

02/28/00

03-30-2000

FORM PTO-1618A  
Expires 06/30/99  
OMB 0651-0027



U.S. Department of Commerce  
Patent and Trademark Office  
TRADEMARK

101302568



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

Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year  
01 13 2000

Name

Formerly

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)     
City State/Country Zip Code

- Individual  General Partnership  Limited Partnership  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.)
- Corporation  Association
- Other

Citizenship/State of Incorporation/Organization

03/30/2000 DCOATES 00000023 1557297

FOR OFFICE USE ONLY

01 FC:481  
02 FC:482

10.00 UP  
10.00 DN

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. 20503  
TRADEMARK

REEL: 002041 FRAME: 0319

**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.)

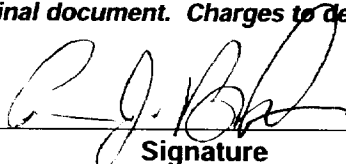
Deposit Account Number: #

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.

Aaron J. Borden



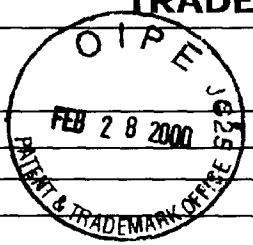
February 24, 2000

Name of Person Signing

Signature

Date Signed

# RECORDATION FORM COVER SHEET CONTINUATION TRADEMARKS ONLY



### Conveying Party

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year

Name

Formerly

Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship State of Incorporation/Organization

### Receiving Party

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKATA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

Individual  General Partnership  Limited Partnership

Corporation  Association

Other

Citizenship/State of Incorporation/Organization

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

### 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)

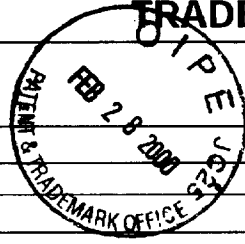
Registration Number(s)

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**RECORDATION FORM COVER SHEET  
CONTINUATION  
TRADEMARKS ONLY**

FORM PTO-1618C  
Expires 06/30/99  
OMB 0651-0027

U.S. Department of Commerce  
Patent and Trademark Office  
**TRADEMARK**



**Conveying Party**

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year

Name



Formerly

Individual     General Partnership     Limited Partnership     Corporation     Association

Other

Citizenship State of Incorporation/Organization

**Receiving Party**

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

Chemical & Materials Enterprise Assoc LP

DBA/AKA/TA

Composed of

Address (line 1)

235 Montgomery Street

Address (line 2)

Suite 920

Address (line 3)

San Francisco

City

CA

State/Country

94104

Zip Code

Individual     General Partnership     Limited Partnership

Corporation     Association

Other

Citizenship/State of Incorporation/Organization

a Delaware limited partnership

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 the Assignment.)

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

Mark if additional numbers attached

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**Trademark Application Number(s)**

**Registration Number(s)**

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## SECURITY AGREEMENT

**THIS SECURITY AGREEMENT** (this "Agreement") dated and effective as of 13 January 2000 is made by and among Electronic Lighting, Inc. (the "Company"), **NTH POWER TECHNOLOGIES FUND I, L.P.** ("Nth Power"), **DOMINION CAPITAL, INC.** ("Dominion"), and **CHEMICAL & MATERIALS ENTERPRISE ASSOCIATES, LIMITED PARTNERSHIP** ("CMEA") (Nth Power, Dominion and CMEA shall hereinafter be individually referred to as a "Secured Party" and collectively referred to as the "Secured Parties").

The Company has executed and delivered to each of the Secured Parties a Promissory Note dated of even date herewith in the principal amount of \$200,000.00, all such Promissory Notes totaling in the aggregate \$600,000.00 (individually, a "Note" and collectively, the "Notes"). The Company and the Secured Parties desire that the Secured Parties obtain the security interests hereinafter provided to secure the obligations of the Company hereunder and under the Notes.

Accordingly, the parties hereto agree as follows:

### 1. Definitions; Interpretation.

a. Terms Defined in Notes. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Notes.

b. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Business Day" means a day (i) other than a Saturday or Sunday, and (ii) on which commercial banks are open for business in California.

"Bankruptcy Code" has the meaning set forth in Section 6.

"Collateral" has the meaning set forth in Section 2.

"Dollars" and the sign "\$" each means lawful money of the United States of America.

"Lien" means any mortgage, deed of trust, pledge, security interest, assignment, deposit arrangement, charge or encumbrance, lien, or other type of preferential arrangement.

"Permitted Lien" means (i) any Lien that is subordinate to the Lien on the Collateral created by this Agreement; (ii) any Lien (A) upon or in any property acquired or held by the Company to secure the purchase price of such property or indebtedness incurred solely for the purpose of financing the acquisition of such property, or (B) existing on such property at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon; (iii) any Lien incurred in connection with the extension, renewal or refinancing of the indebtedness secured by a Lien of the type described in clause (ii) above.

"Person" means an individual, corporation, partnership, joint venture, trust, unincorporated organization, governmental agency or authority, or any other entity of whatever nature.

"Secured Obligations" means the indebtedness, liabilities and other obligations of the Company to the Secured Parties under or in connection with this Agreement and the Notes, including all unpaid principal on the Notes, all interest accrued thereon, and all fees and other amounts payable by the Company to the Secured Parties hereunder or thereunder or in connection herewith or therewith, whether now existing or hereafter arising,

and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of California; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

c. Terms Defined in UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

d. Interpretation. In this Agreement, except to the extent the context otherwise requires: (i) any reference in this Agreement to a Section, a Schedule or an Exhibit is a reference to a section hereof, a schedule hereto or an exhibit hereto, respectively, and to a subsection hereof or a clause hereof is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears; (ii) the words "hereof," "herein," "hereto," "hereunder" and the like mean and refer to this Agreement as a whole and not merely to the specific Section, subsection, paragraph or clause in which the respective word appears; (iii) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; (iv) the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; (v) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto; (vi) references to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation referred to; and (vii) the captions and headings are for convenience of reference only and shall not affect the construction of this Agreement.

## 2. Security Interest.

a. Grant of Security Interest. As security for the payment and performance of the Secured Obligations, the Company hereby pledges, assigns, transfers, hypothecates and sets over to the Secured Parties, and hereby grants to the Secured Parties, a security interest in all of the Company's right, title and interest in, to and under the following property, wherever located and whether now existing or owned or hereafter acquired or arising (collectively, the "Collateral"):

(i) all accounts receivable, contract rights, rights to payment, money and other obligations of any kind owed to the Company by the Brighton School District pursuant to that certain Energy Savings Agreement between the Company and the Brighton School District dated 13 August 1999, however evidenced, to the extent assignable without breach thereof;

(ii) all inventory wherever located, including all materials, raw materials, parts, components, work in progress, finished goods, merchandise, supplies, and all other goods which are held for sale, lease or other disposition or furnished under contracts of service or consumed in the Company's business, including those held for display or demonstration or out on lease or consignment; and

(iii) all intellectual property and all rights therein of any type or description, under any and all laws now known or hereafter existing, including, but not limited, to, inventions and discoveries, patents and patent applications, copyrights and applications for copyright (together with the underlying works of authorship) whether or not registered, together with any renewals and extensions thereof, trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names, trade secrets,

confidential and proprietary information, customer lists, other license rights, advertising materials, operating manuals, methods, processes, know-how, sales literature, drawings, specifications, blue prints, descriptions, inventions, name plates and catalogs, and the entire goodwill of or associated with the businesses now or hereafter conducted by the Company connected with and symbolized by any of the aforementioned properties and assets.

b. Continuing Security Interest. The Company agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 17.

3. Financing Statements. The Company shall execute and deliver to the Secured Parties concurrently with the execution of this Agreement, and at any time and from time to time thereafter, all financing statements, assignments, continuation financing statements, termination statements, and other documents and instruments, in form reasonably satisfactory to the Secured Parties, and take all other action, as the Secured Parties may reasonably request, to perfect and continue perfected, maintain the priority of or provide notice of the security interest of the Secured Parties in the Collateral and to accomplish the purposes of this Agreement.

4. Representations and Warranties. The Company represents and warrants to the Secured Parties that:

a. Organization and Powers. The Company is a corporation duly organized, validly existing and in good standing under the law of Delaware and has all requisite power and authority to execute, deliver and perform its obligations under this Agreement.

b. Authorization. The execution, delivery and performance by the Company of this Agreement have been (i) duly authorized by all necessary corporate action of the Company, (ii) are not in contravention of any provision of the Company's articles of incorporation or bylaws, (iii) do not violate any law or regulation or any order or decree of any court or governmental instrumentality applicable to the Company, (iv) do not conflict with or result in a breach of any contract to which the Company is a party or by which it or any of its properties is bound, and (v) do not result in the creation or imposition of any Lien upon any property of the Company other than in favor of the Secured Parties.

c. Binding Obligation. This Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

d. Title to Collateral. Except for the Permitted Liens and the Lien granted to the Secured Parties under this Agreement, the Company is the sole owner of each item of the Collateral, having good and marketable title thereto, free and clear of any and all Liens. No effective security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral exists, except such as may have been filed by the Company in favor of Secured Parties pursuant to this Security Agreement and Permitted Liens.

e. Validity. By complying with Sections 3 and 5a., the Company will have created a valid security interest in favor of the Secured Parties in all existing Collateral and in all identifiable proceeds of such Collateral, which security interest would be prior to the claims of a trustee in bankruptcy under Section 544(a) of the United States Federal Bankruptcy Code. Continuing compliance by the Company with Section 3, will also (i) create valid security interests in all Collateral acquired after the date hereof and in all identifiable proceeds of such Collateral and (ii) cause such security interest in all Collateral and in all proceeds which are (A) identifiable cash proceeds of Collateral covered by financing statements required to be filed hereunder and (B) identifiable proceeds in which a security interest may be perfected by such filing under the UCC, in each case prior to the claims of a trustee in bankruptcy under the United States Federal Bankruptcy Code.

f. Priority. Other than the Permitted Liens, no Liens rank prior to the Lien of the Secured Parties in the Collateral. Other than financing statements or other similar documents perfecting the Permitted Liens, no

financing statements, deeds of trust, mortgages or similar documents covering all or any part of the Collateral are on file or of record in any government office in any jurisdiction in which such filing or recording would be effective to perfect a security interest in such Collateral, nor is any of the Collateral in the possession of any Person (other than the Company) asserting any claim thereto or security interest therein.

g. Consents. No authorization, consent, approval, license, exemption of, or filing or registration with, any governmental authority or agency, or approval or consent of any other Person, is required for the due execution, delivery or performance by the Company of this Agreement.

h. Location of Chief Executive Office and Collateral. The Company's chief executive office and principal place of business is located at the address set forth in Schedule 1, and all other locations where the Company conducts business or Collateral is kept are set forth in Schedule 1.

i. Trade Names and Trade Styles. All trade names and trade styles under which the Company presently conducts its business operations are set forth in Schedule 1.

j. Location of Books. All locations where the Company's books and records are kept, including other persons keeping any such books and records are set forth in Schedule 1.

k. Intellectual Property. All copyrights, copyright licenses, patents, patent licenses, trademarks and trademark licenses now owned, held or in which the Company otherwise has any interest are listed on Schedule 3 attached hereto.

5. Covenants. In addition to any covenants of the Company set forth in the Notes and those certain Loan Agreements dated of even date herewith by and among the Company and the Secured Parties (individually, a "Loan Agreement," and collectively, the "Loan Agreements"), which are incorporated herein by this reference, so long as any Secured Obligations remain unsatisfied, the Company agrees that:

a. Perfection of Security Interests. The Company will, at its expense, cause all filings and recordings and other actions required to perfect the security interest granted pursuant to Section 2a. to have been completed on or prior to the date of the Notes.

b. Defense of Collateral. The Company will appear in and defend any action, suit or proceeding which may affect its title to, or right or interest in, or any right or interest of the Secured Parties in, the Collateral.

c. Preservation of Collateral, Notices. The Company will do and perform all reasonable acts that may be necessary and appropriate to maintain, preserve and protect the Collateral. The Company will not directly or indirectly (through the sale of stock, merger or otherwise) without the prior written consent of the Secured Parties sell, transfer, lease or otherwise dispose of any of the Collateral except for (i) sales of inventory in the ordinary course of its business for fair value, and (ii) so long as no Security Agreement Event of Default has occurred and is continuing, dispositions in a commercially reasonable manner of equipment which has become redundant, worn out or obsolete or which should be replaced so as to improve productivity, so long as the proceeds of any such disposition are (A) used to acquire replacement equipment which has comparable or better utility and equivalent or better value or (B) applied to repay the Secured Obligations. The Company will advise the Secured Parties promptly and in reasonable detail, (i) of any Lien, security interest, encumbrance or claim made or asserted against any of the Collateral, (ii) of any material change in the composition of the Collateral, and (iii) of the occurrence of any other event which would have a material effect on the aggregate value of the Collateral or on the security interests granted to the Secured Parties in this Agreement.



d. Compliance with Laws, Etc. The Company will comply in all material respects with all acts, laws, regulations, directions, decrees, and ordinances, and all policies of insurance, relating to the possession, operation, maintenance and control of the Collateral or to the operation of the Company's business.

e. Location of Chief Executive Office and Collateral. The Company will give at least 30 days' prior written notice to the Secured Parties of (i) any change in the location of the Company's chief executive office or principal place of business, and (ii) any change in the locations set forth in Schedule 1.

f. Change in Name, Identity or Structure. The Company will give at least 30 days' prior written notice to the Secured Parties of (i) any change in its name, (ii) any changes in, additions to or other modifications of its trade names and trade styles set forth in Schedule 1, and (iii) any changes in its identity or structure in any manner which might make any Financing Statement filed hereunder incorrect or misleading.

g. Insurance. The Company will carry and maintain in full force and effect, at its own expense and with financially sound and reputable insurance companies, insurance with respect to the Collateral in such amounts, with such deductibles and covering such risks as is customarily carried by companies engaged in the same or similar businesses and owning similar properties in the localities where the Company operates.

h. Liens. The Company will keep the Collateral free of all Liens except Permitted Liens. The Company agrees to provide the Secured Parties with thirty (30) days notice prior to entering into any agreement which may create a Permitted Lien.

i. Taxes, Etc. The Company will pay and discharge all taxes, fees, assessments and governmental charges or levies imposed upon it with respect to the Collateral prior to the date on which penalties attach thereto, except to the extent such taxes, fees, assessments or governmental charges or levies, or such claims, are being contested in good faith by appropriate proceedings.

j. Compliance with Terms of Accounts, Contracts, Permits, and Licenses. The Company will perform and comply in all material respects with all of its obligations under any permits and licenses required for the Company to undertake its business and under all agreements relating to the Collateral to which it is a party or by which it is bound.

k. Inspection. The company shall allow the Secured Parties at all times to have full and free access during normal business hours to all the books, correspondence and records of the Company, and the Secured Parties or their representatives may examine the same, make photocopies thereof and have such discussions with officers, employees and public accountants of the Company as the Secured Parties may deem necessary. The Secured Parties and their representatives shall at all times also have the right to enter into and upon any premises where any of the Collateral is located for the purpose of inspecting the same, observing its use or protecting interests of the Secured Parties therein.

l. Maintenance of Equipment. The Company will, at its expense, generally maintain the equipment used in its business in good operating condition, ordinary wear and tear excepted.

m. Reimbursement Obligation. Should the Company fail to comply with the provisions of this Agreement or any other agreement relating to the Collateral such that the value of any Collateral or the validity, perfection, rank or value of any security interest granted to the Secured Parties hereunder or thereunder is thereby diminished or potentially diminished or put at risk (as reasonably determined by the Secured Parties), the Secured Parties on behalf of the Company may, but shall not be required to, effect such compliance on behalf of the Company, and the Company shall reimburse the Secured Parties for the cost thereof on demand, and interest shall accrue on such reimbursement obligation from the date the relevant costs are incurred until reimbursement thereof in full at the rate of 18% per annum.

n. Intellectual Property Collateral. The Company shall not enter into any agreement (including any license or royalty agreement) pertaining to any of the Company's intellectual property, nor allow any such intellectual property to become abandoned or dedicated to the public.

o. Monthly Financial Statements. The Company shall provide the Secured Parties within fifteen (15) days following the close of business each month a profit and loss statement, balance sheet, a statement of cash flows for said month and a six-month cash flow projection.

6. Events of Default. Any of the following events that shall occur and be continuing shall constitute a "Security Agreement Event of Default":

a. The Company shall fail to pay within 5 days of the date when due any amount of principal of or interest on the Notes or other amount payable hereunder or under the Notes.

b. Any representation or warranty by the Company under or in connection with this Agreement, the Notes, or the Loan Agreement shall prove to have been incorrect in any material respect when made or deemed made.

c. The Company shall fail to perform or observe in any material respect any other term, covenant or agreement contained in this Agreement, the Notes, or the Loan Agreements on its part to be performed or observed and any such failure shall remain unremedied for a period of 30 days from the occurrence thereof.

d. The Company shall admit in writing its inability to, or shall fail generally or be generally unable to, pay its debts (including its payrolls) as such debts become due, or shall make a general assignment for the benefit of creditors; or the Company shall file a voluntary petition in bankruptcy or a petition or answer seeking reorganization, to effect a plan or other arrangement with creditors or any other relief under the Bankruptcy Reform Act of 1978, as amended or recodified from time to time (the "Bankruptcy Code") or under any other state or federal law relating to bankruptcy or reorganization granting relief to debtors, whether now or hereafter in effect, or shall file an answer admitting the jurisdiction of the court and the material allegations of any involuntary petition filed against the Company pursuant to the Bankruptcy Code or any such other state or federal law; or the Company shall be adjudicated a bankrupt, or shall make an assignment for the benefit of creditors, or shall apply for or consent to the appointment of any custodian, receiver or trustee for all or any substantial part of the Company's property, or shall take any action to authorize any of the actions set forth above in this paragraph; or an involuntary petition seeking any of the relief specified in this paragraph shall be filed against the Company and shall not be dismissed within 60 days; or any order for relief shall be entered against the Company in any involuntary proceeding under the Bankruptcy Code or any such other state or federal law.

e. The Company shall complete a consolidation or merger with or into any other corporation or entity or person, or shall sell all or substantially all of its assets.

f. The Company shall agree to or permit any lien other than Permitted Liens to be placed on the Collateral.

g. The Company shall subordinate the Lien on the Collateral created by this Agreement to any other lien other than Permitted Liens.

h. An Event of Default (as defined therein) shall occur under any Note.

7. Remedies.

a. Remedies. Upon the occurrence and continuance of any Security Agreement Event of Default, at the option of the Secured Parties, the Secured Parties shall have, in addition to all other rights and remedies granted to them in this Agreement or the Notes, all rights and remedies of a secured party under the UCC and other applicable laws.

b. Application of Proceeds. The cash proceeds actually received from the sale or other disposition or collection of Collateral, and any other amounts received in respect of the Collateral the application of which is not otherwise provided for herein, shall be applied to the payment of the Secured Obligations. Any surplus thereof which exists after payment and performance in full of the Secured Obligations shall be promptly paid over to the Company or otherwise disposed of in accordance with the UCC or other applicable law. The Company shall remain liable to the Secured Parties for any deficiency which exists after any sale or other disposition or collection of Collateral.

8. Confidentiality. Secured Parties covenant and agree, on a continuing basis, to use reasonable efforts to maintain the confidentiality of and not to disclose to any person other than its officers, directors, attorneys and accountants and affiliates, and such other persons to whom such Secured Parties shall at any time be required to make such disclosure in accordance with applicable law, any and all proprietary, trade secret or confidential information provided to or received by the Secured Parties from or on account of Company or any affiliate of Company, including business plans and forecasts, non-public financial information, confidential or secret processes, formulae, devices or contractual information, customer lists, employee relation matters, and any other information the disclosure of which could reasonably be expected to have a material adverse impact on the business, finances or operations of Company or its affiliates; provided, however, the foregoing provisions shall not be effective regarding the disposition of Collateral after a Security Agreement Event of Default.

9. Notices. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including by facsimile) and shall be mailed, sent or delivered, if to the Company, at or to the address or facsimile number of the Company specified for its chief executive office in Schedule 1, and, if to the Secured Parties, at or to the address or facsimile number of Secured Parties specified in Schedule 2, or at or to such other address or facsimile number as such party shall have designated in a written notice to the Company. All such notices and other communications shall be effective (i) if delivered by hand, when delivered; (ii) if sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, first class (or air mail, with respect to communications to be sent to or from the United States), postage prepaid; and (iii) if sent by facsimile transmission, when sent.

10. No Waiver; Cumulative Remedies. No failure on the part of Secured Parties to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Secured Parties.

11. Costs and Expenses. The Company agrees to pay the costs and expenses of the Secured Parties, and the fees and disbursements of their counsel, in connection with the enforcement of, and the sale or collection of, or other realization upon, any of the Collateral.

12. Binding Effect; Benefits of Agreement. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the Company, the Secured Parties, and their respective successors and assigns. This Agreement is entered into for the sole protection and benefit of the parties hereto and their respective successors and assigns, and no other Person shall be a direct or indirect beneficiary of, or shall have any direct or indirect cause of action or claim in connection with, this Agreement.

13. Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the state of California, except as required by mandatory provisions of law and to the extent the validity or perfection of the security interests hereunder, or the remedies hereunder, in respect of any collateral are governed by the law of a jurisdiction other than California.

14. Entire Agreement; Amendment. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and shall not be amended or modified except by the written agreement of the Secured Parties. Any provision of this agreement may be waived with respect to the rights of the Secured Parties by written instrument executed by the Secured Parties. Except to the extent otherwise provided herein, all consents hereunder and the exercise of any rights and remedies hereunder shall be made in accordance with the decision of the Secured Parties. Additionally, all documents and instruments executed by the Company, or furnished to the Secured Parties in connection with or related to this Agreement, shall be in form and substance satisfactory to the Secured Parties. Notwithstanding the foregoing, no amendment, waiver or consent without the consent of the Secured Parties, shall amend this Section 14 or release any material portion of the Collateral.

15. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

16. Counterparts. This Agreement may be executed in any number of counterparts and by different 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 but one and the same agreement.

17. Termination. Upon the payment and performance in full of all Secured Obligations, this Agreement shall terminate (provided however that the obligations of the Company under Section 5(l). shall survive any such termination) and the Secured Parties shall promptly execute and deliver to the Company such documents and instruments reasonably requested by the Company as shall be necessary to evidence termination of all security interests given by the Company hereunder.

18. Conflicts. To the extent any of the terms of this Agreement conflict with any of the terms of the Notes or Loan Agreements, the terms of this Agreement shall be controlling.

19. Assignment. This Agreement may be assigned by the Secured Parties at any time.

20. Actions By The Secured Parties And Amendments. All actions, omissions and decisions of the Secured Parties hereunder or any amendment of the Notes or any Loan Agreement or this Agreement (each called herein "Act of the Secured Parties") shall be determined by and require the written consent of the Secured Parties holding Notes the combined face amount of which equal or exceed 50% of the aggregate outstanding principal amount evidenced by all Notes. Each Secured Party shall take such actions and execute such documents as may be necessary to confirm or accomplish any Act of the Secured Parties. Notwithstanding the foregoing, the consent of each affected Secured Party shall be necessary to do the following to any Note:

(a) reduce the percentage of the principal and interest amount of Loans whose holders must consent to constitute an Act of the Secured Parties;

(b) reduce the rate of or change the time for payment of interest on any Loan;

(c) reduce the principal of or change the fixed maturity of any Loan; or

(d) make any Loan payable in money other than the stated in the Note.

21. Unequal Payment By Grantor. Each Secured Party agrees that if it shall, through the exercise of any right granted to the Secured Parties under this Agreement, under the Notes, Loan Agreement, or by applicable law, including, but not limited to any right of set-off, any secured claim under Section 506 of the Bankruptcy Code or any other security or interest arising from, or in lieu of such secured claim, and received by such Secured Party under any applicable bankruptcy, insolvency or other similar law, or otherwise, obtain payment in respect of its Note as a result of which the unpaid portion of its Note is proportionally less than the unpaid portion of the Notes of the other Secured Parties, then (a) it shall promptly purchase at par (and shall be deemed to have thereupon purchased) from such other Secured Parties a participation in the loans of each such other Secured Party, so that the amount of such Secured Party's Note and the participation in the loans of the other Secured Parties shall be in the same proportion to all Notes then outstanding as the amount of its Note prior to the obtaining of such payment was to the amount of all Notes outstanding prior to the obtaining of such payment and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that the Secured Parties share the benefits of such payment pro rata.

22. Exercise of Rights. Upon the occurrence of any Security Agreement Event of Default or any Event of Default under any Note (as defined therein), and if any Secured Party proceeds to exercise any rights with respect to the Collateral, the Secured Parties shall share the Collateral and the proceeds of such Collateral ratably in accordance with their proportionate interests, without priority one over the other.

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

**COMPANY:**

Electronic Lighting, Inc.

By:   
Title: President

*Vice*

**SECURED PARTIES:**

Dominion Capital, Inc.

By: \_\_\_\_\_  
Title:

Chemical & Materials Enterprise Associates, Limited Partnership

By: \_\_\_\_\_  
Title:

Nth Power Technologies Fund I, L.P.

By: \_\_\_\_\_  
Title:

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

**COMPANY:**

Electronic Lighting, Inc.

By: \_\_\_\_\_  
Title: President

**SECURED PARTIES:**

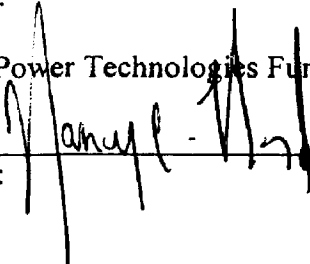
Dominion Capital, Inc.

By:   
Title: \_\_\_\_\_

Chemical & Materials Enterprise Associates, Limited Partnership

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Nth Power Technologies Fund I, L.P.

By:   
Title: \_\_\_\_\_

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

**COMPANY:**

Electronic Lighting, Inc.


By: \_\_\_\_\_  
Title: President

**SECURED PARTIES:**

Dominion Capital, Inc.

By: \_\_\_\_\_  
Title:

Chemical & Materials Enterprise Associates, Limited Partnership

By:   
Title: General Partner

Nth Power Technologies Fund I, L.P.

By: \_\_\_\_\_  
Title:

EXHIBIT A	Promissory Notes
SCHEDULE 1	Locations and Trade Names
SCHEDULE 2	Address of Secured Parties
SCHEDULE 3	Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks, and Trademark Licenses



EXHIBIT A

PROMISSORY NOTES

**[INTENTIONALLY OMITTED FOR FILING PURPOSES]**

SCHEDULE 1

(i) Locations of Chief Executive Office and other Locations, including of Collateral:

a. Chief Executive Office and Principal Place of Business:

37200 Central Court  
Newark, CA 94560

b. Other locations where Company conducts business or Collateral is kept:

none

(ii) Trade Names and Trade Styles; Other Corporate, Trade or Fictitious Names; Etc.:

Electronic Lighting, Inc.  
ELI

(iii) Location of the Company's Books and Records:

37200 Central Court  
Newark, CA 94560

SCHEDULE 2  
ADDRESS OF SECURED PARTIES

Nth Power Technologies Fund I, L.P.  
100 Spear St., Ste. 1450  
San Francisco, CA 94105  
Attn: Nancy Floyd

Fax: (415) 974-0608

Dominion Capital, Inc.  
120 Tredegar St.  
Richmond, VA 23219  
Attn: David L. Heavenridge

Chemical & Materials Enterprise Associates, Limited Partnership  
235 Montgomery Street, Ste. 920  
San Francisco, CA 94104  
Attn: Tom Baruch

**SCHEDULE 3  
COPYRIGHTS, COPYRIGHT LICENSES, PATENTS, PATENT LICENSES, TRADEMARKS,  
AND TRADEMARK LICENSES**

ELI patents include:

1. U.S. Patent 5,315,214; issued 24 May 1994, Dimmable High Power Factor High-Efficiency Electronic Ballast Controller Integrated Circuit with Automatic Ambient Over-Temperature Shutdown.  
**[REMAINING PORTION INTENTIONALLY OMITTED FOR FILING PURPOSES]**
2. U.S. Patent 5,315,215; issued 24 May 1994; High Voltage Switching Circuit.  
**[REMAINING PORTION INTENTIONALLY OMITTED FOR FILING PURPOSES]**
3. U.S. Patent 5,345,164; issued 6 September 1994; Power Factor Corrected DC Power Supply.  
**[REMAINING PORTION INTENTIONALLY OMITTED FOR FILING PURPOSES]**
4. U.S. Patent 5,477,112; issued 19 December 1995; Ballasting Network with Integral Trap.  
**[REMAINING PORTION INTENTIONALLY OMITTED FOR FILING PURPOSES]**
5. U.S. Patent 5,635,825; issued 3 June 1997; Power Factor Corrected Feed Forward Coupler DC Power Supply.  
**[REMAINING PORTION INTENTIONALLY OMITTED FOR FILING PURPOSES]**
6. U.S. Patent 5,703,442; issued 30 December 1997; Method and Apparatus for Interfacing a Light Dimming Control with an Automated Control System.  
**[REMAINING PORTION INTENTIONALLY OMITTED FOR FILING PURPOSES]**
7. U.S. Patent 5,757,630; issued 26 May 1998; Control Circuit with Improved Functionality for Non-Linear and Negative Resistance Loads.  
**[REMAINING PORTION INTENTIONALLY OMITTED FOR FILING PURPOSES]**
8. U.S. Patent 5,828,182; issued 27 October 1998; Apparatus for Supplying Power from a Ballast Circuit to an Auxiliary Load.  
**[REMAINING PORTION INTENTIONALLY OMITTED FOR FILING PURPOSES]**

ELI registered trademarks include:

- |                                |              |
|--------------------------------|--------------|
| 1. U.S. Registration 1,991,847 | ELI          |
| 2. U.S. Registration 2,286,371 | E (Stylized) |
| 3. U.S. Registration 2,139,637 | PowerPlus    |
| 4. U.S. Registration 2,066,922 | DayWatt      |

ELI trademarks that have been allowed and published for opposition include:

1. Arium
2. Envoy
3. DigiDim
4. Lighting @ Work