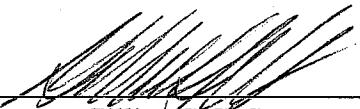


THIS IS EXHIBIT "H" REFERRED TO IN THE
AFFIDAVIT OF MARK J. WONG,
SWORN BEFORE ME
ON THIS 10TH DAY OF NOVEMBER, 2008



Gillian S.G. Scott

(A COMMISSIONER FOR TAKING AFFIDAVITS)

**DEED OF HYPOTHEC
ON MOVABLE PROPERTY**

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

BETWEEN: **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,

(the "Grantor")

AND: **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, herein acting (i) for its own benefit as Lender, and as Canadian Agent for the other present and future Lenders, under the Credit Agreement (as hereinafter defined), and all other Secured Parties (as hereinafter defined) who are owed any Canadian Liabilities and (ii) as solidary creditor of such other present and future Lenders and all other such Secured Parties, and any successors thereto in such capacities; for the purposes of this deed "**Secured Parties**" shall mean (a) the Lenders, (b) the Agents (as such term is defined in the Credit Agreement, hereinafter defined) 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,

(the "Agent")

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. Unless the context otherwise requires, all capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement.

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 deed in the form hereof to secure the Secured Obligations (as defined herein).

THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

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"):

- 1.1 the prompt payment or performance in full, as and when due and payable, of the Canadian Liabilities now or hereafter owing by the Grantor to the Agent or to the Agent and the Secured Parties;
- 1.2 the strict performance and observance by the Grantor of all agreements, warranties, representations, covenants and conditions of the Grantor made pursuant to this deed or the Credit Agreement or any other agreement in relation thereto between the Grantor and the Agent or the Agent and the Secured Parties 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 the Grantor to the Agent and to the Agent and the Secured Parties, 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 hereunder and the legitimate costs (including, without limitation, all reasonable fees, charges and disbursements of counsel) that the Agent may incur to recover the obligations secured hereby and to preserve the Collateral (as such expression is hereinbelow defined).

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 or publish one or more registration applications or financing statements, renewals or continuation statements, or to sign other documents for the purpose of publishing, perfecting, confirming, continuing, enforcing, protecting or rendering enforceable and opposable the Hypothec hereby created 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 or grantor and the Agent as secured party or creditor.

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 incorporeal property, property located outside of the Province of Québec or property used in more than one jurisdiction, creates a security interest (the hypothec and the security interest are hereinafter collectively called the "**Hypothec**") in the property described in Section 2.2 hereof in favour of the Agent for the sum of CANADIAN ONE HUNDRED MILLION dollars (\$100,000,000) bearing interest at the rate of TWENTY-FIVE percent (25%) per annum from the date hereof, compounded annually.

2.2 Description of Collateral

The Hypothec charges the universality of the following movable property of the Grantor, present and future, wheresoever situated (hereinafter collectively called the "**Collateral**"):

- 2.2.1 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, 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 Québec, 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;

- 2.2.2 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**”);
- 2.2.3 Any chequing or other demand deposit account into which proceeds of the Collateral are deposited (“**Deposit Accounts**”);
- 2.2.4 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;
- 2.2.5 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;

- 2.2.6 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;
- 2.2.7 All books, records, and information relating to any of the foregoing, and all rights of access to such books, records, and information;
- 2.2.8 All liens, guarantees, rights, remedies, and privileges pertaining to any of the foregoing (sub-sections 2.2.1 through 2.2.7) including the right of stoppage in transit;
- 2.2.9 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
- 2.2.10 With respect to the personal or movable property described in sub-sections 2.2.1 to 2.2.9 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.

2.3 **Interpretation**

The parties hereto acknowledge and confirm as follows:

- 2.3.1 that the Hypothec created on the Collateral 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*;

- 2.3.2 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 Agent and delivered to the Grantor. The Hypothec, security and rights hereby created in favour of the Agent will not be extinguished, reduced, novated or otherwise affected by any payments made to or amounts received by the Agent, 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 Collateral or by reason of the collection of any Accounts Receivable hypothecated hereunder;
- 2.3.3 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 Québec*;
- 2.3.4 the rules of interpretation specified in Section 1.02 of the Credit Agreement shall be applicable to this deed; and
- 2.3.5 the Hypothec created by this deed is granted as security only and shall not subject the Agent or any other Secured Party to, or in any way, alter or modify, any obligation or liability of the Grantor with respect to or arising out of the Collateral.

3. GRANTOR'S UNDERTAKINGS

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

- 3.1.1 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 (head 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 publication, filings or recordings are necessary to perfect, maintain and render enforceable and opposable the Agent's Hypothec therein. The

Grantor agrees not to effect or permit any change referred to in the preceding sentence unless all publications, registrations and filings have been made under the *Civil Code of Québec* or otherwise that are required in order for the Agent to continue at all times following such change to have a valid, enforceable, legal, perfected and opposable first priority security interest and Hypothec 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).

- 3.1.2 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 corporeal (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 registration applications pursuant to the *Civil Code of Québec* or other appropriate publications, filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been published or filed of record in each governmental, municipal or other appropriate office in each jurisdiction to the extent necessary to render enforceable and opposable, and to protect and perfect, the Hypothec hereby created.

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 Hypothec hereby created in favour of the Agent 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 do, make, execute, acknowledge, deliver and cause to be duly filed, registered or published all such further deeds, instruments, documents and things and take all such actions as the Agent may

from time to time reasonably request to better assure, preserve, protect, perfect and 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 Collateral 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 deed, the granting of the Hypothec and the publication or filing of any registration application or financing statement or other document 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 4.4 of this deed, and 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 debtors of such Accounts Receivable 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, hypothecs, 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 deed, 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, hypothecs, security interests or other encumbrances and maintenance as set forth herein or in the other Loan Documents.

3.7 Assignment or Hypothecation of a Security Interest

3.7.1 If at any time the Grantor shall take a security interest or be granted a hypothec in any property of a debtor of an Account Receivable or any other Person to secure payment and performance of an Account Receivable, the Grantor shall promptly assign and hypothecate such security interest and hypothec in favour of the Agent, and shall file or publish all such further deeds, instruments, documents and things and take all such actions as the Agent may request in order that a valid and enforceable hypothec be created and maintained on such property.

3.7.2 To the extent that the Grantor is a beneficiary under any written letter of credit relating to the Collateral now or hereafter issued in favor 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 Hypothec or 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 favor 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 deed. 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 deed, 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 (for the purposes of this deed, "**Deposit Accounts**" shall mean any chequing or other demand deposit account into which proceeds of Collateral are deposited) in accordance with Section 2.23 of the Credit Agreement.

3.10 **Transformation**

The Grantor may not, without the Agent's prior written consent, transform any of the movables forming part of the Collateral 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 Agent's security or rights hereunder, including in particular their rank, being diminished.

In the event of any such transformation, even without the Agent's authorization, the Grantor (who shall not be relieved of the default resulting from the failure to obtain authorization) shall immediately inform the Agent of the details of such transformation and shall in particular provide the Agent 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.

3.11 **Limitation on Modification of Accounts**

The Grantor shall 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.

3.12 Insurance

3.12.1 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.

3.12.2 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 9.6 of this deed (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 favor 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.

- 3.12.3 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 mandatary (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 Accounts Receivable 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 3.12.3, 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.

3.13 **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 Receivable and its books, records and documents evidencing or pertaining thereto with an appropriate reference to the fact that such Accounts Receivable have been assigned and hypothecated to the Agent for the benefit of the Secured Parties and that the Agent has a Hypothec and a security interest therein.

4. **PROVISIONS APPLICABLE TO THE HYPOTHEC ON ACCOUNTS RECEIVABLE**

The following provisions apply to Accounts Receivable owed to the Grantor and hypothecated in favour of the Agent, including present and future rents payable under current and future leases affecting all or part of the Collateral.

4.1 Collections

- 4.1.1 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.
- 4.1.2 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. Notwithstanding the foregoing, the Agent may at any time take all necessary steps to set up this Hypothec against the debtors of the hypothecated Accounts Receivable. In such event, the Grantor undertakes to remit to the Agent, upon request, all titles, documents, registers, invoices and accounts evidencing the Accounts Receivable 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 Account Receivable for the Agent'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 Agent without compensation.
- 4.1.3 Notwithstanding the provisions of Section 3.9 hereof, the Grantor is not authorized (i) to alienate any Account Receivable forming a part of a universality of Accounts Receivable hypothecated in favour of the Agent 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 Accounts Receivable without the prior written consent of the Agent.

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, mandatary 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 Article 1 of this deed, (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 Grantors under Section 4.1 of this deed, (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 the Grantor's debtors of Accounts Receivable; (iii) to sign the name of the Grantor on any proof of claim in bankruptcy against debtors of Accounts Receivable; (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 the 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 the Grantor; (x) to use for the purposes permitted by Section 6.3 hereof, any or all incorporeal movable property of the Grantor forming part of the Collateral, provided that the Agent's use of such incorporeal movable property will comply with all Applicable Law; and (xi) to use, sell, assign, hypothecate, 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 deed, 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, mandatary and attorney-in-fact of the Grantor for the purposes set forth above is coupled with an interest and is irrevocable.

4.3 Agent's Rights

The Agent shall not be obliged to exercise its rights in the hypothecated Accounts Receivable or to ensure their recovery from the debtors, whether by legal proceedings or otherwise nor shall it be obligated to do any of the acts or to exercise any of the powers authorized by Section 4.2, 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 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 Agreement or hereafter, whether hereunder, under any other Loan Document, by law or otherwise.

Unless the Grantor so requests in writing, the Agent shall not be obliged to inform the Grantor of any irregularity in the payment of any amounts due on the Accounts Receivable. 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 Agent shall not be accountable to the Grantor with respect to the status of the collections made or any transactions and arrangements entered into.

4.4 Information

The Agent may, at its discretion, verify the existence and status of the Accounts Receivable 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 Agent may reasonably request: in particular, it shall allow the Agent and its agents and mandataries 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 Accounts Receivable and make copies thereof.

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

Where the Hypothec granted by this deed affects an Account Receivable that is itself secured by a registered hypothec, the Grantor shall inform the Agent accordingly and shall supply all the information that the Agent may request in this connection.

4.5 **Financial Administration Act (Canada)**

Where any of the Accounts Receivable are subject to the provisions of the *Financial Administration Act* (Canada), the Grantor hereby sells, assigns and transfers the same absolutely to the Agent so that, upon a withdrawal of authorization as referred to in Section 4.1.2 hereof, the Agent shall be free to complete the formalities required to make such assignment fully enforceable.

5. **POSSESSION OF PROPERTY**

This deed creates a Hypothec without delivery notwithstanding any undertaking contained herein.

6. **DEFAULT**

6.1 **Events of Default**

The Grantor shall be considered in default upon the occurrence of any of the following events (each one constituting an "Event of Default" hereunder):

- 6.1.1 a Default or an Event of Default as such expressions are defined under the Credit Agreement;
- 6.1.2 should the Grantor default in the performance of the Secured Obligations or to comply with any of its obligations or undertakings under this deed;
- 6.1.3 should the Agent receive from any present or future guarantor of all or any of the Secured Obligations a notice purporting to terminate or limit such guarantor's liability under its guarantee.

6.2 **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 Accounts Receivable), the Agent, upon the occurrence of any of the events listed in Section 6.1 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.

6.3 **Agent's Rights**

Irrespective of the particular remedy exercised by the Agent following an Event of Default, the following provisions shall apply in addition to any provisions that may by law apply in the circumstances, the Grantor expressly agreeing thereto:

6.3.1 the Grantor undertakes to assemble and voluntarily surrender the Collateral to the Agent upon request, at such place or places as may be specified by the Agent, and agrees 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 Agent and not to interfere therewith; in addition, the Agent may, but shall not be obliged to, conduct a verification of the Collateral, assemble or move any of such property or take proceedings or do or take any act or action in relation to the Collateral that it may deem advisable, the whole at the Grantor's expense. 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 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 Collateral unusable;

6.3.2 the Agent may, in addition, at its discretion and at the Grantor's expense, whether after the Grantor has surrendered the Collateral and until the Agent has exercised the hypothecary right which it intends to exercise, or whether after the Agent has chosen to take possession of the Collateral for purposes of administration, use or operate all or any part of the Collateral (without being obliged to make such property productive), change the destination of or alienate such property by onerous title (except for Collateral 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 Agent deems appropriate, make any repairs or renovations or undertake or complete any work;

- 6.3.3 the Agent may, in the exercise of its rights, renounce any right belonging to the Grantor, even where no valuable consideration is received;
- 6.3.4 the Agent shall not be bound to make an inventory, take out insurance or furnish other security to secure the performance of its obligations;
- 6.3.5 the Agent may, at its discretion, take possession, through its officers, agents or mandataries, of all or any part of the Collateral, with full power to carry on, manage and conduct the Grantor's business; the Agent may use the Collateral or any information that it obtains by reason of its administration for its own benefit;
- 6.3.6 the Grantor, through its officers and directors, shall forthwith execute such documents and transfers as may be necessary to place the Agent in legal possession of the Collateral 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 Collateral;
- 6.3.7 the Agent 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 Agent see fit to render an account, it may do so in summary fashion;
- 6.3.8 for the purpose of exercising any of its rights, the Agent may make use of any premises on which the Collateral is located, the whole at the Grantor's expense;
- 6.3.9 for the purpose of enabling the Agent to exercise the Agent's Rights and Remedies (as hereinafter defined) under Article 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 Article 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 Article 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;

- 6.3.10 the Agent may, at its discretion, decide to sell and dispose of the Collateral 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 Agent may stipulate, after giving such prior notices as are required by articles 2784 and following of the *Civil Code of Québec*, and the Agent 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 Agent 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;
- 6.3.11 the Agent, or its agents or representatives, may become purchasers at any sale of the Collateral, whether made under the power of sale herein contained or pursuant to foreclosure or other legal proceedings; and
- 6.3.12 the Agent may, in addition to any other rights it may have under this deed or otherwise, 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 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 Agent

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.

7. 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 being confirmed as true and correct as of the date hereof, and further represents and warrants to the Agent that as of the date hereof:

7.1 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 Hypothec hereunder and has full power and authority to grant to the Agent the Hypothec in such Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this deed, without the consent or approval of any other Person other than any consent or approval which has been obtained.

7.2 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 registration applications or other appropriate filings, registrations, recordings or publications 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 enforceable Hypothec in favour of the Agent (for the benefit of the Secured Parties) in respect of all Collateral in which the Hypothec may be published by publishing, filing, recording or registration in Canada (or any political subdivision thereof) and its territories and possessions, and no further or subsequent publication, filing, refiling, 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 or renewals; for the purposes of this deed the "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.

7.3 Validity and Priority of Hypothec

The Hypothec constitutes (a) a legal, valid and enforceable Hypothec and 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 7.2 above, a valid and enforceable Hypothec opposable to third parties in all of the Collateral, to the extent that such validity, enforceability and opposability can be achieved by publication, registration, filings or recordings. The Hypothec hereby created 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.

7.4 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 published or filed or consented to the publication or filing of (a) a registration application, financing statement or analogous document under the *Civil Code of Québec*, the *Personal Property Security Act* of Ontario (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.

7.5 Bailees, Warehousemen, Etc.

Except as otherwise disclosed in the Perfection Certificate hereto, 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.

7.6 **Consignments**

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

8. **PERFECTION OF HYPOTHECATION**

8.1 **Perfection by Filing**

This Agreement constitutes an authenticated record, and the Grantor hereby authorizes the Agent, pursuant to the provisions of Article 1 and Section 4.2, to publish, register and file one or more registration applications or financing or continuation statements, and amendments and rectifications thereto, relative to all or any part of the Collateral, with such Registrars and 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 deed shall be sufficient as a financing statement and may be filed as a financing statement in any and all jurisdictions.

8.2 **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 validity, enforceability and perfection of the Agent's Hypothec in any of the Collateral with the priority described in Section 7.3 and of the preservation of its rights therein.

8.3 **Savings Clause**

Nothing contained in this Article 8 shall be construed to narrow the scope of the Agent's Hypothec in any of the Collateral or the validity, enforceability, opposability or 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 prescribed by the *Civil Code of Québec*.

9. **MISCELLANEOUS PROVISIONS**

9.1 **Nature of the Secured Obligations**

Each of the Secured Obligations of the Grantor is indivisible.

9.2 **Hypothec Absolute**

All rights of the Agent hereunder, the Hypothec 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 property, or any release or amendment or waiver of or consent under or departure from 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 deed.

9.3 **Survival of Deed**

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 deed 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 deed 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.

9.4 **Binding Effect; Several Agreement; Assignments**

Whenever in this deed 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 deed shall bind and inure to the benefit of the Grantor and its successors and assigns. This deed 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 deed or the Credit Agreement.

9.5 **Nullity of a Provision**

In the event any one or more of the provisions contained in this deed 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).

9.6 **Application of Payments**

Any insurance indemnity, as well as any other amount or other property received by the Agent 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 Collateral, may be retained by the Agent as Collateral or applied to the payment of the Obligations, whether or not they are due. Any amount collected by the Agent following an Event of Default, even on account of the voluntary performance of the Obligations, shall be applied in accordance with the provisions of the Security Agreement (as such term is defined in the Credit Agreement).

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

9.7 **Delegation of Exercise of Rights**

The Agent 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 Collateral.

9.8 **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.

9.9 **Waivers**

9.9.1 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, remedies or security 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. The exercise by the Agent 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. 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. The Agent may, separately or successively, exercise the rights conferred upon it by this deed on any part of the Collateral, without being obliged to do so on the entire Collateral and without prejudice to its rights and remedies with respect to the remaining Collateral, 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. No waiver of any provisions of this deed 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 9.9.2 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 or any other Person to any other or further notice or demand in similar or other circumstances.

9.9.2 Neither this deed nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Agent and the Grantor subject to any consent required in accordance with Section 9.02 of the Credit Agreement.

9.10 **Power of Attorney**

The Grantor hereby grants to the Agent 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 Agent may deem necessary or appropriate to be done, made or executed by the Grantor to protect the Agent's rights hereunder and/or preserve the Collateral 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 Agent by this deed, and in particular, without limiting the generality of the foregoing, to endorse or transfer all or any part of the securities, if any, included in the Collateral over to the Agent or its officers, agents, correspondents or mandataries, including any depositary, so that the Agent 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 Agent 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.

9.11 Agent's Fees and Expenses; Indemnification.

- 9.11.1 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 deed, (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.
- 9.11.2 Without limiting any of their indemnification obligations under the Credit Agreement or the other Loan Documents, the Grantor shall agree to indemnify each Secured Party and their respective Affiliates (each such Person being called an "Indemnatee"), and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnatee, incurred by or asserted against any Indemnatee arising out of, in connection with, or as a result of, (i) the execution or delivery or performance of this deed or any other Loan Document, the performance by the Grantor of its obligations under this deed 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 on an extra-contractual basis or any other theory and regardless of whether any Indemnatee is a party thereto; provided that such indemnity shall not, as to any Indemnatee, 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 Indemnatee or any Affiliate of such Indemnatee (or of any officer, director, employee, advisor or agent of such Indemnatee or any such Indemnatee's Affiliates) or with respect to a claim by one Indemnified Party against another Indemnified Party.

- 9.11.3 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 9.11 shall be payable on written demand therefor.

9.12 **Election of Domicile**

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

9.13 **Interpretation**

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

9.14 **Divisions and Titles**

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

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

9.16 **Explanation of Contract**

The Grantor confirms that the Agent 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.

9.17 **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.

9.18 **Precedence**

Except as limited herein, in the event that any provisions of this deed 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 deed and, in particular, if any act of the Grantor is expressly permitted under the Credit Agreement but is prohibited under this deed, any such act shall be deemed to be permitted under this deed. 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 deed, such provisions of this deed shall take precedence over those contained in the Credit Agreement.

9.19 **Counterparts**

This deed 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 deed by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

9.20 **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.*

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Deed of Hypothec on Movable Property 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 parties hereto have executed and delivered this Deed of Hypothec on Movable Property 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

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT
ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF INTERTAN CANADA LTD. AND
TOURMALET CORPORATION

Court File No: 08-CL-7841

APPLICANTS

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

APPLICATION RECORD
(Volume 1 of 2)

OSLER, HOSKIN & HARCOURT LLP

P.O. Box 50

1 First Canadian Place

Toronto, ON M5X 1B8

Edward Sellers (LSUC #30110F)

Tel: (416) 862-5959

Jeremy Dacks (LSUC #41851R)

Tel: (416) 862-4923

Marc Wasserman (LSUC #44066M)

Tel: (416) 862-4908

F# 1113457