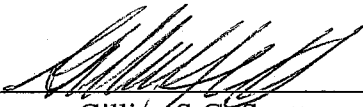


THIS IS EXHIBIT "G" REFERRED TO IN THE
AFFIDAVIT OF MARK J. WONG,
SWORN BEFORE ME
ON THIS 10TH DAY OF NOVEMBER, 2008



Gillian S.G. Scott

(A COMMISSIONER FOR TAKING AFFIDAVITS)

AMENDED AND RESTATED GENERAL SECURITY AGREEMENT

EXECUTED by the parties hereto as of the 31st day of January, 2008.

TO: **BANK OF AMERICA, N.A. (acting through its Canada branch)**, a national banking association organized under the federal laws of the United States of America and carrying on business in Canada through its Canada branch, having an office at 200 Front Street West, Suite 2700, Toronto, Ontario, M5V 3L2, as Canadian Administrative Agent and Canadian Collateral Agent (in such capacities, the "**Agent**") for the Secured Parties (as defined herein) that are owed any Canadian Liabilities, in consideration of the mutual covenants contained herein and benefits derived herefrom; and

GRANTED BY: **INTERTAN CANADA LTD. / INTERTAN CANADA LTÉE**, a corporation duly amalgamated under the laws of Ontario, having its registered or head office at 279 Bayview Drive, Barrie, Ontario, L4M 4W5 (hereinafter the "**Grantor**").

WITNESSETH

Reference is made to the Second Amended and Restated Credit Agreement dated January 31, 2008 (as such may be further amended, modified, supplemented or restated hereafter, the "**Credit Agreement**") by and among others, (i) the Grantor, (ii) the Lenders named therein, (iii) Bank of America, N.A., as Administrative Agent and Collateral Agent, (iv) Bank of America Securities LLC, as Lead Arranger and Joint Bookrunner, (v) Bank of America, N.A. (acting through its Canada branch), as Canadian Administrative Agent and Canadian Collateral Agent, (vi) Wells Fargo Retail Finance, LLC, as Syndication Agent and Joint Bookrunner, (vii) General Electric Capital Corporation and JPMorgan Chase Bank, N.A., as co-Documentation Agents, and (viii) Wachovia Capital Finance Corporation (Central), as Senior Managing Agent.

The Lenders have agreed to make Loans and otherwise extend credit support to the Grantor pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. The obligations of the Lenders to make Loans and otherwise extend credit support are each conditioned upon, among other things, the execution and delivery by the Grantor of a security agreement in the form hereof to secure the Secured Obligations (as defined herein).

Accordingly, the Grantor and the Agent, on behalf of itself and each other Secured Party (and each respective successors and assigns), hereby agree as follows:

SECTION 1 – GRANT OF SECURITY INTEREST

1.1 Security Interest

As a general and continuing security for the payment and performance, as the case may be, in full of the Canadian Liabilities (hereinafter, the "**Secured Obligations**") the

Grantor, IN CONSIDERATION OF THE LOANS and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby bargains, assigns, mortgages, pledges, hypothecates and transfers to the Agent, its successors and assigns, for the benefit of the Secured Parties, and hereby grants to the Agent, its successors and assigns, for the benefit of the Secured Parties, a continuing security interest in, all of the Grantor's right, title and interest in, to and under the following property of the Grantor, whether now owned or hereafter-acquired by or on behalf of the Grantor, wherever located (hereinafter, collectively, the "**Collateral**"):

- (a) All debts, book debts, book accounts, rentals, revenues, incomes, loan receivables, rebates, refunds, accounts, accounts receivable, customer accounts, claims, demands, monies, cash and choses in action whatsoever, including, without limitation, claims against the Crown, in right of Canada and in right of any of the Provinces or Territories of Canada, and claims under insurance policies, which are now owned by or are due, owing or accruing due to the Grantor or which may hereafter be owned by or become due, owing or accruing due to the Grantor, in each case, in respect of Inventory (as hereinafter defined) that has been or is to be sold, leased, licensed, assigned or otherwise disposed of or alienated and/or arising out of the use of a credit or charge card or information contained on or used with that card, including but not limited to, those claims and accounts in respect of Inventory arising under the Grantor's trade names or styles, or through any of its divisions, whether or not such claims and accounts: (A) are certain, liquid and exigible; (B) are litigious; (C) have previously been or are to be invoiced; together with all of the Grantor's rights, titles and interest in, to and under contracts (including all renewals thereof), letter of credit rights, securities, investment property, bills, notes, lien notes, judgments, chattel mortgages, mortgages, security interests, hypothecs, assignments, guarantees, suretyships, accessories, bills of exchange, negotiable instruments, invoices and all other rights, benefits and documents now or hereafter taken, vested in or held by the Grantor in respect of or as security for the same and the full benefit and advantage thereof, and all rights of action or claims which the Grantor now has or may at any time hereafter have against any person or persons, firm or corporation in respect thereof, including rights of the Grantor in its capacity as seller of any Inventory returned, repossessed or recovered, under an instalment or conditional sale or otherwise (all of the foregoing being herein collectively called the "**Accounts Receivable**"); none of the foregoing rights or Accounts Receivable shall be excluded from the Collateral merely because: (i) the debtor thereof is domiciled outside the Province of Ontario, or (ii) the debtor thereof is an affiliate (as such term is defined in the Canada Business Corporations Act) of the Grantor (regardless of the law of the jurisdiction of its incorporation), or (iii) such right or Account Receivable is not related to the operation of an enterprise;
- (b) All inventory of whatever kind now or hereafter owned by the Grantor (whether in its possession, in transit or held on its behalf) or in which the Grantor now or hereinafter has an interest or right of any kind, and all accessions thereto and products thereof, including, without limitation, all property in stock, all goods, wares, merchandise, raw materials, goods in process, finished goods (whether

manufactured or transformed by the Grantor or by others), goods in transit, as well as the packaging and packing material and other tangible personal or movable property related to the foregoing now or hereafter held for sale, lease, rental or resale or that are to be furnished or have been furnished under a contract of service or that are to be used or consumed in the business of the Grantor (all of the foregoing being herein collectively called the "**Inventory**");

- (c) Any chequing or other demand deposit account into which proceeds of the Collateral are deposited ("**Deposit Accounts**");
- (d) All chattel paper, instruments, warehouse receipts, bills of lading and other documents of title, whether negotiable or non-negotiable, relating to or arising from, whether directly or indirectly, the disposition or alienation of the Inventory;
- (e) All intangibles relating to or arising from, whether directly or indirectly, the disposition or alienation of the Inventory including, without limitation, all incorporeal property now owned or hereafter acquired by the Grantor or its interest therein, and all patents and patents pending, registered and unregistered trademarks, trade or brand names, service marks, copyrights, industrial designs, formulae, processes, trade secrets, contractual rights, licences and permits, rights to payment for credit extended, deposits, amounts due to the Grantor, credit memoranda in favour of the Grantor, tax refunds and abatements, insurance refunds and premium rebates, records, customer lists, telephone numbers, causes of action, judgments, payments under any settlement or other agreement, internet addresses and domain names, and computer software programs, together with all goodwill connected with and symbolized by any of the foregoing; all other general intangible and incorporeal property of the Grantor in the nature of intellectual property, and any warranty claims;
- (f) All policies and certificates of insurance and all insurance proceeds, refunds, and premium rebates, including, without limitation, proceeds of fire and credit insurance, with respect to any of the foregoing;
- (g) All books, records, and information relating to any of the foregoing, and all rights of access to such books, records, and information;
- (h) All liens, guarantees, rights, remedies, and privileges pertaining to any of the foregoing ((a) through (g)), including the right of stoppage in transit;
- (i) Any of the foregoing, whether now owned or now due, or in which the Grantor has an interest, or hereafter acquired, arising, or to become due, or in which the Grantor obtains an interest, and all products, substitutions, replacements, increases, additions, accessions and accessories of or to any of the foregoing; and
- (j) With respect to the personal or movable property described in subparagraphs (a) to (i) inclusive, personal or movable property in any form, or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for such property being destroyed or damaged, and proceeds of

proceeds, whether of the same type, class or kind as the original proceeds, including, without limitation, fruits and revenues, cash, bank accounts, goods, contract rights, any indemnity or proceeds of expropriation or reimbursement of all taxes, rates, assessments, levies, surtaxes and any other impositions, ordinary and extraordinary, which may be assessed on or payable in respect of any of the foregoing, as well as any and all interest thereon and penalties imposed in respect thereof now or hereafter payable.

Without limiting the foregoing, the Grantor hereby designates the Agent as its true and lawful attorney, exercisable by the Agent whether or not an Event of Default exists, with full power of substitution, at the Agent's option, to file one or more financing statements, financing change statements, or to sign other documents for the purpose of perfecting, confirming, continuing, enforcing, protecting or rendering the security interest granted by the Grantor, without the signature of the Grantor (the Grantor hereby appointing the Agent as its attorney to sign the Grantor's name to any such document, whether or not an Event of Default exists), and naming the Grantor as debtor and the Agent as secured party.

1.2 Definition of Terms Used Herein

- (a) Terms used but not defined herein and defined in the PPSA shall have the same meanings herein as in the PPSA unless the context otherwise requires; for the purposes of this Security Agreement, "PPSA" means the *Personal Property Security Act* of Ontario (or any successor statute) or similar legislation of any other Canadian jurisdiction, the laws of which are required by such legislation to be applied in connection with the issue, perfection, enforcement, opposability, validity or effect of security interests;
- (b) Capitalized terms not otherwise defined herein shall have the same meanings as ascribed to them in the Credit Agreement;
- (c) Any reference to "Collateral" shall, unless the context otherwise requires, refer to "Collateral or any part thereof";
- (d) The grant of the "security interest" herein provided for shall include, without limitation, a mortgage, hypothecation, pledge, charge and assignment of the Collateral in favour of the Agent (for itself and on behalf of the Secured Parties);
- (e) The term "encumbrance" shall include, without limitation, a security interest, lien, hypothec, claim, charge, deemed trust or encumbrance of any kind whatsoever;
- (f) "Perfection Certificate" shall mean the perfection certificate delivered to the Agent on the Closing Date in accordance with the terms of the Credit Agreement, and completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by a Financial Officer of the Grantor; and
- (g) "Secured Parties" shall mean (a) the Lenders, (b) the Agents (as such term is defined in the Credit Agreement) and their Affiliates, (c) the Issuing Bank, (d) the Arranger, (e) the beneficiaries of each indemnification obligation undertaken by

the Grantor under any Loan Document, (f) any other Person to whom Obligations under the Credit Agreement and other Loan Documents are owing, and (g) the successors and assigns of each of the foregoing.

1.3 Rules of Interpretation.

The rules of interpretation specified in Section 1.02 of the Credit Agreement shall be applicable to this Agreement.

1.4 Grantor Remains Liable

Notwithstanding anything herein to the contrary:

- (a) the Grantor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all its duties and obligations thereunder to the same extent as if this Security Agreement had not been executed;
- (b) the exercise by the Agent of any of the rights or remedies hereunder shall not release the Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral; and
- (c) the Agent shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Security Agreement, nor shall the Agent be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 2 – REPRESENTATIONS AND WARRANTIES

The Grantor does hereby represent and warrant that each representation, warranty, covenant and agreement made in the Credit Agreement by the Grantor is hereby reiterated as if incorporated by reference herein, and is hereby confirmed as true and correct as of the date hereof, and further represents and warrants to the Agent that as of the date hereof:

2.1 Title and Authority

The Grantor has good and valid rights in, and title to, the Collateral with respect to which it has purported to grant a security interest hereunder and has full power and authority to grant to the Agent the security interest in such Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Security Agreement, without the consent or approval of any other Person other than any consent or approval which has been obtained.

2.2 Filings

The Perfection Certificate has been duly prepared, completed and executed, and the information set forth therein is correct and complete in all material respects. Fully executed PPSA financing statements or other appropriate filings, recordings or registrations containing a description of the

Collateral have been filed in each governmental, municipal or other office as is necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favour of the Agent (for the benefit of the Secured Parties) in respect of all Collateral in which the security interest may be perfected by filing, recording or registration in all the Provinces, other than Québec, and Territories of Canada (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refile, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under Applicable Law with respect to the filing of continuation statements.

2.3 Validity and Priority of Security Interest

The security interest constitutes (a) a legal and valid security interest in all of the Collateral securing the payment and performance of the Secured Obligations, and (b) subject to the filings described in Section 2.2 above, a perfected security interest in all of the Collateral, to the extent that perfection of the security interest can be achieved by filings or recordings. The security interest is and shall be prior to any other Lien on any of the Collateral, subject only to those Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement.

2.4 Absence of Other Liens

The Collateral is owned by the Grantor free and clear of any Lien, except for Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement. Except as provided herein and in the Credit Agreement, the Grantor has not filed or consented to the filing of (a) a registration application, financing statement or analogous document under the *Civil Code of Québec*, the PPSA (or any successor statute) or similar legislation of any other jurisdiction, the Uniform Commercial Code, or any other Applicable Law covering any Collateral, (b) any assignment or hypothecation in which the Grantor assigns or hypothecates any Collateral or any security agreement or similar instrument covering any Collateral with the United States Patent and Trademark Office, the United States Copyright Office or the Canadian Intellectual Property Office, or (c) any assignment or hypothecation in which the Grantor assigns or hypothecates any Collateral or any security agreement or similar instrument covering any Collateral with any foreign governmental, municipal or other office, which registration application, financing statement or analogous document, assignment, hypothecation, security agreement or similar instrument is still in effect, except, in each case, for Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement.

2.5 Bailees, Warehousemen, Etc.

Except as otherwise disclosed in the Perfection Certificate, no Inventory of the Grantor is in the care or custody of any third party or stored or entrusted with a bailee or other third party and none shall hereafter be placed under such care, custody, storage, or entrustment except for goods in transit.

2.6 Consignments

The Grantor does not, and shall not have, possession of any property on consignment.

SECTION 3 – COVENANTS OF THE GRANTOR

The Grantor covenants and agrees with the Agent that so long as there shall remain any Secured Obligations:

3.1 Change of Name; Location of Collateral; Records; Place of Business

- (a) The Grantor agrees promptly to notify the Agent in writing of (i) any change in its corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (ii) any change in the location of its chief executive office or its principal place of business, (iii) any change in its identity or corporate structure, (iv) any change in its jurisdiction of incorporation, Federal Taxpayer Identification Number or organizational identification number assigned to it by its jurisdiction of organization, or (v) the acquisition by the Grantor of any property for which additional filings or recordings are necessary to perfect and maintain the Agent's security interest therein. The Grantor agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the PPSA or otherwise that are required in order for the Agent to continue at all times following such change to have a valid, legal and perfected first priority security interest in all of the Collateral. In addition, and without limiting the generality of the foregoing, the Grantor will furnish to the Agent written notice at the end of each fiscal quarter of any change in any office or store in which the Grantor maintains books or records relating to the Collateral owned by the Grantor or any office, store or facility at which Collateral owned by the Grantor is located (including the establishment of any such new office or facility).
- (b) The Grantor agrees to maintain, at its own cost and expense, such complete and accurate records with respect to the Collateral owned by it as is consistent with its current practices, but in any event to include complete accounting records indicating all payments and proceeds received with respect to any part of the Collateral.

3.2 Periodic Certification

The Grantor shall deliver to the Agent at least thirty (30) days prior to setting up a location in a new jurisdiction (by province, territory, state or otherwise) in which it intends on maintaining tangible property, a certificate executed by a Financial Officer of the Grantor (a) setting forth any such new jurisdiction and the list of proposed locations, and (b) certifying that all PPSA financing statements or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction to the extent necessary to protect and perfect the Security Interest.

3.3 Protection of Security

The Grantor shall, at its own cost and expense, take any and all actions reasonably necessary to defend title to the Collateral against all Persons and to defend the security interest of the Agent in the Collateral and the priority thereof against any Lien not expressly permitted pursuant to Section 6.02 of the Credit Agreement.

3.4 Further Assurances

The Grantor agrees, at its own expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Agent may from time to time reasonably request to better assure, preserve, protect and perfect the security interest and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with the execution and delivery of this Security Agreement, the granting of the security interest and the filing of any financing statements or other documents in connection herewith or therewith. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note or other instrument, such note or instrument shall be immediately pledged and delivered to the Agent, duly endorsed in a manner satisfactory to the Agent.

3.5 Inspection and Verification

Without limiting the terms and conditions of Section 5.09 of the Credit Agreement, the Agent and such Persons as the Agent may reasonably designate shall have the right, during regular business hours, at the Grantor's own cost and expense (but subject to the limitations contained in Section 5.09(b) of the Credit Agreement), to inspect the Collateral, all records related thereto (and to make extracts and copies from such records) and the premises upon which any of the Collateral is located, to discuss the Grantor's affairs with the officers of the Grantor and its independent accountants and to verify the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Collateral, including, in the case of Accounts Receivable or Collateral in the possession of any third Person, by contacting account debtors or the third Person possessing such Collateral for the purpose of making such a verification. The Agent shall have the absolute right to share any information it gains from such inspection or verification with any Secured Party.

3.6 Taxes; Encumbrances

At its option, the Agent may discharge past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Collateral, and may take any other action which the Agent may deem necessary or desirable to repair, maintain or preserve any of the Collateral to the extent the Grantor fails to do so as required by the Credit Agreement or this Security Agreement, and the Grantor agrees to reimburse the Agent on demand for any payment made or any expense incurred by the Agent pursuant to the foregoing authorization; provided, however, that the Agent shall not have any obligation to undertake any of the foregoing and shall have no liability on account of any action so undertaken except to the extent that any liability on account of any such action resulted from the gross negligence, bad faith, or

breach of the contractual obligations of the Agent; and provided further that the making of any such payments or the taking of any such action by the Agent shall not be deemed to constitute a waiver of any Default or Event of Default arising from the Grantor's failure to have made such payments or taken such action. Nothing in this Section 3.6 shall be interpreted as excusing the Grantor from the performance of any covenants or other promises of the Grantor with respect to taxes, assessments, charges, fees, Liens, security interests or other encumbrances and maintenance as set forth herein or in the other Loan Documents.

3.7 Assignment of Security Interest

- (a) If at any time the Grantor shall take a security interest in any property of an account debtor or any other Person to secure payment and performance of an Accounts Receivable, the Grantor shall promptly assign such security interest to the Agent. Such assignment need not be filed of public record unless necessary to continue the perfected status of the security interest against creditors of, and transferees from, the account debtor or other Person granting the security interest.
- (b) To the extent that the Grantor is a beneficiary under any written letter of credit relating to the Collateral now or hereafter issued in favour of the Grantor, the Grantor shall deliver such letter of credit to the Agent. The Agent shall from time to time, at the request and expense of the Grantor, make such arrangements with the Grantor as are in the Agent's reasonable judgment necessary and appropriate so that the Grantor may make any drawing to which the Grantor is entitled under such letter of credit, without impairment of the Agent's perfected security interest in the Grantor's rights to proceeds of such letter of credit or in the actual proceeds of such drawing. At the Agent's request, the Grantor shall, for any letter of credit relating to the Collateral, whether or not written, now or hereafter issued in favour of the Grantor as beneficiary, execute and deliver to the issuer and any confirmer of such letter of credit an assignment of proceeds form, in favour of the Agent and satisfactory to the Agent and such issuer or (as the case may be) such confirmer, requiring the proceeds of any drawing under such letter of credit to be paid directly to the Agent.

3.8 Continuing Obligations of the Grantor

The Grantor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Collateral, all in accordance with the terms and conditions thereof, except where the failure to do so would not have a Material Adverse Effect, and the Grantor agrees to indemnify and hold harmless the Agent and the Secured Parties from and against any and all liability for such performance.

3.9 Use and Disposition of Collateral

The Grantor shall not make or permit to be made an assignment, pledge or hypothecation of the Collateral or shall not grant any other Lien in respect of the Collateral or shall not grant control of any Collateral to any third Person, except as expressly permitted by the Credit Agreement or

this Security Agreement. Except as expressly permitted in the Credit Agreement, the Grantor shall not make or permit to be made any transfer of the Collateral, and the Grantor shall remain at all times in possession of the Collateral owned by it, except that (a) Inventory may be sold in the ordinary course of business, and (b) the Grantor may use and dispose of the Collateral in any lawful manner not inconsistent with the provisions of this Security Agreement, the Credit Agreement or any other Loan Document, including, without limitation, the direction of the disposition of proceeds of the Collateral and funds in Deposit Accounts in accordance with Section 2.23 of the Credit Agreement.

3.10 Limitation on Modification of Accounts

The Grantor will not, without the Agent's prior written consent, grant any extension of the time of payment of any of the Accounts Receivable, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any Person liable for the payment thereof or allow any credit or discount whatsoever thereon, other than extensions, releases, credits, discounts, compromises or settlements granted or made in the ordinary course of business and consistent with its current practices.

3.11 Insurance

- (a) The Grantor shall (i) maintain or shall cause to be maintained insurance with financially sound and reputable insurers having a rating of at least A- or better by A.M. Best Rating Guide (or, to the extent consistent with prudent business practice, a program of self-insurance) on such of its property and in at least such amounts and against at least such risks as is customary with companies in the same or similar businesses operating in the same or similar locations, including commercial general liability insurance against claims for personal injury or death occurring upon, in or about or in connection with the use of any properties owned, occupied or controlled by it (including the insurance required pursuant to the Credit Agreement); (ii) maintain such other insurance as may be required by law, except where the failure to do so would not have a Material Adverse Effect; and (iii) furnish to the Agent, upon written request, information as to the insurance carried. The Agent acknowledges that the current insurers of the Borrowers are reasonably acceptable to the Agent.
- (b) Commercial property insurance policies maintained with respect to any Collateral shall be endorsed or otherwise amended to include (i) a lenders' loss payable clause, in form and substance satisfactory to the Agent, which endorsements or amendments shall provide that the insurer shall pay all proceeds of the Collateral otherwise payable to the Grantor under the policies directly to the Agent, and (ii) a provision to the effect that none of the Grantor, the Agent or any other party shall be a coinsurer (it being understood that the inclusion of a deductible shall not be deemed to cause the Grantor to be a co-insurer). Commercial general liability policies shall be endorsed to name the Agent as an additional insured. The Agent shall apply to the Secured Obligations any and all proceeds received by the Agent on account of such insurance policies, as provided in Section 2.24 of the Credit Agreement and Section 6.10 of this Security Agreement (as

applicable). Each such policy referred to in this paragraph also shall provide that it shall not be canceled, modified or not renewed (i) by reason of nonpayment of premium except upon not less than ten (10) days' prior written notice thereof by the insurer to the Agent (giving the Agent the right to cure defaults in the payment of premiums) or (ii) for any other reason except upon not less than thirty (30) days' prior written notice thereof by the insurer to the Agent. All such insurance which covers the Collateral shall include an endorsement in favour of the Agent, which endorsement shall provide that the insurance, to the extent of the Agent's interest therein, shall not be impaired or invalidated, in whole or in part, by reason of any act or neglect of the Grantor or by the failure of the Grantor to comply with any warranty or condition of the policy. The Grantor shall deliver to the Agent, prior to the cancellation, modification or nonrenewal of any such policy of insurance, evidence of a replacement policy or renewal of a policy previously delivered to the Agent together with evidence satisfactory to the Agent of payment of the premium therefor.

- (c) The Grantor hereby irrevocably makes, constitutes and appoints the Agent (and all officers, employees or agents designated by the Agent) as its true and lawful agent (and attorney-in-fact), exercisable after the occurrence and during the continuance of any Event of Default, for the purpose of making, settling and adjusting claims in respect of Collateral under policies of insurance, endorsing the name of the Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto. In the event that the Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required hereby or to pay any premium in whole or part relating thereto, the Agent may, without waiving or releasing any obligation or liability of the Grantor hereunder or any Default or Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Agent deems advisable. All sums disbursed by the Agent in connection with this Section 3.11(c), including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable, upon demand, by the Grantor to the Agent and shall be additional Secured Obligations secured hereby.

3.12 Legend

At the request of the Agent if an Event of Default shall occur and be continuing, the Grantor shall legend, in form and manner satisfactory to the Agent, its Accounts Receivables and its books, records and documents evidencing or pertaining thereto with an appropriate reference to the fact that such Accounts Receivables have been assigned to the Agent for the benefit of the Secured Parties and that the Agent has a security interest therein.

3.13 Payment

The Grantor will pay duly and punctually all sums of money due by it to the Agent or any Lender under this Security Agreement at the times and places and in the manner provided for

herein and under the Credit Agreement and at the times and places and in the manner provided for therein and under any other agreements forming part of the Secured Obligations.

3.14 Credit Agreement

The Grantor acknowledges having reviewed the covenants contained in the Credit Agreement which relate to the Grantor and its business, and hereby covenants and agrees to observe and perform all covenants provided for in the Credit Agreement which relate to it and to do all things necessary or appropriate to ensure that it is in compliance with such covenants at all times.

SECTION 4 – COLLECTIONS

4.1 Collections

- (a) The Grantor shall at all times comply with the Cash Receipts provisions of Section 2.23 of the Credit Agreement including, without limitation, after the occurrence and during the continuation of a Cash Dominion Event, causing the sweep on each Business Day of all Cash Receipts to a Blocked Account established by the Grantor or as the Agent may otherwise direct as provided for in the Credit Agreement.
- (b) Without the prior written consent of the Agent, the Grantor shall not modify or amend the instructions pursuant to any of the DDA Notifications, the Credit Card Agreements, or the Blocked Account Agreements. So long as no Cash Dominion Event occurs and continues, the Grantor shall, and the Agent hereby authorizes the Grantor to, enforce and collect all amounts owing on the Inventory and Accounts Receivable, for the benefit and on behalf of the Agent and the other Secured Parties; provided, however, that such privilege may, at the option of the Agent, be terminated upon the occurrence and during the continuance of any Cash Dominion Event.

4.2 Power of Attorney

The Grantor hereby irrevocably makes, constitutes and appoints the Agent (and all officers, employees or agents designated by the Agent) as the Grantor's true and lawful agent and attorney-in-fact, and in such capacity the Agent shall have the right, with power of substitution for the Grantor and in the Grantor's name or otherwise, for the use and benefit of the Agent and the Secured Parties, (a) at any time, whether or not a Default or Event of Default has occurred, to take actions required to be taken by the Grantor under Section 1.1 of this Security Agreement, (b) upon the occurrence and during the continuance of a Cash Dominion Event or as otherwise permitted under the Credit Agreement, (i) to take actions required to be taken by the Grantor under Section 4.1 of this Security Agreement, (ii) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (iii) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; and (c) upon the occurrence and during the continuance of an Event of Default or as otherwise permitted in the Credit Agreement (i) to sign the name of the Grantor on any invoices, schedules of Collateral, freight or express receipts, or bills of lading storage receipts, warehouse receipts or other documents of title

relating to any of the Collateral; (ii) to sign the name of the Grantor on any notice to its account debtors; (iii) to sign the name of the Grantor on any proof of claim in bankruptcy against account debtors; (iv) to the extent relating to the Collateral, to sign change of address forms to change the address to which the Grantor's mail is to be sent to such address as the Agent shall designate; (v) to receive and open the Grantor's mail, remove any proceeds of Collateral therefrom and turn over the balance of such mail either to the Lead Borrower or to any trustee in bankruptcy or receiver of the Grantor, or other legal representative of the Grantor whom the Agent determines to be the appropriate person to whom to so turn over such mail; (vi) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (vii) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral; (viii) to take all such action as may be necessary to obtain the payment of any letter of credit and/or banker's acceptance of which the Grantor is a beneficiary to the extent relating to Collateral; (ix) to repair, manufacture, assemble, complete, package, deliver, alter or supply goods, if any, necessary to fulfill in whole or in part the purchase order of any customer of any Grantor; (x) to use for the purposes permitted by Section 6, any or all general intangibles of the Grantor relating to the Collateral, provided that the Agent's use of such general intangibles will comply with all Applicable Law; and (xi) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Security Agreement, as fully and completely as though the Agent were the absolute owner of the Collateral for all purposes; provided, however, that nothing herein contained shall be construed as requiring or obligating the Agent or any other Secured Party to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Agent or any other Secured Party, or to present or file any claim or notice. It is understood and agreed that the appointment of the Agent as the agent and attorney-in-fact of the Grantor for the purposes set forth above is coupled with an interest and is irrevocable.

4.3 No Obligation to Act

The Agent shall not be obligated to do any of the acts or to exercise any of the powers authorized by Section 4.2 hereof, but if the Agent elects to do any such act or to exercise any of such powers, it shall not be accountable for more than it actually receives as a result of such exercise of power, and shall not be responsible to the Grantor for any act or omission to act except for any act or omission to act which constitutes gross negligence, bad faith, or breach of the contractual obligations of the Agent. The provisions of Section 4.2 hereof shall in no event relieve the Grantor of any of its obligations hereunder or under any other Loan Document with respect to the Collateral or any part thereof or impose any obligation on the Agent or any other Secured Party to proceed in any particular manner with respect to the Collateral or any part thereof, or in any way limit the exercise by the Agent or any other Secured Party of any other or further right which it may have on the date of this Security Agreement or hereafter, whether hereunder, under any other Loan Document, by law or otherwise.

SECTION 5 – DEFAULT

5.1 Default

The Secured Obligations shall become immediately due and payable and the security interest hereby constituted shall become enforceable if an Event of Default, as defined in the Credit Agreement, shall occur and be continuing.

5.2 Demand Nature of Secured Obligations

The Grantor agrees that the provision of defaults in Section 5.1 hereof shall not derogate from any demand nature of the Secured Obligations as provided in the Credit Agreement as at any time without restriction, whether or not the Grantor has complied with the provisions of this Security Agreement or any other agreement or instrument between it and the Agent and/or the Secured Parties. The Grantor agrees that upon the occurrence of an Event of Default that is continuing, the security interests hereby constituted shall become enforceable and the Agent shall be entitled to exercise and enforce any or all of the remedies herein provided or which may otherwise be available to the Agent by statute, at law or in equity and all amounts secured hereby shall immediately be paid to the Agent (for itself and on behalf of the Secured Parties) by the Grantor.

SECTION 6 – REMEDIES ON DEFAULT

Upon the occurrence and during the continuance of an Event of Default, it is agreed that the Agent shall have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the PPSA or other Applicable Law. The rights and remedies of the Agent shall include, in addition to any other rights, remedies and powers which it may have at law, in equity or under the PPSA, the *Civil Code of Quebec* (the “CCQ”) or the Uniform Commercial Code (the “Code”) (whether or not the CCQ or the Code applies to the affected Collateral), without limitation, the right to take any of or all the following actions at the same or different times upon the occurrence and during the continuance of an Event of Default:

6.1 Power of Entry

The Grantor shall forthwith upon demand assemble and deliver to the Agent possession of all of the Collateral at such place as may be specified by the Agent. The Agent may take such steps as it considers necessary or desirable to obtain possession of all or any part of the Collateral and, to that end, the Grantor agrees that the Agent, its servants or agents or Receiver (as hereinafter defined) may, at any time, during the day or night, enter upon lands and premises where the Collateral may be found for the purpose of taking possession of and/or removing the Collateral or any part thereof. In the event of the Agent taking possession of the Collateral, or any part thereof, the Agent shall have the right to maintain the same upon the premises on which the Collateral may then be situate. The Agent may, in a reasonable manner, take such action or do such things as to render any Equipment unusable.

6.2 Power of Sale

The Agent may sell, lease or otherwise dispose of all or any part of the Collateral, as a whole or in separate parcels, by public auction, private tender or by private contract, with or without

notice, except as otherwise required by applicable law, with or without advertising and without any other formality, all of which are hereby waived by the Grantor. Such sale, lease or disposition shall be on such terms and conditions as to credit and otherwise and as to upset or reserve bid or price as the Agent, in its sole discretion, may seem advantageous. If such sale, transfer or disposition is made on credit or part cash and part credit, the Agent need only credit against the Secured Obligations the actual cash received at the time of the sale. Any payments made pursuant to any credit granted at the time of the sale shall be credited against the Secured Obligations as they are received. The Agent may buy in or rescind or vary any contract for sale of all or any of the Collateral and may resell without being answerable for any loss occasioned thereby. Any such sale, lease or disposition may take place whether or not the Agent has taken possession of the Collateral. The Agent may, before any such sale, lease or disposition, perform any commercially reasonable repair, processing or preparation for disposition and the amount so paid or expended shall be deemed advanced to the Grantor by the Agent, shall become part of the Secured Obligations, shall bear interest at the highest rate per annum charged by the Agent on the Secured Obligations or any part thereof and shall be secured by this Security Agreement.

6.3 Validity of Sale

No person dealing with the Agent or its servants or agents shall be concerned to inquire whether the security hereby constituted has become enforceable, whether the powers which the Agent is purporting to exercise have become exercisable, whether any money remains due on the security of the Collateral, as to the necessity or expedience of the stipulations and conditions subject to which any sale, lease or disposition shall be made, otherwise as to the propriety or regularity of any sale or any other dealing by the Agent with the Collateral or to see to the application of any money paid to the Agent. In the absence of fraud on the part of such persons, such dealings shall be deemed, so far as regards the safety and protection of such person, to be within the powers hereby conferred and to be valid and effective accordingly.

6.4 Receiver-Manager

The Agent 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 Collateral 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 Agent has under this Security Agreement, at law or in equity. 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 Agent and the Lenders shall not be responsible for any act or default of any such Receiver. The Agent 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 Agent. A court need not appoint, ratify the appointment by the Agent of or otherwise supervise in any manner the actions of any Receiver. Upon the Grantor receiving notice from the Agent of the taking of possession of the Collateral 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 Collateral shall cease, unless specifically continued by the written consent of the Agent.

6.5 Carrying on Business

The Agent may carry on, or concur in the carrying on of, all or any part of the business or undertaking of the Grantor, may, to the exclusion of all others, including the Grantor, enter upon, occupy and use all or any of the premises, buildings, plant and undertaking of or occupied or used by the Grantor and may use all or any of the tools, machinery, equipment and intangibles of the Grantor for such time as the Agent sees fit, free of charge, to carry on the business of the Grantor and, if applicable, to manufacture or complete the manufacture of any Inventory and to pack and ship the finished product.

6.6 Dealing with Collateral

The Agent may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to it advisable, all of which without notice to the Grantor except as otherwise required by any applicable law. The Agent may demand, sue for and receive any Accounts Receivable with or without notice to the Grantor, give such receipts, discharges and extensions of time and make such compromises in respect of any Accounts Receivable which may, in the Agent's absolute discretion, seem bad or doubtful. The Agent may charge on its own behalf and pay to others, sums for costs and expenses incurred including, without limitation, legal fees and expenses on a solicitor and his own client scale and Receivers' and accounting fees, in or in connection with seizing, collecting, realizing, disposing, enforcing or otherwise dealing with the Collateral and in connection with the protection and enforcement of the rights of the Agent hereunder including, without limitation, in connection with advice with respect to any of the foregoing. The amount of such sums shall be deemed advanced to the Grantor by the Agent, shall become part of the Secured Obligations, shall bear interest at the highest rate per annum charged by the Agent on the Secured Obligations or any part thereof and shall be secured by this Security Agreement.

6.7 Right to Use

For the purpose of enabling the Agent to exercise the Agent's Rights and Remedies (as hereinafter defined) under Section 6 (including, without limitation, in order to take possession of, hold, preserve, process, assemble, prepare for sale, market for sale, sell or otherwise dispose of or alienate the Collateral) at such time as the Agent shall be lawfully entitled to exercise the Agent's Rights and Remedies under Section 6, the Grantor's rights under all licenses and all franchise agreements shall inure to the Agent and the Grantor hereby (i) grants to the Agent, for the benefit of the Agent and the other Secured Parties, a royalty free, non-exclusive, irrevocable license, such license being with respect to the Agent's exercise of the Agent's Rights and Remedies under Section 6, including, without limitation, in connection with any completion of the manufacture of Inventory or any sale or other disposition or alienation of Inventory (a) to use, apply, and affix any trademark, trade name, logo, or the like in which any Grantor now or hereafter has rights, (b) to use, license or sublicense any intellectual property, computer software now owned, held or hereafter acquired by such Grantor, including in such license access to all media such and to the extent to which any of the licensed items may be recorded or stored and to all computer software programs such and to the extent used for the compilation or print out thereof, provided that the Agent's use of the property described in subclauses (a) and (b) above will comply with all Applicable Law, and (c) to use any and all furniture, fixtures and equipment contained in any premises owned or occupied by any Grantor in connection with the exercise of

the Agent's Rights and Remedies, and (ii) without limiting any other provision of this deed, agrees to provide the Agent and/or its agents or mandataries with access to, and the right to use, any such premises owned or occupied by any Grantor.

6.8 Retention of Collateral

Upon notice to the Grantor and subject to any obligation to dispose of any of the Collateral, as provided in the PPSA, the Agent may elect to retain all or any part of the Collateral in satisfaction of the Secured Obligations or any of them.

6.9 Pay Encumbrances

The Agent may pay any encumbrance that may exist or be threatened against the Collateral. In addition, the Agent may borrow money, at standard commercial rates, required for the maintenance, preservation or protection of the Collateral or for the carrying on of the business or undertaking of the Grantor and may grant further security interests in the Collateral in priority to the security interest created hereby as security for the money so borrowed. In every such case the amounts so paid or borrowed together with costs, charges and expenses incurred in connection therewith shall be deemed to have been advanced to the Grantor by the Agent, shall become part of the Secured Obligations, shall bear interest at the highest rate per annum charged by the Agent on the Secured Obligations or any part thereof and shall be secured by this Security Agreement.

6.10 Application of Payments Against Secured Obligations

Any and all payments made in respect of the Secured Obligations following an Event of Default, from time to time, and moneys realized on the Collateral may be applied to such part or parts of the Secured Obligations, the whole in accordance with the provisions of the Security Agreement (as such term is defined in the Credit Agreement).

6.11 Set-Off

The Secured Obligations will be paid by the Grantor without regard to any equities between the Grantor and the Agent and/or any Lender or any right of set-off or cross-claim. Any indebtedness owing by the Agent and/or any Lender to the Grantor may be set off and applied by the Agent against the Secured Obligations at any time or from time to time either before or after maturity, without demand upon or notice to anyone.

6.12 Deficiency

If the proceeds of the realization of the Collateral are insufficient to repay the Agent and the Lenders all moneys due to it, the Grantor shall forthwith pay or cause to be paid to the Agent (either for itself or on behalf of the Lenders) such deficiency.

6.13 Agent Not Liable

The Agent and the Lenders shall not be liable or accountable for any failure to seize, collect, realize, dispose of, enforce or otherwise deal with the Collateral, shall not be bound to institute proceedings for any such purposes or for the purpose of preserving any rights of the Agent, the Grantor or any other person, firm or corporation in respect of the Collateral and shall not be liable or responsible for any loss, cost or damage whatsoever which may arise in respect of any such failure including, without limitation, resulting from the negligence of the Agent or any of its officers, servants, agents, solicitors, attorneys, Receivers or otherwise. Neither the Agent nor its

officers, servants, agents or Receivers shall be liable by reason of any entry into possession of the Collateral or any part thereof, to account as a mortgagee in possession, for anything except actual receipts, for any loss on realization, for any act or omission for which a mortgagee in possession might be liable, for any negligence in the carrying on or occupation of the business or undertaking of the Grantor as provided in Section 6.5 or for any loss, cost, damage or expense whatsoever which may arise in respect of any such actions, omissions or negligence.

6.14 Extensions of Time

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

6.15 Rights in Addition

The rights and powers conferred by this Section 6 are in supplement of and in addition to and not in substitution for any other rights or powers the Agent may have from time to time under this Security Agreement or under applicable law. The Agent may proceed by way of any action, suit, remedy or other proceeding at law or in equity and no such remedy for the enforcement of the rights of the Agent shall be exclusive of or dependent on any other such remedy. Any one or more of such remedies may from time to time be exercised separately or in combination.

SECTION 7 – PERFECTION OF SECURITY INTEREST

7.1 Perfection by Filing.

This Security Agreement constitutes an authenticated record, and the Grantor hereby authorizes the Agent, pursuant to the provisions Section 1 and Section 4.2, to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral, in such filing offices as the Agent shall deem appropriate, and the Grantor shall pay the Agent's reasonable costs and expenses incurred in connection therewith. The Grantor hereby further agrees that, where applicable, a carbon, photographic, or other reproduction of this Security Agreement shall be sufficient as a financing statement and may be filed as a financing statement in any and all jurisdictions.

7.2 Other Perfection, etc.

The Grantor shall at any time and from time to time take such steps as the Agent may reasonably request for the Agent (a) to obtain an acknowledgment, in form and substance reasonably satisfactory to the Agent, of any bailee having possession of any of the Collateral that the bailee holds such Collateral for the Agent, (b) to obtain, where applicable, "control" of any Deposit Accounts, Letter-of-Credit Rights, or electronic Chattel Paper, with any agreements establishing control to be in form and substance satisfactory to the Agent, and (c) otherwise to ensure the continued perfection of the Agent's security interest in any of the Collateral with the priority described in Section 2.3 and of the preservation of its rights therein.

7.3 Savings Clause.

Nothing contained in this Section 7 shall be construed to narrow the scope of the Agent's security interest in any of the Collateral or the perfection or priority thereof or to impair or otherwise limit any of the Agent's Rights and Remedies (as hereinafter defined) hereunder except (and then only to the extent) as mandated by the PPSA.

SECTION 8 – GENERAL

8.1 Security in Addition

The security hereby constituted is not in substitution for any other security for the Secured Obligations or for any other agreement between the parties creating a security interest or hypothec in all or part of the Collateral, whether heretofore or hereafter made, and such security and such agreements shall be deemed to be continued and not affected hereby unless expressly provided to the contrary in writing and signed by the Agent and the Grantor. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other security for the Secured Obligations or any part thereof, shall not release or affect the security interest created by this Security Agreement and the taking of the security interest hereby created or any proceedings hereunder for the realization of the security interest hereby created shall not release or affect any other security held by the Agent for the repayment of or performance of the Secured Obligations.

8.2 Waivers; Amendment.

- (a) The rights, remedies, powers, privileges, and discretions of the Agent hereunder (herein, the “**Agent's Rights and Remedies**”) shall be cumulative and not exclusive of any rights or remedies which it would otherwise have. No delay or omission by the Agent in exercising or enforcing any of the Agent's Rights and Remedies shall operate as, or constitute, a waiver thereof. No waiver by the Agent of any Event of Default or of any Default under any other agreement shall operate as a waiver of any other Event of Default or other Default hereunder or under any other agreement. No single or partial exercise of any of the Agent's Rights or Remedies, and no express or implied agreement or transaction of whatever nature entered into between the Agent and any Person, at any time, shall preclude the other or further exercise of the Agent's Rights and Remedies. No waiver by the Agent of any of the Agent's Rights and Remedies on any one occasion shall be deemed a waiver on any subsequent occasion, nor shall it be deemed a continuing waiver. The Agent's Rights and Remedies may be exercised at such time or times and in such order of preference as the Agent may determine. The Agent's Rights and Remedies may be exercised without resort or regard to any other source of satisfaction of the Secured Obligations. No waiver of any provisions of this Security Agreement or any other Loan Document or consent to any departure by the Grantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Grantor in any case shall entitle the Grantor to any other or further notice or demand in similar or other circumstances.

- (b) Neither this Security Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Agent and the Grantor with respect to such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 9.02 of the Credit Agreement.

8.3 No Merger

Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Grantor to make payment of or satisfy the Secured Obligations. The acceptance of any payment or alternate security shall not constitute or create any novation and the taking of a judgment or judgments under any of the covenants herein contained shall not operate as a merger of such covenants.

8.4 Notices

All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 9.01 of the Credit Agreement.

8.5 Security Interest Absolute

All rights of the Agent hereunder, the security interest and all obligations of the Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any agreement with respect to any of the Secured Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document, or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure any guarantee, securing or guaranteeing all or any of the Secured Obligations, or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Grantor in respect of the Secured Obligations or this Security Agreement.

8.6 Survival of Agreement

All covenants, agreements, representations and warranties made by the Grantor herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Security Agreement or any other Loan Document shall be considered to have been relied upon by the Agent and the other Secured Parties and shall survive the execution and delivery of this Security Agreement and the other Loan Documents and the making of any Loans and the issuance of any Letters of Credit, and shall continue in full force and effect as long as the Secured Obligations are outstanding and unpaid or the Letter of Credit Outstandings do not equal zero, or are not fully cash collateralized in a manner satisfactory to the Issuing Bank and the Agent, and as long as the Commitments have not expired or terminated.

8.7 Binding Effect; Several Agreement; Assignments

Whenever in this Security Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party (subject to the provisions of the Credit Agreement), and all covenants, promises and agreements by or on behalf of the Grantor that are contained in this Security Agreement shall bind and inure to the benefit of the Grantor and its successors and assigns. This Security Agreement shall be binding upon the Grantor and the Agent and their respective successors and assigns, and shall inure to the benefit of the Grantor, the Agent and the other Secured Parties and their respective successors and assigns, except that the Grantor shall not have the right to assign or transfer its rights or obligations hereunder or any interest herein or in the Collateral (and any such attempted assignment or transfer shall be void) except as expressly permitted by this Security Agreement or the Credit Agreement.

8.8 Agent's Fees and Expenses; Indemnification

- (a) Without limiting any of its obligations under the Credit Agreement or the other Loan Documents, the Grantor agrees to pay all reasonable out-of-pocket expenses incurred by the Agent, including the reasonable fees, charges and disbursements of any counsel and any outside consultants for the Agent, in connection with (i) the administration of this Security Agreement, (ii) the custody or preservation of, or the sale of, collection from or other realization upon any of the Collateral, (iii) the exercise, enforcement or protection of any of the Agent's Rights and Remedies hereunder or (iv) the failure of the Grantor to perform or observe any of the provisions hereof.
- (b) Without limiting any of its indemnification obligations under the Credit Agreement or the other Loan Documents, the Grantor agrees to indemnify each Secured Party and their respective Affiliates (each such Person being called an "Indemnitee"), and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of, (i) the execution or delivery or performance of this Security Agreement or any other Loan Document, the performance by the Grantor of its obligations under this Security Agreement or any other Loan Document, or the consummation of the transactions contemplated by the Loan Documents or any other transactions contemplated hereby, or (ii) any actual claim, litigation, investigation or proceeding relating to any of the foregoing or to the Collateral, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses resulted from the gross negligence, bad faith, or breach of the contractual obligations of such Indemnitee or any Affiliate of such Indemnitee (or of any officer, director, employee, advisor or agent of such Indemnitee or any such Indemnitee's Affiliates) or with respect to a claim by one Indemnified Party against another Indemnified Party.

- (c) Any such amounts payable as provided hereunder shall be additional Secured Obligations secured hereby and by the other Security Documents. All amounts due under this Section 8.8 shall be payable on written demand therefor.

8.9 Termination; Release of Collateral

Except for those provisions which expressly survive the termination thereof, the Credit Agreement, this Security Agreement and the security interest shall terminate when all the Secured Obligations have been paid in full, the Lenders have no further commitment to lend, the Letter of Credit Outstandings have been reduced to zero or fully cash collateralized in a manner reasonably satisfactory to the Issuing Bank and the Agent, and the Issuing Bank has no further obligation to issue Letters of Credit under the Credit Agreement, at which time the Agent shall execute and deliver to the Grantor, at the Grantor's expense, all PPSA discharges and similar documents that the Grantor shall reasonably request to evidence such termination. Any execution and delivery of discharges or documents pursuant to this Section 8.9 shall be without recourse to, or warranty by, the Agent. Without limiting the foregoing, in connection with the termination of this Agreement and the release and termination of the Security Interest in the Collateral, the Agent may require such indemnities and collateral security as it shall reasonably deem necessary or appropriate to protect the Secured Parties against loss on account of credits previously applied to the Obligations that may subsequently be reversed or revoked.

8.10 Governing Law

This Security Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, except as required by mandatory provisions of law and except to the extent that the validity or perfection of the security interests hereunder, or remedies hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the Province of Ontario.

8.11 Security Interest Effective Immediately

Neither the execution or registration of this Security Agreement nor any partial advances by the Agent shall bind the Agent to advance any other amounts to the Grantor. The parties intend the security interest created hereby to attach and take effect forthwith upon execution of this Security Agreement by the Grantor and the Grantor acknowledges that value has been given and that the Grantor has rights in the Collateral.

8.12 Provisions Reasonable

The Grantor expressly acknowledges and agrees that the provisions of this Security Agreement and, in particular, those respecting remedies and powers of the Agent against the Grantor, its business and the Collateral upon default, are commercially reasonable and not manifestly unreasonable.

8.13 Number and Gender

In this Security Agreement, words importing the singular number include the plural and vice-versa and words importing gender include all genders.

8.14 Invalidity

In the event any one or more of the provisions contained in this Security Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction).

8.15 Precedence

Except as limited herein, in the event that any provisions of this Security Agreement contradict and are otherwise incapable of being construed in conjunction with the provisions of the Credit Agreement, the provisions of the Credit Agreement, as applicable, shall take precedence over those contained in this Security Agreement and, in particular, if any act of the Grantor is expressly permitted under the Credit Agreement but is prohibited under this Security Agreement, any such act shall be deemed to be permitted under this Security Agreement. Notwithstanding the foregoing, in the event that granting of security interest provisions in the Credit Agreement contradict and are otherwise incapable of being construed in conjunction with the provisions of this Security Agreement, such provisions of this Security Agreement shall take precedence over those contained in the Credit Agreement.

8.16 Sections and Headings

Article and Section headings used herein are for the purpose of reference only, are not part of this Security Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Security Agreement.

8.17 Receipt of Copy

The Grantor acknowledges receipt of an executed copy of this Security Agreement.

8.18 Judgment Currency

If, for the purposes of obtaining or enforcing judgment in any court or for any other purpose hereunder or in connection herewith, it is necessary to convert a sum due hereunder in any currency into another currency, such conversion shall be carried out to the extent and in the manner provided in the Credit Agreement.

8.19 Counterparts.

This Security Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Security Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

8.20 Existing General Security Agreement

All security provided by the Grantor to the Agent prior to the date hereof, in connection with the Existing Credit Agreement, shall remain in full force and effect, there being no novation or merger of the Existing Credit Agreement or such security, it being expressly understood that all security previously, now or in the future provided by the undersigned to the Agent shall secure all obligations of the undersigned under the Credit Agreement; provided that this Security Agreement amends and restates in its entirety that certain General Security Agreement made by the Grantor in favour of the Agent on July 8, 2004.

8.21 Waiver of *The Limitation of Civil Rights Act* (Saskatchewan)

Without limiting the generality of the foregoing, the Grantor agrees that *The Limitation of Civil Rights Act* (Saskatchewan) will not apply to this Security Agreement or any rights, remedies or powers of the Agent, any Secured Party or any Receiver hereunder.

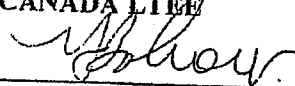
8.22 Language

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.*

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Grantor has duly executed this Security Agreement as of the date first above written.

INTERTAN CANADA LTD. /
INTERTAN CANADA LTÉE

Per: 
Name: Nicolai J. Bobrow
Title: Senior Vice President Finance

BANK OF AMERICA, N.A.
(acting through its Canada branch)
on its own behalf and as Agent

Per: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the Grantor has duly executed this Security Agreement as of the date first above written.

**INTERTAN CANADA LTD. /
INTERTAN CANADA LTÉE**

Per: _____
Name: Nicolai J. Bobrow
Title: Senior Vice President Finance

BANK OF AMERICA, N.A.
(acting through its Canada branch)
on its own behalf and as Agent

Per: _____
Name: Nelson Lam
Title: Vice President