

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

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| SUBMISSION TYPE: | NEW ASSIGNMENT | | |
| NATURE OF CONVEYANCE: | SECURITY INTEREST | | |
| CONVEYING PARTY DATA | | | |
| Name | Formerly | Execution Date | Entity Type |
| Quantum Vision, Inc. | | 10/31/2005 | CORPORATION: DELAWARE |
| RECEIVING PARTY DATA | | | |
| Name: | Tesla Capital, LLC | | |
| Street Address: | 6707 Democracy Blvd., Suite 905 | | |
| City: | Bethesda | | |
| State/Country: | MARYLAND | | |
| Postal Code: | 20817 | | |
| Entity Type: | LIMITED LIABILITY COMPANY: DELAWARE | | |
| PROPERTY NUMBERS Total: 4 | | | |
| Property Type | Number | Word Mark | |
| Serial Number: | 78410812 | QUANTAPHOR | |
| Serial Number: | 78410800 | HYBRID LIGHT ENGINE | |
| Serial Number: | 75529029 | QUANTUM VISION | |
| Serial Number: | 75210873 | QUANTUM VISION | |
| CORRESPONDENCE DATA | | | |
| Fax Number: | (319)365-8443 | | |
| | <i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i> | | |
| Phone: | 319-365-9461 | | |
| Email: | deanna@shuttleworthlaw.com | | |
| Correspondent Name: | Ryan N. Carter | | |
| Address Line 1: | 115 3rd Street SE, Suite 500 | | |
| Address Line 2: | P.O. Box 2107 | | |
| Address Line 4: | Cedar Rapids, IOWA 52406 | | |
| ATTORNEY DOCKET NUMBER: | 16941-18 | | |
| NAME OF SUBMITTER: | Ryan N. Carter | | |

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| Signature: | /Ryan N. Carter/ |
| Date: | 11/01/2005 |
| <p>Total Attachments: 15</p> <p>source=Security Agreement 10-31-05#page1.tif source=Security Agreement 10-31-05#page2.tif source=Security Agreement 10-31-05#page3.tif source=Security Agreement 10-31-05#page4.tif source=Security Agreement 10-31-05#page5.tif source=Security Agreement 10-31-05#page6.tif source=Security Agreement 10-31-05#page7.tif source=Security Agreement 10-31-05#page8.tif source=Security Agreement 10-31-05#page9.tif source=Security Agreement 10-31-05#page10.tif source=Security Agreement 10-31-05#page11.tif source=Security Agreement 10-31-05#page12.tif source=Security Agreement 10-31-05#page13.tif source=Security Agreement 10-31-05#page14.tif source=Security Agreement 10-31-05#page15.tif</p> | |

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement") is made as of the 31st day of October, 2005, by QUANTUM VISION, INC., a Delaware corporation with its principal offices at 686 West Maude Avenue, Sunnyvale, California 94085 (hereinafter "Debtor"), in favor of TESLA CAPITAL, LLC, a Delaware limited liability company ("Tesla"), and such other lenders who become parties hereto (individually and collectively, the "Secured Party"). Debtor hereby agrees with Secured Party as follows:

1. Definitions. As used in this Agreement, the following terms shall have the meanings indicated below:

(a) The term "Debtor" shall mean Debtor.

(b) The term "Code" shall mean the Uniform Commercial Code as in effect in the State of California on the date of this Agreement or as it may hereafter be amended from time to time.

(c) The term "Collateral" shall mean all of the property set forth below:

(i) All present and future accounts, chattel paper, documents, instruments, deposit accounts and general intangibles (including any right to payment for goods sold or services rendered arising out of the sale or delivery of personal property or work done or labor performed by Debtor), now or hereafter owned, held, or acquired by Debtor, together with any and all books of account, customer lists and other records relating in any way to the foregoing (including, without limitation, computer software, whether on tape, disk, card, strip, cartridge containing any of the foregoing or any other form), and in any case where an account arises from the sale of goods, the interest of Debtor in such goods.

(ii) All present and hereafter acquired inventory (including without limitation, all raw materials, work in process and finished goods) held, possessed, owned, held on consignment, or held for sale, lease, return or to be furnished under contracts of services, in whole or in part, by Debtor wherever located, all records relating in any way to the foregoing (including, without limitation, any computer software, whether on tape, disk, card, strip, cartridge containing any of the foregoing or any other form).

(iii) All equipment and fixtures of whatsoever kind and character, excluding leased equipment owned by third parties, now or hereafter possessed, held, acquired or owned by Debtor and used or usable in Debtor's business, together with all replacements, accessories, additions, substitutions and accessions to all of the foregoing, and all

records relating in any way to the foregoing (including, without limitation, any computer software, whether on tape, disk, card, strip, cartridge containing any of the foregoing or any other form).

(iv) All (a) intellectual property, software, software codes, processes and related rights, copyrights, copyright licenses, patents, patent licenses, trademarks and trademark licenses of Debtor; (b) all renewals, extensions and modifications thereof; (c) income, royalties, damages, profits and payments relating to or payable under any of the foregoing; (d) the right to sue for past, present or future infringements of any of the foregoing; (e) other rights and benefits relating to any of the foregoing throughout the world; and (f) goodwill associated with and symbolized by any of the foregoing; in each case, whether now owned or hereafter acquired by the Debtor.

(v) All shares of capital stock, partnership interests, membership interests and other equity interests now owned or hereafter acquired by Debtor in any person or entity (the "Pledged Shares"), together with certificates representing all of such shares or other interests, and any interest of Debtor in the entries on the books of any financial intermediary pertaining to the Pledged Shares, and all dividends, cash, options, warrants, rights, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Shares.

The term "Collateral," as used herein, shall also include all PRODUCTS and PROCEEDS of all of the foregoing (including without limitation, insurance payable by reason of loss or damage to the foregoing property) and any property, securities, guaranties or monies of Debtor which may at any time come into the possession of Secured Party.

(d) The term "Indebtedness" shall mean (i) all indebtedness, obligations and liabilities of Debtor to Secured Party now existing or hereafter arising under the Notes (as hereafter defined), (ii) all accrued but unpaid interest on any of the indebtedness described in (i) of this subsection, (iii) all obligations of Debtor to Secured Party under any documents evidencing, securing, governing and/or pertaining to all or any part of the indebtedness described in (i) and (ii) above, (iv) all costs and expenses incurred by Secured Party in connection with the collection and administration of all or any part of the indebtedness and obligations described in (i), (ii) and (iii) above or the protection or preservation of, or realization upon, the collateral securing all or any part of such indebtedness and obligations, including without limitation all reasonable attorneys' fees, and (v) all renewals, extensions, modifications and rearrangements of the indebtedness and obligations described in (i), (ii), (iii) and (iv) above.

(e) The term “Prior Security Agreement” shall mean the Security Agreement, dated as of April 28, 2003, as amended from time to time, by and among the Debtor, Tesla and the additional parties named therein.

(f) The term “Notes” shall mean (a) that certain Secured Convertible Promissory Note in the maximum original principal amount of \$500,000, dated October 31, 2005, executed by the Debtor in favor of Tesla, and (b) other Secured Convertible Promissory Notes of like tenor (if any) executed by Debtor after the date hereof in favor of other Secured Parties pursuant to Section 6.6 of that certain Series F Preferred Stock Purchase Agreement, dated as of March 30, 2005, between Debtor, Tesla and certain other parties thereto (each as amended, restated or otherwise modified from time to time).

All words and phrases used herein which are expressly defined in Article 9 of the Code shall have the meaning provided for therein. Other words and phrases defined elsewhere in the Code shall have the meaning specified therein except to the extent such meaning is inconsistent with a definition in Article 9 of the Code.

2. Security Interest. As security for the Indebtedness, for value received, Debtor hereby grants to Secured Party a continuing security interest in the Collateral subject to the terms set forth herein. Secured Party agrees that the lien granted pursuant to the Prior Security Agreement is senior in priority to the lien granted to Secured Party pursuant to this Agreement.

3. Affirmative Covenants. Debtor will comply with the covenants contained in this Section 3 at all times during the period of time this Agreement is effective unless Secured Party shall otherwise consent in writing.

(a) Ownership and Liens. Debtor will maintain good and marketable title to all Collateral free and clear of all liens, security interests, encumbrances or adverse claims, except for (i) the security interest created by this Agreement or by the Prior Security Agreement, (ii) security interests which are subordinate to those set forth herein and which have been granted pursuant to Secured Party’s consent, such consent not to be unreasonably withheld and (iii) liens, security interests, encumbrances or adverse claims disclosed to Secured Party as of the date hereof. Debtor will not permit any dispute, right of setoff, counterclaim or defense to exist with respect to all or any part of the Collateral except non-material write-downs or write-offs of accounts receivable. Debtor will cause any prior financing statement or other security instrument with respect to the Collateral not otherwise permitted hereunder to be terminated, except as may have been filed in favor of Secured Party. Debtor will defend at its expense Secured Party’s right, title and security interest in and to the Collateral against the claims of any third party.

(b) Further Assurances. Debtor will from time to time at its expense promptly execute and deliver all additional instruments and documentation and take all further actions necessary or appropriate, or that Secured Party may request, in order (i) to perfect and protect the security interest created or purported

to be created hereby and the first priority of such security interest, subject only to the senior lien granted pursuant to the Prior Security Agreement, (ii) to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to the Collateral, and (iii) to otherwise effect the purposes of this Agreement, including without limitation: (A) executing and filing such financing or continuation statements, or amendments thereto; (B) furnishing to Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral, all in reasonable detail satisfactory to Secured Party; and (C) furnishing to Secured Party from time to time stock certificates, certificates of deposit, brokerage account assignments and related items for which the security interest in the Collateral granted to Secured Party is perfected by possession.

(c) Inspection of Collateral. Debtor will keep adequate records concerning the Collateral and will permit Secured Party and all representatives and agents appointed by Secured Party to inspect any of the Collateral and the books and records of or relating to the Collateral at any time during normal business hours and upon reasonable notice, to make and take away photocopies, photographs and printouts thereof and to write down and record any such information.

(d) Payment of Taxes. Debtor (i) will timely pay all property and other taxes, assessments and governmental charges or levies imposed upon the Collateral or any part thereof, (ii) will timely pay all lawful claims which, if unpaid, might become a lien or charge upon the Collateral or any part thereof, and (iii) will maintain appropriate accruals and reserves for all such liabilities in a timely fashion in accordance with generally accepted accounting principles. Debtor may, however, delay paying or discharging any such taxes, assessments, charges, claims or liabilities so long as the validity thereof is contested in good faith by proper proceedings and such delay does not involve any material danger of the sale, forfeiture or loss of any material portion of the Collateral or any interest in the Collateral and provided Debtor has set aside adequate cash reserves therefor; provided, however, Debtor understands and agrees that in the event of such delay in payment or discharge and upon Secured Party's written request, Debtor will establish with Secured Party an escrow acceptable to Secured Party adequate to cover the payment of such taxes, assessments, governmental charges, interests, costs and penalties with a reasonable additional sum to cover possible costs, interest and penalties (which escrow shall be returned to Debtor upon Debtor's payment of such taxes, assessments, and governmental charges, interest, costs and penalties or a final resolution of the contest resulting in Debtor's owing no liability) or furnish Secured Party with an indemnity bond secured by a deposit in cash or other security acceptable to Secured Party. Notwithstanding any other provision contained in this Subsection, Secured Party may at its discretion exercise its rights under Subsection 5(c) at any time to pay such taxes, assessments, governmental charges, interest, costs and penalties.

(e) Accounts and General Intangibles. Debtor will, except as otherwise provided in Subsection 4(e), collect, at Debtor's own expense, all amounts due or to become due under each of the accounts and general intangibles. In connection with such collections, Debtor may and, at Secured Party's direction, will take such action as Debtor or Secured Party may deem necessary or advisable to enforce collection or performance of each of the accounts and general intangibles. Debtor will also duly perform and cause to be performed all of its obligations with respect to the goods or services, the sale or lease or rendition of which gave rise or will give rise to each account and all of its obligations to be performed under or with respect to the general intangibles. Debtor also covenants and agrees to take any action and/or execute any documents that Secured Party may request in order to comply with the Federal Assignment of Claims Act, as amended.

(f) Chattel Paper, Documents and Instruments. Debtor will take such action as may be requested by Secured Party in order to cause Secured Party's secured interest in any chattel paper, documents or instruments to be valid and enforceable.

4. Negative Covenants. Debtor will comply with the negative covenants contained in this Section 4 at all times during the period of time this Agreement is effective, unless Secured Party shall otherwise consent in writing.

(a) Transfer or Encumbrance. Debtor will not (i) sell, assign (by operation of law or otherwise), transfer, exchange, lease or otherwise dispose of any part of the Collateral other than in the ordinary course of business, (ii) grant a lien or security interest in or execute, file or record any financing statement or other security instrument with respect to the Collateral to any party other than Secured Party except with respect to security interests in liens which are junior to Secured Party's security interest, the lien granted pursuant to the Prior Security Agreement, and the lien created hereby and only after obtaining Secured Party's consent to such lien, or (iii) deliver actual or constructive possession of any of the Collateral to any party other than Secured Party, except for (A) the use of available cash for working capital purposes and to pay liabilities and payables incurred in the ordinary course of business, (B) sales and leases of inventory and equipment in the ordinary course of business, (C) the sale or other disposal of any item of equipment which is worn out or obsolete, (D) sale of office furniture and related fixtures to any existing or new tenant or subtenant of Debtor's existing leased space and (E) security interests which are classified as purchase money security interests under the Code.

(b) Impairment of Security Interest. Debtor will not take or fail to take any action which would in any manner impair the value or enforceability of Secured Party's security interest in any Collateral.

(c) Possession of Collateral. Debtor will not cause or permit the removal of any Collateral from its possession, control and risk of loss, nor will

Debtor cause or permit the removal of any Collateral from the address in Section 9(j) hereof other than (i) as permitted by Subsection 4(a); or, (ii) in connection with the possession of any Collateral by Secured Party or by its bailee, or (iii) otherwise than in the ordinary course of business.

(d) Goods. Debtor will not permit any Collateral which constitutes goods to at any time (i) be covered by any document except documents in the possession of the Secured Party, (ii) become so related to, attached to or used in connection with any particular real property so as to become a fixture upon such real property, or (iii) be installed in or affixed to other goods so as to become an accession to such other goods unless such other goods are subject to a perfected first priority security interest under this Agreement or unless Secured Party has granted its written consent to such installation.

(e) Compromise of Collateral. Debtor will not adjust, settle, compromise, amend or modify any Collateral, except an adjustment, settlement, compromise, amendment or modification (collectively "Settlement") in good faith, in the ordinary course of business, and with a total value (including all other such Settlements with respect to the same subject matter or with the same party) of no more than \$1,000.00; provided, however, that this exception shall automatically terminate upon the occurrence of an Event of Default. Debtor shall promptly provide to Secured Party such information concerning (i) any Settlement involving any Collateral, and (ii) any claim asserted by any account debtor for credit, allowance, adjustment, dispute, setoff or counterclaim.

(f) Financing Statement Filings. Debtor recognizes that financing statements pertaining to the Collateral have been or may be filed where Debtor maintains any Collateral, has its records concerning any Collateral, or has its residence or chief executive office, as the case may be. Without limitation of any other covenant herein, Debtor will not cause or permit any change in the location of (i) any Collateral, (ii) any records concerning any Collateral, or (iii) Debtor's residence or chief executive office, as the case may be, to a jurisdiction other than Sunnyvale, California or Tempe, Arizona unless Debtor shall have notified Secured Party in writing of such change at least sixty (60) days prior to the effective date of such change, and shall have first taken all action required by Secured Party for the purpose of further perfecting or protecting the security interest in favor of Secured Party in the Collateral. In any written notice furnished pursuant to this Subsection, Debtor will expressly state that the notice is required by this Agreement and contains facts that may require additional filings of financing statements or other notices for the purpose of continuing perfection of Secured Party's security interest in the Collateral.

5. Rights of Secured Party. Secured Party shall have the rights contained in this Section 5 at all times during the period of time this Agreement is effective.

(a) Additional Financing Statement Filings.

(i) To the extent reasonably necessary to maintain Secured Party's perfected security interest in the Collateral (such as the relocation of Debtor's chief executive office), or upon the occurrence of an Event of Default, Debtor hereby authorizes Secured Party to file, without the signature of Debtor, one or more financing or continuation statements, and amendments thereto, relating to the Collateral. Debtor further agrees that a photographic or other reproduction of this Security Agreement or any financing statement describing any Collateral is sufficient as a financing statement and may be filed in any jurisdiction Secured Party may deem appropriate.

(ii) Upon the issuance of each Note to any Secured Party other than Tesla, Tesla agrees to promptly amend any financing statements previously filed pursuant to this Agreement by Tesla to include such other Secured Party. Notwithstanding any such amendment, in the event Tesla's lien granted under this Agreement is determined to have a priority under the Code that is prior to any other Secured Party's lien granted under this Agreement, Tesla agrees (as among each Secured Party) to take reasonable action to attempt to allocate (among each Secured Party hereunder in proportion to the principal amount lent by each Secured Party to Debtor under the Notes) payments, if any, Tesla receives as a Secured Party hereunder as a result of such higher priority of Tesla's lien hereunder with the objective that all proceeds recovered under this Agreement by the Secured Parties hereunder shall be shared pro rata according to the respective principal amount lent by each Secured Party to Debtor under the Notes. This provision shall not apply to any payments or consideration received by Tesla as a result of any other agreement with Debtor or as a result of any other security interest granted to Tesla and/or others by Debtor.

(b) Power of Attorney. Upon the occurrence of an Event of Default, Debtor hereby irrevocably appoints Secured Party as Debtor's attorney-in-fact, such power of attorney being coupled with an interest, with full authority in the place and stead of Debtor and in the name of Debtor or otherwise, from time to time in Secured Party's discretion, to take any action and to execute any instrument which Secured Party may deem necessary or appropriate to accomplish the purposes of this Agreement, including without limitation: (i) to obtain and adjust insurance required by Secured Party hereunder; (ii) to demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of the Collateral; (iii) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (i) or (ii) above; and (iv) to file any claims or take any action or institute any proceedings which Secured Party may deem necessary or appropriate for the collection and/or preservation of the Collateral or otherwise to enforce the rights of Secured Party with respect to the Collateral.

(c) Performance by Secured Party. If Debtor fails to perform any agreement or obligation provided herein, Secured Party may itself perform, or cause performance of, such agreement or obligation, and the expenses of Secured Party incurred in connection therewith shall be a part of the Indebtedness, secured by the Collateral and payable by Debtor on demand. Such performance by Secured Party shall not cure any breach or Default by Debtor of its obligations under this Security Agreement or the Notes, nor shall such performance limit in any way the rights and remedies available to Secured Party.

6. Events of Default. An “Event of Default” under this Agreement shall be defined as the occurrence of a “Default” as set forth in the Notes.

7. Remedies and Related Rights. If an Event of Default shall have occurred, and without limiting any other rights and remedies provided herein, under this Agreement or the Notes, or otherwise available to Secured Party, Secured Party may exercise one or more of the rights and remedies provided in this Section.

(a) Remedies. Secured Party may from time to time at its discretion, without limitation and without notice except as expressly provided in the Notes:

(i) exercise in respect of the Collateral all the rights and remedies of a secured party under the Code (whether or not the Code applies to the affected Collateral);

(ii) require Debtor to, and Debtor hereby agrees that it will at its expense and upon request of Secured Party, assemble the Collateral as directed by Secured Party and make it available to Secured Party at a place to be designated by Secured Party;

(iii) reduce its claim to judgment or foreclose or otherwise enforce, in whole or in part, the security interest granted hereunder by any available judicial procedure;

(iv) sell or otherwise dispose of, at its office, on the premises of Debtor or elsewhere, the Collateral, as a unit or in parcels, by public or private proceedings, and by way of one or more contracts (it being agreed that the sale or other disposition of any part of the Collateral shall not exhaust Secured Party’s power of sale, but sales or other dispositions may be made from time to time until all of the Collateral has been sold or disposed of or until the Indebtedness has been paid and performed in full), and at any such sale or other disposition it shall not be necessary to exhibit any of the Collateral;

(v) buy the Collateral, or any portion thereof, at any public sale;

(vi) buy the Collateral, or any portion thereof, at any private sale if the Collateral is of a type customarily sold in a recognized market

or is of a type which is the subject of widely distributed standard price quotations;

(vii) apply for the appointment of a receiver for the Collateral, and Debtor hereby consents to any such appointment; and

(viii) at its option, retain the Collateral in satisfaction of the Indebtedness whenever the circumstances are such that Secured Party is entitled to do so under the Code or otherwise.

Debtor agrees that in the event Debtor is entitled to receive any notice under the Uniform Commercial Code, as it exists in the state governing any such notice, of the sale or other disposition of any Collateral, reasonable notice shall be deemed given when such notice is deposited in a depository receptacle under the care and custody of the United States Postal Service, postage prepaid, at Debtor's address set forth in Section 9(j) hereof, five (5) days prior to the date of any public sale, or after which a private sale, of any of such Collateral is to be held. Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Application of Proceeds. If any Event of Default shall have occurred, Secured Party may at its discretion apply or use any cash held by Secured Party as Collateral, and any cash proceeds received by Secured Party in respect of any sale or other disposition of, collection from, or other realization upon, all or any part of the Collateral as follows in such order and manner as Secured Party may elect:

(i) to the repayment or reimbursement of the reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Secured Party in connection with (A) the administration of the Notes, (B) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, the Collateral, and (C) the exercise or enforcement of any of the rights and remedies of Secured Party hereunder;

(ii) to the payment or other satisfaction of any liens and other encumbrances upon the Collateral;

(iii) to the satisfaction of the Indebtedness;

(iv) by holding such cash and proceeds as Collateral;

(v) to the payment of any other amounts required by applicable law (including without limitation, Section 9504(a)(3) of the Code or any other applicable statutory provision); and

(vi) by delivery to Debtor or any other party lawfully entitled to receive such cash or proceeds whether by direction of a court of competent jurisdiction or otherwise.

(c) Deficiency. In the event that the proceeds of any sale of, collection from, or other realization upon, all or any part of the Collateral by Secured Party are insufficient to pay all amounts to which Secured Party is legally entitled, Debtor and any party who guaranteed or is otherwise obligated to pay all or any portion of the Indebtedness shall be liable for the deficiency, together with interest thereon as provided in the Notes.

(d) Non-Judicial Remedies. In granting to Secured Party the power to enforce its rights hereunder without prior judicial process or judicial hearing, Debtor expressly waives, renounces and knowingly relinquishes any legal right which might otherwise require Secured Party to enforce its rights by judicial process. Debtor recognizes and concedes that non-judicial remedies are consistent with the usage of trade, are responsive to commercial necessity and are the result of a bargain at arm's length. However, nothing herein is intended to prevent Secured Party from resorting to judicial process at Secured Party's option.

(e) Other Recourse. Debtor waives any right to require Secured Party to proceed against any third party, exhaust any Collateral or other security for the Indebtedness, or to have any third party joined with Debtor in any suit arising out of the Indebtedness, or pursue any other remedy available to Secured Party. Debtor further waives any and all notice of acceptance of this Agreement and of the creation, modification, rearrangement, renewal or extension of the Indebtedness. Debtor further waives any defense arising by reason of any disability or other defense of any third party or by reason of the cessation from any cause whatsoever of the liability of any third party. Until all of the Indebtedness shall have been paid in full, Debtor shall have no right of subrogation and Debtor waives the right to enforce any remedy which Secured Party has or may hereafter have against any third party, and waives any benefit of and any right to participate in any other security whatsoever now or hereafter held by Secured Party. Debtor authorizes Secured Party, and without notice or demand and without any reservation of rights against Debtor and without affecting Debtor's liability hereunder or on the Indebtedness to (i) take or hold any other property of any type from any third party as security for the Indebtedness, and exchange, enforce, waive and release any or all of such other property, (ii) apply such other property and direct the order or manner of sale thereof as Secured Party may in its discretion determine, (iii) renew, extend, accelerate, modify, compromise, settle or release any of the Indebtedness or other security for the Indebtedness, (iv) waive, enforce or modify any of the provisions of the Notes, and (v) release or substitute any third party.

8. Subordination to CMC License Agreement. The Secured Party acknowledges that the Debtor and CMC Electronics Inc., a corporation organized under the laws of Canada ("CMC"), entered into a License Agreement, dated as of March 31,

2004 (the "CMC License Agreement"), which generally grants CMC, upon the occurrence of certain defaults by the Debtor under a supply agreement to be entered into with CMC or upon the cessation of the Debtor's business operations, a license to obtain and exploit certain technology and intellectual property rights of the Debtor for use in connection with the manufacture of head up displays and helmet mounted displays in aircraft cockpits under the terms and conditions set forth therein. Notwithstanding any other provision of this Agreement to the contrary, including without limitation the covenants, obligations, rights, remedies and representations of the parties set for above, the Secured Party agree that its rights and remedies under this Agreement shall be subject and subordinated to the rights of CMC under the CMC License Agreement and the Escrow Agreement contemplated thereby. The Secured Party agrees to take no action under this Agreement which would restrict or adversely affect CMC's ability to exercise its rights under and receive the practical benefits of the CMC License Agreement. Notwithstanding the foregoing, this Section 8 shall not limit or restrict in any manner the Secured Party's rights and remedies under this Agreement with respect to any portion of the Collateral that is not the subject of the license granted to CMC under the CMC License Agreement.

9. Miscellaneous.

(a) Entire Agreement. This Agreement, along with the Prior Security Agreement, contains the entire agreement of Secured Party and Debtor with respect to the Collateral. If the parties hereto are parties to any prior agreement, either written or oral, relating to the Collateral, the terms of this Agreement shall amend and supersede the terms of such prior agreement other than the Prior Security Agreement, but all security agreements, financing statements, guaranties, other contracts and notices for the benefit of Secured Party shall continue in full force and effect to secure the Indebtedness unless Secured Party specifically releases its rights thereunder by separate release.

(b) Amendment. No modification, consent or amendment of any provision of this Agreement or the Notes shall be valid or effective unless the same is in writing and signed by Tesla and the Company.

(c) Actions by Secured Party. The lien, security interest and other security rights of Secured Party hereunder shall not be impaired by (i) any renewal, extension, increase or modification with respect to the Indebtedness, (ii) any surrender, compromise, release, renewal, extension, exchange or substitution which Secured Party may grant with respect to the Collateral, (iii) any release or indulgence granted to any endorser, guarantor or surety of the Indebtedness, or any conversion of any part of the Indebtedness into an equity interest in securities issued by Debtor. The taking of additional security by Secured Party shall not release or impair the lien, security interest or other security rights of Secured Party hereunder or affect the obligations of Debtor hereunder.

(d) Waiver by Secured Party. Secured Party may waive any Event of Default without waiving any other prior or subsequent Event of Default. Secured

Party may remedy any default without waiving the Event of Default remedied. Neither the failure by Secured Party to exercise, nor the delay by Secured Party in exercising, any right or remedy upon any Event of Default shall be construed as a waiver of such Event of Default or as a waiver of the right to exercise any such right or remedy at a later date. No single or partial exercise by Secured Party of any right or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right or remedy hereunder, under any statute, or at law or equity, may be exercised at any time. No waiver of any provision hereof or consent to any departure by Debtor therefrom shall be effective unless the same shall be in writing and signed by Secured Party and then such waiver or consent shall be effective only in the specific instances, for the purpose for which given and to the extent therein specified. No notice to or demand on Debtor in any case shall of itself entitle Debtor to any other or further notice or demand in similar or other circumstances.

(e) Costs and Expenses. Debtor will upon demand pay to Secured Party the amount of any and all costs and expenses (including without limitation, attorneys' fees and expenses), which Secured Party may incur in connection with (i) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, the Collateral, (ii) the exercise or enforcement of any of the rights of Secured Party under the Notes, or (iii) the failure by Debtor to perform or observe any of the provisions hereof.

(f) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, EXCEPT TO THE EXTENT PERFECTION AND THE EFFECT OF PERFECTION OR NON-PERFECTION OF THE SECURITY INTEREST GRANTED HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF CALIFORNIA.

(g) Venue. This Agreement has been entered into in the city of Sunnyvale in Santa Clara County in the State of California, where Secured Party's address for notice purposes is located, and it shall be performable for all purposes in such county. Courts within the State of California shall have jurisdiction over any and all disputes arising under or pertaining to this Agreement and venue for any such disputes shall be in the county or judicial district where this Agreement has been executed and delivered.

(h) Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, shall not impair or invalidate the remainder of this Agreement, and the effect thereof shall be confined to the provision held to be illegal, invalid or unenforceable.

(i) No Obligation. Nothing contained herein shall be construed as an obligation on the part of Secured Party to extend or continue to extend credit to Debtor.

(j) Notices. Except as otherwise permitted herein, whenever this Agreement or the Notes require or permit any consent, approval, notice, request, or demand from one party to another, the consent, approval, notice, request, or demand must be in writing to be effective and shall be deemed to have been given or made when delivered personally or by overnight courier on the day that such notice is received if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. The address of each party for the purposes hereof is as follows:

| | |
|---------|--|
| INITIAL | Tesla Capital, LLC |
| SECURED | c/o Stephen Kaffee |
| PARTY: | 2 Democracy Plaza, 6707 Democracy Blvd., Suite 905, Bethesda, MD 20817 |
| DEBTOR: | Quantum Vision, Inc. 686 West Maude Avenue, Sunnyvale, California 94085 Attn: Steven M. Jaffe, President and Chief Executive Officer |

Any party may change any address to which notice is to be given to it by giving notice as provided above of such change of address. The address of any additional Secured Party shall be as set forth on their signature page hereto or to the Loan Agreement.

(k) Binding Effect and Assignment. This Agreement (i) creates a continuing security interest in the Collateral, (ii) shall be binding on Debtor and the heirs, executors, administrators, personal representatives, successors and assigns of Debtor, and (iii) shall inure to the benefit of Secured Party and its or their successors and assigns. Without limiting the generality of the foregoing, Secured Party may pledge, assign or otherwise transfer the Indebtedness and its rights under this Agreement to any other party. Debtor's rights and obligations hereunder may not be assigned or otherwise transferred without the prior written consent of Secured Party.

(l) Termination. Upon payment in full of the Indebtedness, this Agreement and the security interests created hereby shall terminate. Upon termination of this Agreement and with Debtor's written request, Secured Party will, at Debtor's sole cost and expense, return to Debtor such of the Collateral as shall not have been sold or otherwise disposed of or applied pursuant to the terms

hereof, and execute and deliver to Debtor such documents as Debtor shall reasonably request to evidence such termination.

(m) Cumulative Rights. All rights and remedies of Secured Party hereunder are cumulative of each other and of every other right or remedy which Secured Party may otherwise have at law or in equity or under the Notes, and the exercise of one or more of such rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of any other rights or remedies.

(n) Gender and Number. Within this Agreement, words of any gender shall be held and construed to include the other gender, and words in the singular number shall be held and construed to include the plural and words in the plural number shall be held and construed to include the singular, unless in each instance the context requires otherwise.

(o) Descriptive Headings. The headings in this Agreement are for convenience only and shall in no way enlarge, limit or define the scope or meaning of the various and several provisions hereof.

(p) Exculpation Among Lenders. Each party hereunder included in the definition of "Secured Party" hereunder (each a "Lender") agrees that any and all decisions to be made under this Agreement by, or rights inuring under this Agreement to the benefit of, "Secured Party" shall be made by, and controlled by, the Lender(s) holding Note(s) representing a majority of the principal amount of the Indebtedness. Any decision or action by such Lender(s) shall bind all Lenders under this Agreement. Each Lender acknowledges and agrees that it is not relying upon any statements or instruments made or issued by any other Lender or any other person or entity other than Debtor and its officers in making its decision to invest in or participate in the Notes. Each Lender agrees that neither any Lender nor the respective controlling persons, officers, directors, partners, agents, or employees of any such Lender shall be liable to any other Lender for any action heretofore or hereafter taken or omitted to be taken as Secured Party in connection with this Agreement. No Lender shall be required to keep itself informed as to the performance or observance by Debtor of this Agreement or any other document referred to or provided for herein or to make inquiry of, or to inspect the properties or books of, Debtor or to inform other Lenders of information it obtains with respect to Debtor.

[signature page follows]

EXECUTED as of October 31, 2005.

Debtor:

QUANTUM VISION, INC.
a Delaware corporation

By: Steven M. Jaffe
Name: Steven M. Jaffe
Title: President and Chief Executive
Officer

Secured Party:

TESLA CAPITAL, LLC,
a Delaware limited liability company

By: _____
Stephen Kaffee, CEO