

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
High End Systems, Inc.		09/26/2007	CORPORATION: TEXAS

<b>RECEIVING PARTY DATA</b>	
<b>Name:</b>	Wachovia Bank, National Association
<b>Street Address:</b>	n/a
<b>City:</b>	Austin
<b>State/Country:</b>	TEXAS
<b>Postal Code:</b>	78701
<b>Entity Type:</b>	CORPORATION: TEXAS

**PROPERTY NUMBERS Total: 37**

Property Type	Number	Word Mark
Registration Number:	2687309	ATMOSPHERES
Registration Number:	1762249	ATMOSPHERES
Registration Number:	2633179	CATALYST
Registration Number:	1796936	COLDFLOW
Registration Number:	2463887	
Registration Number:	2897889	COLORCOMMAND
Registration Number:	2865581	COLORMERGE
Registration Number:	1597331	DATAFLASH
Serial Number:	78330247	DL1
Registration Number:	2522376	EC-2
Registration Number:	2532005	
Registration Number:	2480374	ES-1
Registration Number:	2477217	
Registration Number:	2667002	HANDSHAKE

**OP \$940.00 2687309**

Registration Number:	2575447	HOG
Registration Number:	2560305	INDY
Registration Number:	2414057	LAD
Registration Number:	2414058	LAD
Registration Number:	1779936	LIGHTING ENHANCEMENT FLUID
Registration Number:	2763083	LIGHTWAVE
Registration Number:	2410989	LR LIGHTWAVE RESEARCH
Registration Number:	2488269	POWER FOG
Registration Number:	2488268	POWER HAZE
Registration Number:	2628582	POWER LINE
Registration Number:	2659858	POWER SCAN
Registration Number:	2488270	POWER STAR
Registration Number:	2458396	STUDIO BEAM
Registration Number:	2895873	STUDIO COLOR
Registration Number:	2463886	
Registration Number:	2168320	TECHNOBEAM
Registration Number:	2742135	
Registration Number:	2684332	X-SPOT
Serial Number:	78490699	AXON
Serial Number:	78321440	HIGH END SYSTEMS
Serial Number:	78542572	IPC
Serial Number:	77094177	SHOWGUN
Serial Number:	77069443	COLLAGE

**CORRESPONDENCE DATA**

Fax Number: (512)479-3923  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: 512.542.2135  
Email: michael.noe@bgllp.com  
Correspondent Name: Michael E. Noe, Jr.  
Address Line 1: PO Box 61389  
Address Line 2: Bracewell & Giuliani LLP  
Address Line 4: Houston, TEXAS 77208-1389

ATTORNEY DOCKET NUMBER:	086042.142
NAME OF SUBMITTER:	Michael E. Noe, Jr.
Signature:	/michael e. noe, jr./

**TRADEMARK**

**REEL: 003644 FRAME: 0234**

Date:

10/23/2007

**Total Attachments: 11**

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## SECURITY AGREEMENT

September 26, 2007

High End Systems, Inc.  
2105 Gracy Farms Lane  
Austin, Texas 78758  
(Hereinafter referred to as "Debtor")

Wachovia Bank, National Association  
Austin, Texas 78701  
(Hereinafter referred to as "Bank")

For value received and to secure payment and performance of any and all obligations of Debtor (also referred to herein as "Borrower") to Bank however created, arising or evidenced, whether direct or indirect, absolute or contingent, now existing or hereafter arising or incurred under this Security Agreement or any of the other Loan Documents (as defined herein) with respect to the loan(s) evidenced by that certain Promissory Note executed by Debtor in favor of Bank of even date herewith (the "Note"), including swap agreements (as defined in 11 U.S.C. § 101, as in effect from time to time), future advances, and all costs and expenses incurred by Bank to obtain, preserve, perfect and enforce the security interest granted herein and to maintain, preserve and collect the property subject to the security interest (collectively, "Obligations"), Debtor hereby grants to Bank a continuing security interest in and lien upon, and for security purposes assigns and transfers to Bank until all of the Obligations are repaid in full (other than inchoate indemnification obligations), the following described property, whether now owned or hereafter acquired, and any additions, replacements, accessions, or substitutions thereof and all cash and non-cash proceeds and products thereof (collectively, "Collateral"):

All of the personal property and fixtures of Debtor of every kind and nature including, without limitation, all accounts, equipment, accessions, fixtures, inventory, chattel paper, instruments, investment property, documents, letter-of-credit rights, deposit accounts and general intangibles, wherever located (see attached Schedule 1), including but without limitation the foregoing fixture Collateral located at or affixed to real property known as 2105 Gracy Farms Lane, Austin, Texas 78758 as further described in Special Warranty Deed, recorded at County Clerk's Number 2006230204, official public records of Travis County, Texas, wherein the record owner is Windsor at Stonehollow, LP.

All of Debtor's deposit accounts with Bank and affiliates of Bank, including deposit account numbers 2000019282273, 2000019282215, 2000019282228, 2000019282244, 2000019282257, and 2000019282260 ("Assigned Deposits").

All intellectual property of the Borrower, including but without limitation all Intellectual and similar property of Debtor of every kind and nature now owned or hereafter acquired by Debtor, including, but not limited to, inventions, designs, invention disclosures, all improvements thereto (in each case whether patentable or unpatentable and whether or not reduced to practice) designs, all works of authorship, patents, copyrights, licenses, options, trademarks, trade secrets, confidential or proprietary technical and business information and rights to limit the use or disclosure thereof, by any person or entity (including but without limitation ideas, research and development, know how, formulae, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals), know how, or other data or information, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing, all goodwill associated with the foregoing and all copies and tangible embodiments of any of the foregoing.

Debtor hereby represents and agrees that:

**OWNERSHIP.** Debtor owns the Collateral. The Collateral is free and clear of all liens, security interests, and claims except for the Permitted Liens (as defined in the Loan Agreement), and Debtor will keep the Collateral free and clear from all liens, security interests and claims, other than those granted to or approved by Bank and the Permitted Liens. The security interests evidenced by this Security Agreement are continuing and irrevocable so long as any of the Obligations are outstanding (other than inchoate indemnification obligations) and shall terminate only upon payment or other satisfaction in full of all Obligations (other than inchoate indemnification obligations), or upon Bank's acknowledgment in writing that this Security Agreement has been terminated.

**NAME AND OFFICES; JURISDICTION OF ORGANIZATION.** The name and address of Debtor appearing at the beginning of this Security Agreement are Debtor's exact legal name and the address of its chief executive office. There has been no change in the name of Debtor, or the name under which Debtor conducts business, within the five years preceding the date hereof except as previously reported in writing to Bank. Debtor has not moved its chief executive office within the five years preceding the date hereof except as previously reported in writing to Bank. Debtor is organized under the laws of the State of Texas and has not changed the jurisdiction of its organization within the five years preceding the date hereof except as previously reported in writing to Bank.

**TITLE/TAXES.** Except for the Permitted Liens, Debtor has good and marketable title to the Collateral and will warrant and defend same against all claims. Debtor will not transfer, sell, or lease the Collateral (except as permitted herein or in the other Loan Documents). Debtor agrees to pay promptly all material taxes and assessments upon or for the use of the Collateral and on this Security Agreement (except to the extent such items are being appropriately contested in good faith and adequate reserves for the payment thereof in accordance with GAAP are being maintained). At its option, if the Debtor fails to do so, Bank may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on Collateral. Debtor agrees to reimburse Bank, on demand, for any such payment made by Bank. Any amounts so paid shall be added to the Obligations.

**WAIVERS.** Debtor agrees not to assert against Bank as a defense (legal or equitable), as a set-off, as a counterclaim, or otherwise, any claims Debtor may have against any seller or lessor that provided personal property or services relating to any part of the Collateral or against any other party liable to Bank for all or any part of the Obligations. Debtor waives any and all rights to any bond or security which might be required by applicable law prior to the exercise of any of Bank's remedies against any Collateral. All rights of Bank and security interests hereunder, and all obligations of Debtor hereunder, shall be absolute and unconditional.

**NOTIFICATIONS; LOCATION OF COLLATERAL.** Debtor will notify Bank in writing at least 30 days prior to any change in: (i) Debtor's chief place of business; (ii) Debtor's name or identity; (iii) Debtor's corporate/organizational structure; or (iv) the jurisdiction in which Debtor is organized. In addition, with the exception of the Permitted Liens, Debtor shall promptly notify Bank, after receipt by Debtor of notice thereof, of any claims or alleged claims of any other person or entity to the Collateral or the institution of any litigation, arbitration, governmental investigation or administrative proceedings against or affecting the Collateral that could reasonably be expected to have or result in a material adverse effect on Bank's rights hereunder. Debtor will keep all Collateral at: (a) the location(s) previously disclosed to Bank in writing, (b) locations where Collateral may be located from time to time in the ordinary course of business, and (c) other locations where not more than \$500,000 of Collateral may be located at any one time. In the event that Debtor intends to store or otherwise deliver any portion of the Collateral with a fair market value of \$500,000 or more in the aggregate to a bailee, then Debtor shall first receive the prior written consent of Bank, which consent shall not be unreasonably withheld. Debtor will bear the cost of preparing and filing any documents necessary to perfect Bank's liens. Notwithstanding anything contained in this paragraph to the contrary, the foregoing restrictions do not apply to any demonstration equipment and equipment that Borrower is renting or leasing on a "rent-to-own" or "lease-to-own" basis, respectively, provided that the total market value of such equipment does not exceed \$500,000.00.

**COLLATERAL CONDITION AND LAWFUL USE.** Debtor represents that the Collateral is in good repair and condition and that Debtor shall use reasonable care to prevent Collateral from being damaged, normal wear and tear excepted. Debtor acknowledges an affirmative duty to protect and maintain the Intellectual Property that is material to its business in a manner consistent with prudent business practices; accordingly, Debtor shall take any and all reasonable actions with respect thereto to preserve Bank's security interests therein. Debtor shall immediately notify Bank of any material uninsured loss or damage to Collateral. Debtor shall not permit any item of Collateral to become an accession to other property unless such property is also Collateral hereunder. Debtor represents it is in compliance in all respects with all laws, rules and regulations applicable to the Collateral and its properties, operations, business, and finances where a failure to be in compliance could reasonably be expected to have or result in a material adverse effect on Debtor.

**RISK OF LOSS AND INSURANCE.** Debtor shall bear all risk of loss with respect to the Collateral. The injury to or loss of Collateral, either partial or total, shall not release Debtor from payment or other performance hereof. Debtor agrees to obtain and keep in force property insurance on the Collateral with a Lender's Loss Payable Endorsement in favor of Bank and commercial general liability insurance naming Bank as Additional Insured and such other insurance as Bank may require from time to time. Such insurance is to be in form and amounts satisfactory to Bank and issued by reputable insurance carriers reasonably satisfactory to Bank with a Best Insurance Report Key Rating of at least "A-". All such policies shall provide to Bank a minimum of 30 days written notice of cancellation. Debtor shall furnish to Bank evidence of such policies reasonably satisfactory to Bank. If Debtor fails to obtain or maintain in force such insurance or fails to furnish such evidence, Bank is authorized, but not obligated, to purchase any or all insurance or "Single Interest Insurance" protecting such interest as Bank deems appropriate against such risks and for such coverage and for such amounts, including either the loan amount or value of the Collateral, all at its reasonable discretion, and at Debtor's expense. In such event, Debtor agrees to reimburse Bank for the cost of such insurance and Bank may add such cost to the Obligations. Debtor shall bear the risk of loss to the extent of any deficiency in the effective insurance coverage with respect to loss or damage to any of the Collateral. If no Default has occurred and is continuing, proceeds payable under any casualty policy will, at Borrower's option, be payable to Borrower to replace the property subject to any loss or damage, provided that any such replacement property shall be deemed Collateral. If a Default has occurred and is continuing, all proceeds payable under any such policy shall, at Bank's option, be payable to Bank within 30 days of receipt by Borrower to be applied on account of the Obligations, and, during the existence of any Default, Debtor hereby appoints Bank its attorney-in-fact, which appointment shall be irrevocable and coupled with an interest for so long as Obligations are unpaid, to file proof of loss and/or any other forms required to collect from any insurer any amount due from any damage or destruction of Collateral, to agree to and bind Debtor as to the amount of said recovery, to designate payee(s) of such recovery, to grant releases to insurer, to grant subrogation rights to any insurer, and to endorse any settlement check or draft. If a Default has occurred and is continuing, Debtor agrees not to exercise any of the foregoing powers granted to Bank without Bank's prior written consent.

**FINANCING STATEMENTS, CERTIFICATES OF TITLE, POWER OF ATTORNEY.** No financing statement (other than those relating to Permitted Liens, and any filed or approved by Bank) covering any Collateral is on file in any public filing office. Debtor authorizes the filing of one or more financing statements covering the Collateral in form satisfactory to Bank, and without Debtor's signature where authorized by law, agrees to deliver certificates of title on which Bank's lien has been indicated covering any Collateral subject to a certificate of title statute, and will pay all costs and expenses of filing or applying for the same or of filing this Security Agreement in all public filing offices, where filing is deemed by Bank to be desirable. Debtor hereby constitutes and appoints Bank the true and lawful attorney of Debtor with full power of substitution to take any and all appropriate action and to execute any and all documents, instruments or applications (other than account control agreements) that may be necessary or desirable to accomplish the purpose and carry out the terms of this Security Agreement. The foregoing power of attorney is coupled with an interest and shall be irrevocable until all of the Obligations have been paid in full (other than any inchoate indemnification obligations). Neither Bank nor anyone acting on its behalf shall be liable for acts, omissions, errors in judgment, or mistakes in fact in such capacity as attorney in fact, with the exception of those acts, omissions, errors in judgment or mistakes in fact

resulting from Bank's gross negligence or willful misconduct. Debtor ratifies all acts of Bank as attorney in fact. Debtor agrees to take such other actions, at Debtor's expense, as might be reasonably requested for the perfection, continuation and assignment, in whole or in part, of the security interests granted herein and to assure and preserve Bank's intended priority position. If certificates, passbooks, or other documentation or evidence is/are issued or outstanding as to any of the Collateral, Debtor will cause the security interests of Bank to be properly protected, including perfection by notation thereon or delivery thereof to Bank. Notwithstanding any other provision of this Security Agreement or the other Loan Documents to the contrary, unless an Event of Default has occurred and is continuing, Bank shall not give entitlement orders or exercise control over any of the Collateral consisting of deposit accounts, investment accounts, securities accounts, investment property, letter of credit rights or electronic chattel paper.

**LANDLORD/MORTGAGEE WAIVERS.** Debtor shall cause each mortgagee, if any, of real property owned by Debtor and each landlord, if any, of real property leased by Debtor to execute and deliver instruments satisfactory in form and substance to Bank by which such mortgagee or landlord subordinates its rights, if any, in the Collateral.

**CONTROL.** Debtor will cooperate with Bank in obtaining control with respect to Collateral consisting of electronic chattel paper.

**CHATTEL PAPER, ACCOUNTS, GENERAL INTANGIBLES.** Unless otherwise disclosed to Bank in writing, Debtor warrants that Collateral consisting of chattel paper, accounts, or general intangibles is (i) genuine and enforceable in accordance with its terms; (ii) not subject to any defense, set-off, claim or counterclaim of a material nature against Debtor except as to which Debtor has notified Bank in writing; and (iii) not subject to any other circumstances that would impair the validity, enforceability, value, or amount of such Collateral except as to which Debtor has notified Bank in writing. During the existence of a Default, Debtor shall not amend, modify or supplement any lease, contract or agreement affecting Collateral with a fair market value of \$100,000 or more in the aggregate without prior written consent of Bank, which consent shall not be unreasonably withheld. Debtor will not create any tangible chattel paper without placing a legend on the chattel paper acceptable to Bank indicating that Bank has a security interest in the chattel paper. Debtor will not create any electronic chattel paper without taking all steps deemed necessary by Bank to confer control of the electronic chattel paper upon Bank in accordance with the UCC.

**ACCOUNT INFORMATION.** From time to time (but no more frequently than twice per year unless a Default has occurred and is continuing), at Bank's request, Debtor shall provide Bank with schedules describing all accounts, including customers' addresses, created or acquired by Debtor. Together with each schedule, Debtor shall, if requested by Bank, furnish Bank with copies of Debtor's sales journals, invoices, customer purchase orders or the equivalent, and original shipping or delivery receipts for all goods sold, and Debtor warrants the genuineness thereof.

**ACCOUNT DEBTORS.** If a Default should occur and be continuing, Bank shall have the right to notify the account debtors obligated on any or all of the Collateral to make payment thereof directly to Bank and Bank may take control of all proceeds of any such Collateral, which rights Bank may exercise at any time. The cost of such collection and enforcement, including reasonable attorneys' fees and expenses, shall be borne solely by Debtor whether the same is incurred by Bank or Debtor. If a Default should occur and be continuing, and upon demand of Bank, Debtor will, upon receipt of all checks, drafts, cash and other remittances in payment on Collateral, deposit the same in a special bank account maintained with Bank, over which Bank also has the power of withdrawal.

If a Default should occur and be continuing, no discount, credit, or allowance shall be granted by Debtor to any account debtor and no return of merchandise shall be accepted by Debtor without Bank's consent. Bank may, upon the occurrence and during the continuance of a Default, settle or adjust disputes and claims directly with account debtors for amounts and upon terms that Bank considers advisable, and in such cases Bank will credit the Obligations with the net amounts received by Bank, after deducting all of the expenses incurred by Bank. Debtor agrees to indemnify and defend Bank and hold it harmless with

respect to any claim or proceeding arising out of any matter related to collection of Collateral, except for any claim or proceeding resulting from Bank's gross negligence or willful misconduct.

**GOVERNMENT CONTRACTS.** If any Collateral covered hereby arises from obligations due to Debtor from any United States governmental unit or organization, Debtor shall immediately notify Bank in writing and execute all documents and take all commercially reasonable actions deemed necessary by Bank to obtain recognition by such United States governmental unit or organization of the rights of Bank in the Collateral.

**INVENTORY.** So long as no Default has occurred, Debtor shall have the right in the regular course of business, to process and sell Debtor's inventory. If a Default should occur and be continuing, and upon demand of Bank, Debtor will, upon receipt of all checks, drafts, cash and other remittances, in payment of Collateral sold, deposit the same in a special bank account maintained with Bank, over which Bank also has the power of withdrawal. Debtor agrees to notify Bank immediately in the event that any inventory purchased by or delivered to Debtor is evidenced by a bill of lading, dock warrant, dock receipt, warehouse receipt or other document of title and to deliver such document to Bank upon request.

**INSTRUMENTS, CHATTEL PAPER, DOCUMENTS.** Any Collateral that is, or is evidenced by, instruments, chattel paper or negotiable documents will be properly assigned to and the originals of any such Collateral in tangible form deposited with and held by Bank, unless Bank shall hereafter otherwise direct or consent in writing. Bank may, without notice, before or after maturity of the Obligations, exercise any or all rights of collection, conversion, or exchange and other similar rights, privileges and options pertaining to such Collateral, but shall have no duty to do so.

**WITHDRAWAL OF ASSIGNED DEPOSITS.** So long as no Default has occurred and is continuing, Debtor may withdraw funds and otherwise deal with the Assigned Deposits in its commercially reasonable discretion. If a Default should occur and be continuing, Debtor agrees that Bank shall, upon delivery of notice to Debtor, have the exclusive authority to withdraw, or direct the withdrawal of, funds constituting the Assigned Deposits, and Debtor shall have no rights to exercise any authority of any kind with respect to the Assigned Deposits and the funds deposited therein.

**COLLATERAL DUTIES.** Bank shall have no custodial or ministerial duties to perform with respect to Collateral pledged except as set forth herein; and by way of explanation and not by way of limitation, Bank shall incur no liability for any of the following: (i) loss or depreciation of Collateral (unless caused by its willful misconduct or gross negligence), (ii) failure to present any paper for payment or protest, to protest or give notice of nonpayment, or any other notice with respect to any paper or Collateral. Bank's sole duty with respect to the custody, safekeeping and physical preservation of any certificate, passbook, or other documentation evidencing the Assigned Deposits in its possession shall be to deal with it in the same manner as it deals with similar property for its own account. Neither Bank, nor any of its employees or agents shall be liable for failure to demand, collect, or realize upon any of the Assigned Deposits or for any delay in doing so.

**TRANSFER OF COLLATERAL.** In connection with any permitted assignment of the Loan Documents, Bank may assign its rights in Collateral or any part thereof to any assignee who shall thereupon become vested with all the powers and rights herein given to Bank with respect to the property so transferred and delivered, and Bank shall thereafter be forever relieved and fully discharged from any liability with respect to such property so transferred (other than for the Bank's actions taken with respect to such property), but with respect to any property not so transferred, Bank shall retain all rights and powers hereby given; provided, however, that so long as no Default has occurred and is continuing, such assignee or transferee shall be a bank or other financial institution reasonably acceptable to Debtor (and in no event shall be a competitor of Debtor).

**INSPECTION, BOOKS AND RECORDS.** Debtor will at all times keep accurate and complete records covering each item of Collateral, including the proceeds therefrom. Bank, or any of its agents, shall have the right, at intervals to be determined by Bank and without hindrance or delay, at Debtor's expense, to inspect, audit, and examine the Collateral during normal business hours and to make copies of and



extracts from the books, records, journals, orders, receipts, correspondence and other data relating to Collateral, Debtor's business or any other transaction between the parties hereto; provided that so long as no Default has occurred and is continuing, such inspections, audits and examinations shall occur not more than two times a year. Debtor will at its expense furnish Bank copies thereof upon request. For the further security of Bank, it is agreed that Bank has and is hereby granted a security interest in all books and records of Debtor pertaining to the Collateral.

**COMPLIANCE WITH LAW.** Debtor will comply with all federal, state and local laws and regulations, applicable to it, including without limitation, laws and regulations relating to the environment, labor or economic sanctions, in the creation, use, operation, manufacture and storage of the Collateral and the conduct of its business where a failure to be in compliance could reasonably be expected to have or result in a material adverse effect on Debtor.

**REGULATION U.** None of the proceeds of the credit secured hereby shall be used directly or indirectly for the purpose of purchasing or carrying any margin stock in violation of any of the provisions of Regulation U of the Board of Governors of the Federal Reserve System ("Regulation U"), or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry margin stock or for any other purchase which might render the Loan a "Purpose Credit" within the meaning of Regulation U.

**CROSS COLLATERALIZATION LIMITATION.** As to any other existing or future consumer purpose loan made by Bank to Debtor, within the meaning of the Federal Consumer Credit Protection Act, Bank expressly waives any security interest granted herein in Collateral that Debtor uses as a principal dwelling and household goods.

**ATTORNEYS' FEES AND OTHER COSTS OF COLLECTION.** Debtor shall pay all of Bank's reasonable expenses actually incurred in enforcing this Security Agreement and in preserving and liquidating Collateral, including but not limited to, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred with or without the commencement of a suit, trial, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

**REMEDIES ON DEFAULT (INCLUDING POWER OF SALE).** If a Default (as that term is defined in the Note) occurs and continues beyond any applicable cure period, Bank shall have all the rights and remedies of a secured party under the Uniform Commercial Code and those rights and remedies set forth in the Loan Documents.

**REMEDIES ARE CUMULATIVE.** No failure on the part of Bank to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Bank or any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any right, power or remedy. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law, in equity, or in other Loan Documents.

**INDEMNIFICATION. DEBTOR SHALL PROTECT, INDEMNIFY AND SAVE HARMLESS BANK FROM AND AGAINST ALL LOSSES, LIABILITIES, OBLIGATIONS, CLAIMS, DAMAGES, PENALTIES, FINES, CAUSES OF ACTION, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND EXPENSES) (COLLECTIVELY, "DAMAGES") IMPOSED UPON, INCURRED BY OR ASSERTED OR ASSESSED AGAINST BANK ON ACCOUNT OF OR IN CONNECTION WITH (I) THE LOAN DOCUMENTS OR ANY FAILURE OR ALLEGED FAILURE OF DEBTOR TO COMPLY WITH ANY OF THE TERMS OF, OR THE INACCURACY (WHEN MADE) OR BREACH OF ANY REPRESENTATION IN, THE LOAN DOCUMENTS, (II) THE COLLATERAL OR ANY CLAIM OF LOSS OR DAMAGE TO THE COLLATERAL OR ANY INJURY OR CLAIM OF INJURY TO, OR DEATH OF, ANY PERSON OR PROPERTY THAT MAY BE OCCASIONED BY ANY CAUSE WHATSOEVER PERTAINING TO THE COLLATERAL OR THE USE, OCCUPANCY OR OPERATION THEREOF, (III) ANY FAILURE OR ALLEGED FAILURE OF DEBTOR TO COMPLY WITH ANY LAW, RULE OR REGULATION APPLICABLE TO IT OR TO THE COLLATERAL OR THE USE,**

OCCUPANCY OR OPERATION OF THE COLLATERAL (INCLUDING, WITHOUT LIMITATION, THE FAILURE TO PAY ANY TAXES, FEES OR OTHER CHARGES), (IV) ANY DAMAGES WHATSOEVER BY REASON OF ANY ALLEGED ACTION, OBLIGATION OR UNDERTAKING OF BANK RELATING IN ANY WAY TO OR ANY MATTER CONTEMPLATED BY THE LOAN DOCUMENTS, OR (V) ANY CLAIM FOR BROKERAGE FEES OR SUCH OTHER COMMISSIONS RELATING TO THE COLLATERAL OR ANY OTHER OBLIGATIONS; PROVIDED THAT SUCH INDEMNITY SHALL BE EFFECTIVE ONLY TO THE EXTENT OF ANY DAMAGES THAT MAY BE SUSTAINED BY BANK IN EXCESS OF ANY NET PROCEEDS RECEIVED BY IT FROM ANY INSURANCE OF DEBTOR (OTHER THAN SELF-INSURANCE) WITH RESPECT TO SUCH DAMAGES. NOTHING CONTAINED HEREIN SHALL REQUIRE DEBTOR TO INDEMNIFY BANK FOR ANY DAMAGES RESULTING FROM BANK'S GROSS NEGLIGENCE OR ITS WILLFUL MISCONDUCT. THE INDEMNITY PROVIDED FOR HEREIN SHALL SURVIVE PAYMENT OF THE OBLIGATIONS AND SHALL EXTEND TO THE OFFICERS, DIRECTORS, EMPLOYEES AND DULY AUTHORIZED AGENTS OF BANK. IN THE EVENT BANK INCURS ANY DAMAGES ARISING OUT OF OR IN ANY WAY RELATING TO THE TRANSACTION CONTEMPLATED BY THE LOAN DOCUMENTS (INCLUDING ANY OF THE MATTERS REFERRED TO IN THIS SECTION), THE AMOUNTS OF SUCH DAMAGES SHALL BE ADDED TO THE OBLIGATIONS, SHALL BEAR INTEREST, TO THE EXTENT PERMITTED BY LAW, AT THE INTEREST RATE BORNE BY THE OBLIGATIONS FROM THE DATE INCURRED UNTIL PAID AND SHALL BE PAYABLE ON DEMAND.

**TERMINATION.** Upon payment in full of the Obligations (other than any inchoate indemnification obligations), (i) this Security Agreement shall terminate and Debtor shall be entitled to the return of such Collateral in the possession or control of Bank that has not theretofore been disposed of pursuant to the provisions hereof and (ii) upon the request and at the expense of Debtor, Bank shall execute and file any UCC termination statement(s) and such other documents as Debtor may reasonably request to evidence the termination of Bank's security interest in the Collateral.

**MISCELLANEOUS.** (i) **Amendments and Waivers.** No waiver, amendment or modification of any provision of this Security Agreement shall be valid unless in writing and signed by Debtor and an officer of Bank. No waiver by Bank of any Default shall operate as a waiver of any other Default or of the same Default on a future occasion. (ii) **Assignment.** All rights of Bank hereunder are freely assignable, in whole or in part, and shall inure to the benefit of and be enforceable by Bank, its successors, assigns and affiliates, provided, however, that so long as no Default has occurred and is continuing, such assignee or transferee shall be a bank or other financial institution reasonably acceptable to Debtor (and in no event shall be a competitor of Debtor). Debtor shall not assign its rights and interest hereunder without the prior written consent of Bank, and any attempt by Debtor to assign without Bank's prior written consent is null and void. Any assignment shall not release Debtor from the Obligations. This Security Agreement shall be binding upon Debtor, and the heirs, personal representatives, successors, and assigns of Debtor. (iii) **Applicable Law; Conflict Between Documents.** This Security Agreement shall be governed by and construed under the laws of the State of Texas (the "Jurisdiction") without regard to that Jurisdiction's conflict of laws principles, except to the extent that the UCC requires the application of the law of a different jurisdiction. If any terms of this Security Agreement conflict with the terms of any commitment letter or loan proposal, the terms of this Security Agreement shall control. (iv) **Jurisdiction.** Debtor irrevocably agrees to non-exclusive personal jurisdiction in the state identified as the Jurisdiction above. (v) **Severability.** If any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Security Agreement. (vi) **Notices.** Any notices to Debtor shall be sufficiently given, if in writing and mailed or delivered to the address of Debtor shown above or such other address as provided hereunder; and to Bank, if in writing and mailed or delivered to Wachovia Bank, National Association, Mail Code VA7628, P. O. Box 13327, Roanoke, VA 24040 or Wachovia Bank, National Association, Mail Code VA7628, 10 South Jefferson Street, Roanoke, VA 24011 or such other address as Bank may specify in writing from time to time. Notices to Bank must include the mail code. In the event that Debtor changes Debtor's mailing address at any time prior to the date the Obligations are paid in full, Debtor agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all

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charges prepaid. (vii) **Captions.** The captions contained herein are inserted for convenience only and shall not affect the meaning or interpretation of this Security Agreement or any provision hereof. The use of the plural shall also mean the singular, and vice versa. (viii) **Joint and Several Liability.** If more than one party has signed this Security Agreement, such parties are jointly and severally obligated hereunder. (ix) **Binding Contract.** Debtor by execution and Bank by acceptance of this Security Agreement, agree that each party is bound by all terms and provisions of this Security Agreement. **FINAL AGREEMENT. THIS SECURITY AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

**DEFINITIONS. Loan Documents.** The term "Loan Documents" refers to all documents, including this Security Agreement, whether now or hereafter existing, executed in connection with or related to the Obligations, and may include, without limitation and whether executed by Debtor or others, commitment letters that survive closing, that certain Loan Agreements by and between Debtor and Bank of even date herewith, the Note, deposit or other similar agreements, other security agreements, letters of credit and applications for letters of credit, security instruments, financing statements, mortgage instruments, any renewals or modifications, whenever any of the foregoing are executed, but does not include swap agreements (as defined in 11 U.S.C. § 101, as in effect from time to time). **Third Party.** The term "Third Party" means any Broker, Collateral Agent, Securities Intermediary and/or bank which from time to time maintains a securities account, and is acting in such capacity, for Debtor or maintains a deposit account for Debtor with respect to any part of the Collateral. **UCC.** "UCC" means the Uniform Commercial Code as presently and hereafter enacted in the Jurisdiction. **Terms defined in the UCC.** Any term used in this Agreement and in any financing statement filed in connection herewith which is defined in the UCC and not otherwise defined in this Agreement or any other Loan Document has the meaning given to the term in the UCC.

**IN WITNESS WHEREOF,** Debtor and Bank, on the day and year first written above, have caused this Security Agreement to be executed.

High End Systems, Inc.

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

Name: Francis W. Gordon, Title: CEO

Wachovia Bank, National Association

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

Sylvia H. Maggio, Senior Vice President

charges prepaid. (vii) **Captions.** The captions contained herein are inserted for convenience only and shall not affect the meaning or interpretation of this Security Agreement or any provision hereof. The use of the plural shall also mean the singular, and vice versa. (viii) **Joint and Several Liability.** If more than one party has signed this Security Agreement, such parties are jointly and severally obligated hereunder. (ix) **Binding Contract.** Debtor by execution and Bank by acceptance of this Security Agreement, agree that each party is bound by all terms and provisions of this Security Agreement. **FINAL AGREEMENT. THIS SECURITY AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

**DEFINITIONS. Loan Documents.** The term "Loan Documents" refers to all documents, including this Security Agreement, whether now or hereafter existing, executed in connection with or related to the Obligations, and may include, without limitation and whether executed by Debtor or others, commitment letters that survive closing, that certain Loan Agreement by and between Debtor and Bank of even date herewith, the Note, deposit or other similar agreements, other security agreements, letters of credit and applications for letters of credit, security instruments, financing statements, mortgage instruments, any renewals or modifications, whenever any of the foregoing are executed; but does not include swap agreements (as defined in 11 U.S.C. § 101, as in effect from time to time). **Third Party.** The term "Third Party" means any Broker, Collateral Agent, Securities Intermediary and/or bank which from time to time maintains a securities account, and is acting in such capacity, for Debtor or maintains a deposit account for Debtor with respect to any part of the Collateral. **UCC.** "UCC" means the Uniform Commercial Code as presently and hereafter enacted in the Jurisdiction. **Terms defined in the UCC.** Any term used in this Agreement and in any financing statement filed in connection herewith which is defined in the UCC and not otherwise defined in this Agreement or any other Loan Document has the meaning given to the term in the UCC.

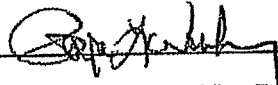
**IN WITNESS WHEREOF,** Debtor and Bank, on the day and year first written above, have caused this Security Agreement to be executed.

High End Systems, Inc.

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

Name: \_\_\_\_\_, Title: \_\_\_\_\_

Wachovia Bank, National Association

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

George L. Woolsey, Senior Vice President

## Schedule A to UCC

Schedule A to UCC from High End Systems, Inc. ("Debtor") and for the benefit of Wachovia Bank, National Association ("Secured Party").

The following described property whether now owned or hereafter acquired, and any additions, replacements, accessions, or substitutions thereof and all cash and non-cash proceeds and products thereof.

### Description of Collateral:

All of the personal property and fixtures of Debtor of every kind and nature including, without limitation, all accounts, equipment, accessions, fixtures, inventory, chattel paper, instruments, investment property, documents, letter-of-credit rights, deposit accounts and general intangibles, wherever located (see attached Schedule 1), including but without limitation the foregoing fixture Collateral located at or affixed to real property known as 2105 Gracy Farms Lane, Austin, Texas 78758 as further described in Special Warranty Deed, recorded at County Clerk's Number 2006230204, official public records of Travis County, Texas, wherein the record owner is Windsor at Stonehollow, LP.

All of Debtor's deposit accounts with Bank and affiliates of Bank, including deposit account(s) number(s) ending with 2273, 2215, 2228, 2244, 2257, and 2260 ("Assigned Deposits").

All intellectual property of the Borrower, including but without limitation the following: all intellectual and similar property of Debtor of every kind and nature now owned or hereafter acquired by Debtor, including, but not limited to, inventions, designs, invention disclosures, all improvements thereto (in each case whether patentable or unpatentable and whether or not reduced to practice) designs, all works of authorship, patents, copyrights, licenses, options, trademarks, trade secrets, confidential or proprietary technical and business information and rights to limit the use or disclosure thereof, by any person or entity (including but without limitation ideas, research and development, know how, formulae, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals), know how, or other data or information, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing, all goodwill associated with the foregoing and all copies and tangible embodiments of any of the foregoing including, but without limitation, all trademarks listed in Appendix A, all patents and applications listed in Appendix B, and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof.

Any term which is defined in the Uniform Commercial Code (UCC) has the meaning given to the term in the UCC.

## Schedule 1

### Collateral Locations

- High End Systems, Inc.  
2105 Gracy Farms Lane  
Austin, TX 78758
- Sales Office and Foreign Subsidiaries
  - High End Systems, Inc.  
8200 Haskell Avenue  
Van Nuys, CA 91406
- Other Locations
- Special Products  
2625 Discovery Boulevard  
Rockwell, TX 7503

### Demonstration Inventory

- High End Systems, Inc.  
8200 Haskell Avenue  
Van Nuys, CA 91406
- Verdzigt 3  
3454 PW de Meern  
The Netherlands
- AFM Lighting  
21 Derby Road  
Greenford  
Middlesex  
England UB6 8UJ
- Rudiger Haming  
Birkhahnweg 7  
33106 Paderborn  
Germany
- Arcus Gmbh  
Obermeiers Feld2-4  
33104 Paderborn  
Germany