FORM 8-K

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LYNCH CORP

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Mailing Address
8 SOUND SHORE DRIVE
SUITE 290
GREENWICH CT 06830

Business Address
8 SOUND SHORE DR STE 290
GREENWICH CT 06830
2036293333

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES AND EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): October 23, 1996

Commission File No. 1-106

LYNCH CORPORATION

(Exact name of Registrant as specified in its charter)

INDIANA	38-1799862
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8 SOUND SHORE DRIVE, SUITE 290, GREENWICH, CONNECTICUT	06830
(Address of principal executive offices)	(Zip code)

(203) 629-3333

Registrant's telephone number, including area code

ITEM 5. OTHER EVENTS

On October 23, 1996, Spinnaker Industries, Inc. ("Spinnaker"), of which Registrant owns approximately 73% of the outstanding stock, completed the private placement of $115,000,000 aggregate principal amount of its 10 3/4% Senior Secured Notes due 2006 (the "Notes"), and entered into a new revolving credit facility (the "New Credit Facility"), as a guarantor, with Brown-Bridge

Industries, Inc. ("Brown-Bridge"), Central Products, Inc. and Entoleter, Inc., as borrowers, BT Commercial Corporation, as agent, and Transamerican Business Credit Corporation, as Collateral agent, which contemplates separate revolving credit facilities for each of the borrowers thereunder in a maximum aggregate amount of up to $40 million.

The issuance of the Notes and the New Credit Facility are part of a recapitalization plan (the "Recapitalization Plan") by Spinnaker, which is intended to enhance Spinnaker's operating and financial flexibility. The main elements of the Recapitalization Plan are the sale of the Notes, the establishment of the New Credit Facility, the repayment of substantially all of the existing indebtedness o Spinnaker with the proceeds of the sale of the Notes, and the purchase of all of the common stock of Brown-Bridge held by a group of minority stockholders of Brown-Bridge (the "Minority Stockholders"). The $115 million gross proceeds of the sale of the Notes were used to repay existing debts and credit facilities of Spinnaker, to pay fees owed to Registrant, to repurchase the Minority Stockholders' common stock in Brown-Bridge and to pay transaction fees related to the placement of the Notes.

THE NOTES

The Notes were issued under an indenture (the "Indenture") dated October 23, 1996. by and between Spinnaker, the Guarantors and The Chase Manhattan Bank, N.A., as Trustee (the "Trustee"). The Indenture imposes certain limitations on the ability of Spinnaker and its "Restricted Subsidiaries" (as defined in the Indenture) to, among other things, incur additional indebtedness, incur liens, pay dividends or make certain other restricted payments, consummate certain asset sales, enter into certain transactions affiliated, issue preferred stock, merge or consolidate with any other person or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the assets of Spinnaker and its Restricted Subsidiaries.

The Notes mature on October 15, 2006, and will bear interest from the Issuance Date at the rate of 10 3/4% per annum payable semi-annually on April 15 and October 15 of each year, commencing on April 15, 1997, to the persons who are registered holders thereof at the close of business on April 1, or October 1 immediately preceding the applicable interest payment date. The interest rate on the Notes is subject to increase, in certain circumstances, including if the Notes (or other securities similar to the Notes) are not registered with the Securities and Exchange Commission (the "Commission") within prescribed time periods. Interest on the Notes will be computed on the basis of a 360-day year, comprised of twelve 30-day months. The Notes are not entitled to the benefits of any mandatory sinking fund.

The Notes are not redeemable at Spinnakers's option prior to October 15, 2001. Thereafter, the Notes will be redeemable at the option of Spinnaker, in whole or in part, at the following redemption prices (expressed at percentages of the principal amount of the Notes) if redeemed during the twelve-month period commencing on October 15 of the year set forth below, plus, in each case, accrued and unpaid interest to the date of redemption:

Year	Percentage
2001	105.373%
2002	104.031
2003	102.688

2004	101.344
2005 and thereafter	100.000

At any time, or from time to time, on or prior to October 15, 1999, Spinnaker may, at its option, use the net cash proceeds or one or more "Public Equity Offerings" (as defined in the Indenture) to redeem up to 33 1/3% of the aggregate principal amount of Notes originally issued at a redemption price equal to 110.75% of the principal amount thereof, plus, in each case, accrued and unpaid interest to the date of redemption; PROVIDED that at least 66 2/3% of the aggregate principal amount of the Notes originally issued remains outstanding after any such redemption. In order to effect the foregoing redemption with the proceeds of any Public Equity Offering, Spinnaker shall make such redemption not more than 120 days after the consummation of any such Public Equity Offering.

Upon a "Change of Control" (as defined in the Indenture), each holder of the Notes will have the right to require Spinnaker to repurchase all or any part of such holder's Notes at a repurchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of repurchase. In addition, under certain circumstances Spinnaker will be obligated to make an offer to repurchase the Notes at 100% of the principal amount, plus accrued and unpaid interest to the date of repurchase, with the net cash proceeds of certain sales or other dispositions of assets.

In connection with the issuance of the Notes, Spinnaker agreed to file a registration statement with respect to a registered offer to exchanges the Notes (the "Exchange Offer") for notes issued by Spinnaker, which will have terms substantially identical to those of the Notes and be guaranteed by the Guarantors, within 90 days after the date of the original issuance of the Notes (the "Issue Date"), to use its best efforts to cause such registration statement to become effective under the Securities Act within 180 days after the Issue Date, and to use its best efforts to consummate the Exchange Offer within 225 days after the Issue Date. In the event that applicable law or interpretations of the staff of the Commission do not permit Spinnaker and the Guarantors to effect the Exchange Offer, or if certain holders of the Notes are not permitted to participate in, or do not receive the benefit of, the Exchange Offer, Spinnaker will use its best efforts to cause to become effective a shelf registration statement with respect to the resale of the Notes and to keep such shelf registration statement effective until three years after the Issue Date or such shorter period ending when all the Notes

have been sold thereunder.

THE NEW CREDIT FACILITY

The New Credit Facility creates separate revolving credit facilities for each of the Guarantors, which will be unconditionally guaranteed by Spinnaker and each other Guarantor. The proceeds of the loans will be used for general corporate purposes. Total borrowings under the new Credit Facility (subject to the borrowing base limitations set forth below, will be in the maximum amount of up to $40 million, of which up to $5 million is designated for letter of credit. The amount from time to time available under each revolving credit facility (for revolving loans and letters of credit) will not be permitted to exceed an amount equal to the sum of (x) up to 85% of the respective "eligible accounts receivable" (as defined in the New Credit Facility) and (y) up to 65% of Guarantors "eligible inventory" (as defined in the New Credit Facility). The maturity of the revolving credit facilities will be five years from the closing date; however, mandatory prepayments of the revolving credit facilities are required in the event of certain events (which may include public equity offerings and sales of assets). The New Credit Facility also contains various covenants that restrict Spinnaker from taking various actions and that require that Spinnaker achieve and maintain certain financial covenants, such as covenants relating to minimum net worth, minimum current ratio, minimum interest coverage ratio, and limitations on capital expenditures, investments, indebtedness, liens, dividends,

acquisitions and sales of assets. The New Credit Facility also prohibits Spinnaker from prepaying the Notes and prohibits certain changes in control of Spinnaker.

Interest will accrue on amounts borrowed under the New Credit Facility at an annual rate of prime or LIBOR plus a margin (ranging from 0.75% to 1.75% over prime and from 1.75% to 2.75% over LIBOR). The interest margin will initially be 1.75% for prime rate loans and 2.75% for LIBOR rate loans.

SECURITY FOR THE NOTES AND THE NEW CREDIT FACILITY

The Notes constitute senior obligations of Spinnaker and are secured by a first priority pledge of the capital stock of each of Spinnaker's existing subsidiaries and any future direct and indirect Restricted Subsidiaries, which become guarantors in accordance with the terms of the Indenture, and will rank PARI PASSU in right of payment with all other existing and future senior indebtedness of Spinnaker and senior in right of payment to all existing and future subordinated indebtedness of Spinnaker. The Notes are unconditionally guaranteed (the "Guarantees"), jointly and severally, by each of the Guarantors. The Guarantors are senior unsecured obligations of the Guarantors, and rank PARI PASSU in right of payment with all other existing and future senior indebtedness of the respective Guarantors and senior in

right of payment to all existing and future subordinated indebtedness of the respective Guarantors and may be released upon the occurrence of certain events. The Notes will rank PARI PASSU in right of payment with all obligations under the New Credit Facility, except that the obligations under the New Credit Facility, but not the Notes or the Guarantees, will be secured by a first priority lien on all of Spinnaker's and the Guarantors' accounts receivable, inventory and general intangibles (and certain related assets) and all proceeds thereof. The Notes and the Guarantees are effectively subordinated to the obligations under the New Credit Facility and to any other secured debt of Spinnaker and the Guarantors, to the extent of the assets serving as security therefor.

THE MERGER OF BROWN-BRIDGE INDUSTRIES, INC. INTO BB MERGER CORP.

In connection with the placement of the Notes, Spinnaker entered into an Agreement and Plan of Merger with Brown-Bridge, BB Merger Corp., a Delaware corporation and wholly owned subsidiary of Spinnaker ("New Brown-Bridge"), Spinnaker and the Minority Stockholders, which provided for the merger (the "Merger") of Brown-Bridge with and into New Brown-Bridge, with New Brown-Bridge being the surviving corporation. Pursuant to the Merger, the shares of common stock of Brown-Bridge previously held by the minority Stockholders were converted into approximately $2.3 million and approximately 9,606 shares of common stock, no par value, of Spinnaker ("Common Stock"), together with the right for a contingent payment to each Minority Stockholder, which is exercisable at any time during the period beginning October 1, 1998 and ending September 30, 2000. The value of the contingent payment shall be equal to the percentage of the capital stock of Brown-Bridge owned by such Minority Stockholder at the time of the Merger multiplied by 75% of the fair market value of the capital stock of New Brown-Bridge, as determined in accordance with certain economic assumptions, as of the date such right is exercised, less the consideration already received by such Minority Stockholder pursuant to the Merger. The contingent purchase price is payable through the issuance of Common Stock, unless Spinnaker elects to pay the contingent price in cash. If such payments are made in cash, they would give rise to a default under the Indenture, unless there is sufficient availability under provisions regarding "Restricted Payments" contained in the Indenture.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(C) EXHIBITS

4.1 Purchase Agreement dated October 18, 1996 (the "Purchase Agreement"), among Spinnaker Industries, Inc., a Delaware corporation ("Spinnaker"), Brown-Bridge Industries, Inc., a Delaware corporation ("Brown-Bridge"), Central Products Company, a Delaware corporation ("Central Products"), and Entoleter, Inc., a Delaware corporation ("Entoleter," and together with Brown-Bridge and Central Products, the

"Guarantors") and BT Securities Corporation (the "Initial Purchaser").

4.2 Registration Rights Agreement dated October 18, 1996, among Spinnaker, the Guarantors and the Initial Purchaser.

4.3 Indenture dated October 23, 1996 among Spinnaker, the Guarantors and the Chase Manhattan Bank, as Trustee.

99.1 Credit Agreement among Central Products, Brown-Bridge and Entoleter, as Borrowers, Spinnaker, as Guarantor, each of the financial institutions listed on Schedule 1 thereto, BT Commercial Corporation, as Agent, Transamerican Business Credit Corporation, as Collateral Agent, and Bankers Trust Company, as Issuing Bank.

99.2 Agreement and Plan of Merger (Brown-Bridge Minority Interest), by and among Spinnaker, BB Merger Corp., Brown-Bridge Industries, Inc., and the stockholders of Brown-Bridge Industries, Inc. on Exhibit A thereto.

Pursuant to the requirements o the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LYNCH CORPORATION

Date: November 12, 1996 By: /s/ Robert E. Dolan

Robert E. Dolan
Chief Financial Officer

INDEX TO EXHIBITS

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99.2 Agreement and Plan of Merger (Brown-Bridge Minority Interest), by and among Spinnaker, BB Merger Corp., Brown-Bridge Industries, Inc., and the stockholders of Brown-Bridge Industries, Inc. on Exhibit A thereto.

SPINNAKER INDUSTRIES, INC.

$115,000,000
10 3/4% Senior Secured Notes due 2006

PURCHASE AGREEMENT

October 18, 1996

BT Securities Corporation
Bankers Trust Plaza
130 Liberty Street
New York, New York 10006

Dear Sirs:

Spinnaker Industries, Inc., a Delaware corporation (the "Company"), and the subsidiary guarantors listed in Schedule 2 attached hereto (the "Guarantors") each hereby confirm its agreement with you (the "Initial Purchaser"), as set forth below.

1. THE SECURITIES. Subject to the terms and conditions herein contained, the Company proposes to issue and sell to the Initial Purchaser $115,000,000 aggregate principal amount of its 10 3/4% Senior Secured Notes due 2006 (collectively, with the Guarantees defined below, the "Notes"). The Notes will be guaranteed (the "Guarantees") by the Guarantors on a senior basis. The notes are to be issued under an indenture (the "Indenture") to be dated as of October 23, 1996 by and among the Company and the Guarantors and The Chase Manhattan Bank, as trustee (the "Trustee").

The Notes will be offered and sold to the Initial Purchaser without being registered under the Securities Act

of 1933, as amended (the "Act"), in reliance on exemptions therefrom.

In connection with the sale of the Notes, the Company has prepared a preliminary offering memorandum dated September 27, 1996 (the "Preliminary Memorandum") and will prepare a final offering memorandum dated October 21, 1996 (the "Final Memorandum"; the Preliminary Memorandum and the Final Memorandum each herein being referred to as a "Memorandum") setting forth or including a description of the terms of the Notes, the terms of the offering of the Notes, a description of the Company and the Guarantors and any material developments relating to the Company and the Guarantors occurring after the date of the most recent historical financial statements included therein.

The Initial Purchaser of the Notes and its direct and indirect transferees will be entitled to the benefits of the Registration Rights

Agreement, substantially in the form attached hereto as Exhibit A (the "Registration Rights Agreement"), pursuant to which the Company and the Guarantors have agreed, among other things, to file a registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "Commission") registering the Notes or the Exchange Notes (as defined in the Registration Rights Agreement) under the Act.

2. REPRESENTATIONS AND WARRANTIES. The Company and the Guarantors, jointly and severally, represent and warrant to, and agree with the Initial Purchaser that:

(a) Neither the Preliminary Memorandum as of the date thereof nor the Final Memorandum nor any amendment or supplement thereto as of the date thereof and at all times subsequent thereto up to the Closing Date (as defined in Section 3 below) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except

that the representations and warranties set forth in this Section 2(a) do not apply to statements or omissions made in reliance upon and in conformity with information relating to the Initial Purchaser furnished to the Company in writing by the Initial Purchaser expressly for use in the Preliminary Memorandum, the Final Memorandum or any amendment or supplement thereto.

(b) As of the Closing Date, the Company will have the capitalization set forth in the Final Memorandum; the Guarantors constitute all of the subsidiaries of the Company; the Company will own one hundred percent of the issued and outstanding stock of each Guarantor; all of the outstanding shares of capital stock of the Company and the Guarantors have been, and as of the Closing Date will be, duly authorized and validly issued, are fully paid and nonassessable and were not issued in violation of any preemptive or similar rights; except for the pledge by the Company of capital stock of each Guarantor pursuant to the Indenture, all of the outstanding shares of capital stock of each of the Guarantors will be free and clear of all liens, encumbrances, equities and claims or restrictions on transferability (other than those imposed by the Act and the securities or "Blue Sky" laws of certain jurisdictions) or voting; except as set forth in the Final Memorandum, there are no (i) options, warrants or other rights to purchase from the Company or the Guarantors, (ii) agreements or other obligations of the Company or the Guarantors to issue or (iii) other rights to convert any obligation into, or exchange any securities for, shares of capital stock of or ownership interests in the Company or any of the Guarantors outstanding. Except for the Guarantors or as disclosed in the Final Memorandum, the Company does not own, directly or indirectly, any material amount of capital stock or any other equity or long-term debt securities or have any equity

interest in any firm, partnership, joint venture or other entity.

(c) Each of the Company and the Guarantors has been duly incorporated, is validly existing and is in good standing as a corporation under the laws of its jurisdiction of incorporation, with all requisite corporate power and authority to own its properties and conduct its business as now conducted, and as described in the Final Memorandum; each of the Company and the Guarantors is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified would not, individually or in the aggregate, have a material adverse effect on the general affairs, management, business, condition (financial or otherwise), prospects or results of operations of the Company and the Guarantors, taken as a whole (any such event, a "Material Adverse Effect").

(d) Each of the Company and the Guarantors has all requisite corporate power and authority to execute, deliver and perform each of its obligations under the Notes, the Exchange Notes, including the Guarantees, (the Exchange Notes and the Guarantees are collectively referred to herein as the "Exchange Securities") and the Private Exchange Notes (as defined in the Registration Rights Agreement), (the Private Exchange Notes and the Guarantees are collectively referred to herein as the "Private Exchange Securities"). The Notes, the Exchange Securities and the Private Exchange Securities have each been duly and validly authorized by each of the Company and the Guarantors and, when executed by each of the Company and the Guarantors and authenticated by the Trustee in accordance with the provisions of the Indenture and, in the case of the Notes, when

delivered to and paid for by the Initial Purchaser in accordance with the terms of this Agreement, will have been duly executed, issued and delivered and will constitute valid and legally binding obligations of the Company and each of the Guarantors, entitled to the benefits of the Indenture and enforceable against the Company and each of the Guarantors in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization or other similar laws now or hereafter in effect relating to creditors' rights generally, and (ii) general principles of equity and the discretion of the court before which any proceeding therefor may be brought.

(e) Each of the Company and the Guarantors has all requisite corporate power and authority to execute, deliver and perform its obligations under the Indenture. The Indenture meets the requirements for qualification under the Trust Indenture Act of 1939, as amended (the

"TIA"). The Indenture has been duly and validly authorized by the Company and each of the Guarantors and, when executed and delivered by the Company (assuming the due authorization, execution and delivery by the Trustee), will constitute a valid and legally binding agreement of the Company and each of the Guarantors, enforceable against the Company and each of the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity and the discretion of the court before which any proceeding therefor may be brought.

(f) Each of the Company and the Guarantors has all requisite corporate power and authority to execute, deliver and perform its obligations under the Registration Rights Agreement. The Registration

Rights Agreement has been duly and validly authorized by the Company and each of the Guarantors and, when executed and delivered by the Company and each of the Guarantors, will constitute a valid and legally binding agreement of the Company and each of the Guarantors enforceable against the Company and each of the Guarantors in accordance with its terms, except that (A) the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity and the discretion of the court before which any proceeding therefor may be brought and (B) any rights to indemnity or contribution thereunder may be limited by federal and state securities laws and public policy considerations.

(g) Each of the Company and the Guarantors has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly authorized, executed and delivered by the Company and each of the Guarantors.

(h) No consent, approval, authorization or order of any court or governmental agency or body, or third party is required for the performance of this Agreement by the Company or any of the Guarantors or the consummation by the Company or any of the Guarantors of the transactions contemplated hereby that are to be completed on or before the Closing Date, except such as have been obtained and such as may be required under state securities or "Blue Sky" laws in connection with the purchase and resale of the Notes by the Initial Purchaser. None of the Company or the Guarantors is (i) in violation of its certificate of incorporation or bylaws (or similar organizational document), (ii) in breach or violation of any statute,

judgment, decree, order, rule or regulation applicable to any of them or any of their respective properties or assets, except for any such breach or violation which would not, individually or in the aggregate, have a Material Adverse Effect, or (iii) in breach of or in default under (nor has any event occurred which, with notice or passage of time or both, would constitute a default under) or in violation of any of the terms or provisions of any indenture, mortgage, deed of trust, loan agreement, note, lease, license, franchise agreement, permit, certificate, contract or other agreement or instrument to which any of them is a party or to which any of them or their respective properties or assets is subject (collectively, "Contracts").

(i) The execution, delivery and performance by the Company and the Guarantors of this Agreement, the Indenture, the Guarantees and the Registration Rights Agreement and the consummation by the Company and each of the Guarantors of the transactions contemplated hereby and thereby, and the fulfillment of the terms hereof and thereof, and the retention by the Company of BT Securities Corporation ("BTSC") pursuant to those certain letter agreements (including the engagement and indemnity letter agreements) dated as of April 3, 1996 (collectively, the "BTSC Engagement Letter") and BTSC's acting as contemplated hereby and thereby, will not conflict with or constitute or result in a breach of or a default under (or an event which with notice or passage of time or both would constitute a default under) or violation of any of (i) the terms or provisions of any Contract, (ii) the certificate of incorporation or by-laws (or similar organizational document) of the Company or any of the Guarantors, or (iii) (assuming compliance with all applicable state securities or "Blue Sky" laws and assuming the accuracy of the representations and warranties of the Initial Purchaser in Section 8

hereof) any statute, judgment, decree, order, rule or regulation applicable to the Company or any of the Guarantors or any of their respective properties or assets.

(j) The audited consolidated financial statements of the Company and the Guarantors included in the Final Memorandum present fairly in all material respects the financial position, results of operations and cash flows of the Company and the Guarantors at the dates and for the periods to which they relate and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis, except as otherwise stated therein. The summary and selected financial and statistical data in the Final Memorandum present fairly in all material respects the information shown therein and have been prepared and compiled on a basis consistent with the audited financial statements included therein, except as otherwise stated therein. Ernst & Young LLP and Deloitte & Touche LLP (the "Independent Accountants") are each an independent public accounting firm within the meaning of the Act and the

rules and regulations promulgated thereunder.

(k) The pro forma financial statements (including the notes thereto) and the other pro forma financial information included in the Final Memorandum (i) comply (except as expressly noted in footnote 12 to the Notes to the Unaudited Pro Forma Statement of operations with respect to Adjusted EBITDA) as to form in all material respects with the applicable requirements of Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (ii) have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements (except as expressly noted in footnote 12 to the Notes to the Unaudited Pro Forma Statement of operations with

respect to Adjusted EBITDA), and (iii) have been properly computed on the bases described therein; the assumptions used in the preparation of the pro forma financial data and other pro forma financial information included in the Final Memorandum are reasonable and the adjustments used therein are appropriate to give effect to the transactions or circumstances referred to therein. The supplemental combined adjusted historical data included in the Final Memorandum have been correctly computed on the basis described therein; the assumptions used in the preparation of the supplemental combined adjusted historical data included in the Final Memorandum are reasonable and the adjustments used give effect to the transactions or circumstances referred to therein.

(l) There is not pending or, to the knowledge of the Company or the Guarantors, threatened any action, suit, proceeding, inquiry or investigation to which the Company or any of the Guarantors is a party, or to which the property or assets of the Company or any of the Guarantors are subject, before or brought by any court, arbitrator or governmental agency or body which, if determined adversely to the Company or any of the Guarantors would, individually or in the aggregate, have a Material Adverse Effect or which seeks to restrain, enjoin, prevent the consummation of or otherwise challenge the issuance or sale of the Notes to be sold hereunder or the consummation of the other transactions described in the Final Memorandum.

(m) Each of the Company and the Guarantors owns or possesses adequate licenses or other rights to use all material patents, trademarks, service marks, trade names, copyrights and know-how necessary to conduct the businesses now or proposed to be operated by it as described in the Final Memorandum, and none of the Company or the Guarantors has received any notice of infringement of or conflict with (or knows of any such

infringement of or conflict with) asserted rights of others with respect to any patents, trademarks, service marks, trade names, copyrights or know-how which, if such assertion of infringement or conflict were sustained, would, individually or in the aggregate, have a Material Adverse Effect.

(n) Each of the Company and the Guarantors possesses all licenses, permits, certificates, consents, orders, approvals and other authorizations from, and has made all declarations and filings with, all federal, state, local and other governmental authorities, all self-regulatory organizations and all courts and other tribunals, presently required or necessary to own or lease, as the case may be, and to operate its respective properties and to carry on its respective businesses as now or proposed to be conducted as set forth in the Final Memorandum (collectively, the "Permits"), except where the failure to obtain such Permits would not, individually or in the aggregate, have a Material Adverse Effect; each of the Company and the Guarantors has fulfilled and performed all of its obligations with respect to such Permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such Permit; and none of the Company or the Guarantors has received any notice of any proceeding relating to revocation or modification of any such Permit, except as described in the Final Memorandum and except where such revocation or modification would not, individually or in the aggregate, have a Material Adverse Effect.

(o) Since the date of the most recent financial statements appearing in the Final Memorandum, except as described therein, (i) none of the Company or the Guarantors has incurred any liabilities or

obligations, direct or contingent, or entered into or agreed to enter into any transactions or contracts (written or oral) not in the ordinary course of business which liabilities, obligations, transactions or contracts would, individually or in the aggregate, be material to the general affairs, management, business, condition (financial or otherwise), prospects or results of operations of the Company and the Guarantors, taken as a whole (a "Material Change"), (ii) none of the Company or the Guarantors has purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock and (iii) other than as described in any Memorandum, there shall not have been any change in the capital stock or long-term indebtedness of the Company or the Guarantors which would, individually or in the aggregate, constitute a Material Change.

(p) Each of the Company and the Guarantors has filed all necessary federal, state, local and foreign income and franchise tax returns, and has paid all taxes shown as due thereon; and other than tax deficiencies which the Company or any Guarantors is contesting in good faith and for which the Company or such Guarantors has provided adequate reserves, there is no tax deficiency that has been asserted against the Company or any of the Guarantors.

(q) The statistical and market-related data included in the Final Memorandum are based on or derived from sources which the Company and the Guarantors believe to be reliable and accurate.

(r) None of the Company, the Guarantors or any agent acting on their behalf has taken or will take any action that might cause this Agreement or the sale of the Notes to violate Regulation G, T, U or X of the Board of Governors of the Federal Reserve System, in

each case as in effect, or as the same may hereafter be in effect, on the Closing Date.

(s) Each of the Company and the Guarantors has good and marketable title to all real property and good title to all personal property described in the Final Memorandum as being owned by it and good and marketable title to a leasehold estate in the real and personal property described in the Final Memorandum as being leased by it free and clear of all liens, charges, encumbrances or restrictions, except as described in the Final Memorandum or to the extent the failure to have such title or the existence of such liens, charges, encumbrances or restrictions would not, individually or in the aggregate, have a Material Adverse Effect. All leases, contracts and agreements to which the Company or any of the Guarantors is a party or by which any of them is bound are valid and enforceable against the Company or such Guarantor, and are valid and enforceable against the other party or parties thereto and are in full force and effect with only such exceptions as would not, individually or in the aggregate, have a Material Adverse Effect.

(t) There are no legal or governmental proceedings involving or affecting the Company or any Guarantor or any of their respective properties or assets which would be required to be described in a prospectus pursuant to the Securities Act that are not described in the Final Memorandum, nor are there any material contracts or other documents which would be required to be described in a prospectus pursuant to the Securities Act that are not described in the Final Memorandum.

(u) Except as would not, individually or in the aggregate, be

reasonably expected to have a Material Adverse Effect (A) each of the Company and the Guarantors is in compliance with and not subject to

liability under applicable Environmental Laws, (B) each of the Company and the Guarantors has made all filings and provided all notices required under any applicable Environmental Law, and has and is in compliance with all Permits required under any applicable Environmental Laws and each of them is in full force and effect, (C) there is no civil, criminal or administrative action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter or request for information pending or, to the knowledge of the Company or any of the Guarantors, threatened against the Company or any of the Guarantors under any Environmental Law, (D) no lien, charge, encumbrance or restriction has been recorded under any Environmental Law with respect to any assets, facility or property owned, operated, leased or controlled by the Company or any of the Guarantors, (E) none of the Company or the Guarantors has received notice that it has been identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA") or any comparable state law, (F) no property or facility of the Company or any of the Guarantors is (i) listed or proposed for listing on the National Priorities List under CERCLA or is (ii) listed in the Comprehensive Environmental Response, Compensation, Liability Information System List promulgated pursuant to CERCLA, or on any comparable list maintained by any state or local governmental authority.

For purposes of this Agreement, "Environmental Laws" means the common law and all applicable federal, state and local laws or regulations, codes, orders, decrees, judgments or injunctions issued, promulgated, approved or entered thereunder, relating to pollution or protection of public or employee health and safety or the environment, including, without limitation, law relating to (i) emissions, discharges, releases or

threatened releases of hazardous materials, into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata), (ii) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of hazardous materials, and (iii) underground and above ground storage tanks, and related piping, and emissions, discharges, releases or threatened releases therefrom.

(v) There is no strike, labor dispute, slowdown or work stoppage with

the employees of the Company or any of the Guarantors which is pending or, to the knowledge of the Company or any of the Guarantors, threatened.

(w) Each of the Company and the Guarantors carries insurance in such amounts and covering such risks as is adequate for the conduct of its business and the value of its properties.

(x) None of the Company or the Guarantors has any material liability for any prohibited transaction (within the meaning of Section 4975(c) of the Code or Part 4 of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (or an accumulated funding deficiency within the meaning of Section 412 of the Code or Section 302 of ERISA) or any complete or partial withdrawal liability (within the meaning of Section 4201 of ERISA) with respect to any pension, profit sharing or other plan which is subject to ERISA, to which the Company or any of the Guarantors makes or ever has made a contribution and in which any employee of the Company or of any Guarantor is or has ever been a participant. The foregoing sentence shall not apply with respect to liabilities which arise out of the Company's or the Guarantors' obligations to contribute to such plans prior to the acquisition of Brown Bridge and Central

Products as described in the Final Memorandum or which arise out of the Company's or the Guarantor's prior affiliation (within the meaning of Code Section 414(b), (c) or (m)) with the Kimberly Clark Corporation or the Alco Standard Corporation. With respect to such plans, the Company and each Guarantor is in compliance in all material respects with all applicable provisions of ERISA.

(y) Each of the Company and the Guarantors (i) makes and keeps accurate books and records and (ii) maintains internal accounting controls which provide reasonable assurance that (A) transactions are executed in accordance with management's authorization, (B) transactions are recorded as necessary to permit preparation of its financial statements and to maintain accountability for its assets, (C) access to its assets is permitted only in accordance with management's authorization and (D) the reported accountability for its assets is compared with existing assets at reasonable intervals.

(z) None of the Company or the Guarantors will be an "investment company" or "promoter" or "principal underwriter" for an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

(aa) The Notes, the Exchange Securities, the Indenture and the Registration Rights Agreement will conform in all material respects to the descriptions thereof in the Final Memorandum.

(bb) Other than as set forth in the Final Memorandum, no holder of securities of the Company or any Guarantor will be entitled to have such securities registered under the registration statements required to be filed by the Company pursuant to the

Registration Rights Agreement other than as expressly permitted thereby.

(cc) Immediately after the consummation of the transactions contemplated by this Agreement, the fair value and present fair saleable value of the assets of each of the Company and the Guarantors (each on a consolidated basis) will exceed the sum of its stated liabilities and identified contingent liabilities; none of the Company or the Guarantors (each on a consolidated basis) is, nor will any of the Company or the Guarantors (each on a consolidated basis) be, after giving effect to the execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, (a) left with unreasonably small capital with which to carry on its business as it is currently or proposed to be conducted, (b) unable to pay its debts (contingent or otherwise) as they mature or otherwise become due or (c) otherwise insolvent.

(dd) None of the Company, the Guarantors or any of their respective Affiliates (as defined in Rule 501(b) of Regulation D under the Act) has directly, or through any agent, (i) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any "security" (as defined in the Act) which is or could be integrated with the sale of the Notes in a manner that would require the registration under the Act of the Notes or (ii) engaged in any form of general solicitation or general advertising (as those terms are used in Regulation D under the Act) in connection with the offering of the Notes or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act.

(ee) Assuming the accuracy of the representations and warranties of the Initial Purchaser in Section 8 hereof, it is not necessary in connection

with the offer, sale and delivery of the Notes to the Initial Purchaser in the manner contemplated by this Agreement to register any of the Notes under the Act or to qualify the Indenture under the TIA.

(ff) No securities of the Company or any Guarantor are of the same

class (within the meaning of Rule 144A as promulgated under the Act ("Rule 144A")) as the Notes and listed on a national securities exchange registered under Section 6 of the Exchange Act, or quoted in a U.S. automated inter-dealer quotation system.

(gg) None of the Company or the Guarantors has taken, nor will any of them take, directly or indirectly, any action designed to, or that might be reasonably expected to, cause or result in stabilization or manipulation of the price of the Notes.

(hh) None of the Company or the Guarantors, or any person acting on any of their behalf (other than the Initial Purchaser) has engaged in any directed selling efforts (as that term is defined in Regulation S under the Act ("Regulation S")) with respect to the Securities; the Issuers and their respective Affiliates and any person acting on any of their behalf (other than the Initial Purchaser or any Affiliate of the Initial Purchaser) have complied with the offering restrictions requirement of Regulation S.

(ii) None of the Company or the Guarantors has engaged or retained any person, other than BTSC as the Initial Purchaser, to act as a financial advisor, underwriter or placement agent in connection with the issuance of the Notes and, except for the fees and expenses payable in connection with the issuance of the Notes as described in the Final Memorandum, no person has the right to receive a material amount of

financial advisory, underwriting, placement, finder's or similar fees in connection with, or as a result of, the issuance of the Notes and the purchase of the Notes by the Initial Purchaser or the consummation of the other transactions contemplated hereby.

Any certificate signed by any officer of the Company or any Guarantor and delivered to the Initial Purchaser or to counsel for the Initial Purchaser shall be deemed a joint and several representation and warranty by the Company and each of the Guarantors to the Initial Purchaser as to the matters covered thereby.

3. PURCHASE, SALE AND DELIVERY OF THE NOTES. On the basis of the representations, warranties, agreements and covenants herein contained and subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the Initial Purchaser, and the Initial Purchaser agrees to purchase from the Company the principal amount of Notes set forth opposite its name on SCHEDULE 1 hereto at 100% of their principal amount. One or more certificates in definitive form for the Notes that the Initial Purchaser has agreed to purchase hereunder, and in such denomination or denominations and registered in such name or names as the Initial Purchaser requests upon notice to the Company at least 36 hours prior to the Closing Date, shall be delivered by or on behalf of the Company to the Initial Purchaser, against payment by or

on behalf of the Initial Purchaser of the purchase price therefor by wire transfer (same day funds), net of the overnight cost of such funds, to such account or accounts as the Company shall specify prior to the Closing Date, or by such means as the parties hereto shall agree prior to the Closing Date. Such delivery of and payment for the Notes shall be made at the offices of White & Case, 1155 Avenue of the Americas, New York, New York at 10:00 A.M., New York time, on October 23, 1996, or at such other place, time or date as the Initial Purchaser, on the one hand, and the Company, on the other hand, may agree upon, such time and date of

delivery against payment being herein referred to as the "Closing Date." The Company will make such certificate or certificates for the Notes available for inspection and packaging by the Initial Purchaser at the offices of the Initial Purchaser in New York, New York, or at such other place as the Initial Purchaser may designate, at least 24 hours prior to the Closing Date.

4. OFFERING BY THE INITIAL PURCHASER. The Initial Purchaser proposes to make an offering of the Notes at the price and upon the terms set forth in the Final Memorandum, as soon as practicable after this Agreement is entered into and as in the judgment of the Initial Purchaser is advisable.

5. COVENANTS OF THE COMPANY AND THE GUARANTORS. Each of the Company and the Guarantors, jointly and severally, covenants and agrees with the Initial Purchaser that:

(a) The Company and the Guarantors will not amend or supplement the Final Memorandum or any amendment or supplement thereto of which the Initial Purchaser shall not previously have been advised and furnished a copy for a reasonable period of time prior to the proposed amendment or supplement and as to which the Initial Purchaser shall not have consented. The Company and the Guarantors will promptly, upon the reasonable request of the Initial Purchaser or counsel for the Initial Purchaser, make any amendments or supplements to the Preliminary Memorandum or the Final Memorandum that may be necessary or advisable in connection with the resale of the Notes by the Initial Purchaser.

(b) The Company and the Guarantors will cooperate with the Initial Purchaser in arranging for the qualification of the Notes for offering and sale under the securities or "Blue Sky" laws of which

jurisdictions as the Initial Purchaser may designate and will continue

such qualifications in effect for as long as may be necessary to complete the resale of the Notes; PROVIDED, HOWEVER, that in connection therewith, none of the Company or any Guarantor shall be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction or subject itself to taxation in excess of a nominal dollar amount in any such jurisdiction where it is not then so subject.

(c) If, at any time prior to the completion of the distribution by the Initial Purchaser of the Notes or the Private Exchange Securities, any event occurs or information becomes known as a result of which the Final Memorandum as then amended or supplemented would include any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if for any other reason it is necessary at any time to amend or supplement the Final Memorandum to comply with applicable law, the Company and the Guarantors will promptly notify the Initial Purchaser thereof and will prepare, at the expense of the Company and the Guarantors, an amendment or supplement to the Final Memorandum that corrects such statement or omission or effects such compliance.

(d) The Company and the Guarantors will, without charge, provide to the Initial Purchaser and to counsel for the Initial Purchaser as many copies of the Preliminary Memorandum and the Final Memorandum or any amendment or supplement thereto as the Initial Purchaser may reasonably request.

(e) The Company will apply the net proceeds from the sale of the Notes as set forth under "Use of Proceeds" in the Final Memorandum.

(f) From the Closing Date until the date that no Notes are outstanding under the Indenture, the Company and the Guarantors will furnish to the Initial Purchaser copies of all reports and other communications (financial or otherwise) furnished by the Company or the Guarantors to the Trustee, or the holders of the Notes and, as soon as available, copies of any reports or financial statements furnished to or filed by the Company or the Guarantors with the Commission or any national securities exchange on which any class of securities of the Company or the Guarantors may be listed.

(g) Prior to the Closing Date, the Company and the Guarantors will furnish to the Initial Purchaser, as soon as they have been prepared, a copy of any unaudited interim financial statements of the Company and the Guarantors for any period subsequent to the period covered by the most recent financial statements appearing in the Final Memorandum.

(h) None of the Company, the Guarantors or any of their Affiliates

will sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any "security" (as defined in the Act) which could be integrated with the sale of the Notes in a manner which would require the registration under the Act of the Notes.

(i) None of the Company or the Guarantors will engage in any form of "general solicitation" or "general advertising" (as those terms are used in Regulation D under the Act) in connection with the offering of the Notes or in any manner involving a public offering of the Notes within the meaning of Section 4(2) of the Act.

(j) For so long as any of the Notes remain outstanding, the Company and the Guarantors will make

available, upon request, to any seller of such Notes the information specified in Rule 144A(d)(4) under the Act, unless the Company and the Guarantors are then subject to Section 13 or 15(d) of the Exchange Act.

(k) Each of the Company and the Guarantors will use its best efforts to (i) permit the Notes to be designated PORTAL securities in accordance with the rules and regulations adopted by the NASD relating to trading in the Private Offerings, Resales and Trading through Automated Linkages market (the "Portal Market") and (ii) permit the Notes to be eligible for clearance and settlement through The Depository Trust Company.

6. EXPENSES. The Company and the Guarantors agree, jointly and severally, to pay all costs and expenses incident to the performance of their obligations under this Agreement, whether or not the transactions contemplated herein are consummated or this Agreement is terminated pursuant to Section 11 hereof, including all costs and expenses incident to (i) the printing, word processing or other production of documents with respect to the transactions contemplated hereby, including any costs of printing the Preliminary Memorandum and the Final Memorandum and any amendment or supplement thereto, and any "Blue Sky" memoranda, (ii) all arrangements relating to the delivery to the Initial Purchaser of copies of the foregoing documents, (iii) the fees and disbursements of counsel, accountants and any other experts or advisors retained by the Company and the Guarantors, (iv) preparation (including printing), issuance and delivery to the Initial Purchaser of the Notes, (v) the qualification of the Notes under state securities and "Blue Sky" laws, including filing fees and fees and disbursements of counsel for the Initial Purchaser relating thereto, (vi) expenses in connection with any meetings with prospective investors in the Notes, (vii) fees and expenses of the Trustee including fees and expenses of counsel, (viii) all expenses

and listing fees incurred in connection with the application for quotation of the Notes on the PORTAL Market, (ix) any fees charged by investment rating agencies for the rating of the Notes and (x) 50% of the reasonable fees, disbursements and charges of White & Case, counsel for the Initial Purchaser (exclusive of that portion of the fees, disbursements and charges of White & Case payable pursuant to the preceding clause (v)), and 100% of all other reasonable out-of-pocket expenses of the Initial Purchaser (including, without limitation, all road show expenses) incurred by the Initial Purchaser of any of its affiliates in connection with, or arising out of, the offering and sale of the Notes. If the sale of the Notes provided for herein is not consummated because any condition to the obligations of the Initial Purchaser set forth in Section 7 hereof is not satisfied, because this Agreement is terminated or because of any failure, refusal or inability on the part of the Company or the Guarantors to perform all obligations and satisfy all conditions on their part to be performed or satisfied hereunder (other than solely by reason of a default by the Initial Purchaser of their obligations hereunder after all conditions hereunder have been satisfied in accordance herewith), the Company and the Guarantors jointly and severally agree to promptly reimburse the Initial Purchaser upon demand for all out-of-pocket expenses (including all fees, disbursements and charges of White & Case, counsel for the Initial Purchaser) that shall have been incurred by the Initial Purchaser in connection with the proposed purchase and sale of the Notes.

7. CONDITIONS OF THE INITIAL PURCHASER'S OBLIGATIONS. The obligation of the Initial Purchaser to purchase and pay for the Notes shall, in its sole discretion, be subject to the satisfaction or waiver of the following condition on or prior to the Closing Date:

(a) On the Closing Date, the Initial Purchaser shall have received the opinion, dated as of the

Closing Date and addressed to the Initial Purchaser, of Crouch & Hallett, counsel for the Company and the Guarantors, in form and substance satisfactory to counsel for the Initial Purchaser, to the effect that:

(i) Each of the Company and the Guarantors is duly incorporated, validly existing and in good standing under the laws of its respective jurisdiction of incorporation and has all requisite corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Final Memorandum. Each of the Company and the Guarantors is duly qualified as a foreign

corporation and is in good standing in the jurisdictions set forth below such Guarantor's name on Schedule A attached to such opinion.

(ii) The Company has the capitalization set forth in the Final Memorandum; all of the outstanding shares of capital stock of the Company and the Guarantors have been duly authorized and validly issued, are fully paid and nonassessable and were not issued in violation of any preemptive or similar rights; the Company owns one hundred percent of the issued and outstanding capital stock of each Guarantor; except for the pledge by the Company of capital stock of each Guarantor pursuant to the Indenture and except as otherwise set forth in the Final Memorandum, all of the outstanding shares of capital stock of the Guarantors are owned, directly or indirectly, by the Company, free and clear of all security interests perfected, or otherwise, and, to the knowledge of such counsel, free and clear of all other liens, encumbrances, equities and claims or restrictions on transferability or voting.

(iii) Except as set forth in the Final Memorandum, (A) no options, warrants or other rights to purchase from the Company or any Guarantor shares of capital stock or ownership interests in the Company or any Guarantor are outstanding, (B) no agreements or other obligations of the Company or any Guarantor to issue, or other rights to cause the Company or any Guarantor to convert, any obligation into, or exchange any securities for, shares of capital stock or ownership interests in the Company or any Guarantor are outstanding and (C) no holder of securities of the Company or any Guarantor is entitled to have such securities registered under a registration statement filed by the Company and the Guarantors pursuant to the Registration Rights Agreement.

(iv) Each of the Company and the Guarantors has all requisite corporate power and authority to execute, deliver and perform its respective obligations under the Indenture, the Notes, the Exchange Securities and the Private Exchange Securities; the Indenture is in sufficient form for qualification under the TIA; the Indenture has been duly and validly authorized by the Company and the Guarantors and, when duly executed and delivered by the Company and each of the Guarantors (assuming the due authorization, execution and delivery thereof by the Trustee), will constitute the valid and legally binding agreement of the Company and each of the Guarantors, enforceable against the Company and each of the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity

and the discretion of the court before which any proceeding therefor may be brought.

(v) The Global Note (as such term is defined in the Indenture) is in the form contemplated by the Indenture. The Global Note has been duly and validly authorized by the Company and each of the Guarantors and when duly executed and delivered by the Company and each of the Guarantors and paid for by the Initial Purchaser in accordance with the terms of this Agreement (assuming the due authorization, execution and delivery of the Indenture by the Trustee and due authentication and delivery of the Notes by the Trustee in accordance with the Indenture), will constitute the valid and legally binding obligations of the Company and each of the Guarantors, entitled to the benefits of the Indenture, and enforceable against the Company and each of the Guarantors in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity and the discretion of the court before which any proceeding therefor may be brought.

(vi) The Exchange Securities and the Private Exchange Securities have been duly and validly authorized by the Company and each of the Guarantors, and when the Exchange Securities and the Private Exchange Securities have been duly executed and delivered by the Company and each of the Guarantors in accordance with the terms of the Registration Rights Agreement and the Indenture (assuming the due authorization, execution and delivery of the Indenture by the Trustee and due authentication and delivery of

the Exchange Securities and the Private Exchange Securities by the Trustee in accordance with the Indenture), will constitute the valid and legally binding obligations of the Company and each of the Guarantors, entitled to the benefits of the Indenture, and enforceable against the Company and each of the Guarantors in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity and the discretion of the court before which any proceeding therefor may be brought.

(vii) Each of the Company and the Guarantors have all requisite

corporate power and authority to execute, deliver and perform their obligations under the Registration Rights Agreement; the Registration Rights Agreement has been duly and validly authorized by the Company and each of the Guarantors and, when duly executed and delivered by the Company and each of the Guarantors (assuming due authorization, execution and delivery thereof by the Initial Purchaser), will constitute the valid and legally binding agreement of the Company and each of the Guarantors, enforceable against the Company and each of the Guarantors in accordance with their terms, except that (A) the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity and the discretion of the court before which any proceeding therefor may be brought and (B) any rights to indemnity or contribution thereunder may be limited by federal and state securities laws and public policy considerations.

(viii) Each of the Company and the Guarantors has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby; this Agreement and the consummation by the Company and the Guarantors of the transactions contemplated hereby have been duly and validly authorized by the Company and the Guarantors. This Agreement has been duly executed and delivered by each of the Company and the Guarantors.

(ix) The Indenture, the Notes, the Exchange Securities and the Registration Rights Agreement conform in all material respects to the descriptions thereof contained in the Final Memorandum.

(x) No legal or governmental proceedings are pending or, to the knowledge of such counsel, threatened to which any of the Company or the Guarantors is a party or to which the property or assets of the Company or any Guarantor is subject which, if determined adversely to the Company or the Guarantors, would result, individually or in the aggregate, in a Material Adverse Effect, or which seeks to restrain, enjoin, prevent the consummation of or otherwise challenge the issuance or sale of the Notes to be sold hereunder or the consummation of the other transactions described in the Final Memorandum under the caption "Use of Proceeds."

(xi) None of the Company or the Guarantors is (i) in violation of its certificate of incorporation or bylaws (or similar organizational document) or (ii) to the knowledge of such counsel, in breach or violation of any judgment, decree or order applicable to any of

them or any of their respective properties or assets.

(xii) The execution and delivery of this Agreement, the Indenture, the Registration Rights Agreement and the consummation of the transactions contemplated hereby and thereby (including, without limitation, the issuance and sale of the Notes to the Initial Purchaser) and the retention by the Company of BTSC pursuant to the BTSC Engagement Letter and BTSC's acting as contemplated hereby and thereby, will not conflict with or constitute or result in a breach or a default under (or an event which with notice or passage of time or both would constitute a default under) or violation of any of (i) the terms or provisions of any Contract known to such counsel (which Contracts are listed on Schedule B attached to such opinion), (ii) the certificate of incorporation or bylaws (or similar organizational document) of the Company or any of the Guarantors, or (iii) (assuming compliance with all applicable state securities or "Blue Sky" laws and assuming the accuracy of the representations and warranties of the Initial Purchaser in Section 8 hereof) any statute, judgment, decree, order, rule or regulation which, in such counsel's experience, is normally applicable both to general business corporations which are not engaged in regulated business activities and to transactions of the type contemplated by the Final Memorandum (but without our having made any special investigation as to other laws).

(xiii) To the knowledge of such counsel, no consent, approval, authorization or order of any governmental authority is required for the issuance and sale by the Company of the Notes to

the Initial Purchaser or the other transactions contemplated hereby, except such as may be required under Blue Sky laws, as to which such counsel need express no opinion, and those which have previously been obtained.

(xiv) To the best of such counsel's knowledge, there are no legal or governmental proceedings involving or affecting the Company or the Guarantors or any of their respective properties or assets which would be required to be described in a prospectus pursuant to the Act that are not described in the Final Memorandum nor are there any material contracts or other documents which would be required to be described in a prospectus pursuant to the Act that are not described in the Final Memorandum.

(xv) None of the Company or the Guarantors is, or immediately after the sale of the Notes to be sold hereunder and the application of the proceeds from such sale (as described in the Final Memorandum under the caption "Use of Proceeds") will be, an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(xvi) No registration under the Act of the Notes is required in connection with the sale of the Notes to the Initial Purchaser as contemplated by this Agreement and the Final Memorandum or in connection with the initial resale of the Notes by the Initial Purchaser in accordance with Section 8 of this Agreement, and prior to the commencement of the Exchange Offer (as defined in the Registration Rights Agreement) or the effectiveness of the Shelf Registration Statement (as defined in the Registration Rights Agreement), the Indenture is not required to be

qualified under the TIA, in each case assuming (i) that the purchasers who buy such Notes in the initial resale thereof are qualified institutional buyers as defined in Rule 144A promulgated under the Act ("QIBs") or accredited investors as defined in Rule 501(a) (1), (2), (3) or (7) promulgated under the Act ("Accredited Investors"), (ii) the accuracy of the Initial Purchaser's representations in Section 8 hereof and those of the Company and the Guarantors contained in this Agreement regarding the absence of a general solicitation in connection with the sale of such Notes to the Initial Purchaser and the initial resale thereof and (iii) the due performance by the Initial Purchaser of the agreements set forth in Section 8 hereof.

(xvii) Neither the consummation of the transactions contemplated by this Agreement nor the sale, issuance, execution or delivery of the Notes will violate Regulation G, T, U or X of the Board of Governors of the Federal Reserve System.

(xviii) To the knowledge of such counsel, none of the Company or the Guarantors has engaged or retained any person, other than BTSC as the Initial Purchaser, to act as a financial advisor, underwriter or placement agent in connection with the issuance of the Notes and, except for the fees and expenses payable in connection with the issuance of the Notes as described in the Final Memorandum no person has the right to receive a material amount of financial advisory, underwriting, placement, finder's or similar fees in connection with, or as a result of, the issuance of the Notes and the purchase of the Notes by the Initial Purchaser or the consummation of the other transactions contemplated hereby.

At the time the foregoing opinion is delivered, Crouch & Hallett shall additionally state that it has participated in conferences with officers and other representatives of the Company and the Guarantors, representatives of the independent public accountants for the Company and Guarantors, representatives of the Initial Purchaser and counsel for the Initial Purchaser, at which conferences the contents of the Final Memorandum and related matters were discussed, and, although it has not independently verified and is not passing upon and assumes no responsibility for the accuracy, completeness or fairness of the statements contained in the Final Memorandum, no facts have come to its attention which lead it to believe that the Final Memorandum, on the date thereof or at the Closing Date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading (it being understood that such firm need express no opinion with respect to the financial statements and related notes thereto and the other financial, statistical and accounting data included in the Final Memorandum). In rendering such opinion, Crouch & Hallett LLP shall have received and may rely upon such certificates and other documents and information as it may reasonably request to pass on such matters. The opinion of Crouch & Hallett described in this Section shall be rendered to the Initial Purchaser at the request of the Company and the Guarantors and shall so state therein.

References to the Final Memorandum in this subsection (a) shall include any amendment or supplement thereto prepared in accordance with the provisions of this Agreement at the Closing Date.

(b) On the Closing Date, the Initial Purchaser shall have received the opinion, in form and substance satisfactory to the Initial Purchaser, dated as of the Closing Date and addressed to the Initial Purchaser, of White & Case, counsel for the Initial Purchaser, with respect to certain legal matters relating to this Agreement and such other related matters as the Initial Purchaser may reasonably require. In rendering such opinion, White & Case shall have received and may rely upon such certificates and other documents and information as it may reasonably request to pass upon such matters.

(c) The Initial Purchaser shall have received from the Independent Accountants comfort letters dated the date hereof and the Closing Date, in form and substance satisfactory to counsel for the Initial Purchaser.

(d) The representations and warranties of the Company and the Guarantors contained in this Agreement shall be true and correct on and as of the date hereof and on and as of the Closing Date as if made on and as of the Closing Date; the statements of the Company's and the Guarantors' officers made pursuant to any certificate delivered in accordance with the provisions hereof shall be true and correct on and as of the date made and on and as of the Closing Date; the Company and the Guarantors shall have performed all covenants and agreements and satisfied all conditions on their part to be performed or satisfied hereunder at or prior to the Closing Date; and, except as described in the Final Memorandum (exclusive of any amendment or supplement thereto after the date hereof), subsequent to the date of the most recent financial statements in such Final Memorandum, there shall have been no event or development that, individually or in the aggregate, has or would be reasonably likely to have a Material Adverse Effect.

(e) The sale of the Notes hereunder shall not be enjoined (temporarily or permanently) on the Closing Date.

(f) Subsequent to the date of the most recent financial statements in the Final Memorandum (exclusive of any amendment or supplement thereto after the date hereof), the conduct of the business and operations of the Company or any of the Guarantors shall not have been interfered with by strike, fire, flood, hurricane, accident or other calamity (whether or not insured) or by any court or governmental action, order or decree, and, except as otherwise stated therein, the properties of the Company or any of the Guarantors shall not have sustained any loss or damage (whether or not insured) as a result of any such occurrence, except any such interference, loss or damage which would not, individually or in the aggregate, have a Material Adverse Effect.

(g) The Initial Purchaser shall have received certificates of the Company and each of the Guarantors, dated the Closing Date, signed by their respective Chairman of the Board, President or any Senior Vice President and the Chief Financial Officer, to the effect that:

(i) The representations and warranties of the Company and each of the Guarantors contained in this Agreement are true and correct as of the date hereof and as of the Closing Date, and the Company and each of the Guarantors have performed all covenants and agreements and satisfied all conditions on their part to be performed or satisfied hereunder at or prior to the Closing Date;

(ii) At the Closing Date, since the date hereof or since the date of the most recent

financial statements in the Final Memorandum (exclusive of any amendment or supplement thereto after the date hereof), no event or events have occurred, no information has become known nor does any condition exist that, individually or in the aggregate, would have a Material Adverse Effect;

(iii) The sale of the Notes hereunder has not been enjoined (temporarily or permanently); and

(iv) such other information as the Initial Purchaser may reasonably request.

(h) On the Closing Date, the Initial Purchaser shall have received the Registration Rights Agreement executed by the Company and the Guarantors and such agreement shall be in full force and effect at all times from and after the Closing Date.

(i) On or before the Closing Date, the Brown-Bridge Merger shall have been consummated as described in the Final Memorandum and such merger shall be approved by the Secretary of State of the State of Delaware.

(j) On or before the Closing Date, the Company will use the proceeds received from the issuance of the Notes to repay: (i) $8.5 million aggregate principal amount of Senior Secured bank financing from Bankers Trust Company pursuant to that certain Senior Credit Agreement, dated as of April 5, 1996; (ii) the entire principal amount outstanding, plus any accrued and unpaid interest, under the Loan and Security Agreement between Brown Bridge Industries, Inc. and Transamerica Business Credit Corporation, dated as of September 16, 1994; (iii) the entire principal amount outstanding, plus any accrued and unpaid interest,

under the Credit Agreement, dated as of September 29, 1995, among the Company, as pledgor, Central Products Company ("Central Products"), as borrower, various lenders, and Heller Financial, Inc., as Agent; (iv) the Subordinated Convertible Promissory Note, dated April 5, 1996, in the principal amount of $20,250,000 issued by the Company to Alco Standard Corporation ("Alco") and the Subordinated Promissory Note, dated September 29, 1995, in the principal amount of $5 million initially

issued by Central Products to Alco, and which has been assumed by the Company and amended as of April 5, 1996 and (v) $1.7 million in outstanding principal and accrued interest due on its subordinated notes, due 1997, issued by the Company to Lynch Corporation and Boyle, Fleming George & Co. and related parties.

(k) The Company shall have delivered to the Initial Purchaser a true, correct and complete copy of documents evidencing a revolving credit facility, which facility shall be in an aggregate principal amount of up to $40 million and with the Guarantors as borrowers, the Company as the guarantor and BT Commercial Corporation and Transamerica Business Credit Corporation as the lenders; the Company and the other parties thereto shall have executed and delivered documents evidencing such revolving credit facility; and such revolving credit facility shall be in full force and effect.

On or before the Closing Date, the Initial Purchaser and counsel for the Initial Purchaser shall have received such further documents, opinions, certificates, letters and schedules or instruments relating to the business, corporate, legal and financial affairs of the Company and the Guarantors as they shall have heretofore reasonably requested from the Company and the Guarantors.

All such documents, opinions, certificates, letters, schedules or instruments delivered pursuant to this Agreement will comply with the provisions hereof only if they are reasonably satisfactory in all material respects to the Initial Purchaser and counsel for the Initial Purchaser. The Company and the Guarantors shall furnish to the Initial Purchaser such conformed copies of such documents, opinions, certificates, letters, schedules and instruments in such quantities as the Initial Purchaser shall reasonably request.

8. OFFERING OF NOTES; RESTRICTIONS ON TRANSFER. The Initial Purchaser agrees with the Company and the Guarantors that (i) it has not and will not solicit offers for, or offer or sell, the Notes by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Act; and (ii) it has and will solicit offers for the Notes only from, and will offer the Notes only to (A) in the case of offers inside the United States, (x) persons whom the Initial Purchaser reasonably believes to be QIBs or, if any such person is buying for one or more institutional accounts for which such person is acting as fiduciary or agent, only when such person has represented to the Initial Purchaser that each such account is a QIB, to whom notice has been given that such sale or delivery is being made in reliance on Rule 144A, and, in each case, in transactions under Rule 144A or (y) a limited number of other institutional investors reasonably believed by the Initial Purchaser to be Accredited Investors that, prior to their purchase of the Notes, deliver to the Initial Purchaser a letter

containing the representations and agreements set forth in Annex A to the Final Memorandum and (B) in the case of offers outside the United States, to persons other than U.S. persons ("foreign purchasers," which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners (other than an estate

or trust)); PROVIDED, HOWEVER, that, in the case of this clause (B), in purchasing such Notes such persons are deemed to have represented and agreed as provided under the caption "Transfer Restrictions" contained in the Final Memorandum.

9. INDEMNIFICATION AND CONTRIBUTION. (a) The Company and the Guarantors, jointly and severally, agree to indemnify and hold harmless the Initial Purchaser and its respective affiliates, directors, officers, agents, representatives and employees of such Initial Purchaser or its affiliates, and each other person, if any, who controls the Initial Purchaser or its affiliates within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, against any losses, claims, damages or liabilities to which any Initial Purchaser or such other person may become subject under the Act, the Exchange Act or otherwise, insofar as any such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon:

(i) any untrue statement or alleged untrue statement of any material fact contained in any Memorandum or any amendment or supplement thereto or any application or other document, or any amendment or supplement thereto, executed by the Company or the Guarantors or based upon written information furnished by or on behalf of the Company or the Guarantors filed in any jurisdiction in order to qualify the Notes under the securities or "Blue Sky" laws thereof or filed with any securities association or securities exchange (each an "Application");

(ii) the omission or alleged omission to state, in any Memorandum or any amendment or supplement thereto or any Application, a material fact required to be stated therein or necessary to make the statements therein not misleading; or

(iii) any breach of any of the representations and warranties of the Company and the Guarantors set forth in this Agreement or the Registration Rights Agreement,

and will reimburse, as incurred, the Initial Purchaser and each such other

person for any legal or other expenses incurred by the Initial Purchaser or such other person in connection with investigating, defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action; PROVIDED, HOWEVER, the Company and the Guarantors will not be liable in any such case to the extent that any such loss, claim, damage, or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in any Memorandum or any amendment or supplement thereto or any Application in reliance upon and in conformity with written information concerning the Initial Purchaser furnished to the Company or the Guarantors by an Initial Purchaser specifically for use therein. This indemnity agreement will be in addition to any liabilities or obligations that the Company and the Guarantors may otherwise have to the indemnified parties, including without limitation the indemnification obligations of the Company pursuant to the BTSC Engagement. The Company and the Guarantors shall not be liable under this Section 9 for any settlement of any claim or action effected without its prior written consent, which shall not be unreasonably withheld.

In addition to the indemnity agreements set forth in the paragraph above and set forth in the BTSC Engagement Letter, the Company and the Guarantor, jointly and severally, agree to indemnify and hold harmless the Initial Purchaser and its respective affiliates, directors, officers, agents, representatives and employees of such Initial Purchaser or its affiliates, and each other person, if any, who controls the Initial Purchaser or its affiliates within the meaning of Section 15 of the Act or

Section 20 of the Exchange Act, against any losses, claims, damages or liabilities to which the Initial Purchaser or such other person may become subject to in connection with the allegation by any person that the engagement and retention of the Initial Purchaser pursuant to the BTSC Engagement Letter or the purchase of the Notes by the Initial Purchaser as contemplated hereby or the taking of any actions by the Initial Purchaser in connection herewith or therewith: (i) violates any Contract of the Company or the Guarantors or (ii) requires the payment of any amount to a third party, and will reimburse, as incurred, the Initial Purchaser and each such other person for any legal or other expenses incurred by the Initial Purchaser or such other person in connection with investigating, defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action.

(b) The Initial Purchaser agrees to indemnify and hold harmless the Company, the Guarantors, their directors, their officers and each person, if any, who controls the Company or the Guarantors within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any losses, claims, damages or liabilities to which the Company or the Guarantors or any such director, officer or controlling person may become subject under the Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or

liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any Memorandum or any amendment or supplement thereto or any Application, or (ii) the omission or the alleged omission to state therein a material fact required to be stated in any Memorandum or any amendment or supplement thereto or any Application, or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information concerning the Initial

Purchaser, furnished to the Company or the Guarantors by the Initial Purchaser specifically for use therein; and subject to the limitation set forth immediately preceding this clause, will reimburse, as incurred, any legal or other expenses incurred by the Company, the Guarantors or any such director, officer or controlling person in connection with investigating or defending against or appearing as a third party witness in connection with any such loss, claim, damage, liability or action in respect thereof. This indemnity agreement will be in addition to any liability that the Initial Purchaser may otherwise have to the indemnified parties. The Initial Purchaser shall not be liable under this Section 9 for any settlement of any claim or action effected without their consent, which shall not be unreasonably withheld. The Company and the Guarantors shall not, without the prior written consent of the Initial Purchaser, effect any settlement or compromise of any pending or threatened proceeding in respect of which the Initial Purchaser is or could have been a party, or indemnity could have been sought hereunder by any Initial Purchaser, unless such settlement (A) includes an unconditional written release of the Initial Purchaser, in form and substance reasonably satisfactory to the Initial Purchaser, from all liability on claims that are the subject matter of such proceeding and (B) does not include any statement as to an admission of fault, culpability or failure to act by or on behalf of the Initial Purchaser.

(c) Promptly after receipt by an indemnified party under this Section 9 of notice of the commencement of any action for which such indemnified party is entitled to indemnification under this Section 9, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 9, notify the indemnifying party of the commencement thereof in writing; but the omission to so notify the indemnifying party (i) will not relieve it from any liability under paragraph (a) or (b) above unless and to the extent such failure results in the forfeiture by the indemnifying party

of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraphs (a) and (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party; PROVIDED, HOWEVER, that if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have been advised by counsel that there may be one or more legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, or (iii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after receipt by the indemnifying party of notice of the institution of such action, then, in each such case, the indemnifying party shall not have the right to direct the defense of such action on behalf of such indemnified party or parties and such indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and approval by such indemnified party of counsel appointed to defend such action, the indemnifying party will not be liable to such indemnified party under this Section 9 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed separate counsel

in accordance with the proviso to the immediately preceding sentence (it being understood, however, that in connection with such action the indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to local counsel) in any one action or separate but substantially similar actions in the same jurisdiction arising out of the same general allegations or circumstances, designated by the Initial Purchaser in the case of paragraph (a) of this Section 9 or either the Company or any of the Guarantors in the case of paragraph (b) of this Section 9, representing the indemnified parties under such paragraph (a) or paragraph (b), as the case may be, who are parties to such action or actions) or (ii) the indemnifying party has authorized in writing the employment of counsel for the indemnified party at the expense of the indemnifying party. After such notice from the indemnifying party to such indemnified party, the

indemnifying party will not be liable for the costs and expenses of any settlement of such action effected by such indemnified party without the prior written consent of the indemnifying party (which consent shall not be unreasonably withheld), unless such indemnified party waived in writing its rights under this Section 9, in which case the indemnified party may effect such a settlement without such consent.

(d) In circumstances in which the indemnity agreement provided for in the preceding paragraphs of this Section 9 is unavailable to, or insufficient to hold harmless, an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof), each indemnifying party, in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect (i) the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party on the other from the offering of the

Notes or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, not only such relative benefits but also the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof). The relative benefits received by the Company and the Guarantors on the one hand and the Initial Purchaser on the other shall be deemed to be in the same proportion as the total proceeds from the offering (before deducting expenses) received by the Company and the Guarantors bear to the total discounts and commissions received by the Initial Purchaser. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Guarantors on the one hand, or the Initial Purchaser on the other, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission or alleged statement or omission, and any other equitable considerations appropriate in the circumstances. The Company, the Guarantors and the Initial Purchaser agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the first sentence of this paragraph (d). Notwithstanding any other provision of this paragraph (d), the Initial Purchaser shall be obligated to make contributions hereunder that in the aggregate exceed the total discounts, commissions and other compensation received by the Initial Purchaser under this Agreement, less the aggregate amount of any damages that the Initial Purchaser has otherwise been required to pay by reason of the

untrue or alleged untrue statements or the omissions or alleged omissions to state a material fact, and no person guilty of fraudulent

misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph (d), each person, if any, who controls the Initial Purchaser within the meaning of Section 15 of the Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Initial Purchaser, and each director of the Company and the Guarantors, each officer of the Company and the Guarantors and each person, if any, who controls the Company or the Guarantors within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, shall have the same rights to contribution as the Company and the Guarantors.

10. SURVIVAL CLAUSE. The respective representations, warranties, agreements, covenants, indemnities and other statements of the Company and the Guarantors, their respective officers and the Initial Purchaser set forth in this Agreement or made by or on behalf of them pursuant to this Agreement shall remain in full force and effect, regardless of (i) any investigation made by or on behalf of the Company and the Guarantors, any of their respective officers or directors, the Initial Purchaser or any other person referred to in Section 9 hereof and (ii) delivery of and payment for the Notes. The respective agreements, covenants, indemnities and other statements set forth in Sections 6, 9 and 15 hereof shall remain in full force and effect, regardless of any termination or cancellation of this Agreement.

11. TERMINATION. (a) This Agreement may be terminated in the sole discretion of the Initial Purchaser by notice to the Company given prior to the Closing Date in the event that the Company or any of the Guarantors shall have failed, refused or been unable to perform all obligations and satisfy all conditions on their respective part to be performed or satisfied hereunder at or prior thereto or, if at or prior to the Closing Date:

(i) any of the Company or the Guarantors shall have sustained any loss or interference with respect to its businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any strike, labor dispute, slow down or work stoppage or any legal or governmental proceeding, which loss or interference, in the sole judgment of the Initial Purchaser, has had or has a Material Adverse Effect, or there shall have been, in the sole judgment of the Initial Purchaser, any event or development that, individually or in the aggregate, has or could be reasonably likely to have a Material Adverse Effect (including without limitation a change in control of the Company or the

Guarantors), except in each case as described in the Final Memorandum (exclusive of any amendment or supplement thereto);

(ii) trading in securities of the Company or in securities generally on the New York Stock Exchange, American Stock Exchange or the Nasdaq National Market shall have been suspended or minimum or maximum prices shall have been established on any such exchange or market;

(iii) a banking moratorium shall have been declared by New York or United States authorities;

(iv) there shall have been (A) an outbreak or escalation of hostilities between the United States and any foreign power, or (B) an outbreak or escalation of any other insurrection or armed conflict involving the United States or any other national or international calamity or emergency, or (C) any material change in the financial markets of the United States which, in the case of (A), (B) or (C) above and in the sole judgment of the Initial Purchaser, makes it impracticable or inadvisable to proceed with the

public offering or the delivery of the Notes as contemplated by the Final Memorandum; or

(v) any securities of the Company shall have been downgraded or placed on any "watch list" for possible downgrading by any nationally recognized statistical rating organization.

(b) Termination of this Agreement pursuant to this Section 11 shall be without liability of any party to any other party except as provided in Section 10 hereof.

12. INFORMATION SUPPLIED BY THE INITIAL PURCHASER. The statements set forth in paragraph 6 under the heading "Private Placement" in the Final Memorandum (to the extent such statements relate to the Initial Purchaser) constitute the only information furnished by the Initial Purchaser to the Company for the purposes of Sections 2(a) and 9 hereof.

13. NOTICES. All communications hereunder shall be in writing and, if sent to the Initial Purchaser, shall be mailed or delivered to (i) BT Securities Corporation, 130 Liberty Street, New York, New York 10006, Attention: Corporate Finance Department; with a copy to White & Case, 1155 Avenue of the Americas, New York, NY 10036, Attention: Eric Berg, Esq.; if sent to the Company or the Guarantors, shall be mailed or delivered to the Company at 600 N. Pearl Street, Dallas, Texas 75201, Attention: Chief Financial Officer; with a copy to Crouch & Hallett, 717 N. Harwood Street, Suite 1400, Dallas, TX

75201, Attention: Timothy Vaughan, Esq.

All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; and one business day after being timely delivered to a next-day air courier.

14. SUCCESSORS. This Agreement shall inure to the benefit of and be binding upon the Initial Purchaser, the Company and the Guarantors and their respective successors and legal representatives, and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained; this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person except that (i) the indemnities of the Company and the Guarantors contained in Section 9 of this Agreement shall also be for the benefit of any person or persons who control the Initial Purchaser within the meaning of Section 15 of the Act or Section 20 of the Exchange Act and (ii) the indemnities of the Initial Purchaser contained in Section 8 of this Agreement shall also be for the benefit of the directors of the Company and the Guarantors and officers and any person or persons who control the Company or the Guarantors within the meaning of Section 15 of the Act or Section 20 of the Exchange Act. No purchaser of Notes from the Initial Purchaser will be deemed a successor because of such purchase.

15. APPLICABLE LAW. THE VALIDITY AND INTERPRETATION OF THIS AGREEMENT, AND THE TERMS AND CONDITIONS SET FORTH HEREIN, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED WHOLLY THEREIN, WITHOUT GIVING EFFECT TO ANY PROVISIONS THEREOF RELATING TO CONFLICTS OF LAW.

16. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between the Company, the Guarantors and the Initial Purchaser.

Very truly yours,

SPINNAKER INDUSTRIES, INC.

By: /s/ NED N. FLEMING, III

Name: Ned N. Fleming, III
Title: President

GUARANTORS:

BROWN-BRIDGE INDUSTRIES, INC.

By: /s/ NED N. FLEMING, III

Name: Ned N. Fleming, III
Title: Vice President

CENTRAL PRODUCTS COMPANY

By: /s/ NED N. FLEMING, III

Name: Ned N. Fleming, III
Title: Chief Operating Officer

ENTOLETER, INC.

By: /s/ ROBERT WENTZEL

Name: Robert Wentzel
Title: President

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

BT SECURITIES CORPORATION

By: /s/ JAMES A. CLAYTON

Name: James A. Clayton
Title: Managing Director

SCHEDULE 1

Initial Purchaser	Principal Amount of Notes
BT Securities Corporation	$115,000,000

SCHEDULE 2

GUARANTORS

Name	Jurisdiction of Incorporation
Central Products Company	Delaware
Brown-Bridge Industries, Inc.	Delaware
Entoleter, Inc.	Delaware

REGISTRATION RIGHTS AGREEMENT

Dated as of October 18, 1996

by and among

SPINNAKER INDUSTRIES, INC.

and

THE SUBSIDIARY GUARANTORS,
named herein

and

BT SECURITIES CORPORATION
as Initial Purchaser

$115,000,000

10 3/4% SENIOR SECURED NOTES DUE 2006

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is dated as of October 18, 1996, by and among Spinnaker Industries, Inc., a Delaware corporation (the "Company"), Brown-Bridge Industries, Inc., a Delaware corporation, Central Products Company, a Delaware corporation, and Entoleter, Inc., a Delaware corporation, each of which is a wholly-owned subsidiary of the Company (collectively, the "Guarantors"), and BT Securities Corporation

(the "Initial Purchaser").

This Agreement is entered into in connection with the Purchase Agreement, dated October 18, 1996, among the Company, the Guarantors and the Initial Purchaser (the "Purchase Agreement"), which provides for the sale by the Company to the Initial Purchaser of $115,000,000 aggregate principal amount of the Company's 10 3/4% Senior Subordinated Notes due 2006 (the "Notes"), which Notes will be guaranteed by the Guarantors. The Company and the Guarantors are collectively referred to herein as the "Issuers." In order to induce the Initial Purchaser to enter into the Purchase Agreement, the Issuers have agreed to provide the registration rights set forth in this Agreement for the benefit of the Initial Purchaser and its direct and indirect transferees. The execution and delivery of this Agreement is a condition to the obligation of the Initial Purchaser to purchase the Notes under the Purchase Agreement.

The parties hereby agree as follows:

1. DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

ADDITIONAL INTEREST: Has the meaning provided in Section 4(a) hereof.

ADVICE: Has the meaning provided in the last paragraph of Section 5 hereof.

AGREEMENT: Has the meaning provided in the first introductory paragraph hereto.

APPLICABLE PERIOD: Has the meaning provided in Section 2(b) hereof.

CLOSING DATE: Has the meaning provided in the Purchase Agreement.

COMPANY: Has the meaning provided in the first introductory paragraph hereto.

EFFECTIVENESS DATE: The 180th day after the Issue Date.

EFFECTIVENESS PERIOD: Has the meaning provided in Section 3(a) hereof.

EVENT DATE: Has the meaning provided in Section 4(b) hereof.

EXCHANGE ACT: The Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

EXCHANGE NOTES: Has the meaning provided in Section 2(a) hereof.

EXCHANGE OFFER: Has the meaning provided in Section 2(a) hereof.

EXCHANGE REGISTRATION STATEMENT: Has the meaning provided in Section 2(a) hereof.

FILING DATE: The 90th day after the Issue Date.

GUARANTORS: Has the meaning provided in the first introductory paragraph hereto.

HOLDER: Any holder of a Registrable Note or Registrable Notes.

INDEMNIFIED PERSON: Has the meaning provided in Section 7(c) hereof.

INDEMNIFYING PERSON: Has the meaning provided in Section 7(c) hereof.

INDENTURE: The Indenture, dated as of October 23, 1996 between the Company, the Guarantors and The Chase Manhattan Bank, as trustee, pursuant to which the Notes are being issued, as amended or supplemented from time to time in accordance with the terms thereof.

INITIAL PURCHASER: Has the meaning provided in the first introductory paragraph hereto.

INSPECTORS: Has the meaning provided in Section 5(o) hereof.

ISSUE DATE: The date on which the original Notes were sold to the Initial Purchaser pursuant to the Purchase Agreement.

ISSUERS: Has the meaning provided in the second introductory paragraph hereto.

NASD: Has the meaning provided in Section 5(s) hereof.

NOTES: Has the meaning provided in the second introductory paragraph hereto.

PARTICIPANT: Has the meaning provided in Section 7(a) hereof.

PARTICIPATING BROKER-DEALER: Has the meaning provided in Section 2(b) hereof.

PERSONS: An individual, trustee, corporation, partnership, limited liability company, joint stock company, trust, unincorporated association, union, business association, firm or other legal entity.

PRIVATE EXCHANGE: Has the meaning provided in Section 2(b) hereof.

PRIVATE EXCHANGE NOTES: Has the meaning provided in Section 2(b) hereof.

PROSPECTUS: The prospectus included in any Registration Statement (including, without limitation, any prospectus subject to completion and a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, and all other amendments and supplements to the Prospectus, with respect to the terms of the offering of any portion of the Registrable Notes covered by such Registration Statement including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

PURCHASE AGREEMENT: Has the meaning provided in the second introductory paragraph hereto.

RECORDS: Has the meaning provided in Section 5(o) hereof.

REGISTRABLE NOTES: Each Note upon original issuance of the Notes and at all times subsequent thereto,

each Exchange Note as to which Section 2(c)(v) hereof is applicable upon original issuance and at all times subsequent thereto and each Private Exchange Note upon original issuance thereof and at all times subsequent thereto, until in the case of any such Note, Exchange Note or Private Exchange Note, as the case may be, the earliest to occur of (i) a Registration Statement (other than, with respect to any Exchange Note as to which Section 2(c)(v) hereof is applicable, the Exchange Registration Statement) covering such Note, Exchange Note or Private Exchange Note, as the case may be, has been declared effective by the SEC and such Note (unless such Note was not tendered for exchange by the Holder thereof), Exchange Note or Private Exchange Note, as the case may be, has been disposed of in accordance with such effective Registration Statement, (ii) such Note, Exchange Note or Private Exchange Note, as the case may be, is sold in compliance with Rule 144, or (iii) such Note, Exchange Note or Private

Exchange Note, as the case may be, ceases to be outstanding for purposes of the Indenture.

REGISTRATION STATEMENT: Any registration statement of the Company, including, but not limited to, the Exchange Registration Statement, that covers any of the Registrable Notes pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

RULE 144: Rule 144 promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144A) or regulation hereafter adopted by the SEC providing for offers and sales of securities made in compliance therewith resulting in offers and sales by subsequent holders that are not affiliates of an issuer of such securities being free of the registration and prospectus delivery requirements of the Securities Act.

RULE 144A: Rule 144A promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144) or regulation hereafter adopted by the SEC.

RULE 415: Rule 415 promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

SEC: The Securities and Exchange Commission.

SECURITIES ACT: The Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

SHELF NOTICE: Has the meaning provided in Section 2(c) hereof.

SHELF REGISTRATION: Has the meaning provided in Section 3(a) hereof.

SHELF REGISTRATION STATEMENT: shall mean a "shelf" registration statement of the Company and the Guarantors which covers all of the Registrable Notes on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

TIA: The Trust Indenture Act of 1939, as amended.

TRUSTEE(S): The trustee under the Indenture and, if existent, the trustee under any indenture governing the Exchange Notes and Private Exchange Notes (if any).

UNDERWRITTEN REGISTRATION OR UNDERWRITTEN OFFERING: A registration in which securities of one or more of the Issuers are sold to an underwriter for reoffering to the public.

2. EXCHANGE OFFER

(a) Each of the Issuers agrees to file with the SEC no later than the Filing Date an offer to exchange (the "Exchange Offer") any and all of the Registrable Notes (other than the Private Exchange Notes, if any) for a like aggregate principal amount of debt securities of the Company, guaranteed by the Guarantors, which are identical in all material respects to the Notes (the "Exchange Notes") (and which are entitled to the benefits of the Indenture or a trust indenture which is identical in all material respects to the Indenture (other than such changes to the Indenture or any such identical trust indenture as are necessary to comply with any requirements of the SEC to effect or maintain the qualification thereof under the TIA) and which, in either case, has been qualified under the TIA), except that the Exchange Notes (other than Private Exchange Notes, if any) shall have been registered pursuant to an effective Registration Statement under the Securities Act and shall contain no restrictive legend thereon. The Exchange Offer shall be registered under the Securities Act on the appropriate form (the "Exchange Registration Statement") and shall comply with all applicable tender offer rules and regulations under the Exchange Act. The Issuers agree to use their best efforts to (x) cause the Exchange Registration Statement to be declared effective under the Securities Act on or before the Effectiveness Date; (y) keep the Exchange Offer open for at least 20 business days (or longer if required by applicable law) after the date that notice of the Exchange Offer is mailed to the Holders; and (z) consummate the Exchange Offer on or prior to the 225th day following the Issue Date. If after such Exchange Registration Statement is declared effective by the SEC, the Exchange Offer or the issuance of the Exchange Notes thereunder is interfered with

by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Exchange Registration Statement shall be deemed not to have become effective for purposes of this Agreement. Each Holder who participates in the Exchange Offer will be required to represent that any Exchange Notes received by it will be acquired in the ordinary course of its business, that at the time of the consummation of the

Exchange Offer such Holder will have no arrangement or understanding with any Person to participate in the distribution of the Exchange Notes in violation of the provisions of the Securities Act, and that such Holder in not an "affiliate" of any of the Issuers within the meaning of the Securities Act. Upon consummation of the Exchange Offer in accordance with this Section 2, the Issuers shall have no further obligation to register Registrable Notes (other than Private Exchange Notes and other than in respect of any Exchange Notes as to which clause 2(c)(v) hereof applies) pursuant to Section 3 hereof. No securities other than the Exchange Notes shall be included in the Exchange Registration Statement.

(b) The Issuers shall include within the Prospectus contained in the Exchange Registration Statement a section entitled "Plan of Distribution," reasonably acceptable to the Initial Purchaser, which shall contain a summary statement of the positions taken or policies made by the Staff of the SEC with respect to the potential "underwriter" status of any broker-dealer that is the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of Exchange Notes received by such broker-dealer in the Exchange Offer (a "Participating Broker-Dealer"), whether such positions or policies have been publicly disseminated by the Staff of the SEC or such positions or policies, in the judgment of the Initial Purchaser, represent the prevailing views of the Staff of the SEC. Such "Plan of Distribution" section shall also expressly permit the use of the Prospectus by all Persons subject to the prospectus delivery requirements of the Securities Act, including all Participating Broker-Dealers, and include a statement describing the

means by which Participating Broker-Dealers may resell the Exchange Notes.

Each of the Issuers shall use its best efforts to keep the Exchange Registration Statement effective and to amend and supplement the Prospectus contained therein, in order to permit such Prospectus to be lawfully delivered by any Participating Broker-Dealer subject to the prospectus delivery requirements of the Securities Act for such period of time as is necessary to comply with applicable law in connection with any resale of the Exchange Notes; PROVIDED, HOWEVER, that such period shall not exceed 180 days after the consummation of the Exchange Offer (or such longer period if extended pursuant to the last paragraph of Section 5 hereof) (the "Applicable Period").

If, prior to consummation of the Exchange Offer, the Initial Purchaser holds any Notes acquired by it and having the status of an unsold allotment in the initial distribution, the Issuers shall, upon the request of the Initial Purchaser, simultaneously with the delivery of the Exchange Notes in the Exchange Offer issue and deliver to the Initial Purchaser in exchange (the "Private Exchange") for such Notes held by the Initial Purchaser a like

principal amount of debt securities of the Company, guaranteed by the Guarantors, that are identical in all material respects to the Exchange Notes (the "Private Exchange Notes") (and which are issued pursuant to the same Indenture as the Exchange Notes) except for the placement of a restrictive legend on such Private Exchange Notes. The Private Exchange Notes shall bear the same CUSIP number as the Exchange Notes.

Interest on the Exchange Notes and the Private Exchange Notes will accrue from the last interest payment date on which interest was paid on the Notes surrendered in exchange therefor or, if no interest has been paid on the Notes, from the Issue Date.

In connection with the Exchange Offer, the Issuers shall:

(1) mail to each Holder a copy of the Prospectus forming part of the Exchange Registration Statement, together with an appropriate letter of transmittal and related documents;

(2) utilize the services of a depositary for the Exchange Offer with an address in the Borough of Manhattan, The City of New York;

(3) permit Holders to withdraw tendered Notes at any time prior to the close of business, New York time, on the last business day on which the Exchange Offer shall remain open; and

(4) otherwise comply in all material respects with all applicable laws, rules and regulations.

As soon as practicable after the close of the Exchange Offer or the Private Exchange, as the case may be, the issuers shall:

(1) accept for exchange all Notes tendered and not validly withdrawn pursuant to the Exchange Offer or the Private Exchange;

(2) deliver to the Trustee for cancellation all Notes so accepted for exchange; and

(3) cause the Trustee to authenticate and deliver promptly to each Holder of Notes, Exchange Notes or Private Exchange Notes, as the case may be, equal in principal amount to the Notes of such Holder so accepted for exchange.

The Exchange Notes and the Private Exchange Notes to be issued under (i) the Indenture or (ii) an indenture identical in all material respects to the Indenture, which in either event shall provide that (1) the Exchange Notes shall not be subject to the transfer restrictions set forth in the Indenture and (2) the Private Exchange Notes shall be subject to the transfer restrictions set forth in the Indenture. The Indenture or such indenture shall provide that the Exchange Notes, the Private Exchange Notes and the Notes shall vote and consent together on all matters as one class and that none of the Exchange Notes, the Private Exchange Notes or the Notes will have the right to vote or consent as a separate class on any matter.

(c) If, (i) because of any change in law or in currently prevailing interpretations of the Staff of the SEC, the Issuers are not permitted to effect an Exchange Offer, (ii) the Exchange offer is not consummated within 225 days of the Issue Date, (iii) any holder of Private Exchange Notes so requests at any time after the consummation of the Private Exchange, (iv) the Holders of not less than a majority in aggregate principal amount of the Registrable Notes reasonably determine that the interests of the Holders would be materially adversely affected by consummation of the Exchange Offer or (v) in the case of any Holder that participates in the Exchange Offer, such Holder does not receive Exchange Notes on the date of the exchange that may be sold without restriction under state and federal securities laws (other than due solely to the status of such Holder as an affiliate of any of the Issuers within the meaning of the Securities Act), then the Issuers shall promptly deliver to the Holders and the Trustee written notice thereof (the "Shelf Notice") to the Trustee and, in the case of clauses (i), (ii) and (iv) above, all Holders, in the case of clause (iii) above, the Holders of the Private Exchange Notes and, in the case of clause (v) above, the affected Holder, and shall file a Shelf Registration pursuant to Section 3 hereof.

3. SHELF REGISTRATION

If a Shelf Notice is delivered as contemplated by Section 2(c) hereof, then:

(a) SHELF REGISTRATION. The Issuers shall as promptly as reasonably practicable file with the SEC a Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Registrable Notes (the "Shelf Registration"). If the Issuers shall not have yet filed an Exchange Registration Statement, each of the Issuers shall use its best efforts to file with the SEC the Shelf Registration on or prior to the Filing Date. The Shelf Registration shall be on Form S-1 or another appropriate form permitting registration of such Registrable Notes for resale by Holders in the manner or manners designated by them (including, without limitation, one or more underwritten offerings). The Issuers shall

not permit any securities other than the Registrable Notes to be included in the Shelf Registration.

Each of the Issuers shall use its best efforts to cause the Shelf Registration to be declared effective under the Securities Act on or prior to the Effectiveness Date and to keep the Shelf Registration continuously effective under the Securities Act until the date which is three years from the Issue Date, subject to extension pursuant to the last paragraph of Section 5 hereof (the "Effectiveness Period"), or such shorter period ending when all Registrable Notes covered by the Shelf Registration have been sold in the manner set forth and as contemplated in the Shelf Registration.

(b) WITHDRAWAL OF STOP ORDERS. If the Shelf Registration ceases to be effective for any reason at any time during the Effectiveness Period (other than because of the sale of all of the securities registered thereunder), each of the Issuers shall use its best efforts to obtain the

prompt withdrawal of any order suspending the effectiveness thereof.

(c) SUPPLEMENTS AND AMENDMENTS. The Issuers shall promptly supplement and amend the Shelf Registration if required by the rules, regulations or instructions applicable to the registration form used for such Shelf Registration, if required by the Securities Act, or if reasonably requested by the Holders of a majority in aggregate principal amount of the Registrable Notes covered by such Registration Statement or by any underwriter of such Registrable Notes.

4. ADDITIONAL INTEREST

(a) The Issuers and the Initial Purchaser agree that the Holders of Registrable Notes will suffer damages if the Issuers fail to fulfill their obligations under Section 2 or Section 3 hereof and that it would not be feasible to ascertain the extent of such damages with precision. Accordingly, the Issuers agree to pay, as liquidated damages, additional interest on the Notes ("Additional Interest") under the circumstances and to the extent set forth below:

(i) if neither the Exchange Registration Statement nor the Shelf Registration has been filed on or prior to the Filing Date, then, commencing on the 91st day after the Issue Date, Additional Interest shall accrue on the Notes over and above the stated interest at a rate of 0.50% per annum for the first 90 days immediately following the Filing Date, such Additional Interest rate increasing by an additional 0.50% per annum at the beginning of each subsequent 90-day period;

(ii) if neither the Exchange Registration Statement nor the Shelf

Registration is declared effective by the SEC on or prior to the Effectiveness Date, then, commencing on the 181st day after the Issue Date, Additional Interest shall accrue on the Notes included or which should have been included in such Registration

Statement over and above the stated interest at a rate of 0.50% per annum for the first 90 days immediately following the Effectiveness Date, such Additional Interest rate increasing by an additional 0.50% per annum at the beginning of each subsequent 90-day period; and

(iii) if (A) the Issuers have not exchanged Exchange Notes for all Notes validly tendered in accordance with the terms of the Exchange Offer on or prior to the 225th day after the Issue Date or (B) the Exchange Registration Statement ceases to be effective at any time prior to the time that the Exchange Offer is consummated or (C) if applicable, the Shelf Registration has been declared effective and such Shelf Registration ceases to be effective at any time during the Effectiveness Period, then Additional Interest shall accrue (over and above any interest otherwise payable on such Notes) at a rate of 0.50% per annum for the first 90 days commencing on (x) the 226th day after the Issue Date with respect to the Notes validly tendered and not exchanged by the Company, in the case of (A) above, or (y) the day the Exchange Registration Statement ceases to be effective in the case of (B) above, or (z) the day such Shelf Registration ceases to be effective in the case of (C) above, such Additional Interest rate increasing by an additional 0.50% per annum at the beginning of each such subsequent 90-day period (it being understood and agreed that, notwithstanding any provision to the contrary, so long as any Note which is the subject of a Shelf Notice is then covered by an effective Shelf Registration Statement, no Additional Interest shall accrue on such Note);

PROVIDED, HOWEVER, that the Additional Interest rate on any affected Note may not exceed at any one time in the aggregate 2.0% per annum; and PROVIDED, FURTHER, that (1) upon the filing of the Exchange Registration Statement or a Shelf Registration (in the case of clause (i) of this Section

4(a)), (2) upon the effectiveness of the Exchange Registration Statement or the Shelf Registration (in the case of clause (ii) of this Section 4(a)), or (3) upon the exchange of Exchange Notes for all Notes tendered (in the case of clause (iii)(A) of this Section 4(a)), or upon the effectiveness of the Exchange Registration Statement which had ceased to remain effective (in the case of (iii)(B) of this Section 4(a)), or upon the effectiveness of the

Shelf Registration which had ceased to remain effective (in the case of (iii)(C) of this Section 4(a)), Additional Interest on the affected Notes as a result of such clause (or the relevant subclause thereof), as the case may be, shall cease to accrue.

(b) The Issuers shall notify the Trustee within one business day after each and every date on which an event occurs in respect of which Additional Interest is required to be paid (an "Event Date"). The Company shall pay the Additional Interest due on the transfer restricted Notes by depositing with the paying agent (which shall not be the Company for these purposes) for the transfer restricted Notes, in trust, for the benefit of the holders thereof, prior to 11:00 A.M. on the next interest payment date specified by the Indenture (or such other indenture), sums sufficient to pay the Additional Interest then due. Any amounts of Additional Interest due pursuant to clauses (a)(i), (a)(ii) or (a)(iii) of this Section 4 will be payable to the Holders of affected Notes in cash semi-annually on each interest payment date specified by the Indenture (or such other indenture) to the record holders entitled to receive the interest payment to be made on such date. Commencing with the first such date occurring after any such Additional Interest commences to accrue. The amount of Additional Interest will be determined by multiplying the applicable Additional Interest rate by the principal amount of the affected Registrable Notes of such Holders, multiplied by a fraction, the numerator of which is the number of days such Additional Interest rate was applicable during such period (determined on the basis of a 360-day year comprised

of twelve 30-day months and, in the case of a partial month, the actual number of days elapsed), and the denominator of which is 360.

5. REGISTRATION PROCEDURES

In connection with the filing of any Registration Statement pursuant to Sections 2 or 3 hereof, the Issuers shall effect such registration(s) to permit the sale of the securities covered thereby in accordance with the intended method or methods of disposition thereof, and pursuant thereto and in connection with any Registration Statement filed by the Issuers hereunder, the Issuers shall:

(a) Prepare and file with the SEC prior to the Filing Date a Registration Statement or Registration Statements as prescribed by Sections 2 or 3 hereof, and use their best efforts to cause each such Registration Statement to become effective and remain effective as provided herein; PROVIDED, HOWEVER, that, if (1) such filing is pursuant to Section 3 hereof,

or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, before filing any Registration Statement or Prospectus or any amendments or supplements thereto, the Issuers shall, if requested, furnish to and afford the Holders of the Registrable Notes covered by such Registration Statement or each such Participating Broker-Dealer, as the case may be, their counsel and the managing underwriters, if any, a reasonable opportunity to review copies of all such documents (including copies of any documents to be incorporated by reference therein and all exhibits thereto) proposed to be filed (in each case at least five business days prior to such filing). The Issuers shall not file any Registration Statement or Prospectus or any amendments or supplements thereto in respect of which the Holders must be afforded an opportunity to review prior to the filing of such document, if the Holders of a majority in

aggregate principal amount of the Registrable Notes covered by such Registration Statement, or any such Participating Broker-Dealer, as the case may be, their counsel, or the managing underwriters, if any, shall reasonably object.

(b) Prepare and file with the SEC such amendments and post-effective amendments to each Shelf Registration or Exchange Registration Statement, as the case may be, as may be necessary to keep such Registration Statement continuously effective for the Effectiveness Period or the Applicable Period or until consummation of the Exchange Offer, as the case may be; cause the related Prospectus to be supplemented by any Prospectus supplement required by applicable law, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) promulgated under the Securities Act; and comply with the provisions of the Securities Act and the Exchange Act applicable to it with respect to the disposition of all securities covered by such Registration Statement as so amended or in such Prospectus as so supplemented and with respect to the subsequent resale of any securities being sold by a Participating Broker-Dealer covered by any such Prospectus; the Company shall be deemed not to have used its best efforts to keep a Registration Statement effective during the Applicable Period if it voluntarily takes any action that would result in selling Holders of the Registrable Notes covered thereby or Participating Broker-Dealers seeking to sell Exchange Notes not being able to sell such Registrable Notes or such Exchange Notes during that period unless such action is required by applicable law or unless the Company complies with this Agreement, including without limitation, the provisions of paragraph 5(k) hereof and the last paragraph of this Section 5.

(c) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in an Exchange Registration Statement

filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange

Notes during the Applicable Period, notify the selling Holders of Registrable Notes, or each such Participating Broker-Dealer, as the case may be, their counsel and the managing underwriters, if any, promptly (but in any event within two business days), and confirm such notice in writing, (i) when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective under the Securities Act (including in such notice a written statement that any Holder may, upon request, obtain, at the sole expense of the Issuers, one conformed copy of such Registration Statement or post-effective amendment including financial statements and schedules, documents incorporated or deemed to be incorporated by reference and exhibits), (ii) of the issuance by the SEC of any stop order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of any preliminary prospectus or the initiation of any proceedings for that purpose, (iii) if at any time when a Prospectus is required by the Securities Act to be delivered in connection with sales of the Registrable Notes or resales of Exchange Notes by Participating Broker-Dealers the representations and warranties of the Issuers contained in any agreement (including any underwriting agreement), contemplated by Section 5(n) hereof cease to be true and correct, (iv) of the receipt by the Issuers of any notification with respect to the suspension of the qualification or exemption from qualification of a Registration Statement or any of the Registrable Notes or the Exchange Notes to be sold by any Participating Broker-Dealer for offer or sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose, (v) of the happening of any event, the existence of any condition or any information becoming known that makes any statement made in such Registration Statement or related Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in or amendments or supplements to such Registration Statement, Prospectus or documents so that, in

the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the Prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (vi) of the

determination by the Issuers that a post-effective amendment to a Registration Statement would be appropriate.

(d) Use its best efforts to prevent the issuance of any order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of a Prospectus or suspending the qualification (or exemption from qualification) of any of the Registrable Notes or the Exchange Notes for sale in any jurisdiction, and, if any such order is issued, to use its best efforts to obtain the withdrawal of any such order at the earliest possible moment.

(e) If a Shelf Registration is filed pursuant to Section 3 hereof and if requested by the managing underwriter or underwriters (if any), or the Holders of a majority in aggregate principal amount of the Registrable Notes being sold in connection with an underwritten offering, (i) promptly incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriter or underwriters (if any), such Holders, or counsel for any of them reasonably request to be included therein, (ii) make all required filings of such prospectus supplement or such post-effective amendment as soon as practicable after the Issuers have received notification of the matters to be incorporated in such prospectus supplement or post-effective amendment, and (iii) supplement or make amendments to such Registration Statement.

(f) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in an

Exchange Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, furnish to each selling Holder of Registrable Notes and to each such Participating Broker-Dealer who so requests and to counsel and each managing underwriter, if any, at the sole expense of the Issuers, one conformed copy of the Registration Statement or Registration Statements and each post-effective amendment thereto, including financial statements and schedules, and, if requested, all documents incorporated or deemed to be incorporated therein by reference and all exhibits.

(g) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, deliver to each selling Holder of Registrable Notes, or each such Participating Broker-Dealer, as the case may be, their respective counsel, and the underwriters, if any, at the sole expense of the Issuers, as many copies of the Prospectus or Prospectuses

(including each form of preliminary prospectus) and each amendment or supplement thereto and any documents incorporated by reference therein as such Persons may reasonably request; and, subject to the last paragraph of this Section 5, each Issuer hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders of Registrable Notes or each such Participating Broker-Dealer, as the case-may be, and the underwriters or agents, if any, and dealers (if any), in connection with the offering and sale of the Registrable Notes covered by, or the sale by Participating Broker-Dealers of the Exchange Notes pursuant to, such Prospectus and any amendment or supplement thereto.

(h) Prior to any public offering of Registrable Notes or any delivery of a Prospectus contained in the

Exchange Registration Statement by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, to use its best efforts to register or qualify such Registrable Notes (and to cooperate with selling Holders of Registrable Notes or each such Participating Broker-Dealer, as the case may be, the managing underwriter or underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Notes) for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any selling Holder, Participating Broker-Dealer, or the managing underwriter or underwriters reasonably request in writing; PROVIDED, HOWEVER, that where Exchange Notes held by Participating Broker-Dealers or Registrable Notes are offered other than through an underwritten offering, the Issuers agree to cause their counsel to perform Blue Sky investigations and file registrations and qualifications required to be filed pursuant to this Section 5(h); keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and do any and all other acts or things reasonably necessary or advisable to enable the disposition in such jurisdictions of the Exchange Notes held by Participating Broker-Dealers or the Registrable Notes covered by the applicable Registration Statement; PROVIDED, HOWEVER, that none of the Issuers shall be required to (A) qualify generally to do business in any jurisdiction where it is not then so qualified, (B) take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject or (C) subject itself to taxation in excess of a nominal dollar amount in any such jurisdiction where it is not then so subject.

(i) If a Shelf Registration is filed pursuant to Section 3 hereof, cooperate with the selling Holders of Registrable Notes and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Notes

to be sold, which certificates shall not bear any restrictive legends and shall be in a form eligible for deposit with The Depository Trust Company; and enable such Registrable Notes to be in such denominations and registered in such names as the managing underwriter or underwriters, if any, or Holders may reasonably request.

(j) Use its best efforts to cause the Registrable Notes covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the Holders thereof or the underwriter or underwriters, if any, to dispose of such Registrable Notes, except as may be required solely as a consequence of the nature of a selling Holder's business, in which case each of the Issuers will cooperate in all reasonable respects with the filing of such Registration Statement and the granting of such approvals.

(k) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, upon the occurrence of any event contemplated by paragraph 5(c)(v) or 5(c)(vi) hereof, as promptly an practicable prepare and (subject to Section 5(a) hereof) file with the SEC, at the sole expense of the Issuers, a supplement or post-effective amendment to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Notes being sold thereunder or to the purchasers of the Exchange Notes to whom such Prospectus will be delivered by a Participating Broker-Dealer, any such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light

of the circumstances under which they were made, not misleading.

(l) Use its best efforts to cause the Registrable Notes covered by a Registration Statement or the Exchange Notes, as the case may be, to be rated with the appropriate rating agencies, if so requested by the Holders of a majority in aggregate principal amount of Registrable Notes covered by such Registration Statement or the Exchange Notes, as the case may be, or the managing underwriter or underwriters, if any.

(m) Prior to the effective date of the first Registration Statement relating to the Registrable Notes, (i) provide the Trustee with certificates for the Registrable Notes or Exchange Notes, as the case may be, in a form eligible for deposit with The Depositary Trust Company and (ii) provide a CUSIP number for the Registrable Notes or Exchange Notes, as the case may be.

(n) In connection with any underwritten offering of Registrable Notes pursuant to a Shelf Registration, enter into an underwriting agreement as is customary in underwritten offerings of debt securities similar to the Notes and take all such other actions as are reasonably requested by the managing underwriter or underwriters in order to facilitate the registration or the disposition of such Registrable Notes and, in such connection, (i) make such representations and warranties to, and covenants with, the underwriters with respect to the business of the Issuers and their respective subsidiaries and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, as are customarily made by Issuers to underwriters in underwritten offerings of debt securities similar to the Notes, and confirm the same in writing if and when requested; (ii) obtain the written opinion of counsel to the Issuers and written updates thereof in form, scope and substance reasonably satisfactory to the managing underwriter or

underwriters, addressed to the underwriters covering the matters customarily covered in opinions requested in underwritten offerings of debt similar to the Notes and such other matters as may be reasonably requested by the managing underwriter or underwriters; (iii) obtain "cold comfort" letters and updates thereof in form, scope and substance reasonably satisfactory to the managing underwriter or underwriters from the independent certified public accountants of the Issuers (and, if necessary, any other independent certified public accountants of any subsidiary of any of the Issuers or of any business acquired by any of the Issuers for which financial statements and financial data are, or are required to be, included or incorporated by reference in the Registration Statement), addressed to each of the underwriters, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings of debt similar to the Notes and such other matters as reasonably requested by the managing underwriter or underwriters; and (iv) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures no less favorable than those set forth in Section 7 hereof (or such other provisions and procedures acceptable to Holders of a majority in aggregate principal amount of Registrable Notes covered by such Registration Statement and the managing underwriter or underwriters or agents) with respect to all parties to be indemnified pursuant to said Section. The above shall be done at each closing under such underwriting agreement, or as and to the extent required thereunder.

(o) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, make available for inspection by any selling Holder of such Registrable Notes being sold, or each such Participating Broker-Dealer, as the

case may be, any underwriter participating in any such disposition of Registrable Notes, if any, and any attorney, accountant or other agent retained by any such selling Holder or each such Participating Broker-Dealer, as the case may be, or underwriter (collectively, the "Inspectors"), at the offices where normally kept, during reasonable business hours, all financial and other records, pertinent corporate documents and instruments of the Issuers and their respective subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable them to exercise any applicable due diligence responsibilities, and cause the officers, directors and employees of the Issuers and their respective subsidiaries to make available for inspection all information reasonably requested by any such Inspector in connection with such Registration Statement. Records which any of the Issuers determine, in good faith, to be confidential and any Records which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors unless (i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in such Registration Statement, (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, (iii) disclosure of such information is, in the opinion of counsel (a copy of which shall be delivered to the Issuers) for any Inspector, necessary or advisable in connection with any action, claim, suit or proceeding, directly or indirectly, involving or potentially involving such Inspector and arising out of, based upon, relating to, or involving this Agreement, or any transactions contemplated hereby or arising hereunder, or (iv) the information in such Records has been made generally available to the public. Each selling Holder of such Registrable Securities and each such

Participating Broker-Dealer will be required to agree that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of the Issuers unless and until such information is generally available to the public. Each selling Holder of such Registrable Notes and each such Participating Broker-Dealer will be required to further agree that it will, upon learning that disclosure of such Records is sought in a court

of competent jurisdiction, give notice to the Issuers and allow the Issuers to undertake appropriate action to prevent disclosure of the Records deemed confidential at the Issuers' sole expense.

(p) Provide an indenture trustee for the Registrable Notes or the Exchange Notes, as the case may be, and cause the Indenture or the trust indenture provided for in Section 2(a) hereof, as the case may be, to be qualified under the TIA not later than the effective date of the Exchange Offer or the first Registration Statement relating to the Registrable Notes; and in connection therewith, cooperate with the trustee under any such indenture and the Holders of the Registrable Notes, to effect such changes to such indenture as may be required for such indenture to be so qualified in accordance with the terms of the TIA; and execute, and use its best efforts to cause such trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable such indenture to be so qualified in a timely manner.

(q) Comply with all applicable rules and regulations of the SEC and make generally available to its securityholders earnings statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than 45 days after the end of any 12-month period (or 90 days after the end of any 12-month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Notes are sold to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Company after the effective date of a Registration Statement, which statements shall cover said 12-month periods.

(r) If an Exchange Offer or a Private Exchange is to be consummated, upon delivery of the Registrable Notes by Holders to the Issuers (or to such other Person as directed by the Issuers) in exchange for the Exchange Notes or the Private Exchange Notes, as the case may be, the Issuers shall mark, or cause to be marked, on such Registrable Notes that such Registrable Notes are being cancelled in exchange for the Exchange Notes or the Private Exchange Notes, as the case may be; in no event shall such Registrable Notes be marked as paid or otherwise satisfied.

(s) Cooperate with each seller of Registrable Notes covered by any Registration Statement and each underwriter, if any, participating in the disposition of such Registrable Notes and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers, Inc. (the "NASD").

(t) Use its best efforts to take all other steps necessary or advisable to effect the registration of the Registrable Notes covered by a

Registration Statement contemplated hereby.

The Issuers may require each seller of Registrable Notes as to which any Registration Statement is being effected to furnish to the Issuers such information regarding such seller and the distribution of such Registrable Notes as the Issuers may, from time to time, reasonably request. The Issuers may exclude from such Registration Statement the Registrable Notes of any seller who unreasonably fails to furnish such information within a reasonable time after receiving such request. Each seller as to which any Shelf Registration is being effected agrees to furnish promptly to the Issuers all information required to be disclosed in order to make the information previously furnished to the Issuers by such seller not materially misleading.

Each Holder of Registrable Notes and each Participating Broker-Dealer agrees by acquisition of such

Registrable Notes or Exchange Notes to be sold by such Participating Broker-Dealer, as the case may be, that, upon actual receipt of any notice from the Issuers of the happening of any event of the kind described in Section 5(c)(ii), 5(c)(iv), 5(c)(v), or 5(c)(vi) hereof, such Holder will forthwith discontinue disposition of such Registrable Notes covered by such Registration Statement or Prospectus or Exchange Notes to be sold by such Holder or Participating Broker-Dealer, as the case may be, until such Holder's or Participating Broker-Dealer's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 5(k) hereof, or until it is advised in writing (the "Advice") by the Issuers that the use of the applicable Prospectus may be resumed, and has received copies of any amendments or supplements thereto. In the event the Issuers shall give any such notice, each of the Effectiveness Period and the Applicable Period shall be extended by the number of days during such periods from and including the date of the giving of such notice to and including the date when each seller of Registrable Notes covered by such Registration Statement or Exchange Notes to be sold by such Participating Broker-Dealer, as the case may be, shall have received (x) the copies of the supplemented or amended Prospectus contemplated by Section 5(k) hereof or (y) the Advice.

6. REGISTRATION EXPENSES

(a) All fees and expenses incident to the performance of or compliance with this Agreement by the Issuers shall be borne by the Issuers whether or not the Exchange Offer or a Shelf Registration is filed or becomes effective, including, without limitation, (i) all registration and filing fees (including, without limitation, (A) fees with respect to filings required to be made with the NASD in connection with an underwritten offering and (B) fees and expenses of compliance with state securities or Blue Sky laws (including, without limitation, reasonable fees and disbursements of

White & Case in connection with Blue Sky qualifications of the Registrable Notes or Exchange Notes and

determination of the eligibility of the Registrable Notes or Exchange Notes for investment under the laws of such jurisdictions (x) where the holders of Registrable Notes are located, in the case of the Exchange Notes, or (y) as provided in Section 5(h) hereof, in the case of Registrable Notes or Exchange Notes to be sold by a Participating Broker-Dealer during the Applicable Period)), (ii) printing expenses, including, without limitation, expenses of printing certificates for Registrable Notes or Exchange Notes in a form eligible for deposit with The Depository Trust Company and of printing Prospectuses if the printing of Prospectuses is requested by the managing underwriter or underwriters, if any, by the Holders of a majority in aggregate principal amount of the Registrable Notes included in any Registration Statement or sold by any Participating Broker-Dealer, as the case may be, (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Issuers, (v) fees and disbursements of all independent certified public accountants referred to in Section 5(n)(iii) hereof (including, without limitation, the expenses of any special audit and "cold comfort" letters required by or incident to such performance by or incident to such performance), (vi) rating agency fees, if any, and any fees associated with making the Registrable Notes or Exchange Notes eligible for trading through The Depository Trust Company, (vii) Securities Act liability insurance, if the Issuers desire such insurance, (viii) fees and expenses of all other Persons retained by the Issuers, (ix) internal expenses of the Issuers (including, without limitation, all salaries and expenses of officers and employees of the Issuers performing legal or accounting duties), (x) the expense of any annual audit, (ix) the fees and expenses incurred in connection with the listing of the securities to be registered on any securities exchange or any inter-dealer quotation system, if applicable, and (xii) the expenses relating to printing, word processing and distributing all Registration Statements, underwriting agreements, securities sales agreements, indentures and any other documents necessary in order to comply with this Agreement.

(b) The Issuers, jointly and severally, shall (i) reimburse the Holders of the Registrable Notes being registered in a Shelf Registration for the reasonable fees and disbursements of not more than one counsel (in addition to appropriate local counsel) chosen by the Holders of a majority in aggregate principal amount of the Registrable Notes to be included in such Registration Statement and (ii) reimburse out-of-pocket expenses (other than legal expenses) of Holders of Registrable Notes incurred in connection with

the registration and sale of the Registrable Notes pursuant to a Shelf Registration or in connection with the exchange of Registrable Notes pursuant to the Exchange Offer. In addition, the Issuers, jointly and severally, shall reimburse the Initial Purchaser for 50% of the reasonable fees and expenses of one counsel in connection with the Exchange Offer which shall be White & Case, and shall not be required to pay any other legal expenses of the Initial Purchaser in connection therewith.

7. INDEMNIFICATION. (a) Each of the Issuers, jointly and severally, agrees to indemnify and hold harmless each Holder of Registrable Notes offered pursuant to a Shelf Registration Statement and each Participating Broker-Dealer selling Exchange Notes during the Applicable Period, the affiliates, directors, officers, agents, representatives and employees of each such Person or its affiliates, and each other Person, if any, who controls any such Person or its affiliates within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act (each, a "Participant") from and against any and all losses, claims, damages and liabilities (including, without limitation, the reasonable legal fees and other expenses actually incurred in connection with any suit, action or proceeding or any claim asserted) caused by, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement pursuant to which the offering of such Registrable Notes or Exchange Notes, as the case may be, is registered (or any amendment thereto) or related Prospectus (or any amendments or supplements thereto)

or any related preliminary prospectus, or caused by, arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; PROVIDED, HOWEVER, that the Issuers will not be required to indemnify a Participant if (i) such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to any Participant furnished to the Issuers in writing by or on behalf of such Participant expressly for use therein or (ii) if such Participant sold to the person asserting the claim the Registrable Notes or Exchange Notes which are the subject of such claim and such untrue statement or omission or alleged untrue statement or omission was contained or made in any preliminary prospectus and corrected in the Prospectus or any amendment or supplement thereto and the Prospectus does not contain any other untrue statement or omission or alleged untrue statement or omission of a material fact that was the subject matter of the related proceeding and it is established by the Issuers in the related proceeding that such Participant failed to deliver or provide a copy of the Prospectus (as amended or supplemented) to such Person with or prior to the confirmation of the sale of such Registrable Notes or Exchange Notes sold to such Person if required by applicable laws, unless

such failure to deliver or provide a copy of the Prospectus (as amended or supplemented) was a result of noncompliance by the Issuers with Section 5 of this Agreement.

(b) Each Participant agrees, severally and not jointly, to indemnify and hold harmless the Issuers, their respective directors and officers and each Person who controls the Issuers within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Issuers to each Participant, but only (i) with reference to information relating to such Participant furnished to the Issuers in

writing by or on behalf of such Participant expressly for use in any Registration Statement or Prospectus, any amendment or supplement thereto, or any preliminary prospectus or (ii) with respect to any untrue statement or representation made by such Participant in writing to the Issuers. The liability of any Participant under this paragraph shall in no event exceed the proceeds received by such Participant from sales of Registrable Notes or Exchange Notes giving rise to such obligations.

(c) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Person in respect of which indemnity may be sought pursuant to either of the two preceding paragraphs, such Person (the "Indemnified Person") shall promptly notify the Person against whom such indemnity may be sought (the "Indemnifying Person") in writing, and the Indemnifying Person, upon request of the Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others the Indemnifying Person may reasonably designate in such proceeding and shall pay the reasonable fees and expenses actually incurred by such counsel related to such proceeding; PROVIDED, HOWEVER, that the failure to so notify the Indemnifying Person shall not relieve it of any obligation or liability which it may have hereunder or otherwise (unless and only to the extent that such failure directly results in the loss or compromise of any material rights or defenses by the Indemnifying Person and the Indemnifying Person was not otherwise aware of such action or claim). In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed in writing to the contrary, (ii) the Indemnifying Person shall have failed within a reasonable period of time to retain counsel reasonably satisfactory to the Indemnified Person or (iii) the named parties in any such proceeding (including any

impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that, unless there exists a conflict among Indemnified Persons, the Indemnifying Person shall not, in connection with any one such proceeding or separate but substantially similar related proceeding in the same jurisdiction arising out of the same general allegations, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed promptly as they are incurred. Any such separate firm for the Participants and such control Persons of Participants shall be designated in writing by Participants who sold a majority in interest of Registrable Notes and Exchange Notes sold by all such Participants and any such separate firm for the Issuers, their directors, their officers and such control Persons of the Issuers shall be designated in writing by the Issuers. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its prior written consent, but if settled with such consent or if there be a final non-appealable judgment for the plaintiff for which the Indemnified Person is entitled to indemnification pursuant to this Agreement, the Indemnifying Person agrees to indemnify and hold harmless each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested an Indemnifying Person to reimburse the Indemnified Person for reasonable fees and expenses actually incurred by counsel as contemplated by the third sentence of this paragraph, the Indemnifying Person agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such Indemnifying Person of the aforesaid request and (ii) such Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement; PROVIDED,

HOWEVER, that the Indemnifying Person shall not be liable for any settlement effected without its consent pursuant to this sentence if the Indemnifying Person is contesting, in good faith, the request for reimbursement. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement or compromise of any pending or threatened proceeding in respect of which any Indemnified Person is our could have been a party, and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement (A) includes an unconditional written release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (B) does not include any

statement as to an admission of fault, culpability or failure to act by or on behalf of any Indemnified Person.

(d) If the indemnification provided for in Section 7(a) and 7(b) hereof is for any reason unavailable to, or insufficient to hold harmless, an Indemnified Person in respect of any losses, claims, damages or liabilities referred to therein, than each Indemnifying Person under such paragraphs, in lieu of indemnifying such Indemnified Person thereunder and in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect (i) the relative benefits received by the Indemnifying Person or Persons on the one hand and the Indemnified Person or Persons on the other from the offering of the Notes or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, not only such relative benefits but also the relative fault of the Indemnifying Person or Persons on the one hand and the Indemnified Person or Persons on the other in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof). The relative fault of the parties shall be determined by reference to,

among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuers on the one hand or such Participant or such other Indemnified Person, as the case may be, on the other, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission, and any other equitable considerations appropriate in the circumstances.

(e) The parties agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by PRO RATA allocation (even if the Participants were treated as one entity for such purposes) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any reasonable legal or other expenses actually incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, in no event shall a Participant be required to contribute any amount in excess of the amount by which proceeds received by such Participant from sales of Registrable Notes or Exchange Notes, as the case may be, exceeds the amount of any damages that such Participant has otherwise been required to pay or has paid by reason of such untrue or alleged untrue statement or omission or

alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(f) The indemnity and contribution agreements contained in this Section 7 will be in addition to any

liability which the Indemnifying Persons may otherwise have to the Indemnified Persons referred to above.

8. RULES 144 AND 144A. The Company covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder in a timely manner in accordance with the requirements of the Securities Act and the Exchange Act and, if at any time the Company is not required to file such reports, it will, upon the request of any Holder of Registrable Notes, make publicly available annual reports and such information, documents and other reports of the type specified in Sections 13 and 15(d) of the Exchange Act. The Company further covenants for so long as any Registrable Notes remain outstanding, to make available to any Holder or beneficial owner of Registrable Notes in connection with any sale thereof and any prospective purchaser of such Registrable Notes from such Holder or beneficial owner the information required by Rule 144(d)(4) under the Securities Act in order to permit resales of such Registrable Notes pursuant to Rule 144A.

9. UNDERWRITTEN REGISTRATIONS. If any of the Registrable Notes covered by any Shelf Registration are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will manage the offering will be selected by the Holders of a majority in aggregate principal amount of such Registrable Notes included in such offering and reasonably acceptable to the Issuers.

No Holder of Registrable Notes may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Notes on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

10. MISCELLANEOUS. (a) NO INCONSISTENT AGREEMENTS. None of the

Issuers have entered, as of the date hereof, and none of the Issuers shall, after the date of this Agreement, enter into any agreement with respect to any of its securities that is inconsistent with the rights granted to the Holders of Registrable Notes in this Agreement or otherwise conflicts with the provisions hereof. Other than as provided in Schedule A attached hereto, none of the Issuers have entered and none of the Issuers will enter into any agreement with respect to any of its securities which will grant to any Person piggy-back registration rights with respect to a Registration Statement.

(b) ADJUSTMENTS AFFECTING REGISTRABLE NOTES. Other than as provided in Schedule B attached hereto, none of the Issuers shall, directly or indirectly, take any action with respect to the Registrable Notes as a class that would adversely affect the ability of the Holders of Registrable Notes to include such Registrable Notes in a registration undertaken pursuant to this Agreement.

(c) AMENDMENTS AND WAIVERS. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, otherwise than with the prior written consent of the Holders of not less than a majority in aggregate principal amount of the then outstanding Registrable Notes. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders of Registrable Notes whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect, impair, limit or compromise the rights of other Holders of Registrable Notes may be given by Holders of at least a majority in aggregate principal amount of the Registrable Notes being sold by such Holders pursuant to such Registration Statement; PROVIDED, HOWEVER, that the provisions of this sentence may not be amended, modified or

supplemented except in accordance with the provisions of the immediately preceding sentence.

(d) NOTICES. All notices and other communications (including without limitation any notices or other communications to the Trustee) provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, next-day air courier or facsimile:

1. if to a Holder of the Registrable Notes or any Participating Broker-Dealer, at the most current address of such Holder or Participating Broker-Dealer, as the case may be, set forth on the records of the registrar under the Indenture, with a copy in like manner to the Initial Purchaser as follows:

BT Securities Corporation
Bankers Trust Plaza
130 Liberty Street
New York, New York 10006
Facsimile No: (212) 250-7200
Attention: Corporate Finance
Department

with a copy to:

White & Case
1155 Avenue of the Americas
New York, NY 10036
Facsimile No: (212) 354-8113
Attention: Eric Berg, Esq.

2. if to the Initial Purchaser, at the addresses specified in Section 10(d)(1);

3. if to an Issuer, as follows:

Spinnaker Industries, Inc.
600 N. Pearl Street # 2160
Dallas, TX 75201
Facsimile No: (214) 855-0093
Attention: Chief Financial Officer

with a copy to:

Crouch & Hallett
717 N. Harwood Street, Suite 1400
Dallas, TX 75201
Facsimile No.: (214) 953-3154
Attention: Timothy Vaughan, Esq.

All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; one business day after being timely delivered to a next-day air courier; and when receipt is acknowledged by the addressee, if sent by facsimile.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address and in the manner specified in such Indenture.

(e) SUCCESSORS AND ASSIGNS. This Agreement shall inure to the

benefit of and be binding upon the successors and assigns of each of the parties hereto; PROVIDED, HOWEVER, that this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign holds Registerable Notes.

(f) COUNTERPARTS. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(g) HEADINGS. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning thereof.

(h) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WHOLLY WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(i) SEVERABILITY. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(j) NOTES HELD BY THE ISSUERS OR THEIR AFFILIATES. Whenever the consent or approval of Holders of a specified percentage of Registerable Notes is required hereunder, Registerable Notes held by the Issuers or their affiliates (as such term is defined in Rule 405 under the Securities Act) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(k) THIRD PARTY BENEFICIARIES. Holders of Registerable Notes and Participating Broker-Dealers are intended third party beneficiaries of this Agreement and this Agreement may be enforced by such Persons.

IN WITNESS WHEREOF, the parties have executed the Agreement as of the date first written above.

Issuer:

SPINNAKER INDUSTRIES, INC.

By: /s/ NED N. FLEMING, III

Name: Ned N. Fleming, III
Title: President

Guarantors:

BROWN-BRIDGE INDUSTRIES, INC.

By: /s/ NED N. FLEMING, III

Name: Ned N. Fleming, III
Title: Vice President

CENTRAL PRODUCTS COMPANY

By: /s/ NED N. FLEMING, III

Name: Ned N. Fleming, III
Title: Chief Operating Officer

ENTOLETER, INC.

By: /s/ ROBERT WENTZEL

Name: Robert Wentzel
Title: President

The foregoing Agreement is hereby confirmed and accepted as of the date first above written:

BT SECURITIES CORPORATION

By: /s/ JAMES A. CLAYTON

Name: James A. Clayton
Title: Managing Director

SCHEDULE A

PIGGY-BACK REGISTRATION RIGHTS

SCHEDULE B

ADJUSTMENTS REFLECTING REGISTRABLE NOTES

SPINNAKER INDUSTRIES, INC.

as Issuer,

CENTRAL PRODUCTS COMPANY

BROWN-BRIDGE INDUSTRIES, INC.

and

ENTOLETER, INC.,

as Guarantors

and

THE CHASE MANHATTAN BANK

as Trustee

$115,000,000

10 3/4% SENIOR SECURED NOTES DUE 2006, SERIES A
10 3/4% SENIOR SECURED NOTES DUE 2006, SERIES B

INDENTURE

Dated as of October 23, 1996

CROSS-REFERENCE TABLE*

Trust Indenture Act Section	Indenture Section
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.

(a)(4)	N.A.
(a)(5)	7.10
(b)	7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.05
(b)	12.03
(c)	12.03
313(a)	7.06
(b)(1)	7.06
(b)(2)	7.06
(c)	7.06;12.02
(d)	7.06
314(a)	4.03;12.05
(b)	11.13
(c)(1)	12.04
(c)(2)	12.04
(c)(3)	N.A.
(d)	11.13
(e)	12.05
(f)	N.A.
315(a)	7.01
(b)	7.05
(c)	7.01
(d)	6.05;7.01
(e)	6.11
316(a)(last sentence)	N.A.
(a)(1)(A)	N.A.
(a)(1)(B)	N.A.
(a)(2)	N.A.
(b)	N.A.
(c)	2.19
317(a)(1)	6.08

(a)(2)	6.08
(b)	2.04
318(a)	12.01
(b)	12.01
(c)	12.01

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*This Cross-Reference Table is not part of the Indenture.
N.A. means not applicable.

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<TABLE>
<CAPTION>

</TABLE>

INDENTURE, dated as of October 23, 1996, among Spinnaker Industries, Inc., a Delaware corporation (the "Company"), Central Products Company, a Delaware corporation ("Central Products"), Brown-Bridge Industries, Inc., a Delaware corporation ("Brown Bridge"), and Entoleter, Inc., a Delaware corporation ("Entoleter"), each of Central Products, Brown-Bridge and Entoleter as Guarantors (as defined) of the Company's obligations hereunder, and The Chase Manhattan Bank, a banking corporation organized and existing under the laws of the State of New York, as Trustee (as defined).

The Company has duly authorized the creation of an issue of 10 3/4% Senior Secured Notes due 2006, Series A (the "Initial Securities") and 10 3/4% Senior Secured Notes due 2006, Series B (the "Exchange Securities,") and, to provide therefor, the Company and the Guarantors have duly authorized the execution and delivery of this Indenture. All things necessary to make the Securities (as defined), when duly issued and executed by the Company, and authenticated and delivered hereunder, the valid obligations of the Company and the Guarantors, and to make this Indenture a valid and binding agreement of the Company and the Guarantors, have been done.

The Company, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the Securities:

ARTICLE 1

DEFINITIONS AND INCORPORATION
BY REFERENCE

SECTION 1.01. DEFINITIONS.

"ACQUIRED INDEBTEDNESS" of any specified Person means Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, but excluding any Indebtedness incurred in connection with, or in contemplation of, such merger or such other Person becoming a Restricted Subsidiary of such specified Person.

"ADJUSTED NET ASSETS" of a Guarantor at any date shall mean the lesser of the amount by which (x) the fair value of the property of such Guarantor exceeds the total amount of liabilities, including, without limitation, the probable liability of such Guarantor with respect to its contingent liabilities (after giving effect to all other fixed and contingent liabilities incurred or assumed on such date), but excluding liabilities under the Guarantee, of such Guarantor at such date and (y) the present fair salable value of the assets of such Guarantor at such date exceeds the amount that will be required to pay the probable liability

of such Guarantor on its debts (after giving effect to all other fixed and contingent liabilities incurred or assumed on such date and after giving effect to any collection from any Subsidiary by such Guarantor in respect of the obligations of such Subsidiary under the Guarantee), excluding debt in respect of the Guarantee, as they become absolute and matured.

"AFFILIATE" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. The definition of Affiliate as contained in the preceding sentence, and the term "control" (including the terms "controlling," "controlled by" and "under common control with") as used therein, shall be construed in a manner consistent with the definitions of "affiliate" and "control" contained in Rule 405 promulgated under the Securities Act, as such rule is in effect on the Issuance Date. Without limiting the foregoing, for purposes of the Indenture (other than in relation to the definitions of "Change of Control" and "Permitted Holders"), the ownership of, or control of the votes with respect to, 10% or more of the voting common equity (on a fully diluted basis) of a Person will be deemed to be control of such Person.

"AGENT" means any Registrar, Paying Agent or co-registrar.

"ASSET ACQUISITION" means (i) an Investment by the Company or any Restricted Subsidiary of the Company in any other Person pursuant to which such Person shall become a Restricted Subsidiary of the Company or shall be merged or consolidated with the Company or any Restricted Subsidiary of the Company or (ii) the acquisition by the Company or any Restricted Subsidiary of the Company of assets of any Person comprising a division or line of business of such Person.

"ASSET SALE" means (i) the sale, lease, conveyance, transfer or other disposition (whether in a single transaction or a series of related transactions) of property or assets of the Company or any Restricted Subsidiary thereof (each referred to in this definition as a "disposition") or (ii) the issuance or sale of Equity Interests of (or by) any Restricted Subsidiary of the Company, in each case, other than (a) a disposition of inventory in the ordinary course of business, (b) the disposition of all or substantially all of the assets of the Company and the Restricted Subsidiaries thereof in a manner permitted pursuant to the provisions described in Sections 5.01 or 4.15 hereof and (c) in the case of clause (i) only, any single disposition, or related series of dispositions, of assets with an aggregate fair market value of less than $500,000. Notwithstanding anything to the contrary contained above, a Restricted Payment made in compliance with Section 4.07 hereof shall not constitute an Asset Sale except for purposes of determinations of the Fixed Charge Coverage Ratio.

"BANKRUPTCY CODE" means Title 11, U.S. Code or any similar Federal, state or foreign law for the relief of debtors.

"BOARD OF DIRECTORS" means, with respect to any Person, the Board of Directors of such Person or any committee of the Board of Directors of such Person duly authorized, with respect to any particular matter, to exercise the power of the Board of Directors of such Person.

"BOARD RESOLUTION" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"BORROWING BASE" means, as of any date with respect to any Person, an amount equal to the sum of (a) 85% of the face amount of all accounts receivable owned by such Person as of such date that are not more than 120 days past due, and (b) 65% of all inventory owned by such Person as of such date, in each case valued at the lower of cost or market calculated on a consolidated basis and in accordance with the Company's financial statements. To the extent that information is not available as to the amount of accounts receivable or inventory as of a specific date, such Person may utilize the most recent available information for purposes of calculating the Borrowing Base.

"BROWN-BRIDGE" has the meaning set forth in the preamble to this Indenture.

"BROWN-BRIDGE ROLL-UP CONTINGENT PAYMENTS" shall mean all payments made after the Issuance Date (excluding the cash payments to be made as part of the Company's recapitalization plan on, or immediately after, the Issuance Date in an aggregate amount not to exceed $2.5 million) to Persons other than the Company who were shareholders of Brown-Bridge prior to the Issuance Date, including without limitation all payments of the Contingent Price under, and as defined in, that certain Agreement and Plan of Merger (Brown-Bridge

Minority Interest), dated as of October 1, 1996, by and among the Company, BB Merger Corp. and Brown-Bridge.

"BUSINESS DAY" means a day that is not a Legal Holiday.

"CAPITAL LEASE" means, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee which, in accordance with GAAP, is accounted for as a capital lease on the balance sheet of such Person.

"CAPITAL LEASE OBLIGATION" means obligations under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP, and the amount of Indebtedness represented by such obligations will be the capitalized amount of such obligations determined in accordance with GAAP.

"CAPITAL STOCK" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) the common or preferred equity of such Person, including, without limitation, partnership interests.

"CASH EQUIVALENTS" means (i) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof; (ii) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor's Ratings Services or Moody's Investors Service, Inc.; (iii) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from Standard & Poor's Ratings Services or at least P-1 from Moody's Investors Service, Inc.; (iv) certificates of deposit or bankers' acceptances maturing within one year from the date of acquisition thereof issued by any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia or any U.S. branch of a foreign bank having at the date of acquisition thereof combined capital and surplus of not less than $500,000,000; (v) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (i) above entered into with any bank meeting the qualifications specified in clause (iv) above; and (vi) investments in money market funds which invest substantially all their assets in securities of the types described in clauses (i) through (v) above.

"CENTRAL PRODUCTS" has the meaning set forth in the preamble to this Indenture.

"CHANGE OF CONTROL" means the occurrence of any of the following: (i) the adoption of a plan relating to the liquidation or dissolution of the Company, (ii) the sale, lease or transfer, in one or a series of transactions,

of all or substantially all of the assets of the Company or of the Company and its Subsidiaries taken as a whole, to any Person or group (as such term is used in Section 13(d)(3) of the Exchange Act), other than to any one or more of the Permitted Holders, (iii) any Person or group, other than one or more of the Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that (x) a Person shall be deemed to have "beneficial ownership" of all shares that any such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time and (y) in the case of a group which is not a Permitted Holder but includes as members thereof one or more Permitted Holders, such group (except to the extent provided in preceding clause (x)) shall not be considered to be the "beneficial owner" of any capital stock of the Company beneficially owned (other than

as a result of attribution to Permitted Holders by reason of their being members of such group) by the Permitted Holders, if any, who are members of such group), directly or indirectly, of shares of Voting Stock of the Company representing more than 50% of the voting power of all of the Voting Stock of the Company by way of merger or consolidation or otherwise; PROVIDED, HOWEVER, that a Person which ceases to be a Permitted Holder by reason of ceasing to be an Affiliate of, or a member of a group controlled by, a Permitted Holder shall not be deemed to have acquired beneficial ownership of any shares of Voting Stock of the Company unless and until a "Change of Control" (as measured from the Issuance Date) shall have occurred with respect to such Person (for purposes of determining whether such a "Change of Control" has occurred, such Person shall be substituted for the Company) or (iv) the first day within any two-year period on which a majority of the members of the Board of Directors of the Company are not Continuing Directors.

"COMMISSION" means the U.S. Securities and Exchange Commission or its successor.

"COMPANY" means Spinnaker Industries, Inc., a Delaware corporation, until a successor replaces it in accordance with Article 5 hereof and thereafter means the successor.

"CONSOLIDATED EBITDA" of any Person with respect to any period means Consolidated Net Income of such Person for such period (x) adjusted to exclude (to the extent included in Consolidated Net Income for such period) (i) gains and losses from Asset Sales (without regard to the $500,000 limitation set forth in the definition thereof) or abandonments or reserves relating thereto and (ii) items classified as extraordinary gains and losses and (y) increased (to the extent already deducted from Consolidated Net Income for such period) by the sum (but without duplication), on a consolidated basis, of (i) all income tax expense for such period, (ii) all cash and non-cash interest expense (including interest with respect to Capitalized Lease Obligations and interest rate protection agreements and net of any interest income) paid or accrued for such period and (iii) all consolidated depreciation and consolidated amortization and any other consolidated non-cash charges (including with respect to writedowns or writeoffs of assets) for such period, in each case determined in accordance

with GAAP.

"CONSOLIDATED INTEREST EXPENSE" means, with respect to any Person for any period, the sum of (a) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, to the extent such expense was deducted in computing Consolidated Net Income (including amortization of original issue discount and original issuance costs, non-cash interest payments, the interest component of Capital Leases, and net payments (if any) pursuant to Hedging Obligations), (b) commissions, discounts and other fees and charges paid or accrued with respect to letters of

credit and bankers' acceptance financing and (c) interest actually paid by such Person or its Restricted Subsidiaries under a Guarantee of Indebtedness of any other Person.

"CONSOLIDATED NET INCOME" means with respect to any Person, for any period, the aggregate net income (or loss) of such Person and its Restricted Subsidiaries for such period on a consolidated basis, determined in accordance with GAAP; PROVIDED that there shall be excluded therefrom, without duplication, (a) the net income or loss of any Person acquired in a pooling of interests transaction accrued prior to the date it becomes a Restricted Subsidiary of such Person or is merged or consolidated with such Person or any Restricted Subsidiary, (b) the net income of any Person, other than a consolidated Restricted Subsidiary, in which such first referred to Person or a consolidated Restricted Subsidiary has an interest shall be included only to the extent of the lesser of (i) any dividends or distributions actually paid to such first referred to Person and its consolidated Restricted Subsidiaries during such period and (ii) the net income of such Person (but in no event less than zero), and the net loss of such Person shall be included only to the extent of the aggregate Investment of the first referred to Person or a consolidated Restricted Subsidiary in such Person, and (c) the net income or loss of any consolidated Restricted Subsidiary of such Person shall be excluded to the extent such Restricted Subsidiary is restricted by contract, operation of law or otherwise from distributing its net income.

"CONSOLIDATED NET WORTH" with respect to any Person means the consolidated equity of the common stockholders of such Person and its consolidated Subsidiaries (or, in the case of the Company, the Restricted Subsidiaries), less, to the extent included in the foregoing, amounts attributable to Disqualified Stock, each item determined on a consolidated basis and in accordance with GAAP.

"CONTINUING DIRECTORS" means, as of any date of determination, any member of the Board of Directors of the Company who (i) was a member of such Board of Directors on the Issuance Date or (ii) was nominated for election or elected to such Board of Directors with, or whose election to such Board of Directors was approved by, the affirmative vote of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or (iii) is a representative of one or more of the Permitted Holders or was nominated by one or more of the Permitted

Holders or any representative of the Permitted Holders on the Board of Directors.

"CORPORATE TRUST OFFICE OF THE TRUSTEE" shall be at the address of the Trustee specified in Section 12.02 or such other address as to which the Trustee may give notice to the Company.

"DEFAULT" means any event that is or with the passing of time or giving of notice or both would be an Event of Default.

"DEPOSITORY" means The Depository Trust Company, its nominees and successors.

"DISQUALIFIED STOCK" means any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event other than an event which would constitute a Change of Control, (i) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the sole option of the holder thereof (except, in each case, upon the occurrence of a Change of Control), in whole or in part, on or prior to the first anniversary of the final stated maturity of the Notes, or (ii) is convertible into or exchangeable for (whether at the option of the issuer or the holder thereof) (a) debt securities or (b) any Capital Stock referred to in (i) above, in each case at any time prior to the first anniversary of the final stated maturity of the Securities.

"ENTOLETER" has the meaning set forth in the preamble to this Indenture.

"EQUITY INTERESTS" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"EXCHANGE OFFER" means the registration by the Company and the Guarantors under the Securities Act pursuant to a registration statement of the offer by the Company and the Guarantors to each Securityholder of the Initial Securities to exchange all the Initial Securities held by such Securityholder for the Exchange Securities in an aggregate principal amount equal to the aggregate principal amount of the Initial Securities held by such Securityholder, all in accordance with the terms and conditions of the Registration Rights Agreement.

"EXCHANGE SECURITIES" has the meaning set forth in the preamble to this Indenture.

"EXISTING INDEBTEDNESS" means Indebtedness of the Company and its

Restricted Subsidiaries (other than Indebtedness under the New Credit Facility) in existence on the Issuance Date.

"FIXED CHARGE COVERAGE RATIO" means, with respect to any Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the sum of (i) the Consolidated Interest Expense of such Person for such period and (ii) dividend

requirements on Disqualified Stock of such Person and Disqualified Stock and any Preferred Stock of its Restricted Subsidiaries (whether in cash or otherwise (except dividends payable (x) by the Company in shares of Capital Stock which is not Disqualified Stock and (y) by any Restricted Subsidiary of the Company to the Company or a Wholly Owned Restricted Subsidiary of the Company)) paid, accrued or scheduled to be paid or accrued during such period (except to the extent accrued in a prior period) and excluding items eliminated in consolidation; PROVIDED that (a) in the event that the Company or any of its Restricted Subsidiaries incurs, assumes, guarantees or redeems any Indebtedness or issues Capital Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the event for which the calculation of the Fixed Charge Coverage Ratio is made, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee or redemption of Indebtedness, or such issuance or redemption of Capital Stock, as if the same had occurred at the beginning of the applicable four-quarter period, (b) in making such computation, the Consolidated Interest Expense of such Person attributable to interest on any Indebtedness bearing a floating interest rate shall be computed on a pro forma basis as if the rate in effect on the date of computation had been the applicable rate for the entire period, (c) in making such computation, the Consolidated Interest Expense of such Person attributable to interest on any Indebtedness incurred for working capital purposes under a revolving credit facility (but not including Indebtedness incurred in connection with Asset Sales and/or Asset Acquisitions covered by clause (f) below) which facility was in effect during the respective period shall be computed on a pro forma basis based upon the average daily balance of such Indebtedness outstanding during the applicable period (or, if shorter, the portion of the period during which such revolving credit facility was in effect), (d) in making such computation, for purposes of clause (ii) above, dividend requirements will be increased to an amount representing the pretax earnings that would be required to cover such dividend requirements; accordingly, the increased amount will be equal to such dividend requirements multiplied by a fraction, the numerator of which is one and the denominator of which is one minus the applicable actual combined Federal, state, local and foreign income tax rate of such Person and its Restricted Subsidiaries (expressed as a decimal), on a consolidated basis, for the fiscal year immediately preceding the date of the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio, (e) in making such computation, Consolidated Interest Expense will be increased or reduced by the net cost (including amortization of discount) or benefit (after giving effect to amortization of discount) associated with Hedging Obligations attributable to such period and (f) in the event that the Company

or any of its Restricted Subsidiaries consummates any Asset Sales or Asset Acquisitions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of the Company or one of its Restricted Subsidiaries (including any Person who becomes a Restricted Subsidiary as a result of the Asset Acquisition) incurring, assuming or otherwise being liable for Indebtedness) at any time subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the event for which the calculation of the Fixed Charge Coverage Ratio is made, then the Fixed Charge Coverage

Ratio shall be calculated giving pro forma effect (calculated on a basis consistent with Regulation S-X under the Securities Act) to such Asset Sale and Asset Acquisition as if such Asset Sale or Asset Acquisition (including the incurrence, assumption or liability for any such Indebtedness and also including (or excluding, as the case may be) any Consolidated EBITDA associated with such Asset Sale or Asset Acquisition) occurred on the first day of the applicable four-quarter period. If such Person or any of its Restricted Subsidiaries directly or indirectly guarantees Indebtedness of a third Person, the preceding sentence shall give effect to the incurrence of such guaranteed Indebtedness as if such Person or any Restricted Subsidiary of such Person had directly incurred or otherwise assumed such guaranteed Indebtedness.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which were used by the Company in the preparation of its audited financial statements as of and for the period ended December 31, 1995, included in the final Offering Memorandum.

"GLOBAL NOTE" has the meaning provided in Section 2.01.

"GUARANTEE" means each of the guarantees of the respective Guarantors pursuant to Article 10 hereof, and shall include each guarantee substantially in the form contained in Exhibits A and B hereto, as such guarantee may be amended, modified or supplemented from time to time.

"GUARANTOR" means (i) each of Central Products, Brown-Bridge and Entoleter, and (ii) each of the Company's Restricted Subsidiaries which, after the Issuance Date, becomes a Guarantor by executing a supplemental Indenture in which such Subsidiary agrees to be bound by the terms of the Indenture as a Guarantor and executes a Guarantee; PROVIDED that any Person constituting a Guarantor as described above shall cease to constitute a Guarantor when its respective Guarantee is released in accordance with the terms thereof.

"HEDGING OBLIGATIONS" means, with respect to any Person, the obligations of such Person under (i) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements and (ii) other

agreements or arrangements in respect thereof, of all or any part of any Indebtedness.

"INDEBTEDNESS" means with respect to any Person, without duplication, (i) all liabilities, contingent or otherwise, of such Person (a) for borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof), (b) evidenced by bonds, notes, debentures, drafts accepted or similar instruments

or letters of credit or representing the balance deferred and unpaid of the purchase price of any property (other than any such balance that represents an account payable or any other monetary obligation to a trade creditor (whether or not an Affiliate)) created, incurred, assumed or guaranteed by such Person in the ordinary course of business of such Person in connection with obtaining goods, materials or services and due within 12 months (or such longer period for payment as is customarily extended by such trade creditor) of the incurrence thereof, which account is not overdue by more than 90 days, according to the original terms of sale, unless such account payable is being contested in good faith, or (c) for the payment of money relating to a Capital Lease Obligation, (ii) the maximum fixed repurchase price of all Disqualified Stock of such Person, (iii) reimbursement obligations of such Person with respect to letters of credit, (iv) obligations of such Person with respect to Hedging Obligations, (v) all liabilities of others of the kind described in the preceding clause (i), (ii), (iii) or (iv) that such Person has guaranteed or that is otherwise its legal liability, and (vi) all obligations of others secured by a Lien to which any of the properties or assets (including, without limitation, leasehold interests and any other tangible or intangible property rights) of such Person are subject, whether or not the obligations secured thereby will have been assumed by such Person or will otherwise be such Person's legal liability (PROVIDED, that if the obligations so secured have not been assumed by such Person or are not otherwise such Person's legal liability, such obligations will be deemed to be in an amount equal to the fair market value of such properties or assets, as determined in good faith by the Board of Directors of such Person, which determination will be evidenced by a Board Resolution).

"INDENTURE" means this Indenture, as amended or supplemented from time to time.

"INITIAL PURCHASER" means BT Securities Corporation.

"INITIAL SECURITIES" has the meaning set forth in the preamble to this Indenture.

"INSTITUTIONAL ACCREDITED INVESTOR" means an institution that is an "accredited investor" as that term is defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act.

"INTEREST PAYMENT DATE" means the stated maturity of an installment of interest on the Securities.

"INVESTMENTS" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans, guarantees, advances or capital contributions (excluding commission, travel and similar advances to directors, officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

"ISSUANCE DATE" means the date of original issuance of the Securities.

"LIEN" means any lien, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest).

"MATURITY DATE" means October 15, 2006.

"NET PROCEEDS" from an Asset Sale means cash payments received (including any cash payments received by way of conversion into cash of any note or other obligation received in connection with such Asset Sale or by way of deferred payment of principal pursuant to, or liquidation of, any note or installment receivable or otherwise, but only as and when received therefrom) in each case net of all legal, title and recording tax expenses, commissions and other fees and expenses incurred, and all taxes required to be accrued as a liability under GAAP, as a consequence of such Asset Sale and the amount of Indebtedness that is secured by the assets subject to an Asset Sale and is repaid with the proceeds thereof.

"NEW CREDIT FACILITY" means the credit facility, dated as of October 23, 1996, among the Company, the Guarantors, BT Commercial Corporation, as agent, TransAmerica Business Credit Corporation, as collateral agent, and any other financial institutions from time to time party thereto, together with the related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including by way of adding Subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"NON-U.S. PERSON" means a Person who is not a U.S. person, as defined in Regulation S of the Securities Act.

"OBLIGATIONS" means any principal, premium, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"OFFERING MEMORANDUM" means the Offering Memorandum dated October 18, 1996, pursuant to which the Initial Securities were offered, and any supplements thereto.

"OFFICER" means the Chairman of the Board, the President, any Senior Vice President, any Vice President, the Treasurer or the Secretary of the Company or, in the case

of a reference to Officers of any of the Guarantors or to an Officers' Certificate to be delivered by or on behalf of any of the Guarantors, of such Guarantor.

"OFFICERS' CERTIFICATE" means a certificate signed by two Officers of the Company or a Guarantor, as the case may be, and which complies with the provisions of Section 12.04 hereof.

"OFFSHORE PHYSICAL SECURITIES" has the meaning provided in Section 2.01.

"OPINION OF COUNSEL" means a written opinion from legal counsel who is acceptable to the Trustee, and which complies, if applicable, with the provisions of Section 12.04 hereof. The counsel may be an employee of or counsel to the Company or the Trustee.

"PERMITTED BUSINESSES" means the businesses within the industries engaged in by Central Products and Brown-Bridge on the Issuance Date and reasonable extensions thereof.

"PERMITTED HOLDERS" means and includes (x) Mario Gabelli; Richard J. Boyle; Ned N. Fleming, III; each Affiliate of any of the foregoing natural persons (so long as it remains such an Affiliate); each member of the immediate family of any of the foregoing natural persons and any trust or similar device created for the benefit of any one or more of the foregoing and each Person which acquires a direct or indirect beneficial ownership interest in shares of stock of the Company as an executor or administrator for or by way of inheritance or bequest from one or more of the natural persons described in the preceding clause (x) following the death of such Person; and (y) each group (as such term is used in Section 13(d)(3) of the Exchange Act) which is controlled by (with the term "controlled by" as used herein to be determined in a manner consistent with the phrase "controlled by" as used in the definition of Affiliate contained herein) one or more of the Permitted Holders described in preceding clause (x), but only so long as the respective such group is so controlled.

"PERMITTED INVESTMENTS" means (a) any Investments in the Company; (b) any Investments in Cash Equivalents; (c) Investments by the Company in a Person, if as a result of, or immediately after, such Investment (i) such Person is or becomes a Wholly Owned Restricted Subsidiary which is a Guarantor or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is

liquidated into the Company or a Person which is a Wholly Owned Restricted Subsidiary and a Guarantor after giving effect thereto; (d) Investments by a Guarantor in other Guarantors and Investments by Wholly Owned Restricted Subsidiaries which are not Guarantors in other Wholly Owned Restricted Subsidiaries which are not Guarantors; (e) Investments received by the Company or a Restricted Subsidiary as consideration for asset sales, including Asset

Sales; PROVIDED, in the case of an Asset Sale, such Asset Sale is effected in compliance with Section 4.11 hereof; and (f) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (f) that are at that time outstanding, not to exceed $10 million (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value).

"PERMITTED LIENS" means (a) Liens granted by the Company and the Guarantors which secure Indebtedness to the extent the Indebtedness is incurred pursuant to Section 4.09(b)(i); (b) Liens in favor of the Company; (c) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or any Restricted Subsidiary thereof; provided that such Liens were in existence prior to the contemplation of such acquisition and do not extend to any assets of the Company or its Restricted Subsidiaries other than those acquired in connection with such merger or consolidation; (d) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business; (e) Liens existing on the Issuance Date; (f) Liens in respect of extensions, renewals, refundings or refinancings of any Indebtedness secured by the Liens referred to in clauses (a), (b), (c) and (e) above and (h) below; provided that the Liens in connection with such renewal, extension, refunding or refinancing shall be limited to all or part of the specific property which was subject to the original Lien; (g) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefore; (h) any Lien securing purchase money obligations incurred in connection with the purchase of real or personal property; provided that (A) at the time such Lien attaches to the real or personal property of the Company or Guarantor, the Company shall be permitted to incur at least $1.00 of additional Indebtedness pursuant to Section 4.09(a) hereof and (B) such Liens do not extend to any property (other than the property so purchase) owned by the Company or its Restricted Subsidiaries and is not incurred more than 30 days after the incurrence of such Indebtedness secured by such Liens; (i) Liens to secure Capitalized Lease Obligations (except in respect of Sale and Leaseback Transactions) on real or personal property of the Company to the extent consummated in compliance with the Indenture; provided that (A) at the time such Lien attaches to the real or personal property of the Company or Guarantor, the Company shall be permitted to incur at least $1.00 of additional Indebtedness pursuant to Section 4.09(a) hereof and (B) such Liens do not extend to or cover any property of the Company of any of its Subsidiaries other than the

property subject to such Capitalized Lease Obligation; and (j) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary thereof with respect to obligations that do not exceed $2 million at any one time outstanding and that (A) are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (B) do not in the aggregate

materially detract from the value of the property or materially impair the use thereof in the operation of the business by the Company or such Restricted Subsidiary.

"PERSON" shall mean any individual, partnership, joint venture, firm, corporation, association, limited liability company, trust or other enterprise or any government or political subdivisions or any agency, department or instrumentality thereof.

"PHYSICAL SECURITIES" has the meaning provided in Section 2.01.

"PREFERRED STOCK" of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

"PRIVATE PLACEMENT LEGEND" has the meaning provided in Section 2.15.

"PROPERTY" of any Person means all types of real, personal, tangible, intangible or mixed property owned by such Person whether or not included on the most recent consolidated balance sheet of such Person in accordance with GAAP.

"PUBLIC EQUITY OFFERING" means an underwritten primary public offering of Qualified Capital Stock of the Company pursuant to a registration statement filed with the Commission in accordance with the Securities Act.

"QUALIFIED CAPITAL STOCK" shall mean any Capital Stock which is not Disqualified Stock.

"QUALIFIED INSTITUTIONAL BUYER" or "QIB" shall have the meaning specified in Rule 144A under the Securities Act.

"RECORD DATE" means the record dates specified in the Securities, whether or not a Legal Holiday.

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement dated October 18, 1996 among the Company, the Guarantors and the Initial Purchaser for the benefit of themselves and the Securityholders, as the same may be amended or modified from time to time in accordance with the terms thereof.

"RESPONSIBLE OFFICER" when used with respect to the Trustee, means any officer within the corporate trust department of the Trustee (or any

successor group of the Trustee) with direct responsibility for the administration of this Indenture and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"RESTRICTED INVESTMENT" means any Investment other than a Permitted Investment.

"RESTRICTED PAYMENT" means (i) any dividend or distribution on or in respect of any shares of Capital Stock of the Company or any Restricted Subsidiary of the Company or to the direct or indirect holders (in their capacities as such) of Capital Stock of the Company or such Restricted Subsidiary (except dividends or distributions (x) by any Restricted Subsidiary which is not a Wholly Owned Restricted Subsidiary to its shareholders generally, so long as the Company and/or its Restricted Subsidiaries receive at least their proportionate share thereof (based on their equity interests in the respective Restricted Subsidiary), (y) to the Company or any Wholly Owned Restricted Subsidiary or (z) payable solely in Qualified Capital Stock of the Company), (ii) the redemption, repurchase, retirement or other acquisition for value of any Capital Stock of the Company or any Restricted Subsidiary of the Company (excluding payments made to the Company or a Wholly Owned Restricted Subsidiary), (iii) any redemption, repurchase, prepayment, defeasance (including, but not limited to, in substance or legal defeasance) or any other acquisition or retirement for value by either the Company or any Restricted Subsidiary of the Company prior to any scheduled maturity, scheduled repayment or scheduled sinking fund payment of any Subordinated Debt, (iv) any Restricted Investment by the Company or any Restricted Subsidiary of the Company and (v) any Brown-Bridge Roll-up Contingent Payments made by the Company or any Restricted Subsidiary of the Company (except to the extent paid through the issuance of Qualified Capital Stock of the Company).

"RESTRICTED SECURITY" has the meaning assigned to such term in Rule 144(a)(3) under the Securities Act.

"RESTRICTED SUBSIDIARY" of any Person means any Subsidiary of such Person which at the time of determination is not an Unrestricted Subsidiary.

"SALE AND LEASEBACK TRANSACTION" means any direct or indirect arrangement with any Person or to which any such Person is a party, providing for the leasing to the Company or a Subsidiary of the Company of any property, whether owned by the Company or any Subsidiary of the Company at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Subsidiary to such Person or to any other Person from whom funds have been or are to be advanced by such Person on the security of such property.

"SECURITIES" means the Initial Securities and the Exchange Securities treated as a single class of securities, as amended or supplemented from time to time in accordance with the terms hereof, that are

issued pursuant to this Indenture.

"SECURITIES ACT" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"SECURITYHOLDER" or "HOLDER" means a registered holder of one or more Securities.

"SIGNIFICANT SUBSIDIARY" means any Restricted Subsidiary of the Company which would be a "Significant Subsidiary" within the meaning ascribed to such term in Rule 1-02 of Regulation S-X adopted by the Commission.

"SUBORDINATED DEBT" means Indebtedness of the Company that is subordinate or junior in right of payment to the Securities.

"SUBSIDIARY" means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on the date on which this Indenture is qualified under the TIA, except as provided in Section 9.03 hereof; PROVIDED, HOWEVER, that, in the event the Trust Indenture Act of 1939 is amended after such date, "TIA" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"TRUSTEE" means The Chase Manhattan Bank, a banking corporation organized and existing under the laws of the State of New York, until a successor replaces it in accordance with Article 5 and thereafter means the successor serving hereunder.

"UNIFORM COMMERCIAL CODE" means the New York State Uniform Commercial Code as in effect from time to time.

"UNRESTRICTED SUBSIDIARY" of any Person means (i) any Subsidiary of such Person that at the time of determination shall be or continue to be designated an Unrestricted Subsidiary by the Board of Directors of such Person in the manner provided below and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, the Company or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; PROVIDED that (x) the Company certifies to the Trustee that such designation complies with Section 4.07 hereof and (y) each Subsidiary

to be so designated and each of its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Company or any of its Restricted Subsidiaries. The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary only if (x) immediately after giving effect to such designation, the Company is able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with Section 4.09 hereof and (y) immediately before and immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the Board Resolution giving effect to such designation and an Officers' Certificate that such designation complied with the foregoing provisions.

"U.S. PHYSICAL SECURITIES" has the meaning provided in Section 2.01.

"U.S. GOVERNMENT OBLIGATIONS" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable at the issuer's option.

"VOTING STOCK" with respect to any Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in elections of directors of such Person.

"WEIGHTED AVERAGE LIFE TO MATURITY" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the then outstanding principal amount of such Indebtedness into (b) the total of the product obtained by multiplying (x) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (y) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payments.

"WHOLLY OWNED RESTRICTED SUBSIDIARY" of any Person means any Restricted Subsidiary of such Person of which all the outstanding Voting Stock (other than directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law), are owned by such Person or any Wholly Owned Restricted Subsidiary of such Person.

SECTION 1.02. OTHER DEFINITIONS.

Defined in

SECTION 1.03. INCORPORATION BY REFERENCE OF TRUST INDENTURE ACT.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Securities and the Guarantees;

"indenture security holder" means a Securityholder;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee;

"obligor" on the Securities means the Company, the Guarantors and any successor obligor upon the Securities.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule under the TIA have the meanings so assigned to them.

SECTION 1.04. RULES OF CONSTRUCTION.

Unless the context otherwise requires:

(i) a term has the meaning assigned to it;

(ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(iii) "or" is not exclusive;

(iv) words in the singular include the plural, and in the plural include the singular; and

(v) provisions apply to successive events and transactions.

ARTICLE 2

THE SECURITIES

SECTION 2.01. FORM AND DATING.

The Initial Securities, the notation thereon relating to the Guarantees and the Trustee's certificate of authentication thereon shall be substantially in the form of Exhibit A hereto. The Exchange Securities, the notation thereon relating to the Guarantees and the Trustee's certificate of authentication thereon shall be substantially in the form of Exhibit B hereto. The Securities may have notations, legends or endorsements required by law, stock exchange rule or Depository rule or usage. The Company, the Guarantors and the Trustee

shall approve the form of the Securities and any notation, legend or endorsement on them. Each Security shall be dated the date of its authentication.

The terms and provisions contained in the forms of the Securities and the Guarantees, annexed hereto as Exhibits A and B, shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Securities offered and sold in reliance on Rule 144A shall be issued initially in the form of one or more permanent global notes in registered form, in substantially the form set forth in Exhibit A (the "Global Note"), deposited with the Trustee, as custodian for the Depository, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The

aggregate principal amount of the Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depository, as hereinafter provided.

Securities offered and sold in offshore transactions in reliance on Regulation S shall be issued in the form of permanent certificated Securities in registered form in substantially the form set forth in Exhibit A (the "Offshore Physical Securities"). Securities offered and sold in reliance on any other exemption from registration under the Securities Act other than as described in the preceding paragraph shall be issued, and Securities offered and sold in reliance on Rule 144A may be issued, in the form of permanent certificated Securities in registered form, in substantially the form set forth in Exhibit A (the "U.S. Physical Securities"). The Offshore Physical Securities and the U.S. Physical Securities are sometimes collectively herein referred to as the "Physical Securities".

SECTION 2.02. EXECUTION AND AUTHENTICATION.

(a) Two Officers of the Company (each of whom shall, in each case, have been duly authorized by all requisite corporate actions) shall sign the Securities for the Company by manual or facsimile signature. The Company's seal shall be reproduced on the Securities. If an Officer whose signature is on a Security no longer holds that office at the time the Security is authenticated, the Security shall nevertheless be valid. Each Guarantor shall execute a Guarantee in the manner set forth in Section 10.02.

(b) A Security shall not be valid until authenticated by the manual signature of the Trustee. The signature of the Trustee shall be conclusive evidence that the Security has been authenticated under this Indenture.

(c) The Trustee shall authenticate (i) Initial Securities for original issue in the aggregate principal amount not to exceed $115,000,000, and (ii) Exchange Securities from

time to time for issue only in exchange for a like principal amount of Initial Securities, in each case upon receipt of a written order of the Company.

(d) The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate.

SECTION 2.03. REGISTRAR AND PAYING AGENT.

(a) The Company shall maintain an office or agency (which shall be located in the Borough of Manhattan in the City of New York, State of New York) where (i) Securities may be presented for registration of transfer or for exchange ("Registrar"), (ii) Securities may be presented for payment

("Paying Agent") and (iii) notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent, Registrar or co-registrar without prior notice to any Securityholder. The Company shall notify the Trustee and the Trustee shall notify the Securityholders of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any Guarantor may act as Paying Agent, Registrar or co-registrar. The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which shall incorporate the provisions of the TIA. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee of the name and address of any such Agent. If the Company fails to maintain a Registrar or Paying Agent, or fails to give the foregoing notice, the Trustee shall act as such, and shall be entitled to appropriate compensation in accordance with Section 7.07 hereof.

(b) The Company initially appoints the Trustee as Registrar, Paying Agent and agent for service of notices and demands in connection with the Securities.

SECTION 2.04. PAYING AGENT TO HOLD MONEY IN TRUST.

The Company, the Guarantors or any other obligor on the Securities shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of the Securityholders or the Trustee all money held by the Paying Agent for the payment of principal of, premium, if any, and interest on the Securities, and shall notify the Trustee of any Default by the Company, any of the Guarantors or any

other obligor on the Securities in making any such payment. While any such Default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company, the Guarantors or any other obligor on the Securities at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company) shall have no further liability for the money delivered to the Trustee. If the Company, the Guarantors or any other obligor on the Securities acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Securityholders all money held by it as Paying Agent.

SECTION 2.05. SECURITYHOLDER LISTS.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Company, the Guarantors or any other obligor on the Securities shall furnish to the Trustee at least seven

Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Securityholders, including the aggregate principal amount of the Securities held by each thereof, and the Company, the Guarantors or any other obligor on the Securities shall otherwise comply with TIA Section 312(a).

SECTION 2.06. TRANSFER AND EXCHANGE.

(a) Where Securities are presented to the Registrar or a co-registrar with a request to register the transfer thereof or exchange them for an equal principal amount of Securities of other denominations, the Registrar shall register the transfer or make the exchange if its requirements for such transactions are met; PROVIDED, that any Security presented or surrendered for registration of transfer or exchange shall be duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar and the Trustee duly executed by the Securityholder thereof or his attorney duly authorized in writing. To permit registrations of transfer and exchanges, the Company shall issue and the Trustee shall authenticate Securities at the Registrar's request.

(b) The Company shall not be required (i) to issue, to register the transfer of or to exchange Securities during a period beginning at the opening of business on a Business Day 15 days before the day of any selection of Securities for redemption under Section 3.02 hereof and ending at the close of business on the day of selection, (ii) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part or (iii) to register the transfer or exchange of a Security between the Record Date and the next succeeding Interest Payment Date.

(c) No service charge shall be made for any registration of a transfer or exchange (except as otherwise expressly permitted herein), but the Company may require payment by the Securityholder of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than such transfer tax or similar governmental charge payable upon exchanges pursuant to Section 2.10, 3.06 or 9.05 hereof).

(d) Any Holder of the Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interests in such Global Note may be effected only through a book entry system maintained by the Holder of such Global Note (or its agent), and that ownership of a beneficial interest in the Global Note shall be required to be reflected in a book entry.

SECTION 2.07. REPLACEMENT SECURITIES.

(a) If any mutilated Security is surrendered to the Trustee, or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Security, the Company shall issue and the Trustee, upon receipt by it of the written order of the Company signed by two Officers of the Company, shall authenticate a replacement Security if the Trustee's requirements for replacements of Securities are met. If required by

the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Guarantors, the Trustee, any Agent or any authenticating agent from any loss which any of them may suffer if a Security is replaced. The Company and the Trustee may charge a Securityholder for reasonable out-of-pocket expenses in replacing a Security.

(b) Every replacement Security is an obligation of the Company and each of the Guarantors.

SECTION 2.08. OUTSTANDING SECURITIES.

(a) The Securities outstanding at any time are all the Securities authenticated by the Trustee except for those cancelled by the Company or by the Trustee, those delivered to the Trustee for cancellation and those described in this Section as not outstanding.

(b) If a Security is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser.

(c) If the principal amount of any Security is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

(d) Subject to Section 2.09 hereof, a Security does not cease to be outstanding because the Company or an Affiliate of the Company or a Guarantor holds the Security.

SECTION 2.09. TREASURY SECURITIES.

In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company, the Guarantors, or any of their respective Affiliates shall be considered as though not outstanding, except that for purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities which a Responsible Officer knows to be so owned shall be so considered.

SECTION 2.10. TEMPORARY SECURITIES.

Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company, the Guarantors and the Trustee consider appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee, upon receipt of the written order of the Company signed by two Officers of the Company, shall authenticate definitive Securities in exchange for temporary Securities. Until such exchange, temporary Securities shall be entitled to the same rights, benefits and privileges as definitive

Securities.

SECTION 2.11. CANCELLATION.

The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee shall cancel all Securities, if not already cancelled, surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall destroy cancelled Securities (subject to the record retention requirement of the Exchange Act), and deliver certification of their destruction to the Company, unless by a written order, signed by two Officers of the Company, the Company shall direct that cancelled Securities be returned to it. The Company may not issue new Securities to replace Securities that it has redeemed or paid or that have been delivered to the Trustee for cancellation.

SECTION 2.12. DEFAULTED INTEREST.

If the Company defaults in a payment of interest on the Securities, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Securityholders on a subsequent special record

date, which date shall be at the earliest practicable date but in all events at least five Business Days prior to the payment date, in each case at the rate provided in the Securities and in Section 4.01 hereof. The Company shall, with the consent of the Trustee, fix or cause to be fixed each such special record date and payment date. At least 15 days before the special record date, the Company (or the Trustee, in the name of and at the expense of the Company) shall mail to Securityholders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

SECTION 2.13. CUSIP NUMBER.

The Company in issuing the Securities may use a "CUSIP" number, and if so, the Trustee shall use the CUSIP number in notices of redemption or exchange as a convenience to Securityholders; PROVIDED that no representation shall be deemed to be made by the Trustee as to the correctness or accuracy of the CUSIP number printed in the notice or on the Securities, and that reliance may be placed only on the other identification numbers printed on the Securities. The Company shall promptly notify the Trustee of any change in the CUSIP number.

SECTION 2.14. DEPOSIT OF MONEYS.

Prior to 11:00 a.m. New York City time on each Interest Payment Date and Maturity Date, the Company shall have deposited with the Paying Agent in immediately available funds money sufficient to make cash payments, if any, due on such Interest Payment Date or Maturity Date, as the case may be, in a timely manner which permits the Paying Agent to remit payment to the Securityholders on

such Interest Payment Date or Maturity Date, as the case may be.

SECTION 2.15. RESTRICTIVE LEGENDS.

Each Global Note and Physical Security that constitutes a Restricted Security shall bear the following legend (the "Private Placement Legend") unless otherwise agreed by the Company and the Securityholder thereof:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE SECURITYHOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS

AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) or (7) UNDER THE SECURITIES ACT) (AN "ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION, (2) AGREES THAT IT WILL NOT WITHIN THREE YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE OR REGISTRAR), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN THREE YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE SECURITYHOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND THE ISSUER SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" "UNITED STATES" AND "U.S. PERSON" HAVE THE

MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

Each Global Note shall also bear the following legend on the face thereof:

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY, OR BY ANY SUCH NOMINEE OF THE DEPOSITARY, OR BY THE DEPOSITARY OR NOMINEE OF SUCH SUCCESSOR DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

SECTION 2.16. BOOK-ENTRY PROVISIONS FOR GLOBAL SECURITY.

(a) The Global Note initially shall (i) be registered in the name of the Depository or the nominee of such Depository, (ii) be delivered to the Trustee as custodian for such Depository and (iii) bear legends as set forth in Section 2.15.

Members of, or participants in, the Depository ("Agent Members") shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depository, or the Trustee as its custodian, or under the Global Note, and the Depository may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of the Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices governing the exercise of the rights of a Holder of any Note.

(b) Transfers of the Global Note shall be limited to transfers in whole, but not in part, to the Depository, its successors or their respective nominees. Interest of beneficial owners in the Global Note may be transferred

or exchanged for Physical Securities in accordance with the rules and procedures of the Depository and the provisions of Section 2.17. In addition, Physical Securities shall be transferred to all beneficial owners in exchange for their beneficial interests in the Global Note if (i) the Depository notifies the Company that it is unwilling or unable to continue as Depository for the Global Note and a successor depository is not appointed by the Company within 90 days of such notice or (ii) an Event of Default has occurred and is continuing and the Registrar has received a written request from the Depository to issue Physical Securities.

(c) In connection with any transfer or exchange of a portion of the beneficial interest in the Global Note to beneficial owners pursuant to paragraph (b) above, the Registrar shall (if one or more Physical Securities are to be issued) reflect on its books and records the date and a decrease in the principal amount of the beneficial interest in the Global Note to be transferred, and the Company shall execute, and the Trustee shall authenticate and deliver, one or more Physical Securities of like tenor and amount.

(d) In connection with the transfer of the entire Global Note to beneficial owners pursuant to paragraph (b), the Global Note shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall authenticate and deliver, to each beneficial owner identified by the Depository in exchange for its beneficial interest in the Global Note, an equal aggregate principal amount of Physical Securities of authorized denominations.

(e) Any Physical Security constituting a Restricted Security delivered in exchange for an interest in the Global Note pursuant to paragraph (b) or (c) above shall, except as otherwise provided by paragraphs (a)(i)(x) and (c) of Section 2.17, bear the legend regarding transfer restrictions applicable to the Physical Securities set forth in Section 2.15.

(f) The Holder of the Global Note may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Securityholder is entitled to take under this Indenture or the Securities.

SECTION 2.17. SPECIAL TRANSFER PROVISIONS.

(a) TRANSFERS TO NON-QIB INSTITUTIONAL ACCREDITED INVESTORS AND NON-U.S. PERSONS. The following provisions shall apply with respect to the registration of any proposed transfer of a Security constituting a Restricted Security to any Institutional Accredited Investor which is not a QIB or to any Non-U.S. Person:

(i) the Registrar shall register the transfer of any Security constituting a Restricted Security, whether or not such Security bears the Private Placement Legend, if (x) the requested transfer is after October 22, 1999 or (y) (1) in the case of a transfer to an Institutional Accredited Investor which is not a QIB (excluding

Non-U.S.Persons), the proposed transferee has delivered to the Registrar a certificate substantially in the form of Exhibit C hereto or (2) in the case of a transfer to a Non-U.S. Person, the proposed transferor has delivered to the Registrar a certificate substantially in the form of Exhibit D hereto; and

(ii) if the proposed transferor is an Agent Member holding a beneficial interest in the Global Note, upon receipt by the Registrar of (x) the certificate, if any, required by paragraph (i) above and (y) instructions given in accordance with the Depository's and the Registrar's procedures, whereupon (a) the Registrar shall reflect on its books and records the date and (if the transfer does not involve a transfer of outstanding Physical Securities) a decrease in the principal amount of the Global Note in an amount equal to the principal amount of the beneficial interest in the Global Note to be transferred, and (b) the Company shall execute and the Trustee shall authenticate and deliver one or more Physical Securities of like tenor and amount.

(b) TRANSFERS TO QIBS. The following provisions shall apply with respect to the registration of any proposed transfer of a Security constituting a Restricted Security to a QIB (excluding transfers to Non-U.S. Persons):

(i) the Registrar shall register the transfer if such transfer is being made by a proposed transferor who has checked the box

provided for on the form of Security stating, or has otherwise advised the Company and the Registrar in writing, that the sale has been effected in compliance with the provisions of Rule 144A to a transferee who has signed the certification provided for on the form of Security stating, or has otherwise advised the Company and the Registrar in writing, that it is purchasing the Security for its own account or an account with respect to which it exercises sole investment discretion and that any such account is a QIB within the meaning of Rule 144A, and it is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as it has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A; and

(ii) if the proposed transferee is an Agent Member and the Securities to be transferred consist of Physical Securities which after transfer are to be evidenced by an interest in the Global Note, upon receipt by the Registrar of instructions given in accordance with the Depository's and the Registrar's procedures, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Global Note in an amount equal to principal amount of the Physical Securities to be transferred, and the Trustee

shall cancel the Physical Securities so transferred.

(c) PRIVATE PLACEMENT LEGEND. Upon the registration of the transfer, exchange or replacement of Securities not bearing the Private Placement Legend, the Registrar shall deliver Securities that do not bear the Private Placement Legend. Upon the registration of the transfer, exchange or replacement of Securities bearing the Private Placement Legend, the Registrar shall deliver only Securities that bear the Private Placement Legend unless (i) the circumstance contemplated by paragraph (a)(i)(x) of this Section 2.17 exists or (ii) there is delivered to the Registrar an Opinion of Counsel reasonably satisfactory to the Company and the Trustee to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

(d) GENERAL. By its acceptance of any Security bearing the Private Placement Legend, each Holder of such a Security acknowledges the restrictions on transfer of such Security set forth in this Indenture and in the Private Placement Legend and agrees that it will transfer such Security only as provided in this Indenture.

The Registrar shall retain for at least two years copies of all letters, notices and other written communications received pursuant to Section 2.16 or this Section 2.17. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

SECTION 2.18. PERSONS DEEMED OWNERS.

Prior to due presentment of a Security for registration of transfer and subject to Section 2.12, the Company, the Trustee, any Paying Agent, any Registrar and any co-registrar may deem and treat the Person in whose name any Security shall be registered upon the register of Securities kept by the Registrar as the absolute owner of such Security (whether or not such Security shall be overdue and notwithstanding any notation of the ownership or other writing thereon made by anyone other than the Company, any Registrar or any co-registrar) for the purpose of receiving payments of principal of or interest on such Security and for all other purposes; and none of the Company, the Trustee, any Paying Agent, any Registrar or any co-registrar shall be affected by any notice to the contrary.

SECTION 2.19. RECORD DATE.

The record date for purposes of determining the identity of Securityholders entitled to vote or consent to any action by vote or consent authorized or permitted under this Indenture shall be the later of (i) 30 days prior to the first solicitation of such consent or (ii) the date of the most recent list of Holders furnished to the Trustee, if applicable, pursuant to Section 2.05 hereto.

ARTICLE 3

SECTION 3.01. NOTICES TO TRUSTEE.

(a) If the Company elects to redeem Securities pursuant to the optional redemption provisions of Section 3.07 hereof, it shall furnish to the Trustee, at least 45 days (unless a shorter period is acceptable to the Trustee) but not more than 60 days before a redemption date, an Officers' Certificate setting forth (i) the Section of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Securities to be redeemed and (iv) the redemption price.

(b) If the Company is required to make an offer to redeem Securities pursuant to the provisions of Sections 3.09 or 4.15 hereof, it shall furnish to the Trustee at least 45

days (unless a shorter period is acceptable to the Trustee) but not more than 60 days before a redemption date, an Officers' Certificate setting forth (i) the Section of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Securities to be redeemed, (iv) the redemption price and (v) further setting forth a statement to the effect that (a) the Company or one of its Subsidiaries has effected an Asset Sale and the conditions set forth in Section 4.11 have been satisfied or (b) a Change of Control has occurred and the conditions set forth in Section 4.15 have been satisfied, as applicable.

SECTION 3.02. SELECTION OF SECURITIES TO BE REDEEMED.

(a) If less than all of the Securities are to be redeemed, the Trustee shall select the Securities to be redeemed among the Securityholders on a PRO RATA basis, by lot or in accordance with any other method the Trustee considers fair and appropriate (and in such manner as complies with applicable legal and stock exchange requirements, if any); PROVIDED, HOWEVER, that if a partial redemption is made with the proceeds of a Public Equity Offering, selection of the Notes or portion thereof for redemption shall be made by the Trustee only on a PRO RATA basis, unless such method is otherwise prohibited. In the event of partial redemption by lot, the particular Securities to be redeemed shall be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption date by the Trustee from the outstanding Securities not previously called for redemption.

(b) The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Security selected for partial redemption, the principal amount thereof to be redeemed. Securities may be redeemed in part in multiples of $1,000 principal amount only. Except as provided in the preceding sentence, provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

(c) In the event the Company is required to make an offer to redeem Securities pursuant to Sections 3.09 and 4.11 hereof and the amount of the Excess Proceeds from the Asset Sale are not evenly divisible by $1,000, the Trustee shall promptly refund to the Company any remaining Excess Proceeds.

SECTION 3.03. NOTICE OF REDEMPTION.

(a) Subject to the provisions of Section 3.09 hereof, at least 30 days but not more than 60 days before a redemption date, the Company shall mail a notice of redemption by first class mail, postage prepaid to each Holder whose Securities are to be redeemed at the last address for such Holder then shown on the registry books.

The notice shall identify the Securities to be redeemed and shall state:

(i) the redemption date;

(ii) the redemption price;

(iii) if any Security is being redeemed in part, the portion of the principal amount of such Security to be redeemed and that, after the redemption date upon surrender of such Security, a new Security or Securities in principal amount equal to the unredeemed portion shall be issued;

(iv) the name and address of the Paying Agent;

(v) that Securities called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(vi) that, unless the Company defaults in making such redemption payment, interest on Securities called for redemption ceases to accrue on and after the redemption date;

(vii) the paragraph of the Securities and/or Section of this Indenture pursuant to which the Securities called for redemption are being redeemed; and

(viii) if fewer than all the Securities are to be redeemed, the identification of the particular Securities (or portion thereof) to be redeemed, as well as the aggregate principal amount of Securities to be redeemed and the aggregate principal amount of Securities to be outstanding after such partial redemption.

(b) At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense; PROVIDED, HOWEVER, that the Company shall have delivered to the Trustee at least 45 days (unless a shorter period is acceptable to the Trustee) prior to the proposed redemption date an Officers' Certificate requesting that the Trustee give such

notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

SECTION 3.04. EFFECT OF NOTICE OF REDEMPTION.

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Securities called for redemption become due and payable on the redemption date at the redemption price plus accrued and unpaid interest, if any.

SECTION 3.05. DEPOSIT OF REDEMPTION PRICE.

(a) Prior to 11:00 a.m., New York City time, on the redemption date, the Company shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption price of and accrued interest on all Securities to be redeemed on that date. The Trustee or the Paying Agent shall promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued interest on, all Securities to be redeemed.

(b) On and after the redemption date, interest ceases to accrue on the Securities or the portions of Securities called for redemption. If a Security is redeemed on or after an interest Record Date but on or prior to the related Interest Payment Date, then any accrued and unpaid interest shall be paid to the Person in whose name such Security was registered at the close of business on such record date. If any Security called for redemption shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption date until such principal is paid and, to the extent lawful, on any interest not paid on such unpaid principal, in each case at the rate provided in the Securities and in Section 4.01 hereof.

SECTION 3.06. SECURITIES REDEEMED IN PART.

Upon surrender of a Security that is redeemed in part, the Company shall issue and the Trustee shall authenticate for the Securityholder at the expense of the Company a new Security equal in principal amount to the unredeemed portion of the Security surrendered.

SECTION 3.07. OPTIONAL REDEMPTION.

(a) Except as provided in Section 3.07(b), the Company may redeem all or any portion of the Securities at any time on or after October 15, 2001, at a redemption price equal to a percentage of the principal amount thereof, as set forth in the immediately succeeding sentence, plus accrued and unpaid interest to the redemption date. The redemption price as a percentage of the principal amount shall be as follows, if the Securities are redeemed during the 12-month period commencing on October 15 of the year set forth below, plus in each case, accrued and unpaid interest to the date of redemption:

ANNUAL PERIOD BEGINNING	PERCENTAGE
2001	105.375%
2002	104.031
2003	102.688
2004	101.344
2005 and thereafter	100.000

(b) At any time, or from time to time, on or prior to October 15, 1999, the Company may, at its option, use the net cash proceeds of one or more Public Equity Offerings to redeem up to 33 1/3% of the aggregate principal amount of Securities originally issued at a redemption price equal to 110.750% of the principal amount thereof, plus, in each case, accrued and unpaid interest to the date of redemption; PROVIDED that at least 66 2/3% of the aggregate principal amount of Securities originally issued remains outstanding after any such redemption. In order to effect the foregoing redemption with the proceeds of any Public Equity Offering, the Company shall make such redemption not more than 120 days after the consummation of any such Public Equity Offering.

SECTION 3.08. MANDATORY REDEMPTION.

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Securities.

SECTION 3.09. OFFER TO PURCHASE BY APPLICATION OF EXCESS PROCEEDS.

(a) In the event that, pursuant to Section 4.11 hereof, the Company shall commence an offer to all Securityholders to purchase Securities (an "Asset Sale Offer"), it shall follow the procedures specified below:

(i) The Asset Sale Offer shall remain open for a period of 20 Business Days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the "Offer Period"). No later than five Business Days after the termination of the Offer Period (the "Purchase Date"), the Company shall purchase the principal amount of Securities required to be purchased pursuant to Section 4.11 hereof (the "Offer Amount") or, if less than the Offer Amount has been tendered, all Securities tendered in response to the Asset Sale Offer.

(ii) If the Purchase Date is on or after a Record Date and on or before the related Interest Payment Date, any accrued interest shall be paid to the Person under whose name a Security is registered at the close of business on such Record Date, and no additional interest shall be payable to holders who tender Securities pursuant to the Asset Sale Offer.

(iii) Upon the commencement of any Asset Sale Offer, the Company shall send, by first class mail, a notice to each Securityholder, with a copy to the Trustee. The notice shall contain all instructions and materials necessary to enable such holders to tender Securities pursuant to the Asset Sale Offer. The notice, which shall govern the terms of the

Asset Sale Offer, shall state:

(1) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.11 hereof and the length of time the Asset Sale Offer shall remain open;

(2) the Offer Amount, the purchase price and the Purchase Date;

(3) that any Security not tendered or accepted for payment shall continue to accrue interest;

(4) that any Security accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest after the Purchase Date;

(5) that Holders electing to have a Security purchased pursuant to any Asset Sale Offer shall be required to surrender the Security, with the form entitled "Option of Securityholder to Elect Purchase" on the reverse of the Security completed, to the Company, a depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(6) that Holders shall be entitled to withdraw their election if the Company, depositary or Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Security the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have the Security purchased;

(7) that, if the aggregate principal amount of Securities surrendered by Holders exceeds the Offer Amount, the Company shall select the Securities to be purchased on a PRO RATA basis (with such adjustments as may be deemed appropriate by the Company so that only Securities in denominations of $1,000, or integral multiples thereof, shall be purchased); and

(8) that Holders whose Securities were purchased only in part shall be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered.

(iv) On or before the Purchase Date, the Company shall, to the extent lawful, accept for payment, on a PRO RATA basis to the extent necessary, the Offer Amount of Securities or portions thereof tendered pursuant to the Asset Sale Offer or, if less than the Offer Amount has been tendered, all Securities or portions thereof tendered, and deliver to the Trustee an Officers' Certificate stating that such

Securities or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09. The Company, depositary or Paying Agent, as the case may be, shall promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Security tendered by such Holder and accepted by the Company for purchase, and the Company shall promptly issue a new Security, and the Trustee shall authenticate and mail or deliver such new Security to such Holder equal in principal amount to any unpurchased portion of the Security surrendered. Any Security not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Asset Offer on the Purchase Date.

(b) Other than as specifically provided in this Section 3.09, any redemption pursuant to this Section 3.09 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

ARTICLE 4

COVENANTS

SECTION 4.01. PAYMENT OF SECURITIES.

(a) The Company shall pay the principal of, premium, if any, and interest on the Securities on the dates and in the manner provided in the Securities and in this Indenture. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, if other than the Company or a Guarantor, holds as of 11:00 a.m. New York City Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due. Such Paying Agent shall return to the Company, no later than five days following the date of payment, any money (including accrued interest paid by the Company) that exceeds such amount of principal, premium, if any, and interest paid on the Securities.

(b) The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to 2% per annum in excess of the then applicable interest rate on the Securities to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful.

SECTION 4.02. MAINTENANCE OF OFFICE OR AGENCY.

(a) The Company shall maintain in the Borough of Manhattan, in the

City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Securities may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company shall give prior written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

(b) The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; PROVIDED, HOWEVER, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, in the City of New York for such purposes. The Company shall give prior written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

(c) The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.03.

SECTION 4.03. SEC REPORTS.

(a) Upon consummation of the Exchange Offer and the issuance of the Exchange Securities, each of the Company and each Guarantor (at its own expense) shall file with the Commission and shall furnish to the Trustee and each Securityholder within 15 days after it files them with the Commission copies of the quarterly and annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) to be filed pursuant to Section 13 or 15(d) of the Exchange Act (without regard to whether the Company is subject to the requirements of such Section 13 or 15(d) of the Exchange Act); PROVIDED, that prior to the consummation of the Exchange Offer and the issuance of the Exchange Securities, the Company (at its own expense), will mail to the Trustee and the Securityholders in accordance with paragraph (b) of this Section 4.03 substantially the same information that would have been required by the foregoing documents within 15 days of when any such document would otherwise have been required to be filed with the Commission. Upon qualification of this Indenture under the TIA, the Company and each of the Guarantors shall also comply with the provisions of TIA Section 314(a).

(b) At the Company's expense, the Company and each of the Guarantors, as applicable, shall cause an annual report if furnished by it to stockholders generally and each

quarterly or other financial report if furnished by it to stockholders

generally to be filed with the Trustee and mailed to the Securityholders at their addresses appearing in the register of Securities maintained by the Registrar at the time of such mailing or furnishing to stockholders.

(c) The Company and each of the Guarantors shall provide to any Securityholder any information reasonably requested by such Securityholder concerning the Company and the Guarantors (including financial statements) necessary in order to permit such Securityholder to sell or transfer Securities in compliance with Rule 144A under the Securities Act.

SECTION 4.04. COMPLIANCE CERTIFICATES.

(a) Each of the Company and each Guarantor shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate signed by its principal executive officer, principal financial officer or principal accounting officer stating that a review of the activities of the Company and its Subsidiaries or such Guarantor, as the case may be, during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether each has kept, observed, performed and fulfilled its Obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge each has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action each is taking or proposes to take with respect thereto).

(b) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants, the year-end financial statements delivered pursuant to Section 4.03 above shall be accompanied by a written statement of (x) the Company's independent public accountants (who shall be a firm of established national reputation) that in making the examination necessary for certification of such financial statements nothing has come to their attention which would lead them to believe that the Company has violated any provisions of Article 4, 5 or 6 of this Indenture insofar as they relate to accounting matters or, if any such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation and (y) if any Restricted Subsidiary's or Guarantor's financial statements are not prepared on a consolidated basis with the Company's, such Restricted Subsidiary's or Guarantor's independent public accountants (who shall be a firm of established national reputation) that in making the examination necessary for certification of such financial statements nothing has come to their attention which would lead them to believe that any of the Restricted

Subsidiaries or Guarantors is in Default under this Indenture or, if any such Default has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or

indirectly to any Person for any failure to obtain knowledge of any such violation.

(c) The Company and each of the Guarantors shall, so long as any of the Securities are outstanding, deliver to the Trustee, forthwith upon any Officer becoming aware of (i) any Default or Event of Default or (ii) any event of default under any other mortgage, indenture or instrument as that term is used in Section 6.01(a)(v) hereof, an Officers' Certificate specifying such Default, Event of Default or event of default and what action the Company or such Guarantor, as the case may be, is taking or proposes to take with respect thereto.

(d) The Company and each of the Guarantors shall also comply with TIA Section 314(a)(4).

SECTION 4.05. TAXES.

The Company and each of the Guarantors shall pay, and shall cause each of their respective Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except as contested in good faith and by appropriate proceedings.

SECTION 4.06. STAY, EXTENSION AND USURY LAWS.

Each of the Company and the Guarantors covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture (including, but not limited to, the payment of the principal of or interest on the Securities); and the Company and each Guarantor (to the extent that they may lawfully do so) hereby expressly waive all benefit or advantage of any such law, and covenant that they shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.07. LIMITATION ON RESTRICTED PAYMENTS.

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly make any Restricted Payment at any time; PROVIDED, HOWEVER, that the Company and its Restricted Subsidiaries may make Restricted Payments so long as at the time of the making of such Restricted Payment, and immediately after giving effect thereto:

(i) no Default or Event of Default shall have occurred and be continuing or shall occur as a consequence of such Restricted Payment;

(ii) immediately after giving effect to such Restricted Payment (on a pro forma basis as if such Restricted Payment had been made at the

beginning of the four-quarter period immediately preceding such Restricted Payment), the Company would have been permitted to incur $1.00 of additional Indebtedness pursuant to Section 4.09(a) hereof; and

(iii) such Restricted Payment, together with the aggregate of all Restricted Payments made after the Issuance Date (including all Restricted Payments permitted by Section 4.07(b)(i) and (ii) hereof) is less than the sum of (w) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter that begins after the Issuance Date to the end of the Company's most recently ended fiscal quarter (or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit), plus (x) 100% of the aggregate net proceeds received by the Company (including the fair market value of property other than cash) from any Person since the Issuance Date from the issue or sale of Equity Interests of the Company or from equity contributions received by the Company from a holder of the Company's Capital Stock (but in each case excluding (i) proceeds received from the issuance of Disqualified Stock of the Company, (ii) proceeds received from Subsidiaries of the Company and (iii) proceeds to the extent the same have been utilized (A) to redeem, repurchase, defease, retire or acquire any Indebtedness (including the Securities) of the Company or any Subsidiary of the Company or (B) in the manner permitted pursuant to clause (ii) in the next succeeding paragraph), plus (y) 100% of the aggregate net proceeds (including the fair market value of property other than cash) of any (i) sale or other disposition of Restricted Investments made by the Company and its Restricted Subsidiaries or (ii) dividend from, or the sale of the stock of, an Unrestricted Subsidiary.

(b) The foregoing provisions shall not prevent:

(i) the payment of any dividend within 60 days after the date of declaration if the dividend would have been permitted on the date of declaration;

(ii) so long as no Default or Event of Default shall have occurred or be continuing or shall occur as a consequence thereof, the acquisition of Subordinated Debt or Preferred Stock in exchange for or out of the proceeds of a substantially concurrent sale (other than to the Company or any of its Subsidiaries) of Equity Interests of the Company (other than Disqualified Stock of the Company); and

(iii) so long as no Default or Event of Default shall have occurred or be continuing or shall occur as a consequence thereof, the exchange, refinancing or refunding of Subordinated Debt through the substantially concurrent issuance of new Subordinated Debt so long as (x) the principal amount of the new Subordinated Debt to be issued does not exceed the principal amount of the Subordinated Debt so exchanged, refinanced or refunded, (y) the Subordinated Debt to be issued does not (A) mature prior to the stated maturity of the Subordinated Debt being so exchanged, refinanced or refunded or (B) contain any sinking fund or

mandatory redemption or prepayment requirements which might have the effect of requiring payments to be made, in excess of, or earlier than, the payments required to be made pursuant to the terms of the Subordinated Debt being so exchanged, refinanced or refunded and (z) the Subordinated Debt to be issued is subordinated in right of payment to the Securities at least to the same extent as the Subordinated Debt being so exchanged, refinanced or refunded.

For purposes of determining compliance with the foregoing covenant, Restricted Payments may be made with cash or non-cash assets, PROVIDED that any Restricted Payment made other than in cash shall be valued at the fair market value (determined, subject to the additional requirements of the immediately succeeding proviso, in good faith by the Company) of the assets so utilized in making such Restricted Payment PROVIDED FURTHER that (i) in the case of any Restricted Payment made with capital stock or indebtedness, such Restricted Payment shall be deemed to be made in an amount equal to the greater of the fair market value thereof and the liquidation preference (if any) or principal amount of the capital stock or indebtedness, as the case may be, so utilized, (ii) in the case of any Restricted Payment in an aggregate amount in excess of $500,000 (as determined above), the fair market value thereof shall be established by a Board Resolution adopted by a majority of the Board of Directors of the Company and (iii) in the case of any Restricted Payment involving consideration determined (as described above) to be in excess of $1 million, a written opinion as to the fairness of the valuation thereof (as determined by the Board Resolution as referenced in preceding clause (ii)) for purposes of determining compliance with Section 4.07 hereof, shall be issued by an investment banking, appraisal or accounting firm of national standing; and, PROVIDED FURTHER, that no Restricted Payment shall be made in capital stock of a Subsidiary of the Company unless, after giving effect thereto, 100% of the Equity Interests of the Company and its Restricted Subsidiaries in the respective Subsidiary are distributed to Persons other than the Company and its Restricted Subsidiaries pursuant to the respective Restricted Payment.

SECTION 4.08. LIMITATION ON DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any such Restricted Subsidiary to (i) pay dividends or make any other distributions to the Company or any Restricted Subsidiary (A) on its Capital Stock or (B) with respect to any other interest or participation in, or measured by, its profits, (ii) pay any Indebtedness owed to the Company or any Restricted Subsidiary thereof, (iii) make loans or advances to the Company or any Restricted Subsidiary thereof or (iv) sell, lease, or transfer any of its properties or assets to the Company or any Restricted Subsidiary thereof, except (in each case) for such encumbrances or restrictions existing under or by reason of (A) Existing Indebtedness as in effect on the Issuance Date, (B) the New Credit Facility, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof; PROVIDED that the

New Credit Facility and any such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive with respect to the restrictions described in clauses (i) through (iv) above than those contained in the New Credit Facility on the Issuance Date, (C) this Indenture and the Securities, (D) applicable law, (E) customary non-assignment provisions in leases or other contracts (providing for the non-assignability of such contracts) entered into in the ordinary course of business and consistent with past practices, (F) any instrument governing or evidencing Indebtedness of a Person acquired by the Company or any Restricted Subsidiary of the Company at the time of such acquisition, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person so acquired; PROVIDED, HOWEVER, that such Indebtedness is not incurred in connection with or in contemplation of, such acquisition, (G) any agreements evidencing Permitted Liens which may restrict the transfer of the assets subject to such Permitted Liens and (H) permitted Refinancing Indebtedness, PROVIDED that the restrictions contained in the agreements governing such Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being extended, refinanced, renewed, replaced or refunded.

SECTION 4.09. LIMITATION ON INCURRENCE OF INDEBTEDNESS.

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries, directly or indirectly to create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to or become responsible for (collectively, "incur") any Indebtedness; PROVIDED, HOWEVER, that the Company may incur (and Guarantors may guarantee on substantially the same terms as their Guarantees of the Securities) Indebtedness if:

(i) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(ii) the Fixed Charge Coverage Ratio of the Company for the four fiscal quarters ending with the fiscal quarter ended immediately preceding such incurrence would have been at least 2.0 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if such incurrence and application of proceeds had occurred at the beginning of such period.

(b) Notwithstanding the foregoing, the limitations set forth in the immediately preceding clause (a) will not apply to the incurrence of any of the following (collectively, the "Permitted Indebtedness"):

(i) the incurrence by the Company and/or the Guarantors of revolving credit Indebtedness and letters of credit (whether pursuant to the New Credit Facility or otherwise) in an aggregate consolidated principal amount at any one time outstanding not to exceed the greater of (x) $40 million and (y) the Borrowing Base of the Company and the Subsidiary Guarantors at such time less, in either case, the aggregate amount of proceeds of Asset Sales applied to permanently reduce outstanding Indebtedness pursuant to

this clause (i);

(ii) Existing Indebtedness, which shall be permitted to remain outstanding;

(iii) the incurrence by the Company of Indebtedness represented by the Securities and the Guarantee by any Guarantor of the Securities;

(iv) Acquired Indebtedness to the extent the Company could have incurred such Indebtedness in accordance with the first paragraph of this covenant on the date such Indebtedness became Acquired Indebtedness;

(v) the incurrence by the Company of Indebtedness, and the incurrence by the Company's Subsidiaries of guarantees of such Indebtedness (the "Refinancing Indebtedness"), issued in exchange for, or the proceeds of which are used to extend, refinance, renew, replace, or refund Indebtedness referred to in clause (ii), (iii) or (iv) above or incurred pursuant to the proviso of Section 4.09(a) (but without regard to the definition of Permitted Indebtedness); PROVIDED, HOWEVER, that (A) the aggregate principal amount or liquidation preference of such Refinancing Indebtedness (or if such Refinancing Indebtedness is issued at a price less than the principal amount thereof, the original issue price) shall not exceed the principal amount or liquidation preference of Indebtedness so extended, refinanced, renewed, replaced, or refunded (plus accrued interest or premiums required by the instruments governing such existing or future Indebtedness as in effect at the time of issuance

thereof ("Required Premiums") and the amount of reasonable expenses incurred in connection therewith), (B) the Refinancing Indebtedness shall rank PARI PASSU with or be subordinate in right and priority of payment at least to the same extent as the Indebtedness so extended, refinanced, renewed, replaced, substituted or refunded, (C) the Refinancing Indebtedness shall have a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being extended, refinanced, renewed, replaced, substituted or refunded, (D) the Refinancing Indebtedness shall have the same obligor(s) and guarantor(s) (except to the extent that guarantees are being dropped in connection with the extension of the Refinancing Indebtedness) as the Indebtedness being refinanced, and (E) immediately after the incurrence of such Refinancing Indebtedness no Default or Event of Default shall have occurred and be continuing;

(vi) Indebtedness of the Company or any Restricted Subsidiary of the Company to the Company or any Wholly Owned Restricted Subsidiary which is a Guarantor;

(vii) Hedging Obligations incurred for the purpose of fixing or hedging interest rate risk with respect to any floating rate Indebtedness that is permitted by the terms of this Indenture to be outstanding; and

(viii) the Company and/or the Guarantors may incur Indebtedness (and each such Person may guaranty such Indebtedness) not otherwise permitted under the Indenture in an aggregate principal amount outstanding under this clause (viii) not to exceed $10 million at any one time less the aggregate amount of proceeds of Asset Sales applied to repay permanently Indebtedness outstanding pursuant to this clause (viii) as provided in Section 4.11 hereof.

SECTION 4.10. PROHIBITION ON INCURRENCE OF SENIOR SUBORDINATED DEBT.

Neither the Company nor any Guarantor shall incur or suffer to exist any Indebtedness that is expressly subordinate in right of payment to any other Indebtedness of the Company or the respective Guarantor, unless such Indebtedness is subordinated on substantially the same terms to the Securities.

SECTION 4.11. LIMITATION ON ASSET SALES.

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, conduct any Asset Sale unless:

(i) no Default or Event of Default exists or is continuing immediately prior to and after giving effect to such Asset Sale;

(ii) in the case of any sale of Equity Interests in, or issuance of any Equity Interests by, a Guarantor, 100% of the Equity Interests of the Company and its Restricted Subsidiaries in the respective Guarantor must be sold pursuant to the respective Asset Sale;

(iii) in each case, the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of each such Asset Sale at least equal to the fair market value of the assets sold or otherwise disposed of; and

(iv) in each case at least 80% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

(b) Within 270 days after consummation of any Asset Sale, the Company or such Restricted Subsidiary may apply the Net Proceeds from such Asset Sale:

(i) to an investment in any business, capital expenditure or other tangible asset in the Permitted Businesses; or

(ii) prepay Indebtedness (other than Subordinated Debt) of the Company and the Guarantors which results in a permanent reduction thereof (and its commitments thereunder).

Pending the final application of any such Net Proceeds, the Company or such Restricted Subsidiary may invest such Net Proceeds in Cash Equivalents or apply such Net Proceeds to temporarily reduce borrowings outstanding under the New

Credit Facility if, within such 270-day period, the Company or the Restricted Subsidiary withdraws from the New Credit Facility such Net Proceeds (to the extent not used to permanently reduce borrowings and commitments available thereunder) and applies such Net Proceeds in accordance with clause (i) of this Section 4.11(b). Any Net Proceeds from the Asset Sale that are not applied or invested as provided in clauses (i) or (ii) will be deemed to constitute "Excess Proceeds."

(c) (i) In the event the Company or any Restricted Subsidiary shall receive any Excess Proceeds, the Company shall make an Asset Sale Offer to purchase the maximum principal amount of Securities, that is in an integral multiple of $1,000, that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, to the date fixed for the closing of such offer, in accordance with the procedures set forth in Section 3.09 hereof. If the aggregate principal amount of Securities surrendered by Holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Securities to be purchased on a PRO RATA basis. Upon completion of such offer to purchase, the amount of Excess Proceeds shall be reset at zero.

(ii) Notwithstanding the requirements contained in the preceding clause (i), in the event that such Excess Proceeds are less than $5 million, the application of such Excess Proceeds to repurchase Securities may be deferred until such time as such Excess Proceeds are at least equal to $5 million, at which time the Company or such Restricted Subsidiary shall apply all Excess Proceeds to repurchase Securities.

(e) In the event the repurchase of Securities with Excess Proceeds constitutes a "tender offer" for purposes of Rule 14e-1 under the Exchange Act at the time it is required, the Company will comply with Rule 14e-1 as then in effect with respect to such repurchase.

SECTION 4.12. LIMITATION ON TRANSACTIONS WITH AFFILIATES.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate (each of the foregoing, an "Affiliate Transaction"), unless (a) such Affiliate Transaction is on terms that are fair and reasonable and no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that would have been obtained in a comparable transaction made on an arms-length basis by the Company or such Restricted Subsidiary, as the case may be, with an unrelated Person and (b) the Company shall have delivered to the Trustee (i) with respect to any Affiliate Transaction involving aggregate payments in excess of $500,000, (x) a Board Resolution adopted by a majority of the Board of Directors (including a majority of its disinterested members) approving such Affiliate Transaction and (y) an Officers' Certificate certifying that such Affiliate Transaction complies with

clause (a) above, and (ii) with respect to any Affiliate Transaction involving aggregate payments in excess of $1 million, a written opinion as to the fairness of such Affiliate Transaction to the Company from a financial point of view issued by an investment banking, appraisal or accounting firm of national standing; PROVIDED, HOWEVER, that (i) any employment agreement entered into by the Company or any Wholly Owned Restricted Subsidiary in the ordinary course of business and consistent with the past practice of the Company or such Restricted Subsidiary, (ii) transactions between or among the Company and/or any Wholly Owned Restricted Subsidiary thereof which is a Guarantor, (iii) agreements or contracts with, or for the benefit of, any Affiliate which exist on the Issuance Date and which are described in the Offering Memorandum and (iv) transactions permitted by Section 4.07, in each case, shall not be deemed Affiliate Transactions.

SECTION 4.13. LIMITATION ON LIENS.

The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or suffer to exist any Liens except for Permitted Liens.

SECTION 4.14. CORPORATE EXISTENCE.

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, and the corporate, partnership or other existence of each Subsidiary, in accordance with the respective organizational documents (as the same may be amended from time to time) of each Subsidiary and the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries; PROVIDED, HOWEVER, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any Subsidiary, if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Securityholders.

SECTION 4.15. CHANGE OF CONTROL.

(a) Upon the occurrence of a Change of Control, each Securityholder shall have the right to require the Company to repurchase all or any part of such Securityholder's Securities at a repurchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant Interest Payment Date).

(b) Within 30 days following any Change of Control, the Company will mail a notice to each Securityholder, with a copy to the Trustee, stating:

(i) that a Change of Control has occurred and that such Securityholder has the right to require the Company to repurchase all or any part of such Securityholder's Securities at a repurchase price in cash

equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date);

(ii) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control);

(iii) the repurchase date (which will be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and

(iv) the instructions, determined by the Company consistent with this Indenture, that a Securityholder must follow in order to have its Securities repurchased.

(c) Securityholders electing to have a Security repurchased will be required to surrender the Security, with the form entitled "Option of Securityholder to Elect Purchase" on the reverse of the Security completed, to the Company at the address specified in the notice at least 10 Business Days prior to the repurchase date. Securityholders will be entitled to withdraw their election if the Trustee or the Company receives not later than three Business Days prior to the repurchase date, a telegram, telex, facsimile transmission or letter setting forth the name of the Securityholder, the principal amount of the Security which was delivered for repurchase by the Securityholder and a statement that such Securityholder is withdrawing his election to have such Security purchased.

(d) On the repurchase date, all Securities repurchased by the Company under this Section 4.15 shall be delivered by the Trustee for cancellation, and the Company shall pay the repurchase price plus accrued and unpaid interest, if any, to the Securityholders entitled thereto.

(e) The Company will comply with any tender offer rules under the Exchange Act which may then be applicable, including Rule 14e-1, in connection with any offer required to be made by the Company to repurchase the Securities as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture relative to the Company's obligation to make an offer to repurchase the Securities as a result of a Change of Control, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under such provisions of the Indenture by virtue thereof.

SECTION 4.16. LIMITATION ON PREFERRED STOCK OF SUBSIDIARIES.

The Company shall not permit any of its Restricted Subsidiaries to issue any Preferred Stock (other than to the Company or to a Wholly Owned Restricted Subsidiary of the Company) or permit any Person (other than the

Company or a Wholly Owned Restricted Subsidiary of the Company) to own any Preferred Stock of any Restricted Subsidiary of the Company.

SECTION 4.17. COMPANY TO CAUSE CERTAIN SUBSIDIARIES TO BECOME GUARANTORS.

The Company shall not (i) permit any of its Restricted Subsidiaries to incur, guarantee or secure through the granting of Liens any Indebtedness (excluding Acquired Indebtedness to the extent incurred as permitted pursuant to clause (iv) of Section 4.09(b) hereof and secured, if secured, by Permitted Liens of the type described in clause (c) of the definition thereof which were in existence prior to the acquisition of the respective Restricted Subsidiary) or (ii) pledge any intercompany notes representing obligations of any of its Restricted Subsidiaries to secure the payment of any Indebtedness, in either case unless such Restricted Subsidiary is a Wholly Owned Restricted Subsidiary which is a Guarantor or at such time becomes a Guarantor by executing a supplemental indenture in which such Restricted Subsidiary agrees to be bound by the terms of this Indenture as a Guarantor and executes a Guarantee.

SECTION 4.18. LIMITATION ON BUSINESS.

The Company will not, and will not permit any of its Restricted Subsidiaries to, engage substantially in any business other than the Permitted Businesses.

SECTION 4.19. FURTHER INSTRUMENTS AND ACTS.

The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Company, except as otherwise set forth herein, but the Trustee may require of the Company full information and advice as to the performance of the covenants, conditions and agreements contained herein, and upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

ARTICLE 5

SUCCESSORS

SECTION 5.01. LIMITATIONS ON MERGER, CONSOLIDATION OR SALE OF ASSETS.

The Company may not, in a single transaction or through a series of related transactions, consolidate or merge with or into or sell, assign, transfer, lease, convey or otherwise dispose of (or permit any of its Restricted Subsidiaries to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's and its

Restricted Subsidiaries' assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries taken as a whole) in one or more related transactions to another Person unless:

(i) the Company is the surviving corporation, or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation organized and existing under the laws of the United States, any State thereof or the District of Columbia;

(ii) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made assumes, pursuant to a supplemental indenture, all the obligations of the Company under the Securities and this Indenture;

(iii) immediately after such transaction (including any Indebtedness incurred or anticipated to be incurred in connection with such transaction), (A) no Default or Event of Default exists, (B) the Consolidated Net Worth of the resulting, surviving or transferee corporation is not less than that of the Company immediately prior to the transaction and (C) the Company or any Person formed by or surviving any such consolidation or merger, or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made at the time of such transaction and after giving pro forma effect thereto as if such transaction had occurred at the beginning of the applicable period, shall be permitted to incur at least $1.00 of additional Indebtedness pursuant to Section 4.09(a) hereof; and

(iv) the Company shall have delivered to the Trustee an Officers' Certificate (attaching calculations demonstrating compliance with clause (iii) of this Section 5.01) and an Opinion of Counsel, each stating that such consolidation, merger, sale, assignment, transfer, lease, conveyance or disposition and such supplemental indenture comply with this Article 5 and that all conditions precedent provided for herein relating to such transaction have been complied with.

SECTION 5.02. SUCCESSOR CORPORATION SUBSTITUTED.

Upon any consolidation or merger, or any sale, lease, conveyance or other disposition of all or substantially all of the Company's and its Subsidiaries' assets (determined on a consolidated basis for the Company and its Subsidiaries taken as a whole) in accordance with Section 5.01 hereof, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, lease, conveyance or other disposition is made shall succeed to, and be substituted for, and may

exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; PROVIDED, HOWEVER, that neither the Company nor any of the Guarantors, as the case may be, shall be released or discharged from its obligation to pay (or its guarantee of the payment of) the principal of, premium, if any, on and interest on the Securities.

ARTICLE 6

DEFAULTS AND REMEDIES

SECTION 6.01. EVENTS OF DEFAULT.

(a) An "Event of Default" occurs if:

(i) there is a failure to pay any interest on any Security when the same becomes due and payable and the continuance of any such failure for a period of 30 days;

(ii) there is a failure to pay any principal of or premium, if any, on any Security when and as the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(iii) the Company or any Guarantor fails to observe or perform any covenant or agreement on the part of the Company to be observed or performed pursuant to Section 4.07, 4.09, 4.11, 4.15 or 5.01 hereof;

(iv) the Company fails to comply with any of its other agreements or covenants in, or provisions of, the Securities or this Indenture, or any Guarantor fails to comply with any of its other agreements or covenants in, or provisions of, this Indenture or the Guarantee, and in each case the failure continues for the period and after the notice specified in clause (c) below;

(v) the occurrence of a default or event of default by the Company or any Restricted Subsidiary thereof under any mortgage, indenture or other instrument under which there is issued or by which there is secured or evidenced any Indebtedness of the Company or any Restricted Subsidiary thereof or the payment of which is guaranteed by the Company or any Subsidiary thereof, whether such Indebtedness or guarantee now exists or is created after the Issuance Date, which default (A) is caused by a failure to pay when due principal or interest on such Indebtedness (which failure continues beyond any applicable grace period) (a "Payment Default") or (B) results in the acceleration of such Indebtedness prior to

its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which a Payment Default then exists or with respect

to which the maturity thereof has been so accelerated, aggregates $1 million or more;

(vi) the failure by the Company or any Restricted Subsidiary thereof to pay final judgments aggregating in excess of $1 million which are entered by a court or courts of competent jurisdiction against the Company or such Restricted Subsidiary, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days;

(vii) the provisions of Article 11 hereof shall cease to be in full force and effect in any respect or shall cease to give the Trustee in any respect the Liens, rights, powers and privileges purported to be created thereby (including, without limitation, a perfected security interest in, and Lien on, all of the Collateral subject thereto, in favor of the Trustee, subject to no other Liens) or any Collateral required to be delivered to the Trustee for pledge thereunder shall not have been so delivered;

(viii) the Company or any of its Significant Subsidiaries pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a Custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors,

(E) consents to or acquiesces in the institution of a bankruptcy or an insolvency proceeding against it, or

(F) takes any corporate action to authorize or effect any of the foregoing;

(ix) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any of its Significant Subsidiaries in an involuntary case,

(B) appoints a Custodian of the Company or any of its Significant Subsidiaries or for all or substantially all of the property of the Company or any of its Significant Subsidiaries, or

(C) orders the liquidation of the Company or any of its Significant Subsidiaries,

and the order or decree remains unstayed and in effect for 60 consecutive days; or

(x) any of the Guarantees of the Guarantors that are also Significant Subsidiaries of the Company ceases to be in full force and effect or any of such Guarantees is declared to be null and void and unenforceable or any of such Guarantees is found to be invalid or any such Guarantor denies its liability under its Guarantee (other than by reason of release of a Guarantor in accordance with the terms of this Indenture).

(b) The term "Bankruptcy Law" means Title 11, U.S. Code or any similar Federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

(c) A Default under clause (iv) of Section 6.01(a) hereof is not an Event of Default until the Trustee notifies the Company or such Guarantor, as the case may be, in writing, or the Holders of at least 25% in aggregate principal amount of the then outstanding Securities notify the Company or such Guarantor, as the case may be, and the Trustee in writing of the Default and the Company or such Guarantor, as the case may be, does not cure the Default within 30 days after receipt of the notice. The written notice must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default."

SECTION 6.02. ACCELERATION.

If an Event of Default (other than an Event of Default specified in clause (viii) or (ix) of Section 6.01(a) with respect to the Company or any Guarantor) occurs and is continuing, the Trustee by notice to the Company, or the Holders of not less than 25% in aggregate principal amount of the then outstanding Securities by written notice to the Company and the Trustee, may declare (a "Declaration") the unpaid principal of, and any accrued and unpaid interest on, all the Securities to be due and payable (the "Default Amount"). Upon any such Declaration the Default Amount shall be due and payable immediately. If an Event of Default specified in clause (viii) or (ix) of Section 6.01(a) occurs with respect to the Company or any of the Guarantors, the Default Amount shall IPSO FACTO become and be immediately due and payable without any Declaration or other act on the part of the Trustee or any Securityholder. The Holders of a majority in aggregate principal amount of the then outstanding Securities by written notice to the Trustee may rescind any

Declaration if all Events of Default then continuing (other than any Events of Default with respect to the nonpayment of principal of or interest on any Security which has become due solely as a result of such Declaration) have been cured, and may waive any Default other than a Default with respect to a covenant or provision that cannot be modified or amended without the consent of each Securityholder pursuant to Section 9.02 hereof.

SECTION 6.03. OTHER REMEDIES.

(a) If an Event of Default occurs and is continuing, the Trustee and the Securityholders may pursue any available remedy to collect the payment of principal, premium, if any, or interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

(b) The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.04. WAIVER OF PAST DEFAULTS.

Securityholders of not less than a majority in aggregate principal amount of the then outstanding Securities by notice to the Trustee may waive an existing Default or Event of Default and its consequences, except a continuing Default or Event of Default in the payment of the principal, premium, if any, or interest on any Security (other than principal, premium (if any) or interest which has become due solely as a result of a Declaration) or a Default or Event of Default that cannot be modified or amended without the consent of the Holder of each outstanding Security affected. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 6.05. CONTROL BY MAJORITY.

Securityholders of a majority in principal amount of the Securities then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, that the Trustee determines may be unduly prejudicial to the rights of other Securityholders or that may involve the Trustee in personal liability.

SECTION 6.06. LIMITATION ON SUITS.

(a) A Securityholder may pursue a remedy with respect to this Indenture or the Securities only if:

(i) the Securityholder has previously given to the Trustee written notice of a continuing Event of Default;

(ii) the Holders of at least 25% in principal amount of the then outstanding Securities make a written request to the Trustee to pursue the remedy;

(iii) such Securityholder or Securityholders offer, and, if requested, provide, to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(iv) the Trustee does not comply with the request within 45 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(v) during such 45-day period the Holders of a majority in principal amount of the then outstanding Securities do not give the Trustee a direction inconsistent with the request.

(b) A Securityholder may not use this Indenture to prejudice the rights of another Securityholder or to obtain a preference or priority over another Securityholder.

SECTION 6.07. RIGHTS OF SECURITYHOLDERS TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Indenture, the right of any Securityholder to receive payment of principal, premium, if any, and interest on the Security, on or after the respective due dates expressed in the Security, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Securityholder.

SECTION 6.08. COLLECTION SUIT BY TRUSTEE.

If an Event of Default specified in Section 6.01(a)(i) or (ii) or an acceleration pursuant to Section 6.02 occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company or any Guarantor or any other obligor on the Securities for the whole amount of principal, premium, if any, and accrued interest remaining unpaid on the Securities and interest on overdue principal, premium, if any, and, to the extent lawful, interest on overdue installments of interest and such further amount as shall be sufficient to cover the costs and expenses of

collection, including any advances made by the Trustee and the reasonable compensation, expenses and disbursements of the Trustee, its agents and counsel.

SECTION 6.09. TRUSTEE MAY FILE PROOFS OF CLAIM.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Securityholders allowed in any judicial proceedings relative to the Company or any Guarantor (or any other obligor on the Securities), its creditors or its property and shall be entitled and empowered to collect, receive and distribute

any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Securityholder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Securityholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties which the Securityholders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Securityholder thereof, or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding.

SECTION 6.10. PRIORITIES.

(a) If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

(i) First: to the Trustee, its agents and attorneys for amounts due under Section 7.07, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

(ii) Second: if the Securityholders are forced to proceed against the Company directly without the Trustee, to the Securityholders for their collection costs;

(iii) Third: to the Securityholders for amounts due and unpaid on the Securities for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal, premium, if any, and interest, respectively; and

(iv) Fourth: to the Company or, to the extent the Trustee collects any amount pursuant to Article 10 hereof from any Guarantor, to such Guarantor, or to such party as a court of competent jurisdiction shall direct.

(b) The Trustee may fix a record date and payment date for any payment to Securityholders.

SECTION 6.11. UNDERTAKING FOR COSTS.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Securityholder pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Securities.

ARTICLE 7

TRUSTEE

SECTION 7.01. DUTIES OF TRUSTEE.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances and in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform only those duties as are specifically set forth in this Indenture and the duties of the Trustee shall be determined solely by the express provisions of this Indenture, the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture, but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the same to determine whether or not they conform to the requirements of this Indenture.

(c) Notwithstanding anything to the contrary herein contained, the Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Assets held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02. RIGHTS OF TRUSTEE.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document unless the Trustee has reason to believe such fact or matter is not true.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company or any Guarantor shall be sufficient if signed by an Officer of the Company or any Guarantor.

(f) The permissive rights of the Trustee to do certain things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or wilful default with respect to such permissive rights.

(g) Except for (i) an Event of Default under 6.01(a)(i) or (ii) hereof, or (ii) any other event of which the Trustee has "actual knowledge," which event, with the giving of notice or the passage of time or both, would constitute an Event of Default, the Trustee shall not be deemed to have notice of any Default or Event of Default unless specifically notified in writing of such event by the Company or the Securityholders of not less than 25% in aggregate principal amount of Securities outstanding; as used herein, the term "actual knowledge" means the actual fact or statement of knowing, without any duty to make any investigation with regard thereto.

SECTION 7.03. INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company, any Guarantor or any Affiliate of the Company or any Guarantor with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee is subject to Sections 7.10 and 7.11 hereof.

SECTION 7.04. TRUSTEE'S DISCLAIMER.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Securities or the Guarantees, it shall not be accountable for the Company's use of the proceeds from the Securities or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Securities or the Guarantees or any other document in connection with the sale of the Securities or pursuant to this Indenture other than its certificate of authentication.

SECTION 7.05. NOTICE OF DEFAULTS.

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Securityholder a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default in any payment of principal or interest on any Security, the Trustee may withhold the notice if a committee of its officers in good faith determines that withholding the notice is in the interest of the Securityholders.

SECTION 7.06. REPORTS BY TRUSTEE TO SECURITYHOLDERS.

(a) Within 60 days after each May 15 beginning with the May 15

following the date of this Indenture, the Trustee shall mail to the Securityholders a brief report dated as of such reporting date that complies with TIA Section 313(a) (but if no event described in TIA Section 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA Section 313(b), (c) and (d).

(b) A copy of each report at the time of its mailing to the Securityholders shall be filed with the Commission and each stock exchange, if any, on which the Securities are listed. The Company shall promptly notify the Trustee if and when the Securities are listed on any stock exchange.

SECTION 7.07. COMPENSATION AND INDEMNITY.

(a) The Company and the each of the Guarantors, jointly and severally, shall pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company and each of the Guarantors, jointly and severally, shall reimburse the Trustee upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Company and each of the Guarantors, jointly and severally, shall indemnify the Trustee against any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder, except as set forth below in subparagraph (d). The Trustee shall notify the Company and each of the Guarantors promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company or any Guarantor shall not relieve the Company or any of the Guarantors of their Obligations hereunder. The Trustee may have separate counsel and the Company and each of the Guarantors, jointly and severally, shall pay the reasonable fees and expenses of such counsel. Neither the Company nor any Guarantor need pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

(c) The obligations of the Company and each of the Guarantors under this Section 7.07 shall survive the resignation or removal of the Trustee and the satisfaction and discharge or termination of this Indenture.

(d) Notwithstanding subparagraphs (a) or (b) above, neither the Company nor any Guarantor need reimburse any expense or indemnify against any loss or liability incurred by the Trustee through its own negligence, bad faith or willful misconduct.

(e) To secure the Company's and each of the Guarantor's payment obligations in this Section, the Trustee shall have a Lien prior to the

Securities on all money or property held or collected by the Trustee, except that held in trust to pay principal, premium, if any, and interest on particular Securities. Such Lien shall survive the resignation or removal of the Trustee and the satisfaction and discharge of this Indenture.

(f) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(viii) or (ix) hereof occurs, the expenses and the compensation for such services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 7.08. REPLACEMENT OF TRUSTEE.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign at any time and be discharged from the trust hereby created by so notifying the Company. The Securityholders of a majority in principal amount of the then outstanding Securities may remove the Trustee by so notifying the Trustee and the Company. The Company may remove the Trustee if:

(i) the Trustee fails to comply with Section 7.10 hereof;

(ii) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(iii) a Custodian, receiver or other public officer takes charge of the Trustee or its property; or

(iv) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall notify each Securityholder of such event and promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Securities may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

(d) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, any of the Guarantors or the Securityholders of at least 10% in principal amount of the then outstanding Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee after written request by any Securityholder who has been a Securityholder for at least six months fails to comply with Section 7.10, such Securityholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a

notice of its succession to each Securityholder. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's and each of the Guarantor's obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

SECTION 7.09. SUCCESSOR TRUSTEE BY MERGER, ETC.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to another corporation, the resulting, surviving or transferee corporation without any further act shall, if such resulting, surviving or transferee corporation is otherwise eligible hereunder, be the successor Trustee; PROVIDED, that such corporation shall be otherwise qualified and eligible under this Article Seven.

SECTION 7.10. ELIGIBILITY; DISQUALIFICATION.

(a) There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America or any State or Territory thereof or the District of Columbia authorized under such laws to exercise corporate trustee power, shall be subject to supervision or examination by Federal, State, Territorial, or District of Columbia authority and shall have a combined capital and surplus of at least $100 million as set forth in its most recent published annual report of condition.

(b) This Indenture shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1), (2) and (5). The Trustee shall comply with TIA Section 310(b).
The provisions of TIA Section 310 shall also apply to the Company and each of the Guarantors, as obligor of the Securities.

SECTION 7.11. PREFERENTIAL COLLECTION OF CLAIMS AGAINST THE COMPANY.

The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein. The provisions of TIA Section 311 shall apply to the Company and each of the Guarantors as obligor on the Securities.

ARTICLE 8

DISCHARGE OF INDENTURE

SECTION 8.01. DISCHARGE OF LIABILITY ON SECURITIES; DEFEASANCE.

(a) When (i) the Company delivers to the Trustee all outstanding Securities (other than Securities replaced pursuant to Section 2.07 hereof) canceled or for cancellation or (ii) all outstanding Securities have become due and payable and the Company irrevocably deposits with the Trustee funds sufficient to pay at maturity all outstanding Securities, including interest thereon (other than Securities replaced pursuant to Section 2.07 hereof), and if in either case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Sections 8.01(e) and 8.06 hereof, cease to be of further effect. The Trustee shall acknowledge satisfaction and discharge of this Indenture on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Company.

(b) Subject to Sections 8.01(e), 8.02 and 8.06 hereof, the Company at any time may terminate (i) all its obligations under the Securities and this Indenture ("legal defeasance option") or (ii) all obligations under Sections 4.04(a), (b) and (c), 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.15, 4.16, 4.17 or 5.01(iii)(C) and the operation of Sections 6.01(a)(v), 6.01(a)(vi), 6.01(a)(vii), 6.01(a)(viii) hereof (except with respect to the Company or a Significant Subsidiary which is a Guarantor) or 6.01(a)(ix) hereof (except with respect to the Company or a Significant Subsidiary which is a Guarantor) ("covenant defeasance option"). The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option.

(c) If the Company exercises its legal defeasance option, payment of the Securities may not be accelerated because of an Event of Default. If the Company exercises its covenant defeasance option, payment of the Securities may not be accelerated because of an Event of Default specified in Section 6.01(a)(v), 6.01(a)(vi), 6.01(a)(viii) (except with respect to the Company or a Significant Subsidiary which is a Guarantor) or 6.01(a)(ix) hereof (except with respect to the Company or a Significant Subsidiary which is a Guarantor), or because of the failure of the Company or the Guarantors to comply with Sections 4.04(a), (b) and (c), 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.15, 4.16, 4.17 or 5.01(iii)(C) hereof.

(d) Upon satisfaction of the conditions set forth herein and upon request of the Company, the Trustee shall acknowledge in writing the discharge of those obligations that the Company terminates.

(e) Notwithstanding clauses (a) and (b) above, the Company's obligations in Sections 2.03, 2.04, 2.05, 2.06, 2.07, 7.07, 7.08, 8.01(d), 8.04, 8.05 and 8.06 hereof and the obligations of each Guarantor under Article 10 in respect thereof shall survive until the Securities have been paid in full. Thereafter, the Company's obligations in Sections 7.07, 8.04 and 8.05 hereof and the obligations of Guarantors under Article 10 in respect thereof shall survive.

SECTION 8.02. CONDITIONS TO DEFEASANCE.

(a) The Company may exercise its legal defeasance option or its covenant defeasance option only if:

(i) the Company irrevocably deposits in trust with the Trustee money or U.S. Government Obligations in amounts (including interest, but without consideration of any reinvestment of such interest) and maturities sufficient, but in the case of the legal defeasance option only, not more than such amounts (as certified by a nationally recognized firm of independent public accountants), to pay and discharge at their stated maturity (or such earlier redemption date as the Company shall have specified to the Trustee) the principal of, premium, if any, and interest on all outstanding Securities to maturity or redemption, as the case may be, and to pay all of the sums payable by it hereunder; PROVIDED, that the Trustee shall have been irrevocably instructed to apply such money or the proceeds of such U.S. Government Obligations to the payment of said principal, premium, if any, and interest with respect to the Securities;

(ii) in the case of the legal defeasance option only, 123 days pass after the deposit is made and during the 123 day period no Default specified in Section 6.01(viii) or (ix) hereof with respect to the Company or any Guarantor occurs which is continuing at the end of the period;

(iii) no Default has occurred and is continuing on the date of such deposit and after giving effect thereto;

(iv) the deposit does not constitute a default under any other agreement binding on the Company;

(v) the Company delivers to the Trustee an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940, as amended;

(vi) in the case of the legal defeasance option, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (x) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (y) since the date of this Indenture there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Securityholders will not recognize income, gain or loss for

Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;

(vii) in the case of the covenant defeasance option, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Securityholders will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred; and

(viii) the Company delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance and discharge of the Securities as contemplated by this Article 8 have been complied with.

(b) In order to have money available on a payment date to pay principal, premium, if any, or interest on the Securities, the U.S. Government Obligations deposited pursuant to preceding clause (a) shall be payable as to principal or interest at least one Business Day before such payment date in such amounts as shall provide the necessary money. U.S. Government Obligations shall not be callable at the issuer's option.

(c) Before or after a deposit, the Company may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date in accordance with Article 3 hereof.

SECTION 8.03. APPLICATION OF TRUST MONEY.

The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to this Article 8. It shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal, premium, if any, and interest on the Securities.

SECTION 8.04. REPAYMENT TO THE COMPANY.

(a) The Trustee and the Paying Agent shall promptly pay to the Company upon written request any excess money or securities held by them at any time; PROVIDED, HOWEVER, that the Trustee shall not pay any such excess to the Company unless the amount remaining on deposit with the Trustee, after giving effect to such transfer are sufficient to pay principal, premium, if any, and interest on the outstanding Securities, which amount shall be certified by independent public accountants.

(b) The Trustee and the Paying Agent shall pay to the Company upon written request any money held by them for the payment of principal, premium, if any, or interest that remains unclaimed for two years after the date upon which

such payment shall have become due; PROVIDED, HOWEVER, that the Company shall have either caused notice of such payment to be mailed to each Securityholder entitled thereto no less than 30 days prior to such repayment or within such period shall have published such notice in a financial newspaper of widespread circulation published in the City of New York. After payment to the Company, Securityholders entitled to the money must look to the Company and the Guarantors for payment as general creditors unless an applicable abandoned property law designates another Person, and all liability of the Trustee and such Paying Agent with respect to such money shall cease.

SECTION 8.05. INDEMNITY FOR GOVERNMENT OBLIGATIONS.

The Company and the Guarantors, jointly and severally, shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or the principal and interest received on such U.S. Government Obligations.

SECTION 8.06. REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with this Article 8 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's and each of the Guarantor's Obligations under this Indenture and the Securities and the Guarantees shall be revived and reinstated as though no deposit had occurred pursuant to this Article 8 until such time as the Trustee or Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with this Article 8; PROVIDED, HOWEVER, that if the Company or any Guarantor has made any payment of principal of, premium, if any, or interest on any Securities because of the reinstatement of its Obligations, the Company or any of the Guarantors, as the case may be, shall be subrogated to the rights of the Securityholders

to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE 9

AMENDMENTS

SECTION 9.01. WITHOUT CONSENT OF SECURITYHOLDERS.

(a) Notwithstanding Section 9.02 of this Indenture, the Company and the Trustee may amend or supplement this Indenture or the Securities without the consent of any Securityholder:

(i) to cure any ambiguity, omission, defect or inconsistency; PROVIDED, that such amendment or supplement does not, as evidenced by an

Opinion of Counsel delivered to the Trustee, adversely affect the rights of any Securityholder in any respect;

(ii) to comply with Article 5 hereof;

(iii) to provide for uncertificated Securities in addition to or in place of certificated Securities; PROVIDED, HOWEVER, that the uncertificated Securities are issued in registered form for purposes of Section 163(f) of the Internal Revenue Code of 1986, as amended, or in a manner such that the uncertificated Securities are described in Section 163(f)(2)(B) of the Internal Revenue Code of 1986, as amended;

(iv) to add guarantees with respect to the Securities;

(v) to add to the covenants of the Company or the Guarantors for the benefit of the Securityholders or to surrender any right or power herein conferred upon the Company or the Guarantors;

(vi) to evidence or to provide for a replacement Trustee under Section 7.08 hereof;

(vii) to comply with requirements of the Commission in order to effect or maintain the qualification of this Indenture under the TIA; or

(viii) to make any change that does not, as evidenced by an Opinion of Counsel delivered to the Trustee, adversely affect the rights of any Securityholder in any respect;

PROVIDED, that the Company has delivered to the Trustee an Opinion of Counsel stating that any such amendment or supplement complies with the provisions of this Section 9.01.

(b) Upon the request of the Company and the Guarantors accompanied by Board Resolutions of their respective Boards of Directors authorizing the execution of any such supplemental indenture, and upon receipt by the Trustee of the documents described in Section 9.06 hereof, the Trustee shall join with the Company and the Guarantors in the execution of any supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations which may be therein contained, but the Trustee shall not be obligated to enter into such supplemental indenture which affects its own rights, duties or immunities under this Indenture or otherwise.

(c) After an amendment or supplement under this Section 9.01 becomes effective, the Company shall mail to all Securityholders a notice briefly describing such amendment or supplement. The failure to give such notice to all Securityholders, or any defect therein, shall not impair or affect the validity of an amendment or supplement under this Section.

SECTION 9.02. WITH CONSENT OF SECURITYHOLDERS.

(a) The Company and the Trustee may amend or supplement this Indenture or the Securities with the written consent of the Securityholders of not less than a majority in aggregate principal amount of the Securities then outstanding (including consents obtained in connection with a tender offer or exchange offer for the Securities) and any existing Default and its consequences (including, without limitation, an acceleration of the Securities) or compliance with any provision of this Indenture or the Securities may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Securities (including consents obtained in connection with a tender offer or exchange offer for the Securities). Furthermore, subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Securities then outstanding (including consents obtained in connection with a tender offer or exchange offer for the Securities) may waive compliance in a particular instance by the Company with any provision of this Indenture or the Securities. However, without the consent of each Securityholder affected, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Securities held by a non-consenting Holder):

(i) reduce the principal amount of Securities whose Holders must consent to an amendment, supplement or waiver;

(ii) reduce the rate of or extend the time for payment of any interest on any Security;

(iii) reduce the principal of or extend the fixed maturity of any Security or alter the redemption provisions (including without limitation Sections 3.07, 3.09, 4.11 and 4.15 hereof) with respect thereto;

(iv) waive a Default or Event of Default in the payment of principal of, premium, if any, or interest on, or redemption payment with respect to, any Security (excluding any principal or interest due solely as a result of the occurrence of a Declaration);

(v) make any Security payable in money other than that stated in the Security; or

(vi) make any change in Section 6.04 or 6.07 hereof or in this Section 9.02(a).

(b) Upon the request of the Company and the Guarantors accompanied by Board Resolutions of their respective Boards of Directors authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Securityholders as aforesaid, and upon receipt by the Trustee of the documents described in Section 9.06 hereof, the Trustee shall join with the Company and the Guarantors in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

(c) It shall not be necessary for the consent of the Securityholders under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

(d) After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company shall mail to all Securityholders a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or waiver.

SECTION 9.03. COMPLIANCE WITH TRUST INDENTURE ACT.

Every amendment or supplement to this Indenture or the Securities shall comply with the TIA as then in effect.

SECTION 9.04. REVOCATION AND EFFECT OF CONSENTS.

(a) Until an amendment, supplement or waiver becomes effective, a consent to it by a Securityholder is a continuing consent by the Securityholder and every subsequent Securityholder or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, any such Securityholder or subsequent Securityholder may revoke the consent as to its Security if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Securityholder.

(b) The Company may fix a record date for determining which Securityholders must consent to such amendment, supplement or waiver. If the Company fixes a record date, the record date shall be fixed at (i) the later of 30 days prior to the first solicitation of such consent or the date of the most recent list of Securityholders furnished to the Trustee prior to such solicitation pursuant to Section 2.05 hereof, or (ii) such other date as the Company shall designate.

SECTION 9.05. NOTATION ON OR EXCHANGE OF SECURITIES.

(a) Securities authenticated and delivered after the execution of any supplemental indenture may bear a notation in form approved by the Trustee as to any matter provided for in such amendment, supplement or waiver on any Security thereafter authenticated. The Company in exchange for all Securities may issue and the Trustee shall authenticate new Securities that reflect the amendment, supplement or waiver.

(b) Failure to make the appropriate notation or issue a new Security shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.06. TRUSTEE TO SIGN AMENDMENTS, ETC.

The Trustee shall sign any amendment, waiver or supplemental indenture authorized pursuant to this Article 9 if the amendment, waiver or supplemental indenture does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing or refusing to sign such amendment, waiver or supplemental indenture, the Trustee shall be entitled to receive and, subject to Section 7.01, shall be fully protected in relying upon, in addition to the documents required by Section 12.04, an Officers' Certificate and an Opinion of Counsel as conclusive evidence that such amendment, waiver or supplemental indenture is authorized or permitted by this Indenture, that it is not inconsistent herewith, and that it will be valid and binding upon the Company in accordance with its terms.

ARTICLE 10

GUARANTEE OF SECURITIES

SECTION 10.01. GUARANTEE

(a) Each Guarantor hereby jointly and severally irrevocably and unconditionally guarantees, as a primary obligor and not a surety, to each Securityholder of a Security now or hereafter authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Securities or the Obligations of the Company hereunder or thereunder, (i) the due and punctual payment of the principal, premium, if any, interest (including post-petition interest in any proceeding under any Bankruptcy Law whether or not an allowed claim in such proceeding) on overdue principal, premium, if any, and interest, if lawful on such Security, and (ii) all other monetary Obligations payable by the Company under this Indenture (including under Section 7.07 hereof) and the Securities (all of the foregoing being hereinafter collectively called the "Guaranteed Obligations"), when and as the same shall become due and payable, whether by acceleration thereof, call for redemption or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code), in accordance with the terms of any such Security and of this Indenture, subject, however, in the case of (i) and (ii) above, to the limitations set forth in Section 10.04 hereof. Each Guarantor hereby agrees that its Obligations hereunder shall be absolute and unconditional, irrespective of, and shall be unaffected by, any failure to enforce the provisions of any such Security or this Indenture, any waiver, modification or indulgence granted to the Company with respect thereto, the recovery of any judgment against the Company, any action to enforce the same, by the Securityholders or the Trustee, the recovery of any judgment against the Company, any action to enforce the same, or any other circumstances which may otherwise constitute a legal or equitable discharge of a surety or guarantor. Each Guarantor hereby waives diligence, presentment, filing of claims with a court in the event of a merger or bankruptcy of the Company, any right to

require a proceeding first against the Company, the benefit of discussion, protest or notice with respect to any such Security or the Indebtedness evidenced thereby and all demands whatsoever, and covenants that this Guarantee shall not be discharged as to any such Security except by payment in full of the principal thereof, premium, if any, and all accrued interest thereon.

(b) Each Guarantor further agrees that this Guarantee herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Securityholder or the Trustee to any Security held for payment of the Guaranteed Obligations.

(c) Each Guarantor agrees that it shall not be entitled to, and hereby irrevocably waives, any right of subrogation in relation to the Securityholders or the Trustee

in respect of any Guaranteed Obligations. Each Guarantor further agrees that, as between such Guarantor, on the one hand, and the Securityholders and the Trustee, on the other hand, (x) the maturity of the Guaranteed Obligations may be accelerated as provided in Article 6 for the purposes of such Guarantor's Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations, and (y) in the event of any Declaration of acceleration of such Guaranteed Obligations as provided in Article 6 hereof, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Guarantor for the purpose of this Article 10.

(d) Each Guarantor also agrees to pay any and all costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or any Securityholder in enforcing any rights under this Article 10.

(e) The Guarantee set forth in this Article 10 shall not be valid or become obligatory for any purpose with respect to a Security until the certificate of authentication on such Security shall have been signed by or on behalf of the Trustee.

SECTION 10.02. EXECUTION AND DELIVERY OF GUARANTEE.

(a) To evidence each Guarantor's Guarantee set forth in this Article 10, each Guarantor hereby agrees that a notation of such Guarantee shall be placed on each Security authenticated and delivered by the Trustee.

(b) This Indenture shall be executed on behalf of each Guarantor, and an Officer of each Guarantor shall sign the notation of the Guarantee on the Securities by manual or facsimile signature. If an Officer whose signature is on this Indenture or the notation of Guarantee no longer holds that office at the time the Trustee authenticates the Security on which the Guarantee is endorsed, the Guarantee shall be valid nevertheless. Each Guarantor hereby agrees that the Guarantee set forth in Section 10.01 hereof shall remain in full force and effect notwithstanding any failure to endorse on each Security a

notation of the Guarantee.

(c) The delivery of any Security by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantee set forth in this Indenture on behalf of each Guarantor.

SECTION 10.03. GUARANTEE UNCONDITIONAL, ETC.

Upon failure of payment when due of any Guaranteed Obligation for whatever reason, each Guarantor will be obligated to pay the same immediately. Each Guarantor hereby agrees that its obligations hereunder shall be continuing, absolute and unconditional, irrespective of: the recovery of any judgment against the Company or any Guarantor; any

extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Company under this Indenture or any Security, by operation of law or otherwise; any modification or amendment of or supplement to this Indenture or any Security; any change in the corporate existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any obligation of the Company contained in this Indenture or any Security; the existence of any claim, set-off or other rights which any Guarantor may have at any time against the Company, the Trustee, any Securityholder or any other Person, whether in connection herewith or any unrelated transactions; PROVIDED, that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; any invalidity or unenforceability relating to or against the Company for any reason of this Indenture or any Security, or any provision of applicable law or regulation purporting to prohibit the payment by the Company of the principal, premium, if any, or interest on any Security or any other Guaranteed Obligation; or any other act or omission to act or delay of any kind by the Company, the Trustee, any Securityholder or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of the Guarantors' obligations hereunder. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demand whatsoever and covenants that this Guarantee will not be discharged except by the complete performance of the obligations contained in the Securities, this Indenture and in this Article 10. Each Guarantor's obligations hereunder shall remain in full force and effect until the Indenture shall have terminated and the principal of and interest on the Securities and all other Guaranteed Obligations shall have been paid in full. If at any time any payment of the principal of or interest on any Security or any other payment in respect of any Guaranteed Obligation is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Company or otherwise, each Guarantor's obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time, and this Article 10, to the extent theretofore discharged,

shall be reinstated in full force and effect. Each Guarantor irrevocably waives any and all rights to which it may be entitled, by operation of law or otherwise, upon making any payment hereunder to be subrogated to the rights of the payee against the Company with respect to such payment or otherwise to be reimbursed, indemnified or exonerated by the Company in respect thereof.

SECTION 10.04. LIMITATION OF GUARANTOR'S LIABILITY.

Each Guarantor and by its acceptance hereof each Securityholder hereby confirms that it is the intention of all such parties that the guarantee by such Guarantor pursuant to its Guarantee not constitute a fraudulent transfer or conveyance for purposes of the Bankruptcy Law, Federal and state fraudulent conveyance laws or other legal principles.

To effectuate the foregoing intention, the Securityholders and each Guarantor hereby irrevocably agree that the obligations of such Guarantor under the Guarantee shall be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to Section 10.05 hereof, result in the obligations of such Guarantor under the Guarantee not constituting such fraudulent transfer or conveyance under federal or state law.

SECTION 10.05. CONTRIBUTION.

In order to provide for just and equitable contribution among the Guarantors, the Guarantors agree, INTER SE, that in the event any payment or distribution is made by any Guarantor (a "Funding Guarantor") under the Guarantee, such Funding Guarantor shall be entitled to a contribution from all other Guarantors in a PRO RATA amount based on the Adjusted Net Assets of each Guarantor (including the Funding Guarantor) for all payments, damages and expenses incurred by that Funding Guarantor in discharging the Company's obligations with respect to the Securities or any other Guarantor's obligations with respect to the Guarantee.

SECTION 10.06. RELEASE.

Upon the sale or disposition of all of the Equity Interests of a Guarantor to an entity which is not the Company or a Subsidiary of the Company, which is otherwise in compliance with this Indenture, such Guarantor shall be deemed released from all its obligations under the Indenture without any further action required on the part of the Trustee or any Securityholder; PROVIDED, HOWEVER, that any such termination shall occur if and only to the extent that all Obligations of each Guarantor under all of its guarantees of, and under all of its pledges of assets or other security interests which secure, Indebtedness of the Company and the other Guarantors shall also terminate upon such release, sale or transfer; PROVIDED FURTHER, that without limiting the foregoing, any proceeds received by the Company or any Subsidiary of the Company from such transaction shall be applied as provided in Section 4.11 and Section 3.09. The

Trustee shall deliver an appropriate instrument evidencing such release upon receipt of a request by the Company accompanied by an Officers' Certificate certifying as to the compliance with this Section 10.06. Any Guarantor not so released remains liable for the full amount of principal, premium, if any, and interest on the Securities as provided in this Article 10.

SECTION 10.07. ADDITIONAL GUARANTORS.

Any Person that was not a Guarantor on the date of this Indenture may become a Guarantor by executing and delivering to the Trustee (a) a supplemental indenture in form and substance satisfactory to the Trustee, which subjects such Person to the provisions (including, without limitation, the representations and warranties in this Article 10 and Article 11) of this Indenture as a Guarantor and (b) an Opinion of Counsel to the effect that such supplemental indenture has been duly authorized and executed by such Person and constitutes the legal, valid, binding and enforceable obligation of such Person (subject to such customary exceptions concerning creditors' rights and equitable principles as may be acceptable to the Trustee in its discretion). The Guarantee of each Person described in this Section 10.07 shall apply to all Securities theretofore executed and delivered, notwithstanding any failure of such Securities to contain a notation of such Guarantee thereon.

SECTION 10.08. GUARANTORS MAY CONSOLIDATE, ETC., ON CERTAIN TERMS.

(a) Nothing contained in this Indenture or in any of the Securities shall prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor that is a Wholly Owned Restricted Subsidiary of the Company or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety, to the Company or another Guarantor that is a Wholly Owned Restricted Subsidiary of the Company. Upon any such consolidation, merger, sale or conveyance, the Guarantee given by such Guarantor shall no longer have any force or effect.

(b) Nothing contained in this Indenture or in any of the Securities shall prevent any consolidation or merger of a Guarantor with or into a corporation or corporations other than the Company or another Guarantor (whether or not affiliated with the Guarantor), or successive consolidations or mergers in which a Guarantor or its successor or successors shall be a party or parties, or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety, to a corporation other than the Company or another Guarantor (whether or not affiliated with the Guarantor); PROVIDED, HOWEVER, that, subject to Sections 10.06 and 10.08(a), (x) (i) immediately after such transaction, and giving effect thereto, no Default or Event of Default shall have occurred as a result of such transaction and be continuing, or (ii) such transaction does not violate any covenants set forth in this Indenture, and (y) (i) the respective transaction is treated as an Asset Sale for purposes of Section 4.11 and Section 3.09 hereof or (ii) if the surviving corporation is not the Guarantor, each Guarantor hereby covenants and agrees that, upon any such consolidation, merger, sale or conveyance, the Guarantee set forth in this Article 10, and the due and punctual performance and

observance of all of the covenants and conditions of this Indenture to be performed by such Guarantor, shall be expressly assumed (in the event that the Guarantor is not the surviving corporation in the merger), by supplemental indenture satisfactory in form to the Trustee of the due and punctual performance of all of the

covenants and conditions of this Indenture to be performed by the Guarantor, such successor corporation shall succeed to, and be substituted for, the Guarantor with the same effect as if it had been named herein as a Guarantor.

SECTION 10.09. SUCCESSORS AND ASSIGNS.

This Article 10 shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Securityholders and, in the event of any transfer or assignment of rights by any Securityholder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Securities shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

SECTION 10.10. WAIVER OF STAY, EXTENSION OR USURY LAWS.

Each Guarantor covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive each such Guarantor from performing its Guarantee as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture; and (to the extent that it may lawfully do so) each such Guarantor hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 11

SECURITY AND PLEDGE OF COLLATERAL

SECTION 11.01. GRANT OF SECURITY INTEREST.

To secure the full and punctual payment when due and the full and punctual performance of the Guaranteed Obligations, the Company and the Guarantors (in such capacity, each referred to herein as a "Pledgor" and, collectively, as the "Pledgors") hereby grant to the Trustee, for the benefit of the Trustee and the Securityholders, a security interest in all of its rights, title and interest in and to the following (the "Collateral"):

(i) all of the shares of Capital Stock of any Guarantor, now owned or hereafter acquired by the Company or any Guarantor

(collectively, the "Pledged Shares");

(ii) all certificates representing any of the Pledged Shares; and

(iii) subject to Section 11.05 hereof, all dividends, cash, instruments and other property and proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any of the foregoing.

SECTION 11.02. DELIVERY OF COLLATERAL.

Any and all certificates or instruments representing or evidencing Collateral (whether now owned or hereafter acquired by the Company or any current or future Guarantor) shall be delivered to and held by or on behalf of the Trustee pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Trustee. The Trustee shall have the right (but not the obligation), at any time in its discretion and without notice to the Company or any Guarantor, to transfer to or to register in the name of the Trustee or any of its nominees any or all of the Collateral. In addition, the Trustee shall have the right at any time to exchange certificates or instruments representing or evidencing Collateral for certificates or instruments of different denominations.

SECTION 11.03. REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

Each Pledgor hereby represents and warrants, and agrees, as follows:

(i) each such Pledgor is, and at the time of delivery of the Collateral to the Trustee pursuant hereto will be, the record and beneficial owner of the Pledged Shares owned by such Pledgor, free and clear of any Liens, except for the Lien created by this Indenture;

(ii) as of the date of this Indenture, Schedule I hereto contains a true and correct list of all Pledged Shares, and identifies the respective Pledgor which is the owner thereof;

(iii) each time the Company or any other Pledgor (including without limitation any new Guarantor) becomes the owner of any additional Pledged Shares, same shall be promptly delivered to the Trustee for pledge hereunder and, at such time, a supplement to Schedule I shall be furnished which accurately describes the Pledged Shares, the issuer thereof and the respective Pledgor which is the owner thereof;

(iv) each Pledgor has full corporate power, authority and legal right to pledge all of the Pledged Shares described on Schedule I and any supplement thereto

as being owned by such Pledgor and all Collateral pledged by such Pledgor pursuant to this Indenture;

(v) this Indenture has been duly authorized, executed and delivered by each Pledgor and constitutes the legal, valid and binding obligation of each Pledgor enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or other similar laws affecting the rights of creditors generally or by the application of general equity principles;

(vi) no consent of any other party (including creditors of any Pledgor), and no authorization, consent, approval, or other action by, and no notice to or filing with, any governmental authority or agency by any Pledgor is required either (x) for the pledge by the Pledgors of the Collateral pursuant to this Indenture or for the execution, delivery or performance of this Indenture by the Pledgors or (y) for the exercise by the Trustee of the voting or other rights provided for in this Indenture or the remedies in respect of the Collateral pursuant to this Indenture, except as may be required in connection with the disposition of the Collateral by laws affecting the offering and sale of securities generally;

(vii) the Pledged Shares described on Schedule I and any supplement thereto as being owned by the Pledgors have been duly authorized and are validly issued, fully paid and non-assessable;

(viii) the pledge in accordance with the terms of this Indenture of the Pledged Shares described on Schedule I and any supplement thereto as being owned by the various Pledgors creates a valid and perfected first priority Lien on the Collateral, securing payment of the Guaranteed Obligations;

(ix) Schedule I hereto and any supplement thereto sets forth a description of all of the Pledged Shares owned by the Pledgors as of the date hereof and as of the date of each supplement thereto;

(x) the respective Pledgor (as identified on Schedule I hereto or the respective supplement thereto) is the sole owner of all of the issued and outstanding shares of Capital Stock of the Guarantors listed on Schedule I hereto and any supplement thereto, and there are no existing options, warrants, calls or commitments of any character relating to any authorized and unissued Capital Stock of the Guarantors; and

(xi) as of the Issuance Date, the shares of Capital Stock of the Guarantors listed on Schedule I hereto constitute 100% of the issued and outstanding Capital Stock of the Guarantors.

SECTION 11.04. FURTHER ASSURANCES.

Each Pledgor agrees that at any time and from time to time, at the expense of such Pledgor, such Pledgor will promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable or that the Trustee may reasonably request in order to perfect and protect any Lien granted or purported to be granted hereby or to enable the Trustee to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

SECTION 11.05. VOTING RIGHTS; DIVIDENDS; ETC.

(a) Each Pledgor shall be entitled to receive and retain any and all cash dividends paid in respect of the Pledged Shares owned by such Pledgor, so long as no Event of Default shall have occurred and continuing. Unless the Trustee receives written notice to the contrary from the Company or the Holders of 25% in aggregate principal amount of the outstanding Securities, or unless otherwise notified pursuant to Section 4.04, the Trustee may assume, without investigation, that the Pledgors shall be entitled to receive and retain any and all cash dividends.

(b) If an Event of Default shall have occurred and be continuing, the Trustee shall be entitled to receive and retain as Collateral all dividends paid and distributions made in respect of the Pledged Shares. Any such dividends shall, if received by any Pledgor, be received in trust for the benefit of the Trustee, be segregated from the other property or funds of such Pledgor, and be forthwith delivered to the Trustee as Collateral in the same form as so received (with any necessary endorsement).

(c) As long as no acceleration of the Default Amount shall have occurred pursuant to Section 6.02 and until written notice thereof from the Trustee or such Holders to the Company, the Pledgors shall be entitled to exercise any and all voting and other consensual rights relating to the Pledged Shares owned by the Pledgors or any part thereof for any purpose not inconsistent with the terms of this Indenture. The Trustee shall execute and deliver (or cause to be executed and delivered) to the Pledgors all such proxies and other instruments as the Company may reasonably request for the purpose of enabling the Pledgors to exercise the voting and other rights which it is entitled to exercise pursuant to the preceding sentence.

(d) Upon the acceleration of the Default Amount pursuant to Section 6.02, all rights of the Pledgors to exercise the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to Section 11.05(c) hereof shall cease upon notice from the Trustee or the Holders of not less than 25% of their outstanding Securities to the Company and upon the giving of such notice all such rights shall thereupon be vested in the

Trustee who shall thereupon have the sole right to exercise such voting and other consensual rights.

(e) In order to permit the Trustee to exercise the voting and other consensual rights which it may be entitled to exercise pursuant to Section 11.05(d) hereof, and to receive all dividends and distributions which it may

be entitled to receive under Section 11.05(b) hereof, the Pledgors shall, if necessary, upon written notice of the Trustee, from time to time execute and deliver to the Trustee appropriate dividend payment orders and such other instruments as the Trustee may reasonably request.

(f) If the Holders of a majority in aggregate principal amount of the then outstanding Securities rescind a Declaration delivered pursuant to Section 6.02, the Pledgors shall thereafter be entitled to exercise any and all voting and consensual rights relating to Pledged Shares owned by the Pledgors as set forth in subparagraph (c) hereof.

SECTION 11.06. TRUSTEE APPOINTED ATTORNEY-IN-FACT.

Each Pledgor hereby appoints the Trustee as its attorney-in-fact, with full authority in the place and stead of such Pledgor and in the name of such Pledgor or otherwise, from time to time in the Trustee's discretion, to take any action and to execute any instrument which the Trustee may deem necessary or advisable in order to accomplish the purposes of this Indenture, including to receive, endorse and collect all instruments made payable to such Pledgor representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same. This power, being coupled with an interest, is irrevocable.

SECTION 11.07. TRUSTEE MAY PERFORM.

If any Pledgor fails to perform any agreement contained herein, the Trustee may itself perform, or cause performance of, such agreement, and the expenses of the Trustee incurred in connection therewith shall be payable by the Pledgors under Section 7.07. Whenever in the administration of its responsibilities with respect to the Collateral the Trustee shall deem it necessary or desirable that a matter be proved or established by any Pledgor or any other party in connection with the taking, suffering or omitting any action by the Trustee, such matter may be conclusively proved or established by an Officers' Certificate of any Pledgor, and such certificate shall be full warranty to the Trustee for any action taken suffered or omitted in reliance thereon.

SECTION 11.08. TRUSTEE'S DUTIES.

The powers conferred on the Trustee under this Article 11 are solely to protect the interest of the Trustee and the Securityholders in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Trustee shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral, including, without limitation, for the attachment, petition, priority or enforceability of any Lien created or purported to be created hereunder with respect to the Collateral, or the adequacy, sufficiency or effectiveness of Section 11.01 hereof, or the value of the Collateral granted

pursuant to that Section.

SECTION 11.09. REMEDIES UPON EVENT OF DEFAULT.

(a) If any Event of Default shall have occurred and be continuing, the Trustee may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies provided a secured party upon the default of a debtor under the Uniform Commercial Code at that time, and the Trustee may also, without notice except as specified below or required by law, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Trustee's offices or elsewhere, for cash, on credit or for future delivery, upon such terms as the Trustee may determine to be commercially reasonable, and the Trustee or any Securityholder may be the purchaser of any or all of the Collateral so sold and thereafter hold the same, absolutely, free from any right or claim of whatsoever kind. Each Pledgor agrees that, to the extent notice of sale shall be required by law, at least 10 days' notice to such Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Trustee shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Trustee 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. The Trustee shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale. Each Pledgor hereby waives any claims against the Trustee arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Trustee accepts the first offer received and does not offer such Collateral to more than one offeree.

(b) Each Pledgor recognizes that, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws, the Trustee may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire such securities for their own account, for investment,

and not with a view to the distribution or resale thereof. Each Pledgor acknowledges and agrees that any such sale may result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions and, notwithstanding such circumstances, agrees that any such sale shall be deemed to have been made in a commercially reasonable manner. The Trustee shall be under no obligation to delay the sale of any of the Pledged Shares for the period of time necessary to permit the respective Pledgor to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Pledgor would agree to do so.

SECTION 11.10. APPLICATION OF PROCEEDS.

Any cash held by the Trustee as Collateral and all cash proceeds received by the Trustee in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral, shall be applied by the Trustee in the manner specified in Section 6.10 hereof.

SECTION 11.11. PLEDGORS' OBLIGATIONS ABSOLUTE.

The obligations of each Pledgor under this Indenture shall be absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by:

(i) any renewal, extension, amendment or modification of or addition or supplement to or deletion from this Indenture;

(ii) any waiver, consent, extension, indulgence or other action or inaction under or in respect of this Indenture;

(iii) any furnishing of any additional security to the Trustee or its assignee or any acceptance thereof or any release of any security by the Trustee or its assignee; or

(iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to any Pledgor or any Subsidiary of any Pledgor, or any action taken with respect to this Indenture by any trustee or receiver, or by any court, in any such proceeding, whether or not any Pledgor shall have notice or knowledge of any of the foregoing.

SECTION 11.12. CONTINUING LIEN.

This Indenture shall create a continuing Lien on the Collateral that shall (i) remain in full force and effect until payment in full of the Securities or earlier defeasance

pursuant to Article 8 hereof, (ii) be binding upon the Pledgor and its successors and assigns and (iii) inure to the benefit of the Trustee and its successors, transferees and assigns. Upon satisfaction by the Company of the conditions set forth in Article 8 hereof to its legal defeasance option or its covenant defeasance option, the Trustee shall upon request of the Pledgor return the Collateral to the Pledgor, and, in accordance with the provisions of Section 11.13, shall acknowledge in writing the discharge of the Lien on the Collateral created by this Article 11.

SECTION 11.13. SPECIFIED RELEASES OF COLLATERAL; PLEDGORS.

(a) The Company and the Guarantors shall be entitled to obtain a full release of all of the Collateral from the pledge provided for in Section 11.01 upon compliance with the conditions precedent set forth in Section 8.01(a) for satisfaction and discharge of this Indenture or for legal or covenant defeasance pursuant to Section 8.01(b). Upon delivery by the

Company to the Trustee of an Officers' Certificate and an Opinion of Counsel, each to the effect that such conditions precedent have been complied with (and which may be the same Officers' Certificate and Opinion of Counsel required by Article Eight), the Trustee shall forthwith take all necessary action (at the request of and the expense of the Company) to release and reconvey to the Company and the Guarantors all of the Collateral, and shall deliver such Collateral in its possession to the Company and the Guarantors including, without limitation, the execution and delivery of releases and satisfactions wherever required.

(b) In the event that all of the capital stock of a Guarantor owned by the Company and/or any of its Subsidiaries is sold or otherwise transferred by the Company and/or any of its Subsidiaries to a Person or Persons other than the Company and/or any of its Subsidiaries in a transaction which is in compliance with all applicable provisions of this Indenture (and which results in a release of the respective Guarantor pursuant to Section 10.06), such Guarantor shall also cease to be a Pledgor hereunder and the Company shall be entitled to obtain a release of the capital stock of such Guarantor, and any Collateral at such time held by the Trustee and owned by such Guarantor, from the pledge provided for in Section 11.01 upon delivery by the Company to the Trustee of (i) an Officers' Certificate and, in the case of following clause (C) only, an Opinion of Counsel stating that (A) no Default or Event of Default has occurred and is continuing, (B) all obligations of such Guarantor under all of its guarantees of, and under all of its pledges of assets or other security interests which secure, Indebtedness of the Company and the other Guarantors shall also terminate upon such release and (C) the release of such Equity Interests or other Collateral complies with the provisions of this Indenture and the TIA and (ii) all certificates, opinions and other documentation required by the TIA. If a release pursuant to this Section 11.13(b) is made in connection with an Asset Sale, the Net Proceeds from such Asset Sale shall be applied as set forth in, and to the extent required by, Section 4.11.

SECTION 11.14. CERTIFICATES AND OPINIONS.

The Pledgor shall comply with (a) TIA Section 314(b), relating to Opinions of Counsel regarding the Lien of this Indenture, and (b) TIA Section 314(d), relating to the release of Collateral from the Lien of this Indenture and Officers' Certificates or other documents regarding fair value of the Collateral, to the extent such provisions are applicable. Any certificate or opinion required by TIA Section 314(d) may be executed and delivered by an Officer of the Pledgor to the extent permitted by TIA Section 314(d).

ARTICLE 12

MISCELLANEOUS

SECTION 12.01. TRUST INDENTURE ACT CONTROLS.

If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by

the TIA, the required provision shall control.

SECTION 12.02. NOTICES.

(a) Any notice or communication by the Company, any Guarantor or the Trustee to the other is duly given if in writing and delivered in person or mailed by first class mail (registered or certified, return receipt requested), confirmed facsimile transmission or overnight air courier guaranteeing next day delivery, to the other's address:

If to the Company or any of the Guarantors:

Spinnaker Industries, Inc.
600 N. Pearl St., Suite #2160
Dallas, TX 75201
Attention: Chief Financial Officer

If to the Trustee:

The Chase Manhattan Bank
450 West 33rd Street
15th Floor
New York, New York 10001
Attention: Corporate Trustee Administration Department

(b) The Company or the Trustee, by notice to the other, may designate additional or different addresses for subsequent notices or communications.

(c) All notices and communications (other than those sent to Securityholders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if by facsimile transmission; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

(d) Any notice or communication to a Securityholder shall be mailed by first class mail, postage prepaid, to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA Section 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders.

(e) If a notice or communication is mailed to any Person in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

(f) If the Company mails a notice or communication to Securityholders, it shall mail a copy to the Trustee and each Agent at the

same time.

SECTION 12.03. COMMUNICATION BY SECURITYHOLDERS WITH OTHER SECURITYHOLDERS.

Securityholders may communicate pursuant to TIA Section 312(b) with other Securityholders with respect to their rights under this Indenture or the Securities. The Company, the Guarantors, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

SECTION 12.04. CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.

Upon any request or application by the Company and/or any of the Guarantors to the Trustee to take any action under this Indenture, the Company and/or any of the Guarantors, as the case may be, shall furnish to the Trustee:

(i) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied (except with regard to an authentication order pursuant to Section 2.02(c) hereof, which shall require a certificate of two Officers); and

(ii) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

SECTION 12.05. STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA Section 314(a)(4)) shall include:

(i) a statement that the person making such certificate or opinion has read such covenant or condition;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(iv) a statement as to whether or not, in the opinion of such person, such condition or covenant has been satisfied.

SECTION 12.06. RULES BY TRUSTEE AND AGENTS.

The Trustee may make reasonable rules for action by or at a meeting of Securityholders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 12.07. LEGAL HOLIDAYS.

A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions in New York City, or at a place of payment are authorized or obligated by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 12.08. NO RECOURSE AGAINST OTHERS.

No past, present or future director, officer, employee, agent, manager, stockholder or partner of the Company or its predecessors shall have any liability for any Obligations of the Company under the Securities or this Indenture or for any claim based on, in respect of, or by reason of such Obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. This waiver and release are part of the consideration for issuance of the Securities.

SECTION 12.09. DUPLICATE ORIGINALS.

The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture.

SECTION 12.10. GOVERNING LAW.

This Indenture and the Securities shall be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

SECTION 12.11. NO ADVERSE INTERPRETATION OF OTHER AGREEMENTS.

This Indenture may not be used to interpret another indenture, loan or debt agreement of any of the Guarantors, the Company or their respective Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 12.12. SUCCESSORS.

All agreements of the Company and the Guarantors in this Indenture and the Securities shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successor.

SECTION 12.13. SEVERABILITY.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 12.14. COUNTERPART ORIGINALS.

This Indenture may be executed in any number of counterparts, each of which so executed shall be an original, but all of them together represent the same agreement.

SECTION 12.15. TABLE OF CONTENTS, HEADINGS, ETC.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first written above.

SIGNATURES

SPINNAKER INDUSTRIES, INC.

Witness:

By /s/ RICHARD J. BOYLE

Name: Richard J. Boyle
Title: Chief Executive Officer and Chairman of the Board

/s/ TIMOTHY R. VAUGHAN

Name: Timothy R. Vaughan
Title: Assistant Secretary

CENTRAL PRODUCTS COMPANY

Witness:

By /s/ NED N. FLEMING, III

Name: Ned N. Fleming, III
Title: Chief Operating Officer

/s/ TIMOTHY R. VAUGHAN

Name: Timothy R. Vaughan
Title: Assistant Secretary

BROWN-BRIDGE INDUSTRIES, INC.

Witness:

By /s/ NED N. FLEMING, III

Name: Ned N. Fleming, III
Title: Vice President

/s/ TIMOTHY R. VAUGHAN

Name: Timothy R. Vaughan
Title: Assistant Secretary

ENTOLETER, INC.

Witness:

By /s/ MARK R. MATTESON

Name: Mark R. Matteson
Title: Vice President

/s/ JAMES W. TOMAN

Name: James W. Toman
Title: Assistant Secretary

THE CHASE MANHATTAN BANK,
as Trustee

Witness:

By /s/ ANDREW M. DEAK

Name: Andrew M. Deak
Title: Senior Trust Officer

/s/ MICHAEL A. SMITH

Name: Michael A. Smith
Title: Vice President

SCHEDULE I

PLEDGED SHARES

Description of Shares	Issuer	Registered Owner (and Pledgor)
79,000 shares of Common Stock	Central Products Company	Spinnaker Industries, Inc.
1,000 shares of Common Stock	Brown-Bridge Industries, Inc.	Spinnaker Industries, Inc.
1,000 shares of Common Stock	Entoleter, Inc.	Spinnaker Industries, Inc.

EXHIBIT A

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE SECURITYHOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) or (7) UNDER THE SECURITIES ACT) (AN "ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION, (2) AGREES THAT IT WILL NOT WITHIN THREE YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE OR REGISTRAR), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (E) PURSUANT TO THE EXEMPTION

FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3)

AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN THREE YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE SECURITYHOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND THE ISSUER SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY, OR BY ANY SUCH NOMINEE OF THE DEPOSITARY, OR BY THE DEPOSITARY OR NOMINEE OF SUCH SUCCESSOR DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF

TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CUSIP No:

(Front of Security)

No. 1 $_____

SPINNAKER INDUSTRIES, INC.
10 3/4% Senior Secured Note due 2006, Series A

SPINNAKER INDUSTRIES, INC., a Delaware corporation promises to pay to Cede & Co., as nominee of the Depository Trust Company, or its registered assigns, the principal sum of $115,000,000 on October 15, 2006.

Interest Payment Dates: April 15 and October 15, commencing April 15, 1997.

Record Dates: April 1 and October 1 (whether or not a Business Day).

Additional provisions of this Security are set forth on the other side of this Security.

Dated:

SPINNAKER INDUSTRIES, INC.

By: _____

By: _____

(SEAL)

This is one of the Securities referred to in the within-mentioned Indenture

THE CHASE MANHATTAN BANK, as Trustee

By:_____
Authorized Officer

(Reverse of Security)

10 3/4% SENIOR SECURED NOTE DUE 2006, SERIES A

Capitalized terms used herein have the meanings assigned to them in the Indenture (as defined below) unless otherwise indicated.

1. INTEREST. Spinnaker Industries, Inc., a Delaware corporation (the "Company"), promises to pay interest on the principal amount of this Security at the rate and in the manner specified below. The Company shall pay, in cash, interest on the principal amount of this Security at the rate per annum of 10 3/4%. The Company will pay interest semiannually in arrears on April 15 and October 15 of each year (each an "Interest Payment Date"), commencing April 15, 1997, or if any such day is not a Business Day on the next succeeding Business Day. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest shall accrue from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of the original issuance of the Securities. To the extent lawful, the Company shall pay interest on overdue principal at the rate of 2% per annum in excess of the then applicable interest rate on the Securities; it shall pay interest on overdue installments of interest (without regard to any applicable grace periods) at the same rate to the extent lawful. The rate of interest payable on this Security shall be subject to the assessment of additional interest (the "Additional Interest") as follows:

(i) if the Exchange Offer Registration Statement (as defined below) or Shelf Registration Statement (as defined below) is not filed within 90 days following the Issuance Date, Additional Interest shall accrue on the Securities over and above the stated interest at a rate of 0.50% per annum for the first 90 days commencing on the 91st day after the Issuance Date, such Additional Interest rate increasing by an additional 0.50% per annum at the beginning of each subsequent 90-day period;

(ii) if the Exchange Offer Registration Statement or Shelf Registration Statement is not declared effective within 180 days following the Issuance Date, Additional Interest shall accrue on the Securities over and above the stated interest at a rate of 0.50% per annum for the first 90 days commencing on the 181st day after the Issuance Date, such Additional Interest rate increasing by an additional 0.50% per annum at the beginning of each subsequent 90-day period; or

(iii) if (A) the Company and the Guarantors have not exchanged all Securities validly tendered in accordance with the terms of the Exchange Offer on or prior to 225 days after the Issuance Date or (B) the Exchange Offer Registration Statement ceases to be effective at any time prior to the

time that the Exchange Offer is consummated or (C) if

applicable, the Shelf Registration Statement has been declared effective and such Shelf Registration Statement ceases to be effective at any time prior to the third anniversary of the Issuance Date (unless all the Securities have been sold thereunder), then Additional Interest shall accrue on the Securities over and above the stated interest at a rate of 0.50% per annum for the first 90 days commencing on (x) the 226th day after the Issuance Date with respect to the Securities validly tendered and not exchanged by the Company, in the case of (A) above, or (y) the day the Exchange Offer Registration Statement ceases to be effective or usable for its intended purpose in the case of (B) above, or (z) the day such Shelf Registration Statement ceases to be effective in the case of (C) above, such Additional Interest rate increasing by an additional 0.50% per annum at the beginning of each subsequent 90-day period; PROVIDED, HOWEVER, that the Additional Interest rate on the Securities may not exceed in the aggregate 2.0% per annum; and PROVIDED FURTHER, that (1) upon the filing of the Exchange Offer Registration Statement or Shelf Registration Statement (in the case of clause (i) above), (2) upon the effectiveness of the Exchange Offer Registration Statement or Shelf Registration Statement (in the case of (ii) above), or (3) upon the exchange of Exchange Securities for all Securities tendered (in the case of clause (iii)(A) above), or upon the effectiveness of the Exchange Offer Registration Statement which had ceased to remain effective in the case of clause (iii)(B) above, or upon the effectiveness of the Shelf Registration Statement which had ceased to remain effective (in the case of clause (iii)(C) above), Additional Interest on the Securities as a result of such clause (or the relevant subclause thereof), as the case may be, shall cease to accrue.

"EXCHANGE OFFER" shall mean the exchange offer by the Company of Initial Securities for Exchange Securities pursuant to Section 2(a) of the Registration Rights Agreement.

"EXCHANGE OFFER REGISTRATION STATEMENT" shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form) and all amendments and supplements to such registration statement, in each case including the Offering Memorandum or prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"RECORD DATE" shall have the meaning provided on the front of this Security.

"SHELF REGISTRATION STATEMENT" shall mean a "shelf" registration statement of the Company and the Guarantors pursuant to the provisions of the Registration Rights Agreement which covers all of the Initial Securities on an appropriate form under Rule 415 under the Securities Act, or any similar rule that may be adopted by the Commission, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Offering Memorandum contained therein,

all exhibits thereto and all material incorporated by reference therein.

2. METHOD OF PAYMENT. The Company shall pay interest on the Securities (except defaulted interest) to the Persons who are registered Holders of Securities at the close of business on the Record Date immediately preceding the Interest Payment Date, even if such Securities are cancelled after such Record Date and on or before such Interest Payment Date. Securityholders must surrender Securities to a Paying Agent to collect principal payments. The Company shall pay principal, premium, if any, and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts ("U.S. Legal Tender"). However, the Company may pay principal, premium, if any, and interest by its check payable in such U.S. Legal Tender. The Company may deliver any such interest payment to the Paying Agent or to a Securityholder at the Securityholder's registered address.

3. PAYING AGENT AND REGISTRAR. Initially, the Trustee will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-registrar without prior notice to any Securityholder. The Company or any Guarantor of the Company may act in any such capacity.

4. INDENTURE. The Company issued the Securities under an Indenture, dated as of October 23, 1996 (the "Indenture"), among the Company, the Guarantors and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the TIA as in effect on the date the Indenture is qualified. The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the TIA for a statement of such terms. The terms of the Indenture shall govern any inconsistencies between the Indenture and the Securities. The Securities are senior secured Obligations of the Company limited to $115,000,000 in aggregate principal amount.

5. (a) OPTIONAL REDEMPTION. Except as indicated in the next succeeding paragraph, the Securities are not redeemable at the Company's option prior to October 15, 2001. Thereafter, the Securities will be redeemable, at the option of the Company, in whole or in part, at the redemption prices (expressed as percentages of the principal amount of the Securities) set forth below, plus accrued interest to the redemption date:

ANNUAL PERIOD BEGINNING	REDEMPTION PRICE
2001	105.375%
2002	104.031
2003	102.688
2004	101.344
2005 and thereafter	100.000

(b) OPTIONAL REDEMPTION UPON PUBLIC EQUITY OFFERINGS. At any time, or from time to time, on or prior to October 15, 1999, the Company may, at its option, use the net cash proceeds of one or more Public Equity Offerings to redeem up to 33 1/3% of the aggregate principal amount of Securities originally issued at a redemption price equal to 110.750% of the principal amount thereof, plus, in each case, accrued and unpaid interest to the date of redemption; provided that at least 66 2/3% of the aggregate principal amount of Securities originally issued remains outstanding after any such redemption. In order to effect the foregoing redemption with the proceeds of any Public Equity Offering, the Company shall make such redemption not more than 120 days after the consummation of any such Public Equity Offering.

6. MANDATORY REDEMPTION. The Securities are not subject to mandatory redemption or sinking fund payments.

7. REPURCHASE AT OPTION OF SECURITYHOLDER. (a) If there is a Change of Control, each Holder of Securities will have the right to require the Company to repurchase all or any part of such Holder's Securities at a repurchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant Interest Payment Date). Within 30 days following any Change of Control, the Company will mail a notice to each Securityholder stating (i) that a Change of Control has occurred and that such Securityholder has the right to require the Company to repurchase all or any part of such Securityholder's Securities at a repurchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date); (ii) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control); (iii) the repurchase date (which will be no earlier then 30 days nor later than 60 days from the date such notice is mailed); and (iv) the instructions, determined by the Company consistent with the Indenture, that a Securityholder must follow in order to have its Securities repurchased. Securityholders that are subject to an offer to repurchase may elect to have such Securities repurchased by completing the form entitled "Option of Securityholder to Elect Purchase" appearing below.

(b) If the Company or a Subsidiary consummates any Asset Sale, and when the aggregate amount of Excess Proceeds from such an Asset Sale exceeds $5 million, the Company shall be required to offer to purchase the maximum principal amount of Securities, that is in an integral multiple of $1,000, that may be purchased out of the Excess Proceeds at 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date fixed for the closing of such offer in accordance with the procedures set forth in the

Indenture. If the aggregate principal amount of Securities surrendered by Holders thereof exceeds the amount of Excess Proceeds, the Securities to be redeemed shall be selected on a PRO RATA basis. Securityholders that are the subject of an offer to purchase will receive an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Securities purchased by completing the form entitled "Option of Securityholder to Elect Purchase" appearing below.

8. NOTICE OF REDEMPTION. Notice of redemption shall be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Securities are to be redeemed at its registered address. Securities may be redeemed in part but only in whole multiples of $1,000, unless all of the Securities held by a Securityholder are to be redeemed. On and after the redemption date, interest ceases to accrue on Securities or portions of them called for redemption.

9. REGISTRATION RIGHTS. Pursuant to the Registration Rights Agreement, and subject to certain terms and conditions stated therein, the Company will be obligated to consummate an Exchange Offer pursuant to which the Holders of the Initial Securities shall have the right to exchange this Security for Exchange Securities, which have been registered under the Securities Act, in like principal amount and having terms identical in all material respect to the Initial Security.

10. DENOMINATIONS, TRANSFER, EXCHANGE. The Securities are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Securityholder among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not exchange or register the transfer of any Security or portion of a Security selected for redemption. Also, it need not exchange or register the transfer of any Securities during a period beginning at the opening of business on a Business Day 15 days before the day of any selection of Securities to be redeemed and ending at the close of business on the day of selection or during the period between a Record Date and the corresponding Interest Payment Date.

11. PERSONS DEEMED OWNERS. Prior to due presentment to the Trustee for registration of the transfer of this Security, the Trustee, any Agent and the Company may deem and treat the Person in whose name this Security is registered as its absolute owner for the purpose of receiving payment of principal of, premium, if any, and interest on this Security and for all other purposes whatsoever, whether or not this Security is overdue, and neither the Trustee, any Agent nor the Company shall be affected by notice to the contrary. The registered Securityholder shall be treated as its owner for all purposes.

12. AMENDMENTS AND WAIVERS. Subject to certain exceptions provided in the Indenture, the Indenture or the Securities may be amended with the consent of the Holders of a majority in principal amount of the then outstanding Securities, and any existing Default or Event of Default (except a payment default) may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Securities. Without the consent of any Securityholder the Indenture or the Securities may be amended to, among other things, cure any ambiguity, defect or inconsistency, to comply with the requirements of the Commission in order to effect or maintain qualification of the Indenture under the TIA or to make any change that does not adversely affect the rights of any Securityholder.

13. DEFAULTS AND REMEDIES. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Securities may declare the unpaid principal of, and any accrued and unpaid interest on, all the Securities to be due and payable immediately; PROVIDED, that in the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company or any Guarantor, all outstanding Securities shall become due and payable immediately without further action or notice. Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in their interests. The Company must furnish an annual compliance certificate to the Trustee.

14. TRUSTEE DEALINGS WITH THE COMPANY. The Trustee under the Indenture, in its individual or any other capacity may make loans to, accept deposits from, and perform services for the Company, the Guarantors or any Affiliate of the Company or the Guarantors, and may otherwise deal with the Company, the Guarantors and their respective Affiliates as if it were not Trustee.

15. RESTRICTIVE COVENANTS. The Indenture imposes certain limitations on the ability of the Company and its Restricted Subsidiaries to, among other things, incur additional Indebtedness, make payments in respect of its Capital Stock or certain Indebtedness, enter into transactions with Affiliates, create dividend or other payment restrictions affecting Subsidiaries, merge or consolidate with any other Person, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets or adopt a plan of liquidation. Such limitations are subject to a number of important qualifications and exceptions provided for in the Indenture. The Company must annually report to the Trustee on compliance with such limitations.

16. AUTHENTICATION. This Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

17. GUARANTEE; SECURITY. Each Guarantor has jointly and severally irrevocably and unconditionally guaranteed the payment of principal, premium, if any, and interest (including interest on overdue principal and overdue interest, if lawful) on the Securities; PROVIDED, HOWEVER, each Guarantor that makes a payment or distribution under a Guarantee shall be entitled to a contribution from each other Guarantor in a PRO RATA amount based on the Adjusted Net Assets of each Guarantor. Pursuant to the Indenture, the Company will assign and pledge to the Trustee, for its benefit and the benefit of the Securityholders, a security interest in 100% of the issued and outstanding Capital Stock of each Guarantor and certain proceeds from time to time received, receivable or otherwise distributed in respect thereof (the "Collateral"). The Company and each Guarantor will also agree to assign and pledge to the Trustee as part of the Collateral all shares of Capital Stock of each Guarantor at any time acquired by the Company or any Guarantor. The security interest in the Collateral will be a first priority security interest. However, absent any acceleration notice or bankruptcy default, the Company will be able to vote, as it sees fit in its sole discretion, the Capital Stock of each Guarantor.

18. DEFEASANCE. Subject to certain conditions provided for in the Indenture, the Company at any time may terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal, premium (if any) and interest on the Securities to redemption or maturity, as the case may be.

19. GOVERNING LAW. The Laws of the State of New York shall govern this Security and the Indenture, without regard to principles of conflict of laws.

20. ABBREVIATIONS. Customary abbreviations may be used in the name of a Securityholder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

21. CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Company will furnish to any Securityholder upon written request and without charge a copy of the Indenture. Request may be made to:

Spinnaker Industries, Inc.
600 N. Pearl Street
Suite 2160
Dallas, TX 75201
Attention: Chief Financial Officer

FORM OF NOTATION ON SECURITY RELATING TO GUARANTEE

GUARANTEE

The Guarantors (as defined in the Indenture (the "Indenture") referred to in the Security upon which this notation is endorsed and each hereinafter referred to as a "Guarantor," which term includes any successor Person under the Indenture) (i) have jointly and severally irrevocably and unconditionally guaranteed as a primary obligor and not a surety (such guarantee by each Guarantor being referred to herein as the "Guarantee"), (a) the due and punctual payment of the principal, premium, if any, and interest on the Securities, whether at stated maturity or interest payment date, by acceleration, call for redemption or otherwise, (b) the due and punctual payment of interest on the overdue principal of and interest, if any, on the Securities, to the extent lawful, (c) the due and punctual performance of all other monetary Obligations of the Company under the Indenture and the Securities to the Securityholders or the Trustee, all in accordance with the terms set forth in Article 10 of the Indenture and (d) in case of any extension of time of payment or renewal of any Securities or any such Obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity by acceleration or otherwise and (ii) have agreed to pay any and all costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or any Securityholder in enforcing any rights under this Guarantee.

The Obligations of each Guarantor to the Securityholders of Securities and to the Trustee pursuant to this Guarantee and the Indenture are expressly set forth in Article 10 of the Indenture and reference is hereby made to such Indenture for the precise terms of this Guarantee.

No stockholder, officer, director or incorporator, as such, past, present or future of any Guarantor shall have any liability under this Guarantee by reason of his or its status as such stockholder, officer, director or incorporator.

This is a continuing Guarantee and, except as otherwise expressly

provided for in Section 10.06 of the Indenture, shall remain in full force and effect and shall be binding upon the Guarantor and its successors and assigns until full and final payment of all of the Company's Obligations under the Securities and the Indenture and shall inure to the benefit of the successors and assigns of the Trustee and the Securityholders and, in the event of any transfer or assignment of rights by any Securityholder or the Trustee, the rights and privileges herein conferred upon that party shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof. This is a Guarantee of payment and not of collectibility.

This Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Security upon which this Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

THE TERMS OF ARTICLE 10 OF THE INDENTURE ARE INCORPORATED HEREIN BY REFERENCE.

Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

Guarantors:

CENTRAL PRODUCTS COMPANY

By

Name:

Title:

BROWN-BRIDGE INDUSTRIES, INC.

By

Name:

Title:

ENTOLETER, INC.

By

Name:

Title:

ASSIGNMENT FORM

To assign this Security, fill in the form below: (I) or (we) assign and transfer this Security to

---

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint

---

agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date:_____

Your Signature:

(Sign exactly as your name appears on the face of this Security)

Signature Guarantee:

(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements will include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

In connection with any transfer of this Security occurring prior to the date which is the earlier of (i) the date of the declaration by the Commission of the effectiveness of a registration statement under the Securities Act of 1933, as amended (the "Securities Act") covering resales of this Security (which effectiveness shall not have been suspended or terminated at the date of the transfer) and (ii) October 22, 1999, the undersigned confirms that it has not utilized any general solicitation or general advertising in connection with the transfer and that this Security is being transferred:

CHECK ONE

(1) ___ to the Company or a subsidiary thereof; or

(2) ___ pursuant to and in compliance with Rule 144A under the Securities Act; or

(3) ___ to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that has furnished to the Trustee a signed letter containing certain representations and agreements (the form of which letter can be obtained from the Trustee); or

(4) ___ outside the United States to a "foreign person" in compliance with Rule 904 of Regulation S under the Securities Act; or

(5) ___ pursuant to the exemption from registration provided by Rule 144 under the Securities Act; or

(6) ___ pursuant to an effective registration statement under the Securities Act; or

(7) ___ pursuant to another available exemption from the registration requirements of the Securities Act.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any Person other than the registered Securityholder thereof; PROVIDED that if box (3), (4), (5) or (7) is checked, the Company or the Trustee may require, prior to registering any such transfer of the Securities, in its sole discretion, such legal opinions, certifications (including an investment letter in the case of box (3) or (4)) and other information as the Trustee or the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. If none of the foregoing boxes is checked, the Trustee or Registrar shall not be obligated to register this Security in the name of any person other than the Securityholder hereof unless and until the conditions

to any such transfer of registration set forth herein and in Section 2.17 of the Indenture shall have been satisfied.

Dated:_____ Signed:_____
(Sign exactly as name appears on the other side of this Security)

Signature Guarantee:_____

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the

undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated:_____ _____

NOTICE: To be executed by an executive officer

OPTION OF SECURITYHOLDER TO ELECT PURCHASE

If you want to elect to have all or any part of this Security purchased by the Company pursuant to Section 4.11 or Section 4.15 of the Indenture check the appropriate box:

/ / Section 4.11 / / Section 4.15

If you want to have only part of the Security purchased by the Company pursuant to Section 4.11 or Section 4.15 of the Indenture, state the amount you elect to have purchased:

$_____

Date:_____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature Guarantee:

_____
(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements will include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934,

as amended.)

EXHIBIT B

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY, OR BY ANY SUCH NOMINEE OF THE DEPOSITARY, OR BY THE DEPOSITARY OR NOMINEE OF SUCH SUCCESSOR DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTION 2.17 OF THE INDENTURE.

CUSIP No:

(Front of Security)

No. 1 $_____

SPINNAKER INDUSTRIES, INC.
10 3/4% Senior Secured Note due 2006, Series B

SPINNAKER INDUSTRIES, INC., a Delaware corporation, promises to pay to Cede & Co., as nominee of the Depository Trust Company, or its registered assigns, the principal sum of $115,000,000 on October 15, 2006.

Interest Payment Dates: April 15 and October 15, commencing April 15, 1997.

Record Dates: April 1 and October 1 (whether or not a Business Day).

Additional provisions of this Security are set forth on the other side of this Security.

Dated:

SPINNAKER INDUSTRIES, INC.

By:

Name:
Title:

By:

Name:
Title:
(SEAL)

This is one of the Securities referred
to in the within-mentioned Indenture

THE CHASE MANHATTAN BANK, as Trustee

By:

Authorized Officer

(Reverse of Security)

10 3/4% SENIOR SECURED NOTE DUE 2006, SERIES B

Capitalized terms used herein have the meanings assigned to them in the Indenture (as defined below) unless otherwise indicated.

1. INTEREST. Spinnaker Industries, Inc., a Delaware corporation (the "Company"), promises to pay interest on the principal amount of this Security at the rate and in the manner specified below. The Company shall pay, in cash, interest on the principal amount of this Security at the rate per annum of 10 3/4%. The Company will pay interest semiannually in arrears on April 15 and October 15 of each year (each an "Interest Payment Date"), commencing April 15, 1997, or if any such day is not a Business Day on the next succeeding Business Day. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest shall accrue from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of the original issuance of the Securities. To the extent lawful, the Company shall pay interest on overdue principal at the rate of 2% per annum in excess of the then applicable interest rate on the Securities; it shall pay interest on overdue

installments of interest (without regard to any applicable grace periods) at the same rate to the extent lawful.

2. METHOD OF PAYMENT. The Company shall pay interest on the Securities (except defaulted interest) to the Persons who are registered Securityholders at the close of business on the Record Date immediately preceding the Interest Payment Date, even if such Securities are cancelled after such Record Date and on or before such Interest Payment Date. Securityholders must surrender Securities to a Paying Agent to collect principal payments. The Company shall pay principal premium, if any, and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts ("U.S. Legal Tender"). However, the Company may pay principal and interest by its check payable in such U.S. Legal Tender. The Company may deliver any such interest payment to the Paying Agent or to a Securityholder at the Securityholder's registered address.

3. PAYING AGENT AND REGISTRAR. Initially, the Trustee will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-registrar without prior notice to any Securityholder. The Company, or any Guarantor of the Company may act in any such capacity.

4. INDENTURE. The Company issued the Securities under an Indenture, dated as of October 23, 1996 (the "Indenture"), among the Company, the Guarantors and the Trustee. The terms of the Securities include those stated in the Indenture and those made part

of the Indenture by reference to the TIA as in effect on the date the Indenture is qualified. The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the TIA for a statement of such terms. The terms of the Indenture shall govern any inconsistencies between the Indenture and the Securities. The Securities are senior secured Obligations of the Company limited to $115,000,000 in aggregate principal amount.

5. (a) OPTIONAL REDEMPTION. Except as indicated in the next succeeding paragraph, the Securities are not redeemable at the Company's option prior to October 15, 2001. Thereafter, the Securities will be redeemable, at the option of the Company, in whole or in part, at the redemption prices (expressed as percentages of the principal amount of the Securities) set forth below, plus accrued interest to the redemption date:

ANNUAL PERIOD BEGINNING	REDEMPTION PRICE
2001	105.375%
2002	104.031
2003	102.688
2004	101.344
2005 and thereafter	100.000

(b) OPTIONAL REDEMPTION UPON PUBLIC EQUITY OFFERINGS. At any time, or from time to time, on or prior to October 15, 1999, the Company may, at its option, use the net cash proceeds of one or more Public Equity Offerings to redeem up to 33 1/3% of the aggregate principal amount of Securities originally issued at a redemption price equal to 110.750% of the principal amount thereof, plus, in each case, accrued and unpaid interest to the date of redemption; provided that at least 66 2/3% of the aggregate principal amount of Securities originally issued remains outstanding after any such redemption. In order to effect the foregoing redemption with the proceeds of any Public Equity Offering, the Company shall make such redemption not more than 120 days after the consummation of any such Public Equity Offering.

6. MANDATORY REDEMPTION. The Securities are not subject to mandatory redemption or sinking fund payments.

7. REPURCHASE AT OPTION OF SECURITYHOLDER. (a) If there is a Change of Control, each Holder of Securities will have the right to require the Company to repurchase all or any part of such Holder's Securities at a repurchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of Holders of record on the relevant Record Date to receive interest due

on the relevant Interest Payment Date). Within 30 days following any Change of Control, the Company will mail a notice to each Securityholder stating (i) that a Change of Control has occurred and that such Securityholder has the right to require the Company to repurchase all or any part of such Securityholder's Securities at a repurchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date); (ii) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control); (iii) the repurchase date (which will be no earlier then 30 days nor later than 60 days from the date such notice is mailed); and (iv) the instructions, determined by the Company consistent with the Indenture, that a Securityholder must follow in order to have its Securities repurchased. Securityholders that are subject to an offer to repurchase may elect to have such Securities repurchased by completing the form entitled "Option of Securityholder to Elect Purchase" appearing below.

(b) If the Company or a Subsidiary consummates any Asset Sale, and when the aggregate amount of Excess Proceeds from such an Asset Sale exceeds $5 million, the Company shall be required to offer to purchase the maximum principal amount of Securities, that is in an integral multiple of $1,000, that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, to the date fixed for the closing of such offer in accordance with the procedures set forth in the Indenture. If

the aggregate principal amount of Securities surrendered by Holders thereof exceeds the amount of Excess Proceeds, the Securities to be redeemed shall be selected on a PRO RATA basis. Securityholders that are the subject of an offer to purchase will receive an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Securities purchased by completing the form entitled "Option of Securityholder to Elect Purchase" appearing below.

8. NOTICE OF REDEMPTION. Notice of redemption shall be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Securities are to be redeemed at its registered address. Securities may be redeemed in part but only in whole multiples of $1,000, unless all of the Securities held by a Securityholder are to be redeemed. On and after the redemption date, interest ceases to accrue on Securities or portions of them called for redemption.

9. DENOMINATIONS, TRANSFER, EXCHANGE. The Securities are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Securityholder among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees

required by law or permitted by the Indenture. The Registrar need not exchange or register the transfer of any Security or portion of a Security selected for redemption. Also, it need not exchange or register the transfer of any Securities during a period beginning on the opening of business on a Business Day 15 days before the day of any selection of Securities to be redeemed and ending on the close of business on the day of selection or during the period between a Record Date and the corresponding Interest Payment Date.

10. PERSONS DEEMED OWNERS. Prior to due presentment to the Trustee for registration of the transfer of this Security, the Trustee, any Agent and the Company may deem and treat the Person in whose name this Security is registered as its absolute owner for the purpose of receiving payment of principal of, premium, if any, and interest on this Security and for all other purposes whatsoever, whether or not this Security is overdue, and neither the Trustee, any Agent nor the Company shall be affected by notice to the contrary. The registered Securityholder shall be treated as its owner for all purposes.

11. AMENDMENTS AND WAIVERS. Subject to certain exceptions provided in the Indenture, the Indenture or the Securities may be amended with the consent of the Holders of a majority in principal amount of the then outstanding Securities, and any existing default or Event of Default (except a payment default) may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Securities. Without the consent of any Securityholder the Indenture or the Securities may be amended

to, among other things, cure any ambiguity, defect or inconsistency, to comply with the requirements of the Commission in order to effect or maintain qualification of the Indenture under the TIA Securityholders or to make any change that does not adversely affect the rights of any Securityholder.

12. DEFAULTS AND REMEDIES. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Securities may declare the unpaid principal of, and any accrued and unpaid interest on, all the Securities to be due and payable immediately; PROVIDED, that in the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company or any Guarantor, all outstanding Securities shall become due and payable immediately without further action or notice. Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in their interests. The Company must furnish an annual compliance certificate to the Trustee.

13. TRUSTEE DEALINGS WITH THE COMPANY. The Trustee under the Indenture, in its individual or any other capacity may make loans to, accept deposits from, and perform services for the Company, the Guarantor or any Affiliate of the Company or the Guarantor, and may otherwise deal with the Company, the Guarantor and their respective Affiliates as if it were not Trustee.

14. RESTRICTIVE COVENANTS. The Indenture imposes certain limitations on the ability of the Company and its Restricted Subsidiaries to, among other things, incur additional Indebtedness, make payments in respect of its Capital Stock or certain Indebtedness, enter into transactions with Affiliates, create dividend or other payment restrictions affecting Subsidiaries, merge or consolidate with any other Person, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets or adopt a plan of liquidation. Such limitations are subject to a number of important qualifications and exceptions provided for in the Indenture. The Company must annually report to the Trustee on compliance with such limitations.

15. AUTHENTICATION. This Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

16. GUARANTEE; SECURITY. Each Guarantor has jointly and severally irrevocably and unconditionally guaranteed the payment of principal, premium, if any, and interest (including interest on overdue principal and overdue interest, if lawful) on the Securities; PROVIDED, HOWEVER, each Guarantor

that makes a payment or distribution under a Guarantee shall be entitled to a contribution from each other Guarantor in a PRO RATA amount based on the Adjusted Net Assets of each Guarantor. Pursuant to the Indenture, the Company will assign and pledge to the Trustee, for its benefit and the benefit of the Securityholders, a security interest in 100% of the issued and outstanding Capital Stock of the Guarantor and certain proceeds from time to time received, receivable or otherwise distributed in respect thereof (the "Collateral"). The Company and each Guarantor will also agree to assign and pledge to the Trustee as part of the Collateral all shares of Capital Stock of each Guarantor at any time acquired by the Company or any Guarantor. The security interest in the Collateral will be a first priority security interest. However, absent any acceleration notice or bankruptcy default, the Company will be able to vote, as it sees fit in its sole discretion, the Capital Stock of each Guarantor.

17. DEFEASANCE. Subject to certain conditions provided for in the Indenture, the Company at any time may terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal, premium (if any) and interest on the Securities to redemption or maturity, as the case may be.

18. GOVERNING LAW. The Laws of the State of New York shall govern this Security and the Indenture, without regard to principles of conflict of laws.

19. ABBREVIATIONS. Customary abbreviations may be used in the name of a Securityholder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

20. CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Company will furnish to any Securityholder upon written request and without charge a copy of the Indenture. Request may be made to:

Spinnaker Industries Inc.
600 N. Pearl Street
Suite 2160
Dallas, TX 75201
Attention: Chief Financial Officer

FORM OF NOTATION ON SECURITY RELATING TO GUARANTEE

GUARANTEE

The Guarantors (as defined in the Indenture (the "Indenture") referred to in the Security upon which this notation is endorsed and each hereinafter referred to as a "Guarantor," which term includes any successor person under the Indenture) (i) have jointly and severally irrevocably and unconditionally guaranteed as a primary obligor and not a surety, (such guarantee by each Guarantor being referred to herein as the "Guarantee") (a) the due and punctual payment of the principal, premium, if any, and interest on the Securities, whether at stated maturity or interest payment date, by acceleration, call for redemption or otherwise, (b) the due and punctual payment of interest on the overdue principal of and interest, if any, on the Securities, to the extent lawful, (c) the due and punctual performance of all other monetary Obligations of the Company under the Indenture and the Securities to the Securityholders or the Trustee, all in accordance with the terms set forth in Article 10 of the Indenture and (d) in case of any extension of time of payment or renewal of any Securities or any such Obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity by acceleration or otherwise and (ii) have agreed to pay any and all costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or any Securityholder in enforcing any rights under this Guarantee.

The Obligations of each Guarantor to the Securityholders of Securities and to the Trustee pursuant to this Guarantee and the Indenture are expressly set forth in Article 10 of the Indenture and reference is hereby made to such Indenture for the precise terms of this Guarantee.

No stockholder, officer, director or incorporator, as such, past, present or future of any Guarantor shall have any liability under this Guarantee by reason of his or its status as such stockholder, officer, director or incorporator.

This is a continuing Guarantee and, except as otherwise expressly provided for in Section 10.06 of the Indenture, shall remain in full force and effect and shall be binding upon the Guarantor and its successors and assigns until full and final payment of all of the Company's Obligations under the Securities and the Indenture and shall inure to the benefit of the successors and assigns of the Trustee and the Securityholders and, in the event of any transfer or assignment of rights by any Securityholder or the Trustee, the rights and privileges herein conferred upon that party shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof. This is a Guarantee of payment and not of collectibility.

This Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Security upon which this Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

THE TERMS OF ARTICLE 10 OF THE INDENTURE ARE INCORPORATED HEREIN BY REFERENCE.

Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

Guarantors:

CENTRAL PRODUCTS COMPANY

By

Name:

Title:

BROWN-BRIDGE INDUSTRIES, INC.

By

Name:

Title:

ENTOLETER, INC.

By

Name:

Title:

ASSIGNMENT FORM

To assign this Security, fill in the form below: (I) or (we) assign and transfer this Security to

---

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint

---

agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date:

Your Signature:

Sign exactly as your name appears on the face of this Security)

Signature Guarantee:

(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements will include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

OPTION OF SECURITYHOLDER TO ELECT PURCHASE

If you want to elect to have all or any part of this Security purchased by the Company pursuant to Section 4.11 or Section 4.15 of the Indenture check the appropriate box:

/ / Section 4.11 / / Section 4.15

If you want to have only part of the Security purchased by the Company pursuant to Section 4.11 or Section 4.15 of the Indenture, state the amount you elect to have purchased:

$

Date:

Your Signature:

(Sign exactly as your name appears on the face of this Security)

Signature Guarantee:

(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements will include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance

with the Securities Exchange Act of 1934, as amended.)

EXHIBIT C

Form of Certificate To Be
Delivered in Connection with
Transfers to Non-QIB Accredited Investors

The Chase Manhattan Bank
450 West 33rd Street
15th Floor
New York, New York 10001
Attention: Corporate Trustee Administration Department

Re: Spinnaker Industries, Inc.
10 3/4% SENIOR SECURED NOTES DUE 2006

Ladies and Gentlemen:

In connection with our proposed purchase of 10 3/4% Senior Secured Notes due 2006 (the "Securities") of Spinnaker Industries, Inc. (the "Company"), we confirm that:

1. We have received a copy of the Offering Memorandum (the

"Offering Memorandum"), dated October 18, 1996 relating to the Securities and such other information as we deem necessary in order to make our investment decision. We acknowledge that we have read and agreed to the matters stated on pages (i) - (iii) of the Offering Memorandum and in the section entitled "Transfer Restrictions" of the Offering Memorandum including the restrictions on duplication and circulation of the Offering Memorandum.

2. We understand that any subsequent transfer of the Securities is subject to certain restrictions and conditions set forth in the Indenture relating to the Securities (as described in the Offering Memorandum) and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Securities except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the "Securities Act").

3. We understand that the offer and sale of the Securities have not been registered under the Securities Act, and that the Securities may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell or otherwise transfer any Securities prior to the date which is three years after the original issuance of the

Securities, we will do so only (i) to the Company or any of its subsidiaries, (ii) inside the United States in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act), (iii) inside the United States to an institutional "accredited investor" (as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to the Trustee (as defined in the Indenture relating to the Securities), a signed letter containing certain representations and agreements relating to the restrictions on transfer of the Securities, (iv) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (v) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), or (vi) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any person purchasing any of the Securities from us a notice advising such purchaser that resales of the Securities are restricted as stated herein.

4. We are not acquiring the Securities for or on behalf of, and will not transfer the Securities to, any pension or welfare plan (as defined in Section 3 of the Employee Retirement Income Security Act of 1974), except as permitted in the section entitled "Transfer Restrictions" of the Offering Memorandum.

5. We understand that, on any proposed resale of any Securities, we will be required to furnish to the Trustee and the Company such certification, legal opinions and other information as the Trustee and the Company may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Securities purchased by us will bear a legend to the foregoing effect.

6. We are an institutional "accredited investor" (as defined in

Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Securities, and we and any accounts for which we are acting are each able to bear the economic risk of our or their investment, as the case may be.

7. We are acquiring the Securities purchased by us for our account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

By: _____
Name:

EXHIBIT D

Form of Certificate To Be Delivered
in Connection with Transfers
Pursuant to Regulation S

_____, ____

The Chase Manhattan Bank
450 West 33rd Street
15th Floor
New York, New York 10001
Attention: Corporate Trustee Administration Department

Re: Spinnaker Industries, Inc.
(the "Company") 103/4% Senior Secured
Notes due 2006 (the "Securities")

Ladies and Gentlemen:

In connection with our proposed sale of $_____ aggregate

principal amount of the Securities, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

(1) the offer of the Securities was not made to a Person in the United States;

(2) either (a) at the time the buy offer was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States, or (b) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(3) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and

(5) we have advised the transferee of the transfer restrictions applicable to the Securities.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By: _____
Authorized Signature

EXECUTION COPY

CREDIT AGREEMENT

Among

CENTRAL PRODUCTS COMPANY,

BROWN-BRIDGE INDUSTRIES, INC.

and

ENTOLETER, INC.,

as Borrowers,

SPINNAKER INDUSTRIES, INC.,

as Guarantor,

EACH OF THE FINANCIAL INSTITUTIONS
INITIALLY A SIGNATORY HERETO, TOGETHER WITH
THOSE ASSIGNEES PURSUANT TO SECTION 10.8 HEREOF,

as Lenders,

BT COMMERCIAL CORPORATION,

as Agent,

TRANSAMERICA BUSINESS CREDIT CORPORATION,

as Collateral Agent

and

BANKERS TRUST COMPANY,

as Issuing Bank

Dated as of October 23, 1996

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THIS CREDIT AGREEMENT is entered into as of October 23, 1996, among Central Products Company, a Delaware corporation with its chief executive office and principal place of business at 748 Fourth Street, Menasha, Wisconsin 54952-0330 ("CENTRAL"), Brown-Bridge Industries, Inc., a Delaware corporation with its chief executive office and principal place of business at 518 East Water Street, Troy, Ohio 45373-0370 ("BROWN"), 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 Central and Brown, the "BORROWERS"), Spinnaker Industries Inc., a Delaware corporation with its chief executive office and principal place of business at 600 N. Pearl Street, Dallas, Texas 75201 (the "GUARANTOR"), each of the financial institutions identified as Lenders on Schedule 1 hereto (together with each of their respective successors and assigns, each a "LENDER", and collectively, the "LENDERS"), BT Commercial Corporation, acting in the manner and to the extent described in Article X (in such capacity, the "AGENT"), Transamerica Business Credit Corporation, as collateral agent (in such capacity, the "Collateral Agent"), and Bankers Trust Company, as issuer of letters of credit (in such capacity, the "ISSUING BANK").

W I T N E S S E T H :

WHEREAS, the Borrowers wish to obtain revolving credit facilities for general corporate purposes; and

WHEREAS, the Borrowers wish to obtain letter of credit facilities for their ongoing letter of credit requirements; and

WHEREAS, upon the terms and subject to the conditions set forth herein, the Lenders are willing to (i) make loans and advances to the Borrowers and (ii) purchase participations in letters of credit issued by the Issuing Bank for the account of the Borrowers, and the Issuing Bank is willing to issue letters of credit for the account of the Borrowers;

NOW, THEREFORE, the Borrowers, the Lenders, the Issuing Bank, the Collateral Agent and the Agent hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. GENERAL DEFINITIONS. As used herein, the following terms shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

"ACCEPTANCE DATE" is defined in Section 11.8(b).

"ACCOUNTS" is defined in the Security Agreement.

"ACQUISITION" means the acquisition of stock, Indebtedness of a Person, all or substantially all of the assets of a Person or any business or line of business of a Person, excluding purchases of inventory, equipment or real estate in the ordinary course of business.

"ACQUISITION BASKET" means the sum of (i) $15,000,000 (the "Acquisition Base Amount"), (ii) if positive, Excess Cash Flow and (iii) the Equity Proceeds Amount as of the date of determination PROVIDED that reductions for Capital Expenditures and Investments shall be without duplication and the Acquisition Basket shall not be reduced by any Investments (x) to the extent paid for with the issuance of capital stock of the Guarantor or (y) made in connection with the Tape Acquisition and PROVIDED FURTHER that if the Tape Acquisition is not consummated the Acquisition Base Amount shall be $20,000,000, or with the approval of the Majority Lenders, $25,000,000.

"ADJUSTED EBITDA" means, as of the last day of the most recently ended fiscal quarter for which the Agent has received Financial Statements for the Guarantor and its Restricted Subsidiaries ("Qualifying Fiscal Quarter"), (a) with respect to the Qualifying Fiscal Quarter ended September 30, 1996, $20,000,000, (b) with respect to the Qualifying Fiscal Quarter ended December 31, 1996, $15,200,000 plus EBITDA for the fiscal quarter ended December 31, 1996, (c) with respect to the Qualifying Fiscal Quarter ended March 31, 1997, $10,500,000 plus EBITDA for the two fiscal quarters ended March 31, 1997, (d) with

respect to the Qualifying Fiscal Quarter ended June 30, 1997, $6,000,000 plus EBITDA for the three fiscal quarters ended June 30, 1997 and (e) with respect to each Qualifying Fiscal Quarter thereafter, EBITDA for the four fiscal quarters ended on the last day of such Qualifying Fiscal

Quarter.

"ADJUSTED EURODOLLAR RATE" means, with respect to each Interest Period for any Eurodollar Rate Loan, the rate obtained by dividing (i) the Eurodollar Rate for such Interest Period by (ii) a percentage equal to 1 minus the stated maximum rate (stated as a decimal) of all reserves, if any, required to be maintained against "Eurocurrency liabilities" as specified in Regulation D of the Board of Governors Federal Reserve System (or against any other category of liabilities which includes deposits by reference to which the interest rate on Eurodollar Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Lender to United States residents).

"ADJUSTED NET INCOME" means, in any fiscal period, Net Income of a Person plus or minus (as the case may be) losses or gains from extraordinary items and from sales of assets, other than sales of Inventory in the ordinary course of business to the extent added or subtracted in determining such Person's Net Income.

"AFFILIATE" of a Person means another Person who directly or indirectly controls, is controlled by, is under common control with or is a director or officer of such Person. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to vote ten percent (10%) or more of the Voting Stock of such Person or the direct or indirect power to direct the management and policies of a business.

"AGENT" means BTCC as provided in the Preamble to this Credit Agreement or any successor to BTCC.

"AGENT ADVANCES" is defined in Section 2.2.

"AGENT FEE" is defined in Section 4.5(d).

"APPLICABLE LENDING OFFICE" means, with respect to each Lender, such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Loan, and such Lender's Domestic Lending Office in the case of a Prime Rate Loan.

"APPLICABLE MARGIN" means (a) from the date hereof until the first anniversary of the Closing Date, 1.75% per annum for Prime Rate Loans, 2.75% per annum for Eurodollar Rate Loans and 2.50% per annum for Letters of Credit and (b) thereafter, a percentage per annum determined by reference to the Debt to EBITDA Ratio as set forth below:

	Prime	Eurodollar	Letters

Debt to EBITDA Ratio	Prime Rate Loans	Eurodollar Rate Loans	Letters of Credit
Level I			
less than 3.0 to 1.0	.75%	1.75%	1.50%
Level II			
3.0 to 1.0 or greater, but less than 3.5 to 1.0	1.00%	2.00%	1.75%
Level III			
3.5 to 1.0 or greater, but less than 4.0 to 1.0	1.25%	2.25%	2.00%
Level IV			
4.0 to 1.0 or greater, but less than 4.5 to 1.0	1.50%	2.50%	2.25%
Level V			
4.5 to 1.0 or greater	1.75%	2.75%	2.50%

The Applicable Margin for each Prime Rate Loan shall be determined by reference to the Debt to EBITDA Ratio in effect from time to time and the Applicable Margin for each Eurodollar Rate Loan shall be determined by reference to the ratio in effect on the first day of each Interest Period for such Loan; PROVIDED, HOWEVER, that (i) no change in the Applicable Margin shall be effective until three (3) Business Days after the date on which the Agent receives the

relevant Financial Statements and a duly executed Compliance Certificate demonstrating such ratio and (ii) the Applicable Margin shall be at Level V for so long as the Agent has not received the information described in clause (i) of this proviso as and when required under Section 7.1(a)(i) or (iii), as the case may be.

"ASSET SALE" means, for any Person, any sale, lease, transfer or other disposition or series of sales, transfers, leases or other dispositions (including, without limitation, by merger or consolidation

or by exchange of assets and whether by casualty, loss, operation of law or otherwise) or the grant of any option or other right to purchase, lease or otherwise acquire any assets made by such Person or any of its Restricted Subsidiaries to any Person.

"ASSIGNMENT AND ASSUMPTION AGREEMENT" is defined in Section 11.8(b).

"AUDITORS" means a nationally recognized firm of independent public accountants selected by a Borrower or Guarantor satisfactory to the Agent in its sole discretion. For purposes of this Credit Agreement, the Guarantor's and Borrowers' current firm of independent public accountants, Ernst & Young L.L.P. shall be deemed to be satisfactory to the Agent.

"AUTHORIZED OFFICERS" means the Chief Executive Officer, the President, the Chief Financial Officer, the Vice President-Treasurer, the Vice President-Finance, Controller or the Assistant Treasurer of a Credit Party.

"BASE AMOUNT" is defined in Section 7.2(r).

"BENEFIT PLAN" means a "defined benefit plan" as defined in Section 3(35) of ERISA for which any Credit Party, any Subsidiary of a Credit Party or any ERISA Affiliate has been an "employer" as defined in Section 3(5) of ERISA within the past six years.

"BORROWERS" is defined in the Preamble to this Agreement.

"BORROWING" means a borrowing consisting of a Revolving Loan of the same Type made on the same day by the Lenders.

"BORROWING BASE" means the sum of the Brown Borrowing Base, the Central Borrowing Base and the Entoleter Borrowing Base.

"BORROWING BASE CERTIFICATE" is defined in Section 7.1(b)(i).

"BOYLE/FLEMING" means Boyle, Fleming & Co. Inc., a Delaware corporation.

"BROWN" is defined in the Preamble to this Credit Agreement.

"BROWN ACCOUNTS BORROWING BASE" means, on any day, an amount up to 85% of the outstanding Eligible Accounts Receivable of Brown on such day.

"BROWN BORROWING BASE" means, on any day, an amount equal

to the sum of (a) the Brown Accounts Borrowing Base on such day and (b) the Brown Inventory Borrowing Base on such day.

"BROWN INVENTORY BORROWING BASE" means, on any day, an amount up to 65% of the Eligible Inventory of Brown on such day.

"BROWN LETTER OF CREDIT OBLIGATIONS" means the sum of the aggregate undrawn amount of all Letters of Credit outstanding for Brown's account, plus the aggregate amount of all drawings under Letters of Credit issued for Brown's account for which the Borrowers have not reimbursed the Issuing Bank, plus the aggregate amount of all payments made by the Lenders to the Issuing Bank for participations in Letters of Credit issued for Brown's account for which the Borrowers have not reimbursed the Lenders.

"BROWN LINE OF CREDIT" means the aggregate revolving line of credit extended by the Lenders to Brown for Revolving Loans and Letters of Credit pursuant to and in accordance with the terms of this Credit Agreement, in the

amount of $20,000,000 as such revolving line of credit may be reduced from time to time in accordance with this Credit Agreement.

"BT ACCOUNT" is defined in Section 2.12.

"BTCC" means BT Commercial Corporation, in its individual capacity.

"BUSINESS DAY" means any day other than a Saturday, Sunday or a day on which commercial banks in New York, New York are required or permitted by law to close. When used in connection with Eurodollar Rate Loans, this definition will also exclude any day on which commercial banks are not open for dealing in Dollar deposits in the London (England, U.K.) interbank market.

"CAPITAL EXPENDITURES" means, for any period, the sum of all expenditures capitalized for financial statement purposes in accordance with GAAP (whether payable in cash or other property or accrued as liability), including the capitalized portion of capital leases. Capital Expenditures shall exclude (i) proceeds of a Casualty Loss applied to the repair or replacement of the property affected by the Casualty Loss, and (ii) an amount equal to the proceeds (including the value received in any exchange or trade) of a sale or other disposition of an asset permitted under the terms of this Credit Agreement and applied to the replacement or purchase of property, plant or equipment.

"CAPITAL STOCK" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations, or other equivalent of or interests in (however designated) the common or preferred equity of such Person, including, without limitation, partnership interests.

"CASH EQUIVALENTS" means (i) securities issued, guaranteed or insured by the United States or any of its agencies with maturities of not more than one year from the date acquired; (ii) certificates of deposit with maturities of not more than one year from the date acquired, issued by a U.S. federal or state chartered commercial bank of

recognized standing, which has capital and unimpaired surplus in excess of $200,000,000 and which bank or its holding company has a short-term commercial paper rating of at least A-1 or the equivalent by Standard & Poor's Corporation or at least P-1 or the equivalent by Moody's Investors Service, Inc.; (iii) repurchase agreements and reverse repurchase agreements with terms of not more than seven days from the date acquired, for securities of the type described in (i) above and entered into only with commercial banks having the qualifications described in (ii) above; (iv) commercial paper, other than commercial paper issued by the Guarantor or a Borrower or any of their Affiliates, issued by any Person incorporated under the laws of the United States or any state thereof and rated at least A-1 or the equivalent thereof by Standard & Poor's Corporation or at least P-1 or the equivalent thereof by Moody's Investors Service, Inc., in each case with maturities of not more than one year from the date acquired; (v) investments in money market funds registered under the Investment Company Act of 1940, which have net assets of at least $200,000,000 and at least eighty-five percent (85%) of whose assets consist of securities and other obligations of the type described in clauses (i) through (iv) above; and (vi) other instruments, commercial paper or investments acceptable to the Agent in its sole discretion.

"CASUALTY LOSS" is defined in Section 7.1(g).

"CENTRAL" is defined in the Preamble to this Credit Agreement.

"CENTRAL ACCOUNTS BORROWING BASE" means, on any day, an amount up to 85% of the outstanding Eligible Accounts Receivable of Central on such day.

"CENTRAL BORROWING BASE" means, on any day, an amount equal to the sum of (a) the Central Accounts Borrowing Base on such day, and (b) the Central Inventory Borrowing Base on such day.

"CENTRAL INVENTORY BORROWING BASE" means, on any day, an amount

up to 65% of the Eligible Inventory of Central on such day.

"CENTRAL LETTER OF CREDIT OBLIGATIONS" means the sum of the aggregate undrawn amount of all Letters of Credit outstanding for Central's account, plus the aggregate amount of all drawings under Letters of Credit issued for Central's account for which the Borrowers have not reimbursed the Issuing Bank, plus the aggregate amount of all payments made by the Lenders to the Issuing Bank for participations in Letters of Credit issued for Central's account for which the Borrowers have not reimbursed the Lenders.

"CENTRAL LINE OF CREDIT" means the aggregate revolving line of credit extended by the Lenders to Central for Revolving Loans and Letters of Credit pursuant to and in accordance with the terms of this Credit Agreement, in the amount of $20,000,000 as such revolving line of credit may be reduced from time to time in accordance with this Credit Agreement.

"CHANGE OF CONTROL" means one or more of the following events:

(a) less than a majority of the members of the Guarantor's or (if Lynch Corporation owns, directly or indirectly, more than a 50% interest in the Voting Stock of the Guarantor) Lynch Corporation's Board of Directors shall be persons who either (i) were serving as directors on the Closing Date or (ii) were nominated as directors and approved by the vote of the majority of the directors who are directors referred to in clause (i) above or this clause (ii); or

(b) the sale, lease or transfer, in one or a series of transactions, of all or substantially all of the assets of a Credit Party or of the Guarantor and its Subsidiaries taken as a whole, to any Person or group (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) other than to any one or more of the Permitted Holders or their Related Parties; or

(c) the stockholders of a Credit Party shall approve any plan or proposal for the liquidation or dissolution of such Credit Party; or

(d) the Guarantor shall fail to own, beneficially and of record, one hundred percent (100%) of the capital stock of any Borrower; or

(e) So long as Richard J. Boyle and Ned N. Fleming, III

are employees of the Guarantor, Boyle/Fleming shall cease to beneficially own and control or have the right to own and control at least fifty percent (50%) of the aggregate number of shares of common stock of the Guarantor which Boyle/Fleming either owned or had the right to purchase on the Closing Date or if either Richard J. Boyle or Ned N. Fleming, III is no longer employed by the Guarantor then the one which is still employed by the Guarantor shall cease to beneficially own or control or have the right to own and control at least fifty percent (50%) of the aggregate number of shares of common stock of the Guarantor that he owned or had the right to purchase on the Closing Date; or

(f) any Person or group of Persons (other than one or more of the Permitted Holders is or becomes, as a result of a tender or exchange offer, open market purchases, privately negotiated purchases or otherwise, the direct or indirect beneficial owner (as defined below of securities of the Guarantor representing more than fifty percent (50%) of the combined Voting Stock of the Guarantor, PROVIDED, HOWEVER, that the Permitted Holders "beneficially own" (as so defined), a direct or indirect interest in a lesser percentage of the total voting power of all the Voting Stock of the Guarantor than such other Person or group and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors (for purposes of this clause, any Person shall be deemed to beneficially own any Voting Stock of a corporation (the "specified corporation") held by any other corporation (the "parent corporation"), if such Person or group "beneficially owns" (as so defined), a direct or indirect interest in more than fifty percent (50%) of the voting power of the Voting Stock of such parent corporation and the Permitted Holders and their Related Parties "beneficially own" (as so defined), a direct or indirect interest in a lesser percentage of the voting power of the Voting Stock of such parent corporation and do not have the

right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of such parent corporation). For purposes of this clause (f), "beneficial owner" shall have the meaning given to it by Rules 13(d)-(3) and 13(d)-(5) of the Securities Exchange Act of 1934, as amended from time to time except that (x) a Person shall be deemed to have "beneficial ownership" of all shares that any such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time and (y) in the case of a group which is not a Permitted Holder but includes as members thereof one or more Permitted Holders, such group (except to the extent provided in preceding clause (x) shall not be considered to be the "beneficial owner" of any capital stock of the Company beneficially owned (other than as a result of attribution to Permitted Holders by reason of their being members of such group).

"CLOSING DATE" means the date of execution and delivery of

this Credit Agreement.

"CLOSING FEE" is defined in Section 4.5(b).

"CODE" is defined in Section 1.3.

"COLLATERAL" means the Accounts, Inventory and other property identified as security for the Obligations under the Collateral Documents.

"COLLATERAL ACCESS AGREEMENTS" means any landlord waiver, mortgagee waiver, bailee letter or any similar acknowledgment agreement of any warehouseman or processor in possession of Inventory, in each case substantially in the form of Exhibit J.

"COLLATERAL AGENT" means Transamerica Business Credit Corporation as provided in the Preamble to this Credit Agreement.

"COLLATERAL AGENT FEE" is defined in Section 4.5(c).

"COLLATERAL DOCUMENTS" means all contracts, instruments and other documents now or hereafter executed and delivered

in connection with this Credit Agreement, pursuant to which liens and security interests are granted to the Agent in the Collateral for the benefit of the Lenders, including without limitation, the Security Agreement and any amendments, supplements or modifications thereto.

"COLLECTION ACCOUNT" is defined in Section 2.12.

"COLLECTIONS" means all cash, funds, checks, notes, instruments and any other form of remittance tendered by account debtors in payment of Accounts.

"COMMITMENT" means, with respect to a Lender, its commitment to make Revolving Loans and to participate in Letters of Credit up to the amount set forth opposite its name on Schedule 1, as such amount may be reduced from time to time in accordance with the terms of this Credit Agreement.

"COMPLIANCE CERTIFICATE" is defined in Section 7.1(a)(i).

"CONSOLIDATED CURRENT RATIO" means, as of the date of determination, the ratio of current assets of the Guarantor and its Restricted Subsidiaries at such date to current liabilities of the Guarantor and its Restricted Subsidiaries at such date, in each case determined on a consolidated basis in conformity with GAAP. For purposes

of determining the Consolidated Current Ratio, the outstanding principal amount of the Loans shall be deemed to be current liabilities of the Guarantor and its Restricted Subsidiaries.

"CONSOLIDATED INTEREST COVERAGE RATIO" means, with respect to the Guarantor and its Restricted Subsidiaries, as of the date of determination thereof for any applicable period, the ratio of (a) EBITDA for such period to (b) cash Interest Expense for such period.

"CONSOLIDATED NET WORTH" means the consolidated assets of the Guarantor and its Restricted Subsidiaries minus their consolidated liabilities, all as reflected on the Financial Statements.

"CONTINGENT OBLIGATION" means any direct, indirect, contingent or non-contingent guaranty or obligation for the Indebtedness of another, except endorsements in the ordinary course of business.

"CONTINGENT RIGHTS" means the rights of certain former minority stockholders of Brown to receive payment for their shares of capital stock of Brown which were converted to common stock of Spinnaker, cash and the right to a contingent payment.

"CONTRIBUTION AGREEMENT" means the Contribution Agreement, substantially in the form of Exhibit K, among the Borrowers and the Agent, as amended, supplemented or otherwise modified from time to time.

"COVERED TAXES" is defined in Section 4.10(a).

"CREDIT AGREEMENT" means this Credit Agreement, as amended, supplemented or otherwise modified from time to time.

"CREDIT DOCUMENTS" means this Credit Agreement, the Revolving Notes, the Guaranty, the Security Agreement, the Intercompany Subordinated Notes, the Contribution Agreement, the Lockbox Agreements, the Letter of Credit Related Documents, each Borrowing Base Certificate and each other document, agreement and instrument from time to time executed by any Credit Party and delivered to the Agent, the Collateral Agent, the Issuing Bank or a Lender in connection herewith or in connection with any amendment hereto, as each may be amended, supplemented or otherwise modified from time to time.

"CREDIT PARTIES" means the Borrowers and the Guarantor and any other Person which becomes a Borrower or guarantor of the Obligations.

"DEBT" means, as of the date of determination, the sum of the Indebtedness described in subsection (a) and (b) of the definition of Indebtedness of the Guarantor and its Restricted Subsidiaries at such date,

as would appear on a balance sheet determined in accordance with GAAP.

"DEBT TO ADJUSTED EBITDA RATIO" means at any date of determination, the ratio of Debt as of the last day of the most recently ended fiscal quarter for which the Agent has received Financial Statements for the Guarantor and its Restricted Subsidiaries to Adjusted EBITDA with respect to such fiscal quarter.

"DEBT TO EBITDA RATIO" means at any date of determination, the ratio of Debt as of the last day of the most recently ended fiscal quarter to EBITDA for the most recently ended four fiscal quarters.

"DEFAULT" means an event, condition or default which with the giving of notice, the passage of time or both would be an Event of Default.

"DEFAULTING LENDER" is defined in Section 2.8(a).

"DISBURSEMENT ACCOUNT BANK" means BT Delaware.

"DISBURSEMENT ACCOUNTS" means the collective reference to the operating accounts of each Borrower maintained with the Disbursement Account Bank.

"DOLLARS" and the sign "$" mean freely transferable lawful money of the United States.

"DOMESTIC LENDING OFFICE" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule 1, as such Schedule may be amended from time to time.

"EBITDA" means, in any fiscal period, Adjusted Net Income plus the amount of all Interest Expense, income tax expense, expenses related to the issuance of the Senior Notes, depreciation and amortization, including amortization of any goodwill or other intangibles, in all cases as may have been subtracted or added, as the case may be, in calculating Adjusted Net Income of the Guarantor and its Restricted Subsidiaries, on a consolidated basis, for such period all determined in accordance with GAAP.

"ELIGIBLE ACCOUNTS RECEIVABLE" means Accounts of a Borrower evidenced by an invoice and deemed by the Agent in its Permitted Discretion (after consultation with the Collateral Agent) to be eligible for inclusion in the calculation of such Borrower's Borrowing Base provided that no Accounts acquired by a Borrower pursuant to a Permitted Acquisition shall

be included in such Borrower's Borrowing Base until the Agent and Collateral Agent have completed their review of and due diligence with respect to such Accounts and have agreed to the inclusion of such Accounts in the Borrower's Borrowing Base. In determining the amount to be so included, the face amount of such Accounts shall be reduced by the amount of all returns, discounts, claims, credits, charges, or other allowances and by the aggregate amount of all reserves, limits and deductions provided for in this definition and elsewhere in this Credit Agreement. If any Account is denominated in a currency other than Dollars, then the face amount of such Account shall be converted into Dollars at the Rate of Exchange on the date that the Accounts are calculated. Unless otherwise approved in writing by the Agent after consultation with the Collateral Agent, no Account shall be deemed to be an Eligible Account Receivable if:

(a) it arises out of a sale made by a Borrower to an Affiliate to the extent such Account or all Accounts arising out of sales made by a Borrower to any Affiliate exceed in the aggregate $250,000; or

(b) its payment terms are forty two (42) days or less from the date of invoice and it remains unpaid ninety (90) days from the date of invoice; or

(c) its payment terms are greater than forty two (42) days from the date of invoice and it remains unpaid for more than ninety (90) but less than one hundred twenty (120) days from the date of invoice to the extent the amount of such Account or the total of all similar Accounts exceeds $1,000,000 to the extent of such excess; or

(d) it is from the same account debtor (or any Affiliate thereof) and fifty percent (50%) or more of all

Accounts from such account debtor (or any Affiliate thereof) are ineligible under clause (b) or (c) above; or

(e) the Account, when aggregated with all other Accounts of such account debtor, exceeds twenty five percent (25%) in face value of all Accounts of a Borrower then outstanding, to the extent of such excess; PROVIDED, HOWEVER, that Accounts supported or secured by an irrevocable letter of credit in form and substance satisfactory to the Agent, issued by a financial institution satisfactory to the Agent, and duly pledged to the Agent (together with sufficient documentation to permit direct draws by the Agent) shall be excluded for purposes of such calculation; or

(f) the account debtor for the Account is a creditor of a Borrower, has or has asserted a right of setoff, has disputed its liability or made any claim with respect to the Account or any other Account which has not been resolved, to the extent of the amount owed by such Borrower to

the account debtor, the amount of such actual or asserted right of setoff, or the amount of such dispute or claim, as the case may be; or

(g) the account debtor is (or its assets are) the subject of an Insolvency Event or, in the reasonable judgment of the Agent, likely to become subject to an Insolvency Event; or

(h) the sale is to an account debtor outside of the United States, unless (i) the Account is supported by an irrevocable letter of credit issued or confirmed by a United States bank satisfactory to the Agent in form and substance satisfactory to the Agent and assigned to and directly drawable by the Agent or (ii) the Account is supported by an irrevocable letter of credit in form and substance satisfactory to the Agent which provides for payment directly into a bank account controlled by the Agent and is issued by a financial institution satisfactory to the Agent, does not exceed $250,000 and when combined with all other such Accounts does not exceed $1,000,000 in the aggregate or (iii) the Account is denominated in Dollars, payable in the United States and the sale giving rise to the Account is to

an account debtor in Canada and the amount of such Account or the total of all similar Accounts does not exceed $3,000,000; or

(i) the sale to the account debtor is on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval or consignment basis or made pursuant to any other written agreement providing for repurchase or return; or

(j) the Agent determines in its Permitted Discretion that collection of such Account is uncertain or the Account may not be paid; or

(k) the goods giving rise to such Account have not been shipped and delivered to and accepted by the account debtor, the services giving rise to such Account have not been performed and accepted by the account debtor or the Account otherwise does not represent a final sale; or

(l) the Account does not comply with all Requirements of Law, including, without limitation, the Federal Consumer Credit Protection Act, the Federal Truth in Lending Act and Regulation Z of the Board of Governors of the Federal Reserve System; or

(m) the Agent for the ratable benefit of the Lenders does not have a valid and perfected first priority Lien (other than Liens permitted under the Credit Documents) on such Account or the Account does not otherwise conform to the representations and warranties contained in this Credit Agreement or the other Credit Documents; or

(n) the account debtor is the United States of America or any department, body, agency, authority or instrumentality thereof, unless a Borrower duly assigns its right to payment of such Account to the Agent pursuant to the Assignment of Claims Act of 1940, as amended (31 U.S.C. Sections 3727 et seq.), in form and substance satisfactory to the Agent, and otherwise complies with such Act; or

(o) the Account is subject to any adverse security deposit, progress payment or payments in excess of $250,000 in the aggregate at any point in time or other similar

advance made by or for the benefit of the applicable account debtor; or

(p) the account debtor with respect to the Account is located in New Jersey, Minnesota or any other state imposing conditions on the right of a creditor to collect accounts receivable, unless the applicable Borrower has either qualified as a foreign corporation authorized to transact business in such state or has filed a Notice of Business Activities Report or other appropriate report with the taxing or other designated authorities of such state for the then current year.

"ELIGIBLE INVENTORY" means the aggregate amount of Inventory of a Borrower deemed by the Agent in the exercise of its Permitted Discretion (after consultation with the Collateral Agent) to be eligible for inclusion in the calculation of such Borrower's Borrowing Base provided that no Inventory acquired by a Borrower pursuant to a Permitted Acquisition shall be included in such Borrower's Borrowing Base until the Agent and Collateral Agent have completed their review of and due diligence with respect to such Inventory and agreed to the inclusion of such Inventory in the Borrower's Borrowing Base. In determining the amount of Inventory to be included in a Borrower's Borrowing Base, Inventory shall be valued at the lower of cost or market on a FIFO or a specific identification method basis. Unless otherwise approved in writing by the Agent (after consultation with the Collateral Agent), an item of Inventory shall not be included in Eligible Inventory if:

(a) it is not owned solely by a Borrower or a Borrower does not have good, valid and marketable title thereto; or

(b) it is not located in the United States; or

(c) it is not located on property owned or leased by a Borrower or in a contract warehouse, subject to a Collateral Access Agreement executed by the mortgagee, lessor or the contract warehouseman, as the case may be, and segregated or otherwise separately identifiable from goods of others, if any, stored on the premises; or

(d) it is not subject to a valid and perfected first priority Lien (other than Liens permitted under the Credit Documents) in favor of the Agent except, with respect to Inventory stored at sites described in clause (c) above, for Liens for unpaid rent or normal and customary warehousing charges; or

(e) it consists of goods returned or rejected by a Borrower's customers (other than first quality, unimpaired, merchandisable and not special ordered goods) or goods in transit to third parties (other than to warehouse sites covered by a Collateral Access Agreement); or

(f) it is not first-quality finished goods, work in process or raw materials, is obsolete or slow moving, or does not otherwise conform to the representations and warranties contained in the Credit Documents; or

(g) it was purchased by a Borrower in or as part of a "bulk" transfer or sale of assets unless the seller thereof and Borrower have complied with all applicable bulk sales or bulk transfer laws or such Borrower has provided an indemnity agreement satisfactory to the Agent; or

(h) it consists of supplies, catalysts or off-size Inventory (if and to the extent that such inventory has not been written down to the lower of its cost or market value); or

(i) it is consigned Inventory.

"ENTOLETER" is defined in the Preamble to this Credit Agreement.

"ENTOLETER ACCOUNTS BORROWING BASE" means, on any day, an amount up to 85% of the outstanding Eligible Accounts Receivable of Entoleter on such day.

"ENTOLETER BORROWING BASE" means, on any day, an amount equal to the sum of (a) the Entoleter Accounts Borrowing Base on such day and (b) the Entoleter Inventory Borrowing Base on such day.

"ENTOLETER INVENTORY BORROWING BASE" means, on any day, an amount up to (a) the sum of (i) 60% of the Eligible Inventory of Entoleter consisting of uncut rolled steel, PLUS (ii) 50% of the Eligible Inventory of Entoleter consisting of raw materials other than rolled steel (cut or

uncut) and spare parts, PLUS (iii) 30% of the Eligible Inventory of Entoleter consisting of spare parts.

"ENTOLETER LETTER OF CREDIT OBLIGATIONS" means the sum of the aggregate undrawn amount of all Letters of Credit outstanding for Entoleter's account, plus the aggregate amount of all drawings under Letters of Credit issued for Entoleter's account for which the Borrowers have not reimbursed the Issuing Bank, plus the aggregate amount of all payments made by the Lenders to the Issuing Bank for participations in Letters of Credit issued for Entoleter's account for which the Borrowers have not reimbursed the Lenders.

"ENTOLETER LINE OF CREDIT" means the aggregate revolving line of credit extended by the Lenders to Entoleter for Revolving Loans and Letters of Credit pursuant to and in accordance with the terms of this Credit Agreement, in the amount of $5,000,000 as such revolving line of credit may be reduced from time to time in accordance with this Credit Agreement.

"ENVIRONMENTAL LAWS" means all federal, state and local statutes, laws (including common or case law), rulings, regulations or governmental, administrative or judicial orders or interpretations applicable to the business or property of the Credit Parties or any of their Subsidiaries relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata), including without limitation, laws and regulations relating to emissions, discharges, releases or threatened releases of Hazardous Materials, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of any Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, 29 U.S.C. Sections 1000 et seq., amendments thereto, successor statutes, and regulations or guidance promulgated thereunder.

"ERISA AFFILIATE" means any entity required to be aggregated with a Credit Party or any of its Subsidiaries under Sections 414(b), (c), (m) or (o) of the Internal Revenue Code.

"EQUITY PROCEEDS AMOUNT" shall initially be zero, which amount shall be (a) INCREASED at the time of receipt by any Credit Party of Net Cash Proceeds from the issuance of any equity securities after the Closing Date by the amount of such Net Cash Proceeds, (b) REDUCED at the time any Capital Expenditure is made pursuant to Section 7.2(r)(ii) by the amount of such Capital Expenditure and (c) REDUCED at the time any Investment is made pursuant to Section 7.2(f) with such Net Cash Proceeds by the amount of such Investment.

"EURODOLLAR LENDING OFFICE" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule 1, as such Schedule may be amended from time to time (or, if no such office is specified, its Domestic Lending Office), or such other office or Affiliate of such Lender as such Lender may from time to time specify in writing to the Borrowers and the Agent.

"EURODOLLAR RATE" means, with respect to the Interest Period for each Eurodollar Rate Loan comprising part of the same Borrowing, an interest rate per annum equal to the rate (rounded upward to the nearest whole multiple of one-sixteenth (1/16) of one percent (1%) per annum, if such rate is not such a multiple) of the offered quotation, if any, to first class banks in the Eurodollar market by Bankers Trust Company for Dollar deposits of amounts in immediately available funds comparable to the principal amount of the Eurodollar Rate Loan for which the Eurodollar Rate is being determined with maturities comparable to the Interest Period for which such Eurodollar Rate will apply as of approximately 10:00 a.m. (New York City time) two (2)

Business Days prior to the commencement of such Interest Period.

"EURODOLLAR RATE LOAN" means a Loan that bears interest as provided in Section 4.2.

"EVENT OF DEFAULT" is defined in Section 8.1.

"EXCESS CASH FLOW" means with respect to any period ending on the last day of a fiscal quarter of the Guarantor, and measured on a cumulative basis for the period (the "Measurement Period") from October 1, 1996 through the last day of such fiscal quarter, EBITDA for the Measurement Period MINUS the sum without duplication of (i) cash Interest Expense of the Guarantor and its Restricted Subsidiaries for the Measurement Period, (ii) cash income taxes of the Guarantor and its Restricted Subsidiaries for the Measurement Period, (iii) all Capital Expenditures of the Guarantor and its Restricted Subsidiaries made during the Measurement Period, (iv) all cash dividends declared by the Guarantor during the Measurement Period, regardless of when such dividends are actually paid, (v) all principal payments on Indebtedness of the Guarantor or its Restricted Subsidiaries other than payments on the Line of Credit which do not permanently reduce the Commitments and (vi) all Investments made by the Guarantor and its Restricted Subsidiaries from the Closing Date through the date of determination.

"EXISTING INDEBTEDNESS" means the Indebtedness of the Guarantor and its Restricted Subsidiaries existing on the date of the initial Loan hereunder as set forth on Schedule 2.

"EXISTING LOAN FACILITIES" means the collective reference to the Credit Agreement between Spinnaker and Bankers Trust Company dated as of April 5, 1996; the Credit Agreement among Central Products Acquisition Corp., Spinnaker and Heller Financial Inc., as agent dated as of September 29, 1995, as heretofore amended; the Loan and Security Agreement between Brown and Transamerica Business Credit Corporation dated as of September 16, 1994, as heretofore amended; and the Loan and Security Agreement

between Entoleter and Transamerica Business Credit Corporation dated as of February 21, 1995, as heretofore amended; and all other agreements, documents and instruments executed and delivered by the Guarantor or any of its Subsidiaries in connection therewith, each as heretofore amended, supplemented or otherwise modified.

"EXPENSES" means all costs and expenses of the Agent and the Collateral Agent incurred in connection with the Credit Documents and the transactions contemplated therein, including, without limitation, (i) the costs of conducting record searches, examining collateral, opening bank accounts and lockboxes, depositing checks, receiving and transferring funds (including charges for checks for which there are insufficient funds), and other costs of administration and enforcement of the rights of the Lenders under the Credit Documents, (ii) the reasonable fees and expenses of legal counsel and paralegals (including the allocated cost of internal counsel and paralegals so long as not duplicative of outside counsel), accountants, appraisers and other consultants, experts or advisors retained by the Agent, (iii) fees and taxes in connection with the filing of financing statements, and (iv) the costs of preparing and recording Collateral Documents, releases of Collateral, and waivers, amendments, and terminations of any of the Credit Documents.

"EXPIRATION DATE" means the earlier of the date occurring five (5) years from the Closing Date and the date of termination of the Commitments pursuant to the terms hereof.

"FACING FEE" is defined in Section 4.4(a).

"FEDERAL FUNDS RATE" means, for any period, a fluctuating interest rate per annum equal, for each day during such period, to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of

the quotations for such day on such transactions received by the Agent from three Federal Funds brokers of recognized standing selected by it.

"FEES" means, collectively, the Unused Line Fee, the Collateral Agent Fee, the Agent Fee, the Closing Fee, Letter of Credit Fees, the Issuing Bank Fees and the Facing Fee.

"FINANCIAL STATEMENTS" means the consolidated (and if requested by the Agent, consolidating) balance sheets, statements of operations, statements of cash flows and statements of changes in shareholder's equity of a Person for the period specified, prepared in accordance with GAAP and consistent with prior practices.

"FOREIGN LENDER" means any Lender organized under the laws of a jurisdiction outside of the United States.

"FUNDING BANK" is defined in Section 4.9.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time.

"GOVERNING DOCUMENTS" means, as to any Person, the certificate or articles of incorporation and by-laws or other organizational or governing documents of such Person.

"GOVERNMENTAL AUTHORITY" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GUARANTOR" is defined in the Preamble to this Agreement.

"GUARANTOR ACCOUNT" is defined in Section 7.2(p).

"GUARANTY" means the Guaranty, substantially in the form of Exhibit H, made by the Guarantor in favor of the Agent for the benefit of the Lenders, as amended, supplemented or otherwise modified from time to time.

"HAZARDOUS MATERIALS" means any and all pollutants and contaminants and any and all toxic, caustic, radioactive or hazardous materials, substances or wastes that are regulated under any Environmental Laws, including without limitation, petroleum, its derivatives and by-products and any other hydrocarbons.

"HIGHEST LAWFUL RATE" means, at any given time during which any Obligations shall be outstanding hereunder, the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Obligations, under the laws of the State of New York (or the law of any other jurisdiction whose laws may be mandatorily applicable notwithstanding other provisions of this Credit Agreement and the other Credit Documents), or under applicable federal laws which may presently or hereafter be in effect and which allow a higher maximum nonusurious interest rate than under New York (or such other jurisdiction's) law, in any case after taking into account, to the extent permitted by applicable law, any and all relevant payments or charges under this Credit Agreement and any other Credit Documents executed in connection herewith, and any available exemptions, exceptions and exclusions.

"INDEBTEDNESS" of any Person means (a) indebtedness for borrowed money or for the deferred purchase price of property or services (other than trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices), whether on open account or evidenced by a note, bond, debenture or similar instrument, (b) obligations under capital leases computed in accordance with GAAP, (c) reimbursement obligations for letters of credit, banker's acceptances or other credit accommodations, (d) liabilities under any Interest Rate Agreement, (e) Contingent Obligations and (f) obligations secured by any Lien on that Person's property, even if that Person has not assumed such obligations.

"INDEMNIFIED PARTY" is defined in Section 11.10(a).

"INSOLVENCY EVENT" means, with respect to any Person, the occurrence of any of the following: (a) such Person

shall be adjudicated insolvent or bankrupt, or shall generally fail to pay or admit in writing its inability to pay its debts as they become due, (b) such Person shall seek dissolution or reorganization or the appointment of a receiver, trustee, custodian or liquidator for it or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors, (c) such Person shall make a general assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver, trustee, custodian or liquidator for a substantial portion of its property, assets or business, (d) such Person shall file a voluntary petition under any bankruptcy, insolvency or similar law, or (e) such Person, or a substantial portion of its property, assets or business shall become the subject of an involuntary proceeding or petition for its dissolution, reorganization, or the appointment of a receiver, trustee, custodian or

liquidator or shall become subject to any writ, judgment, warrant of attachment, execution or similar process.

"INTERCOMPANY SUBORDINATED NOTE" means an Intercompany Subordinated Note, substantially in the form of Exhibit L and which incorporates the terms set forth on Annex A thereto, made by one Credit Party in favor of another Credit Party, as amended, supplemented or otherwise modified from time to time.

"INTEREST EXPENSE" means the consolidated expense of a Person for interest on Indebtedness, computed in accordance with GAAP.

"INTEREST PERIOD" means for any Eurodollar Rate Loan the period commencing on the date of such Borrowing and ending on the last day of the period selected by a Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, in each case as a Borrower may, in an appropriate Notice of Borrowing, Notice of Continuation or Notice of Conversion, select; PROVIDED, HOWEVER, that a Borrower may not select any Interest Period that ends after the Expiration Date. Whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next

succeeding Business Day, PROVIDED that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day.

"INTEREST RATE AGREEMENT" means any interest rate protection or hedge agreement, including, without limitation, any interest rate future, option, swap and cap agreement approved by the Majority Lenders.

"INTERNAL REVENUE CODE" means the Internal Revenue Code of 1986, any amendments thereto, and any successor statute thereto and regulations and guidance promulgated thereunder.

"INTERNAL REVENUE SERVICE" or "IRS" means the United States Internal Revenue Service and any successor agency.

"INVENTORY" is defined in the Security Agreement.

"INVESTMENT" means all expenditures made and all liabilities incurred and assumed (including Contingent Obligations) for or in connection with Acquisitions, loans, advances, capital contributions or transfers of property to a Person. In determining the aggregate amount of

Investments outstanding at any particular time, (a) a guaranty shall be valued at not less than the principal amount outstanding of the obligation guaranteed, or if less, the maximum stated amount of such guaranty; (b) returns of capital (but only by repurchase, redemption, retirement, repayment, liquidating dividend or liquidating distribution) shall be deducted; (c) earnings, whether as dividends, interest or otherwise, shall not be deducted; and (d) decreases in the market value of such Investments shall not be deducted unless such decreases are computed in accordance with GAAP.

"ISSUING BANK" means Bankers Trust Company as provided in the Preamble to this Credit Agreement or any Lender, Affiliate of any Lender or other financial institution acceptable to the Agent and the Borrowers which may at any time issue or be requested to issue a Letter of Credit under this Credit Agreement.

"ISSUING BANK FEES" is defined in Section 4.4(b).

"LENDER" is defined in the Preamble to this Credit Agreement.

"LENDER ADVANCES" is defined in Section 2.2.

"LETTER OF CREDIT AGREEMENT" is defined in Section 3.4.

"LETTER OF CREDIT FEE" is defined in Section 4.4(a).

"LETTER OF CREDIT OBLIGATIONS" means, without duplication, the total of the Brown Letter of Credit Obligations, the Central Letter of Credit Obligations and the Entoleter Letter of Credit Obligations.

"LETTER OF CREDIT RELATED DOCUMENTS" is defined in Section 3.8.

"LETTER OF CREDIT REQUEST" is defined in Section 3.4.

"LETTERS OF CREDIT" means all letters of credit issued for the account of a Borrower pursuant to Article III of this Credit Agreement and all amendments, renewals, extensions or replacements thereof.

"LIEN" means any lien, claim, charge, pledge, security interest, assignment, hypothecation, deed of trust, mortgage, lease, conditional sale, retention of title, or other preferential arrangement having substantially the same economic effect as any of the foregoing, whether voluntary or imposed by law.

"LINE OF CREDIT" means the aggregate revolving line of credit extended by the Lenders to the Borrowers for Revolving Loans and Letters of Credit

pursuant to and in accordance with the terms of this Credit Agreement, in the amount of $40,000,000, as such revolving line of credit may be reduced from time to time in accordance with this Credit Agreement.

"LOAN ACCOUNT" is defined in Section 2.10.

"LOANS" means the Revolving Loans made from time to time hereunder.

"LOCKBOX AGREEMENTS" is defined in Section 2.12.

"LOCKBOX BANKS" is defined in Section 2.12.

"LOCKBOXES" is defined in Section 2.12.

"MAJORITY LENDERS" means both Lenders or if there are more than two Lenders, those Lenders owed or holding in the aggregate 51% or more of the total Commitments or if the Commitments are terminated, 51% or more of the Revolving Loans or Letter of Credit Obligations then outstanding.

"MATERIAL ADVERSE EFFECT" means (i) a material adverse effect on the business, prospects, operations, results of operations, assets, liabilities or condition (financial or otherwise) of the Guarantor and its Restricted Subsidiaries, taken as a whole, (ii) the impairment of any Credit Party's ability to perform its obligations under the Credit Documents to which it is a party or the material impairment of the ability of the Agent or the Lenders to enforce the Obligations or realize upon the Collateral, or (iii) a material adverse effect on the value of the Collateral or the amount which the Agent or the Lenders would be likely to receive (after giving consideration to delays in payment and costs of enforcement) in the liquidation of such Collateral.

"MATERIAL CONTRACT" means any contract or other arrangement to which a Credit Party or any of its Subsidiaries is a party (other than the Credit Documents) for which breach, nonperformance, cancellation or failure to renew could have a Material Adverse Effect. Material Contract shall include the Tax Sharing Agreement and the Overhead Allocation Agreement.

"MULTIEMPLOYER PLAN" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Credit Party, any of its Subsidiaries or any ERISA Affiliate has contributed within the past six years or with respect to which any Credit Party or any of its Subsidiaries may incur any liability.

"NET CASH PROCEEDS" means, with respect to any Asset Sale or issuance of any equity securities by a Credit Party, the aggregate amount of cash

received from time to time by or on behalf of such Credit Party in connection with such transaction after deducting therefrom only (a) reasonable and customary brokerage commissions, underwriting fees and discounts, legal fees, finder's fees and other similar fees and commissions, (b) the amount of taxes payable in connection with or as a result of such transaction, and (c) in the case of any Asset Sale, the amount of any Indebtedness secured by a Lien on such asset that, by the terms of such transaction, is required to be repaid upon such disposition.

"NET INCOME" means, for any period, the net income of a Person, as reflected on the Financial Statements of such Person for such period.

"NOTICE OF BORROWING" is defined in Section 2.2(a).

NOTICE OF CONTINUATION" is defined in Section 4.8(a).

"NOTICE OF CONVERSION" is defined in Section 4.8(b).

"OBLIGATIONS" means the unpaid principal and interest hereunder (including interest accruing on or after the occurrence of an Insolvency Event, whether or not an allowed claim), reimbursement obligations under Letters of Credit, Fees, Expenses and all other obligations and liabilities of the Guarantor or any of the Borrowers to the Agent, the Collateral Agent, the Issuing Bank or to the Lenders under this Credit Agreement, the Revolving Notes or any other Credit Document.

"OFFERING MEMORANDUM" means the Offering Memorandum dated October 23, 1996 with respect to the Senior Notes.

"OTHER TAXES" is defined in Section 4.10(b).

"OVERHEAD ALLOCATION AGREEMENT" means the Overhead Allocation Agreement among the Guarantor and its Restricted Subsidiaries ated October 23, 1996.

"PBGC" means the Pension Benefit Guaranty Corporation and any Person succeeding to the functions thereof.

"PENDING BORROWINGS" means, with respect to a Borrower, prospective Borrowings by such Borrower for which a Notice of Borrowing has been delivered but for which Revolving Loans have not been advanced.

"PERMITTED ACQUISITIONS" means an Acquisition which

(i) would not contravene the provisions of Sections 7.2(f) and (i);

(ii) is not an Acquisition of capital stock or assets (unless such assets are principally located in the United States) of a corporation incorporated outside of the United States or an Acquisition which is principally of assets located outside of the United States; and

(iii) involves an Investment by or through the Guarantor or a Borrower or, with the consent of the Agent which shall not be unreasonably withheld, a Restricted Subsidiary of the Guarantor (other than a Borrower) or a Borrower;

PROVIDED that (A) if the Investment is by a Restricted Subsidiary of the Guarantor or of a Borrower, such Restricted Subsidiary, to the extent it has not previously done so, promptly guarantees the Obligations and grants the Agent liens and security interests in all of its Accounts, Inventory and related intangibles to secure such guaranty, (B) if capital stock of a Person is issued or otherwise acquired by a Borrower or a Subsidiary in connection with such Investment, such Person promptly guarantees the Obligations and grants the Agent liens and security interests on all of its Accounts, Inventory and related intangibles, (C) if assets (other than capital stock) are acquired in connection with such Acquisition, the Agent is granted liens and security interests on all of such assets consisting of Accounts, Inventory and related intangibles, (D) all documentation granting the Agent a guaranty or a security interest shall be in form and substance

satisfactory to the Agent and (E) the Credit Parties shall take, and shall cause such Subsidiary to take, all such further actions and execute all such further documents and instruments as the Agent reasonably determines in its sole discretion to be necessary or desirable to cause the execution, delivery and performance of such documentation to be duly authorized and to perfect, protect or enforce the security interests and Liens (and the priority status thereof) granted to the Agent.

"PERMITTED DISCRETION" means the Agent's good faith judgment based upon any factor which the Agent believes in good faith: (i) will or could reasonably be expected to materially adversely affect the value of any Collateral, the enforceability or priority of the Agent's Liens thereon or the amount which the Agent and the Lenders would be likely to receive (after giving consideration to delays in payment and costs of enforcement) in the liquidation of such Collateral; (ii) suggests that any collateral report or financial information delivered to the Agent by any Person on behalf of a Credit Party is incomplete, inaccurate or misleading in any material respect; (iii) materially increases the likelihood of a bankruptcy, reorganization or other insolvency proceeding involving the Guarantor or any of its Subsidiaries or any of the Collateral; or (iv) creates or reasonably could be expected to create a Default or Event of Default. In exercising such judgment, the Agent may consider such factors already included in or tested

by the definition of Eligible Accounts Receivable or Eligible Inventory, as well as any of the following factors: (i) changes in collection history and dilution with respect to the Accounts, (ii) changes in demand for, and pricing of, Inventory, (iii) changes in any concentration of risk with respect to Accounts or Inventory, and (iv) any other factors that change the credit risk of lending to the Borrowers on the security of the Accounts or Inventory. The burden of establishing lack of good faith shall be on the Borrowers.

"PERMITTED HOLDERS" means and includes (a) Mario Gabelli; each Affiliate of Mario Gabelli (or which was such preceding the death of Mario Gabelli); Richard J. Boyle; each Affiliate of Richard J. Boyle; Ned N. Fleming, III; each Affiliate of Ned N. Fleming, III; each member of the

immediate family of each of the foregoing natural persons and any trust or similar device created for the benefit of any one or more of the foregoing and each Person which acquires a direct or indirect beneficial ownership interest in shares of stock of the Guarantor as an executor or administrator for or by way of inheritance or bequest from one or more of the natural persons described in the preceding clause (a) following the death of such Person; and (b) each group (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934) which is controlled by (with the term "controlled by" as used herein to be determined in a manner consistent with the phrase "controlled by" as used in the definition of Affiliate contained herein) one or more of the Permitted Holders described in the preceding clause (a), but only so long as the respective such group to so controlled.

"PERMITTED LIENS" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced and be continuing: (a) Liens for taxes, assessments and governmental charges not yet due and payable or which are being diligently contested in good faith by a Credit Party or one of its Subsidiaries by appropriate proceedings, provided that in any such case an adequate reserve is being maintained by the Credit Party or one of its Subsidiaries for the payment of the same; (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue and, in any case, where the property subject thereto is not material to the operations of the Person whose assets are subject to such Lien or which are being diligently contested in good faith and by appropriate proceedings and as to which appropriate reserves are being maintained; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations, not to exceed an aggregate of $200,000; and (d) easements, rights of way and other encumbrances incurred in the ordinary course of business which, in the

aggregate, are not substantial in amount and which do not materially detract from the value of the property subject thereto or materially interfere with

the ordinary conduct of the business of the Person whose property is subject to such easement, right of way or encumbrance.

"PERSON" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party or government (including any division, agency or department thereof), and, as applicable, the successors, heirs and assigns of each.

"PLAN" means any employee benefit plan, program or arrangement maintained or contributed to by a Credit Party, any of its Subsidiaries or any ERISA Affiliate or with respect to which any of them may incur liability.

"PRIME LENDING RATE" means the rate which Bankers Trust Company announces as its prime lending rate from time to time. The Prime Lending Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. Bankers Trust Company and each of the Lenders may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate.

"PRIME RATE LOAN" means a Loan that bears interest as provided in Section 4.1.

"PROHIBITED TRANSACTION" is defined in Section 6.1(r)(v).

"PROPORTIONATE SHARE" of a Lender means a fraction, expressed as a decimal, obtained by dividing its Commitment by the total Commitments of all the Lenders or, if the Commitments are terminated, by dividing its then outstanding Revolving Loans and/or Letter of Credit Obligations by the aggregate Revolving Loans and/or Letter of Credit Obligations then outstanding.

"PURCHASE MONEY LIENS" is defined in Section 7.2(b)(v).

"RATE OF EXCHANGE" means the rate at which the Agent is able on the relevant date to purchase Dollars with other currency and shall include any premiums and costs of

exchange payable in connection with the purchase of or conversion into Dollars.

"REDUCED RATE" is defined in Section 4.10(e), relating to backup withholding tax.

"REGISTER" is defined in Section 11.8(c).

"REPORTABLE EVENT" means any of the events described in Section 4043 of ERISA and the regulations thereunder, other than a reportable event for which the 30-day notice requirement to the PBGC has been waived.

"REQUIREMENT OF LAW" means (a) the Governing Documents of a Person, (b) any law, treaty, rule or regulation or determination of an arbitrator, court or other Governmental Authority, or (c) any franchise, license, lease, permit, certificate, authorization, qualification, easement, right of way, right or approval binding on a Person or any of its property.

"RESTRICTED SUBSIDIARY" of any Person means any Subsidiary of such Person which at the time of determination is not an Unrestricted Subsidiary.

"RETIREE HEALTH PLAN" means an "employee welfare benefit plan" within the meaning of Section 3(1) of ERISA that provides benefits to persons after termination of employment, other than as required by Section 601 of ERISA.

"REVOLVING LOANS" is defined in Section 2.1(a).

"REVOLVING NOTE" means a promissory note of each Borrower payable to the order of each Lender, substantially in the form of Exhibit A, as the same may be amended, supplemented or otherwise modified from time to time.

"SECURITY AGREEMENT" means the Security Agreement, substantially in the form of Exhibit G, made by the Credit Parties in favor of the Agent for the benefit of the Lenders, as amended, supplemented or otherwise modified from time to time.

"SENIOR NOTE DOCUMENTS" is defined in Section 5.1(g).

"SENIOR NOTE GUARANTY" means the Guaranty, dated October 23, 1996, made by the Borrowers in favor of the Chase Manhattan Bank, as Trustee, as amended, supplemented or otherwise modified in accordance with the terms of this Agreement and any Guaranty of the Senior Notes by any Credit Party as permitted by the terms of this Agreement.

"SENIOR NOTES" means $115,000,000 aggregate principal

amount of the Guarantor's 10.75% Senior Secured Notes due 2006 offered pursuant to the Offering Memorandum.

"SETTLEMENT DATE" is defined in Section 2.6(a).

"SUBSIDIARY" means as to any Person, a corporation or other entity in which that Person directly or indirectly owns or controls the shares of stock or other ownership interests having ordinary voting power to elect a majority of the board of directors or appoint other managers of such corporation or other entity. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Credit Agreement shall refer to a Subsidiary or Subsidiaries of the Guarantor.

"TAPE INC." means Tape Inc., a Delaware corporation.

"TAPE ACQUISITION" means the acquisition by a Credit Party of all of the issued and outstanding capital stock of Tape Inc.

"TAXES" is defined in Section 4.10(a).

"TAX SHARING AGREEMENT" means the Tax Sharing Agreement among the Guarantor and its Restricted Subsidiaries to be delivered pursuant to Section 7.1(r), which shall be in form and substance satisfactory to the Agent.

"TAX TRANSFEREE" is defined in Section 4.10(a).

"TERMINATION EVENT" means (i) a Reportable Event with respect to any Benefit Plan or Multiemployer Plan; (ii) the withdrawal of a Credit Party, any of its Subsidiaries or any

ERISA Affiliate from a Benefit Plan during a plan year in which it was a "substantial employer" (as defined in Section 4001(a)(2) of ERISA); (iii) the providing of notice of intent to terminate a Benefit Plan in a distress termination (as described in Section 4041(c) of ERISA); (iv) the institution by the PBGC of proceedings to terminate a Benefit Plan or Multiemployer Plan; (v) any event or condition (a) which is reasonably likely to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Benefit Plan or Multiemployer Plan, or (b) that is reasonably likely to result in termination of a Multiemployer Plan pursuant to Section 4041A of ERISA; or (vi) the partial or complete withdrawal within the meaning of Sections 4203 and 4205 of ERISA, of a Credit Party, any of its Subsidiaries or any ERISA Affiliate from a Multiemployer Plan.

"TYPE" means, with respect to any Loan, whether such Loan

is a Eurodollar Rate Loan or a Prime Rate Loan.

"UNRESTRICTED SUBSIDIARY" means a Subsidiary of the Guarantor that is designated an Unrestricted Subsidiary by the Board of Directors of the Guarantor in the manner provided below and any Subsidiary of an Unrestricted Subsidiary. The Board of Directors of the Guarantor may designate any Subsidiary (including any newly acquired or newly formed Subsidiary but excluding the Borrowers) to be an Unrestricted Subsidiary unless such Subsidiary owns any capital stock of, or owns or holds any Lien on, any property of the Guarantor or any of its Subsidiaries (other than a Subsidiary of the Subsidiary to be designated as an Unrestricted Subsidiary) PROVIDED that the Guarantor certifies to the Agent that such designation complies with 7.2(f)(x) and each Subsidiary to be so designated and each of its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Guarantor or any of its Restricted Subsidiaries. The Board of Directors of the Guarantor may designate any Unrestricted Subsidiary to be a Restricted Subsidiary only if immediately before and immediately after giving effect to such designation, no

Default or Event of Default shall have occurred and be continuing and the Majority Lenders approve such designation in writing. Any such designation by the Board of Directors shall be evidenced to the Agent by promptly sending to the Agent a copy of the resolution giving effect to such designation and an officers' certificate that such designation complied with the foregoing provisions.

"UNUSED AVAILABILITY" means, at any time of determination, the excess of (x) the lesser of the Borrowing Base or the Line of Credit over (y) the sum of the unpaid principal amount of the Loans outstanding, Pending Borrowings and the Letter of Credit Obligations.

"UNUSED LINE FEE" is defined in Section 4.5(a).

"VOTING STOCK" with respect to any Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in elections of directors of such Person.

SECTION 1.2. ACCOUNTING TERMS AND DETERMINATIONS. Unless otherwise defined or specified herein, all accounting terms used in this Credit Agreement shall be construed in accordance with GAAP, applied on a basis consistent in all material respects with the audited Financial Statements of the Guarantor and its Restricted Subsidiaries delivered to the Agent on or before the Closing Date. All accounting determinations for purposes of determining

compliance with Section 7.2(r) through (u) shall be made in accordance with GAAP as in effect on the Closing Date and applied on a basis consistent in all material respects with the audited Financial Statements of the Guarantor and its Restricted Subsidiaries delivered to the Agent on or before the Closing Date. The Financial Statements required to be delivered hereunder from and after the Closing Date, and all financial records, shall be maintained in accordance with GAAP. If GAAP shall change from the basis used in preparing the audited Financial Statements of the Guarantor and its Restricted Subsidiaries delivered to the Agent on or before the Closing Date, the certificates required to be delivered pursuant to Section 7.1 demonstrating compliance with the covenants contained herein shall include calculations setting forth the adjustments necessary to demonstrate how the Guarantor and its Restricted

Subsidiaries are in compliance with the financial covenants based upon GAAP as in effect on the Closing Date.

SECTION 1.3. OTHER TERMS; HEADINGS. Terms used herein that are defined in the Uniform Commercial Code, in effect from time to time, in the State of New York (the "CODE") shall have the meanings given in the Code. Each of the words "hereof," "herein," and "hereunder" refer to this Credit Agreement as a whole. An Event of Default shall "continue" or be "continuing" until such Event of Default has been cured or waived in accordance with Section 11.11 hereof. References to Articles, Sections, Annexes, Schedules, and Exhibits are internal references to this Credit Agreement, and to its attachments, unless otherwise specified. The headings and the Table of Contents are for convenience only and shall not affect the meaning or construction of any provision of this Credit Agreement.

SECTION 1.4. COMPUTATION OF TIME PERIODS. In this Credit Agreement, in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

ARTICLE II

REVOLVING LOANS

SECTION 2.1. REVOLVING CREDIT COMMITMENTS.

(a) Subject to the terms and conditions set forth in this Credit Agreement, on and after the Closing Date and to and excluding the Expiration Date, each Lender severally agrees to make loans and advances ("REVOLVING LOANS") to the following Borrowers in an amount not to exceed at any time its Proportionate Share of the following:

(i) TO BROWN: an aggregate amount equal to the lesser of (x) the Brown Line of Credit and (y) the Brown Borrowing Base, minus in each case, the then outstanding Brown Letter of Credit Obligations and the Pending Borrowings of Brown provided that no Revolving Loan or

Letter of Credit may be incurred if after giving effect thereto an amount equal to fifty percent (50%) of the sum of the Revolving Loans extended by the Lenders to Brown and Brown Letter of Credit Obligations exceeds the Brown Accounts Borrowing Base;

(ii) TO CENTRAL: an aggregate amount equal to the lesser of (x) the Central Line of Credit and (y) the Central Borrowing Base, minus, in each case, the then outstanding Central Letter of Credit Obligations and the Pending Borrowings of Central provided that no Revolving Loan or Letter of Credit may be incurred if after giving effect thereto an amount equal to fifty percent (50%) of the sum of the Revolving Loans extended by the Lenders to Central and Central Letter of Credit Obligations exceeds the Central Accounts Borrowing Base;

(iii) TO ENTOLETER: an aggregate amount equal to the lesser of (x) the Entoleter Line of Credit and (y) the Entoleter Borrowing Base, minus, in each case, the then outstanding Entoleter Letter of Credit Obligations and the Pending Borrowings of Entoleter provided that no Revolving Loan or Letter of Credit may be incurred if after giving effect thereto an amount equal to forty-five percent (45%) of the sum of the Revolving Loans extended by the Lenders to Entoleter and Entoleter Letter of Credit Obligations exceeds the Entoleter Accounts Borrowing Base.

(b) The Agent, at any time in the exercise of its Permitted Discretion after consultation with the Collateral Agent, on not less than ten (10) days' prior written notice to the applicable Borrower, may (i) establish and increase or decrease reserves against Eligible Accounts Receivable and Eligible Inventory for any of the Borrowers, and (ii) impose additional restrictions (or eliminate the same) to the standards of eligibility set forth in the definitions of Eligible Accounts Receivable and Eligible Inventory. The ten (10) day notice in this section shall not apply to a determination by the Agent with respect to whether a specific Account, all Accounts of an account debtor or any Inventory should be deemed ineligible. Such determination may be made at any time by the Agent without notice in the exercise of its Permitted Discretion. The Agent may, but shall not be obligated to, rely on each Borrowing Base

Certificate and any other schedules or reports in determining the eligibility of Accounts and Inventory.

(c) Notwithstanding anything in this Credit Agreement to the contrary, the Lenders shall not be obligated to make any Revolving Loans to any Borrower if such requested Revolving Loan, when added to the aggregate amount of Revolving Loans and all Letter of Credit Obligations then outstanding, would cause the sum of the Revolving Credit Loans and the Letter of Credit Obligations to exceed the lesser of (i) the Line of Credit and (ii) the Borrowing Base then in effect.

SECTION 2.2. BORROWING OF REVOLVING LOANS. It is contemplated that Revolving Loans will be made available to the Borrowers directly by the Lenders ("LENDER ADVANCES") and, in the circumstances described in Section 2.2(b), from the Agent acting on behalf of the Lenders ("AGENT ADVANCES"). The Revolving Loans made by any Lender to any Borrower shall be evidenced by a Revolving Note made by such Borrower payable to the order of such Lender, with appropriate insertions as to the date and principal amount.

(a) LENDER ADVANCES OF REVOLVING LOANS. Subject to the determination by the Agent and the Lenders that the conditions for borrowing contained in Section 5.2 are satisfied, upon notice from a Borrower to the Agent, substantially in the form of Exhibit C ("NOTICE OF BORROWING") received by the Agent before 2:00 p.m. (New York City time) on a Business Day, Lender Advances of Revolving Loans shall be made to such Borrower to the extent of each Lender's Proportionate Share of the requested Borrowing. The Notice of Borrowing shall specify whether the requested Borrowing is of Prime Rate Loans or Eurodollar Rate Loans.

(b) AGENT ADVANCES OF REVOLVING LOANS. The Agent is authorized by the Lenders, but is not obligated, to make Agent Advances (i) upon a Notice of Borrowing received by the Agent before 3:00 p.m. (New York City time) on a Business Day, or (ii) upon advice received by the Agent on a Business Day from the Disbursement Account Bank of the face amount of checks drawn on a Disbursement Account, which have been or will be presented for payment on that day, minus the amount of funds then available in such Disbursement Account. All Agent Advances shall be Prime

Rate Loans. Agent Advances will not at any time exceed the applicable amount available for borrowing under Section 2.1(a). Agent Advances will be subject to periodic settlement with the Lenders under Section 2.6. Agent Advances may be made only in the following circumstances:

(i) For administrative convenience, the Agent may, but is not obligated to, make Agent Advances in reliance upon a Borrower's actual or

deemed representations under Section 5.2 that the conditions for borrowing are satisfied.

(ii) If the conditions for borrowing under Section 5.2 cannot be fulfilled, a Borrower shall in its Notice of Borrowing or otherwise give immediate notice thereof to the Agent, with a copy to each of the Lenders, and the Agent may, but is not obligated to, continue to make Agent Advances for twenty (20) Business Days from the date the Agent first receives such notice, or until sooner instructed by the Majority Lenders to cease.

SECTION 2.3. DISBURSEMENT OF REVOLVING LOANS. The proceeds of Revolving Loans shall be transmitted by the Agent (x) upon advice received by the Agent from the Disbursement Account Bank, as described in Section 2.2(b), directly to the applicable Disbursement Account, (y) in the circumstances described in Section 3.5, directly to the Issuing Bank and (z) in all other circumstances, as requested by a Borrower in its Notice of Borrowing.

SECTION 2.4. NOTICES OF BORROWING. Notices of Borrowing may be given under this Section by telephone or facsimile transmission, and, if by telephone, promptly confirmed by a writing. A Borrower shall specify in each Notice of Borrowing whether the conditions for the requested borrowing are satisfied. A Borrower may request one or more borrowings of Prime Rate Loans by Notice of Borrowing given not later than 2:00 p.m. (New York City time) on the same Business Day as the proposed Borrowing. Notice of Borrowing for Eurodollar Rate Loans shall be given not later than 2:00 p.m. (New York City time) on the third Business Day prior to the proposed Borrowing. Each Notice of Borrowing shall, unless otherwise specifically provided herein, consist entirely of Revolving Loans of the same Type and, if such Borrowing is to consist of Eurodollar Rate

Loans, shall be in an aggregate amount for all Lenders of not less than $1,000,000 or an integral multiple of $100,000 in excess thereof. The right of a Borrower to choose Eurodollar Rate Loans is subject to the provisions of Section 4.8. Once given, a Notice of Borrowing is irrevocable by and binding on the Borrower delivering such notice. Each Borrower shall provide to the Agent a list, with specimen signatures, of officers authorized to request Revolving Loans and Letters of Credit. The Agent is entitled to rely upon each such list until it is replaced by the applicable Borrower.

SECTION 2.5. SAME DAY SETTLEMENT OF LENDER ADVANCES. The Agent shall give each Lender prompt notice by telephone or facsimile transmission of a Notice of Borrowing that requests Lender Advances of Revolving Loans. No later than 3:00 p.m. (New York City time) on the date of receipt of the Notice of Borrowing, each Lender shall make available to the Agent at the Agent's address such Lender's Proportionate Share of such borrowing in immediately available funds. Unless the Agent receives contrary written notice prior to the date of any such borrowing of Revolving Loans, it is entitled to assume that each Lender

will make available its Proportionate Share of the borrowing and in reliance upon that assumption, but without any obligation to do so, may advance such Proportionate Share on behalf of such Lender.

SECTION 2.6. PERIODIC SETTLEMENT OF AGENT ADVANCES AND REPAYMENTS.

(a) THE SETTLEMENT DATE. The amount of each Lender's Proportionate Share of Revolving Loans shall be computed weekly (or more frequently in the Agent's discretion) and shall be adjusted upward or downward based on all Revolving Loans (including Agent Advances) and repayments received by the Agent as of 5:00 p.m. (New York City time) on the last Business Day of the period specified by the Agent (such date, the "SETTLEMENT DATE").

(b) SUMMARY STATEMENTS; SETTLEMENTS OF PRINCIPAL. The Agent shall deliver to each of the Lenders promptly after the Settlement Date a summary statement of the amount of outstanding Revolving Loans (including Agent Advances) to each of the Borrowers. As reflected on the summary statement: (i) the Agent

shall transfer to each Lender its Proportionate Share of repayments; and (ii) each Lender shall transfer to the Agent, or the Agent shall transfer to each Lender, such amounts as are necessary to insure that, after giving effect to all such transfers, the amount of Revolving Loans made by each Lender shall be equal to such Lender's Proportionate Share of the aggregate amount of Revolving Loans outstanding as of such Settlement Date. If the summary statement requires transfers to be made to the Agent by the Lenders and is received by the Lenders prior to 12:00 Noon (New York City time) on a Business Day, such transfers shall be made in immediately available funds no later than 3:00 p.m. (New York City time) that day; and, if received after 12:00 Noon (New York City time), then no later than 3:00 p.m. (New York City time) on the next Business Day. The obligation of each Lender to transfer such funds is irrevocable, unconditional and without recourse to or warranty by the Agent.

(c) DISTRIBUTION OF INTEREST AND UNUSED LINE FEES. Interest on the Revolving Loans (including Agent Advances), shall be allocated by the Agent to each Lender in accordance with the proportionate share of Revolving Loans actually advanced by and repaid to each Lender, and shall accrue from and including the date such Revolving Loans are so advanced and to but excluding the date such Revolving Loans are either repaid or actually settled under this Section. The amount of the Unused Line Fee shall be allocated by the Agent to each Lender in accordance with that Lender's Proportionate Share. After the end of each month, the Agent shall promptly, upon receipt from a Borrower, distribute to each Lender its share of the interest and Unused Line Fee accrued during such month. The Agent shall, upon receipt from a Borrower, distribute interest on Eurodollar Rate Loans promptly after it is received from a Borrower.

SECTION 2.7. SHARING OF PAYMENTS. If any Lender shall obtain any payment pursuant to the terms of this Credit Agreement (whether voluntary, involuntary, through the exercise of any right of set-off or otherwise) on account of the Loans made by it or its participation in Letters of

Credit in excess of its Proportionate Share of payments on account of the Loans or Letters of Credit obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Loans made by them or in their participation in Letters of Credit as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; PROVIDED, HOWEVER, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and each such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect to the total amount so recovered, and PROVIDED, FURTHER that this Section shall not apply with respect to any fees which are intended to be for the benefit of less than all of the Lenders. Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section may, to the fullest extent permitted by law, exercise all of its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrowers in the amount of such participation. Notwithstanding anything contained herein to the contrary, the sharing provisions of this Section shall not apply to any payments received by any Lender from or on behalf of the Borrowers or the Agent that is not made pursuant to the express terms and provisions of this Credit Agreement.

SECTION 2.8. DEFAULTING LENDERS.

(a) A Lender who fails to pay the Agent its Proportionate Share of any Revolving Loans (including Agent Advances) made available by the Agent on such Lender's behalf, or who fails to pay any other amount owing by it to the Agent, is a defaulting lender ("DEFAULTING LENDER"). The Agent may recover all such amounts owing by a Defaulting Lender on demand. If the Defaulting Lender does not pay such amounts on the Agent's demand, the Agent shall promptly notify the Borrowers and the Borrowers shall, jointly and severally, pay such amounts within five (5) Business Days. In addition, the Defaulting Lender or the Borrowers, jointly and severally, shall pay the Agent interest on such amount for each day from the date it was made available by the Agent to the Borrowers to the date it is recovered by the Agent at a rate PER ANNUM equal to (x) the overnight Federal Funds Rate, if paid by the Defaulting Lender,

or (y) the then applicable rate of interest calculated under Section 4.1, if paid by the Borrowers; plus, in each case, the Expenses and losses, if any, incurred as a result of the Defaulting Lender's failure to perform its obligations.

(b) The failure of any Lender to fund its Proportionate Share of any Revolving Loan (including Agent Advances) shall not relieve any other Lender of its obligation to fund its Proportionate Share of such Revolving Loan. Conversely, no Lender shall be responsible for the failure of another Lender to fund such other Lender's Proportionate Share of a Revolving Loan.

(c) The Agent shall not be obligated to transfer to a Defaulting Lender any payments made by a Borrower to the Agent for the Defaulting Lender's benefit; nor shall a Defaulting Lender be entitled to the sharing of any payments hereunder. Amounts payable to a Defaulting Lender shall instead be paid to or retained by the Agent. The Agent may hold and, in its discretion, re-lend to the Borrowers the amount of all such payments received or retained by it for the account of such Defaulting Lender. For purposes of voting or consenting to matters with respect to the Credit Documents and determining Proportionate Shares, such Defaulting Lender shall be deemed not to be a "Lender" and such Lender's Commitment shall be deemed to be zero (-0-). This Section shall remain effective with respect to such Lender until (x) the Defaulting Lender has paid all amounts required to be paid to the Agent hereunder or (y) the Majority Lenders, the Agent and the Borrowers shall have waived such Lender's default in writing. The operation of this Section shall not be construed to increase or otherwise affect the Commitment of any Lender, or relieve or excuse the performance by the Borrowers of their duties and obligations hereunder.

SECTION 2.9. MANDATORY AND VOLUNTARY PAYMENT; MANDATORY AND VOLUNTARY REDUCTION OF COMMITMENTS.

(a) In no event shall the sum of the aggregate outstanding principal balance of the Revolving Loans and all Letter of Credit Obligations outstanding exceed the lesser of the Borrowing Base and the Line of Credit at any time. Immediately upon the discovery by a Borrower that any of the lending limits set forth in Sections 2.1(a) or this Section 2.9(a) has been exceeded, an

amount sufficient to reduce the outstanding balances to the applicable maximum allowed amount shall become immediately due and payable.

(b) On the Expiration Date, the Commitment of each Lender and the Line of Credit shall automatically reduce to zero and may not be reinstated.

(c) The Borrowers may reduce or terminate the Commitments on a PRO RATA basis as among the Lenders at any time and from time to time in whole or in part; PROVIDED, HOWEVER, that each such reduction must be in an aggregate amount for all Lenders of not less than $1,000,000 (and in increments of $1,000,000 thereafter). Any reduction in the Commitments shall reduce the Line of Credit on a dollar-for-dollar basis. If the Borrowers seek to reduce the Commitments to an aggregate amount of less than $5,000,000, then the Commitments shall be reduced to zero and this Credit Agreement shall be terminated. Once reduced, no portion of the Commitments or the Line of Credit may be reinstated.

(d) If any Credit Party shall receive any Net Cash Proceeds from the consummation of any Asset Sales or from the issuance of any equity securities, 100% of such Net Cash Proceeds shall be immediately paid to the Agent to be applied to repay the outstanding Revolving Loans, which amounts may be reborrowed, subject to the terms and conditions contained herein.

SECTION 2.10. MAINTENANCE OF LOAN ACCOUNT; STATEMENTS OF ACCOUNT. The Agent shall maintain an account on its books in the name of each Borrower (each, a "LOAN ACCOUNT") in which a Borrower will be charged with all loans and advances made by the Lenders to such Borrower or for such Borrower's account, including the Revolving Loans, the Letter of Credit Obligations, the Fees, the Expenses and any other Obligations. Each Borrower's Loan Account will be credited with all amounts received by the Agent from such Borrower or for such Borrower's account, including, as set forth below, all amounts received in the applicable Collection Account from any Lockbox Bank. The Agent shall send each Borrower a monthly statement reflecting the activity in its Loan Account. Absent manifest error, each monthly statement shall be an account stated and shall be final, conclusive and binding on the Borrowers.

SECTION 2.11. PAYMENT PROCEDURES. The Borrowers hereby authorize the Agent to charge the Loan Accounts with the amount of all interest, Fees and Expenses and other payments to be made hereunder and under the other Credit Documents. The Borrowers' obligations to the Agent and the Lenders with respect to such payments shall be discharged by the Agent's charging the Loan Accounts as provided herein.

SECTION 2.12. COLLECTIONS. The Borrowers shall at all times maintain separate lockboxes (the "LOCKBOXES") and shall instruct all account debtors on their Accounts to remit all Collections to their respective Lockboxes. The Borrowers shall enter into agreements with the Agent and financial institutions selected by the Borrowers and acceptable to the Agent (the "LOCKBOX BANKS") substantially in the form of Exhibit I (the "LOCKBOX AGREEMENTS"), which among other things shall provide for the opening of an account with such Lockbox Bank for the deposit of Collections (each, a

"COLLECTION ACCOUNT") and shall require the Agent's consent to its termination. All Collections and other amounts received by a Borrower from any account debtor, in addition to all other cash received from any other source, shall upon receipt be deposited into a Collection Account maintained by such Borrower. Upon the terms and subject to the conditions set forth in the Lockbox Agreements, all available amounts held in each Collection Account maintained by a Borrower shall be wired each Business Day into an account maintained by the Agent with respect to such Borrowers at Bankers Trust Company (each, a "BT ACCOUNT"). Termination of such arrangements shall also be subject to approval by the Agent. All amounts, other than Collections, received by the Borrowers from any source shall upon receipt be deposited into a second Collection Account maintained by the Agent at a Lockbox Bank.

SECTION 2.13. APPLICATION OF PAYMENTS. All available amounts held in the BT Account with respect to a Borrower shall be distributed and applied on a daily basis in the following order: FIRST, to the payment of any Fees, Expenses or other Obligations then due and payable by such Borrower to the Agent under any of the Credit Documents, including amounts advanced by the Agent on behalf of the Lenders pursuant to Section 2.4 or 2.5; SECOND, to the payment of any Fees, Expenses or other Obligations then due and payable by such Borrower to the Collateral Agent under any of the Credit Documents; THIRD, to the

payment of any Fees, Expenses or other Obligations then due and payable by such Borrower to any Issuing Bank under any of the Credit Documents; FOURTH, to the ratable payment of fees, Expenses or other Obligations then due and payable by such Borrower to the Lenders under any of the Credit Documents other than those Obligations specifically referred to in this Section 2.13; FIFTH, to the ratable payment of any interest then due and payable on the Loans to such Borrower; SIXTH; to the ratable payment of principal of any Loans to such Borrower which is then due and payable; and SEVENTH, to cash collateralize Letters of Credit in accordance with the provisions of Section 8.2(c). On any date after giving effect to the payment of all amounts required to be paid pursuant to the immediately preceding sentence by all Borrowers, to the extent there remain available funds in the BT Account with respect to a Borrower, such funds may be accessed by such Borrower and utilized by it for general corporate purposes pursuant to the terms of this Agreement. Any payment received hereunder as a distribution in any proceeding referred to in Section 8.1(g) shall, unless paid with respect to amounts specifically owing to the Agent, the Collateral Agent or the Issuing Bank, be distributed and applied by the Agent to the payment of the amounts due hereunder and under the Notes ratably in accordance with such amounts (or, if a court of competent jurisdiction shall otherwise specify, as specified by such court).

ARTICLE III

SECTION 3.1. ISSUANCE OF LETTERS OF CREDIT. Subject to the terms and conditions of this Credit Agreement and in reliance upon the representations and warranties of the Borrowers set forth herein, the Issuing Bank shall issue Letters of Credit hereunder at the request of a Borrower and for its account, as more specifically described below. The Issuing Bank shall not be obligated to issue any Letter of Credit for the account of the Borrowers on or after the Expiration Date or if at the time of such requested issuance:

(a) The face amount of such Letter of Credit requested by Brown, (i) when added to the Brown Letter of Credit

Obligations then outstanding, would cause the Brown Letter of Credit Obligations to exceed $5,000,000 or (ii) when added to the aggregate amount of Revolving Loans to Brown and all Brown Letter of Credit Obligations then outstanding would cause the sum of the Revolving Loans to Brown and the Brown Letter of Credit Obligations to exceed the lesser of (x) the Brown Line of Credit and (y) the Brown Borrowing Base then in effect; or

(b) The face amount of such Letter of Credit requested by Central, (i) when added to the Central Letter of Credit Obligations then outstanding, would cause the Central Letter of Credit Obligations to exceed $5,000,000 or (ii) when added to the aggregate amount of Revolving Loans to Central and all Central Letter of Credit Obligations then outstanding, would cause the sum of Revolving Loans to Central and the Central Letter of Credit Obligations to exceed the lesser of (x) the Central Line of Credit and (y) the Central Borrowing Base then in effect; or

(c) The face amount of such Letter of Credit requested by Entoleter, (i) when added to the Entoleter Letter of Credit Obligations then outstanding, would cause the Entoleter Letter of Credit Obligations to exceed $1,000,000 or (ii) when added to the aggregate amount of Revolving Loans to Entoleter and all Entoleter Letter of Credit Obligations then outstanding, would cause the sum of Revolving Loans to Entoleter and the Entoleter Letter of Credit Obligations to exceed the lesser of (x) the Entoleter Line of Credit and (y) the Entoleter Borrowing Base in effect; or

(d) The face amount of such Letter of Credit, when added to the aggregate amount of Revolving Loans and all Letter of Credit Obligations then outstanding would cause the sum of the Revolving Loans and the Letter of Credit Obligations to exceed the lesser of (i) the Line of Credit and (ii) the Borrowing Base then in effect; or

(e) Any order, judgment or decree of any Governmental Authority or arbitrator shall purport by its terms to enjoin or restrain the Issuing

Bank from issuing such Letter of Credit or any Requirement of Law applicable to the Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Bank shall prohibit, or request the Issuing Bank refrain

from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Bank with respect to such Letter of Credit any restriction or reserve or capital requirement (for which the Issuing Bank is not otherwise compensated) not in effect as of the Closing Date, or any unreimbursed loss, cost or expense which was not applicable, in effect or known to the Issuing Bank as of the Closing Date and which the Issuing Bank deems in good faith to be material to it; or

(f) A default of any Lender's obligations to fund under Section 3.6 exists, or such Lender is a Defaulting Lender, unless the Agent and the Issuing Bank have entered into satisfactory arrangements with the Borrower to eliminate the Issuing Bank's risk with respect to such Lender, including cash collateralization of such Lender's Proportionate Share of the Letter of Credit Obligations.

SECTION 3.2. TERMS OF LETTERS OF CREDIT. The Letters of Credit shall be in a form customarily used by the Issuing Bank or in such other form as has been approved by the Issuing Bank. At the time of issuance, the amount and the terms and conditions of each Letter of Credit, and of any drafts or acceptances thereunder, shall be subject to approval by the Agent and the Borrowers. In no event may the term of any Letter of Credit issued hereunder exceed 365/366 days (except that such Letters of Credit may provide for annual renewal) and all Letters of Credit issued hereunder shall expire no later than the date that is five (5) Business Days prior to the Expiration Date. Any Letter of Credit containing an automatic renewal provision shall also contain a provision pursuant to which, notwithstanding any other provisions thereof, it shall not be renewable on or after the Expiration Date and it shall expire no later than the date that is five (5) Business Days prior to the Expiration Date. Notwithstanding the foregoing, a Letter of Credit may have an expiry date subsequent to the Expiration Date if such Letter of Credit is cash collateralized in a manner satisfactory to the Agent and in an amount equal to 105% of the aggregate face amount thereof or is supported by another letter of credit which is issued by a financial institution reasonably acceptable to the Agent and is in a form and contains terms and conditions reasonably satisfactory to the Agent.

SECTION 3.3. LENDERS' PARTICIPATION. Immediately upon issuance or amendment by the Issuing Bank of any Letter of Credit in accordance with the procedures set forth in Sections 3.1 and 3.2, each Lender shall be deemed to

have irrevocably and unconditionally purchased and received from the Issuing Bank, without recourse or warranty, an undivided interest and participation to the extent of such Lender's Proportionate Share (based upon its Commitment) of the liability with respect to such Letter of Credit (including, without limitation, all obligations of the Borrower with respect thereto, other than amounts owing to the Issuing Bank consisting of Issuing Bank Fees) and any security therefor or guaranty pertaining thereto.

SECTION 3.4. NOTICE OF ISSUANCE. (i) Whenever a Borrower desires the issuance of a Letter of Credit, such Borrower shall deliver to the Agent a written notice no later than 1:00 p.m. New York City time at least ten (10) Business Days (or such shorter period as may be agreed to by the Issuing Bank) in advance of the proposed date of issuance of a letter of credit request in substantially the form attached as Exhibit F (a "LETTER OF CREDIT REQUEST") accompanied by such application and agreement for letter of credit (a "LETTER OF CREDIT AGREEMENT") as the Issuing Bank may specify to such Borrower in connection with such requested Letter of Credit. The transmittal by a Borrower of each Letter of Credit Request shall be deemed to be a representation and warranty by such Borrower that the Letter of Credit may be issued in accordance with and will not violate any of the requirements of Sections 3.1 and 3.2. Prior to the date of issuance of each Letter of Credit, the requesting Borrower shall provide to the Agent a precise description of the documents and the text of any certificate to be presented by the beneficiary of such Letter of Credit which if presented by such beneficiary on or prior to the expiration date of the Letter of Credit would require the Issuing Bank to make payment under the Letter of Credit. The Issuing Bank, in its reasonable judgment, may require changes in any such documents and certificates. No Letter of Credit shall require payment against a conforming draft to be made thereunder prior to the second Business Day (under the laws of the jurisdiction of the Issuing Bank) after the date on which such draft is presented. A Letter of Credit Request may be given in writing or electronically and, if requested by the Agent, with prompt confirmation in writing. Any electronic Letter of Credit Request shall be deemed to have been prepared

by, or under the supervision of the chief financial officer or other Authorized Officer of the requesting Borrower. The Agent shall promptly provide the aforementioned Letter of Credit Request, document description and proposed text of certification to the Issuing Bank.

SECTION 3.5. PAYMENT OF AMOUNT DRAWN UNDER LETTERS OF CREDIT. In the event of any request for drawing under any Letter of Credit by the beneficiary thereof, the Issuing Bank shall notify the Agent, which shall notify the Borrower on whose behalf the Letter of Credit was issued of such request, not later than 11:00 a.m. (New York City time) on the Business Day immediately prior to the date on which the Issuing Bank intends to honor such drawing. The Borrower on whose behalf the Letter of Credit was issued shall

give notice to be received by the Agent and the Issuing Bank not later than 2:00 p.m. (New York City time) on such Business Day if it intends to reimburse the Issuing Bank for the amount of such drawing with funds other than the proceeds of Loans. Such notice from the Borrower shall be irrevocable and, if given, the Borrowers shall, jointly and severally, reimburse the Issuing Bank not later than the close of business (New York City time) on the day on which such drawing is honored in an amount in same day funds equal to the amount of such drawing. If the Agent shall not have timely received such notice (i) the Borrower on whose behalf the Letter of Credit was issued shall be deemed to have timely given a Notice of Borrowing to the Agent to make Loans on the date on which such drawing is honored in an amount equal to the amount of such drawing and (ii) subject to satisfaction or waiver of the applicable conditions specified in Article V and the other terms and conditions of Borrowings contained herein, the Lenders shall, on the date of such drawing, make Loans in the amount of such drawing, the proceeds of which shall be applied directly by the Agent to reimburse the Issuing Bank for the amount of such drawing or payment. If for any reason, proceeds of Loans are not received by the Issuing Bank on such date in an amount equal to the amount of such drawing, the Borrowers shall, jointly and severally, be obligated to and shall reimburse the Issuing Bank, on the Business Day (under the laws of the jurisdiction of the Issuing Bank) immediately following the date of such drawing, in an amount in same day funds equal to the excess of the amount of such drawing over the amount of such Loans, if any, which are so received, plus accrued interest on such amount at the rate set forth in Section 4.1.

SECTION 3.6. PAYMENT BY LENDERS. In the event that the Borrowers do not reimburse the Issuing Bank for the amount of any drawing pursuant to Section 3.5, the Agent shall promptly notify each Lender of the unreimbursed amount of such drawing and of such Lender's respective participation therein. Each Lender shall make available to the Issuing Bank an amount equal to its respective participation in same day funds, at the office of the Issuing Bank specified in such notice, not later than 1:00 p.m. (New York City time) on the first Business Day (under the laws of the jurisdiction of the Issuing Bank) after the date notified by the Agent. In the event that any Lender fails to make available to the Issuing Bank the amount of such Lender's participation in such Letter of Credit as provided in this Section 3.6, the Issuing Bank shall be entitled to recover such amount on demand from such Lender together with interest at the Federal Funds Rate for three (3) Business Days and thereafter at the Prime Lending Rate. The Agent or the Issuing Bank shall distribute to each other Lender which has paid all amounts payable by it under this Section 3.6 with respect to any Letter of Credit issued by the Issuing Bank such other Lender's Proportionate Share of all payments subsequently received by the Agent or the Issuing Bank from the Borrowers in reimbursement of drawings honored by the Issuing Bank under such Letter of Credit when such payments are received.

SECTION 3.7. NATURE OF ISSUING BANK'S DUTIES. In determining whether to pay under any Letter of Credit, the Issuing Bank shall be responsible only to determine that the documents and certificates required to be delivered under that Letter of Credit have been delivered and that they comply on their face with the requirements of that Letter of Credit. As among the Borrowers, the Issuing Bank and each other Lender, the Borrowers assume all risks of the acts and omissions of the Issuing Bank, or misuse of the Letters of Credit issued by the Issuing Bank by the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, neither the Issuing Bank nor any of the Lenders shall be responsible (i) for the form, validity, sufficiency, accuracy, genuineness or legal effects of any document submitted by any party in connection with the application for and issuance of or any drawing honored under such Letters of Credit even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged, (ii) for the

validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit, or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason, (iii) for failure of the beneficiary of any such Letter of Credit to comply fully with conditions required in order to draw upon such Letter of Credit, (iv) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex, telecopy or otherwise, whether or not they be in cipher, (v) for errors in interpretation of technical terms, (vi) for any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit, or of the proceeds thereof, (vii) for the misapplication by the beneficiary of any such Letter of Credit, of the proceeds of any drawing honored under such Letter of Credit, and (viii) for any consequences arising from causes beyond the control of the Issuing Bank or the other Lenders. None of the above shall affect, impair, or prevent the vesting of any of the Issuing Bank's rights or powers hereunder. Any action taken or omitted to be taken by the Issuing Bank under or in connection with any Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct, shall not create any liability of the Issuing Bank to the Borrowers or any Lender.

SECTION 3.8. OBLIGATIONS ABSOLUTE. The joint and several obligations of the Borrowers to reimburse the Issuing Bank for drawings honored under the Letters of Credit and the obligations of the Lenders under Section 3.6 shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Credit Agreement under all circumstances including, without limitation, the following circumstances: (i) any lack of validity or enforceability of this Credit Agreement, any Letter of Credit, any Letter of Credit Agreement or any other agreement or instrument relating thereto (the "LETTER OF CREDIT RELATED DOCUMENTS"); (ii) the existence of any

claim, set-off, defense or other right which the Borrowers or any Affiliate of the Borrowers may have at any time against a beneficiary or any transferee of any Letter of Credit (or any Persons or entities for whom any such beneficiary or transferee may be acting), the Issuing Bank, any Lender or any other Person, whether in connection with this Credit Agreement, the other Credit Documents, the transactions contemplated herein or therein

or any unrelated transaction; (iii) any draft, demand, certificate or any other documents presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; (iv) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Credit Documents; (v) payment by the Issuing Bank under any Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of such Letter of Credit; (vi) failure of any drawing under a Letter of Credit or any non-application or misapplication by the beneficiary of the proceeds of any drawing; or (vii) the fact that a Default or Event of Default shall have occurred and be continuing; PROVIDED, HOWEVER, that the Borrowers shall have no obligation to reimburse the Issuing Bank and the Lenders shall have no obligation under Section 3.6 in the event of the Issuing Bank's willful misconduct or gross negligence in determining whether documents presented under the Letter of Credit comply with the terms of such Letter of Credit.

ARTICLE IV

INTEREST, FEES AND EXPENSES

SECTION 4.1. INTEREST ON PRIME RATE LOANS. The Borrowers shall, jointly and severally, pay to the Agent for the benefit of the Lenders interest on Prime Rate Loans two (2) Business Days after the last Business Day of each month, calculated monthly in arrears at an interest rate per annum equal to the Prime Lending Rate plus the Applicable Margin on the average net balances owing to the Agent and the Lenders at the close of business each day during such month. The rate under this Section 4.1 shall change each day as the Prime Lending Rate changes.

SECTION 4.2. INTEREST ON EURODOLLAR RATE LOANS. The Borrowers shall, jointly and severally, pay to the Agent for the benefit of the Lenders interest on Eurodollar Rate Loans on the last day of each Interest Period with respect to such Eurodollar Rate Loan and, in the case of an Interest Period longer than three months, on the date occurring every three months from the first day of such Interest Period, at the date of conversion of

such Eurodollar Rate Loan (or a portion thereof) to a Prime Rate Loan, and at maturity of such Eurodollar Rate Loan, in each case at a per annum interest rate equal during the Interest Period for such Eurodollar Loan to the Adjusted Eurodollar Rate for the Interest Period in effect for such Eurodollar Rate Loan plus the Applicable Margin. After maturity of such Eurodollar Rate Loan (whether by acceleration or otherwise), interest shall be payable upon demand. The Agent, upon determining the Adjusted Eurodollar Rate for any Interest Period, shall promptly notify the Borrowers and the Lenders by telephone (confirmed promptly in writing) or in writing thereof. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

SECTION 4.3. INTEREST AND LETTER OF CREDIT FEES AFTER EVENT OF DEFAULT. From the date of occurrence of any Event of Default until the earlier of the date upon which (i) all Obligations shall have been paid and satisfied in full or (ii) such Event of Default shall have been waived or cured, interest on the Loans, and Letter of Credit Fees on Letter of Credit Obligations, shall each be payable on demand at a rate per annum equal to, with respect to the Loans, the Prime Lending Rate or the Adjusted Eurodollar Rate, as the case may be, plus two percent (2%) above the Applicable Margin at Level V, and with respect to the Letter of Credit Obligations, the rate in effect under the first sentence of Section 4.4(a), plus two percent (2%).

SECTION 4.4. LETTER OF CREDIT FEES.

(a) The Borrowers shall, jointly and severally, pay to the Agent for the ratable benefit of the Lenders two (2) Business Days after the last Business Day of each month a fee (the "LETTER OF CREDIT FEE"), in an amount per annum equal to the Applicable Margin with respect to Letters of Credit of the daily average amount of Letter of Credit Obligations outstanding during the immediately preceding month. In addition, the Borrowers shall, jointly and severally, pay the Agent, for its own benefit, two (2) Business Days after the last Business Day of each month a letter of credit facing fee (the "FACING FEE") in an amount equal to .25% per annum on the undrawn amount of each Letter of Credit.

(b) The Borrowers shall, jointly and severally, pay on demand the customary charges, fees and expenses of the Issuing Bank (without duplication of the Letter of Credit Fee) for the issuance, administration and negotiation of each Letter of Credit (the "ISSUING BANK FEES"). Each determination by the Agent of Letter of Credit Fees and other fees, charges and expenses under this Section shall be conclusive and binding for all purposes, absent manifest error.

SECTION 4.5. UNUSED LINE FEE; CLOSING FEE; COLLATERAL AGENT FEE; AGENT FEE.

(a) Each Borrower shall, jointly and severally, pay to the Agent for the ratable benefit of the Lenders two (2) Business Days after the last Business Day of each month and on the Expiration Date a fee equal to 0.375% per annum calculated monthly in arrears on the average unused portion of the total Line of Credit at the close of business each day during such month or such period prior to the Expiration Date (the "UNUSED LINE FEE").

(b) The Borrowers shall, jointly and severally, pay to the Agent for the ratable benefit of the Lenders, on the Closing Date, a fee (the "CLOSING FEE") in an amount equal to 2.375% of the Line of Credit.

(c) The Borrowers shall, jointly and severally, pay to the Collateral Agent solely for the account of the Collateral Agent, in advance on the first Business Day of each month, a fee (the "COLLATERAL AGENT FEE") in an amount equal to $5,000.

(d) The Borrowers shall, jointly and severally, pay to the Agent solely for the account of the Agent, in advance on the first Business Day of each month, a fee (the "AGENT FEE") in an amount equal to $5,000.

SECTION 4.6. OTHER FEES AND EXPENSES. The Borrowers agree, jointly and severally, to pay fees to the Agent on behalf of the Lenders in the amounts and at the times set forth herein and shall be obligated to reimburse the Agent's Expenses and the Collateral Agent's Expenses promptly upon demand.

SECTION 4.7. CALCULATIONS. All calculations of (i) interest hereunder and (ii) Fees, including, without limitation, Unused Line Fees and Letter of Credit Fees, shall be made by the Agent, on the basis of a year of 360 days for the actual number of days elapsed (including the first day but excluding the last day) occurring in the period for which such interest or Fees are payable. Each determination by the Agent of an interest rate, Fee or other payment hereunder shall be conclusive and binding for all purposes, absent manifest error.

SECTION 4.8. SPECIAL PROVISIONS RELATING TO EURODOLLAR RATE LOANS.

(a) CONTINUATION. With respect to any Borrowing consisting of Eurodollar Rate Loans, the Borrowers may (so long as no Default or Event of Default has occurred and is continuing), subject to the provisions of Section 4.8(c), elect to maintain such Borrowing or any portion thereof as consisting of Eurodollar Rate Loans by selecting a new Interest Period for such Borrowing, which new Interest Period shall commence on the last day of the immediately preceding Interest Period. Each selection of a new Interest Period shall be made by notice given not later than 2:00 p.m. (New York City time) on the third Business Day prior to the date of any such continuation relating to

Eurodollar Rate Loans, by the applicable Borrower to the Agent. Such notice by a Borrower of a continuation (a "NOTICE OF CONTINUATION") shall be by telephone or facsimile transmission, and if by telephone, promptly confirmed in writing substantially in the form of Exhibit D, in each case specifying (i) the date of such continuation, (ii) the Type of Loans subject to such continuation, (iii) the aggregate amount of Loans subject to such continuation and (iv) the duration of the selected Interest Period. The Borrowers may elect to maintain more than one Borrowing consisting of Eurodollar Rate Loans by combining such Borrowings into one Borrowing and selecting a new Interest Period pursuant to this Section 4.8(a). If the Borrowers shall fail to select a new Interest Period for any Borrowing consisting of Eurodollar Rate Loans in accordance with this Section, such Revolving Loans will automatically, on the last day of the then existing Interest Period therefor, convert into Prime Rate Loans. The Agent shall give each Lender prompt notice by telephone or facsimile transmission of each Notice of Continuation.

(b) CONVERSION. The Borrowers may on any Business Day (so long as no Default or Event of Default has occurred and is continuing), upon notice substantially in the form of Exhibit E (each such notice, a "NOTICE OF CONVERSION") given to the Agent, and subject to the provisions of Section 4.8(c), convert the entire amount of or a portion of all Loans of one Type comprising the same Borrowing into Loans of another Type; PROVIDED, HOWEVER, that any conversion of any Eurodollar Rate Loans into Loans of another Type shall be made on, and only on, the last day of an Interest Period for such Eurodollar Rate Loans and, upon conversion of any Prime Rate Loans into Loans of another Type, the Borrowers shall pay accrued interest to the date of conversion on the principal amount converted. Each such Notice of Conversion shall be given not later than 10:00 a.m. (New York City time) on the Business Day prior to the date of any proposed conversion into Prime Rate Loans and on the third Business Day prior to the date of any proposed conversion into Eurodollar Rate Loans. Subject to the restrictions specified above, each Notice of Conversion shall be by telephone or facsimile transmission, and if by telephone, promptly confirmed by a writing, in each case specifying (i) the requested date of such conversion, (ii) the Type of Loans to be converted, (iii) the portion of such Type of Loan to be converted, (iv) the Type of Loan such Loans are to be converted into and (v) if such conversion is into Eurodollar Rate Loans, the duration of the Interest Period of such Loan. Each conversion shall be in an aggregate amount for the Loans of all Lenders of not less than $1,000,000 or an integral multiple of $100,000 in excess thereof. The Borrowers may elect to convert the entire amount of or a portion of all Loans of one Type comprising more than one Borrowing into Loans of another Type by combining such Borrowings into one Borrowing; PROVIDED, HOWEVER, that if the Borrowings so combined consist of Eurodollar Rate Loans, such Loans shall have Interest Periods ending on the same date.

(c) CERTAIN LIMITATIONS ON EURODOLLAR RATE LOANS. The right of the Borrowers to maintain, select, continue or convert Eurodollar Rate Loans shall be limited as follows:

(i) If the Agent is advised by Bankers Trust Company that it is not offering U.S. dollar deposits (in the applicable amounts) in the London interbank market, or the Agent determines that adequate and fair means do not

otherwise exist for ascertaining the Eurodollar Rate for Eurodollar Rate Loans comprising any requested Borrowing, continuation or conversion, the right of the Borrowers to select or maintain Eurodollar Rate Loans for such Borrowing or any subsequent Borrowing shall be suspended until the Agent shall notify the Borrowers and the Lenders that the circumstances causing such suspension no longer exist, and each Loan comprising such Borrowing shall be made as a Prime Rate Loan.

(ii) If the Majority Lenders shall, at least one (1) Business Day before the date of any requested Borrowing, continuation or conversion, notify the Agent that the Eurodollar Rate for Loans comprising such Borrowing will not adequately reflect the cost to such Lenders of making or funding their respective Loans for such Borrowing, the right of the Borrowers to select Eurodollar Rate Loans for such Borrowing shall be suspended until the Agent shall notify the Borrowers and the Lenders that the circumstances causing such suspension no longer exist, and each Loan comprising such Borrowing shall be made as a Prime Rate Loan.

(iii) If at any time any Lender determines (which determination shall, absent manifest error, be conclusive and binding on all parties) that the making, continuation or conversion of any Loan as a Eurodollar Rate Loan has become unlawful or impermissible by reason of compliance by that Lender with any law, governmental rule, regulation or order of any Governmental Authority (whether or not having the force of law or resulting in costs or penalties), then, and in any such event, such Lender may give notice of that determination in writing, to the Borrowers and the Agent and the Agent shall promptly transmit the notice to each other Lender. Until such Lender gives notice otherwise, the right of the Borrowers to select Eurodollar Rate Loans from that Lender shall be suspended and each Eurodollar Rate Loan outstanding from that Lender shall automatically and immediately convert to a Prime Rate Loan.

(iv) There shall not be outstanding at any one time more than an aggregate of three (3) Borrowings of Loans which consist of Eurodollar Rate Loans for any one Borrower

or an aggregate of six (6) Borrowings of Loans which consist of Eurodollar Rate Loans for all of the Borrowers.

(v) No Agent Advance shall be made as a Eurodollar Rate Loan.

(d) COMPENSATION. (i) Each Notice of Continuation and Notice of Conversion shall be irrevocable by and binding on the Borrower delivering such notice. In the case of any Borrowing, continuation or conversion that the related Notice of Borrowing, Notice of Continuation or Notice of Conversion specifies is to be comprised of Eurodollar Rate Loans, the Borrowers shall, jointly and severally, indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill, on or before the date for such Borrowing, continuation or conversion specified in such Notice of Borrowing, Notice of Continuation or Notice of Conversion, the applicable conditions set forth in Article V, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or re-employment of deposits or other funds acquired by such Lender to fund the Loan to be made by such Lender as part of such Borrowing, continuation or conversion.

(ii) If any payment of principal of, or conversion or continuation of, any Eurodollar Rate Loan is made other than on the last day of the Interest Period for such Loan as a result of a payment, prepayment, conversion or continuation of such Loan or acceleration of the maturity of the Revolving Notes pursuant to Article VIII or for any other reason, the Borrowers shall, upon demand by any Lender (with a copy of such demand to the Agent), jointly and severally, pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses which it may reasonably incur as a result of such payment, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Loan.

(iii) Calculation of all amounts payable to a Lender under this Section 4.8(d) shall be made as though such Lender elected to fund all Eurodollar Rate Loans by purchasing U.S.

dollar deposits in its Eurodollar Lending Office's interbank eurodollar market.

SECTION 4.9. INDEMNIFICATION IN CERTAIN EVENTS. If after the Closing Date, either (i) any change in or in the interpretation of any law or regulation is introduced, including, without limitation, with respect to reserve requirements, applicable to the Agent, to any of the Lenders, or to Bankers Trust Company, or any other banking or financial institution from whom any of the Lenders borrows funds or obtains credit (a "FUNDING BANK"), or (ii) the Agent, a Funding Bank or any of the Lenders complies with any future guideline or request from any central bank or other Governmental Authority or (iii) the Agent, a Funding Bank or any of the Lenders determines that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any

Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof has or would have the effect described below, or the Agent, a Funding Bank or any of the Lenders complies with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, and in the case of any event set forth in this clause (iii), such adoption, change or compliance has or would have the direct or indirect effect of reducing the rate of return on any of the Lenders' capital as a consequence of its obligations hereunder to a level below that which such Lender could have achieved but for such adoption, change or compliance (taking into consideration the Agent's or such Funding Bank's or Lender's policies as the case may be with respect to capital adequacy) by an amount deemed by such Lender to be material, and any of the foregoing events described in clauses (i), (ii) or (iii) increases the cost to the Agent, the Issuing Bank or any of the Lenders of (A) funding or maintaining the total Commitments or (B) issuing, making or maintaining any Letter of Credit or of purchasing or maintaining any participation therein, or reduces the amount receivable in respect thereof by the Agent, the Issuing Bank or any Lender, then the Borrowers shall upon demand by the Agent, jointly and severally, pay to the Agent, for the account of each applicable Lender or, as applicable, the Issuing Bank or a Funding Bank, additional amounts sufficient to indemnify the Lenders against such increase in cost or reduction in amount receivable. A

certificate as to the amount of such increased cost and setting forth in reasonable detail the calculation thereof shall be submitted to the Borrowers by the Agent, or the applicable Lender, Issuing Bank or Funding Bank, not later than the earlier of (a) 180 days after the event giving rise to such increased costs and (b) 45 days after the Person submitting such certificate has knowledge of such event, and shall be conclusive absent manifest error. Prior to making any such demand, each of the Lenders, the Agent, Funding Bank or other such party shall use reasonable efforts to designate a different Lending Office if such a designation could reduce or eliminate any such payment.

SECTION 4.10. NET PAYMENTS. (a) Any and all payments by the Borrowers hereunder, under the Revolving Loans or under the Letters of Credit to or for the benefit of any Lender, the Issuing Bank, the Collateral Agent or the Agent shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings and penalties, interests and all other liabilities with respect thereto ("TAXES"), including any Taxes imposed under Section 7701(l) of the Internal Revenue Code, excluding, (i) in the case of each such Lender, the Issuing Bank, the Collateral Agent or the Agent, taxes imposed on its net income (including, without limitation, any taxes imposed on branch profits) and franchise taxes imposed on it by the jurisdiction under the laws of which such Lender, the Issuing Bank, the Collateral Agent or the Agent (as the case may be) is organized or any political subdivision thereof, (ii) in the case of each Lender,

taxes imposed on its net income (including, without limitation, any taxes imposed on branch profits), and franchise taxes imposed on it, by the jurisdiction of such Lender's applicable Lending Office or any political subdivision thereof, (iii) in the case of each such Lender, the Issuing Bank, the Collateral Agent and the Agent, any Taxes that are in effect and that would apply to a payment to such Lender, the Issuing Bank, the Collateral Agent or Agent, as applicable, as of the Closing Date (other than any Taxes imposed under Section 7701(l) of the Internal Revenue Code), and (iv) if any Person acquires any interest in this Credit Agreement, any Revolving Loan or Letter of Credit pursuant to the provisions hereof, or a Foreign Lender or the Agent changes the office in which the Borrowing is made, accounted for or booked (any such person, or such Foreign Lender or the Agent in that event, being referred to as a "TAX TRANSFEREE"), any

Taxes (other than Taxes imposed under Section 7701(l) of the Internal Revenue Code) to the extent that they are in effect and would apply to a payment to such Tax Transferee as of the date of the acquisition of such interest or change in office, as the case may be (all such nonexcluded Taxes being hereinafter referred to as "COVERED TAXES"). If the Borrowers shall be required by law to deduct any Covered Taxes from or in respect of any sum payable hereunder, under any Revolving Loan or under any Letter of Credit to or for the benefit of any Lender, the Issuing Bank, the Collateral Agent or the Agent or any Tax Transferee, (A) the sum payable shall be increased as may be necessary so that after making all required deductions of Covered Taxes (including deductions of Covered Taxes applicable to additional sums payable under this Section 4.10) such Lender, the Issuing Bank, the Collateral Agent, the Agent or such Tax Transferee, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (B) the Borrowers shall make such deductions and (C) the Borrowers shall, jointly and severally, pay the full amount so deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrowers agree, jointly and severally, to pay any present or future stamp, documentary, excise, privilege, intangible or similar levies that arise at any time or from time to time (i) from any payment made under any and all Credit Documents, (ii) from the transfer of the rights of the Lender under any Credit Documents to any transferee, or (iii) from the execution or delivery by the Borrowers of, or from the filing or recording or maintenance of, or otherwise with respect to the exercise by the Agent or the Lenders of their rights under, any and all Credit Documents (hereinafter referred to as "OTHER TAXES").

(c) The Borrowers, jointly and severally, indemnify each Lender, the Issuing Bank, the Collateral Agent, the Agent, and any Tax Transferee for the full amount of (i) Covered Taxes imposed on or with respect to amounts payable hereunder, (ii) Other Taxes, and (iii) any Taxes (other than Covered Taxes imposed by any jurisdiction on amounts payable under this Section 4.10) paid by

such Lender, the Issuing Bank, the Collateral Agent, or the Agent or such Tax Transferee, as the case may be, and any liability (including penalties, interest and expenses)

arising solely therefrom or with respect thereto. Payment of this indemnification shall be made within 30 days from the date such Lender, the Issuing Bank, the Collateral Agent, or the Agent or Tax Transferee certifies and sets forth in reasonable detail the calculation thereof as to the amount and type of such Taxes. Any such certificate submitted by the Lender, the Issuing Bank, the Collateral Agent or Agent or Tax Transferee in good faith to the Borrowers shall, absent manifest error, be final, conclusive and binding on all parties.

(d) Within 30 days after having received a receipt of Covered Taxes or Other Taxes, the Borrowers will furnish to the Agent the original or a certified copy of a receipt evidencing payment thereof.

(e) On or before the Closing Date, each Foreign Lender shall deliver to the Agent and the Borrowers (i) two valid, duly completed copies of IRS Form 1001 or 4224 or successor applicable form, as the case may be, and any other required form, certifying in each case that such Foreign Lender is entitled to receive payments under this Credit Agreement or the Revolving Loans payable to it without deduction or withholding of any United States federal income taxes or with such withholding imposed at a reduced rate (the "REDUCED RATE"), and (ii) a valid, duly completed IRS Form W-8 or W-9 or successor applicable form, as the case may be, to establish an exemption from United States backup withholding tax. Each such Foreign Lender shall also deliver to the Agent and the Borrowers two further copies of said Form 1001 or 4224 and W-8 or W-9, or successor applicable forms, or other manner of required certification, as the case may be, on or before the date that any such form expires or becomes obsolete or otherwise is required to be resubmitted as a condition to obtaining an exemption from a required withholding of United States federal income tax or entitlement to having such withholding imposed at the Reduced Rate or after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrowers and the Agent, and such extensions or renewals thereof as may reasonably be requested by the Borrowers and the Agent, certifying (i) in the case of a Form 1001 or 4224 that such Foreign Lender is entitled to receive payments under this Credit Agreement or the Revolving Notes payable to it without deduction or withholding of any United States federal income taxes, unless in any such case any

change in a tax treaty to which the United States is a party, or any change in law or regulation of the United States or official interpretation thereof has occurred after the Closing Date and prior to the date on which any such delivery would otherwise be required that renders all such forms inapplicable or that would prevent such Foreign Lender from duly completing and delivering

any such form with respect to it, and such Foreign Lender advises the Borrowers and the Agent that it is not capable of receiving payments without any deduction or withholding at the Reduced Rate, or (ii) in the case of a Form W-8 or W-9, establishing an exemption from United States backup withholding tax.

(f) If a Tax Transferee that is organized under the laws of a jurisdiction outside of the United States acquires an interest in this Credit Agreement or any Revolving Loan or a Foreign Lender changes the office through which Loans are made, accounted for or booked, the transferor, or the applicable Foreign Lender, in the case of a change of office, shall cause such Tax Transferee to agree that, on or prior to the effective date of such acquisition or change, as the case may be, it will deliver to the Borrowers and the Agent (i) two valid, duly completed copies of IRS Form 1001 or 4224 or successor applicable form, as the case may be, and any other required form, certifying in each case that such Tax Transferee is entitled to receive payments under this Credit Agreement and the Revolving Notes payable to it without deduction or withholding of United States federal income tax or with such withholding imposed at a Reduced Rate; and (ii) a valid, duly completed IRS Form W-8 or W-9 or successor applicable form, as the case may be, to establish an exemption from United States backup withholding tax. Each Tax Transferee that delivers to the Borrowers and the Agent a Form 1001 or 4224, and Form W-8 or W-9 and any other required form, pursuant to the next preceding sentence, further undertakes to deliver two further copies of the said Form 1001 or 4224 and Form W-8 or W-9, or successor applicable forms, or other manner of required certification, as the case may be, on or before the date that any such form expires or becomes obsolete or otherwise is required to be resubmitted as a condition to obtaining an exemption from a required withholding of United States federal income tax or entitlement to having such withholding imposed at the Reduced Rate or after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrowers and the Agent, and such extensions or renewals thereof

as may reasonably be requested by the Borrowers and the Agent, certifying (i) in the case of a Form 1001 or 4224 that such Tax Transferee is entitled to receive payments under this Restated Agreement without deduction or withholding of any United States federal income taxes or with such withholding imposed at the Reduced Rate, unless any change in treaty, law or regulation or official interpretation thereof has occurred after the effective date of such acquisition or change and prior to the date on which any such delivery would otherwise be required that renders all such forms inapplicable or that would prevent such Tax Transferee from duly completing and delivering any such form with respect to it, and such Tax Transferee advises the Borrowers and the Agent that it is not capable of receiving payments (a) without any deduction or withholding of United States federal income tax or (b) with such withholding at the Reduced Rate, as the case may be, or (ii) in the case of a Form W-8 or W-9, establishing an exemption from United States backup withholding tax.

(g) If any Taxes for which the Borrowers would be required to make payment under this Section 4.10 are imposed, the Lender, the Issuing Bank, the Collateral Agent or the Agent, as the case may be, shall use its reasonable best efforts to avoid or reduce such Taxes by taking any appropriate action (including, without limitation, assigning its rights hereunder to a related entity or a different office) which would not in the sole opinion of such Lender, the Issuing Bank, the Collateral Agent or Agent be otherwise disadvantageous to such Lender, the Issuing Bank, the Collateral Agent or Agent, as the case may be.

(h) Without prejudice to the survival of any other agreement of the Borrowers hereunder, the agreements and obligations of the Borrowers contained in this Section 4.10 shall survive the payment in full of the Obligations.

SECTION 4.11. AFFECTED LENDERS. If the Borrowers are obligated to pay to any Lender any amount under Sections 4.9 or 4.10 materially in excess of any such amounts payable to the other Lenders, the Borrowers may, if no Default or Event of Default then exists, replace such Lender with another lender acceptable to the Agent, and such Lender hereby agrees to be so replaced subject to the following:

(a) The obligations of the Borrowers hereunder to the Lender to be replaced (including such increased or additional costs incurred from the date of notice to the Borrowers of such increase or additional costs through the date such Lender is replaced hereunder) shall be paid in full to the Agent for the account of such Lender concurrently with such replacement;

(b) The replacement Lender shall be a bank or other financial institution that is not subject to the increased costs arising under Section 4.9 which may have effectuated the Borrowers' election to replace any Lender hereunder, and each such replacement Lender shall execute and deliver to the Agent such documentation satisfactory to the Agent pursuant to which such replacement Lender is to become a party hereto, conforming to the provisions of Section 11.8, with a Commitment equal to that of the Lender being replaced (before giving effect to Section 2.8) and shall make a Loan or Loans in the aggregate principal amount equal to the aggregate outstanding principal amount of the Loan or Loans of the Lender being replaced (or Loans that should have been made but for a Defaulting Lender's failure to lend);

(c) Upon such execution of such documents referred to in clause (b) and repayment of the amounts referred to in clause (a), the replacement lender shall be a "Lender" with a Commitment as specified hereinabove and the Lender being replaced shall cease to be a "Lender" hereunder, except with respect to indemnification provisions under this Credit Agreement, which shall survive as to such replaced Lender;

(d) The Agent shall reasonably cooperate in effectuating the replacement of any Lender under this Section 4.11, but at no time shall the Agent be obligated to initiate any such replacement; and

(e) Any Lender replaced under this Section 4.11 shall be replaced at the Borrowers' sole cost and expense and at no cost or expense to the Agent or any of the Lenders (other than a Defaulting Lender).

ARTICLE V

CONDITIONS PRECEDENT

SECTION 5.1. CONDITIONS TO INITIAL LOANS AND LETTERS OF CREDIT. The obligation of each Lender to fund its Proportionate Share of the initial Loan and the obligation of the Issuing Bank to issue the initial Letter of Credit is subject to the satisfaction of the following conditions precedent:

(a) There shall be no pending or, to the best knowledge of the Credit Parties, litigation threatened in writing, proceeding, inquiry or other action seeking an injunction or other restraining order, damages or other relief with respect to the transactions contemplated by this Credit Agreement, the other Credit Documents, the Registration Statement or the Credit Parties' other business activities, except where such litigation, proceeding, inquiry or other action could not have a Material Adverse Effect.

(b) The Borrowers shall have paid all accrued fees and expenses of the Agent, the Collateral Agent and the Lenders in connection with the negotiation, preparation, execution and delivery of the Credit Documents (including, without limitation, the reasonable accrued fees and expenses of counsel to the Agent).

(c) The Agent and the Lenders shall have received each of the agreements, opinions, reports, approvals, consents, certificates and other documents set forth on the Closing Document List attached hereto as Schedule 5.1(c), in each case, in form and substance satisfactory to the Lenders, except those agreements and certificates which are permitted to be delivered post-Closing pursuant to Section 7.1(s), (t) and (u)

(d) All documentation relating to the transactions contemplated hereby (including, without limitation, the Intercompany Subordinated Notes, the Senior Note Guaranty and the Credit Documents) shall be in form and substance satisfactory to the Agent and the Lenders.

(e) All Existing Indebtedness shall be on terms and conditions (including, without limitation, amount, pricing, amortization, intercreditor arrangements and extent of subordination) satisfactory to the Agent and the Collateral Agent.

(f) The Credit Parties shall have been released from all obligations under the Existing Loan Facilities and all related documents and agreements pursuant to a release in form and substance satisfactory to the Agent and the Collateral Agent and all liens and security interests related thereto shall be released or terminated.

(g) Except for (i) the filing of U.C.C. financing statements under the Code, (ii) consents or authorizations which have been obtained or filings which have been made, and which in either case are in full force and effect or (iii) consents or authorizations the failure to obtain or filings the failure to make could not have a Material Adverse Effect, no consent or authorization of, filing with or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the Borrowings hereunder, the grant of the Liens pursuant to the Credit Documents, the consummation of the transactions contemplated by the Offering Memorandum or the continuing operations of the Guarantor and its Subsidiaries following such consummation or with the execution, delivery, performance, validity or enforceability of this Credit Agreement, the Revolving Notes, the Letters of Credit, the other Credit Documents, the Senior Notes or other documents executed in connection with the Senior Notes to which a Credit Party is a party (the Senior Notes and such other documents, the "Senior Note Documents").

(h) (i) No change, occurrence, event or development or event involving a prospective change that could have a Material Adverse Effect shall have occurred and be continuing since December 31, 1995, or (ii) there shall not have occurred a substantial impairment of the financial markets generally that is reasonably likely to materially and adversely affect the transactions contemplated hereby, in each case as determined by the Agent and each Lender in its sole discretion.

(i) There shall be established cash management systems for the Borrowers on terms and conditions satisfactory to the Agent and the Collateral Agent including, without limitation, establishment of the Borrowers' principal bank accounts with the Agent, establishment of the Disbursement Account, and establishment of the Lockboxes with the Lockbox Banks, and the Agent shall have received separate Lockbox Agreements, duly executed by Entoleter and Brown and a Lockbox Bank.

(j) Counsel to the Agent shall have performed a legal review satisfactory to the Agent of all of each Credit Party's material contracts

and tax, litigation, environmental and other potential contingent liabilities, and of the corporate and capital structure of the Guarantor and its Subsidiaries.

(k) Each Credit Party shall be in compliance with all material indentures or agreements to which it is a party.

(l) The Borrowing Base shall be appropriate, in the Agent's and the Collateral Agent's sole discretion, for the Borrowers' overall business and working capital requirements, and the Agent and the Collateral Agent shall have performed an examination satisfactory to it of the working capital assets of the Credit Parties.

(m) The Liens and all other security interests in favor of the Agent, for the benefit of the Lenders, shall have been duly perfected and shall constitute first and prior Liens, except as otherwise permitted in the Credit Documents.

(n) The Agent and the Collateral Agent shall have received evidence satisfactory to it that there will be Unused Availability in an amount satisfactory to it after giving effect to the Revolving Loans to be borrowed and the Letters of Credit to be issued on the Closing Date.

(o) The Agent shall have received evidence satisfactory to it that the Guarantor owns one hundred percent of the outstanding capital stock of Brown and shall be satisfied with respect to all material terms of the

acquisition of such stock including the terms of any contingent rights granted to the transferors of such stock.

(p) The Agent shall have received evidence satisfactory to it that the Guarantor has received not less than $115,000,000 less customary deductions from the issuance of the Senior Notes on terms and conditions satisfactory to the Lenders and that the proceeds of the Senior Notes have been used to repay the Existing Loan Facilities and certain other Indebtedness of the Guarantor and the Borrowers.

(q) The Agent shall have received such other approvals, opinions or documents as any Lender or the Issuing Bank through the Agent may reasonably request.

SECTION 5.2. CONDITIONS PRECEDENT TO ALL LOANS AND LETTERS OF CREDIT. The obligation of each Lender to fund its Proportionate Share of any requested Loan or of the Agent to cause the Issuing Bank to issue any requested Letter of Credit is subject to the conditions precedent set forth below. Each Notice of Borrowing and each Letter of Credit Request, and each issuance by the Borrowers of a check drawn against, or request for transfer

from, the Disbursement Account shall constitute a representation and warranty that such conditions are satisfied.

(a) All representations and warranties contained in this Credit Agreement and the other Credit Documents shall be true and correct on and as of the date of such Notice of Borrowing or Letter of Credit Request or issuance of a check drawn against or request for transfer from the Disbursement Account, as if then made, other than representations and warranties that relate solely to an earlier date;

(b) No Default or Event of Default shall have occurred, or would result from the making of the requested Revolving Loan or the issuance of the requested Letter of Credit, which has not been waived or cured; and

(c) No event has occurred since December 31, 1995 which has had or could have a Material Adverse Effect.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

SECTION 6.1. REPRESENTATIONS AND WARRANTIES OF THE BORROWERS. Each Credit Party represents and warrants as follows:

(a) ORGANIZATION AND QUALIFICATION. Such Credit Party and each of its Subsidiaries (i) is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, (ii) has the power and authority to own its properties and assets and to transact the businesses in which it presently is, or proposes to be, engaged and (iii) is duly qualified and is authorized to do business and is in good standing in each jurisdiction where it presently is, or proposes to be, engaged in business. Schedule 6.1(a) lists all jurisdictions in which such Credit Party and each of its Subsidiaries are qualified to do business as foreign corporations as of the Closing Date.

(b) AUTHORITY. Such Credit Party has the requisite corporate power and authority to execute, deliver and perform each of the Credit Documents to which it is a party. All corporate action necessary for the execution, delivery and performance of any of the Credit Documents has been taken.

(c) ENFORCEABILITY. This Credit Agreement is and, when executed and delivered and each other Credit Document is and, when executed, and delivered, will be the legal, valid and binding obligation of such Credit Party which is a party thereto, enforceable in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency or similar laws affecting creditors' rights generally, and (ii) general principles of equity.

(d) NO CONFLICT. The execution, delivery and performance of each Credit Document by such Credit Party does not contravene (i) the Governing Documents of such Credit Party, or (ii) any Requirement of Law or (iii) any franchise, license, permit, indenture, contract,

lease, agreement, instrument or other commitment to which it is a party or by which it or any of its properties are bound, and will not, except as contemplated herein, result in the imposition of any material Liens upon any of its properties.

(e) CONSENTS AND FILINGS. No consent, authorization, approval or filing is required in connection with the execution, delivery and performance of this Credit Agreement or any Credit Document, or the continuing operations of such Credit Party except: (i) those that have been obtained or made; (ii) filings necessary to create, perfect or retain the perfection of Liens against the Collateral; and (iii) in the case of the continuing operations of such Credit Party, those the failure to obtain could not have a Material Adverse Effect.

(f) GOVERNMENT REGULATION. Such Credit Party is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, the Investment Company Act of 1940, or any other Requirement of Law that limits its ability to incur indebtedness or its ability to consummate the transactions contemplated in the Registration Statement, this Credit Agreement and the other Credit Documents.

(g) SOLVENCY. The fair saleable value of the assets of the Guarantor and its Subsidiaries (including contribution rights) on a consolidated basis and of such Credit Party on an individual basis exceeds all its probable liabilities, including those to be incurred pursuant to the Senior Note Documents, this Credit Agreement and the other Credit Documents. No such Person (i) has unreasonably small capital in relation to the business in which it is or proposes to be engaged and (ii) has incurred, or believes that it will incur, after giving effect to the transactions contemplated by the Senior Note Documents, this Credit Agreement and the other Credit Documents, debts beyond its ability to pay as such debts become due.

(h) RIGHTS IN COLLATERAL; PRIORITY OF LIENS. All property consisting of Collateral is owned or leased by such Credit Party, free and clear of any and all Liens in favor

of third parties, other than Permitted Liens. Upon the proper filing of the UCC financing statements, the security interests granted pursuant to the Credit Documents constitute valid and enforceable first (except for Permitted Liens and other liens permitted hereunder), prior and perfected Liens on the Collateral to the extent such Liens can be perfected by the filing of such financing statements.

(i) FINANCIAL DATA. The Guarantor and its Restricted Subsidiaries have provided to the Agent and each of the Lenders complete and accurate copies of its annual audited Financial Statements for the fiscal year ended December 31, 1995, reported on by Ernst & Young L.L.P. and its unaudited Financial Statements for the fiscal period ended August 31, 1996. Such Financial Statements have been prepared in accordance with GAAP consistently applied throughout the periods involved and fairly present the respective financial positions, results of operations and cash flows of the Guarantor and its Restricted Subsidiaries for each of the periods covered. Neither the Guarantor nor any of its Subsidiaries has any Contingent Obligation, or liability for taxes or long-term leases, which is not reflected in such Financial Statements or the footnotes thereto. During the period from December 31, 1995 to and including the Closing Date there has been no sale, transfer or other disposition by the Guarantor or any of its Restricted Subsidiaries of any material part of its business or property and no purchase or other acquisition of any business or property (including any capital stock of any other Person) material in relation to the consolidated financial condition of the Guarantor and its Subsidiaries at December 31, 1995 except for the Tape Acquisition. Since December 31, 1995 (a) there has been no change, occurrence, development or event which has had or could have a Material Adverse Effect and (b) no dividends or other returns of capital or other distributions have been declared, paid or made upon the capital stock of any Credit Party, except in connection with the Guarantor's acquisition of stock of Brown, nor has any of the capital stock of such Credit Party been redeemed, retired, purchased or otherwise acquired for value by such Credit Party or any of its Subsidiaries.

(j) CASH FLOW STATEMENTS. The forecasted cash flow statements and other financial statements of each Borrower individually and the Guarantor and its Subsidiaries on a consolidated basis delivered to the Lenders were prepared in good faith on the basis of assumptions which were fair in light of the conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery, such Credit Party's best estimate of its and its Restricted Subsidiaries' future financial performance.

(k) LOCATIONS OF OFFICES, RECORDS AND INVENTORY. The address of the principal place of business and chief executive office of each Credit Party is set forth on Schedule 6.1(k). The books and records of each Credit Party, and all of its chattel paper and records of Accounts, are (or will

be) maintained exclusively at the locations for such Credit Party set forth on such Schedule. There is no jurisdiction in which any Credit Party has any Collateral (except for vehicles and Inventory in transit for processing) other than those jurisdictions with respect to such Credit Party identified on Schedule 6.1(k). A complete list of the legal name and address of each premises at which any Credit Party's Inventory is located is set forth on Schedule 6.1(k). Schedule 6.1(k) indicates whether each premises listed thereon is leased or owned by such Credit Party. None of the receipts received and to be received by any Credit Party from any warehouseman state that any Credit Party's Inventory covered thereby is to be delivered to bearer or to the order of a named person or to a named person and such named person's assigns.

(l) SUBSIDIARIES; OWNERSHIP OF STOCK. The only direct or indirect Subsidiaries of such Credit Party are those listed on Schedule 6.1(l)(i) as amended from time to time by the Guarantor to reflect Permitted Acquisitions. Such Credit Party is the record and beneficial owner of all of the shares of capital stock of each of the Subsidiaries listed on Schedule 6.1(l)(ii). Except as set forth on Schedule 6.1(l)(iii), there are no proxies, irrevocable or otherwise, with respect to the shares of capital stock of the Borrowers or any of their Subsidiaries, and no equity securities of any of the Borrowers or any of their Subsidiaries are or may become required to be issued by

reason of any options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, shares of any capital stock of any Borrower or any of their Subsidiaries and there are no contracts, commitments, understandings or arrangements by which any Borrower or any of its Subsidiaries is or may become bound to issue additional shares of its capital stock or securities convertible into or exchangeable for such shares. All of such shares so owned by such Credit Party are owned by such Credit Party free and clear of any Liens, except for the Liens permitted by Section 7.2(a)(vii). As of the Closing Date there are no Unrestricted Subsidiaries.

(m) NO JUDGMENTS OR LITIGATION. Except as set forth on Schedule 6.1(m), no judgments, orders, writs or decrees are outstanding against the Credit Parties or any of their Subsidiaries nor is there now pending or, to the best of such Credit Party's knowledge after diligent inquiry, threatened any litigation, contested claim, investigation, arbitration, or governmental proceeding by or against any of the Credit Parties or any of their Subsidiaries that (i) could individually or in the aggregate, have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of the Senior Note Documents, this Agreement, any Note or any other Loan Document or the consummation of the transactions contemplated hereby or thereby.

(n) LICENSES AND PERMITS. Such Credit Party has obtained and holds in full force and effect, all franchises, licenses, leases, permits, certificates, authorizations, qualifications, easements, rights of way and other rights and approvals which are necessary or advisable for the operation of its business as presently conducted and as proposed to be conducted.

(o) NO DEFAULTS. None of the Credit Parties nor any of their Subsidiaries is in default under any term of any indenture, contract, lease, agreement, instrument or other commitment to which any of them is a party or by which any of them is bound which could, individually or in the aggregate, have a Material Adverse Effect. Such Credit

Party knows of no dispute regarding any such indenture, contract, lease, agreement, instrument or other commitment which could, individually or in the aggregate, have a Material Adverse Effect.

(p) LABOR MATTERS. Schedule 6.1(p) accurately sets forth all labor contracts, collective bargaining agreements or other agreements with labor organizations to which a Credit Party or any of its Subsidiaries is a party as of the Closing Date, and their dates of expiration. There are no existing or threatened strikes, lockouts or other disputes relating to any collective bargaining or similar agreement to which a Credit Party or any of its Subsidiaries is a party which could, individually or in the aggregate, have a Material Adverse Effect.

(q) COMPLIANCE WITH LAW. None of the Credit Parties nor any of its Subsidiaries has violated or failed to comply with any Requirement of Law, which violation or failure to comply could, individually or in the aggregate, have a Material Adverse Effect. The transactions contemplated by the Senior Note Documents have been consummated in accordance with all applicable laws.

(r) ERISA.

(i) None of the Credit Parties or any of its Subsidiaries or any ERISA Affiliate maintains or contributes to any Plan, other than those listed on Schedule 6.1(r).

(ii) The Credit Parties, each of their Subsidiaries and each ERISA Affiliate have fulfilled all contribution obligations for each Plan (including obligations related to the minimum funding standards of ERISA and the Internal Revenue Code).

(iii) No Termination Event has occurred nor has any other event

occurred that is likely to result in a Termination Event.

(iv) None of the Credit Parties or any of their Subsidiaries or any ERISA Affiliate is required to or

reasonably expects to be required to provide security to any Plan under Section 401(a)(29) of the Internal Revenue Code.

(v) The Credit Parties, each of their Subsidiaries and each ERISA Affiliate are in compliance in all respects with any applicable provisions of ERISA with respect to all Plans. There has been no prohibited transaction as defined in Section 406 of ERISA or Section 4975 of the Internal Revenue Code (a "PROHIBITED TRANSACTION") with respect to any Plan or, to the best knowledge of such Credit Party, with respect to any Multiemployer Plan, which could result in any material liability to such Credit Party, its Subsidiaries or any other ERISA Affiliates. The Credit Parties, each of their Subsidiaries and each ERISA Affiliate have made when due any and all payments required to be made under any agreement relating to a Multiemployer Plan or any Requirement of Law pertaining thereto. With respect to each Plan and Multiemployer Plan, each Credit Party, each of their Subsidiaries and each ERISA Affiliate have not incurred nor do they expect to incur any liability to the PBGC and have not had asserted against them any penalty for failure to fulfill the minimum funding requirements of ERISA.

(vi) To such Credit Party's best knowledge, any Multiemployer Plan to which a Credit Party, any of its Subsidiaries or any ERISA Affiliate contributes is able to pay benefits under each Multiemployer Plan when due.

(vii) None of the Credit Parties, any of their Subsidiaries or any ERISA Affiliate has instituted or intends to institute proceedings to terminate any Plan.

(viii) The aggregate actuarial present value of all benefit liabilities (whether or not vested) under each Plan, determined on a plan termination basis, as disclosed in, and as of January 1, 1996, the most recent actuarial report for such Plan, does not exceed the aggregate fair market value of the assets of such Plan by an amount greater than $1,500,000.

(ix) None of the Credit Parties, any of their Subsidiaries or any ERISA Affiliate has incurred or reasonably expects to incur any

material withdrawal liability under ERISA to any Multiemployer Plan.

(x) To the extent that any Plan is insured, the Credit Parties, their Subsidiaries and all ERISA Affiliates have paid when due all premiums required to be paid for all periods through and including the Closing Date. To the extent that any Plan is funded other than with insurance, the Credit Parties, their Subsidiaries and all ERISA Affiliates have made when due all contributions required to be paid for all periods through and including the Closing Date.

(s) BUSINESS AND PROPERTIES. Neither the business nor the properties of the Credit Parties or any of their Subsidiaries is affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that could have a Material Adverse Effect.

(t) INVESTMENT COMPANY. No Credit Party is an "investment company," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended. Neither the making of any Loans, nor the issuance of any Letters of Credit, nor the application of the proceeds or repayment thereof by such Borrower, nor the consummation of the other transactions contemplated by this Credit Agreement, the other Credit Documents or the Senior Note Documents, will violate any provision of such Act or any rule, regulation or order of the Securities and Exchange Commission thereunder.

(u) COMPLIANCE WITH ENVIRONMENTAL LAWS. Except as set forth on Schedule 6.1(u), (i) none of the Credit Parties or any of their Subsidiaries is the subject of a judicial or administrative proceeding or investigation relating to the violation of any Environmental Laws, or asserting potential liability arising from the release or disposal by any Person of any Hazardous Materials which individually or in the

aggregate could have a Material Adverse Effect, (ii) none of the Credit Parties or any of their Subsidiaries has filed or received any notice under any Environmental Laws concerning the treatment, storage, disposal, spill or release or threatened release of any Hazardous Materials at, on, beneath or adjacent to property owned or leased by a Credit Party or any of its Subsidiaries, or the release or threatened release at any other location of any Hazardous Material generated, used, stored, treated, transported or released by or on behalf of a Credit Party or any of its Subsidiaries which individually or in the aggregate could have a Material Adverse Effect; and (iii) none of the Credit Parties or any of their Subsidiaries has knowledge of any contingent liability for any release of any Hazardous Materials, in each case which individually or in the aggregate could have a Material

Adverse Effect.

(v) REAL PROPERTY. Except as set forth on Schedule 6.1(v), no Credit Party either owns or leases any real property.

(w) MATERIAL CONTRACTS. Set forth on Schedule 6.1(w) is a complete and accurate list of all Material Contracts, showing as of the date hereof the parties, subject matter and term thereof. Each such contract has been duly authorized, executed and delivered by each Credit Party that is a party thereto, and, to such Credit Party's best knowledge, each other party thereto. Except as described on Schedule 6.1(w), none of the Material Contracts contains any burdensome restrictions on a Credit Party or any of its Restricted Subsidiaries or any of their respective properties, and each Material Contract is in full force and effect and is binding upon and enforceable against each Credit Party thereto in accordance with its terms, and there exists no default under such contract by any party thereto.

(x) INTELLECTUAL PROPERTY. Set forth on Schedule 6.1(x) hereto is a complete and accurate list of all patents, trademarks, trade names, service marks and copyrights, and all applications therefor and licenses thereof, of each Credit Party that are material to the financial condition or operation of its business, showing as of the date hereof the jurisdiction in which registered, the

registration number, the date of registration and the expiration date. Each Credit Party owns or licenses all material patents, trademarks, service-marks, logos, tradenames, trade secrets, know-how, copyrights, or licenses and other rights with respect to any of foregoing, which are necessary or advisable for the operation of its business as presently conducted or proposed to be conducted. To the best of such Credit Party's knowledge, no Credit Party has infringed any patent, trademark, service-mark, tradename, copyright, license or other right owned by any other Person by the sale or employment of any product, process, method, substance, part or other material presently contemplated to be sold or employed, where such sale or employment could have a Material Adverse Effect on such Credit Party and no claim or litigation is pending, or to the best of such Credit Party's knowledge, threatened against or affecting any Credit Party that contests its right to sell or use any such product, process, method, substance, part or other material.

(y) TAXES AND TAX RETURNS.

(i) The Credit Parties and each of their Subsidiaries has properly completed and timely filed, without request for extension, all income tax returns they are required to file. The information filed is complete and accurate in all material respects. All deductions taken in such income tax returns are appropriate and in

accordance with applicable laws and regulations, except deductions that may have been disallowed but are being challenged in good faith and for which adequate reserves have been made in accordance with GAAP.

(ii) All taxes, assessments, fees and other governmental charges for periods beginning prior to the date hereof have been timely paid (or, if not yet due, adequate reserves therefor have been established) and none of the Credit Parties or any of their Subsidiaries has any material liability for taxes in excess of the amounts so paid or reserves so established.

(iii) No deficiencies for taxes have been claimed, proposed or assessed by any taxing or other Governmental Authority against any Credit Party or any of its Subsidiaries and no tax liens have been filed. There are no pending or threatened audits, investigations or claims for or relating to any liability for taxes and there are no matters under discussion with any Governmental Authority which could result in a material additional liability for taxes. Either the federal income tax returns of such Credit Party have been audited by the Internal Revenue Service and such audits have been closed, or the period during which any assessments may be made by the Internal Revenue Service has expired without waiver or extension for all years up to and including the fiscal year of such Credit Party ended December 31, 1991. No extension of a statute of limitations relating to taxes, assessments, fees or other governmental charges is in effect with respect to any of the Credit Parties or any of their Subsidiaries.

(iv) None of the Credit Parties or any of their Subsidiaries is a party to or has any obligation under any written tax sharing agreement or agreement regarding payments in lieu of taxes except as described on Schedule 6.1(w).

(z) CORPORATE AND TRADE NAME. During the past five years, no Credit Party has been known by or used any other corporate or fictitious name.

(aa) TITLE TO PROPERTY. Each Credit Party and its Restricted Subsidiaries has (i) good and indefeasible fee simple title to or valid leasehold interests in all of its real property and (ii) good and marketable title to all of its other property (including, without limitation, all real and other property in each case as reflected in the Financial Statements of the Guarantor and its Restricted Subsidiaries delivered to the Agent hereunder), other than, with respect to properties described in clause (ii) above, properties disposed of in the ordinary course of business or in any manner otherwise permitted under this Credit Agreement since the date of the most recent audited

consolidated balance sheet of the Guarantor and its Subsidiaries, and in each case subject to no Liens other than those Liens that are permitted by Section 7.2(a).

(bb) ACCURACY AND COMPLETENESS OF INFORMATION. All factual information heretofore, contemporaneously or hereafter furnished by or on behalf of a Credit Party or any of its Subsidiaries in writing to the Agent, any Lender, or the Auditors for purposes of or in connection with this Credit Agreement or any Credit Documents, or any transaction contemplated hereby or thereby is or will be true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information not misleading at such time. There are no facts now known to any officer of such Credit Party which individually or in the aggregate could have a Material Adverse Effect and which have not been set forth herein, in the Financial Statements of the Guarantor and its Restricted Subsidiaries, or any certificate, opinion or other written statement made or furnished by such Credit Party to the Agent.

(cc) AFFILIATE TRANSACTIONS. Except as set forth on Schedule 6.1(cc), none of the Credit Parties or any of their Subsidiaries is a party to or bound by any agreement or arrangement (whether oral or written) to which any Affiliate of any of the Credit Parties or any of its Subsidiaries is a party except (i) in the ordinary course of and pursuant to the reasonable requirements of such Credit Party's or such Subsidiary's business and (ii) upon fair and reasonable terms no less favorable to the Credit Party or such Subsidiary than it could obtain in a comparable arm's-length transaction with an unaffiliated Person.

(dd) NO OTHER INDEBTEDNESS. After giving effect to the closing of this Credit Agreement and the transactions contemplated hereby, none of the Credit Parties or any of their Restricted Subsidiaries has any Indebtedness other than Indebtedness that is permitted under Section 7.2(b).

(ee) SURVIVAL OF REPRESENTATIONS. All representations made by such Credit Party in this Credit Agreement and in

any other Credit Document executed and delivered in connection herewith shall survive the execution and delivery hereof and thereof and the closing of the transactions contemplated hereby.

ARTICLE VII

SECTION 7.1. AFFIRMATIVE COVENANTS. Until termination of this Credit Agreement and payment and satisfaction of all Obligations due hereunder:

(a) FINANCIAL REPORTING. The Credit Parties shall timely deliver to each Lender the following information:

(i) ANNUAL FINANCIAL STATEMENTS. As soon as available, but not later than 90 days after each fiscal year end, beginning with the fiscal year ending December 31, 1996 (or, in the case of clause (B) only, December 31, 1997): (A) an annual audited consolidated Financial Statement of the Guarantor and its Restricted Subsidiaries and the annual unaudited consolidating statements of the Guarantor's Restricted Subsidiaries; (B) a comparison in reasonable detail to the prior year audited consolidated Financial Statements of the Guarantor and the consolidating statements of its Restricted Subsidiaries; (C) the Auditors' unqualified opinion, "Management Letter" and a statement indicating that the Auditors have not obtained knowledge of the existence of any Default or Event of Default during their audit; (D) a narrative discussion of the Guarantor's consolidated and consolidating financial condition and results of operations and the consolidated liquidity and capital resources for such fiscal year, prepared by an Authorized Officer of the Guarantor; and (E) a compliance certificate signed by an Authorized Officer, substantially in the form of Exhibit M (a "Compliance Certificate"), with an attached schedule of calculations demonstrating compliance with the financial covenants in Section 7.2. To the extent that the Guarantor's annual report on Form 10-K contains any of the foregoing items, the Agent will accept the Agent's Form 10-K in lieu of such items.

(ii) PROJECTIONS. Not later than 45 days after each fiscal year end, beginning with the fiscal year ended December 31, 1996, projections of the Credit Parties' and Restricted Subsidiaries' financial condition and results of operations (on a consolidated and consolidating basis) for the next five (5) years prepared in good faith and based upon reasonable assumptions, containing projected consolidating balance sheets, statements of operations, a consolidated statement of cash flows and a calculation of EBITDA for the Guarantor and its Restricted Subsidiaries reconciled to Net Income and statements of changes in shareholders equity on a monthly basis for the first year and annually thereafter. The projections provided pursuant to this Section will not be construed by the Agent or the Lenders as a guaranty of results or performance in the future.

(iii) QUARTERLY FINANCIAL STATEMENTS. As soon as available, but not later than 45 days after the end of each of the first three fiscal quarters, beginning with the fiscal quarter ending June 30, 1996 (or, in the case of clause (B) only, March 31, 1997): (A) the Financial Statements

of the Guarantor and its Restricted Subsidiaries as of the fiscal quarter then ended, and for the fiscal year to date; (B) a comparison in reasonable detail to the Financial Statements of the Guarantor and its Restricted Subsidiaries for the corresponding periods of the prior fiscal year; (C) the certification of an Authorized Officer of the Guarantor that such Financial Statements have been prepared in accordance with GAAP (subject to year-end audit adjustments); (D) a narrative discussion of the Guarantor's consolidated and consolidating financial condition and results of operations and the consolidated and consolidating liquidity and capital resources for such fiscal quarter and fiscal year to date, prepared by an Authorized Officer of the Guarantor; and (E) a Compliance Certificate signed by an Authorized Officer of the Guarantor with an attached schedule of calculations demonstrating compliance with the financial covenants in Section 7.2. To the extent that the Guarantor's quarterly report on Form 10-Q contains any of the foregoing items, the Agent will accept the Guarantor's Form 10-Q in lieu of such items.

(iv) MONTHLY FINANCIAL STATEMENTS. As soon as available, but not later than thirty (30) days after the end of each month other than December, commencing with the month of August 1996 (or, in the case of clause (B) only, January 1997), and 45 days after the end of each fiscal year of the Guarantor: (A) a consolidated and consolidating balance sheet for the Guarantor and its Restricted Subsidiaries as at the end of such month and for the fiscal year to date, consolidated and consolidating statements of operations for such month and for the fiscal year to date and a calculation of EBITDA and Capital Expenditures for the Guarantor and its Restricted Subsidiaries for such month and for the fiscal year to date; (B) a comparison to the balance sheet, statement of operations , EBITDA and Capital Expenditures for the same periods in the prior year; (C) a certification by an Authorized Officer of the Guarantor that such balance sheets, statements of operations and statement of cash flows have been prepared in accordance with GAAP (subject to year-end audit adjustments); and (D) a Compliance Certificate signed by an Authorized Officer of the Guarantor with an attached schedule of calculations demonstrating compliance with the financial covenants in Section 7.2.

(v) MONTHLY COMPARISON TO PRIOR PROJECTIONS. As soon as available, but not later than 30 days after the end of each month other than December, commencing with the month of August 1996, and 45 days after the end of each fiscal year of the Guarantor, a comparison of actual results of operations and capital expenditures for the Guarantor and its Restricted Subsidiaries for such month and for the period from the beginning of the current fiscal year through the end of such month with amounts previously projected for those periods and with actual results for corresponding periods in the previous fiscal year.

(vi) PUBLIC FILINGS. As soon as available, copies of all 10-Ks, 10-Qs, 8-Ks, proxy statements, annual reports, quarterly reports,

registration statements and any other filings or other communications made by the Credit Parties to their stockholders or the Securities Exchange Commission from time to time pursuant to the Exchange Act or the Securities Act of 1933, as amended.

(b) COLLATERAL REPORTING. The Credit Parties shall timely deliver to the Agent and Collateral Agent the following certificates and reports:

WEEKLY AND MONTHLY BORROWING BASE CERTIFICATES. Weekly, before 12:00 noon on the second Business Day of each week (except the last week of each month); monthly, within two (2) Business Days after the last Business day of each month, and at any other time requested by the Agent or the Collateral Agent in either's reasonable discretion, a borrowing base certificate (the "BORROWING BASE CERTIFICATE"), which shall be: (A) completed substantially in the form of Exhibit B, detailing each Borrower's Eligible Accounts Receivable and each Borrower's Eligible Inventory as of each Friday of the immediately preceding week and as of the last day of each month, as applicable (or as of such other date as the Agent or the Collateral Agent may request); (B) prepared by or under the supervision of each Borrower's Authorized Officer and certified by such officer subject only to adjustment upon completion of the normal year-end audit of physical inventory; and (C) attached to such additional schedules and other information as the Agent or the Collateral Agent may reasonably request.

(ii) APPRAISALS. When requested by the Agent or the Collateral Agent, but no more than once in any fiscal year (unless a Default or an Event of Default has occurred and is continuing), a report of Inventory, based upon a physical count, which shall describe each Credit Party's Inventory by category and by item (in reasonable detail) and report the then appraised value (at lower of cost or market) of such Inventory. (The right to an appraisal set forth in this subsection shall be in addition to and not in lieu of the Agent's and Collateral Agent's rights under Section 7.1(e).

(iii) FURTHER ASSURANCES. When requested by the Agent or the Collateral Agent, any further information regarding the Collateral, business affairs and financial condition of the Credit Parties or any of their Subsidiaries.

(c) NOTIFICATION REQUIREMENTS. The Borrowers shall timely give the Agent and each of the Lenders the following notices:

(i) NOTICE OF DEFAULTS. Promptly, and in any event within three (3) Business Days after becoming aware of the occurrence of a Default or Event of Default, a certificate of an Authorized Officer of the Guarantor or a Borrower specifying the nature thereof and the Guarantor's and Borrowers'

proposed response thereto, each in reasonable detail.

(ii) PROCEEDINGS OR ADVERSE CHANGES. Promptly, and in any event within five (5) Business Days after a Credit Party becomes aware of (A) any proceeding being instituted or threatened to be instituted by or against a Credit Party or any of its Restricted Subsidiaries in any federal, state, local or foreign court or before any commission or other regulatory body (federal, state, local or foreign) involving a sum in excess of $1,000,000, (B) any order, judgment or decree in excess of $1,000,000 being entered against a Credit Party or any of its Restricted Subsidiaries or any of their respective properties or assets or (C) any actual or prospective change, development or event which has had or could have a Material Adverse Effect, a written statement describing such proceeding, order, judgment, decree, change, development or event and any action being taken with respect thereto by a Credit Party or any such Subsidiary.

(iii) ERISA NOTICES.

(A) Promptly, and in any event within ten (10) Business Days after a Credit Party, any of its Subsidiaries or any ERISA Affiliate knows or has reason to know that a Termination Event has occurred, a written statement of an Authorized Officer of a Credit Party describing such Termination Event and any action that is being taken with respect thereto by a Credit Party, any such Subsidiary or ERISA Affiliate, and any action taken or threatened by the Internal Revenue Service, Department of Labor or PBGC. The Credit Parties, their Subsidiaries and the ERISA Affiliate shall be deemed to know all facts known by the administrator of any Benefit Plan of which it is the plan sponsor;

(B) promptly, and in any event within three (3) Business Days after a Credit Party, any of its Subsidiaries of any ERISA Affiliate knows or has reason to know of the filing thereof with the Internal Revenue Service, a copy of each funding waiver request filed with respect to any Benefit Plan and all communications received by any Credit Party, any of its Subsidiaries or any ERISA Affiliate with respect to such request;

(C) promptly, and in any event within three (3) Business Days after receipt by any Credit Party, any of its Subsidiaries or any ERISA Affiliate, of the PBGC's intention to terminate a Benefit Plan or to have a trustee appointed to administer a Benefit Plan, copies of each such notice;

(D) promptly, and in any event within three (3) Business Days after receipt by any Credit Party, any of its Subsidiaries or any ERISA Affiliate, notice (including the nature of the event and, when known, any action taken or threatened by the Internal Revenue Service

or the PBGC with respect thereto) of:

(1) any Prohibited Transaction which could subject a Credit Party, any of its Subsidiaries or any ERISA Affiliate to a civil penalty assessed pursuant to Section 502(i) of ERISA or a tax imposed by Section 4975 of the Internal Revenue Code in connection with any Plan, or any trust created thereunder,

(2) any cessation of operations by a Credit Party, any of its Subsidiaries or any ERISA Affiliate at a facility in the circumstances described in Section 4063(e) of ERISA,

(3) a failure by a Credit Party, any of its Subsidiaries or any ERISA Affiliate to make a payment to a Plan required to avoid imposition of a lien under Section 302(f) of ERISA,

(4) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA, or

(5) any change in the actuarial assumptions or funding methods used for any Benefit Plan, where the effect of such change is to materially increase or materially reduce the unfunded benefit liability or obligation to make periodic contributions;

(E) promptly upon the request of the Agent or any Lender, each annual report (IRS Form 5500 series) and all accompanying schedules, the most recent actuarial reports, the most recent financial information concerning the financial status of each Plan administered or maintained by a Credit Party, any of its Subsidiaries or any ERISA Affiliate, and schedules showing the amounts contributed to each such Plan by or on behalf of such Credit Party, Subsidiary or ERISA Affiliate in which any of their personnel participate or from which such personnel may derive a benefit, and each Schedule B (Actuarial Information) to the annual report filed by such Credit Party, Subsidiary or ERISA Affiliate with the Internal Revenue Service with respect to each such Plan; and

(F) Promptly upon the filing thereof, copies of any Form 5310, or any successor or equivalent form to Form 5310, filed with the PBGC in connection with the termination of any Benefit Plan.

(iv) MATERIAL CONTRACTS. Promptly, and in any event within ten (10) Business Days after any Material Contract of a Credit Party or any of its Restricted Subsidiaries is terminated prior to its scheduled termination or a material modification, amendment or waiver of such Material Contract is entered into or any new Material Contract is entered into, a written

statement describing such event, with copies of amendments or new contracts, and an explanation of any actions being taken with respect thereto.

(v) COLLATERAL MATTERS. At least twenty (20) Business Days prior written notice to the Agent of any change in the location of any Collateral or in the location of the chief executive office or place of business of any Credit Party from the locations specified in Schedule 6.1(k). At least ten (10) Business Days prior to any such change, the Credit Parties shall cause to be executed and delivered to the Agent any financing statements, Collateral Access Agreements or other documents reasonably required by the Agent, all in form and substance reasonably satisfactory to the Agent.

(d) CORPORATE EXISTENCE. Except as permitted by Section 7.2(d), the Credit Parties shall, and shall cause each of their Restricted Subsidiaries to, (i) maintain its corporate existence, (ii) maintain in full force and effect all material licenses, bonds, franchises, leases, trademarks and qualifications to do business, and all material patents, contracts and other rights necessary or advisable to the profitable conduct of their businesses, and (iii) continue in, and limit their operations to, the same general lines of business as presently conducted by them.

(e) BOOKS AND RECORDS; INSPECTIONS. The Credit Parties agree to maintain, and to cause each of their Restricted Subsidiaries to maintain, books and records pertaining to the Collateral in such detail, form and scope as is consistent with good business practice. The Credit Parties agree that the Agent, the Collateral Agent and their respective agents may enter upon the premises of the Credit Parties or any of their Restricted Subsidiaries at any time and from time to time, during normal business hours and upon reasonable notice under the circumstances, and at any time at all on and after the occurrence of a Default which continues beyond the expiration of any grace or cure period applicable thereto, and which has not otherwise been waived by the Agent in accordance with Section 11.11 or cured, for the purposes of (i) inspecting and verifying the Collateral, (ii) inspecting and/or copying (at the Credit Parties' expense) any and all records pertaining thereto, and (iii) discussing the affairs, finances and business of the Credit Parties with any officers, employees and directors of the Credit Parties or with the Auditors.

(f) INSURANCE. The Credit Parties agree to maintain, and to cause each of their Restricted Subsidiaries to maintain, public liability insurance, business interruption insurance, third party property damage insurance and replacement value insurance on their assets (including the Collateral) under such policies of insurance, with such insurance companies, in such amounts and covering such risks as are at all times satisfactory to the Agent in its commercially reasonable judgment. All policies covering the Collateral are to

name the Agent for the benefit of the Lenders as an additional insured and the loss payee in case of loss, and are to contain such other provisions as the Agent may reasonably require to fully protect the interest of the Agent for the benefit of the Lenders in the Collateral and to any payments to be made under such policies.

(g) CASUALTY LOSS. The Credit Parties shall provide written notice to the Agent and the Lenders of the occurrence of any of the following events within five (5) Business Days after the occurrence of such event: any asset or property owned or used by any Credit Party is (i) damaged or destroyed, or suffers any material loss, or (ii) condemned, confiscated or otherwise taken, in whole or in part, or the use thereof is otherwise diminished so as to render impracticable or unreasonable the use of such asset or property for the purposes to which such asset or property were used immediately prior to such condemnation, confiscation or taking, by exercise of the powers of condemnation or eminent domain or otherwise, and in either case the amount of the damage, destruction, loss or diminution in value is in excess of $1,000,000 (collectively, a "CASUALTY LOSS"). The Credit Parties shall diligently file and prosecute their claim or claims for any award or payment in connection with a Casualty Loss.

(h) TAXES. The Credit Parties agree, jointly and severally, to pay, when due, and to cause each of their Subsidiaries to pay when due, all taxes lawfully levied or assessed against the Credit Parties, any of their Subsidiaries or any of the Collateral before any penalty or interest accrues thereon; PROVIDED, HOWEVER, that, unless such taxes have become a federal tax or ERISA Lien on any of the assets of the Credit Parties or any of their Subsidiaries, no such tax need be paid if the same is being contested, in good faith, by appropriate proceedings promptly instituted and diligently conducted and if an adequate reserve or other appropriate provision shall have

been made therefor as required in order to be in conformity with GAAP.

(i) COMPLIANCE WITH LAWS. The Credit Parties agree to comply, and to cause each of their Subsidiaries to comply, with all Requirements of Law applicable to the Collateral or any part thereof, or to the operation of their businesses or their assets generally, unless the Credit Parties or their Subsidiaries contest any such Requirements of Law in a reasonable manner and in good faith. other than those Requirements of Law the non-compliance with which would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(j) USE OF PROCEEDS. The Revolving Loans and Letters of Credit made to the Borrowers hereunder shall be used by the Borrowers (i), together with all or a portion of the proceeds of the Senior Notes, to refinance the Existing Indebtedness owed by the Credit Parties under the Existing Loan Facilities and (ii) for the Borrowers' general corporate purposes. The Borrowers shall not use any portion of the proceeds of any Revolving Loans for the purpose of purchasing

or carrying any "margin stock" (as defined in Regulation G of the Board of Governors of the Federal Reserve System) in any manner which violates the provisions of Regulation G or X of said Board of Governors or for any other purpose in violation of any applicable statute or regulation, or of the terms and conditions of this Credit Agreement.

(k) FISCAL YEAR. Each Credit Party agrees to maintain, and to cause each of its Subsidiaries to maintain, its fiscal year as a year ending December 31.

(l) MAINTENANCE OF PROPERTY. Except as permitted by Section 7.2(e), the Credit Parties agree to keep, and to cause each of their Restricted Subsidiaries to keep, all property useful and necessary to their respective businesses in good working order and condition (ordinary wear and tear excepted) in accordance with their past operating practices and not to commit or suffer any material waste with respect to any of their properties.

(m) ERISA DOCUMENTS. The Credit Parties will cause to be delivered to the Agent, upon the Agent's request, each of the following: (i) a copy of each Plan (or, where any such plan is not in writing, complete description thereof) (and if applicable, related trust agreements or other funding instruments) and all amendments thereto, all written interpretations thereof and written descriptions thereof that have been distributed to employees or former employees of the Credit Parties or their Subsidiaries; (ii) the most recent determination letter issued by the Internal Revenue Service with respect to each Plan; (iii) for the three most recent plan years, Annual Reports on Form 5500 Series required to be filed with any governmental agency for each Plan; (iv) all actuarial reports prepared for the last three plan years for each Plan; (v) a listing of all each Plan, with the aggregate amount of the most recent annual contributions required to be made by the Credit Parties, any of their Subsidiaries or any ERISA Affiliate to each such plan and copies of the collective bargaining agreements requiring such contributions; (vi) any information that has been provided to the Credit Parties, any of their Subsidiaries or any ERISA Affiliate regarding withdrawal liability under any Multiemployer Plan; and (vii) information relating to the aggregate amount of the most recent annual payments made to former employees of the Credit Parties, any of their Subsidiaries or any ERISA Affiliate under any Retiree Health Plan.

(n) ENVIRONMENTAL AND OTHER MATTERS. (i) The Credit Parties and their Subsidiaries will conduct their businesses so as to comply in all material respects with all applicable Environmental Laws, in all jurisdictions in which any of them is doing business, including, without limitation, compliance in all material respects with the terms and conditions of all permits and governmental authorizations, except to the extent that the Credit Parties or any of their Subsidiaries are contesting, in good faith by appropriate legal proceedings, any such Environmental Law or interpretation

thereof or application thereof; PROVIDED, FURTHER, that the Credit Parties and each of their Subsidiaries shall comply in all material respects with the applicable order of any court or other governmental agency relating to such Environmental Laws unless a Credit Party or any Subsidiary shall currently be prosecuting an appeal or proceedings for review and shall have secured a stay of enforcement or execution or other arrangement postponing

enforcement or execution pending such appeal or proceedings for review. If a Credit Party or any of its Subsidiaries shall (A) receive written notice that any material violation of any federal, state or local Environmental Law may have been committed or is about to be committed by such Credit Party or any of its Subsidiaries, (B) receive written notice that any administrative or judicial complaint or order has been filed or is about to be filed against such Credit Party or any of its Subsidiaries alleging material violations of any federal, state or local Environmental Law, or requiring such Credit Party or any of its Subsidiaries to take any action in connection with the release of toxic or hazardous substances into the environment or (C) receive any written notice from a federal, state, or local governmental agency or private party alleging that such Credit Party or any of its Subsidiaries may be liable or responsible for material costs associated with a response to or cleanup of a release of a toxic or hazardous substance into the environment or any damages caused thereby, such Credit Party shall provide the Agent and the Lenders with a copy of such notice within ten (10) days after the receipt thereof by such Credit Party or any of its Subsidiaries. Within ten (10) days after a Credit Party learns of the enactment or promulgation of any federal, state or local Environmental Law, which could have a Material Adverse Effect, such Credit Party shall provide the Agent and the Lenders with notice thereof. Each Credit Party shall promptly take all reasonable actions necessary to prevent the imposition of any Liens on any of its properties arising out of or related to any environmental matters. At the request of the Agent, the Credit Party shall provide the Agent with any additional information relating to environmental matters and any potential related liability resulting therefrom as the Agent may reasonably request.

(ii) For purposes of this Section 7.1(n), "material" means any noncompliance or basis of liability that would reasonably be expected to subject the Credit Parties or any of their Subsidiaries to liability in excess of $500,000.

(o) SECURITY INTERESTS. The Credit Parties will defend the Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein, other than claims relating to Liens permitted by the Credit Documents. The Credit Parties agree to comply with the requirements of all state and federal laws in order to grant to

the Lenders valid and perfected first priority security interests in the Collateral, except as otherwise permitted by the Credit Documents. The Agent is hereby authorized by the Credit Parties to file any financing statements covering the Collateral whether or not the Credit Parties' signatures appear thereon. The Credit Parties agree to do whatever the Agent may reasonably request, from time to time, by way of: filing notices of liens, financing statements, and amendments, renewals and continuations thereof; cooperating with the Agent's representatives; keeping stock records; paying claims which could, if unpaid, become a Lien on the Collateral; and performing such further acts as the Agent may reasonably require in order to effect the purposes of this Credit Agreement and the other Credit Documents. Any and all fees, costs and expenses incurred in connection with the actions contemplated by this Section 7.1(o) shall be jointly and severally borne and paid by the Credit Parties. If same are not promptly paid by the Credit Parties, the Agent may pay same on the Credit Parties' behalf, and the amount thereof shall be an Obligation secured hereby and due to the Agent on demand.

(p) TRADEMARKS. The Credit Parties shall do and cause to be done all things necessary to preserve and keep in full force and effect all of their and their Restricted Subsidiaries' material registrations of trademarks, service marks and other marks, trade names or other trade rights.

(q) FURTHER ASSURANCES. The Credit Parties shall take, and shall cause each of their Subsidiaries to take, all such further actions and execute all such further documents and instruments as the Agent or the Collateral Agent may at any time reasonably determine in its sole discretion to be necessary or desirable to further carry out and consummate the transactions contemplated by the Credit Documents, to cause the execution, delivery and performance of the Credit Documents to be duly authorized and to perfect or protect the Liens (and the priority status thereof) of the Agent for the benefit of the Lenders on the Collateral.

(r) TAX SHARING AGREEMENT. Within thirty (30) days following the Closing Date, the Credit Parties shall deliver to the Agent the Tax Sharing Agreement, duly executed by the Credit Parties.

(s) CENTRAL LOCKBOX AGREEMENT. Within thirty (30) days following the Closing Date, Central shall deliver to the Agent a Lockbox Agreement duly executed by Central and a Lockbox Bank.

(t) COLLATERAL ACCESS AGREEMENTS. Within thirty (30) days following the Closing Date, the Borrowers shall deliver to the Agent Collateral Access Agreements executed by A&M Slitting with respect to Brown's location in Los Angeles, California, Mathias Paper Corp. with respect to Brown's location in High Point, North Carolina and Lake Bluff Associates with respect to Central's location in Brighton, Colorado.

(u) GOOD STANDING CERTIFICATES. Within thirty (30) days following the Closing Date, Brown shall deliver to the Agent certificates from each jurisdiction in which it is qualified to do business as a foreign corporation as of the Closing Date stating that it is duly qualified and is authorized to do business and is in good standing in such jurisdiction.

SECTION 7.2. NEGATIVE COVENANTS. Until termination of this Credit Agreement and payment and satisfaction of all Obligations due hereunder:

(a) LIENS, ETC. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, directly or indirectly at any time create, incur, assume or suffer to exist any Lien on or with respect to any of their properties of any character (including, without limitation, Accounts) whether now owned or hereafter acquired, except:

(i) Liens created by the Collateral Documents;

(ii) Permitted Liens;

(iii) the Liens existing on the date hereof and described on Schedule 7.2(a);

(iv) Purchase Money Liens or Liens securing capital leases permitted under Section 7.2(b)(xii);

(v) cash deposits for bids and other performance obligations under contracts entered into in the ordinary course of business;

(vi) the replacement, extension or renewal of any Lien permitted by clauses (iii), (iv) or (v) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Indebtedness secured thereby;

(vii) Liens granted by the Guarantor on the shares of stock of the Borrowers, any of their Restricted Subsidiaries or any other Restricted Subsidiary of the Guarantor and the proceeds thereof to secure the Senior Notes;

(viii) leases or subleases of real estate granted by a Credit Party to other Persons in the ordinary course of business and not materially interfering with the conduct of the business of such Credit Party and cash security deposits made pursuant to real estate leases in customary amounts; and

(ix) if the Tape Acquisition is consummated in accordance with Section 7.2(f)(ix), Liens on assets of Tape Inc. securing Indebtedness permitted under Section 7.2(b)(xi).

(b) INDEBTEDNESS. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, directly or indirectly, at any time create, incur, assume or suffer to exist, any Indebtedness other than:

(i) Indebtedness under the Credit Documents;

(ii) Indebtedness secured by Liens permitted by Section 7.2(a)(iii);

(iii) the Existing Indebtedness;

(iv) indorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(v) Indebtedness of a Borrower or its Restricted Subsidiaries secured by purchase money liens on equipment acquired after the date of this Credit Agreement not to exceed $1,250,000 in the aggregate outstanding at any one time ("PURCHASE MONEY LIENS") so long as such Indebtedness shall be from parties and on terms and conditions satisfactory to the Agent. Each Purchase Money Lien shall attach only to the property to be acquired, a description shall have been furnished to the Agent for any item of equipment for which the purchase price is greater than $250,000, and the debt incurred shall not exceed one hundred percent (100%) of the purchase price of the item or items of equipment purchased;

(vi) Indebtedness constituting Contingent Obligations otherwise permitted by Section 7.2(v);

(vii) Indebtedness evidenced by the Intercompany Subordinated Notes owing by one Borrower or the Guarantor to another Borrower or the Guarantor; PROVIDED that (A) such Indebtedness is used only for general corporate purposes, (B) such Indebtedness is evidenced by one or more promissory notes subordinated to the payment of the Obligations and otherwise in form and substance satisfactory to the Agent, (C) such promissory notes are pledged to the Agent for the ratable benefit of the Lenders pursuant to documentation in form and substance satisfactory to the Agent and (D) such notes are delivered to the Agent with note powers executed in blank;

(viii) the Senior Notes;

(ix) Indebtedness under the Senior Note Guaranty;

(x) Indebtedness constituting Investments otherwise permitted by Sections 7.2(f)(vii), (ix), (x) and (xi) provided that such Indebtedness is on terms

and conditions including, without limitation, amount, pricing, amortization, intercreditor arrangements and extent of subordination reasonably satisfactory to the Majority Lenders;

(xi) if the Tape Acquisition is consummated in accordance with Section 7.2(f)(ix), Indebtedness of Tape Inc.; and

(xii) Indebtedness for capital leases not to exceed $5,000,000.

(c) LEASE OBLIGATIONS. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, at any time create, incur or assume any obligations as lessee for the rental or hire of other real or personal property of any kind under leases or agreements to lease other than operating leases existing on the Closing Date, leases entered into by any of the Credit Parties or their Restricted Subsidiaries in the ordinary course of their business and capital leases permitted under this Agreement.

(d) CORPORATE CHANGES, ETC. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, directly or indirectly, at any time merge or consolidate or otherwise alter or modify the Credit Parties' or any such Restricted Subsidiary's Governing Documents, corporate names, mailing addresses, principal places of business, structure, status or existence, or liquidate or dissolve itself (or suffer any liquidation or dissolution), except, provided the Agent receives five (5) Business Days' prior written notice thereof, for the merger of any Borrower with and into another Borrower or the merger of a Borrower's Restricted Subsidiary with another Restricted Subsidiary or with a Borrower.

(e) SALES, ETC. OF ASSETS. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, directly or indirectly, at any time make any Asset Sale other than, subject to Section 2.9(d):

(i) sales of Inventory and obsolete equipment in the ordinary course of its business;

(ii) the sale of any other assets that do not constitute Collateral (other than the capital stock of the Borrowers), PROVIDED

that (A) such sales are for fair value, (B) at least eighty percent (80%) of the aggregate consideration is paid in full in cash at the time of sale and (C) the aggregate amount of all such sales does not exceed $1,000,000 in the aggregate for any fiscal year;

(iii) so long as no Event of Default shall occur and be continuing, the grant of any option or other right to purchase any asset in a transaction which would be permitted under the provisions of the immediately preceding clause (ii); and

(iv) Asset Sales by a Credit Party or one of its Subsidiaries to another Credit Party to the extent permitted by Section 7.2(g).

(f) INVESTMENTS IN OTHER PERSONS. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, directly or indirectly, at any time make or hold any Investment in any Person (whether in cash, securities or other property of any kind) other than:

(i) Investments in Cash Equivalents;

(ii) Advances or loans made in the ordinary course of business not to exceed $250,000 outstanding at any one time to any one Person and $1,000,000 in the aggregate outstanding at any one time;

(iii) Investments between the Credit Parties and their Restricted Subsidiaries in existence as of the date hereof and described on Schedule 7.2(f);

(iv) the endorsement of instruments for collection or deposit in the ordinary course of business;

(v) stock or obligations issued to a Credit Party by any Person (or the representative of such Person) in respect of Indebtedness of such Person owing to such Credit Party in connection with the insolvency,

bankruptcy, receivership or reorganization of such Person or a composition or readjustment of the debts of such Person; PROVIDED, THAT, the original of any such stock or instrument evidencing such obligations and issued to a Credit Party or any of its Restricted Subsidiaries shall be promptly delivered to the Agent, upon the Agent's request, together with such stock power, assignment or endorsement by such Credit Party or Subsidiary as the Agent may request;

(vi) Investments in existence on the date hereof and described on Schedule 7.2(f);

(vii) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, the Consolidated Interest Coverage Ratio is at least 1.60:1.00 and the Unused Availability is at least $10,000,000 after giving effect thereto, upon prior written notice to the Agent and the Lenders, Permitted Acquisitions in an aggregate amount during the term of this Credit Agreement not to exceed the Acquisition Basket; PROVIDED HOWEVER that (A) prior to any such Permitted Acquisition the Credit Parties shall deliver to the Agent and the Lenders good faith projections in form and substance acceptable to the Agent and the Lenders which demonstrate that the Credit Parties will remain in compliance with the covenants in this Credit Agreement after giving effect to such Acquisition and (B) with respect to any Permitted Acquisition other than one made with the Net Proceeds from the issuance of capital stock of the Guarantor, the Debt to Adjusted EBITDA Ratio calculated on a pro forma basis satisfactory to the Majority Lenders after giving effect to such Permitted Acquisition is not greater than the ratio set forth below opposite such period:

PERIOD	RATIO
Closing Date through September 30, 1998	5.50:1.00
October 1, 1998 through December 31, 1998	5.25:1.00

January 1, 1999 through September 30, 1999	5.00:1.00
October 1, 1999 and thereafter	4.75:1.00;

(viii) so long as no Default or Event of Default has occurred and is continuing or would result therefrom and the Consolidated Interest Coverage Ratio is at least 1.6:1.00, upon prior written notice to the Agent and the Lenders, (A) Acquisitions, in an Unrestricted Subsidiary with Capital Stock of the Guarantor or the Net Cash Proceeds from the issuance of capital stock of the Guarantor and (B) in addition to the Acquisitions permitted by clause (A) above, investments in Unrestricted Subsidiaries in an aggregate outstanding amount not to exceed $2,000,000 plus up to fifty percent (50%) of Excess Cash Flow at any time;

(ix) so long as no Default or Event of Default has occurred and

is continuing or would result therefrom, upon prior written notice to the Agent and the Lenders, the Tape Acquisition PROVIDED that (A) the purchase price shall be no more than $12,000,000 including the assumption of Indebtedness permitted under Section 7.2(b)(xi), (B) all Indebtedness of Tape Inc. which remains outstanding after the closing of such Acquisition shall be on terms and conditions reasonably acceptable to the Agent and Majority Lenders, (C) any Liens on Tape Inc.'s assets which remain after such Acquisition shall be permitted under Section 7.2(a)(ix) and shall be on terms and conditions reasonably acceptable to the Agent and the Majority Lenders, (D) the purchase agreement and other documentation relating to the Tape Acquisition shall be executed and delivered in form and substance reasonably satisfactory to the Agent and the Majority Lenders, (E) the proviso in the definition of Permitted Acquisitions shall be satisfied and (F) the Agent and the Majority Lenders shall be satisfied with the results of its review of Tape Inc.'s business, operations, assets, material contracts and liabilities

including any tax, environmental or other potential or contingent liabilities; and

(x) such other Investments as the Agent and the Majority Lenders may approve in writing in their sole discretion.

(g) AFFILIATE TRANSACTIONS. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, at any time enter into, directly or indirectly, any transaction with (including, without limitation, the purchase, sale or exchange of property or the rendering of any service to) any Affiliate of the Credit Parties without the consent of the Majority Lenders unless such transaction is in the ordinary course of and pursuant to the reasonable requirements of such Credit Party's or such Restricted Subsidiary's business, as the case may be, and upon fair and reasonable terms no less favorable to such Credit Party or such Restricted Subsidiary than could be obtained in a comparable arm's-length transaction with an unaffiliated Person and such transaction or series of transactions does not involve aggregate payments in excess of $250,000; PROVIDED HOWEVER that (i) any employment agreement entered into by a Credit Party in the ordinary course of business and consistent with the past practices of the Credit Party, (ii) transactions between or among a Credit Party (other than the Guarantor) and another Credit Party (other than the Guarantor), (iii) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, payments pursuant to agreements or contracts with, or for the benefit of, any Affiliate, which exists on the date of this Agreement and which are listed on Schedule 6.1(cc), (iv) transactions permitted by, and complying with, Section 7.2(h) shall not be prohibited by the terms of this Section 7.2(g) and (v) the payment by the Guarantor to Lynch Corporation of management fees of up to $100,000

per year.

(h) DIVIDENDS, EXCHANGE, ETC. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, directly or indirectly, declare or pay any dividends (other than solely in shares of stock) on, or make any payment on account of, or set apart assets for a sinking

or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any shares of any class of its capital stock or any warrants, options or rights to purchase any such capital stock, whether now or hereafter outstanding, or make any other distribution in respect thereof (including, without limitation, any payment on account of the Contingent Rights), either directly or indirectly, whether in cash or property or in obligations of the Credit Parties or any of their Restricted Subsidiaries, except that (A) Subsidiaries of the Borrowers may pay dividends to the Borrowers, (B) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, the Borrowers may pay dividends to the Guarantor to the extent (and only to the extent) required to enable the Guarantor to pay accrued and unpaid interest on the Senior Notes, to pay taxes pursuant to the Tax Sharing Agreement, to make payments in the ordinary course of business pursuant to the Overhead Allocation Agreement and to make Permitted Acquisitions all to the extent such payments are actually made by the Guarantor, and (C) with the prior written consent of the Majority Lenders, the Guarantor may make cash payments on account of the Contingent Rights.

(i) CHANGE IN NATURE OF BUSINESS. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, at any time make any material change in the lines of their business as carried on at the date hereof.

(j) CHARTER AMENDMENTS, ETC. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, at any time amend their certificates of incorporation.

(k) ACCOUNTING CHANGES. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, at any time make or permit any change in accounting policies or reporting practices, except as required by GAAP.

(l) PREPAYMENTS AND MATERIAL AMENDMENTS OF MATERIAL CONTRACTS. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, at any time (i) prepay, redeem, purchase, defease or otherwise satisfy

prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Indebtedness, other than the prepayment of the Loans in accordance with the terms of this Credit Agreement, (ii) amend, modify, cancel or terminate or permit the amendment, modification, cancellation or termination of, any of the Material Contracts, except in the event that such amendments or modifications could not have a Material Adverse Effect or (iii) amend, modify, cancel or terminate or permit the amendment, modification, cancellation or termination of the Tax Sharing Agreement or the Overhead Allocation Agreement. Without limiting the generality of the foregoing, the Credit Parties shall not, and shall not permit any of their Restricted Subsidiaries to, amend, modify or change, or consent or agree to any amendment, modification or change, to any of the terms of the Intercompany Subordinated Notes and any other Indebtedness subordinated to the payment of the Obligations (A) if the effect of such amendment, modification or change is to (directly or indirectly) (i) increase the amount of any payment of principal thereof, (ii) increase the interest rate or premium payable thereon, (iii) increase the amount of fees or any other amounts payable with respect thereto, (iv) shorten the scheduled amortization or average weighted life thereof, (v) shorten the date for payment of interest or principal thereon, (vi) shorten the final maturity thereof or (vii) change any covenant or any event of default or condition to an event of default thereunder, or (B) if such amendment, modification or change would, together with all other amendments, modifications or changes made, increase materially the obligations of such Credit Party or any such Restricted Subsidiary or confer additional material rights on the holder of the Intercompany Subordinated Notes or such other Indebtedness subordinated to the payment of the Obligations.

(m) NEGATIVE PLEDGE. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, at any time enter into or suffer to exist, any agreement prohibiting or conditioning the creation or assumption of any Lien upon any of their property or assets other than (i) in favor of the Agent and the Lenders, (ii) in connection with Liens described in Section 7.2(a)(iv), but

solely with respect to the property so acquired, or (iii) in favor of the trustee for the benefit of the holders of the Senior Notes so long as there is no restriction on the liens granted under this Agreement.

(n) LIMITATION ON SALES AND LEASEBACKS. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, at any time enter into any arrangement with any Person providing for the leasing by

such Credit Party or such Subsidiary of real or personal property which has been or is to be sold or transferred by such Credit Party or such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of such Credit Party or such Subsidiary.

(o) PARTNERSHIPS; RESTRICTED SUBSIDIARIES; JOINT VENTURES. The Credit Parties will not, nor will they permit any of their Restricted Subsidiaries to, at any time create any direct or indirect subsidiary, enter into any joint venture or similar arrangement or become a partner in any general or limited partnership except as otherwise permitted by Section 7.2(f); provided that a Credit Party may subject to Section 7.2(f), create or acquire a Restricted Subsidiary if the following conditions are met: (i) such new Subsidiary shall promptly guarantee the Obligations and grant the Agent liens and security interests in all of its Accounts and Inventory and related intangibles for the benefit of the Lenders pursuant to documentation in form and substance satisfactory to the Agent; and (ii) the Credit Parties shall take and shall cause such Subsidiary to take, all such further actions and execute all such further documents and instruments as the Agent or the Collateral Agent reasonably determines in its sole discretion to be necessary or desirable to cause the execution, delivery and performance of such documentation to be duly authorized and to perfect, protect or enforce the security interests and Liens (and the priority status thereof) granted to the Agent.

(p) ADDITIONAL BANK ACCOUNTS. The Borrowers and the Guarantor will not at any time open, maintain or otherwise have or permit their Restricted Subsidiaries to enter into

or otherwise have any checking, savings or other accounts at any bank or other financial institution, or any other account where money is or may be deposited or maintained with any Person, other than the Collection Accounts, the Disbursement Accounts, an Account of the Guarantor at a financial institution acceptable to the Agent which shall enter into an agency agreement acceptable to the Agent (the "GUARANTOR ACCOUNT") or as otherwise agreed to in writing by the Agent except those accounts listed on Schedule 7.2(p).

(q) EXCESS CASH. Each Borrower and Restricted Subsidiary will not, and will not permit any of their Restricted Subsidiaries to, directly or indirectly, maintain in the aggregate in all deposit accounts of the Borrowers, and their Restricted Subsidiaries (other than the Disbursement Accounts and payroll accounts) total cash balances and Investments permitted by Section 7.2(f)(i) in excess of $25,000 at any time during which any Revolving Loans are outstanding and the Guarantor will not maintain in excess of $500,000 in the Guarantor Account.

(r) CAPITAL EXPENDITURES. The Credit Parties and their Restricted Subsidiaries will not at any time make or commit to make any payments for Capital Expenditures other than (A) the Capital Expenditures by Brown of up to $2,000,000 to acquire coating equipment prior to December 31, 1996 and (B) Capital Expenditures which are directly related to the business conducted by the Borrowers and their Restricted Subsidiaries on the Closing Date

(i) in the aggregate not exceeding the amount (the "Base Amount") per six month period (or portion thereof) set forth below:

PERIOD	AMOUNT
from the Closing Date through December 31, 1996	$2,000,000
January 1, 1997 through June 30, 1997	$4,000,000
July 1, 1997 through December 31, 1997	$4,000,000
for each six month period thereafter	$5,000,000

PROVIDED, HOWEVER, that for any six month period commencing with the six month period ending June 30, 1997, the Base Amount set forth above may be increased by carrying over to any such six month period any portion of the Base Amount not spent in the immediately preceding six month period (but not in any period prior thereto); and

(ii) at any time in an aggregate amount equal to the Equity Proceeds Amount at such time (which Capital Expenditures will not be included in any determination under clause (i) above).

(s) MINIMUM CONSOLIDATED NET WORTH. The Credit Parties will not, on the last day of each fiscal quarter, permit Consolidated Net Worth to be less than the sum of (i) $8,750,000 plus (ii) 50% of Net Income of the Credit Parties and their Restricted Subsidiaries to the extent such Net Income is positive from the Closing Date through the last day of such fiscal quarter (treating such period as a single accounting period), plus (iii) 100% of the aggregate Net Cash Proceeds received by a Credit Party from any Person (other than a Subsidiary of a Credit Party) from the issuance and sale from the Closing Date through the last day of such fiscal quarter of capital stock of any Credit Party.

(t) MINIMUM CONSOLIDATED CURRENT RATIO. The Credit Parties will not permit the Consolidated Current Ratio, at any time during each period set forth below, to be less than the ratio set forth below opposite such

period:

PERIOD	RATIO

Closing Date through December 31, 1998	1.20:1.00
January 1, 1999 and thereafter	1.25:1.00

(u) MINIMUM CONSOLIDATED INTEREST COVERAGE RATIO. The Credit Parties will not permit Consolidated Interest Coverage Ratio, for each fiscal period set forth below, to be less than the ratio set forth below opposite such period:

PERIOD	RATIO
October 1, 1996 through December 31, 1996	1.40:1.00
January 1, 1997 through March 31, 1997	1.40:1.00
April 1, 1997 through June 30, 1997	1.50:1.00
July 1, 1997 through September 30, 1997	1.55:1.00
October 1, 1997 through December 31, 1997	1.60:1.00
January 1, 1998 through March 31, 1998	1.65:1.00
April 1, 1998 through June 30, 1998	1.70:1.00
July 1, 1998 through September 30, 1998	1.80:1.00
October 1, 1998 through December 31, 1998	1.80:1.00
January 1, 1999 through	1.90:1.00

March 31, 1999	
April 1, 1999 through June 30, 1999	1.90:1.00
Each fiscal quarter thereafter	2.00:1.00

(v) CONTINGENT OBLIGATIONS. The Credit Parties shall not, and shall not permit any of their Restricted Subsidiaries to, directly or indirectly incur, assume, or suffer to exist any Contingent Obligation, excluding (i) indemnities given in connection with the sale of Inventory or other asset dispositions permitted hereunder and (ii) Contingent Obligations for Indebtedness permitted to be incurred under Section 7.2(b).

(w) NO PROHIBITED TRANSACTIONS UNDER ERISA. The Credit Parties shall not, and shall not permit any of the Subsidiaries to, directly or indirectly:

(i) engage in any prohibited transaction which could reasonably be expected to result in a civil penalty or excise tax described in Sections 406 of ERISA or 4975 of the Internal Revenue Code for which a statutory or class exemption is not available or a private exemption has not been previously obtained from the Department of Labor;

(ii) permit to exist with respect to any Plan any accumulated funding deficiency (as defined in Sections 302 of ERISA and 412 of the Internal Revenue Code), whether or not waived;

(iii) fail to pay timely required contributions or annual installments due with respect to any waived funding deficiency to any Benefit Plan;

(iv) terminate any Benefit Plan where such event would result in any liability of a Credit Party, any of its Subsidiaries or any ERISA Affiliate under Title IV of ERISA;

(v) fail to make any required contribution or payment to any Multiemployer Plan;

(vi) fail to pay any required installment or any other payment required under Section 412 of the Internal Revenue Code on or before the due date for such installment or other payment;

(vii) amend a Plan resulting in an increase in current liability for the plan year such that either of a Credit Party, any of its Subsidiaries or any ERISA Affiliate is required to provide security to such Plan under Section 401(a)(29) of the Internal Revenue Code; or

(viii) withdraw from any Multiemployer Plan where such withdrawal is reasonably likely to result in any liability of any such entity under Title IV of ERISA.

(x) HEDGING TRANSACTIONS. The Credit Parties shall not, and shall not permit any of their Restricted Subsidiaries to, engage in any speculative hedging or similar transactions.

ARTICLE VIII

EVENTS OF DEFAULT

SECTION 8.1. EVENTS OF DEFAULT. The occurrence of any of the following events shall constitute an "EVENT OF DEFAULT":

(a) the Borrowers shall fail to pay (i) any interest, Fees, Expenses or other Obligations (other than principal) when due or within three (3) Business Days of when due, whether at stated maturity, by acceleration, or otherwise or (ii) any principal when due, whether at stated maturity, by acceleration or otherwise; or

(b) any representation or warranty made by any Credit Party under or in connection with any Credit Document shall prove to have been incorrect in any material respect when made or deemed made; or

(c) a Credit Party shall fail to perform or observe any term, covenant or agreement contained in Section 7.1(b), (c), (e) and (f) and 7.2 of this Credit Agreement or Section 4(b), (d) or (e) of the Security Agreement; or

(d) any Credit Party shall fail to perform or observe any term, covenant or agreement contained in any Credit Document (other than as set forth in Sections 8.1(a) and (c)) on its part to be performed or observed or a Credit Party or any of its Restricted Subsidiaries shall fail to comply with any provisions contained in any Material Contract to which it is a party if such failure shall remain unremedied for the lesser of

thirty (30) days after its occurrence or ten (10) days after notice from the Agent to such Credit Party; or

(e) a Credit Party or any of its Restricted Subsidiaries (i) shall fail to pay any Indebtedness or any interest or premium thereon, when due (whether at scheduled maturity or by required prepayment, acceleration, demand or otherwise), or (ii) shall otherwise be in breach or default in any of its obligations under any agreement with respect to any such Indebtedness, if the effect of such failure to pay, breach or default is to cause such Indebtedness to become due or redeemed or permit the holder or holders of Indebtedness in an amount in excess of $1,000,000 (or a trustee or agent on behalf of such holder or holders) to declare such Indebtedness due or require such Indebtedness to be redeemed prior to its stated maturity; or

(f) any Credit Party shall dissolve, wind up or otherwise cease its business; or

(g) a Credit Party or any of its Restricted Subsidiaries shall become the subject of (i) an Insolvency Event as set forth in clause (e) of the definition of Insolvency Event that is not resolved or dismissed within sixty (60) days or (ii) any Insolvency Event except as set forth in clause (e) of the definition of Insolvency Event; or

(h) any judgment or order for the payment of money in excess of $1,000,000 shall be rendered against any Credit Party or any of its Restricted Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of ten (10) consecutive days during which a stay

of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) any non-monetary judgment or order shall be rendered against a Credit Party or any of its Restricted Subsidiaries that could have a Material Adverse Effect, and there shall be any period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(j) any covenant, agreement or obligation of any Credit Party contained in or evidenced by any of the Credit Documents or any of the subordination provisions in any Intercompany Subordinated Note shall cease to be enforceable, or shall be determined to be unenforceable, in accordance with its terms; any Credit Party shall deny or disaffirm its

obligations under any of the Credit Documents or any Liens granted in connection therewith; or any Liens granted in any of the Collateral shall be determined to be void, voidable or invalid, are subordinated or are not given the priority contemplated by this Credit Agreement; or

(k) a Collateral Document shall for any reason (other than pursuant to the terms thereof) cease to create a valid and, except as otherwise permitted under Section 7.2(a), perfected first priority Lien on the Collateral purported to be covered thereby; or

(l) a Change in Control shall have occurred; or

(m) the President or Chief Executive Officer of the Guarantor shall at any time for any reason cease to be employed by the Guarantor and shall not be replaced to the satisfaction of the Agent within 90 days thereof and such event, in the reasonable determination of the Majority Lenders, has a Material Adverse Effect.

SECTION 8.2. ACCELERATION AND CASH COLLATERALIZATION. Upon the occurrence and during the continuance of an Event of Default, the Agent may take any or all of the following actions, without prejudice to the rights of the Agent or any Lender to enforce its claims against the Credit Parties:

(a) ACCELERATION. Upon the written request of the Majority Lenders, and by delivery of written notice to the Borrowers from the Agent, all Obligations shall be declared to be immediately due and payable (except with respect to any Event of Default with respect to a Credit Party set forth in Section 8.1(g) hereof, in which case all Obligations shall automatically become immediately due and payable without the necessity of any request of the Majority Lenders or notice or other demand to the Borrowers) without presentment, demand, protest or any other action or obligation of the Agent or any Lender.

(b) TERMINATION OF COMMITMENTS. Upon the written request of the Majority Lenders, and by delivery of written notice to the Borrowers from the Agent, the Commitments and the Line of Credit shall be immediately terminated and, at all times thereafter, all Revolving Loans made by any Lender pursuant to this Credit Agreement shall be at such Lender's sole discretion, unless such Event of Default is cured or waived in accordance with Section 11.11.

(c) CASH COLLATERALIZATION. On demand of the Agent or the Majority Lenders the Borrowers shall immediately deposit with the Agent for each Letter of Credit then outstanding, cash or Cash Equivalents in an amount equal to 105% of the greatest amount drawable thereunder.

SECTION 8.3. RESCISSION OF ACCELERATION. After acceleration of

the maturity of the Revolving Loans, if the Borrowers pay all accrued interest and all principal due (other than by reason of the acceleration) and all Defaults and Events of Default are otherwise remedied or waived in accordance with Section 11.11, the Majority Lenders may elect in their sole discretion, to rescind the acceleration and return any cash collateral. (This Section is intended only to bind all of the Lenders to a decision of the Majority Lenders and not to confer any right on the Borrowers, even if the described conditions for the Majority Lenders' election may be met.)

SECTION 8.4. REMEDIES. Upon the occurrence and during the continuance of an Event of Default, the Agent and the Lenders shall have all rights and remedies with respect to the Obligations under the Credit Documents and the Collateral

available to it as creditors under applicable law and the Credit Documents and the Agent may do any or all of the following:

(a) remove for copying all documents, instruments, files and records (including the copying of any computer records) relating to the Accounts or use (at the joint and several expense of the Borrowers) such supplies or space of any Credit Party at such Credit Party's place of business necessary to properly administer and collect the Accounts thereon;

(b) accelerate or extend the time of payment, compromise, issue credits, or bring suit on the Accounts (in the name of the Borrowers or the Lenders) and otherwise administer and collect the Accounts;

(c) sell, assign and deliver the Accounts and any returned, reclaimed or repossessed merchandise, with or without advertisement, at public or private sale, for cash, on credit or otherwise, subject to applicable law; and

(d) foreclose the security interests created pursuant to the Credit Documents by any available procedure, or take possession of any or all of the Collateral without judicial process and enter any premises where any Collateral may be located for the purpose of taking possession of or removing the same.

Any Lender may bid or become a purchaser at any sale, free from any right of redemption, which right is expressly waived by the Credit Parties. If notice of intended disposition of any Collateral is required by law, it is agreed that ten (10) Business Days notice shall constitute reasonable notification. The Credit Parties will assemble the Collateral and make it available to the Agent at such locations as the Agent may specify, whether at the premises of such Credit Party or elsewhere, and will make available to the Agent the premises and facilities of such Credit Party for the purpose of the Agent's taking possession of,

removing or putting the Collateral in saleable form.

SECTION 8.5. RIGHT OF SET-OFF. In addition to and not in limitation of all rights of offset that any Lender or the

Issuing Bank may have under applicable law, upon the occurrence of any Event of Default, and whether or not any Lender or the Issuing Bank has made any demand or the Obligations of any Credit Party have matured, each Lender and the Issuing Bank shall have the right to appropriate and apply to the payment of the Obligations of a Credit Party all deposits and other obligations then or thereafter owing by such Lender or the Issuing Bank to such Credit Party. Each Lender or the Issuing Bank exercising such rights shall notify the Agent thereof (and the Agent shall promptly notify the Borrowers thereof) and any amount received as a result of the exercise of such rights shall be shared in accordance with Section 2.7.

SECTION 8.6. LICENSE FOR USE OF SOFTWARE AND OTHER INTELLECTUAL PROPERTY. Unless expressly prohibited by the licensor thereof, if any, the Agent is hereby granted a license to use all computer software programs, data bases, processes and materials used by the Credit Parties and their Subsidiaries in connection with their businesses or in connection with the Collateral. The Agent agrees not to use any such license prior to the occurrence of an Event of Default without giving the Borrowers prior notice.

SECTION 8.7. NO MARSHALING; DEFICIENCIES; REMEDIES CUMULATIVE. The net cash proceeds resulting from the Agent's exercise of any of the foregoing rights to liquidate all or substantially all of the Collateral (after deducting all of the Agent's and Collateral Agent's Expenses related thereto) shall be applied by the Agent to the payment of the Obligations to the Agent and the Lenders, whether due or to become due, in such order as the Agent may elect. The Credit Parties shall remain jointly and severally liable to the Agent and the Lenders for any deficiencies, and the Agent and the Lenders in turn agree to remit to the Credit Parties or their respective successors or assigns, any surplus resulting therefrom. The foregoing remedies are not intended to be exhaustive and the full or partial exercise of any of them shall not preclude the full or partial exercise of any other available remedy under this Credit Agreement, under any other Credit Document, at equity or at law.

ARTICLE IX

CROSS GUARANTIES

SECTION 9.1. GUARANTEE. Each of the Borrowers, jointly and severally, unconditionally and irrevocably guarantees to the Agent, for the benefit of the Lenders and the Issuing Bank, the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Obligations. Each of the Borrowers hereby further agrees, jointly and severally, to pay any and all expenses (including, without limitation, all reasonable fees and disbursements of counsel) which may be paid or incurred by the Agent in enforcing, or obtaining advice of counsel in respect of, any rights with respect to, or collecting, any or all of the Obligations and enforcing any rights with respect to, or collecting against, the Borrowers under this Article IX.

SECTION 9.2. OBLIGATIONS UNCONDITIONAL. The obligations of each of the Borrowers under Section 9.1 are continuing, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of the obligations of the other Borrowers under this Agreement or any other agreement or instrument referred to herein or therein, or any substitution, release or exchange of any other guarantee of or security for any of the Obligations or any other collateral security therefor or guaranty or right of offset with respect thereto at any time or from time to time held by the Agent or the Lenders, and, to the fullest extent permitted by applicable law irrespective of any other circumstance whatsoever (with or without notice to or knowledge of the Borrowers) that might otherwise constitute, or might be construed to constitute, a legal or equitable discharge or defense, setoff or counterclaim of the other Borrowers for the Obligations, or the Borrowers under this Article IX, in bankruptcy or in any other instance, it being the intent of this Section 9.2 that the obligations of each of the Borrowers under this Article IX shall be absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of each of the Borrowers under this Article IX which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to the Borrowers, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of this Agreement or any other agreement or instrument referred to herein or therein shall be done or omitted;

(iii) the maturity of any of the Obligations shall be accelerated, or any of the Obligations shall be modified, supplemented or amended in any respect, or any right under this Credit Agreement or any other Credit Document or agreement or instrument referred to herein or therein shall be

waived or any other guarantee of any of the Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with; or

(iv) any lien or security interest granted to, or in favor of, the Agent or any Lender as security for any of the Obligations shall fail to be perfected.

Each of the Borrowers waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by any Lender upon this cross guaranty or acceptance of this cross guaranty; the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this cross guaranty; and all dealings between any of the Borrowers, on the one hand, and the Agent and the Lenders, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon this cross guaranty. Each of the Borrowers hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Agent or any Lender exhaust any right, power or remedy or proceed against any Borrower under this Credit Agreement or any other Credit Document or agreement or instrument referred to herein or therein, or against any other Person under any other guarantee of, or security for, any of the Obligations. When pursuing its rights and remedies under this Article IX against a Borrower, the Agent and each Lender may, but shall be under no obligation to, pursue

such rights and remedies as it may have against the other Borrowers or any other Person or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by the Agent or any Lender to pursue such other rights or remedies or to collect any payments from the other Borrowers or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of setoff, or any release of the other Borrowers or any such other Person or of any such collateral security, guarantee or right of setoff, shall not relieve the Borrowers of any liability under this Article IX, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Agent and the Lenders against the Borrowers.

SECTION 9.3. REINSTATEMENT. The obligations of each of the Borrowers under this Article IX shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrowers in respect of the Obligations is rescinded or must be otherwise restored by the Agent or any Lender, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

ARTICLE X

THE AGENT AND THE COLLATERAL AGENT

SECTION 10.1. APPOINTMENT OF AGENT.

(a) Each Lender hereby designates BTCC as its Agent and irrevocably authorizes the Agent to take action on such Lender's behalf under the Credit Documents and to exercise the powers and to perform the duties described therein and to exercise such other powers as are reasonably incidental thereto. The Agent may perform any of its duties by or through its agents or employees.

(b) Other than the Borrowers' rights under Section 10.9, the provisions of this Article X are solely for the benefit of the Agent, the Collateral Agent and the Lenders, and none of the Credit Parties shall have any rights as a third party beneficiary of any of the provisions hereof. The Agent shall act

solely as agent of the Lenders and assumes no obligation toward or relationship of agency or trust with or for any Credit Party.

SECTION 10.2. NATURE OF DUTIES OF AGENT AND COLLATERAL AGENT. Neither the Agent nor the Collateral Agent shall have any duties or responsibilities except those expressly set forth in the Credit Documents. Neither the Agent, the Collateral Agent nor any of their respective officers, directors, employees or agents shall be liable for any action taken or omitted by it as such hereunder or in connection herewith, unless caused by its or their gross negligence or willful misconduct. The duties of the Agent and the Collateral Agent shall be mechanical and administrative in nature. Neither the Agent nor the Collateral Agent shall have a fiduciary relationship in respect of any Lender or any participant of any Lender.

SECTION 10.3. LACK OF RELIANCE ON AGENT.

(a) Independently and without reliance upon the Agent, each Lender, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial or other condition and affairs of each Credit Party in connection with the taking or not taking of any action in connection herewith and (ii) its own appraisal of the creditworthiness of each Credit Party, and, except as expressly provided in this Credit Agreement, the Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter.

(b) The Agent shall not be responsible to any Lender for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, collectibility, priority or sufficiency of this Credit Agreement or the Revolving Notes or the financial or other condition of any Credit Party. The Agent shall not be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Credit Agreement or the Revolving Notes, or the financial condition of any Credit Party, or the existence or possible existence of any Default or

Event of Default, unless specifically requested to do so in writing by any Lender.

SECTION 10.4. CERTAIN RIGHTS OF THE AGENT. The Agent may request instructions from the Majority Lenders at any time. If the Agent requests instructions from the Majority Lenders with respect to any action or inaction, the Agent shall be entitled to await instructions from the Majority Lenders before such action or inaction. No Lender shall have any right of action based upon the Agent's action or inaction in response to instructions from the Majority Lenders.

SECTION 10.5. RELIANCE BY AGENT. The Agent may rely upon written or telephonic communication it believes to be genuine and to have been signed, sent or made by the proper person. The Agent may obtain the advice of legal counsel (including counsel for the Borrowers with respect to matters concerning the Borrowers), independent public accountants and other experts selected by it and shall have no liability for any action or inaction taken or omitted to be taken by it in good faith based upon such advice.

SECTION 10.6. INDEMNIFICATION OF AGENT. To the extent the Agent is not reimbursed and indemnified by the Borrowers, each Lender will reimburse and indemnify the Agent to the extent of its Proportionate Share for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including counsel fees and disbursements) or disbursements of any kind or nature whatsoever (including all Expenses) which may be imposed on, incurred by or asserted against the Agent in performing its duties hereunder or otherwise relating to the Credit Documents unless resulting from the Agent's gross negligence or willful misconduct. The agreements contained in this Section shall survive any termination of this Credit Agreement and the other Credit Documents and the payment in full of the Obligations.

SECTION 10.7. THE AGENT IN ITS INDIVIDUAL CAPACITY. In its individual capacity, the Agent shall have the same rights and powers hereunder as any other Lender or holder of a Revolving Note or participation interests and may exercise the same as though it was not performing the duties specified

herein. The terms "Lenders," "Majority Lenders," "holders of Revolving

Notes," or any similar terms shall, unless the context clearly otherwise indicates, include the Agent in its individual capacity. The Agent and its Affiliates may accept deposits from, lend money to, acquire equity interests in, and generally engage in any kind of banking, trust, financial advisory or other business with the Borrowers or any Affiliate of the Borrowers as if it were not performing the duties specified herein, and may accept fees and other consideration from the Borrowers for services in connection with this Credit Agreement and otherwise without having to account for the same to the Lenders.

SECTION 10.8. HOLDERS OF REVOLVING NOTES. The Agent may deem and treat the payee of any Revolving Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof shall have been filed with the Agent. Any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is the holder of any Revolving Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Revolving Note or of any Revolving Note or Revolving Notes issued in exchange therefor.

SECTION 10.9. SUCCESSOR AGENT.

(a) The Agent may, upon ten (10) Business Days' notice to the Lenders and the Borrowers, resign by giving written notice thereof to the Lenders and the Borrowers. The Agent's resignation shall be effective upon the appointment of a successor Agent. Such resignation of the Agent shall be deemed to be a resignation of Bankers Trust Company as Issuing Bank.

(b) Upon receipt of the Agent's resignation, the Majority Lenders may appoint a successor Agent which shall also be a Lender. Unless an Event of Default shall have occurred and be continuing at the time of such appointment, the successor Agent shall be subject to approval by the Borrowers, which approval shall not be unreasonably withheld and shall be delivered to the Majority Lenders within ten (10) Business Days after the Borrowers' receipt of notice of a proposed successor Agent. If a successor Agent has not accepted its appointment within fifteen (15) Business Days, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent.

(c) Upon its acceptance of the agency hereunder, such successor Agent shall succeed to and become vested with all the rights, powers,

privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Credit Agreement. The retiring Agent shall continue to have the benefit of this Article X for any action or inaction while it was Agent.

SECTION 10.10. COLLATERAL MATTERS.

(a) Each Lender authorizes and directs the Agent to enter into the Collateral Documents for the benefit of the Lenders. Except as otherwise set forth herein, any action or exercise of powers by the Majority Lenders under the Credit Documents, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders. Prior to an Event of Default, without notice to or consent from any Lender, the Agent may take any action necessary or advisable to perfect and maintain the perfection of the Liens upon the Collateral.

(b) The Agent is authorized to release any Lien granted to or held by the Agent upon any Collateral (i) upon termination of the Commitments and payment and satisfaction of all of the Obligations, (ii) required to be delivered from permitted sales of Collateral hereunder, if any, upon receipt of the proceeds or (iii) if the release can be and is approved by the Majority Lenders. The Agent may request and the Lenders will provide confirmation of the Agent's authority to release particular types or items of Collateral.

(c) Upon any sale and transfer of Collateral which is expressly permitted pursuant to the terms of this Credit Agreement, or consented to in writing by the Majority Lenders or all of the Lenders, as applicable, and upon at least five (5) Business Days' prior written request by the Borrowers, the Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Agent for the benefit of the Lenders herein or pursuant hereto upon the Collateral that was sold or transferred; PROVIDED that (i) the Agent shall not be required to execute any such document on terms which, in the Agent's opinion, would expose the Agent to liability or create

any obligation or entail any consequence other than the release of such Liens without recourse or warranty and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of the Credit Parties or any Subsidiary in respect of) all interests retained by the Credit Parties or any Subsidiary, including (without limitation) the proceeds of the sale, all of which shall continue to constitute part of the Collateral. In the event of any sale or transfer of Collateral, or any foreclosure with respect to any of the Collateral, the Agent shall be authorized to deduct all of the Expenses reasonably incurred by the Agent from the proceeds of any such sale, transfer or foreclosure.

(d) The Agent shall have no obligation to assure that the Collateral exists or is owned by the Credit Parties or any Subsidiary, that such Collateral is cared for, protected or insured, or that the Liens in the Collateral have been created, perfected, or have any particular priority. With respect to the Collateral, the Agent may act in any manner it may deem appropriate, in its sole discretion, given the Agent's own interest in the Collateral as one of the Lenders and it shall have no duty or liability whatsoever to the Lenders, except for its gross negligence or willful misconduct.

SECTION 10.11. ACTIONS WITH RESPECT TO DEFAULTS. In addition to the Agent's right to take actions on its own accord as permitted under this Credit Agreement, the Agent shall take such action with respect to a Default or Event of Default as shall be directed by the Majority Lenders. Until the Agent shall have received such directions, the Agent may act or not act as it deems advisable and in the best interests of the Lenders.

SECTION 10.12. DELIVERY OF INFORMATION. The Agent shall not be required to deliver to any Lender originals or copies of any documents, instruments, notices, communications or other information received by the Agent from the Borrowers, any Subsidiary, the Majority Lenders, any Lender or any other Person under or in connection with this Credit Agreement or any other Credit Document except (i) as specifically provided in this Credit Agreement or any other Credit Document and (ii) as specifically requested from time to time in writing by any Lender with respect to a specific document, instrument, notice or other written communication received by and in the possession of the

Agent at the time of receipt of such request and then only in accordance with such specific request.

ARTICLE XI

MISCELLANEOUS

SECTION 11.1. GOVERNING LAW. THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS CREDIT AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS CREDIT AGREEMENT OR ANY OF THE CREDIT DOCUMENTS, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICTS OF LAW PROVISIONS OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW) AND DECISIONS OF THE STATE OF NEW YORK.

SECTION 11.2. SUBMISSION TO JURISDICTION. ALL DISPUTES AMONG THE CREDIT PARTIES AND THE LENDERS (OR THE AGENT ACTING ON THEIR BEHALF), WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE AND FEDERAL COURTS LOCATED IN NEW YORK, NEW YORK, AND THE COURTS TO

WHICH AN APPEAL THEREFROM MAY BE TAKEN; PROVIDED, HOWEVER, THAT THE AGENT, ON BEHALF OF THE LENDERS, SHALL HAVE THE RIGHT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TO PROCEED AGAINST THE CREDIT PARTIES OR THEIR PROPERTY IN ANY LOCATION REASONABLY SELECTED BY THE AGENT IN GOOD FAITH TO ENABLE THE AGENT TO REALIZE ON SUCH PROPERTY, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE AGENT. THE CREDIT PARTIES AGREE THAT THEY WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIMS, SETOFFS OR CROSS-CLAIMS IN ANY PROCEEDING BROUGHT BY THE AGENT. THE CREDIT PARTIES WAIVE ANY OBJECTION THAT THEY MAY HAVE TO THE LOCATION OF THE COURT IN WHICH THE AGENT HAS COMMENCED A PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON FORUM NON CONVENIENS.

SECTION 11.3. SERVICE OF PROCESS. THE CREDIT PARTIES HEREBY IRREVOCABLY DESIGNATE CT CORPORATION SYSTEM, 1633 BROADWAY, NEW YORK, NEW YORK 10019 AS THE DESIGNEE, APPOINTEE AND AGENT OF THE CREDIT PARTIES TO RECEIVE, FOR AND ON BEHALF OF THE CREDIT PARTIES, SERVICE OF PROCESS IN SUCH RESPECTIVE JURISDICTIONS IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO

THIS CREDIT AGREEMENT OR ANY OTHER CREDIT DOCUMENT. IT IS UNDERSTOOD THAT COPIES OF SUCH PROCESS SERVED ON SUCH AGENT AT ITS ADDRESS WILL BE PROMPTLY FORWARDED BY MAIL TO THE CREDIT PARTIES, BUT FAILURE OF THE CREDIT PARTIES TO RECEIVE SUCH COPIES SHALL NOT AFFECT IN ANY WAY THE SERVICE OF SUCH PROCESS.

SECTION 11.4. JURY TRIAL. THE CREDIT PARTIES, THE AGENT, THE ISSUING BANK, THE COLLATERAL AGENT AND THE LENDERS EACH HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY. INSTEAD, ANY DISPUTES WILL BE RESOLVED IN A BENCH TRIAL.

SECTION 11.5. LIMITATION OF LIABILITY. NEITHER THE AGENT, THE COLLATERAL AGENT NOR ANY LENDER SHALL HAVE ANY LIABILITY TO THE CREDIT PARTIES (WHETHER SOUNDING IN TORT, CONTRACT, OR OTHERWISE) FOR LOSSES SUFFERED BY THE CREDIT PARTIES IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY RELATED TO THE TRANSACTIONS OR RELATIONSHIPS CONTEMPLATED BY THIS CREDIT AGREEMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, UNLESS IT IS DETERMINED BY A FINAL AND NONAPPEALABLE JUDGMENT OR COURT ORDER BINDING ON THE AGENT, THE COLLATERAL AGENT OR ANY SUCH LENDER, THAT THE LOSSES WERE THE RESULT OF ACTS OR OMISSIONS CONSTITUTING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE CREDIT PARTIES HEREBY WAIVE ALL FUTURE CLAIMS AGAINST THE AGENT, THE COLLATERAL AGENT AND EACH LENDER FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES UNLESS RESULTING FROM THE GROSS NEGLIGENCE OF SUCH PERSON OR SUCH PERSON'S KNOWING VIOLATION OF THE LAW.

SECTION 11.6. DELAYS; PARTIAL EXERCISE OF REMEDIES. No delay or omission of the Agent, the Issuing Bank or the Lenders to exercise any right or remedy hereunder shall impair any such right or operate as a waiver thereof. No single or partial exercise by the Agent, the Issuing Bank or the Lenders of any right or remedy shall preclude any other or further exercise

thereof, or preclude any other right or remedy.

SECTION 11.7. NOTICES. Except as otherwise provided herein, all notices and correspondences hereunder shall be in writing and sent by certified or registered mail, return receipt requested, or by overnight delivery service, with all charges prepaid, if to the Agent, or any of the Lenders, then to BT Commercial Corporation, at 14 Wall Street, New York, New York 10005, Attention: Credit Department, Mr. Bruce Addison, if to

the Issuing Bank, then to Bankers Trust Company, One Bankers Trust Plaza, 130 Liberty Street, New York, New York 10006, Attention: Mr. Jack Kurzer and if to a Credit Party, then to such Credit Party at c/o Spinnaker Industries, Inc. 600 N. Pearl Street, Dallas, Texas 75201, Attention: President or by facsimile transmission, promptly confirmed in writing sent by first class mail, if to the Agent or any of the Lenders, at (212) 618-2630. and if to a Credit Party, at (214) 855-0093. 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 telex or facsimile transmission, when receipt of such transmission is acknowledged.

SECTION 11.8. ASSIGNMENTS AND PARTICIPATIONS.

(a) BORROWER ASSIGNMENT. The Borrowers shall not assign this Credit Agreement or any rights or obligations hereunder, without the prior written consent of the Agent and the Lenders.

(b) LENDER ASSIGNMENTS. Each Lender may assign to one or more banks or other financial institutions all or a portion of its rights and obligations under this Credit Agreement, the Revolving Notes and the other Credit Documents, with the consent of the Agent (not to be unreasonably withheld), and provided that no Default or Event of Default has occurred and is continuing with the consent of the Borrowers (not to be unreasonably withheld), and upon execution and delivery to the Agent, for its acceptance and recording in the Register, of an agreement in substantially the form of Exhibit N (an "ASSIGNMENT AND ASSUMPTION AGREEMENT"), together with surrender of any Revolving Note or Revolving Notes subject to such assignment and a processing and recordation fee of $2,500.00. No such assignment shall be for less than $5,000,000 of the Commitments unless it is to another Lender. Upon such execution and delivery of the Assignment and Assumption Agreement to the Agent, from and after the date specified as the effective date in the Assignment and Assumption Agreement (the "ACCEPTANCE DATE"), (x) the assignee thereunder shall be a party hereto, and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Assumption Agreement, such

assignee shall have the rights and obligations of a Lender hereunder and (y) the assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Assumption Agreement, relinquish its rights (other than any rights it may have pursuant to Section 11.10 which will survive) and be released from its obligations under this Credit Agreement (and, in the case of an Assignment and Assumption Agreement covering all or the remaining portion of an assigning Lender's rights and obligations under this Credit Agreement, such Lender shall cease to be a party hereto). (This Section does not apply to branches and Affiliates of a Lender, it being understood that a Lender may make, carry or transfer Revolving Loans at or for the account of any of its branch offices or Affiliates without consent of the Borrowers, the Agent or any Lender.)

By executing and delivering an Assignment and Assumption Agreement, the assignee thereunder confirms and agrees as follows: (i) other than as provided in such Assignment and Assumption Agreement, the assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Credit Agreement, the Revolving Notes or any other instrument or document furnished pursuant hereto, (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrowers or any other Credit Parties or the performance or observance by the Borrowers or any other Credit Parties of any of their obligations under this Credit Agreement or any other instrument or document furnished pursuant hereto, (iii) such assignee confirms that it has received a copy of this Credit Agreement, together with copies of the Financial Statements referred to in Section 6.1(i), the Financial Statements delivered pursuant to Section 7.1(a), if any, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption Agreement, (iv) such assignee will, independently and without reliance upon the Agent or the Collateral Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking

action under this Credit Agreement, (v) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Credit Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Credit Agreement are required to be performed by it as a Lender.

(c) AGENT'S REGISTER. The Agent shall maintain a register of the names and addresses of the Lenders, their Commitments, and the principal amount of their Revolving Loans (the "REGISTER"). The Agent shall also maintain a copy of each Assignment and Assumption Agreement delivered to and accepted by it and modify the Register to give effect to each Assignment and Assumption Agreement. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Credit Agreement. The Register and copies of each Assignment and Assumption Agreement shall be available for inspection by the Borrowers or any Lender at any reasonable time and from time to time upon reasonable prior notice. Upon its receipt of each Assignment and Assumption Agreement and surrender of the affected Revolving Note or Revolving Notes subject to such assignment, the Agent will give prompt notice thereof to the Borrowers. Within five (5) Business Days after its receipt of such notice, the Borrowers shall execute and deliver to the Agent a new Revolving Note or Revolving Notes to the order of the assignee in the amount of the Commitment or Commitments assumed by it and to the assignor in the amount of the Commitment or Commitments retained by it, if any. Such new Revolving Note or Revolving Notes shall re-evidence the indebtedness outstanding under the surrendered Revolving Note or Revolving Notes and shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Revolving Note or Revolving Notes, shall be dated as of the Closing Date. The Agent shall be entitled to rely upon the Register exclusively for purposes of identifying the Lenders hereunder.

(d) LENDER PARTICIPATIONS. Each Lender may sell participations (without the consent of the Agent, the Borrowers

or any other Lender) to one or more parties (other than any Person in competition with any of the Credit Parties in the same or a similar business as a Credit Party) in or to all or a portion of its rights and obligations under this Credit Agreement, the Revolving Notes and the other Credit Documents. Notwithstanding a Lender's sale of a participation interest, such Lender's obligations hereunder shall remain unchanged. The Borrowers, the Agent, and the other Lenders shall continue to deal solely and directly with such Lender. No participant shall have rights to approve any amendment or waiver of this Credit Agreement except to the extent such amendment or waiver would (i) increase the Commitment of the Lender from whom the participant purchased its participation interest; (ii) reduce the principal of, or rate or amount of interest on the Revolving Loans subject to such participation; (iii) postpone any date fixed for any payment of principal of, or interest on, the Revolving Loans subject to the participation interest; or (iv) release all or a substantial portion of the Collateral, other than in each case when otherwise permitted hereunder.

Each Lender agrees that, without the prior written consent of the Borrowers and the Agent, it will not make any assignment hereunder in any manner or under any circumstances that would require registration or qualification of, or filings in respect of, any Loan, Revolving Note or other Obligation under the securities laws of the United States or of any jurisdiction.

(e) CONFIDENTIALITY. In connection with their efforts to assign its rights or obligations or sell participations pursuant to Sections 11.8(b) and (d) hereof, the Agent or the Lenders may disclose any information they have, now or in the future, with respect to the business of the Borrowers to prospective assignees or purchasers, provided that such disclosure is subject to confidentiality arrangements substantially similar to those entered into by BTCC and the Borrowers in connection with the transactions contemplated by this Credit Agreement.

SECTION 11.9. CONFIDENTIALITY. Except as provided in Section 11.8(e), each Lender agrees that it will not disclose, without the prior consent of the Borrowers, any information with respect to the Borrowers or any of their Subsidiaries which is furnished pursuant to this Credit Agreement and which is

designated by the Borrowers to the Lenders in writing as confidential (the information delivered pursuant to Sections 7.1(a)(ii), (iv) and (v), 7.1(b), (c) and (e) and 8.4(a) being hereby so designated), PROVIDED, THAT any Lender may disclose any such information (a) to its Affiliates, employees, auditors, or counsel, or to another Lender if the disclosing Lender or such disclosing Lender's holding or parent company in its reasonable discretion determines that any such party should have access to such information provided that each such person will be advised of the confidential nature of such information, (b) as has become generally available to the public, (c) as may be required or appropriate in any report, statement or testimony submitted to any Governmental Authority having or claiming to have jurisdiction over such Lender, (d) as may be required or appropriate in response to any summons or subpoena or in connection with any litigation and (e) in order to comply with any Requirement of Law.

SECTION 11.10. INDEMNIFICATION; REIMBURSEMENT OF EXPENSES OF COLLECTION. (a) The Borrowers hereby, jointly and severally, indemnify and agree to defend and hold harmless the Agent, the Collateral Agent, the Issuing Bank and each of the Lenders and their respective directors, officers, agents, employees and counsel (each, an "INDEMNIFIED PARTY") from and against any and all losses, claims, damages, liabilities, deficiencies, judgments or expenses incurred by any of them (except to the extent that it is finally judicially determined to have resulted from their own gross negligence or willful misconduct) arising out of or by reason of (i) any litigations, investigations, claims or proceedings which arise out of or are

in any way related to (A) this Credit Agreement, any other Credit Document or the transactions contemplated hereby or thereby including, without limitation, the transactions contemplated by the Senior Note Documents, (B) the issuance of the Letters of Credit, (C) the failure of the Issuing Bank to honor a drawing under any Letter of Credit, as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority, (D) any actual or proposed use by the Borrowers of the proceeds of the Revolving Loans or (E) the Agent's, the Collateral Agent's, the Issuing Bank's or the Lenders' entering into this Credit Agreement, the other Credit Documents or any other agreements and documents relating hereto, including, without limitation, amounts paid in

settlement, court costs and the reasonable fees and disbursements of counsel incurred in connection with any such litigation, investigation, claim or proceeding or any advice rendered in connection with any of the foregoing and (ii) any remedial or other action taken by the Borrowers, the Agent or any of the Lenders in connection with compliance by the Borrowers or any of the Subsidiaries, or any of their respective properties, with any federal, state or local Environmental Laws. In addition, the Borrowers shall, upon demand, jointly and severally, pay to the Agent all costs and expenses incurred by the Agent (including the reasonable fees and disbursements of counsel and other professionals) in connection with the preparation, execution, delivery, administration, modification and amendment of the Credit Documents, pay to the Collateral Agent all costs and expenses incurred by it in connection with collateral audits and inspections, and pay to the Agent and any Lender all costs and expenses (including the reasonable fees and disbursements of counsel and other professionals) paid or incurred by the Agent or such Lender in (A) enforcing or defending its rights under or in respect of this Credit Agreement, the other Credit Documents or any other document or instrument now or hereafter executed and delivered in connection herewith, (B) in collecting the Obligations, (C) in foreclosing or otherwise collecting upon the Collateral or any part thereof and (D) obtaining any legal, accounting or other advice in connection with any of the foregoing. If and to the extent that the Obligations of the Borrowers hereunder are unenforceable for any reason, the Borrowers hereby agree to make the maximum contribution to the payment and satisfaction of such Obligations which is permissible under applicable law.

(b) The Borrowers' Obligations under Sections 4.9, 4.10, 10.6 and this Section 11.10 shall survive any termination of this Credit Agreement and the other Credit Documents and the payment in full of the Obligations, and are in addition to, and not in substitution of, any other of their Obligations set forth in this Credit Agreement.

SECTION 11.11. AMENDMENTS AND WAIVERS. (a) No amendment or waiver of any provision of this Credit Agreement or any other Credit Document shall be effective unless in writing and signed by the Majority Lenders (or

by the Agent on their behalf) and the Credit Parties, except that:

(i) the consent of all the Lenders is required to (A) reduce the principal of, or interest on, the Revolving Notes, any Letter of Credit reimbursement obligations or any Fees hereunder (other than Fees that are exclusively for the account of the Agent, the Collateral Agent or the Issuing Bank), (B) postpone the final scheduled date of maturity of the Revolving Notes or any date fixed for any payment in respect of interest on the Revolving Notes, any Letter of Credit reimbursement obligations or any Fees hereunder, (C) change any minimum requirement necessary for the Lenders or Majority Lenders to take any action hereunder or the percentage of Commitments necessary to take any such action, (D) amend or waive this Section 11.11(a), or change the definition of Majority Lenders, (E) release any Liens in favor of the Lenders on all or substantially all of the Collateral, except as otherwise expressly provided in this Credit Agreement, and other than in connection with the financing, refinancing, sale or other disposition of any asset of the Credit Parties permitted under this Credit Agreement, (F) increase any of the advance rates from those set forth in any of the definitions of Brown Accounts Borrowing Base, Brown Inventory Borrowing Base, Central Accounts Borrowing Base, Central Inventory Borrowing Base, Entoleter Accounts Borrowing Base or Entoleter Inventory Borrowing Base, or (G) consent to the assignment or transfer by the Borrowers of any of their rights and obligations under this Credit Agreement;

(ii) no such amendment or waiver shall increase the Commitment of any Lender over the amount thereof then in effect without the consent of such Lender (it being understood that amendments or waivers of conditions precedent, covenants, Defaults or Events of Default shall not constitute an increase in the Commitment of any Lender, and that an increase in the available portion of any Commitment of any Lender shall not constitute an increase in the Commitment of such Lender);

(iii) the consent of the Agent, the Collateral Agent or the Issuing Bank, as the case may be, shall be required for any amendment, waiver or consent affecting the rights or duties of the Agent, the Collateral Agent or the Issuing

Bank under any Credit Document, in addition to the consent of the Lenders otherwise required by this Section 11.11; and

(iv) the consent of the Borrowers shall not be required for any amendment, modification or waiver of the provisions of Article X (other

than Section 10.9).

(b) The Borrowers and the Lenders hereby authorize the Agent to modify this Credit Agreement by unilaterally amending or supplementing Annex I to reflect assignments of the Commitments.

(c) Notwithstanding the foregoing, the Borrowers may amend Schedule 6.1(a) without the consent of the Majority Lenders; provided that, except as contemplated by Section 8.1, no amendment to any such Schedule shall be permitted to cure any Default or Event of Default which would otherwise have existed in the absence of such amendment.

(d) If, in connection with any proposed amendment or waiver of any of the provisions of this Credit Agreement as contemplated by Section 11.11(a)(i), the consent of the Majority Lenders is obtained but the consent of one or more of such other Lenders whose consent is required is not obtained, then the Borrowers shall have the right to replace each such non-consenting Lender or Lenders (so long as all non-consenting Lenders are so replaced) with one or more replacement Lenders pursuant to Section 4.11 so long as at the time of such replacement, each such replacement Lender consents to the proposed amendment or waiver; provided that the Borrowers shall not have the right to replace a Lender solely as a result of the exercise of such Lender's rights (and the withholding of any required consent by such Lender) pursuant to Section 11.11(a)(ii).

SECTION 11.12. NONLIABILITY OF AGENT AND LENDERS. The relationship between the Borrowers and the Lenders and the Agent and Collateral Agent shall be solely that of borrower and lender. Neither the Agent, Collateral Agent nor any Lender shall have any fiduciary responsibilities to the Credit Parties. Neither the Agent, Collateral Agent nor any Lender undertakes any responsibility to the Credit Parties to review or inform the Credit Parties of any matter in connection with any phase of the Credit Parties' business or operations.

SECTION 11.13. INDEPENDENT NATURE OF LENDERS' RIGHTS. The amounts payable at any time hereunder to each Lender under such Lender's Revolving Note or Notes shall be a separate and independent debt.

SECTION 11.14. COUNTERPARTS. This Credit Agreement and any waiver or amendment hereto may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

SECTION 11.15. EFFECTIVENESS. This Credit Agreement shall become effective on the date on which all of the parties hereto shall have signed a copy hereof (whether the same or different copies) and shall have delivered the same to the Agent, or, in the case of the Lenders, shall have given to the Agent

written, telecopied or telex notice (actually received) at such office that the same has been signed and mailed to it.

SECTION 11.16. SEVERABILITY. In case any provision in or obligation under this Credit Agreement or the Revolving Notes or the other Credit Documents shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 11.17. MAXIMUM RATE. Notwithstanding anything to the contrary contained elsewhere in this Credit Agreement or in any other Credit Document, the Borrowers, the Agent, the Collateral Agent and the Lenders hereby agree that all agreements among them under this Credit Agreement and the other Credit Documents, whether now existing or hereafter arising and whether written or oral, are expressly limited so that in no contingency or event whatsoever shall the amount paid, or agreed to be paid, to the Agent, the Collateral Agent or any Lender for the use, forbearance, or detention of the money loaned to the Borrowers and evidenced hereby or thereby or for the performance or payment of any covenant or obligation contained herein or therein, exceed the Highest Lawful Rate. If due to any circumstance whatsoever, fulfillment of any provisions of this Credit Agreement or any of the other Credit Documents at the time performance of such

provision shall be due shall exceed the Highest Lawful Rate, then, automatically, the obligation to be fulfilled shall be modified or reduced to the extent necessary to limit such interest to the Highest Lawful Rate, and if from any such circumstance any Lender should ever receive anything of value deemed interest by applicable law which would exceed the Highest Lawful Rate, such excessive interest shall be applied to the reduction of the principal amount then outstanding hereunder or on account of any other then outstanding Obligations and not to the payment of interest, or if such excessive interest exceeds the principal unpaid balance then outstanding hereunder and such other then outstanding Obligations, such excess shall be refunded to the Borrowers. All sums paid or agreed to be paid to the Agent or any Lender for the use, forbearance, or detention of the Obligations and other indebtedness of the Borrowers to the Agent or any Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness, until payment in full thereof, so that the actual rate of interest on account of all such indebtedness does not exceed the Highest Lawful Rate throughout the entire term of such indebtedness. The terms and provisions of this Section shall control every other provision of this Credit Agreement and all agreements among the Borrowers, the Agent, the Collateral Agent and the Lenders.

SECTION 11.18. ENTIRE AGREEMENT; SUCCESSORS AND ASSIGNS. This Credit

Agreement and the other Credit Documents constitute the entire agreement among the Credit Parties, the Agent, the Collateral Agent and the Lenders with respect to the subject matter hereof, supersedes any prior agreements among them, and shall bind and benefit the Credit Parties, the Agent, the Collateral Agent and the Lenders and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be executed by their proper and duly authorized officers as of the date set forth above.

BORROWERS

CENTRAL PRODUCTS COMPANY

By: /s/ MARK R. MATTESON

Name: Mark R. Matteson
Title: Vice President

BROWN-BRIDGE INDUSTRIES, INC.

By: /s/ NED N. FLEMING, III

Name: Ned N. Fleming, III
Title: Vice President

ENTOLETER, INC.

By: /s/ MARK R. MATTESON

Name: Mark R. Matteson
Title: Vice President

GUARANTOR

SPINNAKER INDUSTRIES, INC.

By: /s/ RICHARD J. BOYLE

Name: Richard J. Boyle
Title: Chief Executive Officer
and Chairman

AGENT

BT COMMERCIAL CORPORATION, as Agent

By: /s/ BRUCE W. ADDISON

Name: Bruce W. Addison
Title:

COLLATERAL AGENT

TRANSAMERICA BUSINESS CREDIT
CORPORATION, as Collateral Agent

By: /s/ TERRELL W. HARRIS

Name: Terrell W. Harris
Title: Region Credit Manager

LENDERS

BT COMMERCIAL CORPORATION

By: /s/ BRUCE W. ADDISON

Name: Bruce W. Addison
Title:

TRANSAMERICA BUSINESS CREDIT CORPORATION

By: /s/ TERRELL W. HARRIS

Name: Terrell W. Harris
Title: Region Credit Manager

ISSUING BANK

BANKERS TRUST COMPANY, as Issuing Bank

By: /s/ BRUCE W. ADDISON

Name: Bruce W. Addison
Title:

SCHEDULE 1

LENDERS, LENDING OFFICES AND COMMITMENTS

Lender	Domestic and Eurodollar Lending Office	Commitment
BT Commercial Corporation	14 Wall Street New York, NY 10014	$20,000,000
Transamerica Business Credit Corporation	Two Ravinia Drive Suite 700 Atlanta, GA 30346	$20,000,000

Total Commitments	$40,000,000

EXHIBIT A

FORM OF REVOLVING NOTE

$_____ October __, 1996

FOR VALUE RECEIVED, the undersigned, [Central Products Company] [Brown-Bridge Industries, Inc.] [Entoleter, Inc.], a Delaware corporation (the "BORROWER") promises to pay to the order of [_____] (the "LENDER") at care of BT Commercial Corporation, as Agent for the Lenders, 14 Wall Street, New York, New York 10005 in lawful money of the United States of America and in immediately available funds, the principal amount of _____ Dollars ($_____), or such lesser amount as may then constitute the unpaid aggregate principal amount of the Lender's Proportionate Share of the Revolving Loans made to the Borrower that are outstanding on the Expiration Date.

The Borrower further agrees to pay interest at said office, in like money, on the unpaid principal amount owing hereunder from time to time from the date hereof until paid in full (both before and after judgment) on the dates and at the rates specified in Article IV of the Credit Agreement (as defined below).

If any payment on this promissory note becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

This promissory note is one of the Revolving Notes referred to in the Credit Agreement, dated as of October __, 1996 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"), among the Borrower, [names of other two Borrowers], Spinnaker Industries, Inc., the Lender, certain other financial institutions from time to time parties thereto, BT Commercial Corporation, as agent (in such capacity, the "AGENT"), Transamerica Business Credit Corporation, as Collateral Agent, and Bankers Trust Company, as Issuing Bank, and is subject to, and entitled to, all provisions and benefits thereof and is subject to optional and mandatory prepayment in whole or in part as provided therein. Capitalized terms used herein shall have the meanings given

to such terms in the Credit Agreement unless otherwise defined herein. The Credit Agreement, among other

things, provides [after giving effect to the Assignment and Assumption executed by the Lender and [name of assigning Lender] as of date hereof]+ for the making of Revolving Loans by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned.

Upon the occurrence of any one or more of the Events of Default specified in the Credit Agreement, which have not been cured by the Borrower or waived by the Agent at the direction of the Lenders or the Required Lenders, as the case may be, the Agent shall, upon the written, telecopied or telex request of the Required Lenders, and by delivery of written notice to the Borrower from the Agent, take any or all of the following actions, without prejudice to the rights of the Agent, the Lender or any holder of this Revolving Note to enforce its claims against the Borrower: (a) declare all Obligations due hereunder to be immediately due and payable (except with respect to any Event of Default set forth in Section 8.1(g) of the Credit Agreement, in which case all Obligations due hereunder shall automatically become immediately due and payable without the necessity of any notice or other demand) without presentment, demand, protest or any other action or obligation of the Lender; and (b) immediately terminate the Credit Agreement and the Commitments thereunder; and at all times thereafter, all loans and advances made by the Lender pursuant to the Credit Agreement shall be at the Lender's sole discretion, unless such Event of Default is cured or waived.

This promissory note is secured by the collateral described in the Security Agreement and other Collateral Documents entered into pursuant to the Credit Agreement [and re-evidences the indebtedness outstanding on the date hereof with respect to the Revolving Loans made on the Closing Date, which indebtedness has been assigned to the Lender pursuant to Section 11.8 of the Credit Agreement].+

+Bracketed language to be used for replacement notes.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS PROMISSORY NOTE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

[CENTRAL PRODUCTS COMPANY]
[BROWN-BRIDGE INDUSTRIES, INC.]
[ENTOLETER, INC.]

By: _____
Name:
Title:

Attest:

_____

EXHIBIT B

FORM OF BORROWING BASE CERTIFICATE

OFFICER'S CERTIFICATE CERTIFYING
BORROWING BASE

I, _____, in my capacity as _____ of [Central Products Company] [Brown-Bridge Industries, Inc.] [Entoleter, Inc.], a Delaware corporation (the "BORROWER"), hereby certifies in connection with the Credit Agreement, dated as of October __, 1996 (as amended, supplemented or otherwise modified from time to time the "CREDIT AGREEMENT"), among the Borrower, certain of its affiliates, certain financial institutions from time to time parties thereto, as Lenders, BT Commercial Corporation, as Agent, Transamerica Business Credit Corporation, as Collateral Agent, and Bankers Trust Company, as Issuing Bank, that I am the duly elected _____ of the Borrower and that the information and each calculation set forth in the attached Borrowing Base Certificate are, to the best of my knowledge, true, correct and complete (subject to year-end audit adjustments) as of the date hereof and are calculated in accordance with the Credit Agreement. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement.

Executed as of this ____ [CENTRAL PRODUCTS COMPANY]

day of _____, 199_ [BROWN-BRIDGE INDUSTRIES, INC.]
[ENTOLETER, INC.]

By: _____
Name:
Title:

Borrowing Base Certificate

[CENTRAL PRODUCTS COMPANY]
[BROWN-BRIDGE INDUSTRIES, INC.]
[ENTOLETER, INC.]

Period Ending: _____, 19__

A.	Availability of Accounts	
1.	Balance from previous period	$
2.	Plus: new Accounts	$
3.	Sub Total (line 1 plus line 2)	$
4.	Less: Collections	$( )
5.	New Accounts balance (line 3 less line 4)	$
6.	Ineligible Accounts:*	
	(a) the amount of sales to Affiliates to the extent in excess of $250,000	$
	(b) Accounts with payment terms of 42 days or less that remain outstanding after 90 days from the invoice date	$
	(c) Accounts with payment terms of more than 42 days from the invoice date that remain outstanding less than 120 days from the invoice date but only to the extent such Accounts exceed $1,000,000	$
	(d) Accounts from any one account	

debtor having 50% or more of its Accounts deemed ineligible $ ----------

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*Reserve and ineligible calculations shall be based upon the most recent actual calculation of such reserve/ineligible amount, which calculation shall be made on at least a monthly basis, unless and until the Agent or Collateral Agent, exercising its Permitted Discretion, determines that more frequent actual calculations of reserve/ineligible amounts are required and so informs the Borrower.

(e) the amount by which the aggregate Accounts outstanding from any one account debtor exceeds 25% of the amount reported in line 5 above less any Accounts supported by a letter of credit and less any Accounts from a Canadian account debtor not to exceed $3,000,000 $ ----------

(f) offsetting accounts payable to any account debtor to which the Borrower has accounts payable or which disputes liability $ ----------

(g) Accounts from any account debtor which is (or whose assets are) the subject of an Insolvency Event $ ----------

(h) the amount of foreign sales less any Accounts supported by a letter of credit $ ----------

(i) the sale is on a sale-and-return, bill and hold, sales on approval, guaranteed sale or consignment basis $ ----------

(j) all other amounts as required by the Credit Agreement $ ----------

7. Total amount of Ineligible Accounts Receivables (line 6(a) through 6(j)) $ ----------

8. Reserves:* $ ----------

(a) returns, discounts, claims,

	credits and allowances and contra accounts (to the extent of amount owed to the account debtor)	$	
	(b) all other amounts as required by the Credit Agreement	$	
9.	Total amount of Reserves (line 8(a) through 8(b))	$	
10.	Net Eligible Accounts Receivable (line 5 less line 7 less line 9)	$	

11.	Advance rate of (85%)	x 85	%
12.	Availability (line 11 TIMES line 10)	$	

B. AVAILABILITY OF INVENTORY

1.	Value of Inventory (at lower of cost or market on a FIFO or a specific identification basis)		
	(a) raw materials (exclusive of uncut steel)	$	
	(b) raw materials consisting of uncut rolled steel	$	
	(c) spare parts	$	
	Total Inventory	$	
2.	Ineligible Inventory:*		
	(a) Inventory not wholly-owned by Borrower or to which Borrower does not have good title	$	
	(b) Inventory not on the premisesof the Borrower or in a warehouse subject to a Collateral Access Agreement or located in the United States	$	
	(c) Inventory subject to liens other		

	than those granted in favor of Agent or permitted by the Credit Agreement	$
(d)	Inventory returned or rejected or goods in transit to third parties	$
(e)	slow-moving or obsolete Inventory	$
(f)	all other amounts as required by the Credit Agreement	$
3.	Total amount of Ineligible Inventory (line 2(a) through 2(e))	$
4.	Net value of Inventory (line 1 LESS line 3)	$

5.	Advance rate of 65%**	x 65%
6.	Availability (line 5 TIMES line 4)	$

C. AVAILABILITY COMPUTATION

1.	Total Availability -- sum of (i) A12 and (ii) the lesser of B6 and $----------	$
2.	LESS: the sum of the aggregate outstanding principal amount of Revolving Loans to the Borrower and Letter of Credit Obligations of the Borrower	$( )
	NET AVAILABILITY	$

**For Entoleter only, the Advance Rates are (a) 60% of the Eligible Inventory consisting of uncut rolled steel, (b) 50% of Eligible Inventory consisting of raw materials other than rolled steel (cut or uncut) and (c) 30% of the Eligible Inventory consisting of spare parts.

EXHIBIT C

FORM OF NOTICE OF BORROWING

[Name and Address of Borrower]

_____ , 199__

BT Commercial Corporation, as Agent
14 Wall Street
New York, New York 10005

Attention: Mr. J. Jeffcott Ogden
Senior Vice President

Ladies and Gentlemen:

The undersigned, [Central Products Company][Brown-Bridge Industries, Inc.][Entoleter, Inc.], a Delaware corporation (the "BORROWER"), refers to the Credit Agreement, dated as of October __, 1996 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"; capitalized terms used herein shall have the meanings given such terms in the Credit Agreement unless otherwise defined herein) among the Borrower, [insert names of other two borrowers], Spinnaker Industries, Inc., certain financial institutions from time to time parties thereto, as Lenders, BT Commercial Corporation, as Agent, Transamerica Business Credit Corporation, as Collateral Agent, and Bankers Trust Company, as Issuing Bank, and hereby gives you irrevocable notice, pursuant to Section 2.4 of the Credit Agreement, that the undersigned hereby requests a borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such borrowing (the "PROPOSED BORROWING") as required by the Credit Agreement:

(i) The requested date of the Proposed Borrowing is _____, 199__;

(ii) The aggregate amount of the Proposed Borrowing is $_____;

(iii) The Proposed Borrowing shall be disbursed as follows:

---;

(iv) The Type of Loans comprising the Proposed Borrowing are [Base Rate Loans][Eurodollar Rate Loans]; and

(v) [The initial Interest Period for each Eurodollar Rate Loan made as part of the Proposed Borrowing is [one][two][three][six] months.]

The undersigned hereby certifies that the following statements will be true on the date of the Proposed Borrowing:

(A) the representations and warranties of the Credit Parties contained in each Credit Document are true and correct in all material respects on and as of the date of such Proposed Borrowing before and after giving effect to such Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date (other than any such representations or warranties that, by their terms, refer to a date other than the date of such Proposed Borrowing);

(B) no Default or Event of Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom;

(C) no event has occurred since _____, 199_ which has had or could reasonably be expected to have a Material Adverse Effect; and

(D) all of the other conditions to the Proposed Borrowing set forth in Article V of the Credit Agreement have been fulfilled.

If notice of this Proposed Borrowing has been given previously by telephone, then this notice should be considered a written confirmation of such telephonic notice as required by the Credit Agreement.

[CENTRAL PRODUCTS COMPANY]
[BROWN-BRIDGE INDUSTRIES, INC.]
[ENTOLETER, INC.]

By:----------
Name:
Title:

EXHIBIT D

FORM OF NOTICE OF CONTINUATION

BT Commercial Corporation, as Agent
14 Wall Street
New York, New York 10005
Attention: J. Jeffcott Ogden

Ladies and Gentlemen:

The undersigned, [Central Products Company][Brown-Bridge Industries, Inc.][Entoleter, Inc.], a Delaware corporation (the "BORROWER"), refers to the Credit Agreement dated as of October __, 1996 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"; capitalized terms used herein shall have the meanings given such terms in the Credit Agreement unless otherwise defined herein) among the Borrower, [insert names of other two borrowers], Spinnaker Industries, Inc., the financial institutions from time to time parties thereto, as Lenders, BT Commercial Corporation, as Agent, Transamerica Business Credit Corporation, as Collateral Agent, and Bankers Trust Company, as Issuing Bank, and hereby gives you notice, irrevocably, pursuant to Section 4.8(a) of the Credit Agreement that the undersigned hereby requires a Continuation of a borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Continuation (the "PROPOSED CONTINUATION") as required by Section 4.8(a) of the Credit Agreement:

(i) The requested date of the Proposed Continuation is _____.

(ii) The Type of Loans subject to the Proposed Continuation are Eurodollar Rate Loans (the "LOANS").

(iii) The aggregate amount of the Loans subject to such Continuation is $_____.

(iv) The Interest Period for each Loan which is the subject of the proposed Continuation is [one][two] [three][six] months.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Continuation:

(a) no Default or Event of Default has occurred and is continuing, or would result from such Proposed Continuation; and

(b) the Proposed Continuation does not and will not violate any of the terms and conditions set forth in the Credit Agreement (including, without limitation, availability under the [Brown] [Central] [Entoleter] Borrowing Base).

If notice of this Proposed Continuation has been given previously by telephone, then this notice should be considered a written confirmation of such telephone notice as required by Section 4.8(a) of the Credit Agreement.

[CENTRAL PRODUCTS COMPANY]
[BROWN-BRIDGE INDUSTRIES, INC.]
[ENTOLETER, INC.]

By: _____
Name:
Title:

EXHIBIT E

FORM OF NOTICE OF CONVERSION

BT Commercial Corporation, as Agent
14 Wall Street
New York, New York 10005
Attention: J. Jeffcott Ogden

Ladies and Gentlemen:

The undersigned, [Central Products Company][Brown-Bridge Industries, Inc.] [Entoleter, Inc.], a Delaware corporation (the "BORROWER"), refers to the Credit Agreement dated as of October __, 1996 (as amended, supplemented or otherwise modified from time to time the "CREDIT AGREEMENT"; capitalized terms used herein shall have the meanings given such terms in the Credit Agreement unless otherwise defined herein) among the Borrower, [insert names of other two borrowers], Spinnaker Industries, Inc., the financial institutions from time to time parties thereto, as Lenders, BT Commercial Corporation, as Agent, Transamerica Business Credit Corporation, as Collateral Agent, and Bankers Trust Company, as Issuing Bank, and hereby gives you notice, irrevocably, pursuant to Section 4.8(b) of the Credit Agreement that the undersigned hereby requests a conversion of Loans of one Type into Loans of another Type under the Credit

Agreement, and in that connection sets forth below the information relating to such Conversion (the "PROPOSED CONVERSION") as required by Section 4.8(b) of the Credit Agreement:

(i) The requested date of the Proposed Conversion is _____ (the "CONVERSION DATE").

(ii) The Type of Loans to be Converted pursuant hereto are presently [Prime Rate][Eurodollar Rate] Loans in the principal amount of $_____ outstanding as of the Conversion Date (the "CURRENT LOANS").

(iii) The portion of the Current Loans to be converted on the Conversion Date is $_____ (the "CONVERSION AMOUNT").

(iv) The Conversion Amount is to be converted into [Prime Rate] [Eurodollar Rate] Loans (the "CONVERTED LOANS") on the Conversion Date.

(v) [The initial Interest Period for each Converted Loan is [one] [two][three][six] months.](1)

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Conversion:

(a) [no Default or Event of Default has occurred and is continuing, or would result from the Proposed Conversion;(2) and]

(b) the Proposed Conversion does not and will not violate any of the terms and conditions set forth in the Credit Agreement (including, without limitation, availability under the [Brown] [Central] [Entoleter] Borrowing Base).

If notice of this Proposed Conversion has been given previously by telephone, then this notice should be considered a written confirmation of such telephone notice as required by Section 4.8(b) of the Credit Agreement.

[CENTRAL PRODUCTS COMPANY]
[BROWN-BRIDGE INDUSTRIES, INC.]
[ENTOLETER, INC.]

---

(1) For Eurodollar Rate Loans.
(2) For use only for conversion from Prime Rate Loans to Eurodollar Rate Loans.

By:

Name:
Title:

EXHIBIT F

FORM OF LETTER OF CREDIT REQUEST

TO: BT Commercial Corporation, as Agent
14 Wall Street
New York, New York 10005
Attn: Mr. J. Jeffcott Ogden

Ladies and Gentlemen:

Pursuant to Section 3.4 of the Credit Agreement, dated as of October __, 1996 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"; capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement unless otherwise defined herein), among the undersigned (the "Borrower"), [insert names of other two borrowers], Spinnaker Industries, Inc., each of the financial institutions from time to time parties thereto, as Lenders, BT Commercial Corporation, as Agent, Transamerica Business Credit Corporation, as Collateral Agent, and Bankers Trust Company, as Issuing Bank, the Borrower irrevocably requests the issuance of a Letter of Credit for its account (the "PROPOSED ISSUANCE") containing the following terms:

1. Date of Issuance: ----------

2. Face Amount: $----------

3. Expiration Date: ----------

4. Beneficiary: [Name and Address]

Attached hereto is a completed application and agreement for letter of credit on the Issuing Bank's standard form.

The undersigned hereby certifies that the following statements will be true and correct on the date of the Proposed Issuance:

A. the representations and warranties of the Credit Parties contained in each Credit Document are true and correct on and as of the date of the Proposed Issuance (other than any such representations or warranties that relate solely to an earlier date);

B. no Default or Event of Default has occurred and is continuing or would result from such Proposed Issuance;

C. no event has occurred since _____, 199_ which has had or could reasonably be expected to have a Material Adverse Effect; and

D. the Proposed Issuance may be issued in accordance with and will not violate any of the requirements of the Credit Agreement (including, without limitation, Sections 3.1 and 3.2 of the Credit Agreement).

Dated:

[CENTRAL PRODUCTS COMPANY]
[BROWN-BRIDGE INDUSTRIES, INC.]
[ENTOLETER, INC.]

By:

Name:
Title:

EXHIBIT G

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "SECURITY AGREEMENT") is made and entered into as of October 23, 1996 by CENTRAL PRODUCTS COMPANY, a Delaware corporation with its chief executive office and principal place of business at 748 Fourth

Street, Menasha, Wisconsin 54952-0330 ("CENTRAL"), BROWN-BRIDGE INDUSTRIES, INC., a Delaware corporation with its chief executive office and principal place of business at 518 East Water Street, Troy, Ohio 45373-0370 ("BROWN"), 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 Central and Brown, the "BORROWERS"), and SPINNAKER INDUSTRIES, INC., a Delaware corporation with its chief executive office and principal place of business at 600 N. Pearl Street, Dallas, Texas 75201 (the "GUARANTOR" and, together with the Borrowers, the "OBLIGORS"), in favor of BT COMMERCIAL CORPORATION, acting as agent (in such capacity, the "AGENT") on behalf of the Lenders referred to below, having an office at 14 Wall Street, New York, New York 10005.

W I T N E S S E T H

WHEREAS, the Obligors 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) with the financial institutions from time to time parties thereto (the "LENDERS") the Agent, Transamerica Business Credit Corporation, as Collateral Agent (in such capacity, the "COLLATERAL AGENT"), and Bankers Trust Company, as Issuing Bank (the "ISSUING BANK"); and

WHEREAS, it is a condition precedent to the obligation of the Agent, the Collateral Agent and the Lenders to enter into the Credit Agreement that the Obligors shall have (i) granted to the Agent, for the ratable benefit of the Lenders, a security interest in and to the Collateral (as defined herein) and

(ii) executed and delivered this Security Agreement in order to secure the payment and performance by the Obligors of the Obligations.

AGREEMENT

NOW THEREFORE, in consideration of the premises and in order to induce the Lenders to extend credit under the Credit Agreement, the Obligors hereby agree as follows:

SECTION 1. CREATION OF SECURITY INTEREST. Each Obligor hereby pledges, assigns and grants to the Agent, for the ratable benefit of the Lenders, the Collateral Agent and the Issuing Bank, a continuing perfected Lien on and security interest in all of the right, title and interest of such Obligor in and to the collateral described in Section 2 hereof (the "COLLATERAL") in order to secure the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all the Obligations.

SECTION 2. COLLATERAL. The Collateral is and consists of the following:

(a) ACCOUNTS. All of each Obligor's accounts, whether now existing or existing in the future, including, without limitation, (i) all "accounts" as such term is defined in the Uniform Commercial Code as in effect on the date hereof in the State of New York ("UCC"); (ii) all accounts receivable, including, without limitation, all accounts created by or arising from all of such Obligor's right to payment for goods sold or leased or services performed, sales of goods or rendition of services made under any of such Obligor's trade names, or through any of its divisions, including, without limitation, rights evidenced by an account, note, contract, security agreement, chattel paper or other evidence of indebtedness or security; (iii) all unpaid seller's rights (including rescission, replevin, reclamation and stoppage in transit) relating to the foregoing or arising therefrom; (iv) all rights to any goods represented by any of the foregoing, including returned or repossessed goods; (v) all reserves and credit balances held by such Obligor with respect to any such accounts receivable or account debtors; (vi) all guarantees, endorsements and indemnifications or

collateral on, of or for any of the foregoing; (vii) all powers of attorney for the execution of any evidence of indebtedness or security or other writing in connection therewith and (viii) all evidences of the filing of financing statements and other statements and the registration of other instruments in connection therewith and amendments thereto, notices to other creditors or secured parties, and certificates from filing or other registration officers (all of the foregoing property and similar property being hereinafter referred to as "ACCOUNTS");

(b) INVENTORY. All of each Obligor's inventory in all of its forms, wherever located, including, without limitation, (i) all raw materials, work in process, parts, components, assemblies, supplies and materials used or consumed in such Obligor's business, wherever located and whether in the possession of such Obligor or any other Person; (ii) all goods, wares and merchandise, finished or unfinished, held for sale or lease or leased or furnished or to be furnished under contracts of service, wherever located and whether in the possession of such Obligor or any other Person; (iii) all goods returned to or repossessed by such Obligor; (iv) all "inventory" as such term is defined in the UCC and (v) all accessions thereto and products thereof and documents therefor (all of the foregoing property being hereinafter referred to as "INVENTORY");

(c) INTANGIBLES. All of each Obligor's "general intangibles," as such term is defined in the UCC, credits, claims, demands, documents, instruments, letters of credit for which such Obligor is a beneficiary and letter of credit proceeds, deposit accounts (including, without limitation, the Disbursement

Accounts, the Lockboxes, the Collection Accounts, the Guarantor Account and all monies, securities and instruments deposited therein), money, tax refund claims, contract rights, chattel paper, any United States or foreign trademarks, service marks, tradenames, patents (and any divisions or continuations thereof) and copyrights including any registration of any trademark, service marks, patents or copyrights in the United States Patent and Trademark Office and the goodwill of the business of such Obligor symbolized by any trademarks or service marks, rights of setoff, rights of contribution, indemnity rights and all other rights (including all rights to the payment of money) which are permitted to be assigned or pledged, other obligations of any kind and interest on any of the foregoing, now

or hereafter existing (all of the foregoing property and similar property being hereinafter referred to as "INTANGIBLES");

(d) NOTE COLLATERAL. The Intercompany Subordinated Notes, all loans, liabilities and indebtedness, whether now or hereafter incurred, evidenced by the Intercompany Subordinated Notes (the "PLEDGED DEBT"), all other instruments evidencing the Pledged Debt, all interest, cash, instruments, rights and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Debt, and all additional loans, liabilities and indebtedness from time to time owed to an Obligor by any other Obligor, whether now or hereafter incurred, and the instruments evidencing such loans, liabilities and indebtedness, and all interest, cash, instruments, rights and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such loans, liabilities and indebtedness (all of the foregoing, the "NOTE COLLATERAL");

(e) AFTER-ACQUIRED COLLATERAL AND PROCEEDS; BOOKS AND RECORDS. The Collateral includes all of the kinds and types of property described in this Section 2, whether now owned or hereafter at any time arising, acquired or created by each Obligor and wherever located, and includes all replacements, additions, accessions, substitutions, repairs, proceeds and products relating thereto or therefrom, and all documents, books, records, ledger sheets, print-outs, computer discs, computer software, computer programs of such Obligor and all intellectual property rights therein and all other proprietary information of such Obligor and other paper containing information relating to the Collateral and files of such Obligor relating thereto. Proceeds hereunder include (i) whatever is now or hereafter received by such Obligor upon the sale, exchange, collection or other disposition of any item of Collateral, whether such proceeds constitute inventory, accounts, accounts receivable, general intangibles, instruments, securities (including, without limitation, United States of America Treasury Bills), credits, claims, demands, documents, letters of credit and letter of credit proceeds, chattel paper, documents of title, certificates of title, certificates of deposit, warehouse receipts, bills of lading, leases, deposit accounts, money, tax refund claims, contract rights,

goods or equipment or otherwise, (ii) any such items which are now or hereafter acquired by such Obligor with any proceeds of Collateral hereunder and (iii) cash.

SECTION 3. THE OBLIGORS' REPRESENTATIONS AND WARRANTIES. Each Obligor represents and warrants, which representations and warranties shall survive execution and delivery of this Agreement, as follows:

(a) PLACE OF BUSINESS. Except as permitted in the Credit Agreement, the Obligors have no places of business, or warehouses in which they lease space, other than those set forth in Schedule 6.1(k) to the Credit Agreement.

(b) LOCATION OF COLLATERAL. Except as permitted in the Credit Agreement, and except for the movement of Collateral from time to time from one place of business or warehouse of such Obligor listed on Schedule 6.1(k) to the Credit Agreement to another place of business or warehouse of such Obligor listed on such Schedule 6.1(k), the Collateral of each Obligor is located at such Obligor's chief executive offices or other places of business or warehouses of such Obligor listed on Schedule 6.1(k) to the Credit Agreement, and not at any other location.

(c) NO RESTRICTIONS ON COLLATERAL DISPOSITION. Except as permitted under the Credit Agreement, none of the Collateral is subject to contractual obligations that may restrict or inhibit the Agent's rights or ability to sell or dispose of the Collateral or any part thereof after the occurrence of an Event of Default.

(d) STATUS OF ACCOUNTS AND INVENTORY. Each Account is based on an actual and bona fide sale and delivery of goods or rendition of services to customers, made by the Obligors in the ordinary course of their respective businesses; the goods and inventory being sold and the Accounts created are their exclusive property and are not and shall not be subject to any Lien, consignment arrangement, encumbrance, security interest or financing statement whatsoever, except as permitted in the Credit Agreement. The Obligors' customers have accepted the goods or services in respect of the Accounts, and owe and are obligated to pay the full amounts stated in the invoices according to their terms, without any dispute, offset, defense, counterclaim or contra. When included in the Borrowing Base Certificate and the schedules attached thereto, each Account and item of Inventory of a Borrower conforms to the representations and warranties contained in this Section, the standards for eligibility set

forth in the definition of Eligible Accounts Receivable and Eligible Inventory, respectively, and such other prerequisites for eligibility of which the Obligors have been informed by the Agent.

(e) POSSESSION AND CONTROL OF INVENTORY. Each Obligor has exclusive possession and control of the Inventory in which such Obligor has granted a security interest hereunder.

(f) RECOURSE. This Agreement is made with full recourse to each Obligor.

SECTION 4. COVENANTS OF EACH OBLIGOR. Each Obligor covenants, which covenant shall survive execution and delivery of this Agreement, as follows:

(a) DEFEND AGAINST CLAIMS. Each Obligor will defend the Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein, other than Permitted Liens, unless the Agent otherwise agrees in writing. Each Obligor will not permit any Lien notices with respect to the Collateral or any portion thereof to exist or be on file in any public office, other than Permitted Liens.

(b) CHANGE IN COLLATERAL LOCATION; CHANGE OF NAME. Except as permitted under the Credit Agreement, each Obligor will not (i) change the location of its chief executive office or establish any place of business other than those specified in Schedule 6.1(k) to the Credit Agreement with respect to such Obligor, (ii) move or permit movement of the Collateral from the locations of such Obligor specified in Schedule 6.1(k) except from one such location to another such location, unless in each case such Obligor shall have complied with the provisions of Section 7.1(c)(v) of the Credit Agreement, or (iii) change its legal name or assume or operate in any jurisdiction under any trade, fictitious or other name.

(c) ADDITIONAL FINANCING STATEMENTS. Promptly upon the reasonable request of the Agent, at the expense of the Obligors, each Obligor will execute and deliver or use its best efforts to procure any document, give any notices, execute and file any financing statements, mortgages or other documents, all in form and substance satisfactory to the Agent, mark any chattel paper, deliver any chattel paper or instruments to the Agent and

take any other actions that are necessary or, in the opinion of the Agent, desirable to perfect or continue the perfection and the first priority of the Agent's security interest in the Collateral except as permitted by the Credit Agreement, to protect the Collateral against the rights, claims, or interests of third persons, other than holders of Permitted Liens, to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral, or to effect the purposes and intent of this Security Agreement. Without limiting the generality of the foregoing, such Obligor will: (i) mark conspicuously each chattel paper included in the Accounts and, at the request of the Agent, each of its records pertaining to the chattel paper with a legend, in form and substance satisfactory to the Agent, indicating

that such chattel paper is subject to the security interest granted hereby; (ii) if any other Collateral shall be evidenced by a promissory note with a term of more than 90 days or other instrument or chattel paper, deliver and pledge to the Agent such note or instrument or chattel paper duly indorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Agent; and (iii) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Agent may reasonably request, to perfect or continue the perfection and the first priority of the Agent's security interest in the Collateral (except as permitted in the Credit Agreement) and preserve the pledge, collateral assignment and security interest granted or purported to be granted hereby.

(d) ADDITIONAL LIENS; TRANSFERS. Without the prior written consent of the Agent, each Obligor will not in any way (i) hypothecate or create or permit to exist any Lien, security interest, charge or encumbrance on or other interest in the Collateral, except as permitted in the Credit Agreement, or (ii) sell, transfer, assign (by operation of law or otherwise), pledge, collaterally assign, exchange or otherwise dispose of, or grant any option with respect to, any of the Collateral, except as permitted in the Credit Agreement. If the proceeds of any such sale consist of notes, instruments, documents of title, letters of credit or chattel paper (collectively "NON-CASH PROCEEDS"), such Non-cash Proceeds shall be promptly delivered to the Agent to be held as Collateral hereunder. If the Collateral, or any part thereof, is sold, transferred, assigned, exchanged, or otherwise disposed of in violation of these provisions, the

security interest of the Agent shall continue in such Collateral or part thereof notwithstanding such sale, transfer, assignment, exchange or other disposition, and such Obligor will hold the proceeds thereof in trust for the benefit of the Agent, and promptly transfer such proceeds to the Agent in kind.

(e) CONTRACTUAL OBLIGATIONS. Except as permitted in the Credit Agreement, each Obligor will not enter into any contractual obligations which may restrict or inhibit the Agent's rights or ability to sell or otherwise dispose of the Collateral or any part thereof after the occurrence of an Event of Default.

(f) FURTHER OBLIGATIONS WITH RESPECT TO ACCOUNTS. In furtherance of the continuing assignment and security interest in the Accounts of the Obligors granted pursuant to this Security Agreement, upon the creation of Accounts, each Obligor will execute and deliver to the Agent in such form and manner as the Agent may require, solely for its convenience in maintaining records of Collateral, such confirmatory schedules of Accounts, and other appropriate reports designating, identifying and describing the Accounts as the Agent may reasonably require. In addition, upon the Agent's request, each Obligor shall provide the Agent with copies of agreements with, or purchase orders from, the

customers of such Obligor and copies of invoices to customers, proof of shipment or delivery and such other documentation and information relating to said Accounts and other Collateral as the Agent may reasonably require. Furthermore, promptly after its receipt thereof, each Obligor shall deliver to the Agent any documents or certificates of title issued with respect to any property included in the Collateral, any promissory note, letter of credit, document or instrument related to or otherwise in connection with any property included in the Collateral, which in any such case shall come into the possession of such Obligor, or shall cause the issuer thereof to deliver any of the same directly to the Agent, in each case with any necessary endorsements in favor of the Agent. Failure to provide the Agent with any of the foregoing shall in no way affect, diminish, modify or otherwise limit the security interests granted herein. Each Obligor hereby authorizes the Agent to regard such Obligor's printed name or rubber stamp signature on assignment schedules or invoices as the equivalent of a manual signature by such Obligor's authorized officers or agents.

(g) TURNOVER OF COLLECTIONS. Unless an Event of Default has occurred and is continuing, each Obligor may and will enforce, collect and receive, at its own expense, all amounts owing on the Accounts, for the benefit of and on behalf of the Agent. In connection with such collections, each Obligor may take (and, at the Agent's direction, upon the occurrence and during continuance of an Event of Default such Obligor shall take) such action as such Obligor or the Agent may deem necessary or advisable to enforce collection of the Accounts owing to such Obligor. Such privilege shall terminate automatically, however, upon the occurrence and during the continuance of an Event of Default. Any checks, cash, notes or other instruments or property received by each Obligor with respect to any Accounts shall be held by such Obligor in trust for the benefit of the Lenders, separate from such Obligor's own property and funds, and immediately (i) deposited into a Collection Account in accordance with Section 2.12 of the Credit Agreement or (ii) if such property is not suitable for deposit, turned over to the Agent with proper assignments or endorsements. No checks, drafts or other instruments received by the Agent shall constitute final payment unless and until such instruments have actually been collected.

(h) NOTIFICATION OF DISPUTES. Each Obligor agrees to notify the Agent promptly of any matters materially affecting the value, enforceability or collectibility of any of its Accounts, and of all material customer disputes, offsets, defenses, counterclaims, returns and rejections, and all reclaimed or repossessed merchandise or goods; PROVIDED, HOWEVER, that such notice shall only be required as to any such matter that affects Accounts outstanding at one time from any account debtor having a value greater than $100,000. Each Obligor agrees to issue credit memos promptly (with duplicates to the Agent upon its request for same) upon accepting returns or granting allowances, and may continue to do so until the occurrence and continuance of an Event of Default. After the occurrence and during the continuance of an Event of Default, each

Obligor agrees that, if the Agent so requests, all returned, reclaimed or repossessed goods shall be set aside by such Obligor, marked with the Agent's name and held by such Obligor for the Agent's account as owner and assignee, or, at the election of the Agent, sold by such Obligor in the ordinary course of business.

(i) DISTRIBUTIONS WITH RESPECT TO NOTE COLLATERAL. Subject to the terms of the Intercompany Subordinated Notes, so long as no Event of Default has occurred and is continuing, each Obligor shall be entitled to receive and retain any and all interest, principal and other amounts paid in respect of the Note Collateral. If an Event of Default has occurred and is continuing, all rights of each Obligor to receive the principal, interest and other amounts that it would otherwise be authorized to receive and retain pursuant to the immediately preceding sentence shall cease and all such rights shall thereupon become vested in the Agent who thereupon shall have the sole right to receive and hold as Collateral such principal, interest and other amounts. If any Obligor receives any principal, interest or other amounts in violation of this Section 4(i), such Obligor shall hold the same in trust for the benefit of the Agent, segregate the same from the other property and funds of such Obligor and forthwith deliver the same to the Agent as Collateral in the same form as so received (with any necessary endorsement).

(j) ADDITIONAL NOTES. Promptly upon its receipt of any promissory note payable to an Obligor, such Obligor shall pledge and deliver such note to the Agent, together with note powers duly executed in blank.

SECTION 5. REMEDIES.

(a) OBTAINING THE COLLATERAL UPON DEFAULT. 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 rights 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 Uniform Commercial Code in all relevant jurisdictions and may:

(i) personally, or by agents or attorneys, immediately retake possession of the Collateral or any part thereof, from the Obligors 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 the Obligors' premises where any of the Collateral is located and remove the same and use in connection with such removal any and all services, supplies, aids and other facilities of the Obligors;

(ii) instruct the obligor or obligors on any agreement, instrument or other obligation (including, without limitation, the Accounts) constituting the Collateral to make any payment required by the terms of such instrument or agreement directly to the Agent;

(iii) withdraw all monies, securities and instruments held in any Disbursement Account and any Collection Account, for application to the Obligations;

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

(v) take possession of the Collateral or any part thereof, by directing the Obligors in writing to deliver the same to the Agent at any place or places designated by the Agent, in which event the Obligors shall at their own expense:

(A) forthwith cause the same to be moved to the place or places so designated by the Agent and delivered to the Agent,

(B) store and keep any Collateral so delivered to the Agent at such place or places pending further action by the Agent as provided in Section 5(b), and

(C) while the Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition;

it being understood that the Obligors' obligation to so deliver the Collateral is of the essence of this Security Agreement and that, accordingly, upon application to a court of equity having jurisdiction, the Agent shall be entitled to a decree requiring specific performance by the Obligors of said obligation.

(b) DISPOSITION OF THE COLLATERAL. Any collateral repossessed by the Agent under or pursuant to Section 5(a) and any other 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. Any of the Collateral may be sold, leased or otherwise disposed of, in the condition in which the same existed when taken by the Agent or after any overhaul or repair which the Agent shall determine to be commercially reasonable. 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 Obligors 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 the Obligors or any nominee of the Obligors to acquire the 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 Obligors 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 Collateral or any item thereof, offered for sale in accordance with this Section without accountability to the Obligors (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 Collateral within a period of time which does not permit the giving of notice to the Obligors as hereinabove specified, the Agent need give the Obligors 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 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. The Obligors acknowledge that any disposition of the Collateral which takes place substantially in accordance with this Section 5 shall be deemed to be commercially reasonable.

(c) AGENT'S RIGHT TO PROTECT COLLATERAL. Upon the occurrence and 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 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, or the value of, the Collateral. The Obligors hereby agree to reimburse, jointly and

severally, the Agent for all payments made and expenses incurred under this Security 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 Collateral, which amounts shall be secured under this Security Agreement, and agrees they shall be bound by any payment made or act taken by the Agent hereunder absent the Agent's gross negligence or wilful misconduct. The Agent shall have no obligation to make any of the foregoing payments or perform any of the foregoing acts.

(d) POWER OF ATTORNEY. 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 take any action and to execute any instrument that the Agent may deem necessary or advisable to accomplish the purposes and intent of this Security Agreement and to exercise all of the following powers upon and at any time after the occurrence and during the continuance of an Event of Default, 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, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(ii) obtain and adjust insurance required to be paid to the Agent;

(iii) 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) or (ii) above;

(iv) 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;

(v) give customers indebted on Accounts 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 Accounts, verification of information concerning the Accounts and the amounts owing thereon;

(vi) convey any item of Collateral to any purchaser thereof;

(vii) give any notices or record any Liens under Section 4(c) hereof;

(viii) make any payments or take any acts under Section 5(c) hereof; and

(ix) 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 Collateral or otherwise to enforce the rights of the Agent with respect to any of the Collateral.

The Agent's authority under this section 5(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 Collateral, sign such 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 Collateral and to file the same, prepare, file and sign such Obligor's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with any Account and prepare, file and sign such Obligor's name on a proof of claim in bankruptcy or similar document against any customer of such Obligor, and to take any other actions arising from or incident to the rights, powers and remedies granted to the Agent in this Security Agreement. This power of attorney is coupled with an interest and is irrevocable by each Obligor.

(e) APPLICATION OF PROCEEDS. 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 Collateral shall be applied by the Agent against the Obligations in such order as the Agent may determine.

(f) WAIVER OF CLAIMS. Except as otherwise provided in this Security Agreement, EACH OBLIGOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE AND JUDICIAL HEARING IN CONNECTION WITH THE AGENT'S TAKING POSSESSION OF OR DISPOSING OF ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT WHICH SUCH OBLIGOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE, and each Obligor hereby further waives, to the extent permitted by law:

(i) all damages occasioned by such taking of possession except any damages which are the direct result of the Agent's gross negligence or wilful misconduct;

(ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the

Agent's rights hereunder; and

(iii) all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Security

Agreement or the absolute sale of the Collateral or any portion thereof, and such Obligor, for itself and all who may claim under it, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws.

Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral of each Obligor shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of such Obligor therein and thereto, and shall be a perpetual bar both at law and in equity against such Obligor and against any and all persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under such Obligor.

(g) REMEDIES CUMULATIVE. 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 Security 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 6. 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, if to the Agent, or any of the Lenders, then to BT Commercial Corporation, at 14 Wall Street, New York, New York 10005, Attention: Credit Department, Mr. Bruce Addison, if to the Issuing Bank, then to Bankers Trust Company, One Bankers Trust Plaza, 130 Liberty Street, New York, New York 10006,

Attention: Mr. Bruce Addison, and if to an Obligor, then to such Obligor at c/o Spinnaker Industries, Inc., 600 N. Pearl Street, Dallas, Texas 75201, Attention: President, or by facsimile transmission, promptly confirmed in writing sent by first class mail, if to the Agent or any of the Lenders, at (214) 855-0093, and if to an Obligor, at (212) 618-2630. 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 telex or facsimile transmission, when receipt of such transmission is acknowledged.

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

(c) SEVERABILITY. The provisions of this Security 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 Security Agreement in any jurisdiction.

(d) AMENDMENTS, WAIVERS AND CONSENTS. Any amendment or waiver of any provision of this Security Agreement and any consent to any departure by the Obligors from any provision of this Security Agreement shall not be effective unless the same shall be in writing and signed by each Obligor, the Agent (with the consent of the Majority Lenders or all of the 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. No failure on the part of the Agent to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

(e) INTERPRETATION. Time is of the essence in each provision of this Security 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 Code, except where the context otherwise requires. To the extent a term or provision of this Security 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 Security Agreement shall not be relevant in determining the meaning of this Security 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 Security Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until the payment in full in cash of the Obligations, no Letter of Credit remains outstanding and the termination of the Commitments, (ii) be binding upon the Obligors and their successors and assigns and (iii) inure, together with the rights and remedies of the Agent hereunder, to the benefit of the Agent, the Issuing Bank, the Collateral 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 or 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 Security Agreement shall continue to be effective or be reinstated if at any time any amount received by the Agent, the Issuing Bank, the Collateral Agent or any of the Lenders in respect of the Obligations is rescinded or must otherwise be restored or returned by the Agent, the Issuing Bank, the Collateral 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 execution and delivery of this Security Agreement, and shall terminate only upon the full and final payment and performance by the Obligors of the Obligations secured hereby and termination of the Credit Agreement and the other Credit Documents.

(i) AGENT MAY PERFORM. If the Obligors fail to perform any agreement contained herein, the Agent may itself perform, or cause performance of, such agreement, and the expenses of the Agent incurred in connection therewith shall be jointly and severally payable by the Obligors and shall constitute Obligations secured by this Security Agreement.

(j) NO DUTY ON AGENT. The powers conferred on the Agent hereunder are solely to protect the interest of the Lenders in the Collateral and shall

not impose any duty upon the Agent to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Agent shall have no duty as to any Collateral, as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Agent accords its own property. To the extent the 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 Lenders upon the sale, transfer or disposition of any Collateral permitted to be released 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 and provided that no Letters or Credit are outstanding, upon the payment in full in cash of the Obligations and the termination of the Commitments, this Security Agreement shall terminate and all rights in the Collateral shall revert to the Obligors. At such time, the Agent shall, upon the request and at the joint and several expense of the Obligors, (A) execute and deliver to the Obligors such documents as the Obligors shall reasonably request to evidence such termination and (B) reassign and redeliver to the Obligors all of the 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 by the Agent of its interest in the Collateral.

(m) COUNTERPARTS. This Security 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 SECURITY 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).

(o) 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 SECURITY 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) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING 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 6(a) OR AT SUCH OTHER ADDRESS OF WHICH THE AGENT SHALL HAVE BEEN NOTIFIED PURSUANT THERETO;

(iv) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION; AND

(v) 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.

(p) SERVICE OF PROCESS. EACH OBLIGOR AGREES THAT SERVICE OF PROCESS IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS SECURITY 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 ON THE SIGNATURE PAGE HERETO. 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 SUCH OBLIGOR OR ITS PROPERTY IN THE COURTS OF OTHER JURISDICTIONS.

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

IN WITNESS WHEREOF, the Obligors have caused this Security Agreement to be executed by their proper and duly authorized officers as of the date first set forth above.

CENTRAL PRODUCTS COMPANY

By:

Name:
Title:

748 Fourth Street
Menasha, Wisconsin 54592-0330
Telecopier No.: (414) 729-4117

BROWN-BRIDGE INDUSTRIES, INC.

By:

Name:
Title:

518 East Water Street
Troy, Ohio 45373-0370
Telecopier No.: (513) 335-2843

ENTOLETER, INC.

By:

Name:
Title:

251 Welton Street
Hamden, Connecticut 06517
Telecopier No.: (203) 782-9739

SPINNAKER INDUSTRIES, INC.

By:

Name:
Title:

600 N. Pearl Street
Dallas, Texas 75201
Telecopier No.: (214) 855-0093

Accepted and Agreed as of
the date first set forth above:

BT COMMERCIAL CORPORATION,
as Agent

By:

Name:
Title:

14 Wall Street
New York, New York 10005
Telecopier No.: (212) 618-2630

EXHIBIT H

GUARANTY

GUARANTY, dated as of October 23, 1996 (this "GUARANTY"), made by Spinnaker Industries Inc., a Delaware corporation (the "GUARANTOR"), in favor of BT Commercial Corporation, as Agent (in such capacity, the "AGENT") for each of the lenders (the "LENDERS") from time to time parties to the Credit Agreement (as hereafter defined).

W I T N E S S E T H

WHEREAS, the Agent, Transamerica Business Credit Corporation, as collateral agent (the "COLLATERAL AGENT"), the Lenders and Bankers Trust Company, as issuer of letters of credit (the "ISSUING BANK"), have agreed to enter into a Credit Agreement dated as of even date herewith (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"; terms which are capitalized herein and not otherwise defined shall have the meanings given to them in the Credit Agreement) with Central Products Company, a Delaware corporation, Brown-Bridge Industries, Inc., a Delaware Corporation, Entoleter, Inc., a Delaware corporation (collectively, the "BORROWERS"), and the Guarantor, pursuant to which the Agent, the Lenders and the Issuing Bank shall make loans and advances and provide other financial accommodations to the Borrowers, subject to the terms and conditions set forth in the Credit Agreement and in the other Credit Documents;

WHEREAS, the Borrowers are wholly owned subsidiaries of the Guarantor, and therefore, the Guarantor has a direct interest in the financial affairs and well-being of the Borrowers; and

WHEREAS, it is a condition precedent to the obligation of the Agent, Issuing Bank and the Lenders to enter into the Credit Agreement that the Guarantor shall have executed and delivered this Guaranty in favor of the Agent

on behalf of the Lenders.

NOW, THEREFORE, in consideration of the premises and to induce the Agent, the Issuing Bank and the Lenders to execute and

deliver the Credit Agreement and in recognition of the substantial direct and indirect benefit from the transactions contemplated by the Credit Agreement, the Guarantor hereby agrees as follows:

SECTION 1. GUARANTY. The Guarantor hereby unconditionally, absolutely, continuingly and irrevocably guarantees to the Agent for the benefit of the Lenders, the Collateral Agent and the Issuing Bank the prompt and complete payment when due (whether at stated maturity, by acceleration or otherwise) of all obligations and liabilities of the Borrowers of any kind owing to the Agent, the Issuing Bank, the Collateral Agent or any Lender, whether now or hereafter owing or required to be paid to the Agent, the Issuing Bank, the Collateral Agent or any Lender, in respect of or under the Credit Agreement, the Revolving Notes or any other Credit Document, whether or not the right of the Agent, the Collateral Agent, the Issuing Bank or such Lender to payment in respect of such claim is reduced to judgment, liquidated or unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding seeking to adjudicate any Borrower a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of any Borrower or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any Borrower or for any substantial part of its property (collectively, the "OBLIGATIONS"). Without limiting the generality of the foregoing, the Obligations include the obligation of the Borrowers to pay principal, interest (including interest accruing on or after any assignment for the benefit of creditors, the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to any Borrower, whether or not a claim for such post-filing or post-petition interest is allowed), reimbursement obligations, letter of credit fees or commissions, charges, expenses, fees, reasonable attorneys' fees and disbursements, indemnities and other present and future amounts payable by the Borrowers to the Agent, the Issuing Bank, the Collateral Agent or any Lender in respect of or under the Credit Agreement, the Revolving Notes or any other Credit Document. Without limiting the generality of the foregoing, the Guarantor's liability shall

extend to all amounts that constitute part of the Obligations and would be owed by the Borrowers to the Agent, the Issuing Bank, the Collateral Agent

or any Lender but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving any Borrower.

SECTION 2. GUARANTY ABSOLUTE AND UNCONDITIONAL. The Guarantor guarantees that, with respect to the Agent, the Issuing Bank, the Collateral Agent and each Lender, the Obligations will be paid strictly in accordance with the terms of the Credit Agreement and the other Credit Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent, the Collateral Agent, the Issuing Bank or any of the Lenders with respect thereto. This Guaranty is one of payment and performance and not collection and the obligations of the Guarantor under this Guaranty are independent of the Obligations, and a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guaranty, irrespective of whether any action is brought against any Borrower or any other guarantor or whether any Borrower or any other guarantor is joined in any such action or actions. The liability of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

(i) any lack of validity or enforceability of any contractual or other agreement, instrument or document including, without limitation, the Credit Agreement, any of the other Credit Documents, any of the Obligations, or any guarantee thereof;

(ii) any change in the time, manner or place of payment of, or in any other terms of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from any contractual or other agreement among the Borrowers and the Agent, the Collateral Agent, the Issuing Bank or any Lender or any instrument or document relating thereto, including, without limitation, any increase in the Obligations resulting from the extension of additional credit to the Borrowers or otherwise;

(iii) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or

waiver of or consent to or departure from any other guaranty (including this Guaranty with respect to any other guarantor), for all or any of the Obligations;

(iv) any failure of any other guarantor to satisfy its obligations in respect of any Obligations;

(v) any manner of application of collateral securing any Obligation, or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any collateral for all or any of the Obligations or any other assets of any Borrower;

(vi) any change, restructuring or termination of the corporate structure or existence of any Borrower; or

(vii) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Borrowers, the Guarantor or any other guarantor with respect to the Obligations (including, without limitation, all defenses based on suretyship or impairment of collateral, and all defenses that the Borrowers may assert to the repayment of the Obligations, including, without limitation, failure of consideration, breach of warranty, fraud, statute of frauds, bankruptcy, lack of legal capacity, statute of limitations, lender liability, accord and satisfaction, and usury) or which might otherwise constitute a defense to this Guaranty and the obligations of the Guarantor under this Guaranty.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Agent, the Collateral Agent, the Issuing Bank or any Lender upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise, all as though such payment had not been made. The Guarantor agrees that if any Borrower or any other guarantor of all or a portion of the Obligations is the subject of a bankruptcy proceeding under Title 11 of the United States Code, it will not assert the pendency of such proceeding or any order entered therein as a defense to the timely payment of the Obligations.

SECTION 3. WAIVERS. (a) The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Guaranty and any requirement that the Agent or any Lender protect, secure, perfect or insure any lien securing any Obligation or any property subject thereto or exhaust any rights or take any action against any Borrower or any other person or any collateral. The Guarantor hereby waives notice of or proof of reliance by the Agent or any Lender upon this Guaranty, and the Obligations shall conclusively be deemed to have been created, contracted, incurred, renewed, extended, amended or waived in reliance upon this Guaranty.

(b) The Guarantor hereby agrees that, until the Obligations and all of the Guarantor's obligations hereunder are paid in full, it shall not assert any claim or other right that it may now or hereafter acquire against any Borrower or any other insider guarantor that arises from the existence, payment, performance or enforcement of the Guarantor's obligations under this Guaranty or the Credit Agreement, the other Credit Documents or the Obligations or guarantees thereof, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Agent or any Lender against the Guarantor, any other insider guarantor or any collateral securing any Guaranteed

Obligation, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Guarantor or any other insider guarantor, directly or indirectly, in cash or other property or by set-off (including under Section 8 hereof) or in any other manner, payment or security on account of such claim, remedy or right. If any amount shall be paid to the Guarantor in violation of the preceding sentence at any time prior to the indefeasible cash payment in full of the Obligations and all other amounts payable under this Guaranty, the Guarantor shall immediately give the Agent notice of its receipt of such amount and such amount shall be held in trust for the benefit of the Agent and the Lenders owed the Obligations which gave rise to the Guarantor's right of recovery, segregated from other funds of the Guarantor, and shall forthwith be paid to the Agent to be credited and applied to the Obligations then due and payable and all other amounts payable under this Guaranty then due and payable, whether matured or unmatured, in such order as the Agent may determine. The

Guarantor acknowledges that it will receive direct and indirect benefits from the Credit Agreement and the transactions consummated in connection therewith and that the waiver set forth in this subsection is knowingly made in contemplation of such benefits.

(c) Until all of the Obligations shall have been paid in full in cash, the Guarantor will not enforce any other claim or exercise any other rights which it may have against any Borrower.

SECTION 4. PAYMENTS FREE AND CLEAR OF TAXES, ETC. (a) Any and all payments made by the Guarantor hereunder, under the Revolving Loans or under the Letters of Credit to or for the benefit of any Lender, the Issuing Bank, the Collateral Agent or the Agent shall be made free and clear of and without deduction for any and all present or future Covered Taxes. If the Guarantor shall be required by law to deduct any Covered Taxes from or in respect of any sum payable hereunder, under any Revolving Loan or under any Letter of Credit to or for the benefit of any Lender, the Issuing Bank, the Collateral Agent or the Agent or any Tax Transferee, (i) the sum payable shall be increased as may be necessary so that after making all required deductions of Covered Taxes (including deductions of Covered Taxes applicable to additional sums payable under this Section) such Lender, the Agent, the Issuing Bank, the Collateral Agent or such Tax Transferee, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Guarantor shall make such deductions and (iii) the Guarantor shall pay the full amount so deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Guarantor agrees to pay any present or future stamp, documentary, excise, privilege, intangible or similar levies that arise at any time or from time to time (i) from any payment made under any and all

Credit Documents, (ii) from the transfer of the rights of the Lender under any Credit Documents to any transferee, or (iii) from the execution or delivery by the Borrowers of, or from the filing or recording or maintenance of, or otherwise with respect to the exercise by the Agent or the Lenders of their rights under, any and all Credit Documents (hereinafter referred to as "OTHER TAXES").

(c) The Guarantor hereby indemnifies each Lender, the Issuing Bank, the Agent, the Collateral Agent and any Tax Transferee for the full amount of (i) Covered Taxes imposed on or with respect to amounts payable hereunder, (ii) Other Taxes, and (iii) any Taxes (other than Covered Taxes imposed by any jurisdiction on amounts payable under this Section) paid by such Lender, the Issuing Bank, the Collateral Agent or the Agent or such Tax Transferee, as the case may be, and any liability (including penalties, interest and expenses) arising solely therefrom or with respect thereto. Payment of this indemnification shall be made within 30 days from the date such Lender, the Issuing Bank, the Collateral Agent or the Agent or Tax Transferee certifies and sets forth in reasonable detail the calculation thereof as to the amount and type of such Taxes. Any such certificate submitted by the Lender, the Issuing Bank, the Agent, the Collateral Agent or any Tax Transferee in good faith to the Borrowers shall, absent manifest error, be final, conclusive and binding on all parties.

(d) Within 30 days after having received a receipt of Covered Taxes or Other Taxes, the Guarantor will furnish to the Agent or the applicable Lender, at its address referred to in Section 6, the original or a certified copy of a receipt evidencing payment thereof.

(e) Without prejudice to the survival of any other agreement of the Guarantor hereunder, the agreements and obligations of the Guarantor contained in this Section 4 shall survive the payment in full of all Obligations.

SECTION 5. AMENDMENTS; SUPPLEMENT. No amendment or waiver of any provision of this Guaranty, and no consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent and the Guarantor and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 6. ADDRESSES FOR NOTICES. All notices and correspondence hereunder shall be in writing and sent by certified or registered mail, return receipt requested, or by overnight delivery service with all charges prepaid, if to the Guarantor at its address at 600 N. Pearl Street, Dallas, Texas 75201, Attention: President, Telecopy: (214) 855-0093, with a

copy to Haynes and Boone, 3100 Nationsbank Plaza, 901 Main Street, Dallas, Texas 45202-3789, Attention: Paul Amiel, Esq., Telecopy: (214) 651-5940; and if to the Agent or any of the Lenders, at its address specified on Schedule I hereto, with a copy to Luskin & Stern, 330 Madison Avenue, New York, New York 10017, Attention: Richard Stern, Esq., Telecopy: 212-293-2705, or, as to any party, at such other address as shall be designated by such party 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 post marked, (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.

SECTION 7. NO WAIVER; REMEDIES. No failure on the part of the Agent or any Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8. RIGHT OF SETOFF. Upon the occurrence of an Event of Default, the Agent and each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Agent or such Lender to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing under this Guaranty, whether or not the Agent or such Lender shall have made any demand under this Guaranty and although such obligations may be contingent and unmatured. Any amount received as a result of the exercise of such setoff rights shall be reallocated as set forth in Section 2.7 of the Credit Agreement. Each of the Agent and the Lenders agree to notify the Guarantor after any such setoff and application made by such Person, PROVIDED that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each of the Agent and the Lenders under this Section are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Agent or such Lender may have.

SECTION 9. CONTINUING GUARANTY; ASSIGNMENTS UNDER CREDIT AGREEMENT. This Guaranty is a continuing guaranty and shall (i) remain in full force and effect until the payment in full of the Obligations and all other amounts payable under this Guaranty, until no Letter of Credit is outstanding and until

no Lender shall have any Commitment, notwithstanding that from time to time during the term of the Credit Agreement the Borrowers may be free from any Obligations, (ii) be binding upon the Guarantor, its successors and permitted assigns, and (iii) inure to the benefit of, and be enforceable by, the Agent and the Lenders and their respective successors, transferees and permitted assigns. Without limiting the generality of the foregoing clause (iii), the Agent or 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 Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to the Agent or such Lender herein or otherwise. The Guarantor may not assign any of its rights and obligations under this Guaranty without the prior written consent of all of the Lenders.

SECTION 10. INDEMNIFICATION. The Guarantor hereby agrees to indemnify and hold harmless the Agent, each Lender, the Collateral Agent, the Issuing Bank and each director, officer, employee, affiliate and agent thereof (each, an "INDEMNIFIED PERSON") against, and to reimburse each Indemnified Person, upon its demand, for, any losses, claims, damages, liabilities or other expenses ("LOSSES") to which such Indemnified Person may become subject insofar as such Losses arise out of or in any way relate to or result from any investigation or defense of, or participation in, any legal proceeding relating to the Credit Agreement, any other Credit Document, any document or instrument delivered in connection therewith and the transactions contemplated thereby including, without limitation, Losses consisting of reasonable attorneys' fees or other expenses incurred in connection with investigating, defending or participating in any such legal proceeding (whether or not such Indemnified Person is a party thereto), PROVIDED that the foregoing will not apply to any Losses to the extent they (i) are found by a decision of a court of competent jurisdiction to have resulted from the gross negligence or wilful misconduct of such Indemnified Person or (ii) arise out of claims by one Indemnified Person against another Indemnified Person.

SECTION 11. PAYMENTS. The Guarantor agrees that all payments made hereunder will be paid to the Agent without setoff or counterclaim at the office of the Agent located at the address set forth in Section 6. The Guarantor agrees that whenever it shall make any payment on account of its liability hereunder, it will promptly notify the Agent in writing that such payment is made under this Guaranty for such purpose.

SECTION 12. EXPENSES. The Guarantor agrees to pay or reimburse the Agent and the Lenders on demand for any and all expenses (including reasonable attorneys' fees and expenses) incurred by the Agent or any Lender in enforcing any rights under this Guaranty.

SECTION 13. GOVERNING LAW. THE VALIDITY, INTERPRETATION AND

ENFORCEMENT OF THIS GUARANTY AND THE OTHER CREDIT DOCUMENTS TO WHICH THE GUARANTOR IS A PARTY AND ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS GUARANTY OR ANY OF THE OTHER CREDIT DOCUMENTS, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICTS OF LAW PROVISIONS OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW) AND DECISIONS OF THE STATE OF NEW YORK.

SECTION 14. WAIVER OF JURY TRIAL. THE GUARANTOR HEREBY IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF THIS GUARANTY OR ANY OTHER CREDIT DOCUMENTS TO WHICH IT IS A PARTY OR THE TRANSACTIONS RELATED HERETO OR THERETO.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed by its proper and duly authorized officer as of the date first set forth above.

SPINNAKER INDUSTRIES INC.

By:

Name:
Title:

SCHEDULE I

BT Commercial Corporation,

as Agent and as a Lender
14 Wall Street
New York, New York 10005
Attn: Mr. J. Jeffcott Ogden
Telephone: 212-618-2609
Telecopier: 212-618-2630

Transamerica Business Credit Corporation
Two Ravinia Drive, Suite 700
Atlanta, Georgia 30346
Attn: Mr. Terrell W. Harris
Telephone: 770-390-7014
Telecopier: 770-390-7017

EXHIBIT I

FORM OF LOCKBOX AGREEMENT

This Lockbox Agreement is made as of the 23rd day of October, 1996, by and among [Central Products Company] [Brown-Bridge Industries, Inc.] [Entoleter, Inc.], a Delaware corporation (the "BORROWER"), BT Commercial Corporation, as agent (the "AGENT"), and _____ (the "BANK").

WHEREAS, the Agent, Transamerica Business Credit Corporation, as Collateral Agent, Bankers Trust Company, as Issuing Bank, and certain financial institutions from time to time parties thereto (the "LENDERS") have entered into a Credit Agreement dated as of October 23, 1996 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT") with the Borrower and certain of its affiliates;

WHEREAS, pursuant to Security Agreement, dated as of October 23, 1996 (the "SECURITY AGREEMENT"), the Borrower and certain of its affiliates have granted the Agent a security interest in its present and future accounts receivable, and all proceeds thereof and the Borrower has agreed that all collections and proceeds of such accounts receivable shall be remitted in kind to the Agent;

WHEREAS, in order to provide for a more efficient and faster collection and deposit of said collections and proceeds, the Agent and the Borrower desire to use the lockbox service of the Bank; and

WHEREAS, the Bank is willing to provide said service for the Borrower and the Agent commencing as of the date hereof.

NOW, THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. POST OFFICE BOX. The Bank will rent P.O. Box _____ (the "LOCKBOX") of the post office located at _____ in the name of the Borrower. Customers of the Borrower have been, or will be, instructed to mail their remittances to the Lockbox.

SECTION 2. ACCESS TO MAIL. The Bank will have exclusive and unrestricted access to the Lockbox and will have

complete and exclusive authority to receive, pick up and open all regular, registered, certified or insured mail addressed to the Lockbox. On written demand of the Agent, the Bank shall cease its processing of said mail, and shall release same, in kind, to the Agent, without the prior consent of the Borrower, and the Agent shall thereafter process said mail promptly in accordance with this Agreement. The Bank shall not inquire into the Agent's right to make such a demand under any agreement among the Agent, the Lenders and the Borrower, and shall be forever released of all obligations with respect to said remittances upon release to the Agent. The Borrower shall have no control whatsoever over any mail, checks, money orders, collections or other forms of remittances received in the Lockbox. Appropriate instructions have been, or will be, given by the Bank to the United States Post Office where the Lockbox is maintained, and such instructions shall not be revoked without the prior written consent of the Agent. Any instruction given to the Bank by the Borrower without the prior or concurrent written agreement of the Agent shall be void and of no force or effect. All mail addressed to the Lockbox will be picked up by the Bank according to its regular collection schedule.

SECTION 3. REMITTANCE COLLECTION. On the day received, the Bank will open all mail addressed to the Lockbox and remove and inspect the enclosures. All checks, money orders and other forms or orders for the payment of money and other collection remittances (hereinafter collectively referred to as "CHECKS") shall be processed by the Bank as follows:

a. MISSING DATE. All undated checks will be dated by the Bank as of the postmark date and processed as hereafter provided.

b. POSTDATED. Checks postdated up to three days from date of receipt shall be processed on the date indicated on the check. The Bank shall not deposit checks postdated more than three days, but shall notify the Agent by telephone of such checks and follow the Agent's instructions for disposition of such checks.

c. STALE DATE. Checks dated six months or more prior to the date of collection will not be deposited and shall be sent to the Borrower.

d. DIFFERENT AMOUNT. Where written and numeric

amounts differ, a check will be processed by the Bank only if the correct amount can be determined from the accompanying documents, otherwise the check will not be deposited and shall be sent to the Borrower.

e. SIGNATURE MISSING. Checks which do not bear the drawer's signature and do not indicate the drawer's identity will not be deposited but shall be sent to the Borrower. If, as determined by the Bank, the drawer can be identified from the face of the check, the Bank will deposit and process the check by affixing a stamped impression requesting the drawer bank to contact the drawer for authority to pay.

f. ALTERATIONS AND RESTRICTIONS. Checks with alterations and checks bearing restrictive notations such as "Payment in Full" will not be deposited, and the Bank shall notify the Agent of such checks by telephone on the day of receipt and will deposit, hold or forward such checks with accompanying written matter, if any, as requested by the Agent.

g. FOREIGN BANKS AND CURRENCY. Checks drawn in foreign currency will be processed in accordance with the Bank's normal procedure for such checks and the Agent will be notified by advice of any such checks on the date received by the Bank.

h. OTHER ITEMS. Any items which the Agent has specifically instructed the Bank in writing not to process will not be deposited and shall be sent to the Agent.

Notwithstanding anything to the contrary contained in this Agreement, the Bank shall have no obligation to perform services on a basis any different than it performs lockbox services in the normal course of business, except as set forth in this Section 3 and except with respect to receiving instructions from the Agent rather than the Borrower.

SECTION 4. PROCESSING ACCEPTABLE CHECKS. All checks, except those not acceptable for deposit under the terms of this Agreement, shall be deposited on the day of receipt by the Bank to Account No. _____ (the "COLLECTION ACCOUNT"), which is an account owned and controlled exclusively by the

Agent, and all such checks shall be endorsed as follows:

credited to account number _____; absence of endorsement hereby supplied and guaranteed by _____

Any funds in the Collection Account will be wired on a daily basis with the following instructions:

Bankers Trust Company/Money Transfer Division
1 BT Plaza for further credit to:
BT Commercial Corporation
14 Wall Street -- Level C
New York, New York 10005
Attn: _____
Account No. _____
For the account of the Borrower

; PROVIDED, HOWEVER, that no funds shall be required to be wired unless and until the amount of funds in the Collection Account shall be in excess of an aggregate of $_____, unless the Agent shall, in its sole discretion, otherwise instruct the Bank.

All remittance advices, envelopes, and written matter (except as expressly provided herein) received in the Lockbox together with photocopies of all checks shall be sent to the Borrower and, if requested by the Agent, copies of same shall be sent to the Agent. The Bank shall mail both a deposit advice for all deposits to the Collection Account, on a daily basis, and a statement of account, on a monthly basis, to both the Agent and the Borrower and, if no deposit is made on a bank business day, a deposit advice, correctly dated, will be sent to the Agent and the Borrower with the notation "No Deposit" appearing thereon. In addition, the Bank shall indicate by telephone to the Agent on each Bank business day by 2:30 p.m. (New York City time) the amount of each day's deposit total.

SECTION 5. RETURNED CHECKS. Checks deposited in the Collection Account which are returned unpaid because of "Insufficient Funds," "Uncollected Funds," etc. will be redeposited by the Bank only once, except that if a returned check exceeds $1,000 the Bank shall not redeposit such check but shall telephone the Agent for further instructions on the day such check is received. If redeposit is not warranted for reasons such as "account closed" or "payment stopped" or if a

check is returned a second time, the Bank will charge the Collection Account and send a debit advice with the item to the Borrower with copies of same to the Agent.

SECTION 6. APPOINTMENT OF, AND ACCEPTANCE AS, BANK. The Agent hereby appoints the Bank as its agent to act by and on behalf of the Agent in accordance with the terms of this Lockbox Agreement. The Bank hereby accepts its appointment as the agent for the Agent and hereby acknowledges and agrees (i) that the Lockbox and the Collection Account and all items of Collateral (as defined in the Security Agreement) at any time deposited in the Lockbox

and the Collection Account shall be held therein for the benefit of the Agent and shall be subject to the Agent's security interests as provided in the Security Agreement and (ii) to perform its functions as the Bank provided herein.

SECTION 7. ACKNOWLEDGMENT OF SECURITY INTEREST. The Borrower and the Bank acknowledge and confirm that the Agent holds a security interest in all funds now or at any time hereafter deposited into the Lockbox or the Collection Account and all of the Borrower's rights with respect to the Lockbox and the Collection Account and that the same constitute part of the Collateral granted to the Agent to secure performance and payment of the Obligations (as defined in the Credit Agreement).

SECTION 8. REMITTANCE RECEIVED BY THE BORROWER. Remittances which are sent directly to or received by the Borrower shall be forwarded to the Lockbox or the Collection Account on the day received.

SECTION 9. RECORD MAINTENANCE. All deposit checks will be microfilmed (on front and back) by the Bank and retained for five years by the Bank prior to destruction. Photocopies of filmed items will be provided to the Agent or the Borrower on request, within the five-year period.

SECTION 10. BANK CHARGES. All charges of the Bank for services rendered pursuant to this agreement shall be billed to and paid directly by the Borrower. Said charges shall not be charged against remittances nor shall they be debited to the Collection Account.

SECTION 11. NO OFFSET. The Bank hereby agrees that it will treat all remittances received in the Lockbox in accordance with the terms of this agreement and it will not offset or assert any claim against the Lockbox or the Collection Account or divert such remittances on account of any obligations owed to the Bank by the Borrower or by the party making the remittance, except as provided in Section 5 hereof.

SECTION 12. TERM. This Agreement shall continue in full force and effect until termination by the Bank on 60 days' prior written notice to all other parties. The Agent may terminate this Agreement at any time which termination shall be effective on receipt of written notice by the Bank and the Borrower and in the event of such termination, the Agent shall at its option have the sole right to remove mail from the Lockbox. The Borrower shall have no right to unilaterally terminate this Agreement.

SECTION 13. MODIFICATION. This agreement may only be modified by a writing signed by all of the parties hereto.

SECTION 14. ADDRESSES.

a. All notices, including phone notice, daily deposit advices, monthly statements of account and copies of all checks and the documents which are to be given or sent to the Agent shall be sent to the following address, and, where applicable, given at the following phone number:

BT Commercial Corporation
14 Wall Street
New York, NY 10005
Attn.:
Phone:

b. All notices to the Bank shall be sent to:

Attn.:
Phone:

c. All notices and items which are to be sent to the Borrower shall be sent to:

Attn.:

Phone:

SECTION 15. INDEMNIFICATION. The Borrower agrees that it will indemnify and hold the Bank harmless from any and all loss, liability, expense or damage that the Bank may incur in processing lockbox items in accordance with this Agreement, including, without limitation, any loss that the Bank experiences as a result of returned items to the extent the balances in the Collection Account referenced in Section 5 are insufficient to cover such losses or in the event the balances in such Collection Account are insufficient to cover the Bank charges referenced in Section 10.

SECTION 16. LIMITATION ON LIABILITY. The Agent and the Borrower acknowledge that the Bank undertakes to perform only such duties as are expressly set forth in this Agreement and those which are normally undertaken by the Bank in connection with lockbox processing. Notwithstanding any other provision of this Agreement, it is agreed by the parties that the Bank shall not be liable for any action taken by the Bank or any of its directors, officers, agents or employees in accordance with this Agreement, except for

the Bank's or such natural person's gross negligence or wilful misconduct. In no event shall the Bank be liable for losses or delays resulting from force majeure, computer malfunction, interruption of communication facilities, labor difficulties or other causes beyond its reasonable control or for any indirect, special or consequential damages.

SECTION 17. COUNTERPARTS. This Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

SECTION 18. EFFECTIVENESS. This Agreement shall become effective upon its receipt by the Agent, properly executed by all of the parties hereto.

SECTION 19. GOVERNING LAW. This Agreement shall be governed in accordance with the laws of the State of New York, without giving effect to the conflict of law principles thereof (other than Section 5-1401 of the New York General Obligations Law).

IN WITNESS WHEREOF, the parties hereto have caused this Lockbox Agreement to be executed by their proper and duly authorized officers as of the date first set forth above.

BT COMMERCIAL CORPORATION

By: _____
Name:
Title:

[LOCKBOX BANK]

By: _____
Name:
Title:

[CENTRAL PRODUCTS COMPANY]

[BROWN-BRIDGE INDUSTRIES, INC.]
[ENTOLETER, INC.]

By: _____
Name:
Title:

EXHIBIT J

FORM OF COLLATERAL ACCESS AGREEMENT

BT COMMERCIAL CORPORATION, as Agent
14 Wall Street
New York, New York 10005

To be delivered to the
Landlord signatory below

Re: Proposed Financing of Central Products Company,
BROWN-BRIDGE INDUSTRIES, INC. AND ENTOLETER, INC.

Ladies and Gentlemen:

We have been asked by [Central Products Company] [Brown-Bridge Industries, Inc.] [Entoleter, Inc.] (the "COMPANY") to act as agent for a syndicate of lenders under certain credit facilities to be provided to the Company and certain of its affiliates in connection with its proposed financing. The proposed credit facilities would be secured by certain assets of the Company, including the Company's Inventory (as defined below). We understand that the Company leases certain real property (the "FACILITY") from you pursuant to a lease agreement (as amended, supplemented or otherwise modified from time to time, the "AGREEMENT").

In connection with the loans to be made to the Company, the lenders will be lending, in part, against the value of the Company's inventory (the "COMPANY'S INVENTORY"), including that portion of the Company's Inventory now or in the future located at the Facility. Therefore, we will be making

customary Uniform Commercial Code filings on behalf of the lenders with respect to the Company's Inventory located at the Facility. In addition, we request your acknowledgement, and cooperation, for preserving and enforcing the lenders' security interests. In order to expedite the consummation of the proposed credit facilities, we would appreciate your signing and returning the enclosed copy of this

letter to our counsel, Luskin & Stern, at 330 Madison Avenue, New York, New York 10017, Attention: Michael Barocas, Esq.

By signing and returning the enclosed copy of this letter you confirm and acknowledge the following matters to us:

1. You will allow us, or our auditors or our other designees, reasonable access to the Facility in order to inspect the Company's Inventory and verify the amount of the Company's inventory located at the Facility. In addition, if we elect to remove the Company's Inventory from the Facility ourselves, you will grant us access to the Facility at reasonable times to do so.

2. In the event that the Company defaults in its obligations under the Agreement or you desire or elect to terminate the Agreement for any reason, including a default by the Company under the Agreement, you will notify us in writing of this fact prior to your terminating the Agreement and retaking possession of the Facility and you will allow us to either (i) undertake to cure any and all defaults under the Agreement and assume the Company's obligations under the Agreement, or (ii) enter the facility in order to remove the Company's Inventory. In any case, you confirm and acknowledge to us that you do not have any claim to or lien upon any of the Company's Inventory.

We would appreciate your confirming to us your agreement to the foregoing provisions of this letter by signing and returning to us the enclosed additional copy of this letter to the address shown above.

[THIS SPACE INTENTIONALLY BLANK]

Although the Company is not a party to this agreement, it has signed below to indicate its acknowledgment of and agreement to the provisions of this letter.

Very truly yours,

BT COMMERCIAL CORPORATION,
as Agent

By: _____
Name:
Title:

ACKNOWLEDGED AND AGREED:

[LANDLORD]

By: _____
Name:
Title:

Landlord Name: _____

Address: _____
_____

ACKNOWLEDGED AND AGREED:

[CENTRAL PRODUCTS COMPANY]
[BROWN-BRIDGE INDUSTRIES, INC.]
[ENTOLETER, INC.]

By: _____

Name:
Title:

EXHIBIT K

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (this "AGREEMENT") is entered into as of October 23, 1996 by Central Products Company, a Delaware corporation ("CENTRAL"), Brown-Bridge Industries, Inc., a Delaware corporation ("BROWN"), and Entoleter, Inc., a Delaware corporation ("ENTOLETER" and, together with Central and Brown, the "BORROWERS"), in favor of BT Commercial 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 Borrowers are party to that certain Credit Agreement dated as of even date herewith (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"; terms which are capitalized herein and not otherwise defined shall have the meanings given to them in the Credit Agreement) among the Borrowers, Spinnaker Industries, Inc., the financial institutions from time to time party thereto as lenders (the "LENDERS"), the Agent, Transamerica Business Credit Corporation, as Collateral Agent, and Bankers Trust Company, as Issuing Bank, pursuant to which the Borrowers have agreed, among other things, to guaranty each other's Obligations to the Agent, for the benefit of the Lenders; and

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

NOW, THEREFORE, in consideration of the foregoing and the premises and the covenants hereinafter contained, it is agreed as follows:

To the extent that any Borrower shall, under Article IX of the Credit Agreement, make a payment (a "PAYMENT") in respect of an amount (the "Guaranteed Amount") owing under a Revolving Note issued by another Borrower (the "Defaulting Borrower") which, taking into account all other Payments then previously or

concurrently made by the other Borrower that is not the Defaulting Borrower exceeds the amount which such Borrower would otherwise have paid if each Borrower other than the Defaulting Borrower (collectively, the "Paying Borrowers") had paid the aggregate Obligations satisfied by such Payment in the same proportion as such Paying Borrower's Allocable Amount (as defined below) in effect immediately prior to such Payment bore to the Aggregate Allocable Amounts of all of the Paying Borrowers in effect immediately prior to the making of such Payment, then such Borrower shall be entitled to

contribution and indemnification from, and be reimbursed by, the other Paying Borrower for the amount of such excess, PRO RATA based upon their respective Allocable Amounts in effect immediately prior to such Payment.

As of any date of determination, the "Allocable Amount" of any Borrower shall be equal to the maximum amount which could then be claimed by the Agent and the Lenders under Article IX of the Credit Agreement without rendering such claim voidable or avoidable under Section 548 of Chapter 11 of the United States Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law.

This Agreement is intended only to define the relative rights of the Borrowers, and nothing set forth in this Agreement is intended to or shall impair the obligations of the Borrowers, jointly and severally, to pay any amounts to the Agent, for the benefit of the Lenders, as and when the same shall become due and payable in accordance with the terms of Article IX and the other provisions of the Credit Agreement.

The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute an asset in favor of any Borrower to which such contribution and indemnification is owing.

This Agreement shall become effective upon its execution by each of the Borrowers and shall continue in full force and effect and may not be terminated or otherwise revoked by any Borrower until the Obligations shall have been indefeasibly paid in full in cash, no Letter of Credit is outstanding and the Commitments shall have been terminated. Each Borrower agrees that if, notwithstanding the foregoing, such

Borrower shall have any right under applicable law to terminate or revoke this Agreement, and such Borrower shall attempt to exercise such right, then such termination or revocation shall not be effective until a written notice of such revocation or termination, specifically referring hereto and signed by such Borrower, is actually received by each of the other Borrowers and by the Agent at its notice address set forth in such the Credit Agreement. Such notice shall not affect the right or power of any Borrower to enforce rights arising prior to receipt of such written notice by each of the other Borrowers and the Agent. If the Agent or any Lender makes any Loans or takes any other action giving rise to Obligations after any Borrower has exercised any right to terminate or revoke this Agreement but before the Agent receives such written notices, the rights of each other Borrower to contribution and indemnification hereunder in connection with any Payments made with respect to such Loans or Obligations shall be the same as if such termination or revocation had not occurred.

The provisions of this Agreement may not be modified or waived,

except in a writing signed by the Borrowers and the Agent. This Agreement and any amendments, waivers, consents, or supplements with respect thereto may be executed in counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. This Agreement shall be governed by the laws of the State of New York, without giving effect to conflicts of law principles (other than Section 5-1401 of the New York General Obligations Law).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper and duly authorized officers as of the date first set forth above.

CENTRAL PRODUCTS COMPANY

By:

Name:
Title:

BROWN-BRIDGE INDUSTRIES, INC.

By:

Name:
Title:

ENTOLETER, INC.

By:

Name:
Title:

EXHIBIT L

FORM OF INTERCOMPANY SUBORDINATED NOTE

$_____ New York, New York
October 23, 1996

FOR VALUE RECEIVED, [Guarantor] [Borrower], a Delaware corporation (the "Maker"), hereby promises to pay to [Guarantor] [Borrower] or its assigns ("Payee") in lawful money of the United States of America in immediately available funds, at _____, the principal sum of _____ DOLLARS or, if less, the aggregate unpaid principal amount of all loans made by the Payee to the Maker, which amount shall be payable on December 31, 2001.

The Maker promises also to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at a rate per annum equal to the Prime Lending Rate (as defined in the Credit Agreement described below) then in effect PLUS 1.75%, such interest to be paid monthly in arrears on the second business day of each Month and at maturity hereof.

This Note is subject to voluntary prepayment, in whole or in part, at the option of the Maker, without premium or penalty.

This Note is one of the Intercompany Subordinated Notes referred in the Credit Agreement, dated as of October 23, 1996, by and among Central Products Company, Brown-Bridge Industries, Inc. and Entoleter, Inc., as Borrowers, Spinnaker Industries, Inc., as Guarantor, BT Commercial Corporation, as Agent, Transamerica Business Credit Corporation, as Collateral Agent, Bankers Trust Company, as Issuing Bank and the financial institutions from time to time party thereto as Lenders (as amended, modified, supplemented, extended, restated, refinanced, replaced or refunded from time to time, the "Credit Agreement") and shall be subject to the provisions thereof. Unless otherwise defined herein, all capitalized terms used herein or in Annex A attached hereto and defined in the Credit Agreement shall have the meaning assigned to such terms in the Credit Agreement.

Notwithstanding anything to the contrary contained in this Note, the Payee understands and agrees that the Maker shall not be required to make, and shall not make, any payment of principal or interest on this Note to the extent that such payment is prohibited by the terms of Annex A or the terms of any Senior Indebtedness (as defined in Annex A attached hereto).

This Note, and the Maker's obligations hereunder, shall be subordinate and junior to all indebtedness of the Maker constituting Senior Indebtedness (as defined in Section 1.07 of Annex A attached hereto, which Annex A is herein incorporated by reference and made a part hereof as if set forth herein in its entirety.

The Maker hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

The occurrence of any of the following events shall be an Event of Default under this Note:

1. The failure by the Maker to pay any amounts owing under this Note when due; or

2. If the Maker shall become insolvent, make an assignment for the benefit of its creditors, or a receiver, conservator, liquidator, custodian or trustee of the Maker is appointed by order or decree of any court or agency or supervisory authority having jurisdiction, or if the Maker obtains an order for relief under the Federal Bankruptcy Code or a petition is filed or a proceeding is commenced by or against the Maker under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect; or

3. The occurrence and continuance of an Event of Default (as defined in the Credit Agreement).

Upon the occurrence of an Event of Default, the entire principal amount of this Note, together with all accrued and unpaid interest thereon, shall automatically and immediately become due and payable.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

[ ]

By: ---------- Title:

EXHIBIT M

FORM OF COMPLIANCE CERTIFICATE

_____, 1996

BT Commercial Corporation, as Agent
14 Wall Street
New York, NY 10005
Attention: J. Jeffcott Ogden

Ladies and Gentlemen:

I hereby certify to you as follows:

(a) I am the duly elected _____ of [Central Products Company] [Brown-Bridge Industries, Inc.] [Entoleter, Inc.], a Delaware corporation (the "BORROWER"). Capitalized terms used in this Certificate unless otherwise defined herein shall have the meanings given such terms in the Credit Agreement, dated as of October 23, 1996 (the "CREDIT AGREEMENT"), among the Borrower, certain of its affiliates, the financial institutions from time to time parties thereto, as Lenders, Bankers Trust Company, as Issuing Bank, Transamerica Business Credit Corporation, as Collateral Agent, and you, as Agent.

(b) I have reviewed the terms of the Credit Agreement, and have made, or have caused to be made under my supervision, a review in reasonable detail of the transactions and the condition of the Credit Parties during the immediately preceding month.

(c) The review described in paragraph (b) above did not disclose the existence during or at the end of such month, and I have no knowledge of the existence as of the date hereof, of any condition or event which constitutes a Default or an Event of Default, except as hereinafter set forth. Described in a separate attachment to this Certificate are the exceptions, if

any, to this paragraph (c) listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Credit Parties have taken, is taking, or proposes to take with respect to such condition or event.

(d) I further certify that, based on the review described in paragraph (b) above, neither the Credit Parties nor any of their Restricted

Subsidiaries at any time during or at the end of such month, except as specifically described in paragraph (e) below, did any of the following:

(i) Maintained in the aggregate in all deposit accounts of the Guarantor, the Borrowers and their Restricted Subsidiaries (other than the Disbursement Accounts and payroll accounts) total cash balances and Investments permitted by Sections 7.2(f)(i) of the Credit Agreement in excess of [$].

(ii) Made or committed to make any payments for Capital Expenditures (on a consolidated basis), in excess of the Base Amount per fiscal year (or portion thereof) set forth on Annex A attached hereto, except as specifically described in paragraph (e) below.

(iii) Permitted Consolidated Net Worth to be less than (a) $8,750,000, plus (b) 50% of the Net Income of the Credit Parties and their Restricted Subsidiaries to the extent such Net Income is positive from the Closing Date through the last day of such month, plus (c) 100% of the aggregate Net Cash Proceeds received by a Credit Party from any Person (other than a Subsidiary of a Credit Party) from the Closing Date through the last day of such month from the issuance and sale of capital stock of any Credit Party.

(iv) Permitted Consolidated Current Ratio to be less than the ratio set forth on Annex B attached hereto.

(v) Permitted Consolidated Interest Coverage Ratio to be less than the ratio set forth on Annex C attached hereto.

(e) [List exceptions, if any, to paragraphs (d)(i) through (vi) above].

The foregoing certifications are made and delivered this ____ day of _____, 199_.

Very truly yours,

[CENTRAL PRODUCTS COMPANY]
[BROWN-BRIDGE INDUSTRIES, INC.]
[ENTOLETER, INC.]

By: _____

Name:
Title:

ANNEX A

CAPITAL EXPENDITURES

Quarter	Amount
From the Closing Date through December 31, 1996	$2,000,000
January 1, 1992 through June 30, 1997	$4,000,000
July 1, 1997 through December 31, 1997	$4,000,000
each six-month period thereafter	$5,000,000

ANNEX B

CONSOLIDATED CURRENT RATIO

Period	Ratio
Closing date through December 31, 1998	1.20:1
January 1, 1999 and thereafter	1.25:1

ANNEX C

CONSOLIDATED INTEREST COVERAGE

Period	Ratio
October 1, 1996 through December 31, 1996	1.40:1.00

January 1, 1997 through March 31, 1997	1.40:1.00
April 1, 1997 through June 30, 1997	1.50:1.00
July 1, 1997 through September 30, 1997	1.55:1.00
October 1, 1997 through December 31, 1997	1.60:1.00
January 1, 1998 through March 31, 1998	1.65:1.00
April 1, 1998 through June 30, 1998	1.70:1.00
July 1, 1998 through September 30, 1998	1.80:1.00
October 1, 1998 through December 31, 1998	1.80:1.00
January 1, 1999 through March 31, 1999	1.90:1.00
April 1, 1999 through June 30, 1999	1.90:1.00
Each fiscal quarter and thereafter	2.00:1.00

SCHEDULE OF CALCULATIONS

For the period from _____ through _____

I. Excess Cash

1. Borrowers' total cash balances	$
2. Borrowers' Investments	
3. Subsidiaries' total cash balances	
4. Subsidiaries' Investments	
5. Total (lines 1 through 4)	$

6. Permitted Cash $ ----------

II. Capital Expenditures

1. Balance from previous month $ ----------

2. Plus: Capital expenditures made this month ----------

3. Plus: Capital expenditures committed to be made this month ----------

4. Total (lines 1 through 3) $ ----------

5. Base Amount ----------

6. Plus: Carry-over ----------

7. Total Permitted Capital Expenditures (lines 5 and 6) $ ----------

III. Consolidated Net Worth

1. Consolidated assets $ ----------

2. Less: Consolidated liabilities ----------

3. Net Worth $ ----------

4. Base Amount $ ----------

5. 50% of Net Income to the extent such Net Income is positive $ ----------

6. 100% of aggregate Net Cash proceeds from the issuance and sale of capital stock $ ----------

7. Permitted Net Worth (sum of lines 4, 5 and 6) $ ----------

IV. Consolidated Current Ratio

1. Consolidated current assets $ ----------

Divided by:

2. Consolidated current liabilities $

		----------
3. Minimum Current Ratio		

V. Consolidated Interest Coverage Ratio		
1. Adjusted Net Income	$	
		----------
2. Plus: Interest Expense		
3. Plus: income tax expense		
4. Plus: Senior Note expense		
5. Plus: depreciation		
6. Plus: amortization		
7. Total EBITDA for this period (lines 1 through 5)	$	

Divided by:		
8. All Interest Expense		
9. Total Interest Coverage		
		----------
10. Minimum Permitted Interest Coverage		

[VI. Consolidated Fixed Charge Coverage Ratio]

EXHIBIT N

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

Reference is made to the Credit Agreement dated as of October 23, 1996 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"), among Central Products Company ("CENTRAL"), Brown-Bridge Industries, Inc. ("BROWN"), Entoleter, Inc. ("ENTOLETER" and, together with Central and Brown, the "BORROWERS"), Spinnaker Industries, Inc., the financial institutions from time to time parties thereto (the "LENDERS"), BT Commercial Corporation, as agent (in such capacity, the "AGENT") for the Lenders, Transamerica Business Credit Corporation, as Collateral Agent and Bankers Trust Company, as Issuing Bank. Capitalized terms used herein and not otherwise defined herein shall have the meanings given such terms in the Credit Agreement.

_____ (the "ASSIGNOR") and _____ (the "ASSIGNEE") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor without recourse to the Assignee, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof which represents the percentage interest specified in Item 4(b) of Annex I of all of the Assignor's outstanding rights and obligations under the Credit Agreement

relating to the credit facility listed in Item 4(a) of Annex I, including without limitation, such interest in the Assignor's Commitment, the Loans owing to the Assignor relating to such facility, and the Revolving Notes held by the Assignor. After giving effect to such sale and assignment, the Assignee's Commitment will be as set forth in Item 4(c) of Annex I.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Credit Party or the performance or observance by such Credit Party of any of its obligations under the Credit Documents or any other instrument or document furnished pursuant thereto; and (iv) attaches the Revolving Notes referred to in paragraph 1 above and requests that the Agent exchange such Notes for [a new Revolving Note made by Brown dated as of the Closing Date in the principal amount of $_____ payable to the order of the Assignee, a new Revolving Note made by Central dated as of the Closing Date in the principal amount of $_____ payable to the order of the Assignee and a new Revolving Note made by Entoleter dated as of the Closing Date in the principal amount of $_____ payable to the order of the Assignee] [new Notes as follows: a Revolving Note made by Brown dated as of the Closing Date in the principal amount of $_____ payable to the order of the Assignee, a Revolving Note made by Brown dated as of the Closing Date in the principal amount of $_____ payable to the order of the Assignee, a Revolving Note made by Central dated as of the Closing Date in the principal amount of $_____ payable to the order of the Assignee, a Revolving Note made by Central dated as of the Closing Date in the principal amount of $_____ payable to the order of the Assignor, a Revolving Note made by Entoleter dated as of the Closing Date in the principal amount of $_____ payable to the order of the Assignee and a Revolving Note made by Entoleter dated as of the Closing Date in the principal amount of $_____ payable to the order of the Assignor].

3. The Assignee (i) confirms that it has received a copy of the Credit Documents, together with copies of the financial statements referred to in Section 6.1(i) of the Credit Agreement, the financial statements delivered pursuant to Section 7.1(a) of the Credit Agreement, if any, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption Agreement; (ii) agrees that it will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its

own credit decisions in taking or not taking action under the Credit Documents; (iii) confirms that it is eligible as an assignee under the terms of the Credit Agreement; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Documents as are delegated to the Agent by the terms thereof; together with such powers as are reasonably incidental thereto; (v) appoints and authorizes the Co-Agent to take such action as co-agent on its behalf and to exercise such powers under the Credit Documents as are delegated to the Co-Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (vi) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender; [and] (vii) specifies as its Domestic Lending Office, Eurodollar Lending Office (and address for notices) the office set forth in Item 6 of Annex I[; and (viii) attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the

Assignee under the Credit Documents or such other documents as are necessary under Section 4.10 of the Credit Agreement.](1)

4. Following the execution of this Assignment and Assumption Agreement by the Assignor and the Assignee, it will be delivered to the Agent for recording by the Agent. The effective date of this Assignment shall be the date of the execution hereof by the Assignor and the Assignee and the receipt of any consent of the Borrowers and the Agent, unless otherwise specified in Item 5 of Annex I (the "Acceptance Date").

5. Upon such acceptance and recording by the Agent, as of the Acceptance Date (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Assumption Agreement, have the rights and obligation of a Lender thereunder and under the other Credit Documents and (ii) the Assignor shall, to the extent provided in this Assignment and Assumption Agreement, relinquish its rights and be released from its obligations under the Credit Agreement and the other Credit Documents.

6. Upon such acceptance and recording by the Agent, from and after the Acceptance Date, the Agent shall make all payments under the Credit Agreement and the Revolving Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and commitment fees, if applicable, with respect thereto) to the Assignee. Upon the Acceptance Date, the Assignee shall pay to the Assignor the purchase price agreed to by the Assignor and the Assignee. The Assignor and the Assignee shall make all appropriate adjustments in payments under the Credit

Agreement and the Notes for periods prior to the Acceptance Date directly between themselves.

7. THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS ASSIGNMENT AND ASSUMPTION AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

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(1) If the Assignee is organized under the laws of a jurisdiction outside the United States.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption Agreement to be executed by their proper and duly authorized officers as of the date first set forth above.

[Name of Assignor]

By:

Name:
Title:

[Name of Assignee]

By:

Name:
Title:

Accepted:

BT COMMERCIAL CORPORATION,
as Agent

By:

Name:
Title:

AGREEMENT AND PLAN OF MERGER
(BROWN-BRIDGE MINORITY INTEREST)

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of the 1st day of October, 1996, is by and among Spinnaker Industries, Inc., a Delaware corporation ("Purchaser"), BB Merger Corp., a Delaware corporation and wholly owned subsidiary of Purchaser ("Acquisition"), Brown-Bridge Industries, Inc., a Delaware corporation (the "Company"), and those stockholders of the Company listed on EXHIBIT A hereto (the "Stockholders," and each of them individually, along with their respective assigns, a "Stockholder").

W I T N E S S E T H:

WHEREAS, Purchaser desires to merge the Company with and into Acquisition in order to facilitate the offering and sale (the "Offering") of $100 million aggregate principal amount of Purchaser's Senior Secured Notes due 2006; and

WHEREAS, the Stockholders collectively own 194,321 shares (the "Shares") of the common stock, $0.10 par value, of the Company (the "BBI Stock"), and options for an additional 71,065 shares of BBI stock (the "Option Shares," and together with the Shares, the "Merger Shares") which will be exercised immediately prior to such merger transaction; and

WHEREAS, Purchaser owns the remainder of the outstanding shares of BBI Stock; and

WHEREAS, the Company and the Stockholders desire to enter into such merger transaction;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. THE MERGER; CLOSING

1.1 MERGER. In accordance with the provisions of the Delaware General Corporation Law (the "DGCL") at the Effective Date (as defined herein) the Company shall be merged (the "Merger") into Acquisition, and Acquisition shall be the surviving corporation (the "Surviving Corporation") and as such shall continue to be governed by the laws of the State of Delaware. It is intended that the Merger shall constitute a reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended (the "Code"), and that this Agreement shall constitute a "plan of reorganization" for the purposes of Section 368 of the Code and shall have the following attributes:

(a) CONTINUING OF CORPORATE EXISTENCE. Except as may otherwise be

set forth herein, the corporate existence and identity of Acquisition, with all its purposes, powers, franchises, privileges, rights and immunities, shall continue unaffected and unimpaired by the Merger, and the corporate existence and identity of the Company, with all its purposes, powers, franchises, privileges, rights and immunities, at the Effective Date shall be merged with and into that of Acquisition, and the Surviving Corporation shall be vested fully therewith and the separate corporate existence and identity of the Company shall thereafter cease except to the extent continued by statute.

(b) EFFECTIVE DATE. The Merger shall become effective upon the date of issuance of a certificate of merger (the "Effective Date") by the Secretary of State of the State of Delaware subsequent to the filing on the Closing Date (as defined herein) of a certificate of merger with the Secretary of State of the State of Delaware pursuant to the DGCL.

(c) CORPORATE GOVERNMENT. The Certificate of Incorporation of Acquisition as in effect on the Effective Date shall continue in full force and effect and shall be the Certificate of Incorporation of the Surviving Corporation. The Bylaws of Acquisition as in effect as of the Effective Date shall continue in full force and effect and shall be the Bylaws of the Surviving Corporation. The members of the Board of Directors and the officers of the Surviving Corporation shall be the persons holding such offices in the Company as of the Effective Date.

(d) RIGHTS AND LIABILITIES OF THE SURVIVING CORPORATION. The Surviving Corporation shall have the following rights and obligations: (i) the Surviving Corporation shall have all the rights, privileges, immunities and powers and shall be subject to all the duties and liabilities of a corporation organized under the laws of the State of Delaware; (ii) the Surviving Corporation shall possess all of the rights, privileges, immunities and franchises, of either a public or private nature, of the Company and Acquisition and all property, real, personal and mixed, and all debts due on whatever account, including subscriptions to shares, and all other choses in action, and every other interest of or belonging or due to the Company and Acquisition shall be taken and deemed to be transferred or invested in the Surviving Corporation, without any further act or deed; and (iii) at the Effective Date, the Surviving Corporation shall thenceforth be responsible and liable for all liabilities and obligations of the Company and Acquisition and any claim existing or action or proceeding pending by or against Acquisition or the Company may be prosecuted as if the Merger had not occurred, or the Surviving Corporation may be substituted in its place. Neither the rights of creditors nor any liens upon the property of the Company or Acquisition shall be impaired by the Merger.

1.2 TIME OF CLOSING. A closing (the "Closing") for the Merger shall be held at 9:00 a.m., Dallas, Texas time, on the date on which the Offering is consummated (the "Closing Date"), at the law offices of Crouch & Hallett, L.L.P. located at 717 N. Harwood, Suite 1400, Dallas, Texas, or at such other place or places and/or time as may be agreed upon by the parties.

1.3 PUT OPTION AGREEMENTS. The parties hereto agree that, effective at the time of the Closing, all of those certain Put Option Agreements, each of which is dated on or about September 19, 1994, among Purchaser, the Company and the Stockholders, or attorneys-in-fact for the Stockholders, are hereby terminated effective at the time the last required action is taken at the Closing.

1.4 CLOSING PROCEDURE. At the Closing, Acquisition and the Company will cause to be prepared, executed and delivered a Certificate of Merger to be filed with the Secretary of State of Delaware, and all other appropriate and customary documents as another party or its counsel may reasonably request for the purpose of consummating the transactions contemplated by this Agreement. Prior to the Closing, any documents required to be filed to effect the Merger shall be approved by Purchaser's counsel and in a form appropriate for filing. All actions taken at the Closing shall be deemed to have been taken simultaneously at the time the last of any such actions is taken or completed.

2. CONVERSION OF MERGER SHARES; MERGER CONSIDERATION

2.1. CONVERSION OF MERGER SHARES. The manner and basis of converting the shares of BBI Stock on the Effective Date shall be as follows:

(a) At the Effective Date, each Merger Share outstanding immediately prior to the Effective Date shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into the right to receive the Closing Price (as defined herein), the Contingent Price (as defined herein) and the Adjustment Shares (as defined herein). The "Closing Price" shall be equal to (i) $8.25 in cash plus (ii) 0.04714 shares (the "Closing Shares") of the common stock, no par value, of Purchaser ("Purchaser Stock"), payable on the Effective Date in accordance with Section 2.3 hereof; provided, however, that the Closing Price payable for each Share owned by Lynch Corporation shall be $9.90 in cash. The "Contingent Price" shall be determined as follows: (i) the Fair Market Value (as defined herein) shall be multiplied by a fraction, the numerator of which shall be equal to the aggregate number of Merger Shares held by the Stockholders on the Closing Date, and the denominator of which shall be the number of shares of BBI Stock outstanding on that date; (ii) the difference between the product obtained in subpart (i) and the aggregate amount of the cash portion of the Closing Price paid for the Merger Shares shall be divided by the Purchaser Stock Value (as defined herein); (iii) the aggregate number of Closing Shares issued by Purchaser shall then be subtracted from the number of shares of Purchaser Stock resulting from the calculations in subpart (ii); and (iv) the number of shares of Purchaser Stock remaining after performing the calculation in subpart (iii) shall then be divided by the number of Merger Shares held by the Stockholders as

of the Closing Date; provided, that for purposes of this calculation, Lynch Corporation shall be deemed to have received the same Closing Price per Share as the rest of the Stockholders. An example of the calculation of the Contingent Price is set forth on EXHIBIT B hereto.

(1) As used herein, the term "Fair Market Value" shall mean 75% of the fair market value of all of the outstanding capital stock of Acquisition, which shall be calculated in accordance with this paragraph 2.1(a)(1) as of the date a Contingent Price Notice (as defined herein) is delivered to the Purchaser. The FMV Representative (as defined herein) elected pursuant to such Contingent Price Notice and the Purchaser shall use their reasonable best efforts to come to an agreement as to the Fair Market Value prior to the date (the "Beginning Date") that is 20 days after the date of delivery of the first effective Contingent Price Notice. If the FMV Representative and Purchaser are unable to agree on the Fair Market Value prior to the Beginning Date, then, within 20 days of the Beginning Date, they shall mutually agree on and appoint an "Independent Investment Bank," which shall be an investment bank. The agreed upon Independent Investment Bank shall determine the Fair Market Value within 30 days of its appointment. If the FMV Representative and the Purchaser are unable to agree on an Independent Investment Bank within the 20-day period following the Beginning Date, then they shall each select an Independent Investment Bank within 35 days of the Beginning Date, and the Independent Investment Banks so selected shall select an Independent Investment Bank no later than 60 days after the Beginning Date, and such third-party Independent Investment Bank shall determine the Fair Market Value within 30 days of its appointment; provided, that in the event one of the parties fails to choose an Independent Investment Bank within 35 days of the Beginning Date, then the Independent Investment Bank chosen by the other party shall determine the Fair Market Value. Purchaser, Acquisition and the Appointed Representatives agree to instruct the Independent Investment Bank to be guided by the factors and assumptions set forth on EXHIBIT C hereto in determining the Fair Market Value and to provide the Independent Investment Bank with such information as it may request in order to determine the Fair Market Value. All costs of determining the Fair Market Value hereunder shall be borne equally by Purchaser and the Appointed Representatives, who shall apportion their half of the costs among the Stockholders on a pro rata basis.

(2) PAYMENT OF CONTINGENT PRICE. Within 10 business days of the determination of the Fair Market Value, Purchaser shall deliver to the appropriate Appointed Representatives (as defined herein) stock certificates representing the number of shares of Purchaser Stock (the

"Contingent Shares," and together with the Closing Shares and the Adjustment Shares, the "Payment Shares") that, in each case, is equal to the Contingent Price and the Adjustment Shares payable for the Shares held by each Stockholder represented by such Appointed Representative. Subject to the conditions of this Agreement, Purchaser, at its option, may deliver to the appropriate Appointed Representatives, in lieu of the Contingent Shares and the Payment Shares, cash or certified or cashier's checks, in an amount equal to the product obtained by multiplying the number of Contingent Shares that would, but for Purchaser's election to deliver cash, have been deliverable to such Appointed Representative by the Purchaser Stock Value.

(3) CONTINGENT PRICE NOTICE. The "Contingent Price Notice" means a written notice delivered to the Purchaser by one or more Appointed Representatives who have been granted the authority by this Agreement to act on behalf of Stockholders owning rights to receive no less than 51% of the Contingent Shares in the aggregate stating that, in accordance with the authority granted to them hereunder, such Appointed Representatives are requesting payment to such Stockholders of the Contingent Price in accordance with this Section 2.1. Upon receipt of an effective Contingent Price Notice, Purchaser shall immediately, and no less than three days of the date of its receipt of the Contingent Price Notice, inform the remaining Appointed Representatives that a valid Contingent Price Notice has been tendered. A Contingent Price Notice may be delivered to Purchaser at any time during the period beginning after September 30, 1998, and ending at 5:00 p.m., Dallas, Texas time, on September 30, 2000; provided, that if a valid Contingent Price Notice has not been delivered prior to 5:00 p.m., Dallas, Texas time on September 30, 2000, then one shall be deemed to have been delivered to Purchaser as of that date.

(4) FMV REPRESENTATIVE. On the fifth business day after the date the Contingent Price Notice is delivered, the Appointed Representatives shall hold a meeting at 9:00 a.m., Troy, Ohio time, at the offices of Acquisition, which may be attended in person or by telephone or other similar device, for the purpose of choosing a person to act on behalf of the Stockholders with regard to the determination of the Fair Market Value (the "FMV Representative"). The FMV Representative shall be elected by a vote of the Appointed Representatives, with each such Appointed Representative having one vote for each Share held by the Stockholders he or it represents as of the Closing, and the FMV Representative being chosen by a majority of

such votes.

(5) PURCHASER STOCK VALUE. As used herein, the term "Purchaser Stock Value" shall mean the average over the 30 days immediately preceding the date on which the Contingent Price Notice is delivered of: (A) the last reported sales price of the Purchaser Stock on the New York Stock Exchange, or (B) (if Purchaser Stock Value cannot be determined pursuant to the preceding (A)) the last reported sales price of the Purchaser Stock on such other national security exchange as the Purchaser Stock is then listed or admitted to unlisted trading privileges, or (C) (if Purchaser Stock Value cannot be determined pursuant to the preceding (A) or (B)) the average of the last "ask" quotation and the last "bid" quotation as reported in the Nasdaq National Market System (the "NMS"), or (D) (if Purchaser Stock Value cannot be determined pursuant to the preceding (A), (B) or (C), the average of the last "ask" quotation and the last "bid" quotation in the over-the-counter market as reported by the Nasdaq Stock Market, Inc.

(6) APPOINTED REPRESENTATIVES. Each of the Stockholders, except for K.C. Caldabaugh, Andrew Aarons, Stuart Postle, Christopher Beigie, Arthur W. Smith,

III and Joseph Sentendrey (collectively the "Management Group"), Lynch Corporation and Richard T. Ray, hereby irrevocably and severally constitutes and appoints James B. Fleming, Jr. (the "Stockholders Representative") his agent and attorney-in-fact, with full power of substitution and resubstitution in his name, place and stead, and for his use and benefit, to take or cause to be taken or performed any and all actions, deeds and things concerning the Contingent Shares owned by such Stockholder and the consummation of the transactions contemplated by this Agreement as the Stockholders Representative, in his sole discretion, deems necessary. Each of the Stockholders in the Management Group hereby irrevocably and severally constitutes and appoints K. C. Caldabaugh (the "Management Representative") his agent and attorney-in-fact, with full power of substitution and resubstitution in his name, place and stead, and for his use and benefit, to take or cause to be taken or performed any and all actions, deeds and things concerning the Contingent Shares owned by such Stockholder and the consummation of the transactions contemplated by this Agreement as the Management Representative, in his sole discretion, deems necessary. Lynch Corporation hereby irrevocably and severally constitutes and appoints Robert E. Dolan (the "Lynch

Representative") its agent and attorney-in-fact, with full power of substitution and resubstitution in his name, place and stead, and for its use and benefit, to take or cause to be taken or performed any and all actions, deeds and things concerning the Contingent Shares owned by such Stockholder and the consummation of the transactions contemplated by this Agreement as the Lynch Representative, in his sole discretion, deems necessary. Richard T. Ray ("Ray's Representative," and together with the Stockholders Representative, the Lynch Representative and the Management Representative, the "Appointed Representatives") shall act on his own behalf for purposes of this Agreement. The powers of each Appointed Representative shall include, without limitation, the power to (A) act on behalf of the Stockholders who appointed him for purposes of executing and delivering the Contingent Price Notice and the power to elect the FMV Representative, (B) withhold expenses, including without limitation expenses of legal counsel, incurred by such Appointed Representative in performing its duties hereunder, from proceeds due such Stockholders pursuant to Purchaser's payment of the Contingent Price, (C) receive the Contingent Price on behalf of such Stockholders, (D) amend, modify or waive any provisions of this Agreement, (E) retain legal counsel in connection with any and all matters described herein or contemplated hereby (which counsel may, but need not be, counsel for Purchaser), (F) take delivery and, if necessary, maintain custody of certificates evidencing the Contingent Shares owned by such Stockholders, and (G) make, execute, acknowledge and deliver all other contracts, orders, receipts, notices, requests, instructions and other documents required, in the sole discretion of the such Appointed Representative, in connection with any of the foregoing.

The power of attorney granted herein is a special power coupled with an interest and is irrevocable, and may be exercised by any person who is at the time of exercise an Appointed Representative. Each of the Stockholders agrees to be bound by any

decisions, actions or deeds taken or made by their respective Appointed Representative with regarding to their authority granted herein, and further agrees to indemnify and hold harmless any person acting as their respective Appointed Representative with regard to any liability or obligation such person may incur as a result of the performance of his obligations hereunder, except to the extent that any such liability or obligation is found by a court of competent jurisdiction in a judgment that has become final, in that it is no longer subject to appeal or review, to have

resulted from such person's gross negligence or willful misconduct.

(7) ADJUSTMENT SHARES. As used herein, the term "Adjustment Shares" shall be that number of additional shares of Purchaser Stock as is necessary to compensate each Stockholder for brokerage commissions that may be incurred by such Stockholder in selling the Payment Shares. For purposes of computing the number of Adjustment Shares, each Stockholders' brokerage costs shall be deemed to be $0.10 per Payment Share and the number of Adjustment Shares that shall be necessary to compensate each Stockholder for such costs shall be determined based on the Purchaser Stock Value of the Purchaser Stock by dividing (A) the product obtained by multiplying the number of Payment Shares by $0.10 by (B) the Purchaser Stock Value.

(b) Each share of BBI Stock held in the treasury of the Company shall automatically be canceled and extinguished without any conversion thereof and no payment will be made with respect thereto.

(c) Each share of BBI Stock owned by Purchaser shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into an aggregate number of shares of Purchaser Stock having a fair market value equal to the sum of the Closing Price and the Contingent Price, to be issued (and valued) when and as the Closing Price and the Contingent Price are paid. Such shares of Purchaser Stock may be held by Purchaser as treasury stock or canceled in the sole discretion of Purchaser.

(d) Each share of common stock, $0.01 par value, of Acquisition which shall be outstanding immediately prior to the Effective Date shall at the Effective Date, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one share of newly issued stock of the Surviving Corporation.

2.2 FRACTIONAL SHARES. No scrip or fractional shares of Purchaser Stock shall be issued in the Merger. Any fractional share of Purchaser Stock to which a Stockholder would otherwise be entitled shall be converted into the right to receive from Purchaser a full share of Purchaser Stock in lieu of such fractional share.

2.3 EXCHANGE AGENT.

(a) Purchaser shall authorize Chase Mellon Shareholder Services to serve as exchange agent hereunder (the "Exchange Agent"). Promptly after the Effective Date, Purchaser shall deposit or shall cause to be deposited in trust with the Exchange Agent certificates representing the number of

whole Closing Shares to which the Stockholders are entitled pursuant to this Article 2, together with cash sufficient to pay the Closing Price (such cash amounts and certificates being hereinafter referred to as the "Exchange Fund"). The Exchange Agent shall, pursuant to irrevocable instructions received from Purchaser, deliver the number of Closing Shares and pay the amounts of cash provided for in this Article 2 out of the Exchange Fund. The Exchange Fund shall not be used for any other purpose, except as provided in this Agreement, or as otherwise agreed to by Purchaser, Acquisition and BBI prior to the Effective Date.

(b) Within 15 days after the Effective Date, the Exchange Agent shall mail and otherwise make available to each Stockholder who, as of the Effective Date, was a holder of an outstanding certificate or certificates which immediately prior to the Effective Date represented shares of BBI Stock (the "Certificates"), a form of letter of transmittal and instructions for use in effecting the surrender of the Certificates for payment therefor and conversion thereof, which letter of transmittal shall comply with all applicable rules of the Nasdaq National Market System. Delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent and the form of letter of transmittal shall so reflect. Upon surrender to the Exchange Agent of a Certificate, together with such letter of transmittal duly executed, the holder of such Certificate shall be entitled to receive in exchange therefor one or more certificates as requested by the holder (properly issued, executed and countersigned, as appropriate) representing that number of whole Closing Shares to which such Stockholder shall have become entitled pursuant to the provisions of this Article 2 along with the cash portion of the Closing Price to which such Stockholder is entitled. No interest will be paid or accrued on the cash payable upon surrender of the Certificates. Purchaser shall pay any transfer or other taxes required by reason of the issuance of a certificate representing shares of Purchaser Stock; provided, however, that such certificate is issued in the name of the person in whose name the Certificate surrendered in exchange therefor is registered; provided further, however, that Purchaser shall not pay any income taxes incurred by the Stockholders nor shall Purchaser pay any transfer or other tax if payment of any such tax by Purchaser otherwise would cause the Merger to fail to qualify as a tax-free reorganization under the Code. If any portion of the consideration to be received pursuant to this Article 2 upon exchange of a Certificate is to be issued or paid to a person other than the person in whose name the Certificate surrendered in exchange therefor is registered, it shall be a condition of such issuance and payment that the Certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the person requesting such exchange shall pay in advance any transfer or other taxes required by reason of the issuance of a certificate representing Closing Shares to such other person, or establish to the satisfaction of the Exchange Agent that such tax has been paid or that no such tax is applicable. From the

Effective Date until surrender in accordance with the provisions of this Section 2.3, each Certificate (other than Certificates representing treasury shares of BBI and Certificates representing Dissenting Shares) shall represent for all purposes only the right to receive the consideration provided in Sections 2.1 and 2.2. No dividends that are otherwise payable on Closing Shares will be paid to persons entitled to receive Closing Shares until such persons surrender their Certificates. After such surrender, there shall be paid to the person in whose name Closing Shares shall be issued any dividends on such Closing Shares that shall have a record date on or after the Effective Date and prior to such surrender. If the payment date for any such dividend is after the date of such surrender, such payment shall be made on such payment date. In no event shall the persons entitled to receive such dividends be entitled to receive interest on such dividends.

(c) In the case of any lost, mislaid, stolen or destroyed Certificates, the holder thereof may be required, as a condition precedent to the delivery to such holder of the consideration described in this Article 2, to deliver to Purchaser a bond in such reasonable sum as Purchaser may direct as indemnity against any claim that may be made against the Exchange Agent, Purchaser or the Surviving Corporation with respect to the Certificate alleged to have been lost, mislaid, stolen or destroyed.

(d) After the Effective Date, there shall be no transfers on the stock transfer books of the Surviving Corporation of the shares of BBI Stock that were outstanding immediately prior to the Effective Date. If, after the Effective Date, Certificates are presented to the Surviving Corporation for transfer, they shall be canceled and exchanged for the consideration described in this Article 2.

(e) Any portion of the Exchange Fund that remains unclaimed by the Stockholders for six months after the Effective Date shall be returned to Purchaser, upon demand, and any holder of BBI Stock who has not theretofore complied with Section 2.3(b) shall thereafter look only to Purchaser for issuance of the number of shares of Purchaser Stock and other consideration to which such holder has become entitled pursuant to this Article 2; provided, however, that neither the Exchange Agent nor any party hereto shall be liable to a holder of shares of BBI Stock for any amount required to be paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

2.4 ADJUSTMENTS.

(a) If, between the date of this Agreement and the Effective Date, (i) the outstanding shares of BBI Stock shall have been changed into a

different number of shares or a different class by reason of any classification, recapitalization, split-up, combination, exchange of shares, or readjustment or a stock dividend thereon shall be declared with a record date within such period or (ii) BBI shall have issued additional shares of BBI Stock (other than upon the exercise of employee stock options granted prior to the date hereof) or options or warrants to purchase the same, or securities convertible into the same, the Closing Price and the Contingent Price to be delivered pursuant to the Merger shall be adjusted so

that the Stockholders will receive the same consideration for their Shares as they would have received immediately prior to such transaction.

(b) If, between the first date used for determining the Purchaser Stock Value in accordance with this Agreement and the date a Stockholder receives the Contingent Price for his Merger Shares, Purchaser shall (i) pay a dividend in or make a distribution of shares of Purchaser Stock, (ii) subdivide its outstanding shares of Purchaser Stock, (iii) combine its outstanding shares of Purchaser Stock into a smaller number of shares of Purchaser Stock, or (iv) issue any shares of its capital stock in a reclassification of its Purchaser Stock (including any such reclassification in connection with a consolidation or merger in which Purchaser is the continuing corporation), the number of Payment Shares to be delivered hereunder immediately prior thereto shall be adjusted so that such Stockholder shall be entitled to receive the kind and number of shares or other securities of Purchaser which such Stockholders would have owned or would have been entitled to receive after the happening of any of the events described above, had the Closing Price or the Contingent Price, as applicable, been paid immediately prior to the happening of such event or any record date with respect thereto.

(c) Any adjustment made pursuant to this Section 2.4 shall become effective immediately after the effective date of the event necessitating such adjustment retroactive to the record date, if any, for such event.

2.5 REGISTRATION RIGHTS. Purchaser hereby grants to the Stockholders the registration rights set forth in Section 3 hereof, which apply to any shares of Purchaser Stock delivered by Purchaser pursuant to Section 2.1 hereof.

3. REGISTRATION RIGHTS

3.1 DEMAND REGISTRATION RIGHTS. At any time that written demand is made by the Stockholders who hold at least 20% in the aggregate of the Contingent Shares, Purchaser (i) will promptly give written notice of the proposed

registration to all of the holders of Payment Shares, and (ii) will use its reasonable best efforts to file a registration statement under the Securities Act of 1933, as amended (the "Act") within 30 days of such request and to effect, as promptly as possible, the registration under the Act of the Payment Shares to be registered by the Stockholders, subject to the other provisions of this Agreement, for disposition in an underwritten public offering managed by an underwriting firm selected by Purchaser. Each person desiring to include his or her Payment Shares in such a registration must so notify Purchaser in writing within 30 days of the giving of notice of registration by Purchaser. If a managing underwriter is participating in such a registration and advises the Stockholders in writing that marketing factors require a limitation on the number of Payment Shares to be included in any registration statement filed pursuant to this Section 3.1, then such Payment Shares may be omitted from the registration statement to the extent necessary to consummate the offering on terms reasonably acceptable to the managing underwriter and a majority in interest, based upon ownership of Payment Shares, of the Stockholders requesting registration. If some, but not all, of the Payment Shares that the

Stockholders desire to sell exceeds the number of Payment Shares acceptable by the managing underwriter, then the number of Payment Shares that may be included in the registration and underwriting shall be allocated among all such Stockholders in proportion, as nearly as practicable, to the respective amounts of Payment Shares which they had requested to be included in such registration at the time of filing the registration statement. Additionally, if the managing underwriter advises Purchaser in writing that marketing factors require that the registration of the Payment Shares be deferred, or if the registration of the Payment Shares, if not deferred, would, in the opinion of the Board of Directors of Purchaser, determined reasonably and in good faith, materially and adversely affect an important business situation, transaction or negotiation affecting Purchaser at the time, then Purchaser may defer the filing of such registration statement for a period not exceeding 120 days from the date of such deferral.

3.2 PIGGY BACK REGISTRATION RIGHTS. If at any time Purchaser shall determine to register (including pursuant to a demand of any person exercising its registration rights hereunder) any of its securities under the Act, other than a Form S-8 or Form S-4 or the then equivalent forms, it shall promptly send to each holder of Payment Shares written notice of such determination and, if within 30 days after receipt of such notice, any holders of Payment Shares shall request in writing, Purchaser shall use its reasonable best efforts to include in such registration statement the Payment Shares so requested to be registered on the same terms and conditions as any similar securities of Purchaser included therein, and to effect, as promptly as possible, the registration of such Payment Shares under the Act, subject, however, to the other provisions of this

Article 3. If a managing underwriter is participating in a registration described in this Section 3.2 and advises Purchaser in writing that marketing factors require a limitation on the number of Payment Shares to be included in any registration statement filed pursuant to this Section 3.2, then such Payment Shares may be omitted from the registration statement to the extent necessary to consummate the offering on terms reasonably acceptable to Purchaser and the managing underwriter, and Purchaser shall so advise the holders of Purchaser Stock who requested registration; provided, that, Payment Shares requested to be registered by the Stockholders (if any) shall be omitted or excluded from the registration statement before any securities to be registered by Purchaser may be so omitted or excluded. If some, but not all, of the Payment Shares that the Stockholders desire to sell exceeds the number of Payment Shares acceptable by the managing underwriter, then the number of Payment Shares that may be included in the registration and underwriting shall be allocated among all such Stockholders in proportion, as nearly as practicable, to the respective amounts of Payment Shares which they had requested to be included in such registration at the time of filing the registration statement.

3.3 FURTHER OBLIGATIONS OF PURCHASER. If and whenever Purchaser is required by the provisions of this Article 3 to use its reasonable best efforts to effect the registration of Payment Shares under the Act, Purchaser will:

(a) prepare and file with the United States Securities and Exchange Commission (the "SEC") the appropriate registration statement with respect to such securities and use its reasonable best efforts to cause such registration statement to become and remain effective for 90 days or until the intended distribution is completed, whichever first occurs;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for 90 days or until the intended distribution is completed, whichever first occurs, and to comply with the requirements of the Act and the rules and regulations promulgated by the SEC thereunder relating to the sale or other disposition of the securities covered by such registration statement;

(c) furnish to the holders of Payment Shares covered by the registration statement copies of a prospectus, including a preliminary prospectus, complying with the requirements of the Act and such other documents as such holders may reasonably request in order to facilitate the public sale or other disposition of the Payment Shares covered by such registration statement;

(d) use its reasonable best efforts to register or qualify the

Payment Shares covered by such registration statement under such securities or blue sky laws as a majority of the Appointed Representatives involved in the offering or, in the case of an underwritten offering, the managing underwriter for the offering, designates; provided, however, that Purchaser shall not be required to qualify as a foreign corporation in any such jurisdiction or be required to execute a consent to submit generally to the jurisdiction of the courts of such jurisdiction or to escrow any of its securities;

(e) supply the Appointed Representatives or, in the case of an underwritten offering, the managing underwriter with copies of all correspondence and communications between Purchaser and the SEC relating to all registration statements, notifications or offering circulars provided for hereunder;

(f) endeavor to cause Purchaser's counsel and accountants to furnish the Appointed Representatives or, in the case of an underwritten offering, the managing underwriter with such documents, opinions and confirmations as may be called for by the managing underwriter and which are in the usual form incident to and as are normally required in an underwritten offering; and any such opinions as to the Payment Shares or any accountant's comfort letters shall be also addressed to the Stockholders; and

(g) do any and all such other acts and things as may reasonably, without material additional cost, be necessary or advisable to enable holders of Payment Shares to consummate the public sale or other disposition of their Payment Shares in such jurisdictions as are covered by the registration statement.

3.4 EXEMPTION FROM REGISTRATION. Notwithstanding anything contained in this Article 3, Purchaser shall not be required by this Article 3 to register any Payment Shares under the Act or under any state securities law if, according to a written opinion of counsel for Purchaser, a copy of which shall be provided to each holder of the Payment Shares, the proposed public sale or transfer of the Payment Shares as to which registration is requested is exempt from the

registration provisions of the Act and the securities laws of the states in which the Payment Shares are to be sold or transferred.

3.5 INDEMNIFICATION. The parties hereto further agree that they shall have the following respective indemnification obligations:

(a) Each person having their Payment Shares registered under this Article 3 (the "Registering Stockholders") shall indemnify and hold

harmless Purchaser and its officers, directors, and each person (if any) who controls Purchaser within the meaning of Section 15 of the Act or Section 20 of the United States Securities Exchange Act of 1934, as amended, against any losses, claims, damages or liabilities to which such persons may become subject, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement under which the Payment Shares are registered under the Act, or in any preliminary prospectus, final prospectus, or amendment or supplement to any of the foregoing, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission is based upon information furnished by such Registering Stockholder to Purchaser in writing in connection with the preparation and filing of the registration statement and specifically stating that it is being produced in connection with the preparation thereof. The indemnification obligations of each Registering Stockholder under this Section 3.6 shall be limited to the proceeds of the Payment Shares sold in such offering by such Registering Stockholder.

(b) Purchaser shall indemnify and hold harmless each Registering Stockholder against any losses, claims, damages or liabilities to which such holders may become subject, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement under which the Purchaser Stock is registered under the Act, or in any preliminary prospectus, final prospectus, or amendment or supplement to any of the foregoing, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, except to the extent that such untrue statement or alleged untrue statement or omission or alleged omission is based upon information furnished by such Registering Stockholder to Purchaser in connection with the preparation and filing of the registration statement.

(c) The indemnifying party will pay any legal or other expenses reasonably incurred by any indemnified party in connection with investigating or defending any such

loss, claim, damage, liability or action incurred by the indemnified

party as a result of the misinformation furnished by the other party.

(d) Any person entitled to indemnification herein will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party pursuant to this Agreement with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim.

(e) The indemnification provided for under this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling person of such indemnified party and will survive the transfer of securities. Purchaser also agrees to make such provisions as are reasonably requested by any indemnified party for contribution to such party in the event Purchaser's indemnification is unavailable for any reason.

3.6 PAYMENT OF EXPENSES. All costs and expenses in connection with any registration statement prepared and filed in accordance with this Article 3, including (but not limited to) federal and state registration and filing fees, printing expenses, and the fees and disbursements of counsel and independent accountants and other experts of Purchaser, shall be borne by Purchaser; provided, however, that Purchaser shall not be obligated to pay the fees and disbursements of counsel of any Shareholder or any underwriting commissions or discounts relating to any Payment Shares.

4. REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDERS

Each Stockholder hereby represents and warrants to Purchaser, severally and not jointly, that as to such Stockholder:

4.1 DUE AUTHORIZATION; EXECUTION AND DELIVERY. Such Stockholder has full power and authority to enter into and perform this Agreement and to carry out the transactions contemplated hereby. This Agreement constitutes the legal, valid and binding obligation of such Stockholder, enforceable against such Stockholder in accordance with its terms, except as may be limited by the availability of equitable remedies or by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally.

4.2 GOVERNMENTAL CONSENTS. No approval, authorization, consent, order or other action of, or filing with, any governmental authority or administrative agency is required in connection with the execution and delivery by such Stockholder of this Agreement or the consummation of the transactions contemplated hereby. No approval, authorization or consent of any other third party is required in connection with the execution and delivery by such Stockholder of this Agreement and the consummation of the transactions contemplated hereby.

4.3 SHARES. As of the Closing, such Stockholder shall be the lawful, sole and beneficial owner of the Merger Shares owned by such Stockholder, as reflected on Exhibit A hereto, free and clear of all liens, claims and encumbrances of every kind.

4.4 FINDERS AND BROKERS. No person has as a result of any agreement or action of the Stockholders any valid claim against any of the parties hereto for a brokerage commission, finder's fee or other like payment.

4.5 INVESTMENT REPRESENTATIONS AND WARRANTIES. Each Stockholder hereby represents and warrants that:

(a) He has such knowledge and experience in business and financial matters as to be capable of evaluating the merits and risks to him of an investment in the Payment Shares;

(b) Prior to executing this Agreement, he has had access to information regarding the financial condition and business of Purchaser;

(c) He is receiving the Payment Shares for his own account for investment and not with a view to, or for resale in connection with, any distribution thereof within the meaning of the Act; and

(d) He understands that he cannot offer for sale, sell or otherwise dispose of his Payment Shares unless such Payment Shares have been registered under the Act and any applicable state securities laws, or unless an exemption from such registration is available with respect to any such proposed offer, sale or disposition, and he understands that the certificates evidencing such Payment Shares will have restrictive legends thereon describing such restrictions on disposition.

5. REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to the Stockholders as follows:

5.1 ORGANIZATION AND GOOD STANDING. Each of Purchaser and Acquisition is a corporation duly organized, validly existing and in good standing under the laws of the State of

Delaware and has all requisite corporate power and authority to own and lease its properties and carry on its business as currently conducted.

5.2 DUE AUTHORIZATION. Each of Purchaser and Acquisition has full corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of Purchaser and Acquisition. This Agreement has been duly executed and delivered by Purchaser and Acquisition and constitutes the legal, valid and binding obligation of each of them, enforceable against them in accordance with its respective terms, except as may be limited by the availability of equitable remedies or by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally.

5.3 EXECUTION AND DELIVERY. The execution and delivery by Purchaser and Acquisition of this Agreement and the consummation of the transactions contemplated hereby will not: (i) conflict with or result in a breach of the certificate of incorporation or bylaws of Purchaser or Acquisition, (ii) violate any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental authority, or (iii) as of the Closing, violate or conflict with or constitute a default under (or give rise to any right of termination, cancellation or acceleration under) any indenture, mortgage, lease, contract or other instrument to which either Purchaser or Acquisition is a party or by which it is bound or affected.

5.4 PAYMENT SHARES. On the date of their respective issuances, all of the Payment Shares shall be duly authorized and validly issued and fully paid and nonassessable, and all required regulatory approvals pertaining to the Offering shall have been obtained. The Payment Shares shall be transferred to the Stockholders free and clear of any lien, privilege, pledge, option or other encumbrance.

5.5 FINDERS AND BROKERS. No person has as a result of any agreement or action of the Purchaser any valid claim against any of the parties hereto for a brokerage commission, finder's fee or other like payment.

6. CERTAIN COVENANTS AND AGREEMENTS

6.1 BEST EFFORTS. Each of the Stockholders, the Company, Acquisition and Purchaser shall take all reasonable action necessary to consummate the transactions contemplated by this Agreement and will use all necessary and reasonable means at their disposal to obtain all necessary consents and approvals of other persons and governmental authorities required to enable it to consummate the transactions contemplated by this Agreement. Each party shall make all filings, applications, statements and reports to all governmental agencies or entities which are required to be made prior to the Closing Date by or on its behalf pursuant to any statute, rule or regulation in order to consummate the transactions contemplated by this Agreement, and copies of all such filings, applications, statements and reports shall be provided to the other.

6.2 FINANCIAL INFORMATION. Purchaser hereby agrees that it shall provide any of the Stockholders who have not previously received the Contingent Price for their Merger Shares with the following:

(a) Unless an Appointed Representative for a Stockholder requests otherwise, Purchaser shall, within 90 days following the end of each of the twelve-month periods ending on December 31, 1997, December 31, 1998, December 31, 1999 and December 31, 2000, respectively (each such twelve-month period being referred to herein as a "Determination Period"), furnish to the Stockholders an audited balance sheet of Acquisition as of the close of such Determination Period and audited statements of income and cash flow of Acquisition for each Determination Period then ended, including footnotes, prepared in accordance with generally accepted accounting principles, consistently applied. Purchaser shall bear the costs of such audits. In addition, Purchaser shall cause to be furnished to the Appointed Representatives a balance sheet, statement of income and statement of cash flow of Acquisition for each fiscal quarter of Acquisition, beginning with the quarter ending June 30, 1998, up to and through the date a Contingent Price Notice is delivered to Purchaser and, if requested by the Appointed Representatives, for each month beginning with the month ending June 30, 1998, up to and through the date a Contingent Price Notice is delivered to Purchaser. All such quarterly and monthly financial statements shall be prepared in accordance with generally accepted accounting principles, consistently applied (except that such financial statements shall not include footnotes).

(b) Concurrently with the delivery of audited financial statements in accordance with paragraph (a) above, Purchaser shall provide a calculation, certified by Purchaser's independent auditors, of Acquisition's "Adjusted Net Earnings," "Outstanding Debt," "EBITDA" and "Free Cash Flows" (as each is defined in EXHIBIT C hereto) for the relevant Determination Period. Concurrently with the delivery of other, unaudited financial statements in

accordance with paragraph (a) above, Purchaser shall provide the information necessary to make a calculation of Acquisition's "Adjusted Net Earnings", "Outstanding Debt", "EBITDA" and "Free Cash Flow" for the relevant period.

(c) If at any time Purchaser or one of its affiliates, on the one hand, or the Stockholders, on the other, engages an appraiser to determine the fair market value of Acquisition, then, subject to the terms of any applicable confidentiality agreements, the party requesting such appraisal shall provide the results of such appraisal to the other parties hereunder.

(d) Each of the Stockholders acknowledges that the information and financial data that shall be provided to them in accordance with this Section 6.2 is confidential, and they hereby covenant and agree to keep such information confidential and not to disclose its contents to any other person, except as required by law or a court order.

6.3 SUCCESSORS AND ASSIGNS; SUBSEQUENT SALES OF ACQUISITION.

(a) In the event that Purchaser or any of its successors or assigns (i) consolidates or merges with or into any other person and shall not be the continuing or surviving corporation, receiving association or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any person, then, and in each such case, proper provision shall be made so that the successors and assigns of Purchaser assume all of the obligations of Purchaser set forth herein; provided, that if the corporation issuing stock on behalf of the person who survives such consolidation or merger or acquires such properties and assets is not a corporation whose common stock is publicly traded on a national security exchange or the NMS, then such person shall pay the Contingent Price in cash. This subparagraph (a) shall similarly apply to successive consolidations, mergers, sales or transfers.

(b) In the event that Purchaser or any of its successors or assigns (i) transfers more than a majority of the voting power or control over Acquisition or (ii) permits the transfer or conveyance of all or substantially all of Acquisition's properties and assets to any person, then, prior to Purchaser consummating such transfer, Purchaser shall cause the acquiring person to execute and deliver an agreement to the Appointed Representatives providing that such person agrees to maintain Acquisitions on a stand-alone basis for accounting purposes and to assume all of Purchaser's obligations hereunder, including the obligations to provide all the information that is necessary for purposes of calculating the Contingent Price and to pay the Contingent Price, which shall be paid in shares of common stock of such acquiring person or corporation of which

such acquiring person is a wholly owned subsidiary; provided, that if the corporation issuing stock on behalf of such acquiring person is not a corporation whose common stock is traded on a national security exchange or the NMS, then the acquiring corporation shall pay the Contingent Price in cash; provided further, that nothing herein shall relieve Purchaser of its obligations hereunder.

6.4 EXERCISE OF OPTIONS. K.C. Caldabaugh and Richard T. Ray hereby agree that, no later than the time of the Closing, they will exercise their options to purchase the Option Shares.

7. CONDITIONS TO PURCHASER'S CLOSING

All obligations of Purchaser under this Agreement shall be subject to the fulfillment at or prior to the Closing of the following conditions, it being understood that Purchaser may, in its sole discretion, waive any or all of such conditions in whole or in part:

7.1 REPRESENTATIONS, ETC. The Stockholders shall have performed in all material respects the covenants and agreements contained in this Agreement that are to be performed by each of them at or prior to the Closing, and the representations and warranties of the Stockholders contained in this Agreement shall be true and correct as of the Closing Date with the same effect as though made at such time (except as contemplated or permitted by this Agreement).

7.2 CONSENTS. As of the Closing, all consents and approvals of governmental agencies, and from any other third parties required to consummate the transactions contemplated by this Agreement, shall have been obtained without material cost or other materially adverse consequence to Purchaser and shall be in full force and effect.

7.3 NO ADVERSE LITIGATION. As of the Closing, no order or preliminary or permanent injunction shall have been entered and no action, suit or other legal or administrative proceeding by any court or governmental authority, agency or other person shall be pending or threatened on the Closing Date which may have the effect of (i) making any of the transactions contemplated hereby illegal, or (ii) making Purchaser or the Company, or any director or controlling person thereof, liable for the payment of a material amount of damages to any person.

7.4 CLOSING DELIVERIES. Purchaser shall have received each of the documents or items required to be delivered to it pursuant to Section 9.1 hereof.

7.5 OFFERING. Purchaser shall have consummated the Offering; provided that Purchaser is not in any way obligated to consummate the Offering.

7.6 STOCK OPTIONS. All options for shares of BBI Stock then outstanding shall have been exercised.

8. CONDITIONS TO THE STOCKHOLDERS' CLOSING

All obligations of the Stockholders under this Agreement shall be subject to the fulfillment at or prior to the Closing of the following conditions, it being understood that the Stockholders may, in their sole discretion, waive any or all of such conditions in whole or in part:

8.1 REPRESENTATIONS, ETC. Purchaser shall have performed in all material respects the covenants and agreements contained in this Agreement that are to be performed by Purchaser or the Company at or prior to the Closing, and the representations and warranties of Purchaser or the Company contained in this Agreement shall be true and correct as of the Closing Date with the same effect as though made at such time (except as contemplated or permitted by this Agreement).

8.2 NO ADVERSE LITIGATION. As of the Closing, no order or preliminary or permanent injunction shall have been entered and no action, suit or other legal or administrative proceeding by any court or governmental authority, agency or other person shall be pending or threatened on the Closing Date which may have the effect of (i) making any of the transactions contemplated hereby illegal or (ii) making the Stockholders liable for the payment of a material amount of damages to any person.

8.3 CLOSING DELIVERIES. The Stockholders shall have received each of the documents or items required to be delivered to them pursuant to Section 9.2 hereof.

8.4 OFFERING. Purchaser shall have consummated the Offering; provided that Purchaser is not in any way obligated to consummate the Offering.

9. DOCUMENTS TO BE DELIVERED AT CLOSING

9.1 TO PURCHASER. At the Closing, there shall be delivered to Purchaser:

(a) a copy of all consents and approvals referred to in Section 7.2 hereof; and

(b) all other items reasonably requested by Purchaser.

(c) an opinion of counsel to Purchaser as to the treatment of the merger as a tax-free reorganization under the Code.

9.2 TO THE STOCKHOLDERS. At the Closing, there shall be delivered to the Stockholders:

(a) a certificate, signed by the President of Purchaser, as to the fulfillment of the conditions set forth in Sections 8.1 and 8.2 hereof;

(b) all other items reasonably requested by the Stockholders;

(c) an opinion of counsel to Purchaser deliverable to the Stockholders as to the treatment of the Merger as a tax-free reorganization under the Code; and

(d) an opinion of counsel to Purchaser as to the enforceability of this Agreement and the due authorization and valid issuance of the Purchaser Stock.

10. SURVIVAL

All representations, warranties, covenants and agreements made by any party to this Agreement or pursuant hereto shall be deemed to be material and to have been relied upon by the parties hereto and shall survive the Closing. The representations and warranties hereunder shall not be affected or diminished by any investigation at any time by or on behalf of the party for whose benefit such representations and warranties were made. All statements contained herein or in any certificate, exhibit, list or other document delivered pursuant hereto or in connection with the transactions contemplated hereby shall be deemed to be representations and warranties.

11. FAILURE TO CLOSE BECAUSE OF DEFAULT

In the event that the Closing is not consummated by virtue of a material default made by a party in the observance or in the due and timely performance of any of its covenants or agreements herein contained ("Default"), the parties shall have and retain all of the rights afforded them at law or in equity by reason of that Default. In addition, the Stockholders and Purchaser acknowledge that the Merger Shares and the transactions contemplated hereby are unique, that a

failure by the Stockholders or Purchaser to complete such transactions will cause irreparable injury to the other, and that actual damages for any such failure may be difficult to ascertain and may be inadequate. Consequently, Purchaser and the Stockholders agree that each shall be entitled, in the event of a Default by the other, to specific performance of any of the provisions of this Agreement in addition to any other legal or equitable

remedies to which the non-defaulting party may otherwise be entitled. In the event any action is brought, the prevailing party shall be entitled to recover court costs, arbitration expenses and reasonable attorneys' fees.

12. TERMINATION RIGHTS

This Agreement may be terminated by either Purchaser or any of the Stockholders, if either such party is not then in Default, upon written notice to the other upon the occurrence of any of the following:

(a) if the Closing has not occurred on or before December 30, 1996;

(b) if any party hereto Defaults and such Default has not been cured within 30 days of written notice of such Default by another party;

(c) subject to the provisions of Sections 7 and 8 hereof, by any party hereto if on the Closing Date any of the conditions precedent to the obligations of Stockholders or Purchaser, respectively, set forth in this Agreement have not been satisfied or waived by such party; or

(d) by mutual consent of the Stockholders and Purchaser.

13. MISCELLANEOUS PROVISIONS

13.1 EXPENSES. The Purchaser shall pay the fees and expenses incurred by it, the Company and Acquisition in connection with the transactions contemplated by this Agreement and shall also pay the first $7,500 in legal fees incurred by the Stockholders pursuant to the negotiation of this Agreement. If any action is brought for breach of this Agreement or to enforce any provision of this Agreement, the prevailing party shall be entitled to recover court costs, arbitration expenses and reasonable attorneys' fees.

13.2 AMENDMENT. This Agreement may be amended at any time but only by an instrument in writing signed by the parties hereto.

13.3 NOTICES. All notices and other communications delivered hereunder shall be in writing and shall be deemed given if delivered personally or upon actual receipt if mailed by certified mail, return receipt requested, or delivered by nationally recognized "next-day" delivery service to the Stockholders at their respective addresses appearing on EXHIBIT A hereto or, if to the other parties hereto, at the appropriate addresses set forth below:

If to the Appointed Representatives:

Lynch Corporation

Eight Sound Shore Drive
Greenwich, CT 06830
Attention: Robert E. Dolan
Telephone: (203) 629-3333
Telecopy: (203) 629-3718

James B. Fleming, Jr.
Columbia Capital Corp.
201 N. Union Street, Suite 300
Alexandria, VA 22314
Telephone: 703-519-3028
Telecopy: 703-519-3904

K.C. Caldabaugh
518 East Water Street
Troy, Ohio 45373
Telephone: (513) 332-6500
Telecopy: (513) 335-2843

Richard T. Ray
518 East Water Street
Troy, Ohio 45373
Telephone: (513) 332-6500
Telecopy: (513) 335-2843

If to Purchaser, Acquisition or the Company:

Spinnaker Industries, Inc.
600 N. Pearl Street, Suite 2160
Dallas, Texas 75201
Attention: Ned N. Fleming, III
Telephone: (214) 855-0322
Telecopy: (214) 855-0093

with a copy to:

Lynch Corporation
Eight Sound Shore Drive
Greenwich, CT 06830
Attention: Robert Hurwich
Telephone: (203) 629-3333
Telecopy: (203) 629-3718

and to:

Crouch & Hallett, L.L.P.
717 N. Harwood, Suite 1400
Dallas, TX 75201
Attention: Lance M. Hardenburg
Telephone: (214) 922-4167
Telecopy: (214) 922-4193

or such other address or addresses as any party shall have designated by notice to each other party in accordance with this Section 13.3.

13.4 ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of a majority of Stockholders Representatives and Purchaser; provided, that any Stockholder may transfer, sell or assign his rights hereunder to another Stockholder or to any member of his immediate family, whether by inter vivos or testamentary transfer; provided, that any assignee of one or more Stockholders' rights hereunder shall be bound by the terms and provisions of this Agreement as to the exercise of such rights, including the method of calculation and receipt of the Payment Shares. Purchaser or Lynch may assign its rights under this Agreement to any of its subsidiaries or affiliated corporations, or to any of its successors pursuant to Section 6.3 hereof.

13.5 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13.6 HEADINGS. The headings of the Sections of this Agreement are inserted for convenience only and shall not constitute a part hereof.

13.7 ENTIRE AGREEMENT. This Agreement and the documents referred to herein contain the entire understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties, conveyances or undertaking other than those expressly set forth herein. This Agreement supersedes any prior agreements and understandings between the parties with respect to the subject matter.

13.8 WAIVER. No attempted waiver of compliance with any provision or condition hereof, or consent pursuant to this Agreement, will be effective unless evidenced by an instrument in writing by the party against whom the enforcement of any such waiver or consent is sought.

13.9 GOVERNING LAW. This Agreement shall be governed by and construed in

accordance with the laws of the State of Delaware.

13.10 SEVERABILITY. The event that any of the provisions contained in this Agreement is held to be invalid, illegal or unenforceable shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been contained herein.

13.11 INTENDED BENEFICIARIES. The rights and obligations contained in this Agreement are hereby declared by the parties hereto to have been provided expressly for the exclusive benefit of such entities as set forth herein and shall not benefit, and do not benefit, any unrelated third parties, except for permitted assigns under Sections 6.3 and 13.4 hereof.

13.12 MUTUAL CONTRIBUTION. The parties to this Agreement and their counsel have mutually contributed to its drafting. Consequently, no provision of this Agreement shall be construed against any party on the ground that such party drafted the provision or caused it to be drafted or the provision contains a covenant of such party.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SPINNAKER INDUSTRIES, INC.

By: /s/ Richard J. Boyle

Richard J. Boyle, Chief Executive Officer

BB MERGER CORP.

By: /s/ Ned N. Fleming, III

Ned N. Fleming, III

BROWN-BRIDGE INDUSTRIES, INC.

By: /s/ K. C. Caldabaugh

K.C. Caldabauth

STOCKHOLDERS:

Lynch Corporation

By: /s/ Robert E. Dolan

Robert E. Dolan, Chief Financial Officer

/s/ Richard J. Boyle

Richard J. Boyle

/s/ Michael L. George

Michael L. George

/s/ Ned N. Fleming

Ned N. Fleming

/s/ Lane T. Fleming

Lane T. Fleming

/s/ Mark R. Matteson

Mark R. Matteson

George Group Partners, L.P.

By: /s/ Michael L. George

Michael L. George

/s/ Mark Curcio

Mark Curcio

/s/ James B. Fleming, Jr.

James B. Fleming, Jr.

/s/ Grant Wilkinson

Grant Wilkinson

/s/ Timothy R. Vaughan

Timothy R. Vaughan

/s/ K.C. Caldabaugh

K.C. Caldabaugh

/s/ Andrew Aarons

Andrew Aarons

/s/ Stuart Postle

Stuart Postle

/s/ Richard T. Ray

Richard T. Ray

/s/ Christopher M. Beige

Christopher M. Beige

/s/ Arthur W. Smith, III

Arthur W. Smith, III

/s/ Joseph Sentendrey

Joseph Sentendrey

EXHIBIT A

NAME	ADDRESS	SHARES
Lynch Corporation	8 Sound Shore Drive, Suite 290 Greenwich, CT 06830	61,621
Richard J. Boyle	6110 Blue Circle Drive, Suite 250 Minnetonka, MN 55343	10,000
Michael L. George	One Galleria Tower, Suite 1100 13355 Noel Road Dallas, TX 75240	10,000
Ned N. Fleming	600 N. Pearl Street, Suite 2160 Dallas, TX 75201	7,500
Lane T. Fleming	600 N. Pearl Street, Suite 2160 Dallas, TX 75201	2,500
Mark Matteson	600 N. Pearl Street, Suite 2160 Dallas, TX 75201	3,030
George Group Partners	One Galleria Tower, Suite 1100 13355 Noel Road Dallas, TX 75240	17,606
Mark Curcio	1999 Avenue of the Stars Los Angeles, CA 90067	985
James B. Fleming, Jr.	201 N. Union Street, Suite 300 Alexandria, VA 22314	7,576
Grant Wilkinson	5944 Wakefield Drive	757

	Sylvania, OH 43560	
Timothy R. Vaughan	717 N. Harwood, Suite 1400 Dallas, TX 75201	1,667
K.C. Caldabaugh	518 E. Water Street Troy, OH 45373	92,879
Andrew Aarons	518 E. Water Street Troy, OH 45373	758
Stuart Postle	518 E. Water Street Troy, OH 45373	1,515
Richard T. Ray	518 E. Water Street Troy, OH 45373	38,792
Christopher M. Beige	518 E. Water Street Troy, OH 45373	5,000
Arthur W. Smith, III	518 E. Water Street Troy, OH 45373	1,200
Joseph Sentendrey	518 E. Water Street Troy, OH 45373	2,000

EXHIBIT B

The following is an example of the calculation of the Contingent Price:

(i) Fair Market Value X 265,386 shares of BBI Stock/1,066,386 shares of BBI Stock = BBI Minority Interest Value

(ii) (BBI Minority Interest Value - $2,189,434.50) DIVIDED BY Purchaser Stock Value = gross shares of Purchaser Stock

(iii) gross shares of Purchaser Stock - 12,510 Closing Shares = net shares of Purchaser Stock

(iv) net shares of Purchaser Stock DIVIDED BY 265,386 Merger Shares = shares of Purchaser Stock/1 Merger Share

EXHIBIT C

The following financial and certain accounting guidelines shall be used by Purchaser and the FMV Representative, or any Independent Investment Bank chosen by them or on their behalf, in determining the Fair Market Value of Acquisition, as a stand alone public entity, pursuant to Section 2.1 of the Agreement. Market valuation factors considered shall include, but not necessarily be limited to, comparable multiples of EBITDA and Adjusted Net Earnings (as defined herein).

In determining the Fair Market Value of Acquisition neither party nor any Independent Investment Banker selected pursuant to Section 2.1(a)(1) of this Agreement shall take into account, or apply, any discount in value as a result of the equity of Acquisition being illiquid or as a result of the Contingent Rights representing a minority interest.

DEFINITIONS

"Adjusted Net Earnings" of Acquisition shall be equal to the amount reported as "Net Earnings" on the audited (or unaudited) Statement of Earnings for each twelve months then ended on the Valuation Date (as defined herein), prepared in accordance with generally accepted accounting principles ("GAAP") consistently applied, except that Adjusted Net Earnings shall not be reduced by any of the following:

a. any management and consulting fees ("Management Fees") incurred by Purchaser, or payable by Acquisition to Purchaser, Boyle, Fleming & Co., George Group, Inc. or any one or more of their affiliates, which in the aggregate exceed 0.25% of Acquisition's net sales, as reported on the audited financial statements; provided that such limitation shall only apply for purposes of determining Fair Market Value and shall not limit the amount of Management Fees that may, in fact, be paid to Purchaser by Acqusition;

b. charges to earnings, if any, relating to Acquisition's issuance or repurchase of any equity or debt security or any security convertible into, exercisable for or exchangeable for any equity security to or from any person, including, without limitation, any charges to earnings, if any, required as a result of the transactions contemplated by this Agreement;

c. expenses incurred by either Acquisition or Purchaser related to the issuance of debt or equity securities, or the refinancing of debt owed by Acquisition to Transamerica Business Credit Corporation ("Transamerica") under that certain Loan and Security Agreement between Acquisition and Transamerica dated September 16, 1994, as amended (the "Transamerica Agreement");

d. other expenses allocated to, or incurred on behalf of Acquisition by, Purchaser or its affiliates; and

e. interest expense related to all obligations of Acquisition to the extent such expense exceeds that which would have been payable on the Outstanding Debt (as defined herein), calculated each month end, beginning with January 1996, using an annual interest rate equal to 1.25% over the Prime Rate at the end of such month (as published in the Wall Street Journal); however, interest expense related to borrowings from Purchaser, which are in excess of Acquisition's total availability under the Transamerica Agreement, shall be included in the computation of Adjusted Net Earnings and shall bear interest at the weighted average cost of capital of Purchaser, as agreed to by FMV Representative and Purchaser, or if they are unable to mutually agree, then as determined by a mutually agreed upon Independent Investment Bank.

"EBITDA" shall mean for any period the Adjusted Net Earnings of Acquisition, as calculated in Section B above with respect to such period, and as such amount is further adjusted by adding back the following expenses, all as computed under GAAP throughout such period:

a. the provision for interest expense and income tax expense, each for the same said period, but only to the extent that such expense was included in Adjusted Net Earnings for such period;

b. depreciation and amortization expense for such period, but only to the extent that such expense was included in Adjusted Net Earnings for such period;

c. franchise taxes for such period, but only to the extent that such expense was included in Adjusted Net Earnings for such period; and

d. Management Fees expensed for such period, but only to the extent that such expense was included in Adjusted Net Earnings for such period.

"Outstanding Debt" of Acquisition on the Valuation Date shall be deemed to be equal to, (i) $19,337,000, representing the total amount owed as of December 31, 1995 to Transamerica, less (ii) Free Cash Flow (as defined below) of Acquisition for the period January 1, 1996 through the Valuation Date, plus (iii) total capital lease obligations of Acquisition as of the Valuation Date.

"Free Cash Flow," as used herein, shall be equal to (i) "Cash Flows From Operating Activities," as defined under GAAP, except that such amount shall be adjusted (A) to include only the interest expense that would have been payable on the Outstanding Debt, calculated each month-end for the previous month beginning with January 1996, using an annual interest rate equal to 1.25% over the Prime Rate (as published in the Southwest Edition of the Wall Street Journal), and (B) to exclude cash paid or assets transferred in satisfaction of expenses excluded from the computation of Net Earnings above; less (ii) "Cash Flows From Investing Activities," as defined under GAAP.

In addition to the above, the fair market value of Acquisition shall be:

a. decreased by all amounts owed by Acquisition to Purchaser or its affiliates for income taxes and Management Fees as of the Valuation Date, but only to the extent that Management Fees do not exceed 0.25% of Acquisition's net sales per year;

b. increased by the full undiscounted balance of all amounts owed by Purchaser or its affiliates to Acquisition as of the Valuation Date; and

c. if there is no Outstanding Debt on the Valuation Date, increased by the book value of cash and marketable securities held by Acquisition on such Valuation Date.

"Valuation Date," shall mean the date a Contingent Price Notice is delivered to Purchaser.

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