under this Deed or at law. In exercising any such powers, any such Receiver shall, to the extent permitted by law, act as and for all purposes shall be deemed to be the agent of the Grantor and the Lender shall not be responsible for any act or default of any such Receiver. The Lender may appoint one or more Receivers hereunder and may remove any such Receiver or Receivers and appoint another or others in his or their stead from time to time. Any Receiver so appointed may be an officer or employee of the Lender. A court need not appoint, ratify the appointment by the Lender of or otherwise supervise in any manner the actions of any Receiver. Upon the Grantor receiving notice from the Lender of the taking of possession of the Hypothecated Property or the appointment of a Receiver, all powers, functions, rights and privileges of each of the directors and officers of the Grantor with respect to the Hypothecated Property shall cease, unless specifically continued by the written consent of the Lender.

## 12. MISCELLANEOUS PROVISIONS

### 12.1 Nature of the Secured Obligations

Each of the Secured Obligations of the Grantor is indivisible.

### 12.2 Nullity of a Provision

In the event that any provision of this Deed is declared null and void or is deemed not to have been written, the other provisions of this Deed shall be severable from such provision and shall continue to have full force and effect.

### 12.3 Application of Payments

Any insurance indemnity, as well as any other amount or other property received by the Lender in the exercise of the rights conferred upon it by this Deed or by law or in any other manner with respect to any of the Hypothecated Property, may be retained by the Lender as Hypothecated Property or applied to the payment of the Secured Obligations, whether or not they are due. Any amount collected by the Lender, even on account of the voluntary performance

of the Secured Obligations, shall be applied at the Lender's discretion, and the Lender may vary such application from time to time, in whole or in part, as it sees fit.

Should any of the Hypothecated Property or its proceeds be in a currency different from that of the Secured Obligations, the Lender is hereby authorized to convert the amount or the claim in question into the currency of the Secured Obligations at the Lender's rate of exchange for the currencies concerned on the date the payment is applied or on such other date as the Lender deems appropriate.

#### 12.4 Rights Cumulative and Exercise of Remedies

The rights hereby created are in addition to and not in substitution for any other right or security held by the Lender. The exercise by the Lender of any of its rights and remedies shall not prevent it from exercising any other right or remedy conferred upon it by this Deed or any other security or by law.

The Lender may, separately or successively, exercise the rights conferred upon it by this Deed on any part of the Hypothecated Property, without being obliged to do so on the entire Hypothecated Property and without prejudice to its rights and remedies with respect to the remaining Hypothecated Property, and it shall not be in any way obliged to exercise its rights and remedies against any other person liable for the Secured Obligations or to realize any other security securing the Secured Obligations.

The Lender may delegate the exercise of its rights or the performance of its obligations arising from this Deed to another person and may in such case supply to such other person any information that it holds on the Grantor or on the Hypothecated Property.

#### 12.5 Notice of Default

The mere expiry of the time limit for performing any of the Secured Obligations shall serve to put the Grantor in default, without any notice or demand being required for that purpose.

#### 12.6 Waivers

The Grantor may not claim that an act or omission by the Lender constitutes or implies a waiver of its right to invoke a default by the Grantor or to assert a right arising out of such default, unless the Lender has expressly so stated after the occurrence of the default.

#### 12.7 Power of Attorney

The Grantor hereby grants to the Lender and each of its officers, agents, correspondents or mandataries, including any depositary or Receiver, an irrevocable power of attorney with full powers of substitution and revocation, to do, make and execute, for the Grantor and in its name, all such deeds, documents, transfers, assignments, hypothecs, assurances, consents and things as the Lender may deem necessary or appropriate to be done, made or executed by the Grantor to protect the Lender's rights hereunder and/or preserve the Hypothecated Property and to give effect to all the provisions of this Deed and the documents and other acts, matters and things that the Grantor has agreed to do, make and execute or that may be required in the exercise of the powers conferred upon the Lender by this Deed, and in particular, without limiting the generality of the foregoing, to endorse or transfer all or any part of the securities hypothecated hereunder, if any, included in the Hypothecated

Property over to the Lender or its officers, agents, correspondents or mandataries, including any depository, so that the Lender or its officers, agents, correspondents or mandataries may be registered as sole owners of such securities, and to obtain from any taxation authority at any time, if deemed useful, any information necessary to allow the Lender to determine the amount of the Grantor's indebtedness to such taxation authorities. The Grantor also grants to each of such persons holding its power of attorney the right to use its name whenever they may deem it necessary or appropriate to do so for the purposes hereof and the Grantor further ratifies and confirms, and undertakes to ratify and confirm, all acts and actions done or taken by each of such persons in connection herewith.

#### **12.8 Indemnification**

The Grantor hereby agrees and undertakes to indemnify the Lender and save and hold it harmless from and against any and all losses, expenses, costs and liabilities (including legal fees and disbursements) that the Lender or any of its mandataries or persons holding its power of attorney may sustain or incur in the exercise of the powers and rights conferred upon the Lender hereunder.

#### **12.9 Election of Domicile**

Except as otherwise provided herein, any service, notice or demand shall be given or made upon the Grantor in accordance with the provisions of the Loan and Security Agreement.

#### **12.10 Interpretation**

References herein to gender shall include all genders and the singular shall include the plural and vice versa, as required by the context.

#### **12.11 Further Assurances**

The Grantor hereby agrees to do, make and execute, at its own expense, all such deeds, documents and things as may be necessary or advisable, in the opinion of the Lender's legal counsel, to give effect to the provisions of this Deed, including without limiting the generality of the foregoing, in order that a valid and enforceable Hypothec be created and maintained on any property forming part of the Hypothecated Property as of the execution of this Deed or at any time in the future. For greater certainty, the Grantor binds itself to pay all legal fees and expenses and the registration fees paid by the Lender with respect to this Deed, as well as any renewal fees, or for any document or notice required in order to give effect to this Deed or to exercise the rights conferred by it, or for any notice of address, discharge, mainlevée, radiation, as well as the costs of evaluation and land survey, the costs of producing a certificate of location and of certification of registration arising from this Deed, together with all costs legitimately incurred by the Lender in order to preserve and protect the Hypothecated Property, or to recover the Secured Obligations.

#### **12.12 Divisions and Titles**

The division of this Deed into sections, sections and subsections and the insertion of titles are for ease of reference only and shall not influence its meaning or construction.

#### **12.13 Applicable Law**

This deed shall be governed and construed in accordance with the laws in force in the Province of Quebec. It must also be interpreted so that any Hypothecated

Property located in another jurisdiction be affected by a valid security under the applicable law of such other jurisdiction.

**12.14 Explanation of Contract**

The Grantor confirms that the Lender has provided it with adequate explanations concerning the nature and scope of this Deed and that it has had an opportunity to consult a lawyer, notary or other adviser in connection therewith.

**12.15 Acknowledgement**

The Grantor hereby acknowledges that it has received and taken cognizance of an original executed copy of the Loan Documents and is familiar with all the provisions thereof.

**12.16 Paramountcy of the Loan and Security Agreement**

In the event that any provisions of this Deed contradict and are otherwise incapable of being construed in conjunction with the provisions of the Loan and Security Agreement, the provisions of the Loan and Security Agreement, as applicable, shall take precedence over those contained in this Deed.

**12.17 Language**

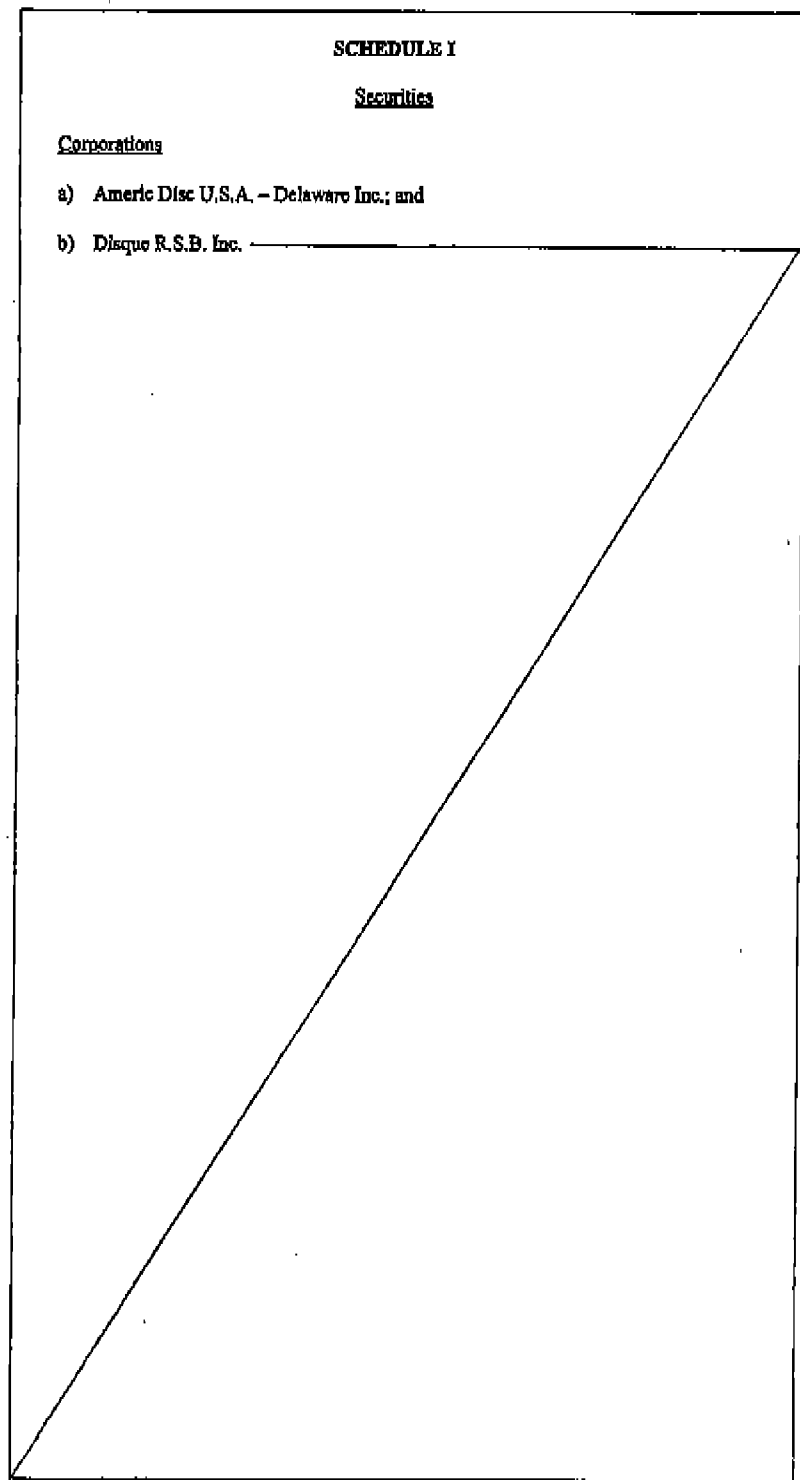
The parties hereto confirm that it is their wish that this Deed and all documents relating thereto, including notices, be drawn up in the English language. *Les parties aux présentes confirment leur volonté que cet acte de même que tous documents, y compris tous avis, s'y rapportant soient rédigés en langue anglaise.*

**SCHEDULE I**

**Securities**

**Corporations**

- a) *Americ Disc U.S.A. - Delaware Inc.*; and
- b) *Disque R.S.B. Inc.*



**SCHEDULE II**

Intellectual Property

Trademarks

**CANADA**

NAME OF TRADEMARK	APP. NO.	REG. NO.	OWNER
DISQUE AMERIC & DESSIN	0747058	LMC443664	Disque Americ Inc.
DISQUE AMERIC	0747089	lmc442838	Disque Americ Inc.
AMERIC & DESSIN	1019607	LMC541120	Disque Americ Inc.

**UNITED STATES**

NAME OF TRADEMARK	APP. NO.	REG. NO.	OWNER
AMERIC		75783894 2424795	Americ Disc Inc.
AMERIC DISC		77006682	Americ Disc Inc.

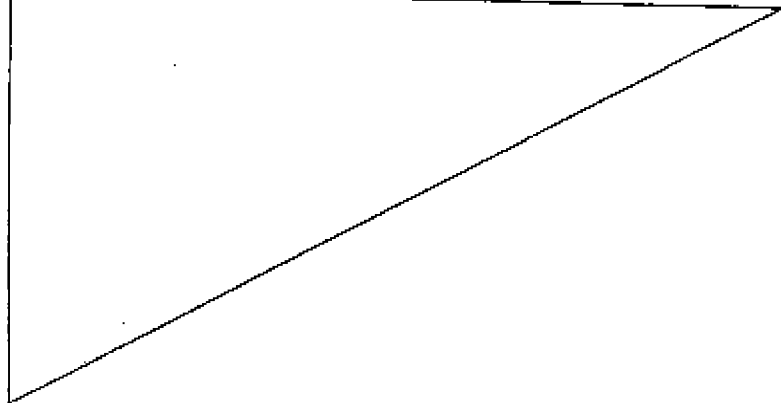
Patents

**CANADA**

None.

**UNITED STATES**

None.



**SCHEDULE III**

**Acknowledgement of Pledge and Hypothecation**

**TO: TEC ABL FUND I LIMITED PARTNERSHIP,**  
represented by its general partner,  
**THIRD EYE CREDIT CORPORATION**  
as Lender

Reference is made to the Deed of Hypothec on the Universality of Movable and Immovable Property dated as of November ●, 2006 between ● as grantor (the "Grantor") and TEC ABL FUND I LIMITED PARTNERSHIP, represented by its general partner, THIRD EYE CREDIT CORPORATION, as Lender, (said deed as may be amended, restated, supplemented, replaced or otherwise modified from time to time, the "Deed of Hypothec"); all capitalized words and expressions shall when used herein have the same meaning as ascribed thereto in the Deed of Hypothec.

To secure the performance of the Secured Obligations, the Grantor hereby hypothecates, pledges and assigns in favour of the Lender, for the amounts and upon such terms and conditions as provided in the Deed of Hypothec, the following promissory notes issued by ● [Describe the notes].

The Grantor acknowledges that all the terms and conditions of the Deed of Hypothec apply to this pledge and hypothecation, *mutatis mutandis*.

GIVEN AT ●, as of the ● day of ●, 200●.

●,  
as Grantor

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED this ● day of ●, 200●

**TEC ABL FUND I LIMITED PARTNERSHIP,**  
represented by its general partner,  
**THIRD EYE CREDIT CORPORATION**  
As Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**SCHEDULE IV**

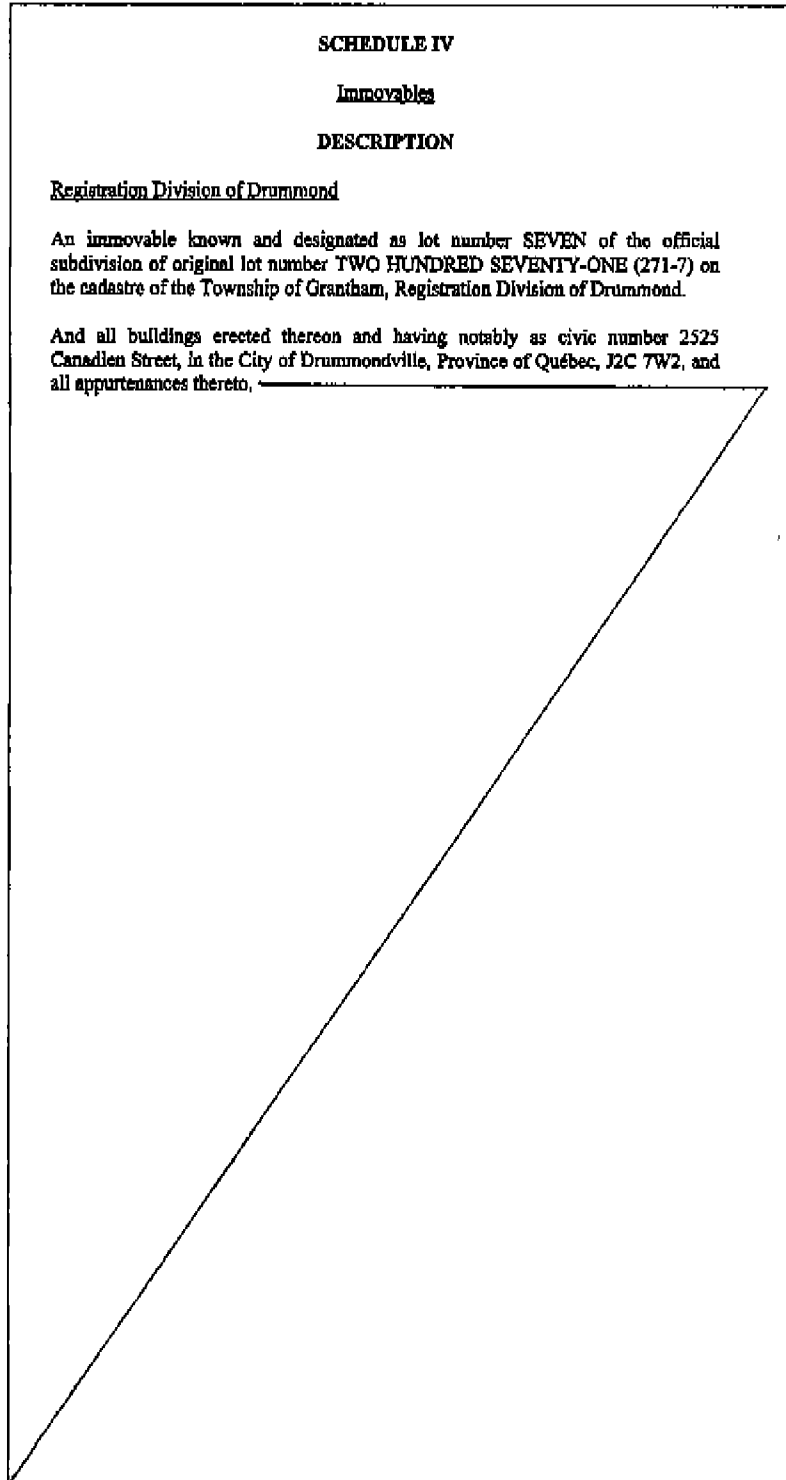
**Immovables**

**DESCRIPTION**

**Registration Division of Drummond**

An immovable known and designated as lot number SEVEN of the official subdivision of original lot number TWO HUNDRED SEVENTY-ONE (271-7) on the cadastre of the Township of Grantham, Registration Division of Drummond.

And all buildings erected thereon and having notably as civic number 2525 Canadien Street, in the City of Drummondville, Province of Québec, J2C 7W2, and all appurtenances thereto.



**SCHEDULE V**

Certificates of Location

Head Office of the Grantor		Date of Issue	
Head Office of the Grantor	2325, Canadon Road, Drummondville, Quebec, Quebec  Canada	Pierre Grouin, Land Surveyor  Minute : 4691	August 24, 2001

**SCHEDULE VI**

**Previous Charges Affecting the Immovables**

Type of charge	Secured Party	Registration Date	Amount	Registration number
Hypothec	General Trust of Canada (acting as <i>fonds de pouvoir</i> of Crown Capital Investment Partners Limited Partnership)	2001-09-04	\$125,000,000	406,764
Hypothec	Transcontinental inc.	2005-02-17	\$2,815,000	12,083,390
Hypothec	Crown Capital Investment Partners, Limited Partnership	2006-08-03	\$125,000,000	13,538,524

**WHEREOF ACTE:**

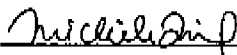
**DONE AND PASSED** at Montréal, Province of Québec, on the date first hereinabove mentioned and of record in the office of the undersigned Notary under the number Two Hundred and Fifty-Five (255).

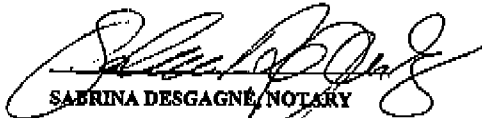
**AND** after the Grantor and the Lender declared that they had taken cognizance of these presents and had exempted the said Notary from reading them or causing same to be read, the said duly authorized representatives of the Grantor and the Lender have signed in the presence of the undersigned Notary.

**DISQUE AMÉRIC INC./AMERIC DISC INC.**

Per: 

**TEC ABL FUND I LIMITED  
PARTNERSHIP,  
by its General Partner,  
THIRD EYE CREDIT CORPORATION**

Per: 

  
**SABRINA DESGAGNE, NOTARY**

**A true copy of the original hereof  
remaining of record in my office**



KEVIN LEONARD & ASSOCIÉS  
NOTAIRES • NOTARIES

Minute Number: **255**

Date : November 15, 2006

Mtre Sabrina Desgagné, Notary

DEED OF HYPOTHEC

by

DISQUE AMÉRIC INC./AMERIC DISC. INC.

and

TEC ABL FUND I LIMITED PARTNERSHIP

CERTIFIED COPY  
COPIE AUTHENTIQUE

Registered at the Land Registry Office, Registration  
division of Drummond

On November 16, 2006

Under the number: **13 809 94T**

1200 McGill College, Suite 2350,  
Montreal, Quebec H3B 4G7

TELEPHONE: 514-392-0122 FAX 514-392-9922