



## **SECURITY AGREEMENT**

\_\_\_\_\_ (the "Customer"), having a mailing address at \_\_\_\_\_, hereby grants to **TNG, a division of GREAT PACIFIC ENTERPRISES INC.** (the "Secured Party"), of **200 – 3320 South Service Road, Burlington, ON L7N 3M6** a security interest in all of the Customer's present and after-acquired Inventory, for all magazines, books, newspapers and related goods, now or hereafter supplied by or on behalf of the Secured Party to or for the benefit of the Customer (collectively, the "Collateral"), to secure payment of the purchase price of the Collateral and all other present and future debts, liabilities and other obligations of the Customer to the Secured Party (collectively, the "Secured Obligations").

All terms with initial capital letters will, unless otherwise defined herein, have the respective meanings given to them in the *Personal Property Security Act* (Ontario) and the regulations made thereunder (collectively, the PPSA).

Ownership of the title to each item of the Collateral will remain in the Secured Party or other supplier acting on their behalf and will not pass to the Customer until all of the Secured Obligations in respect of such item have been fully satisfied.

The Customer will not sell, lease or otherwise dispose of any Collateral except that, until default, the Customer may deal with Inventory in the ordinary course of business. The Customer will not allow any Collateral to be situated outside of Ontario. The Customer will not allow the Customer's chief executive office, main place of business or principal residence to be located outside of Ontario. The Customer will not allow, except upon 10 days' prior written notice to the Secured Party, the Customer's name to be changed or amalgamate with another entity.

The Customer will be in default under this agreement if default is made in payment or performance of any of the Secured Obligations, or if there is a default under any document evidencing any of the Secured Obligations, or if the Secured Party in good faith believes that the prospect of payment or performance of any of the Secured Obligations is or is about to be impaired or that any of the Collateral is or is about to be placed in jeopardy.

Upon a default hereunder, the Secured Party will have all the rights and remedies of a secured party under the PPSA and, in addition, will be entitled to declare payment and performance of all the Secured Obligations to be immediately due. Without limiting the rights and remedies referred to above, the Secured Party may, after default, sell, lease or otherwise dispose of any or all of the Subject Inventory, either for cash or in any manner involving deferred payment.

The Customer authorizes the Secured Party or other Supplier acting on their behalf to immediately give notice of the Security Interests created hereby to all secured parties who have registered a security agreement or a financing statement against the Customer.

The Customer acknowledges receipt of a copy of this agreement and waives its right to receive copies of all financing statements, financing change statements and verification statements that may be filed or issued with respect to the Security Interests created hereby.

Agreed to at \_\_\_\_\_, Ontario this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Per: \_\_\_\_\_

\_\_\_\_\_  
Title