

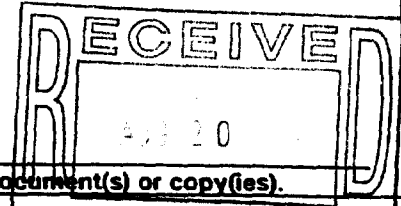
08-27-1999



101128690

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

8.20.99



TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment
- Security Agreement
- Merger
- Change of Name
- Other
- License
- Nunc Pro Tunc Assignment
Effective Date
Month Day Year

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other
- Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

FOR OFFICE USE ONLY

08/27/1999 BCDATES 00000059 75439100

01 FC:481

40.00 DP
225.00 GP

02 **PLEASE** Burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0851-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0851-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK

REEL: 001949 FRAME: 0772

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments. #

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

Number of Properties

Enter the total number of properties involved. #

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: #

Authorization to charge additional fees: Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Michael Barocas, Esq.

Michael Barocas

8/19/99

Name of Person Signing

Signature

Date Signed

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT, made and entered into as of August 9, 1999 (this "Agreement"), by Spinnaker Coating-Maine, Inc., a Delaware corporation with its chief executive office and principal place of business at 225 Warren Avenue, Westbrook, Maine 04092 ("SCM") Spinnaker Coating, Inc., a Delaware corporation formerly known as Brown-Bridge Industries, Inc. with its chief executive office and principal place of business at 518 East Water Street, Troy, Ohio 45373-0370 ("Coating"), Entoleter, Inc., a Delaware corporation with its chief executive office and principal place of business at 251 Welton Street, Hamden, Connecticut 06517 ("Entoleter" and, together with SCM and Coating, the "Borrowers"), and Spinnaker Industries, Inc., a Delaware corporation with its chief executive office and principal place of business at 1700 Pacific Avenue, Dallas, Texas 75201 (the "Guarantor" and, together with the Borrowers, the "Obligors"), in favor of Transamerica Business Credit Corporation, as agent (in such capacity, the "Agent") for the Lenders referred to below.

W I T N E S S E T H :

WHEREAS, the Obligors, the financial institutions from time to time parties thereto (the "Lenders") and the Agent are entering into a certain Credit Agreement dated as of even date herewith (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; capitalized terms which are used herein and not otherwise defined shall have the meanings given to them in the Credit Agreement); and

WHEREAS, it is a condition precedent to the effectiveness of the Credit Agreement that the Obligors shall have executed and delivered this Agreement.

NOW, THEREFORE, in consideration of the premises hereof and to induce the Agent and the Lenders to enter into the Credit Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

SECTION 1. Security for Obligations.

(a) Security Interest in Patents. To secure the full and prompt payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of the Obligations, each Obligor hereby grants and conveys to the Agent,

for the ratable benefit of the Lenders, a valid security interest in all of its right, title and interest in the United States and throughout the world in, to and under all of the now owned and hereafter acquired United States and foreign patents and all patent and design patent applications, and all issues, reissues, re-examinations, continuations, continuations-in-part or divisions thereof, and all proceeds thereof (hereinafter collectively referred to as the "Patents"). All unexpired patents and all currently pending patent applications in which each Obligor has an interest are listed on Schedule A opposite such Obligor's name. Each Obligor hereby further grants, assigns and conveys to the Agent, for the ratable benefit of the Lenders, a valid security interest, having priority over all other security interests in all of the right, title and interest of such Obligor in and to all proceeds, income, royalties, damages and payments now or hereafter due and payable under or in respect of all Patents and in and to all rights during the term of this Agreement to sue, collect and retain damages and payments for past or future infringements of the Patents.

(b) Security Interest in Trademarks. To secure the full and prompt payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of the Obligations, each Obligor hereby grants and conveys to the Agent, for the ratable benefit of the Lenders, a valid security interest in all of its right, title and interest in the United States and throughout the world in, to and under all of its now owned and hereafter acquired trademarks, service marks and trade names, and all similar designations of source or origin (whether or not such name is the subject of a registration or an application therefor), and all registrations and applications to register the same, and all renewals thereof, and the goodwill of the business relating thereto, and all proceeds thereof (hereinafter collectively referred to as the "Trademarks"). All trademark registrations and all currently pending trademark applications in which each Obligor has an interest and all foreign trademark registrations and all currently pending trademark applications in which each Obligor has an interest, are listed on Schedule B opposite such Obligor's name. Each Obligor hereby further grants to the Agent, for the ratable benefit of the Lenders, a valid security interest in all of its right, title and interest in and to (i) all proceeds, income, royalties, damages and payments now and hereafter due and payable under or in respect of all Trademarks, (ii) all rights during the term of this Agreement to sue, collect and retain for the Agent's and the Lenders' benefit damages and payments for past or future infringements of the Trademarks and (iii) all rights under or interest in any trademark license agreements or service mark license agreements with any other party, whether any Obligor is a licensee or licensor under any such license agreement, except such license agreements for which consent is required from a third party to grant such security interest and which has not been obtained,

copies of which license agreements will be furnished by the Obligors to the Agent upon the Agent's reasonable request.

(c) Security Interest in Copyrights. To secure the full and prompt payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of the Obligations, each Obligor hereby grants to the Agent, for the ratable benefit of the Lenders, a valid security interest in all of its right, title and interest in the United States and throughout the world in, to and under all of its now owned and hereafter acquired copyrights, and all registrations and applications to register the same, all renewals thereof, any written agreement, naming any Obligor as licensor or licensee, granting any right under any copyright any work which is or may be subject to copyright protection pursuant to Title 17 of the U.S. Code, and all physical things embodying such works (including, without limitation, copies thereof) created or otherwise used in the business of any Obligor, and all proceeds thereof (hereinafter collectively referred to as the "Copyrights"). All copyright registrations and all currently pending copyright applications in which each Obligor has an interest are listed on Schedule C opposite such Obligor's name. Each Obligor hereby further grants to the Agent, for the ratable benefit of the Lenders, a valid security interest in all of its right, title and interest in and to all proceeds, income, royalties, damages and payments now and hereafter due and payable under or in respect of all Copyrights and in and to all rights during the term of this Agreement to sue, collect and retain for the Agent's benefit damages and payments for past or future infringements of the Copyrights.

(d) Security Interest in Proprietary Information. To secure the full and prompt payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of the Obligations, each Obligor hereby grants to the Agent, for the ratable benefit of the Lenders, a valid security interest in all of its right, title and interest in the United States and throughout the world in, to and under all of its now owned and hereafter acquired inventions, discoveries, trade secrets, improvements, processes, methods, formulae, applications, ideas, know-how, customer lists, corporate and other business records, license rights, advertising materials, operating manuals, sales literature, drawings, specifications, descriptions, name plates, catalogues, dealer contracts, supplier contracts, distributor agreements, confidential information, consulting agreements, engineering contracts, proprietary information, and goodwill (and all other assets which uniquely reflect such goodwill), and to all income, royalties, damages and payments now and hereafter due and/or payable therefor or in respect thereof and all proceeds thereof (collectively, the "Proprietary Information" and, together with the Patents, the Trademarks, the Copyrights and all

other assets described above, the "Intellectual Property Collateral").

(e) Certain Exclusions from Grant of Security Interests. Anything in this Agreement to the contrary notwithstanding, the foregoing grant, assignment, transfer, and conveyance of security interests shall not extend to, and the term "Copyrights" shall not include, any item of Copyrights described in Section 2(c) above that is now or hereafter held by any Obligor as licensee or otherwise, solely in the event and to the extent that: (i) as the proximate result of the foregoing grant, assignment, transfer, or conveyance of security interests, any Obligor's rights in or with respect to such item of Copyrights would be forfeited or would become void, voidable, terminable, or revocable, or if any Obligor would be deemed to have breached, violated, or defaulted the underlying license or other agreement that governs such item of Copyrights pursuant to the restrictions in the underlying license or other agreement that governs such item of Copyrights; (ii) any such restriction shall be effective and enforceable under applicable law, including Section 9-318(4) of the Uniform Commercial Code (the "UCC"); and (iii) any such forfeiture, voidness, voidability, terminability, revocability, breach, violation, or default cannot be remedied or prevented by any Obligor using its reasonable efforts (but without any obligation to make any material expenditures of money or to commence legal proceedings); provided, however, that the foregoing grant, assignment, transfer, and conveyance of security interests shall extend to, and the term "Copyrights" shall include, (y) any and all proceeds of such item of Copyrights and (z) upon any such licensor or other applicable party's consent with respect to any such otherwise excluded item of Copyrights being obtained, thereafter such item of Copyrights as well as any proceeds thereof that might theretofore have been excluded from such grant, assignment, transfer, and conveyance of security interests and the term "Copyrights."

SECTION 2. Representations, Warranties and Covenants of the Obligors.

(a) Each Obligor is and will continue to be the owner of all of the Intellectual Property Collateral, free from any adverse claim, security interest, lien or encumbrance in favor of any Person except for the security interest granted under the Credit Documents, except as set forth on Schedule D attached hereto and made a part hereof, except for Liens, licenses and other dispositions permitted by the Credit Agreement and except as otherwise expressly permitted pursuant to this Section 2.

(b) None of the Intellectual Property Collateral is or shall become subject to any lien, security interest or

other encumbrance in favor of any Person other than the Agent, except as set forth on Schedule D attached hereto and made a part hereof and except for any Liens, licenses and other dispositions permitted by the Credit Agreement, and each Obligor agrees not to license, transfer, convey or encumber any interest in or to its Intellectual Property Collateral except as permitted by the Credit Agreement. Notwithstanding the foregoing, each Obligor shall be permitted to license (on a non-exclusive basis) any of its Trademarks in the ordinary course of business to (i) third parties for the sole purpose of manufacturing, marketing, advertising, distributing or selling goods or (ii) third parties that do not manufacture, market, advertise, distribute, or sell goods in the United States or to others for sale in the United States. Any license of the Intellectual Property Collateral granted after the Closing Date by any Obligor (each, a "License") shall be in writing and shall not prohibit any Obligor from assigning, transferring, selling, sublicensing or otherwise disposing of all or any of its right, title and interest thereunder to the Agent or its designees in accordance with Section 4 hereof.

(c) Except for Liens, licenses and other dispositions permitted by the Credit Agreement and except as disclosed in Schedule D hereto, no Obligor has made any previous assignment, transfer or agreement in conflict herewith or constituting a present or future assignment, transfer, or encumbrance of any of its Intellectual Property Collateral.

(d) Except as disclosed in Schedule D hereto, there is no financing statement or other document or instrument now signed or on file in any public office granting a security interest in or otherwise encumbering any part of the Intellectual Property Collateral, except those showing the Agent as secured party, except for Liens, licenses and other dispositions permitted by the Credit Agreement. So long as any Obligations or Letters of Credit remain outstanding or any Commitments remain in effect, no Obligor will execute, and there will not be on file in any public office, any such financing statement or other document or instruments, except financing statements filed or to be filed in favor of the Agent and except for the grant of any license.

(e) Subject to any limitation stated therein or in connection therewith, all information furnished to the Agent and the Lenders concerning the Intellectual Property Collateral and proceeds thereof is and will be accurate and correct in all material respects.

(f) Except as disclosed in Schedule D hereto, all Intellectual Property Collateral consisting of applications for Patents and for registrations of Trademarks and Copyrights has been duly and properly filed and all Intellectual Property Collateral consisting of issued or granted Patents and of registrations of

Trademarks and Copyrights (including, without limitation, any and all renewals, reissues, continuations or divisions thereof, as the case may be) has been duly and properly maintained except where the abandonment or dedication to the public of any of such Patents, Trademarks, or Copyrights of an Obligor is deemed to be in the best interests of such Obligor in the exercise of its reasonable business judgment.

(g) Promptly upon the receipt by any Obligor of an official filing receipt indicating that a patent application or an application for registration of a trademark has been received from such Obligor by the U.S. Patent and Trademark Office (the "PTO") or an application for registration of a copyright has been received from such Obligor by the U.S. Copyright Office and upon the issuance of any patent or of any trademark or copyright registration, such Obligor shall take all actions and execute and deliver to the Agent all documents necessary or appropriate to perfect a first priority security interest in such patent, trademark or copyright application or such patent or trademark or copyright registration, and each Obligor shall quarterly, or more frequently as the Agent shall reasonably request, cause instruments sufficient to perfect, protect or establish the first priority lien or security interest granted hereunder to be recorded in the PTO with respect to all United States patent applications filed by it or patents issued to it during the prior calendar quarter or preceding period, as the case may be, and with respect to all trademark applications filed by it or trademark registrations issued to it during the prior calendar quarter, such Obligor shall quarterly, or more frequently as the Agent shall request, cause instruments sufficient to perfect, protect or establish the first priority lien or security interest granted hereunder to be recorded in the U.S. Copyright Office with respect to United States copyright applications filed by it or copyright registrations issued to it during the prior calendar quarter or preceding period, as the case may be.

(h) Except for dispositions of the Intellectual Property Collateral permitted by the Credit Agreement, no Obligor shall take any action, or permit any action to be taken by others subject to such Obligor's control, including any such licensees, or fail to take any action, or permit others subject to such Obligor's control, including any such licensees, to fail to take any action, subject to the provisions of Section 2(g), which would, in the case of any such actions or failures to act taken singly or together, adversely affect the validity, grant and enforceability of the security interest granted to the Agent herein; provided, however, that, so long as no Event of Default shall have occurred and be continuing, each Obligor may license (on a non-exclusive basis) all or part of the Intellectual Property Collateral in any lawful manner that is in the ordinary course of business, is deemed to be in the best interest of such Obligor in the exercise of its reasonable business judgment, and is otherwise not explicitly .

prohibited by this Agreement. Notwithstanding the foregoing, the Obligors shall be permitted to abandon or dedicate to the public any of the Trademarks, Patents, Copyrights or other Intellectual Property Collateral in accordance with the terms of Section 2(l).

(i) Each Obligor shall promptly notify the Agent, in writing, of any suit, action, proceeding, claim or counterclaim brought against such Obligor that would reasonably be expected to adversely affect the Intellectual Property Collateral, and shall, on request, deliver to the Agent a copy of all pleadings, papers, orders or decrees theretofore and thereafter filed in any such suit, action or proceeding, and shall keep the Agent duly advised in writing of the progress of any such suit.

(j) In the event of any material infringement of the Intellectual Property Collateral by others or in the event of any other conduct materially detrimental to the Intellectual Property Collateral by others known or brought to the attention of any Obligor, such Obligor shall as promptly as practicable notify the Agent in writing at the address set forth in the Credit Agreement of such infringement or other conduct and the full nature and extent of such infringement or other conduct known to such Obligor.

(k) If requested by the Agent, each Obligor shall provide the Agent a complete report with respect to its Intellectual Property Collateral and all licenses granted thereof granted by such Obligor. Upon request by the Agent, each Obligor shall deliver to counsel for the Agent copies of any such Intellectual Property Collateral and other documents concerned with or related to the prosecution, protection, maintenance, enforcement and issuance of the Intellectual Property Collateral.

(l) Except where the abandonment or dedication to the public of any of the Intellectual Property Collateral is deemed to be in the best interest of any Obligor in the exercise of its reasonable business judgment, such Obligor shall notify the Agent in writing at the address set forth in the Credit Agreement at least 30 days prior to any proposed voluntary abandonment of any of its Intellectual Property Collateral and obtain the prior written consent of the Agent, on behalf of the Majority Lenders or all of the Lenders, as the case may be.

(m) During the term of this Agreement, each Obligor agrees:

(i) whenever any of the registered Trademarks are used by or on behalf of such Obligor to, if reasonably practicable and to the extent consistent with past practice, affix or cause to be affixed a notice that the mark is a registered trademark or service mark, which notice shall be in a form accepted or required by the .

trademark marking laws of each country in which the mark is so used and registered; and

(ii) whenever any of the underlying works covered by registered Copyrights are used by or on behalf of such Obligor to (only to the extent required under the laws of the relevant countries, jurisdictions, territories, or international accords) affix or cause to be affixed a notice that said underlying works are so covered, which notice shall be in a form accepted or required by the copyright laws of such country in which said underlying works are so used and registered.

(n) Subject to the provisions of Section 4(g) and except as provided in Section 2.12 of the Credit Agreement, all income, royalties, payments and damages due and payable to any Obligor under or in respect of the Intellectual Property Collateral shall be paid to such Obligor.

(o) Each Obligor agrees, upon the reasonable request by the Agent, during the term of this Agreement:

(i) to execute, acknowledge and deliver all additional instruments and documents necessary or appropriate to effect the purposes and intents of this Agreement, in a form reasonably acceptable to counsel for the Agent;

(ii) to do all such other acts as may be necessary or appropriate in order to carry out the purposes and intents of this Agreement, and to create, evidence, perfect (except to the extent not perfectible by using commercially reasonable efforts pursuant to the laws of the relevant country, jurisdiction or territory) and continue the security interests of the Agent, for the ratable benefit of the Lenders, in its Intellectual Property Collateral; and

(iii) Without limiting the generality of the foregoing, each Obligor:

(A) authorizes the Agent, in the Agent's sole discretion after ten (10) days prior notice to the Obligors, to modify this Agreement without first obtaining any Obligor's approval of or signature to such modification by amending Schedule A, B or C hereof to include a reference to any right, title or interest in any existing Copyright, Patent or Trademark acquired or developed by any Obligor after the execution hereof, or to delete any reference to any right, title or interest in any Copyright,

Patent or Trademark in which any Obligor no longer has or claims any right, title or interest; and

(B) hereby authorizes the Agent, in the Agent's sole discretion, to file one or more financing or continuation statements or other notices of security interest, and after ten (10) days prior notice to the Obligors, amendments thereto, relative to all or any portion of the Intellectual Property Collateral without the signature of any Obligor where permitted by law.

(p) Each Obligor represents and warrants to the Agent that:

(i) the security interests granted to the Agent hereunder in United States patents and patent applications (the "U.S. Patents") and in the United States trademark registrations and applications (the "U.S. Trademarks"), upon the filing of appropriate filings with the PTO and appropriate UCC financing statements, shall constitute a first priority, perfected security interest in the U.S. Patents and U.S. Trademarks; provided, however, that recordation, filing or registration of such security interest may be required to perfect such security interest in U.S. Patents and U.S. Trademarks acquired by any Obligor after the date hereof;

(ii) the security interests granted to the Agent hereunder in the registered Copyrights and Copyright applications (the "U.S. Copyrights"), upon the filing of appropriate filings with the United States Copyright Office and appropriate UCC financing statements, shall constitute a first priority, perfected security interest in the U.S. Copyrights; provided, however, that recordation, filing or registration of such security interest may be required to perfect such security interest in U.S. Copyrights acquired by any Obligor after the date hereof; and

(iii) the security interests granted to the Agent hereunder in the Proprietary Information located in the United States, upon the filing of any appropriate filings with the PTO or United States Copyright Office and appropriate UCC financing statements, shall constitute a first priority, perfected security interest in such Proprietary Information, to the extent that a first security interest can be created through such filings; provided, however, that recordation, filing or registration of such security interests may be required to perfect such security interest in the Proprietary .

Information acquired by any Obligor after the date hereof.

SECTION 3. Indemnity. The Obligors, jointly and severally, agree to indemnify the Agent and each Lender from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement and any actions taken pursuant to Section 4 or any failure to act thereunder), except for claims, losses or liabilities resulting from the gross negligence or willful misconduct of the Agent or any Lender.

SECTION 4. Rights and Remedies Upon an Event of Default.

(a) If any Event of Default shall have occurred and be continuing, then and in every such case, subject to any mandatory requirements of applicable law then in effect, the Agent, in addition to other right and remedies provided for herein and any rights now or hereafter existing under applicable law, shall have all rights and remedies as a secured creditor under the Code in all relevant jurisdictions and may:

(i) personally, or by agents or attorneys, immediately take possession of the Intellectual Property Collateral or any part thereof, from any Obligor or any other Person who then has possession of any part thereof, with or without notice or process of law, and for that purpose may enter upon any Obligor's premises where any of the Intellectual Property Collateral is located and remove the same and use in connection with such removal any and all services, supplies, aids and other facilities of any Obligor;

(ii) sell, assign or otherwise liquidate, or direct any Obligor to sell, assign or otherwise liquidate, any or all of the Intellectual Property Collateral or any part thereof, and take possession of the proceeds of any such sale or liquidation;

(b) Any collateral repossessed by the Agent under or pursuant to Section 4(a) and any other Intellectual Property Collateral whether or not so repossessed by the Agent, may be sold, assigned, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Agent may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Notwithstanding the foregoing, the Agent shall use its reasonable efforts not to make any such disposition or take any other action that would result in harm to or destruction of any of the Intellectual Property Collateral, including without limitation

any naked assignment or license of any Trademark, and shall not disclose any of the Obligor's trade secrets and other proprietary information except if the Person to whom such disclosure is made has entered into an agreement to protect the confidential nature thereof other than if and to the extent that such Person has acquired any such disclosed trade secrets and proprietary information. Any such disposition which shall be a private sale or other private proceedings permitted by such requirements shall be made upon not less than 10 days' written notice to the applicable Obligor specifying the time at which such disposition is to be made and the intended sale price or other consideration therefor, and shall be subject, for the 10 days after the giving of such notice, to the right of such Obligor or any nominee of such Obligor to acquire the Intellectual Property Collateral involved at a price or for such other consideration at least equal to the intended sale price or other consideration so specified. Any such disposition which shall be a public sale permitted by such requirements shall be made upon not less than 10 days' written notice to the applicable Obligor specifying the time and place of such sale and, in the absence of applicable requirements of law, shall be by public auction (which may, at the option of the Agent, be subject to reserve), after publication of notice of such auction not less than 10 days prior thereto in two newspapers in general circulation in the jurisdiction in which such auction is to be held. To the extent permitted by any such requirement of law, the Agent may bid for and become the purchaser of the Intellectual Property Collateral or any item thereof, offered for sale in accordance with this Section without accountability to any Obligor (except to the extent of surplus money received). If, under mandatory requirements of applicable law, the Agent shall be required to make disposition of the Intellectual Property Collateral within a period of time which does not permit the giving of notice to the applicable Obligor as hereinabove specified, the Agent need give the applicable Obligor only such notice of disposition as shall be reasonably practicable in view of such mandatory requirements of applicable law. The Agent shall not be obligated to make any sale of Intellectual Property Collateral regardless of notice of sale having been given. The Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(c) Upon the occurrence and during the continuance of an Event of Default, the Agent shall have the right at any time to make any payments and do any other acts the Agent may deem necessary to protect its security interests in the Intellectual Property Collateral, including, without limitation, the rights to pay, purchase, contest or compromise any encumbrance, charge or Lien which, in the reasonable judgment of the Agent, appears to be prior to or superior to the security interests granted hereunder, and appear in and defend any action or proceeding purporting to affect its security interests in, and/or the value of, the

Intellectual Property Collateral. The Obligors hereby jointly and severally agree to reimburse the Agent for all reasonable payments made and expenses incurred under this Agreement including reasonable fees, expenses and disbursements of attorneys and paralegals acting for the Agent, including any of the foregoing payments under, or acts taken to protect its security interests in, the Intellectual Property Collateral, which amounts shall be secured under this Agreement, and agree they shall be bound by any payment made or act taken by the Agent hereunder absent the Agent's gross negligence or willful misconduct. The Agent shall have no obligation to make any of the foregoing payments or perform any of the foregoing acts.

(d) Each Obligor hereby irrevocably authorizes and appoints the Agent, or any Person or agent the Agent may designate, as such Obligor's attorney-in-fact, with full authority in the place and stead of such Obligor and in the name of such Obligor or otherwise, at such Obligor's cost and expense, in the Agent's discretion, to, upon the occurrence and during the continuance of an Event of Default, take any action and to execute any instrument that the Agent may deem necessary or advisable to accomplish the purposes and intents of this Agreement and to exercise all of the following powers, which powers, being coupled with an interest, shall be irrevocable until all of the Obligations shall have been paid and satisfied in full:

(i) ask for, demand, collect, bring suit, recover, compromise, administer, accelerate or extend the time of payment, issue credits, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Intellectual Property Collateral;

(ii) receive, take, endorse, negotiate, sign, assign and deliver and collect any checks, notes, drafts or other instruments, documents and chattel paper, in connection with clause (i) above;

(iii) receive, open and dispose of all mail addressed to such Obligor and notify postal authorities to change the address for delivery thereof to such address as the Agent may designate;

(iv) give customers indebted on the Intellectual Property Collateral of such Obligor notice of the Agent's interest therein, and/or to instruct such customers to make payment directly to the Agent for such Obligor's account and/or to request, at any time from customers indebted on the Intellectual Property Collateral, verification of information concerning the Intellectual Property Collateral and the amounts owing thereon;

(v) convey any item of Intellectual Property Collateral to any purchaser thereof;

(vi) record any instruments under Section 2(g) hereof;

(vii) make any payments or take any acts under Section 4(c) hereof; and

(viii) file any claims or take any action or institute any proceedings that the Agent may reasonably deem necessary or desirable for the collection of any of the Intellectual Property Collateral or otherwise to enforce the rights of the Agent with respect to any of the Intellectual Property Collateral.

The Agent's authority under this Section 4(d) shall include, without limitation, the authority to execute and give receipt for any certificate of ownership or any document, transfer title to any item of Intellectual Property Collateral of any Obligor, sign any Obligor's name on all financing statements or any other documents deemed necessary or appropriate to preserve, protect or perfect the security interest in the Intellectual Property Collateral and to file the same, prepare, file and sign any Obligor's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with any Intellectual Property Collateral of any Obligor and prepare, file and sign any Obligor's name on a proof of claim in bankruptcy or similar document against any customer of any Obligor, and to take any other actions arising from or incident to the rights, powers and remedies granted to the Agent in this Agreement. This power of attorney is coupled with an interest and is irrevocable by the Obligors.

(e) All cash proceeds received by the Agent in respect of any sale of, collection from, or other realization upon all or any part of the Intellectual Property Collateral shall be applied by the Agent against the Obligations in such order as the Agent may determine.

(f) The Agent shall have the right of setoff as provided Section 8.5 of the Credit Agreement.

(g) Upon the occurrence and during the continuance of an Event of Default, all income, royalties, payments and damages under or in respect of the Intellectual Property Collateral of the Obligors, if any, received thereafter shall be held by the Obligors in trust for the benefit of the Agent and the Lenders, separate from each Obligor's own Property or funds and immediately turned over to the Agent with proper assignments or endorsements. Upon the occurrence and during the continuance of an Event of Default, the Agent shall have the right to notify payors of income, royalties, payments and damages under or in respect of the

Intellectual Property Collateral to make payment directly to the Agent.

(h) Each and every right, power and remedy hereby specifically given to the Agent shall be in addition to every other right, power and remedy specifically given under this Agreement or under the other Credit Documents or now or hereafter existing at law or in equity, or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Agent. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of exercise of one shall not be deemed a waiver of the right to exercise of any other or others. No delay or omission of the Agent in the exercise of any such right, power or remedy and no renewal or extension of any of the Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any Default or Event of Default or any acquiescence therein.

SECTION 5. Miscellaneous Provisions.

(a) Notices. All notices, approvals, consents or other communications required or desired to be given hereunder shall be in writing and sent by certified or registered mail, return receipt requested, or by overnight delivery service, with all charges prepaid, or by telecopier, if to the Agent, or any of the Lenders, then to Transamerica Business Credit Corporation, at 8750 West Bryn Mawr, Suite 720, Chicago, Illinois 60631, Attention: Mr. Robert L. Heinz, Telecopy: (773) 380-6179, with a copy to Transamerica Business Credit Corporation, 9399 West Higgins Road, Rosemont, Illinois 60018, Attention: General Counsel, Telecopy: (847) 685-1143, and if to any Obligor, then to c/o Spinnaker Industries, Inc., 1700 Pacific Avenue, Dallas, Texas 75201, Attention: President, Telecopy: (214) 855-0093, or, as to any party, at such other address as shall be designated by such person in a written notice to each other party. All such notices and correspondence shall be deemed given (i) if sent by certified or registered mail, three (3) Business Days after being postmarked, (ii) if sent by overnight delivery service, when received at the above stated addresses or when delivery is refused and (iii) if sent by facsimile transmission, when receipt of such transmission is acknowledged.

(b) Headings. The headings in this Agreement are for purposes of reference only and shall not affect the meaning or construction of any provision of this Agreement.

(c) Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect, in that jurisdiction,

only, such clause or provision, or part thereof, and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision of this Agreement in any jurisdiction.

(d) Amendments, Waivers and Consents. Any amendment or waiver of any provision of this Agreement and any consent to any departure by any Obligor from any provision of this Agreement shall not be effective unless the same shall be in writing and signed by the Obligors, the Agent (with the consent of the Lenders or the Majority Lenders, as required by the Credit Agreement) and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(e) Interpretation. Time is of the essence in each provision of this Agreement of which time is an element. All terms not defined herein or in the Credit Agreement shall have the meaning set forth in the UCC, except where the context otherwise requires. To the extent a term or provision of this Agreement conflicts with the Credit Agreement and is not dealt with herein with more specificity, the Credit Agreement shall control with respect to the subject matter of such term or provision. Acceptance of or acquiescence in a course of performance rendered under this Agreement shall not be relevant in determining the meaning of this Agreement even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

(f) Continuing Security Interest. This Agreement shall create a continuing security interest in the Intellectual Property Collateral and shall (i) remain in full force and effect until the payment in full in cash of the Obligations and the termination of the Commitments and all outstanding Letters of Credit, (ii) be binding upon each Obligor and its successors and assigns and (iii) inure, together with the rights and remedies of the Agent hereunder, to the benefit of the Agent and the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), any Lender may, in accordance with the terms of the Credit Agreement, assign or otherwise transfer all or any portion of its rights and obligations under the Credit Documents (including, without limitation, all or any portion of any Commitment, any Loans or any Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as provided in the Credit Agreement.

(g) Reinstatement. To the extent permitted by law, this Agreement shall continue to be effective or be reinstated if at any time any amount received by the Agent or any of the Lenders in respect of the Obligations is rescinded or must otherwise be

restored or returned by the Agent or any of the Lenders upon the occurrence or during the pendency of any bankruptcy, reorganization or other similar proceeding applicable to any Obligor, or upon or during the occurrence of any dissolution, liquidation or winding up of any Obligor, all as though such payments had not been made.

(h) Survival of Provisions. All representations, warranties and covenants of the Obligors contained herein shall survive the Closing Date, and shall terminate only upon the full and final payment and performance of the Obligations secured hereby and termination of the Credit Agreement and the other Credit Documents.

(i) Agent May Perform. If any Obligor fails to perform any agreement contained herein, the Agent may itself perform, or cause performance of, such agreement, and the reasonable expenses of the Agent incurred in connection therewith shall be jointly and severally payable by the Obligors and shall constitute Obligations secured by this Agreement.

(j) No Duty on Agent. The powers conferred on the Agent hereunder are solely to protect the interest of the Lenders in the Intellectual Property Collateral and shall not impose any duty upon the Agent to exercise any such powers. Except for the safe custody of any Intellectual Property Collateral in its possession and the accounting for moneys actually received by it hereunder, the Agent shall have no duty as to any Intellectual Property Collateral, as to ascertaining or taking action with respect to matters relative to any Intellectual Property Collateral, whether or not the Agent or any Lender has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Intellectual Property Collateral. The Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Intellectual Property Collateral in its possession if such Intellectual Property Collateral is accorded treatment substantially equal to that which the Agent accords its own similar property. To the extent the Intellectual Property Collateral is held by a custodian, the Agent shall be deemed to have exercised reasonable care if it has selected the custodian with reasonable care.

(k) Delays; Partial Exercise of Remedies. No delay or omission of the Agent to exercise any right or remedy hereunder, whether before or after the happening of any Event of Default, shall impair any such right or shall operate as a waiver thereof or as a waiver of any such Event of Default. No single or partial exercise by the Agent of any right or remedy shall preclude any other or further exercise thereof, or preclude any other right or remedy.

(l) Release; Termination of Agreement.

(i) The Agent shall release any Lien in favor of the Agent upon the sale, transfer or disposition of any Intellectual Property Collateral permitted to be sold, transferred or disposed of pursuant to Section 7.2(e) of the Credit Agreement in accordance with the terms of such Section.

(ii) Subject to the provisions of subsection (g) hereof, upon the payment in full in cash of the Obligations and the termination of the Commitments and all outstanding Letters of Credit, this Agreement and the Liens created hereby shall terminate and all rights in the Intellectual Property Collateral shall revert to the Obligors. At such time, the Agent shall, upon the request and at the expense of the Obligors, (A) execute and deliver to the Obligors such documents and shall take such other actions as the Obligors shall reasonably request to evidence such termination and (B) reassign and redeliver to the Obligors all of the Intellectual Property Collateral hereunder which has not been sold, disposed of, retained or applied by the Agent in accordance with the terms hereof. Such reassignment and redelivery shall be without warranty by or recourse to the Agent, except as to the absence of any prior assignments or encumbrances by the Agent of its interest in the Intellectual Property Collateral.

(m) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall together constitute one and the same agreement.

(n) GOVERNING LAW. THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO CONFLICT OF LAW PRINCIPLES (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW), EXCEPT TO THE EXTENT THAT FEDERAL LAW IS APPLICABLE.

(o) SERVICE OF PROCESS. EACH OBLIGOR AGREES THAT SERVICE OF PROCESS IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL) POSTAGE PREPAID, TO SUCH OBLIGOR AT ITS ADDRESS SET FORTH IN SECTION 5(A). NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE AGENT OR ANY LENDER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF THE AGENT OR ANY LENDER TO BRING ANY ACTION OR PROCEEDING AGAINST ANY OBLIGOR OR ITS PROPERTY IN THE COURTS OF OTHER JURISDICTIONS.

(p) SUBMISSION TO JURISDICTION. EACH OBLIGOR
HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(i) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY
LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND
THE OTHER CREDIT DOCUMENTS TO WHICH IT IS A PARTY, OR FOR
RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT
THEREOF, TO THE NON-EXCLUSIVE GENERAL JURISDICTION OF THE
COURTS OF THE STATE OF NEW YORK, THE COURTS OF THE UNITED
STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK
AND APPELLATE COURTS FROM ANY THEREOF;

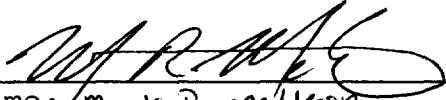
(ii) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY
BE BROUGHT IN SUCH COURTS AND WAIVES ANY OBJECTION THAT
IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH
ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH
ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT
AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(iii) WAIVES THE RIGHT TO ASSERT ANY SETOFF,
COUNTERCLAIM OR CROSS-CLAIM IN RESPECT OF, AND ALL
STATUTES OF LIMITATIONS WHICH MAY BE RELEVANT TO, SUCH
ACTION OR PROCEEDING.

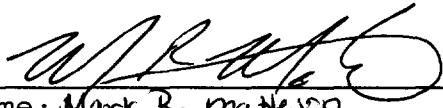
(q) WAIVER OF JURY TRIAL. THE OBLIGORS AND THE
AGENT HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR
PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY OF THE OTHER CREDIT
DOCUMENTS, OR ANY OTHER AGREEMENTS OR TRANSACTIONS RELATED HERETO
OR THERETO.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

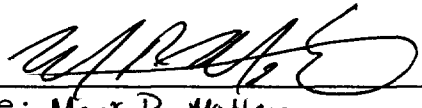
SPINNAKER COATING-MAINE, INC.

By: 
Name: Mark R. Matteson
Title: Vice President

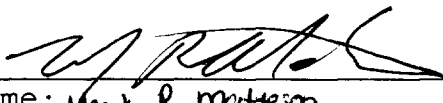
SPINNAKER COATING, INC., formerly known as Brown-Bridge Industries, Inc.

By: 
Name: Mark R. Matteson
Title: Vice President

ENTOLETER, INC.

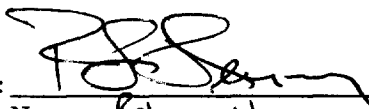
By: 
Name: Mark R. Matteson
Title: Vice President

SPINNAKER INDUSTRIES, INC.

By: 
Name: Mark R. Matteson
Title: Vice President

Accepted and Agreed as of the date first above written:

TRANSAMERICA BUSINESS CREDIT CORPORATION, as Agent

By: 
Name: Robert Heinz
Title: Vice President

PATENTS AND PATENT APPLICATIONS

Patent Title	Country	Pat. No.	Issue Date	Holder
Releasable adhesive sheet material bonded product	USA	4,698,248	10/6/87	SCI
Releasable adhesive sheet material	USA	4,632,872	12/30/86	SCI
Combustion fuel emulsion	USA	4,394,131	7/19/83	ENT
Entrainer/De-Entrainer apparatus including apparatus for significantly improving the efficiency for the De-entrainer	USA	5,283,048	2/1/94	ENT
Method and Apparatus for De-Entraining liquid in gas scrubber and the like	USA	5,653,776	8/5/97	ENT
Splicing Pressure Sensitive Label Stock at Butt Joint	USA	5,472,755	12/5/95	SCI

SCI = Spinnaker Coating, Inc.

SM = Spinnaker Coating-Maine, Inc.

ENT = Entoleter, Inc.

BBI = Brown-Bridge Industries, Inc.

None of the Obligor have any pending patent applications.

Schedule B

REGISTERED TRADEMARKS AND TRADEMARK APPLICATIONS**United States Trademarks**

Trademark	Country	Reg./ App. Ser. No.	Date	Holder
STRIP-TAC	USA	75/439,100	Pending	SCI
RED STREAK	USA	75/438,928	Pending	SCI
TANDA-TAC	USA	1,276,117	5/1/84	SCI
STRIP-TAC PLUS	USA	1,278,934	5/22/84	SCI
FLATOUT	USA	1,238,344	5/17/83	SCI
QUICKETT	USA	1,223,405	1/11/83	SCI
SATIN-L	USA	1,166,487	8/25/81	SCI
BROWN BRIDGE	USA	1,158,085	6/23/81	SCI
STRIP-RITE	USA	1,089,193	4/11/78	SCI
PANCAKE	USA	864,562	2/4/69	SCI
CENTRIMIL	USA	2,038,743	3/4/96	ENT
FRAME DESIGN	USA	1,621,755	11/6/90	ENT
EID	USA	1,608,840	8/7/90	ENT
ESA	USA	1,608,839	8/7/90	ENT
ENTOLETER	USA	1,037,796	4/13/76	ENT
CENTRIDYNE	USA	863,273	1/21/69	ENT
ENTOLETER CONTROMIL (Design)	USA	780,247	11/17/64	ENT
ALSTEELE	USA	766,299	3/10/64	ENT
ENTOLLOY	USA	722,138	10/3/61	ENT

COPYRIGHT REGISTRATIONS

No copyrights are registered or licensed.

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Schedule D

Assignments, Transfers, Agreements, Financing Statements, etc.

NONE

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