

07-12-2006

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings



U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

103272083

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

7-10-06

1. Name of conveying party(ies):

Video Display Corporation

- Individual(s) Association General Partnership Limited Partnership Corporation-State Other

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: 06/28/06

2. Name and address of receiving party(ies)

Name: RBC CENTURA BANK, collateral agent

Internal Address: 75 5th Street, Suite 900

Street Address: 75 5th Street, Suite 900

City: Atlanta State: GA Zip: 30308

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State NC State Banking Corporation Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s) 76/567089 and 78/337,284

B. Trademark Registration No.(s) 1,685,105; 1,861,650; 0,617,164; 2,313,022

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Bradley E. Wahl, Esq.

Internal Address:

Street Address: Nelson Mullins Riley & Scarborough

999 Peachtree Street, NE, Suite 1400

City: Atlanta State: GA Zip: 30309

6. Total number of applications and registrations involved:

9

7. Total fee (37 CFR 3.41) \$ 360.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Bradley E. Wahl, Esq.

Signature: Bradley E. Wahl

Date: July 3, 2006

Name of Person 07/11/2006 0000017 76567089

Signature

13

Total number of pages including cover sheet, attachments, and document:

Mail documents recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

01 FC:8521 02 FC:8522

Refund Ref: 07/11/2006 000152640

CHECK Refund Total: \$120.00

ADDENDUM TO RECORDATION FORM COVER SHEET – TRADEMARKS ONLY

1. Additional Conveying Parties

Lexel Imaging Systems, Inc., a Delaware corporation
Fox International, Ltd., Inc., an Ohio corporation
Z-Axis, Inc., a Georgia corporation
Teltron Technologies, Inc., a Georgia corporation
Aydin Displays, Inc., a Georgia corporation

4.B. Additional Trademark Registration Numbers: 2,347,870; 2,571,239; and 2,282,054

TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT (this "Agreement") is made as of June 28, 2006 by VIDEO DISPLAY CORPORATION, a Georgia corporation ("Parent"), LEXEL IMAGING SYSTEMS, INC. ("Lexel"), FOX INTERNATIONAL, LTD., INC. ("Fox"), Z-AXIS, INC. ("Z-Axis"), TELTRON TECHNOLOGIES, INC. ("Teltron"), AYDIN DISPLAYS, INC. ("Aydin"), MENGEL INDUSTRIES, INC. ("Mengel") and XKD CORPORATION ("XYD" and together with Lexel, Fox, Z-Axis, Teltron, Aydin and Mengel, collectively, the "Subsidiaries"; and the Subsidiaries, together with Parent, collectively, the "Debtors"), and RBC CENTURA BANK, as a lender ("RBC"), REGIONS BANK, as a lender ("Regions", and together with RBC, the "Banks"), and RBC CENTURA BANK, as a collateral agent (the "Collateral Agent").

WITNESSETH:

WHEREAS, Banks, Collateral Agent and Debtors have made and entered into a certain Loan and Security Agreement, dated of even date herewith (as amended, modified, supplemented and restated from time to time, the "Loan Agreement"; capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Loan Agreement); and

WHEREAS, the financial accommodations to be extended to the Debtors under the Loan Agreement will inure to the benefit of Debtors; and

WHEREAS, Banks have required, as a condition to the extension of financial accommodations to be extended to Debtors under the Loan Agreement, that Debtors pledge to and grant to Banks and Collateral Agent a Lien on and in their "Trademarks" (as defined herein) as security for the Obligations; and

WHEREAS, Debtors are willing to execute and deliver this Agreement in order to induce Banks to make financial accommodations set forth in the Loan Agreement;

NOW, THEREFORE, for and in consideration of the premises set forth above and for other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the Debtors hereby agree as follows:

1. Defined Terms; Incorporations. Unless otherwise defined herein, each capitalized term used herein that is defined in the Loan Agreement shall have the meaning specified for such term in the Loan Agreement. The premises set forth above are incorporated into this Agreement by this reference thereto and are made a part hereof. The Loan Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto.

2. Security Interest in Trademarks. To secure the complete and timely payment, performance and satisfaction of all of the Obligations, each Debtor hereby grants, assigns,

transfers and pledges to the Banks and to the Collateral Agent, a security interest in and lien on as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale, to the extent permitted by law, upon the occurrence and during the continuation of an Event of Default, all of such Debtor's right, title and interest in and to the following, whether, now existing or hereafter acquired: (i) trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including, without limitation, the trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications listed with respect to each Debtor on Schedule I attached hereto and made a part hereof, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (c) the right to sue or otherwise recover for past, present and future infringements and dilutions thereof, (d) the goodwill of such Debtor's business symbolized by the foregoing and connected therewith, (e) all of such Debtor's rights corresponding thereto throughout the world, and (f) all other proceeds and products of the foregoing, including (without limitation) any rights pursuant to its agreements with any other party relating thereto (all of the foregoing trademarks, trade names, registered trademarks and trademark applications, service marks, registered service marks and service mark applications, together with the items described in clauses (a)-(f) in this Section 2(i), are sometimes hereinafter individually and/or collectively referred to as the "Trademarks"), and (ii) the goodwill of such Debtor's business connected with and symbolized by the Trademarks.

3. Restrictions on Future Agreements. Each Debtor agrees that it will not, without the Banks' and Collateral Agent's prior written consent, enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement, and each Debtor further agrees that it will not take any action, and will use its best efforts not to permit any action to be taken by others subject to its control, including, without limitation, licensees, or fail to take any action, which would affect the validity or enforcement of the rights transferred to the Banks and to the Collateral Agent under this Agreement or the rights associated with the Trademarks.

4. New Trademarks. Each Debtor represents and warrants that, from and after the date hereof, (a) the Trademarks listed on Schedule I with respect to each Debtor are a true, accurate and complete list of all of such Debtor's Trademarks, and (b) no Liens in such Trademarks have been granted by Debtor to any Person, other than the Banks and Collateral Agent and except as permitted in the Loan Agreement. If, prior to payment in full of the Obligations and the termination of this Agreement, any Debtor shall (i) obtain rights to any new Trademarks or (ii) become entitled to the benefit of any Trademarks, the provisions of Section 4 above shall automatically apply thereto. Each Debtor shall give to the Bank written notice of the acquisition of new Trademarks promptly after the occurrence thereof. Each Debtor may, and hereby authorizes the Banks and Collateral Agent to, modify this Agreement unilaterally upon such Debtor's notice to the Banks and Collateral Agent (i) by amending Schedule I to include any future Trademarks and (ii) by filing, in addition to and not in substitution for this

Agreement, a duplicate original of this Agreement containing on Schedule I thereto, as the case may be, such future Trademarks.

5. Covenants and Warranties. Each Debtor represents, warrants, and covenants that to the best of Debtor's knowledge, with respect to its respective Trademarks: (i) the Trademarks are subsisting, have not been adjudged invalid or unenforceable in whole or in part, and are not currently being challenged in any way; (ii) none of the Trademarks has lapsed or expired; (iii) no claim has been made that the use of any of the Trademarks in the conduct of such Debtor's business constitutes an infringement of any senior or dominant U.S. trademark or other intellectual property right; (iv) Debtor owns the entire right, title, and interest in and to each of the Trademarks free and clear of any liens and encumbrances of every kind and nature, except for the rights granted by Debtor pursuant to this Agreement; and (v) Debtor shall continue to use, until the Obligations shall have been satisfied in full and the Loan Agreement shall have been terminated, proper statutory notice in connection with its exercise of the Trademarks.

6. Grant of License. Banks and Collateral Agent hereby grant to each Debtor the royalty-free, exclusive, nontransferable right and license to use such Debtor's Trademarks for such Debtor's own benefit and account and for none other. Such right and license shall be exercisable by Debtors only until the occurrence of an Event of Default. Except as otherwise permitted by Loan Agreement, each Debtor agrees not to sell or assign its interest in, or grant any sublicense under, the right and license granted to it in this Section without the prior written consent of Banks and Collateral Agent.

7. Royalties. Each Debtor hereby agrees that the use by the Banks and Collateral Agent of the Trademarks as authorized hereunder in connection with the Banks' and Collateral Agent's exercise of their rights and remedies hereunder or pursuant to any Loan Document shall be coextensive with such Debtor's rights thereunder and with respect thereto and without any liability for royalties or other related charges from Banks and/or Collateral Agent to Debtors.

8. Nature and Continuation of the Banks' and Collateral Agent's Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Trademarks and shall terminate only when the Obligations have been paid in full and the Loan Agreement has been terminated.

9. Duties of the Debtors. Each Debtor shall have the duty, to the extent desirable in the normal conduct of its business, to (a) prosecute diligently any trademark application or service mark application that is part of the Trademarks pending as of the date hereof or hereafter until the termination of this Agreement, (b) make application on untrademarked but trademarkable items, as appropriate, giving due consideration to value, importance, cost, and opinion of counsel as to trademarkability, and (c) preserve, maintain, and enforce against infringement all Trademarks (other than nonpayment of renewal fees on trademarks which are not necessary or useful in the conduct of such Debtor's business or operations, if so consented to by Banks and Collateral Agent). Each Debtor further agrees (i) not to abandon any registered Trademark without the prior written consent of the Banks and Collateral Agent, and (ii) to maintain in full force and effect the registered Trademarks. Any expenses incurred in connection with the

foregoing shall be borne by Debtors. Neither the Banks nor the Collateral Agent shall have any duty, other than any duty imposed by law, with respect to the Trademarks. Without limiting the generality of the foregoing, the Banks or the Collateral Agents shall be under no obligation to take any steps necessary to preserve rights in the Trademarks against any other parties, but the Banks and the Collateral Agent may do so at their option from and after the occurrence of an Event of Default, and all expenses incurred in connection therewith shall be for the account of Debtors and shall be added to the Obligations secured hereby.

10. The Banks' and Collateral Agent's Right to Sue. From and after the occurrence of an Event of Default, the Banks or the Collateral Agent on behalf of the Banks shall have the right, but shall not be obligated, to bring suit in its own name to enforce the Trademarks and, if the Banks or the Collateral Agent shall commence any such suit, Debtors shall, at the request of the Banks or the Collateral Agent, do any and all lawful acts and execute any and all proper documents reasonably required by the Banks or the Collateral Agent in aid of such enforcement, including joining in any litigation involving the Trademarks as a party thereto. Debtors shall, upon demand, promptly reimburse the Bank for all reasonable costs and expenses incurred by the Banks or the Collateral Agent in the exercise of its rights under this Section (including, without limitation, reasonable fees and expenses of attorneys and paralegals for the Banks or the Collateral Agent, as applicable).

11. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but the provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part hereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

12. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided above or by a writing signed by the parties hereto.

13. Power of Attorney; Cumulative Remedies. Each Debtor hereby irrevocably designates, constitutes and appoints each of the Collateral Agent and Banks (and all officers designated by the Collateral Agent in its sole and absolute discretion) as such Debtor's true and lawful attorney-in-fact, and authorizes each of the Collateral Agent and Banks and any of its designees, in each Debtor's, Banks' or Collateral Agent's name, upon the occurrence and during the continuation of an Event of Default to take any action and execute any instrument necessary or reasonably advisable to accomplish the purposes of this Agreement, and consistent with existing license agreements, including, without limitation, to (i) endorse such Debtor's name on all applications, documents, papers and instruments necessary or reasonably desirable for each of the Collateral Agent and Banks in the use of the Trademarks, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone, (iii) grant or issue any exclusive or nonexclusive license under the Trademarks to anyone, and (iv) take any other actions with respect to the Trademarks as each of the Collateral Agent and Banks deems in its best interest. Each Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall

be irrevocable until this Agreement is terminated. Each Debtor acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of the Banks or the Collateral Agent under the Loan Agreement or any other Loan Document, but rather is intended to facilitate the exercise of such rights and remedies.

The Banks and the Collateral Agent shall have, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks may be located or deemed located. Upon the occurrence of an Event of Default and following the expiration of any applicable notice and/or cure periods and the election by the Banks or the Collateral Agent to exercise any of its remedies under Section 9-504 or Section 9-505 of the Uniform Commercial Code as in effect in the State of Georgia with respect to the Trademarks, each Debtor agrees to assign, convey and otherwise transfer title in and to the Trademarks to the Banks or the Collateral Agent or any transferee of the Banks or the Collateral Agent and to execute and deliver to the Banks or the Collateral Agent or any such transferee all such agreements, documents and instruments as may be necessary, in the Banks' or the Collateral Agent's sole discretion, to effect such assignment, conveyance and transfer. All of the Banks' and Collateral Agent's rights and remedies with respect to the Trademarks, whether established hereby, by the Loan Agreement or by any other agreements or by law, shall be cumulative and may be exercised separately or concurrently. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that upon the occurrence of an Event of Default and following the expiration if any applicable notice and/or cure periods, the Banks and the Collateral Agent may exercise any of the rights and remedies provided in this Agreement, the Loan Agreement or any of the other Loan Documents. Each Debtor agrees that any notification of intended disposition of any of the Trademarks required by law shall be deemed reasonably and properly given if given at least seven (7) days before such disposition; provided, however, that the Banks and the Collateral Agent may give any shorter notice that is commercially reasonable under the circumstances.

14. Successors and Assigns. This Agreement shall be binding upon each Debtor and its successors and assigns, and shall inure to the benefit of the Banks, the Collateral Agent and their nominees, successors and assigns. Each Debtor's successors and assigns shall include, without limitation, a receiver or a trustee of such Debtor; provided, however, that each Debtor shall not voluntarily assign or transfer its rights or obligations hereunder without the Banks' and the Collateral Agent's prior written consent.

15. Governing Law. This Agreement shall be construed and enforced and the rights and duties of the parties shall be governed by in all respects in accordance with the laws and decisions of the State of Georgia, without reference to the conflicts or choice of law principles thereof.

16. Notices. All notices or other communications hereunder shall be given in the manner and to the addresses set forth in the Loan Agreement.

17. Continuing Lien, Transfers by Banks/Collateral Agent. This Agreement shall create a continuing security interest and collateral assignment of the Trademarks and shall (i) remain in full force and effect until payment in full of the Obligations and the termination of the Banks' lending commitments to Debtors, (ii) be binding upon Debtors, their successors and assigns, and (iii) inure to the benefit of Banks, Collateral Agent and their successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), Banks and Collateral Agency may assign or otherwise transfer any Obligations held by any of them, and such other benefits in respect thereof granted to the Banks and Collateral Agent herein or otherwise, to any other Person. Upon the payment in full of the Obligations, and the termination of the Banks' lending commitments to Debtors, the assignment hereunder shall terminate and all rights to the Trademarks shall revert to the applicable Debtor or to any other Person as may be designated by the Debtors, subject to any disposition thereof which may have been made by the Banks or the Collateral Agent pursuant hereto or pursuant to the Loan Agreement. Upon any such termination, the Banks and the Collateral Agent shall, at Debtors' expense, execute and deliver to the Debtors such documents as the Debtors shall reasonably request to evidence such termination.

18. Interpretation. In the event of an irreconcilable conflict between the terms of this Agreement and the terms of the Loan Agreement, the Loan Agreement shall govern.

19. Banks/Collateral Agent. The powers conferred on the Banks and Collateral Agent hereunder are solely to protect its interest in the Trademarks and shall not impose any duty upon the Banks or the Collateral Agent to exercise any such powers. Except for the safe custody of any Trademarks in its actual possession and the accounting for moneys actually received by it hereunder, the Banks and the Collateral Agent shall have no duty as to any Trademark or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Trademark. The Banks and the Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Trademark in its actual possession if such Trademark is accorded treatment substantially equal to that which the Banks and Collateral Agent accord their own property.

20. Collateral Agency Agreement. The rights of the Banks and the Collateral Agent hereunder are subject to the Collateral Agency Agreement.

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

DEBTORS:

VIDEO DISPLAY CORPORATION

By: *Frank Blumenthal*
Title: *CEO*

Attest: *Derma Naranjo*
Title: *Sec.*

[SEAL]

LEXEL IMAGING SYSTEMS, INC.

By: *Frank Blumenthal*
Title: *CEO*

Attest: *Derma Naranjo*
Title: *Sec.*

[SEAL]

FOX INTERNATIONAL, LTD., INC.

By: *Frank Blumenthal*
Title: *CEO*

Attest: *Derma Naranjo*
Title: *Sec.*

[SEAL]

Z-AXIS, INC.

By: *Frank Blumenthal*
Title: *CEO*

Attest: *Derma Naranjo*
Title: *Sec.*

[SEAL]

TELTRON TECHNOLOGIES, INC.

By: Arnold Oldroyd
Title: CEO

Attest: Debra N. Nix
Title: Sec.

[SEAL]

AYDIN DISPLAYS, INC.

By: Arnold Oldroyd
Title: CEO

Attest: Debra N. Nix
Title: Sec.

[SEAL]

MENGEL INDUSTRIES, INC.

By: Arnold Oldroyd
Title: CEO

Attest: Debra N. Nix
Title: Sec.

[SEAL]

XKD CORPORATION

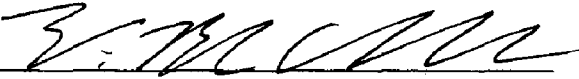
By: Arnold Oldroyd
Title: CEO

Attest: Debra N. Nix
Title: Sec.

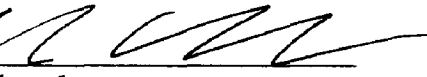
[SEAL]

Agreed and Accepted as of
this June 28 2006

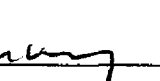
RBC CENTURA BANK, as Collateral Agent

By: 
Name: W. Brendan Chambers
Title: Senior Vice President

RBC CENTURA BANK, as a lender

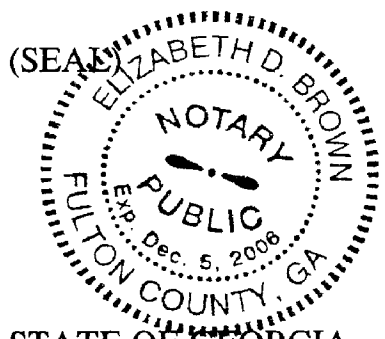
By: 
Name: W. Brendan Chambers
Title: Senior Vice President

REGIONS BANK, as a lender

By: 
Name: Michael Harvey
Title: Senior Vice President

STATE OF GEORGIA)
)ss.:
COUNTY OF FULTON)

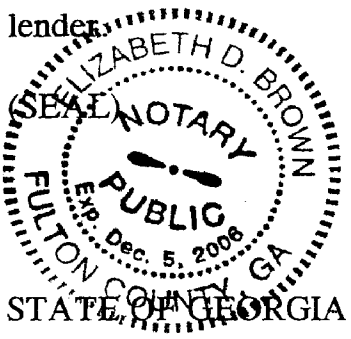
The foregoing Trademark Security Agreement as executed and acknowledged before me this June 27, 2006 by _____ and _____ personally known to me to be the officers of VIDEO DISPLAY CORPORATION, a Georgia corporation, LEXEL IMAGING SYSTEMS, INC., FOX INTERNATIONAL, LTD., INC., Z-AXIS, INC., TELTRON TECHNOLOGIES, INC., AYDIN DISPLAYS, INC., MENGEL INDUSTRIES, INC. and XKD CORPORATION, such corporations, on behalf of such corporations.



Elizabeth D. Brown
Notary Public
My Commission expires:
12/5/2006

STATE OF GEORGIA)
)ss.:
COUNTY OF FULTON)

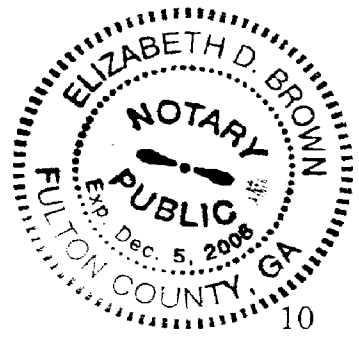
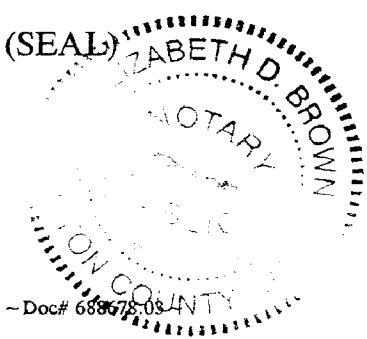
The foregoing Trademark Security Agreement as executed and acknowledged before me this June 28, 2006 by W. Brendan Chambers, personally known to me to be a Senior Vice President of RBC CENTURA BANK, in its capacities as both Collateral Agent and as a lender.



Elizabeth D. Brown
Notary Public
My Commission expires:
12/5/2006

STATE OF GEORGIA)
)ss.:
COUNTY OF FULTON)

The foregoing Trademark Security Agreement as executed and acknowledged before me this June 28, 2006 by Michael Harvey, personally known to me to be a Senior Vice President of REGIONS BANK, in its capacity as a lender.



Elizabeth D. Brown
Notary Public
My Commission expires:
12/5/2006

Schedule 1
To
Trademark Security Agreement

Dated as of June 28, 2006

Trademark/Tradename

Registration Number

Company	Trademarks/ Applications
Video Display Corporation	1,780,794 - Abandoned 1,344,083 - Abandoned 1,685,105 1,861,650 76/567089
Lexel Imaging Systems, Inc.	0,585,950 - Abandoned 0,617,164 2,313,022
Fox International, Ltd., Inc.	75/542,564- Abandoned 75/542,565- Abandoned 75/542,566- Abandoned 75/542,568- Abandoned 75/580,385- Abandoned 75/652,740 - Abandoned 2,347,870
Z-Axis, Inc.	2,192,506 - Abandoned 78/337,284
Teltron Technologies, Inc.	2,571,239 75/333,502 - Abandoned
Aydin Displays, Inc.	2,282,054 1,772,234 - Abandoned 1,811,428 - Abandoned 1,255,915 - Abandoned