

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT ("Agreement"), dated as of July 28, 1998, is executed and entered into by and among THE GNI GROUP, INC., a Delaware corporation, ("Debtor") and NATIONSBANK, N.A., a national banking association, in its capacity as agent for itself and the other Lenders from time to time party to the Loan and Security Agreement defined below (in such capacity, together with its successors and assigns in such capacity, "Agent" or "Secured Party").

Recitals

Debtor and Secured Party are parties to the certain Loan and Security Agreement dated as of even date herewith (as the same may be renewed, extended, amended, modified, restated, supplemented and in effect from time to time the "Loan and Security Agreement"; all terms defined in the Loan and Security Agreement, wherever used herein, shall have the same meanings herein as are prescribed by the Loan and Security Agreement).

Pursuant to the terms of the Loan and Security Agreement, Debtor has granted to Secured Party, for the benefit of the Lenders, a continuing security interest, collateral assignment, pledge and lien in all General Intangibles of Debtor now owned and hereafter acquired, including, without limitation, all of Debtor's right, title and interest in, to and under all now owned and hereafter acquired Trademarks, together with the goodwill of the business symbolized by Debtor's Trademarks, and Licenses, and all products and proceeds thereof (the "Trademark Proprietary Rights"), to secure payment and performance of the Secured Obligations.

In order to more fully evidence Secured Party's rights in the Trademark Proprietary Rights under the Loan and Security Agreement, Debtor and Secured Party have agreed to execute and enter into this Agreement.

NOW, THEREFORE, for value received, the receipt and sufficiency of which are hereby acknowledged, Debtor and Secured Party hereby agree as follows:

1. Debtor hereby grants to Secured Party a continuing security interest, collateral assignment, pledge and lien in all of Debtor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired:

(a) all trademarks (including service marks), trade names, trade dress and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by such trademarks;

(b) all licenses of the foregoing, whether as licensee or licensor;

(c) all renewals of the foregoing;

(d) all income, royalties, damages and payments now or hereafter due and/or payable with respect thereto, including, without limitation, damages, claims and payments for past and future infringements thereof;

(e) all rights to sue for past, present and future infringements of the foregoing, including the right to settle suits involving claims and demands for royalties owing; and

(f) all rights corresponding to any of the foregoing throughout the world.

(g) (i) any and all licensing agreements or similar arrangements in respect of any of the foregoing, including without limitation, those (if any) specifically listed in Schedule 1 annexed hereto, (ii) all income, royalties, damages, claims and payments now or hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringement or breach thereof; and (iii) all rights to sue for past, present and future infringement or breach thereof; and

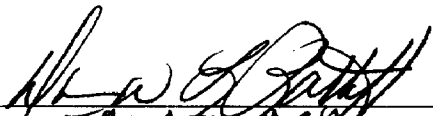
(h) all proceeds and products of any of the foregoing.

2. The above interests are granted in conjunction with the rights granted to Secured Party pursuant to the Loan and Security Agreement. Debtor hereby acknowledges and affirms that the rights and remedies of Secured Party with respect to the security interest in the above Collateral made and granted hereby are more fully set forth in the Loan and Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

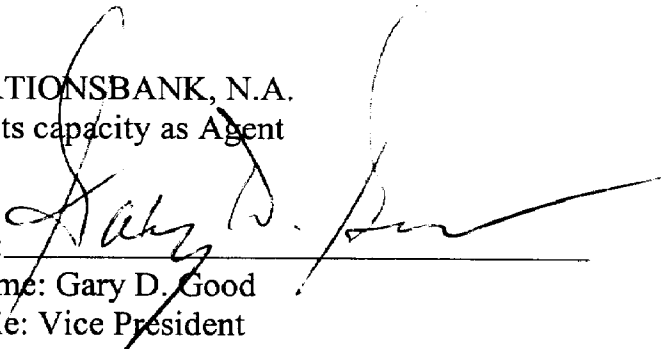
IN WITNESS WHEREOF, Debtor has caused this Agreement to be duly executed by its duly authorized officer thereunto as of the 28th day of July, 1998.

Acknowledged:

THE GNI GROUP, INC.

By: 
Name: TREASURER
Title: DONNA W. RATHIFF

NATIONSBANK, N.A.
In its capacity as Agent

By: 
Name: Gary D. Good
Title: Vice President

ACKNOWLEDGMENT

STATE OF TEXAS)
)
COUNTY OF HARRIS)

This instrument was acknowledged before me this 28th day of July, 1998, by Donna L. Ratliff, as Treasurer of THE GNI GROUP, INC., a Delaware corporation, on behalf of such corporation.



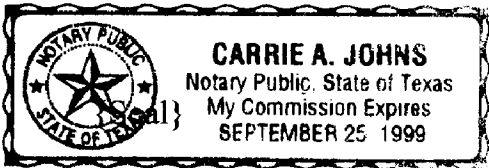
Cathy S. Hill
Notary Public in and for the State of Texas

My commission expires: 8-23-2001

ACKNOWLEDGMENT

STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me this 28th day of July, 1998, by Gary D. Good, as Vice President of NATIONSBANK, N.A., a national banking association, on behalf of such association, in the capacity therein stated.



Carrie A. Johns
Notary Public in and for the State of Texas

My commission expires: _____

Schedule 1
to
Trademark Security Agreement

Federal Trademarks

Owner of Record	Trademark	Serial No.	Filing Date
The GNI Group, Inc.	THE GNI GROUP	Registration no. 2,161,246	

State Trademarks

Owner of Record	Trademark	State	Serial No.	Filing Date
None				