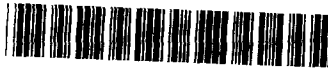


10-13-2000



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RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

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

Submission Type

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

Conveyance Type

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

MRD
9-25-00

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name BACE Manufacturing, Inc.

08312000

Formerly

- Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization Delaware

Receiving Party

Mark if additional names of receiving parties attached

Name Fleet National Bank, as Agent

DBA/KA/TA

Composed of

Address (line 1) 100 Federal Street

Address (line 2)

Address (line 3) Boston MA 02110

City

State/Country

Zip Code

- Individual General Partnership Limited Partnership

- Corporation Association

Other

Citizenship/State of Incorporation/Organization United States of America

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

FOR OFFICE USE ONLY

10/12/2000 6TON11 00000085 1886320

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40.00 DP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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

TRADEMARK
REEL: 002155 FRAME: 0471

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

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

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

Mark if additional numbers attached

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

Trademark Application Number(s)

Registration Number(s)

Number of Properties

Enter the total number of properties involved. #

Fee Amount

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

Method of Payment: Enclosed Deposit Account

Deposit Account

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


Deposit Account Number: #

Authorization to charge additional fees: Yes No

Statement and Signature

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

David Cosgrove, Esq.



September 20, 2000

Name of Person Signing

Signature

Date Signed

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of August 31, 2000, among (a) **United Plastics Group, Inc.**, a Delaware corporation, **Hanson Acquisition Sub, Inc.**, a Delaware corporation, **KEC Acquisition Sub, Inc.**, a Delaware corporation, **Supreme Plastics, Inc.**, a Texas corporation, **SPM Acquisition Sub, Inc.**, a Delaware corporation, **Precision Engineering Co.**, a Minnesota corporation, **BACE Manufacturing, Inc.**, a Delaware corporation and **SPM International Holdings, Inc.**, a Delaware corporation and each of the other Subsidiaries of the Parent which shall from time to time hereafter become a party to the Credit Agreement (collectively, the "**Borrowers**"), and (b) Fleet National Bank, as administrative agent (hereinafter, in such capacity, the "**Agent**") for itself and other lending institutions (hereinafter, collectively, the "**Lenders**") which are or may become parties to that certain Revolving Credit and Term Loan Agreement of even date herewith (as amended, restated and in effect from time to time, the "**Credit Agreement**"), among the Borrowers, the Lenders, the Agent and the other parties thereto.

WHEREAS, it is a condition precedent to the Lenders' making any loans or otherwise extending credit to the Borrowers under the Credit Agreement that the Borrowers execute and deliver to the Agent, for the benefit of the Lenders and the Agent, a security agreement in substantially the form hereof; and

WHEREAS, each of the Borrowers wishes to grant security interests in favor of the Agent, for the benefit of the Lenders and the Agent, as herein provided;

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. All capitalized terms used herein without definitions shall have the respective meanings provided therefor in the Credit Agreement. All terms defined in the Uniform Commercial Code of the Commonwealth of Massachusetts and used herein shall have the same definitions herein as specified therein.

2. Grant of Security Interest.

2.1. Collateral Granted. Each of the Borrowers hereby grants to the Agent, for the benefit of the Lenders and the Agent, to secure the payment and performance in full of all of the Obligations, a security interest in and so pledges and assigns to the Agent, for the benefit of the Lenders and the Agent, the following properties, assets and rights of such Borrower, wherever located, whether now owned or hereafter acquired or

arising, and all proceeds and products thereof (all of the same being hereinafter called the "Collateral"):

All personal and fixture property of every kind and nature including without limitation all furniture, fixtures, equipment, raw materials, inventory, other goods, accounts, contract rights, rights to the payment of money, insurance refund claims and all other insurance claims and proceeds, tort claims, chattel paper, documents, instruments, securities and other investment property, deposit accounts, rights to proceeds of letters of credit and all general intangibles including, without limitation, all tax refund claims, license fees, patents, patent applications, trademarks, trademark applications, trade names, copyrights, copyright applications, rights to sue and recover for past infringement of patents, trademarks and copyrights, computer programs, computer software, engineering drawings, service marks, customer lists, goodwill, and all licenses, permits, agreements of any kind or nature pursuant to which such Borrower possesses, uses or has authority to possess or use property (whether tangible or intangible) of others or others possess, use or have authority to possess or use property (whether tangible or intangible) of such Borrower, and all recorded data of any kind or nature, regardless of the medium of recording including, without limitation, all software, writings, plans, specifications and schematics.

2.2. Delivery of Instruments, etc.

(a) Pursuant to the terms hereof, each of the Borrowers has endorsed, assigned and delivered to the Agent all negotiable or non-negotiable instruments, certificated securities and chattel paper pledged by it hereunder, together with instruments of transfer or assignment duly executed in blank as the Agent may have specified. In the event that any Borrower shall, after the date of this Agreement, acquire any other negotiable or non-negotiable instruments, certificated securities or chattel paper to be pledged by it hereunder, such Borrower shall forthwith endorse, assign and deliver the same to the Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Agent may from time to time specify.

(b) To the extent that any securities now or hereafter acquired by any Borrower are uncertificated and are issued to such Borrower or its nominee directly by the issuer thereof, such Borrower shall when required by applicable law, in order to perfect or confirm the priority of the Agent's security interest cause the issuer to note on its books the security interest of the Agent in such securities and cause the issuer, pursuant to an agreement in form and substance satisfactory to the Agent, to agree to comply

with instructions from the Agent as to such securities, without further consent of such Borrower or such nominee. To the extent that any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by any Borrower are held by such Borrower or its nominee through a securities intermediary, such Borrower shall (i) cause such securities intermediary to note on its books the security interest of the Agent in such securities or other financial assets and to confirm such notation promptly to the Agent, when required by applicable law, in order to perfect or confirm the priority of the Agent's security interest, and (ii), at the request of the Agent, cause such securities intermediary, pursuant to an agreement in form and substance satisfactory to the Agent, to agree to comply with entitlement orders or other instructions from the Agent as to such securities or other investment property, without further consent of such Borrower or such nominee. The Agent agrees with such Borrower that the Agent shall not give any such entitlement orders or instructions or directions to any such issuer or securities intermediary unless an Event of Default has occurred and is continuing and the Agent has elected to exercise its rights and remedies as contemplated by §14.

(c) To the extent that any Borrower is a beneficiary under any written letter of credit now or hereafter issued in favor of such Borrower, such Borrower shall deliver such letter of credit to the Agent. The Agent shall from time to time, at the request and expense of such Borrower, make such arrangements with such Borrower as are in the Agent's reasonable judgment necessary and appropriate so that such Borrower may make any drawing to which such Borrower is entitled under such letter of credit, without impairment of the Agent's perfected security interest in such Borrower's rights to proceeds of such letter of credit or in the actual proceeds of such drawing. At the Agent's request, such Borrower shall, for any letter of credit, whether or not written, now or hereafter issued in favor of such Borrower as beneficiary, execute and deliver to the issuer and any confirmer of such letter of credit an assignment of proceeds form, in favor of the Agent and satisfactory to the Agent and such issuer or (as the case may be) such confirmer, requiring the proceeds of any drawing under such letter of credit to be paid directly to the Agent.

2.3. Excluded Collateral. Notwithstanding the foregoing provisions of this §2, such grant of security interest shall not extend to, and the term "Collateral" shall not include, any chattel paper and general intangibles which are now or hereafter held by any Borrower as licensee, lessee or otherwise, to the extent that (i) such chattel paper and general intangibles are not assignable or capable of being encumbered as a matter of law or under the terms of the license, lease or other agreement

applicable thereto (but solely to the extent that any such restriction shall be enforceable under applicable law), without the consent of the licensor or lessor thereof or other applicable party thereto and (ii) such consent has not been obtained; provided, however, that the foregoing grant of security interest shall extend to, and the term "Collateral" shall include, (A) any and all proceeds of such chattel paper and general intangibles to the extent that the assignment or encumbering of such proceeds is not so restricted and (B) upon any such licensor, lessor or other applicable party consent with respect to any such otherwise excluded chattel paper or general intangibles being obtained, thereafter such chattel paper or general intangibles as well as any and all proceeds thereof that might have theretofore have been excluded from such grant of a security interest and the term "Collateral".

2.4. Stock Pledge Agreement. Concurrently herewith Parent, SPM Acquisition, Precision, BACE and SPM International Holdings are executing and delivering to the Agent, for the benefit of the Lenders and the Agent, certain Stock Pledge Agreements pursuant to which such Borrowers are pledging to the Agent, for the benefit of the Lenders and the Agent, the shares of the capital stock of such Borrowers' Subsidiaries as provided for therein. Such pledge shall be governed by the terms of such Stock Pledge Agreements and not by the terms of this Agreement.

3. Title to Collateral, etc. Each Borrower is the owner of the Collateral granted by it free from any adverse lien, security interest or other encumbrance, except for the security interest created by this Agreement and other liens permitted by the Credit Agreement. None of the Collateral constitutes, or is the proceeds of, "farm products" as defined in §9-109(3) of the Uniform Commercial Code of the Commonwealth of Massachusetts. None of the account debtors in respect of any material accounts or any chattel paper or general intangibles and none of the obligors in respect of any instruments included in the Collateral is a governmental authority subject to the Federal Assignment of Claims Act.

4. Continuous Perfection. Each Borrower's place of business or, if more than one, chief executive office is indicated on the Perfection Certificate delivered by such Borrower to the Agent herewith (the "Perfection Certificate"). No Borrower will change the same, or the name, identity or corporate structure of such Borrower in any manner, without providing at least thirty (30) days prior written notice to the Agent. Except as set forth in §6, the Collateral, to the extent not delivered to the Agent pursuant to §2.2, will be kept at those locations listed on the Perfection Certificate and no Borrower will remove the Collateral from such locations, without providing at least thirty (30) days prior written notice to the Agent.

5. No Liens. Except for the security interest herein granted and Permitted Liens provided for in the Credit Agreement, each of the Borrowers shall be the owner of the Collateral free from any lien, security interest or other

encumbrance, and each Borrower shall defend the same against all claims and demands of all persons at any time claiming the same or any interests therein adverse to the Agent or any of the Lenders. No Borrower shall pledge, mortgage or create, or suffer to exist a security interest in any of the Collateral in favor of any person other than the Agent, for the benefit of the Lenders and the Agent, except for liens permitted by the Credit Agreement.

6. No Transfers. No Borrower will sell or offer to sell or otherwise transfer the Collateral or any interest therein except as permitted under this Agreement, the Credit Agreement or any other Loan Agreement.

7. Insurance.

7.1. Maintenance of Insurance. Each of the Borrowers will maintain with financially sound and reputable insurers insurance with respect to its properties and business against such casualties and contingencies as shall be in accordance with general practices of businesses engaged in similar activities in similar geographic areas. Such insurance shall be in such minimum amounts that none of the Borrowers will be deemed a co-insurer under applicable insurance laws, regulations and policies and otherwise shall be in such amounts, contain such terms, be in such forms and be for such periods as may be reasonably satisfactory to the Agent. In addition, all such insurance shall be payable to the Agent as loss payee under a "standard" or "New York" loss payee clause for the benefit of the Lenders and the Agent. Without limiting the foregoing, each of the Borrowers will (i) keep all of its physical property insured with casualty or physical hazard insurance on an "all risks" basis, with broad form flood coverages and electronic data processing coverage, with a full replacement cost endorsement and an "agreed amount" clause in an amount equal to 100% of the full replacement cost of such property, (ii) maintain all such workers' compensation or similar insurance as may be required by law and (iii) maintain, in amounts and with deductibles equal to those generally maintained by businesses engaged in similar activities in similar geographic areas, general public liability insurance against claims of bodily injury, death or property damage occurring, on, in or about the properties of such Borrower; business interruption insurance; and product liability insurance.

7.2. Insurance Proceeds. The proceeds of any casualty insurance in respect of any casualty loss of any of the Collateral owned by any of the Borrowers shall, subject to the rights, if any, of other parties with a prior interest in the property covered thereby, (i) so long as no Default or Event of Default has occurred and is continuing and to the extent that the amount of such proceeds is less than \$5,000,000 be disbursed to such Borrower for direct application by such Borrower solely to the repair or replacement of such Borrower's property so damaged or destroyed and (ii) in all other circumstances, be held by the Agent as cash

collateral for the Obligations. The Agent may, at its sole option or as provided in the Credit Agreement, disburse from time to time all or any part of such proceeds so held as cash collateral, upon such terms and conditions as the Agent may reasonably prescribe, for direct application by such Borrower solely to the repair or replacement of such Borrower's property so damaged or destroyed, or the Agent may apply all or any part of such proceeds to the Obligations in the manner provided for in the Credit Agreement.

7.3. Notice of Cancellation, etc. All policies of insurance shall provide for at least thirty (30) days prior written cancellation notice to the Agent. In the event of failure by any Borrower to provide and maintain insurance as herein provided, the Agent may, at its option, provide such insurance and charge the amount thereof to the Borrowers. Each of the Borrowers shall furnish the Agent with certificates of insurance and policies evidencing compliance with the foregoing insurance provision.

8. Maintenance of Collateral; Compliance with Law. Except as set forth in §9.6 of the Credit Agreement, each of the Borrowers will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon. The Agent, or its designee, may inspect the Collateral upon reasonable notice at any reasonable time, wherever located. Each of the Borrowers will pay promptly when due all taxes, assessments, governmental charges and levies upon the Collateral or incurred in connection with the use or operation of such Collateral or incurred in connection with this Agreement, except as permitted under the Credit Agreement. Each of the Borrowers has at all times operated, and each of the Borrowers will continue to operate, its business in compliance in all material respects with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances.

9. Collateral Protection Expenses; Preservation of Collateral.

9.1. Expenses Incurred by Agent. In its discretion, in the event of a failure to pay by the Borrowers when required, the Agent may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, make repairs thereto and pay any necessary filing fees. The Borrowers jointly and severally agree to reimburse the Agent on demand for any and all expenditures so made. The Agent shall have no obligation to any Borrower to make any such expenditures, nor shall the making thereof relieve any Borrower of any default.

9.2. Agent's Obligations and Duties. Anything herein to the contrary notwithstanding, each of the Borrowers shall remain liable under each contract or agreement comprised in the Collateral to be

observed or performed by such Borrower thereunder. Neither the Agent nor any Bank shall have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Agent or any Bank of any payment relating to any of the Collateral, nor shall the Agent or any Bank be obligated in any manner to perform any of the obligations of any Borrower under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Agent or any Bank in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Agent or to which the Agent or any Bank may be entitled at any time or times. The Agent's sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under §9-207 of the Uniform Commercial Code of the Commonwealth of Massachusetts or otherwise, shall be to deal with such Collateral in the same manner as the Agent deals with similar property for its own account.

10. Securities and Deposits. The Agent may at any time after the occurrence of an Event of Default and while the same is continuing, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or apply it to the Obligations. Whether or not any Obligations are due, if an Event of Default has occurred and is continuing, the Agent may demand, sue for, collect, or make any settlement or compromise which it deems desirable with respect to the Collateral. Regardless of the adequacy of Collateral or any other security for the Obligations, if an Event of Default has occurred and is continuing, any deposits or other sums at any time credited by or due from the Agent or any Bank to any Borrower may at any time be applied to or set off against any of the Obligations.

11. Notification to Account Debtors and Other Obligors. If an Event of Default shall have occurred and be continuing, each of the Borrowers shall, at the request of the Agent, notify account debtors on accounts, chattel paper and general intangibles of such Borrowers and obligors on instruments for which such Borrower is an obligee of the security interest of the Agent in any account, chattel paper, general intangible or instrument and that payment thereof is to be made directly to the Agent or to any financial institution designated by the Agent as the Agent's agent therefor, and the Agent may itself, if an Event of Default shall have occurred and be continuing, without notice to or demand upon any Borrower, so notify account debtors and obligors. After the making of such a request or the giving of any such notification, each Borrower shall hold any proceeds of collection of accounts, chattel paper, general intangibles and instruments received by such Borrower as trustee for the Agent, for the benefit of the Lenders and the Agent, without commingling the same with other funds of such Borrower and shall turn the same over to the Agent in the identical form received, together with any necessary endorsements or

assignments. The Agent shall apply the proceeds of collection of accounts, chattel paper, general intangibles and instruments received by the Agent to the Obligations, such proceeds to be immediately entered after final payment in cash or solvent credits of the items giving rise to them.

12. Further Assurances. Each of the Borrowers, at its own expense, shall do, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as the Agent may require more completely to vest in and assure to the Agent and the Lenders their respective rights hereunder or in any of the Collateral, including, without limitation, (i) executing, delivering and, where appropriate, filing financing statements and continuation statements under the Uniform Commercial Code, (ii) obtaining governmental and other third party consents and approvals, including without limitation any consent of any licensor, lessor or other applicable party referred to in §2.3, (iii) obtaining waivers from mortgagees and landlords and (iv) taking all actions required by Sections 8-313 and 8-321 of the Uniform Commercial Code (1990) or Sections 8-106 and 9-115 of the Uniform Commercial Code (1994), as applicable in each relevant jurisdiction, with respect to certificated and uncertificated securities.

13. Power of Attorney.

13.1. Appointment and Powers of Agent. Each of the Borrowers hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of such Borrower or in the Agent's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of such Borrower, without notice to or assent by such Borrower, to do the following:

(a) upon the occurrence and during the continuance an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral in such manner as is consistent with the Uniform Commercial Code of the Commonwealth of Massachusetts and as fully and completely as though the Agent were the absolute owner thereof for all purposes, and to do at such Borrower's expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve or realize upon the Collateral and the Agent's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as such Borrower might do, including, without limitation, (i) the filing and prosecuting of registration and transfer applications with the appropriate federal or local agencies or authorities with respect to

trademarks, copyrights and patentable inventions and processes, (ii) upon written notice to such Borrower, the exercise of voting rights with respect to voting securities, which rights may be exercised, if the Agent so elects, with a view to causing the liquidation in a commercially reasonable manner of assets of the issuer of any such securities and (iii) the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral; and

(b) to file such financing statements with respect hereto, with or without such Borrower's signature, or a photocopy of this Agreement in substitution for a financing statement, as the Agent may deem appropriate and to execute in such Borrower's name such financing statements and amendments thereto and continuation statements which may require such Borrower's signature.

13.2. Ratification by Each Borrower. To the extent permitted by law, each of the Borrowers hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

13.3. No Duty on Agent. The powers conferred on the Agent hereunder are solely to protect the interests of the Agent and the Lenders in the Collateral and shall not impose any duty upon the Agent to exercise any such powers. The Agent shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to any Borrower for any act or failure to act, except for the Agent's own gross negligence or willful misconduct.

14. Remedies. If an Event of Default shall have occurred and be continuing, the Agent may, without notice to or demand upon any Borrower, declare this Agreement to be in default, and the Agent shall thereafter have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code, including, without limitation, the right to take possession of the Collateral, and for that purpose the Agent may, so far as each of the Borrowers can give authority therefor, enter upon any premises on which the Collateral may be situated and remove the same therefrom. The Agent may in its discretion require any Borrower to assemble all or any part of the Collateral at such location or locations within the state(s) of such Borrower's principal office(s) or at such other locations as the Agent may designate. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Agent shall give to each of the Borrowers at least five (5) Business Days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale

or any other intended disposition is to be made. Each of the Borrowers hereby acknowledges that five (5) Business Days prior written notice of such sale or sales shall be reasonable notice. In addition, each of the Borrowers waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Agent's rights hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights with respect thereto. To the extent that any of the Obligations are to be paid or performed by a person other than the Borrowers, each of the Borrowers waives and agrees not to assert any rights or privileges which it may have under §9-112 of the Uniform Commercial Code of the Commonwealth of Massachusetts.

15. No Waiver, etc. Each of the Borrowers waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Obligations and the Collateral, each of the Borrowers assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Agent may deem advisable. The Agent shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof as set forth in §9.2. The Agent shall not be deemed to have waived any of its rights upon or under the Obligations or the Collateral unless such waiver shall be in writing and signed by the Agent with the consent of the Majority Lenders. No delay or omission on the part of the Agent in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. All rights and remedies of the Agent with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Agent deems expedient.

16. Marshalling. Neither the Agent nor any Bank shall be required to marshal any present or future collateral security (including but not limited to this Agreement and the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of the rights of the Agent hereunder and of the Agent or any Bank in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, each of the Borrowers hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Agent's rights under this Agreement or under any other instrument

creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, each of the Borrowers hereby irrevocably waives the benefits of all such laws.

17. Proceeds of Dispositions; Expenses. The Borrowers shall pay to the Agent on demand any and all out-of-pocket expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Agent in protecting, preserving or enforcing the Agent's rights under or in respect of any of the Obligations or any of the Collateral. After deducting all of said expenses, the residue of any proceeds of collection or sale of the Obligations or Collateral shall, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as is provided in the Credit Agreement, proper allowance and provision being made for any Obligations not then due. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by Section 9-504(1)(c) of the Uniform Commercial Code of the Commonwealth of Massachusetts, any excess shall be returned to the Borrowers, and the Borrowers shall remain liable for any deficiency in the payment of the Obligations.

18. Overdue Amounts. Until paid, all amounts due and payable by the Borrowers hereunder shall be a debt secured by the Collateral and shall bear, whether before or after judgment, interest at the rate of interest for overdue principal set forth in the Credit Agreement.

19. Governing Law; Consent to Jurisdiction. THIS AGREEMENT IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS. Each of the Borrowers agrees that any suit for the enforcement of this Agreement may be brought in the courts of the Commonwealth of Massachusetts or any federal court sitting therein and consents to the non-exclusive jurisdiction of such court and to service of process in any such suit being made upon such Borrower by mail at the address specified in §21 of the Credit Agreement. Each of the Borrowers hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

20. Waiver of Jury Trial. EACH OF THE BORROWERS WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF ANY SUCH RIGHTS OR OBLIGATIONS. Except as prohibited by law, each of the Borrowers waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. Each of the Borrowers (i) certifies that neither the Agent or any Bank nor any representative, agent or attorney of the

Agent or any Bank has represented, expressly or otherwise, that the Agent or any Bank would not, in the event of litigation, seek to enforce the foregoing waivers and (ii) acknowledges that, in entering into the Credit Agreement and the other Loan Documents to which the Agent or any Bank is a party, the Agent and the Lenders are relying upon, among other things, the waivers and certifications contained in this §20.

21. Concerning Revised Article 9 of the Uniform Commercial Code. The parties acknowledge and agree to the following provisions of this Agreement in anticipation of the possible application, in one or more jurisdictions to the transactions contemplated hereby, of the revised Article 9 of the Uniform Commercial Code in the form or substantially in the form approved in 1998 by the American Law Institute and the National Conference of Commissioners on Uniform State Law ("Revised Article 9").

21.1. Attachment. In applying the law of any jurisdiction in which Revised Article 9 is in effect, the Collateral is all assets of each Borrower, whether or not within the scope of Revised Article 9. The Collateral shall include, without limitation, the following categories of assets as defined in Revised Article 9: goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, general intangibles (including payment intangibles and software), supporting obligations and any and all proceeds of any thereof, wherever located, whether now owned and hereafter acquired. If each Borrower shall at any time, whether or not Revised Article 9 is in effect in any particular jurisdiction, acquire a commercial tort claim, as defined in Revised Article 9, such Borrower shall immediately notify the Agent in a writing signed by such Borrower of the brief details thereof and grant to the Agent in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Agent.

21.2. Perfection by Filing. The Agent may at any time and from time to time, pursuant to the provisions of §13, file financing statements, continuation statements and amendments thereto that describe the Collateral as all assets of each Borrower or words of similar effect and which contain any other information required by Part 5 of Revised Article 9 for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether such Borrower is an organization, the type of organization and any organization identification number issued to such Borrower. Such Borrower agrees to furnish any such information to the Agent promptly upon request. Any such financing statements, continuation statements or amendments may be signed by the Agent on behalf of such Borrower, as

provided in §13, and may be filed at any time in any jurisdiction whether or not Revised Article 9 is then in effect in that jurisdiction.

21.3. Other Perfection, etc. Each Borrower shall at any time and from time to time, whether or not Revised Article 9 is in effect in any particular jurisdiction, take such steps as the Agent may reasonably request for the Agent (a) to obtain an acknowledgement, in form and substance satisfactory to the Agent, of any bailee having possession of any of the Collateral that the bailee holds such Collateral for the Agent, (b) to obtain "control" of any investment property, deposit accounts, letter-of-credit rights or electronic chattel paper (as such terms are defined in Revised Article 9 with corresponding provisions in Rev. §§ 9-104, 9-105, 9-106 and 9-107 relating to what constitutes "control" for such items of Collateral), with any agreements establishing control to be in form and substance satisfactory to the Agent, and (c) otherwise to insure the continued perfection and priority of the Agent's security interest in any of the Collateral and of the preservation of its rights therein, whether in anticipation and following the effectiveness of Revised Article 9 in any jurisdiction.

21.4. Other Provisions. In applying the law of any jurisdiction in which Revised Article 9 is in effect, the following references to sections in this Agreement to existing Article 9 of that jurisdiction shall be to the Revised Article 9 Section of that jurisdiction indicated below:

Agreement Section	Existing Article 9	Revised Article 9
3	§ 9-103(3)	Rev. § 9-102(a)(34)
9.2	§ 9-207	Rev. §9-207
12	§§ 8-106 and 9-115 (1994)	Rev. §§ 8-106 and 9-106
17	§ 9-504(1)(c)	Rev. §§ 9-608(a)(1)(C) and 9-615(a)(3)

21.5. Savings Clause. Nothing contained in this §21 shall be construed to narrow the scope of the Agent's security interest in any of the Collateral or the perfection or priority thereof or to impair or otherwise limit any of the rights, powers, privileges or remedies of the Agent or any Lender hereunder except (and then only to the extent) mandated by Revised Article 9 to the extent then applicable.

22. Miscellaneous. The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon each Borrower and its respective successors and assigns, and shall inure to the benefit of the Agent, the Lenders and their respective successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable,

the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. Each of the Borrowers acknowledges receipt of a copy of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

PRECISION ENGINEERING CO.

By: _____

Name: William J. Kriss

Title: Chief Executive Officer

BACE MANUFACTURING, INC.

By: _____

Name: William J. Kriss

Title: Chief Executive Officer

**SPM INTERNATIONAL HOLDINGS,
INC.**

By: _____

Name: William J. Kriss

Title: Chief Executive Officer

FLEET NATIONAL BANK,
individually and as Agent

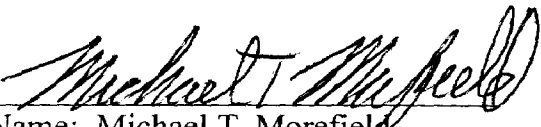
By: 

Name:


Title:

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first set forth above.


UNITED PLASTICS GROUP, INC.

By: 
Name: Michael T. Morefield
Title: Secretary and Chief Financial Officer

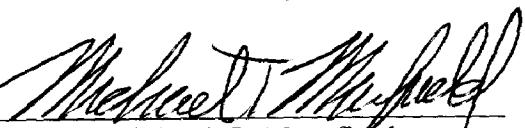
HANSON ACQUISITION SUB, INC.

By: 
Name: Michael T. Morefield
Title: Secretary and Chief Financial Officer

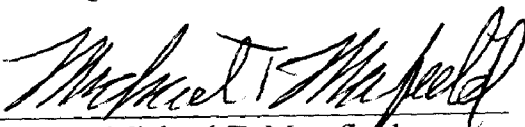
KEC ACQUISITION SUB, INC.

By: 
Name: Michael T. Morefield
Title: Secretary and Chief Financial Officer

SUPREME PLASTICS, INC.


By: 
Name: Michael T. Morefield
Title: Secretary and Chief Financial Officer

SPM ACQUISITION SUB, INC.

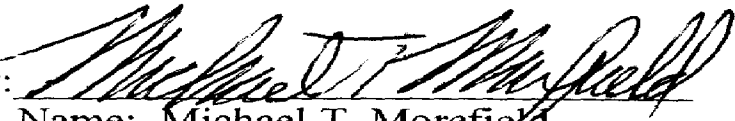
By: 
Name: Michael T. Morefield
Title: Secretary and Chief Financial Officer

(Signature pages for Security Agreement)


PRECISION ENGINEERING CO.

By: 
Name: Michael T. Morefield
Title: Secretary and Chief Financial Officer

BACE MANUFACTURING, INC.

By: 
Name: Michael T. Morefield
Title: Secretary and Chief Financial Officer

SPM INTERNATIONAL HOLDINGS, INC.

By: 
Name: Michael T. Morefield
Title: Secretary and Chief Financial Officer

FLEET NATIONAL BANK
individually and as Agent

By: _____
Name:
Title:

(Signature pages for Security Agreement)

CERTIFICATE OF ACKNOWLEDGEMENT

COMMONWEALTH OR STATE OF ILLINOIS)
)ss.
COUNTY OF DU PAGE)

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 31st day of August, 2000, personally appeared Michael T. Morefield to me known personally, and who, being by me duly sworn, deposes and says that he is the Chief Financial Officer and Secretary of United Plastics Group, Inx., Hanson Acquisition Sub, Inc., KEC Acquisition Sub, Inc., Supreme Plastics Group, Inc., SPM Acquisition Sub, Inc., Precision Engineering Co., BACE Manufacturing, Inc., and SPM International Holdings, Inc., and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said Michael T. Morefield acknowledged said instrument to be the free act and deed of said corporations.



Patricia J. Steben
Notary Public
My commission expires: 7/02/03

(Notary page for Security Agreement)

PERFECTION CERTIFICATE

The undersigned, William J. Kriss of United Plastics Group, Inc., a Delaware corporation ("UPG") hereby certifies on behalf of BACE Manufacturing, Inc., a Delaware corporation (the "Company"), with reference to a certain Security Agreement dated as of August 31, 2000 (terms defined in such Security Agreement having the same meanings herein as specified therein), by and among UPG, certain of UPG's subsidiaries and Fleet National Bank, as administrative agent (the "Agent") for itself and other financial institutions (collectively, the "Lenders"), to the Lenders as follows:

1. **Names.** (a) The exact name of the Company as that name appears on its Certificate of Formation is as follows:

BACE Manufacturing, Inc.

Source: UCC § 9-402(7) (first sentence)

(b) The following is a list of all other names (including trade names or similar appellations) used by the Company, or any other business or organization to which the Company became the successor by merger, consolidation, acquisition, change in form, nature or jurisdiction of organization or otherwise, now or at any time during the past five years:

SPM.

Source: UCC § 9-402(7) (second and third sentences)

(c) The following is the Company's federal employer identification number:

34 1117678

2. **Current Locations.** (a) The chief executive office of the Company is located at the following address:

<u>Mailing Address</u>	<u>County</u>	<u>State</u>
3125 E. Coronado Street Anaheim, CA 92806-1915	Orange	California

Source: UCC §§ 9-103(3), 9-103(4) and 9-401(6)

(b) The following are all other locations in the United States of America in which the Company maintains any books or records relating to any of the Collateral consisting of accounts, contract rights, chattel paper, general intangibles or mobile goods:

<u>Mailing Address</u>	<u>County</u>	<u>State/Country</u>
3150 E. Miraloma Avenue Anaheim, CA 92806	Orange	California
45581 Northport Loop West Fremont, CA 94538	Alameda	California
45200 Industrial Drive Units 2, 3, 4, 7, & 8 Fremont, CA 945838	Alameda	California
7131 Perimeter Park Drive Houston, TX 77041	Harris	Texas
22990 NW Bennett Street Hillsboro, OR 97124	Washington	Oregon
Troy Officentre, Suite 200 340 East Big Beaver Road Troy, MI 48083	Oakland	Michigan

Source: UCC §§ 9-103(3), 9-103(4) and 9-401(6)

(c) The following are all other places of business of the Company in the United States of America:

<u>Mailing Address</u>	<u>County</u>	<u>State</u>
None.		

Source: UCC § 9-401(1) (Third Alternative)

(d) The following are all other locations in the United States of America where any of the Collateral consisting of inventory or equipment is located:

<u>Mailing Address</u>	<u>County</u>	<u>State</u>
------------------------	---------------	--------------

None.

Source: UCC § 9-103(1)

(e) The following are the names and addresses of all persons or entities other than the Company, such as lessees, consignees, warehousemen or purchasers of chattel paper, which have possession or are intended to have possession of any of the Collateral consisting of chattel paper, inventory or equipment:

None.

Source: UCC §§ 9-103(1), 9-103(4), 9-304(2) and 9-304(3); see also UCC §§ 2-326(3), 9-114, 9-305, 9-30S and 9-408

3. Prior Locations. (a) Set forth below is the information required by subparagraphs (a), (b) and (c) of Section 2 with respect to each location or place of business previously maintained by the Company at any time during the past five years in a state in which the Company has previously maintained a location or place of business at any time during the past four months:

<u>Mailing Address</u>	<u>County</u>	<u>State</u>
------------------------	---------------	--------------

None.

Source: UCC §§ 9-103(3)(e) and 9-401(3)

(b) Set forth below is the information required by subparagraphs (d) and (e) of Section 2 with respect to each other location at which, or other person or entity with which, any of the Collateral consisting of inventory or equipment has been previously held at any time during the past four months:

<u>Name</u>	<u>Mailing Address</u>	<u>County</u>	<u>State</u>
-------------	------------------------	---------------	--------------

None.

Source: UCC §§ 9-103(1)(d) and 9-401(3)

4. **Fixtures**. Attached hereto as Schedule 4 is the information required by UCC § 9.402(5) of each state in which any of the Collateral consisting of fixtures are or are to be located and the name and address of each real estate recording office where a mortgage on the real estate on which such fixtures are or are to be located would be recorded.

Source: UCC §§ 9-401(1) and 9-402(5)

5. **File Search Reports**. Attached hereto as Schedule 5 is a true copy of a file search report from the Uniform Commercial Code filing officer (or, if such officer does not issue such reports, from an experienced Uniform Commercial Code search organization acceptable to the Administrative Agent) conducted prior to the date hereof (i) in each jurisdiction identified in Section 2 or Section 3 above with respect to each name set forth in Section 1 above and (ii) in each jurisdiction in which any of the transactions described in Schedule 8 took place with respect to the legal name of the person from which the Company purchased or otherwise acquired any of the Collateral.

6. **UCC Filings**. The Company has delivered to the Administrative Agent for filing a duly signed financing statement on Form UCC-1 in form acceptable to the Administrative Agent containing the description of the Collateral set forth on Schedule 6 which may be filed in the Uniform Commercial Code filing office in each jurisdiction identified in Section 2 hereof.

7. **Schedule of Filing**. Attached hereto as Schedule 7 is a schedule setting forth filing information with respect to the filings described in Section 6 above.

8. **Unusual Transactions**. Except for those purchases, acquisitions and other transactions described on Schedule 8 attached hereto, all of the Collateral has been originated by the Company in the ordinary course of the Company's business or consists of goods which have been acquired by the Company in the ordinary course from a person in the business of selling goods of that kind,

Source: UCC §§ 1-201(9), 9-306(2) and 9-402(7) (third sentence); see also UCC § 9-301(1)(c)

9. **Intellectual Property**. The following is a complete list of all patents, copyrights, trademarks, trade names and service marks registered in the name of the Company:

UNITED STATES:

- | | | |
|----|------------------------------------|-------------------------|
| a. | <u>Patents/Patent Applications</u> | <u>Registration No.</u> |
| | None. | |
| b. | <u>Copyrights</u> | <u>Registration No.</u> |
| | Statistical process control | No. TXU 517783 |

Win-Control

No. TXU 634882

c. Trademarks,
Trade Name and
Service Marks

Registration No.

SPM

No. 1,886,320

FOREIGN JURISDICTIONS:

a. Patents Country of Registration Registration No.
None

b. Copyrights Country of Registration Registration No.
None

c. Trademarks,
Trade Name and
Service Marks Country of Registration Registration No.
None

10. Securities; Instruments. The following is a complete list of all stock, bonds, debentures, notes and other securities owned by the Company (provide name of issuer, a description of security and value);

<u>Issuer</u>	<u>Description of Security</u>	<u>Value.</u>
SPM/Calgary, Inc.	10,000 Class A Common Shares	

11. Bank Accounts. The following is a complete list of all bank accounts maintained by the Company (provide name and address of depository bank, type of account and account number):

<u>Type of Account</u>	<u>Bank Address</u>	<u>Account Number</u>
Customer Deposits (Portland)	Wells Fargo Bank 2030 Main Street, Suite 900 Irvine, CA 92714	4159-809912
Payroll Account (Portland)	Wells Fargo Bank	4159-809904
Deposit (Anaheim)	Wells Fargo Bank	4159-393909
Payroll (Fremont)	Wells Fargo Bank	4159-393917
Deposit (Fremont)	Wells Fargo Bank	4159-393925
Payroll (Anaheim)	Wells Fargo Bank	4159-393933
(Houston)	Wells Fargo Bank	0808-578645
(Houston)	Wells Fargo Bank	6402-327407
Concentration Account	Norwest Bank Colorado 1740 Broadway Denver, CO 80274-8673	1018-303583
Operating Account	Norwest Bank Colorado	1018-303606
Insurance Account	Norwest Bank Colorado	1018-154073
Checking Account	Norwest Bank Colorado	6060-036158

IN WITNESS WHEREOF, we have hereunto signed this Perfection Certificate as of
August ____, 2000.

BACE MANUFACTURING, INC.

By: William J. Kriss
Name: William J. Kriss
Title: President and CEO

Schedule 4

Recorder of Deeds in each of the following counties:

Orange County, California

Alameda County, California

Harris County, Texas

Washington County, Oregon

Oakland County, Michigan

Schedule 5

See attached UCC search results.

Schedule 7

California Secretary of State

Anaheim County, California

Alameda County, California

Oregon Secretary of State

Washington County, Oregon

Texas Secretary of State

Harris County, Texas

Michigan Secretary of State

Oakland County, Michigan

Schedule 8

None.