

AMENDMENT NO. 3 TO CREDIT AGREEMENT

This amending agreement dated as of May 8, 2006 is made

Among:

SPINRITE LIMITED PARTNERSHIP
as Borrower
- and -

SPINRITE CORP.
(formerly 3096487 Nova Scotia Company)
as Guarantor
- and -

SPINRITE HOLDING LP
as Guarantor
- and -

SPINRITE GP INC.
as Guarantor
- and -

SPINRITE TRUST
as Guarantor
- and -

THE BANK OF NOVA SCOTIA
as Lender
- and -

CANADIAN IMPERIAL BANK OF COMMERCE
as Lender
- and -

BANK OF MONTREAL
as Lender
- and -

SUCH OTHER LENDERS AS MAY BECOME PARTY HERETO
as Lenders
- and -

THE BANK OF NOVA SCOTIA
as Administrative Agent
- and -

CANADIAN IMPERIAL BANK OF COMMERCE
as Syndication Agent

Section 1.2 Canadian Currency.

Unless otherwise specified herein, all amounts and values referred to in this Amendment No. 3 to Credit Agreement shall be calculated in lawful money of Canada.

Section 1.3 Headings.

The division of this Amendment No. 3 to Credit Agreement into Articles, Sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the meaning or interpretation of this Amendment No. 3 to Credit Agreement.

Section 1.4 References.

All references to Subsections, Sections and Articles are to Subsections, Sections and Articles of this Amendment No. 3 to Credit Agreement unless otherwise specified herein. The words "hereto", "herein", "hereof", "hereunder", "this Amending Agreement", "this Agreement" and similar expressions mean and refer to this Amendment No. 3 to Credit Agreement. All references to Schedules herein are to the Schedules to the Original Credit Agreement, as amended, unless otherwise specified herein.

Section 1.5 Number and Gender.

Where the context so requires, words importing the singular include the plural and vice versa, and words importing gender include the masculine, feminine and neuter genders.

Section 1.6 Inconsistencies.

The Credit Agreement and any other document delivered in connection therewith are to be complied with in all respects by the Borrower, the Guarantors, the Current Securityholders, the Agents and the Lenders except to the extent that there is any express inconsistency between the provisions of this Amendment No. 3 to Credit Agreement and the provisions contained in the Credit Agreement or any such other document delivered in connection therewith, in which case, the provisions of this Amendment No. 3 to Credit Agreement shall prevail.

**ARTICLE 2
AMENDMENTS**

Section 2.1 Extension of Maturity Date

An Extension Request has been made by the Borrower and all Operating Lenders and other Lenders hereby agree that, notwithstanding that such Extension Request was not made specifically in accordance with the provisions of Section 5.8 of the Original Credit Agreement, as amended, as at the date of this Amendment No. 3, the Maturity Date with respect to the Operating Credit shall be extended to May 31, 2007 (subject to such earlier date as a result of any acceleration of the Operating Credit pursuant to the Credit Agreement).

Section 2.2 Amendment to EBITDA Definition

Section 1.1(nnn)(iv) of the Original Credit Agreement, as amended, is hereby amended by adding the following words immediately following the word "period" in such Section 1.1(nnn)(iv):

"(it being agreed that, without duplication, a writedown by the Borrower on December 31, 2005 of certain inventory (primarily consisting of fancy yarns) in the aggregate amount of \$2,500,000 during the Fiscal Year of the Borrower ending December 31, 2005 and a writeoff by the Borrower on December 31, 2005 of accounts receivable (owing from Lewiscraft Corporation and other customers) in the aggregate amount of \$800,000 during the Fiscal Year of the Borrower ending December 31, 2005 shall, in each case, be deemed to be an extraordinary and non-recurring loss during the Fiscal Year of the Borrower ending December 31, 2005)".

Section 2.3 Amendment to Financial Covenants

(a) Section 9.3(a) of the Original Credit Agreement, as amended, is hereby deleted in its entirety and replaced as follows:

"(a) its Total Funded Debt to EBITDA Ratio is, at all times and calculated as at the end of each of its Fiscal Quarters (based on Total Funded Debt as at the end of each such Fiscal Quarter and EBITDA for its most recently completed Four Quarter Period), not greater than: (i) to and including March 31, 2006, 2.5:1.0, (ii) from April 1, 2006 to and including June 30, 2006, 2.75:1.0, (iii) from July 1, 2006 to and including September 30, 2006, 3.0:1.0, (iv) from October 1, 2006 to and including March 31, 2007, 2.75:1.0, and (v) at all times thereafter, 2.5:1.0;"

(b) The chart contained in Section 9.3(d) of the Original Credit Agreement, as amended, is hereby deleted and replaced with the following chart:

During the Period	Amount
The Borrower's Fiscal Year ending December 31, 2005	no less than \$300,000 and no greater than \$2,000,000
The Borrower's Fiscal Year ending December 31, 2006	no less than \$400,000 and no greater than \$2,000,000
The Borrower's Fiscal Year ending December 31, 2007 and during each of its Fiscal Years thereafter	no less than \$750,000 and no greater than \$2,000,000

Section 2.4 Decrease to Lender Commitments

The Original Credit Agreement, as amended, is hereby amended by deleting Schedule 1.1(uu) of the Original Credit Agreement, as amended, in its entirety and replacing such Schedule 1.1(uu)

in the manner as attached hereto as Schedule A. For greater certainty, such amendment will be effective after giving effect to the permanent repayment of Accommodation outstanding under the Term Credit as required in Section 4.1(iii) and Section 4.1(iv) below.

Section 2.5 Amendment to Borrowing Base

Section 1.1(dd)(iii) of the Original Credit Agreement, as amended, is hereby amended by deleting reference therein to "\$10,000,000" and replacing such reference with "\$6,000,000"

Section 2.6 New Pricing Levels

- (a) The pricing chart contained in Section 4.1 of the Original Credit Agreement, as amended, is hereby deleted and replaced with the following pricing chart:

Level	Total Funded Debt to EBITDA Ratio	Prime Rate Loans	U.S. Base Rate Loans	LIBOR Loans
I	<1.5:1	1.00%	1.00%	2.00%
II	≥1.5:1 but <2.0:1	1.50%	1.50%	2.50%
III	≥2.0:1 but < 2.5:1	2.00%	2.00%	3.00%
IV	≥2.5:1	2.25%	2.25%	3.25%

- (b) The pricing chart contained in Section 4.5 of the Original Credit Agreement, as amended, is hereby deleted and replaced with the following pricing chart:

Level	Total Funded Debt to EBITDA Ratio	Applicable Stamping Fee
I	<1.5:1	2.00%
II	≥1.5:1 but <2.0:1	2.50%
III	≥2.0:1 but < 2.5:1	3.00%
IV	≥2.5:1	3.25%

- (c) The pricing chart contained in Section 4.6(b) of the Original Credit Agreement, as amended, is hereby deleted and replaced with the following pricing chart:

Level	Total Funded Debt to EBITDA Ratio	Applicable LC Fee Rate - Documentary LCs	Applicable LC Fee Rate - All Letters of Credit (other than a Documentary LC)

Level	Total Funded Debt to EBITDA Ratio	Applicable LC Fee Rate - Documentary LCs	Applicable LC Fee Rate - All Letters of Credit (other than a Documentary LC)
I	<1.5:1	1.125%	2.125%
II	≥1.5:1 but <2.0:1	1.375%	2.625%
III	≥2.0:1 but < 2.5:1	1.625%	3.125%
IV	≥2.5:1	1.750%	3.375%

- (c) The pricing chart contained in Section 4.7(a) of the Original Credit Agreement, as amended, is hereby deleted and replaced with the following pricing chart:

Level	Total Funded Debt to EBITDA Ratio	Applicable Standby Fee Rate
I	<1.5:1	0.250%
II	≥1.5:1 but <2.0:1	0.375%
III	≥2.0:1 but < 2.5:1	0.500%
IV	≥2.5:1	0.600%

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties

To induce the Agents and the Lenders to allow the Borrower to obtain Borrowings and to induce the Agents and the Lenders to enter into this Amendment No. 3 to Credit Agreement, the Borrower and the Guarantors represent and warrant to the Agents and the Lenders that:

- (a) The representations and warranties set out in the Credit Agreement are true, complete and correct in every material respect as at the date of this Amendment No. 3 to Credit Agreement.
- (b) There is no Default or Event of Default which has occurred and is continuing as at the date of this Amendment No. 3 to Credit Agreement.

The representations and warranties to the Agents and the Lenders contained herein shall survive the execution and delivery of this Amendment No. 3 to Credit Agreement.

ARTICLE 4

CONDITIONS PRECEDENT TO THIS AGREEMENT

Section 4.1 Conditions Precedent.

This Amendment No. 3 to Credit Agreement shall not come into effect and the Credit Agreement shall not be amended to reflect the amendments contemplated herein until the Administrative Agent has received the following documents (each in form and substance satisfactory to the Administrative Agent) and the following events have occurred to the satisfaction of the Administrative Agent:

- (i) execution and delivery to the Administrative Agent of this Amendment No. 3 to Credit Agreement, the acknowledgements and declarations attached hereto and all such other security agreements, documents and instruments and legal opinions which the Administrative Agent may reasonably require in connection herewith, therewith and with the Credit Agreement;
- (ii) the Borrower shall have provided evidence satisfactory to the Administrative Agent that, as at the time of closing of this Amendment No. 3, there are no Rate Protection Obligations outstanding in respect of Rate Protection Agreements which consist of currency swap agreements, currency spot contracts, foreign exchange contracts (or other like foreign exchange-related agreements, contracts or arrangements) to or under which the Borrower is a party or a beneficiary and all such Rate Protection Agreements shall have been terminated;
- (iii) the Borrower shall have delivered to the Administrative Agent the aggregate net amount received as a result of complying with Section 4.1(ii) hereof (such amount to be not less than \$5,000,000 in aggregate), with such amount to be applied by the Administrative Agent as a permanent repayment of Accommodation outstanding under the Term Credit;
- (iv) the Borrower shall have delivered to the Administrative Agent an amount in the Capex Reserve of \$1,800,000 in aggregate, with such amount to be applied by the Administrative Agent as a permanent repayment of Accommodation outstanding under the Term Credit (it being agreed for greater certainty that, following the delivery to the Administrative Agent by the Borrower of such amount, the amount of the Capex Reserve shall have been permanently reduced by \$1,800,000); and
- (v) payment by the Borrower to the Agents and the Lenders of all fees as set out in a letter dated April 25, 2006 from the Borrower to the Administrative Agent together with all reasonable fees and out-of-pocket expenses incurred by the Agents and the Lenders (including the reasonable fees and disbursements of legal counsel) in connection with this Amendment No. 3 to Credit Agreement and in connection with all matters in respect of the Credit Agreement which have become due and owing.

ARTICLE 5

GENERAL

Section 5.1 Effect of this Amendment No. 3 to Credit Agreement.

It is acknowledged and agreed that the terms of this Amendment No. 3 to Credit Agreement are in addition to and, unless specifically provided for, shall not limit, restrict, modify, amend or release any of the understandings, agreements or covenants as set out in the Credit Agreement. This Amendment No. 3 to Credit Agreement supersedes all prior agreements, understandings, drafts, negotiations and discussions, whether oral or written, with respect to the subject matter specifically provided for herein. The Credit Agreement shall henceforth be read and construed in conjunction with this Amendment No. 3 to Credit Agreement and the Credit Agreement together with all of the powers, provisions, conditions, covenants and agreements contained or implied in the Credit Agreement shall be and shall continue to be in full force and effect. References to the "Credit Agreement" or the "Agreement" in the Credit Agreement or in any other document delivered in connection with, or pursuant to, the Credit Agreement shall mean the Credit Agreement, as amended hereby.

Section 5.2 Further Assurances.

The Borrower from time to time shall deliver or shall cause to be delivered to the Administrative Agent duly executed documents in form and substance satisfactory to the Administrative Agent, the Lenders and their legal counsel as may be reasonably requested by the Administrative Agent, any Lender or any such legal counsel for the purpose of giving effect to this Amendment No. 3 to Credit Agreement or the Credit Agreement or the security hereunder or under the Credit Agreement or for the purpose of establishing compliance with the representations, warranties and conditions of this Amendment No. 3 to Credit Agreement or the Credit Agreement or the security hereunder or under the Credit Agreement.

Section 5.3 Severability.

Any provision of this Amendment No. 3 to Credit Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 5.4 Time of Essence.

Time shall, in all respects, be of the essence of this Amendment No. 3 to Credit Agreement.

Section 5.5 Law Governing.

This Amendment No. 3 to Credit Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract and the parties hereby submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Section 5.6 Successors and Assigns.

This Amendment No. 3 to Credit Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and assigns.

Section 5.7 Counterparts.

This Amendment No. 3 to Credit Agreement (and the declarations and acknowledgments attached hereto) may be executed by one or more of the parties to this Amendment No. 3 to Credit Agreement (and the declarations and acknowledgments attached hereto) on any number of separate counterparts, and by facsimile counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Any such party or other signatory delivering a facsimile counterpart shall deliver to the Administrative Agent seven (7) originally executed counterpart copies of its signature within ten (10) Business Days of the date of delivery of the facsimile counterparts. A set of copies of this Amendment No. 3 to Credit Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties have executed this Amendment No. 3 to Credit Agreement as of the day and year first above written.

Address:
320 Livingstone Avenue South, Box 40
Listowel, Ontario
N4W 3H3

Attention: Mr. Ryan Newell
Facsimile: (519) 291-4163

Address:
320 Livingstone Avenue South, Box 40
Listowel, Ontario
N4W 3H3

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Address:
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Listowel, Ontario
N4W 3H3

Attention: Mr. Ryan Newell
Facsimile: (519) 291-4163

**SPINRITE LIMITED PARTNERSHIP, by its
General Partner, Spinrite GP Inc.**

By: “Ryan Newell”
Name: Ryan Newell
Title: Chief Financial Officer

I have authority to bind the Limited Partnership
and its General Partner.

SPINRITE GP INC.

By: “Ryan Newell”
Name: Ryan Newell
Title: Chief Financial Officer

I have authority to bind the Corporation.

**SPINRITE HOLDING LP, by its general
partner, SPINRITE GP INC.**

By: “Ryan Newell”
Name: Ryan Newell
Title: Chief Financial Officer

I have authority to bind the Limited Partnership
and its General Partner.

Address:

320 Livingstone Avenue South, Box 40
Listowel, Ontario
N4W 3H3

Attention: Mr. Ryan Newell

Facsimile: (519) 291-4163

Address:

320 Livingstone Avenue South, Box 40
Listowel, Ontario
N4W 3H3

Attention: Mr. Ryan Newell

Facsimile: (519) 291-4163

**SPINRITE TRUST, by its attorney SPINRITE
GP INC., duly authorized to sign for and on
behalf of all Trustees, in their capacities as
trustees**

By: "Ryan Newell"

Name: Ryan Newell

Title: Chief Financial Officer

I have authority to bind the Trust and the Trust
Property.

**SPINRITE CORP. (formerly 3096487 Nova
Scotia Company)**

By: "Ryan Newell"

Name: Ryan Newell

Title: Secretary and Chief Financial
Officer

I have authority to bind the Corporation.

Address:
101 Frederick Street,
Suite 700 Frederick Tower
Kitchener, Ontario
N2H 6R2

Attention: Mr. David Patterson
Facsimile: (519) 571-6428

THE BANK OF NOVA SCOTIA
(in its capacity as a Lender)

By: "David Patterson"
Name: David Patterson
Title: Senior Relationship Manager

By: "Keith E. Woodall"
Name: Keith E. Woodall
Title: Senior Manager Credit & Deputy
Manager

I/We have the authority to bind the Bank.

Address:
40 King Street West, 61st Floor
Toronto, Ontario
M5H 1H1

Attention: Mr. Jim Beninger
Facsimile: (416) 866-3329

THE BANK OF NOVA SCOTIA
(in its capacity as Administrative Agent)

By: "Jim Beninger"
Name: Jim Beninger
Title: Director

By: "Steve Holyman"
Name: Steve Holyman
Title: Associate

I/We have the authority to bind the Bank.

Address:
1 King Street East
Kitchener, Ontario
N2G 2K4

Attention: Mr. James Bott
Facsimile: (519) 742-0668

**CANADIAN IMPERIAL BANK OF
COMMERCE**
(in its capacity as a Lender)

By: "James Bott"
Name: James Bott
Title: Senior Manager

By: "Mark Berlingieri"
Name: Mark Berlingieri
Title: Senior Manager

I/We have authority to bind the Bank.

Address:
1 King Street West, 3rd Floor
Hamilton, Ontario
L8P 1A4

Attention: Mr. Phil Damecour
Facsimile: (905) 526-7414

Address:
4th Floor 1 First Canadian Place
Toronto, Ontario
M5X 1H3

Attention: Mr. Sean Gallaway
Facsimile: (416) 359-7796

**CANADIAN IMPERIAL BANK OF
COMMERCE**
(in its capacity as Syndication Agent)

By: "James Bott"
Name: James Bott
Title: Senior Manager

By: "Mark Berlngieri"
Name: Mark Berlngieri
Title: Senior Manager

I/We have authority to bind the Bank.

BANK OF MONTREAL
(in its capacity as a Lender)

By: "Sean P. Gallaway"
Name: Sean P. Gallaway
Title: Vice President

By: _____
Name:
Title:

I/We have authority to bind the Bank.

**ACKNOWLEDGEMENT AND DECLARATION
OF THE BORROWER AND GUARANTORS TO
THE AGENTS AND THE LENDERS**

Reference is made to Amendment No. 3 to Credit Agreement among the Borrower, the Guarantors, the Agents and the Lenders, to which this Acknowledgement and Declaration is annexed. All terms with initial capitals shall have the meaning given to them in Amendment No. 3 to Credit Agreement and the Credit Agreement, as applicable.

Notwithstanding the provisions of any document, agreement or instrument, the following parties hereby:

- (A) unconditionally and irrevocably consent to the execution and delivery by the Borrower and the Guarantors to the Agents and the Lenders of:
 - (1) Amendment No. 3 to Credit Agreement, and
 - (3) the ancillary documents, instruments, certificates and agreements contemplated by Amendment No. 3 to Credit Agreement(collectively, the “**Amendment Documents**”);
- (B) confirm and adopt each of the Security Documents (as defined in the Credit Agreement) to which it is a party and agrees that each of such documents continues to constitute a valid and binding obligation of such party enforceable against it in accordance with the terms thereof;
- (C) acknowledge and agree that each of the Security Documents (as defined in the Credit Agreement) to which it is a party stands and shall continue to stand as general and continuing collateral security for the due payment and performance of all present and future, direct or indirect, indebtedness, liabilities and obligations of the Borrower and the Guarantors to the Agents and the Lenders, despite the entering into of the Amendment Documents;
- (D) reaffirm the covenants and agreements contained in each of the Security Documents (as defined in the Credit Agreement) to which it is a party and acknowledge and confirm that each such Security Document, to the extent issued by it, shall be deemed to be amended accordingly without the necessity of further documentation; and
- (E) without limiting the effect of paragraph (D) above, agree that it shall at all times do, execute, acknowledge and deliver all such acts, deeds and agreements as may be necessary or desirable, in the reasonable opinion of the Administrative Agent, to give effect to the terms and provisions of this Acknowledgment and Declaration and to Amendment No. 3 to Credit Agreement, including any and all acts, deeds or agreements as may be necessary or desirable for the purposes of registering or filing notice of the terms and provisions of this Acknowledgment and Declaration.

The parties have executed this Acknowledgement and Declaration as of the day and year first above written.

Address:

320 Livingstone Avenue South, Box 40
Listowel, Ontario
N4W 3H3

Attention: Mr. Ryan Newell
Facsimile: (519) 291-4163

**SPINRITE LIMITED PARTNERSHIP, by its
General Partner, Spinrite GP Inc.**

By: "Ryan Newell"
Name: Ryan Newell
Title: Chief Financial Officer

I have authority to bind the Limited Partnership
and its General Partner.

Address:

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N4W 3H3

Attention: Mr. Ryan Newell
Facsimile: (519) 291-4163

SPINRITE GP INC.

By: "Ryan Newell"
Name: Ryan Newell
Title: Chief Financial Officer

I have authority to bind the Corporation.

Address:

320 Livingstone Avenue South, Box 40
Listowel, Ontario
N4W 3H3

Attention: Mr. Ryan Newell
Facsimile: (519) 291-4163

**SPINRITE HOLDING LP, by its general
partner, SPINRITE GP INC.**

By: "Ryan Newell"
Name: Ryan Newell
Title: Chief Financial Officer

I have authority to bind the Limited Partnership
and its General Partner.

Address:

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Listowel, Ontario
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Attention: Mr. Ryan Newell
Facsimile: (519) 291-4163

Address:

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Listowel, Ontario
N4W 3H3

Attention: Mr. Ryan Newell
Facsimile: (519) 291-4163

SPINRITE TRUST, by its attorney SPINRITE GP INC., duly authorized to sign for and on behalf of all Trustees, in their capacities as trustees

By: "Ryan Newell"
Name: Ryan Newell
Title: Chief Financial Officer

I have authority to bind the Trust and the Trust Property.

SPINRITE CORP. (formerly 3096487 Nova Scotia Company)

By: "Ryan Newell"
Name: Ryan Newell
Title: Secretary and Chief Financial Officer

I have authority to bind the Corporation.

Schedule A

“Schedule 1.1(uu)
Lender Commitments

	Lender	Address for Notice	Column 1	Column 2	Column 3 (Column 2 carveout from Column 1)	Column 4
			Revolving Commitment	Operating Credit Commitment	Overdraft Commitment	Total Operating Credit Commitment
1.	The Bank of Nova Scotia	101 Frederick Street, Suite 700, Frederick Tower Kitchener, Ontario N2H 6R2 Attn: Senior Relationship Manager Fax: (519) 571-6428	\$6,000,000	\$5,000,000	\$6,000,000	\$16,320,000
2.	Canadian Imperial Bank of Commerce	1 King Street East, Kitchener, Ontario N2G 2K4 Attn: Senior Relationship Manager Fax: (519) 742-0668	\$6,000,000		\$6,000,000	\$16,320,000

	Lender	Address for Notice	Column 1	Column 2	Column 3 (Column 2 carveout from Column 1)	Column 4
			Revolving Commitment	Operating Credit Commitment	Overdraft Commitment	Total Operating Credit Commitment
3.	Bank of Montreal	4 th Floor 1 First Canadian Place Toronto, Ontario M5X 1H3 Attn: Vice President Fax: (416) 359-7796	\$3,000,000		\$3,000,000	\$8,160,000
Total Commitment:			\$15,000,000	\$5,000,000	\$15,000,000	\$40,800,000"