

PATENT ASSIGNMENT

Electronic Version v1.1
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SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

SECURITY AGREEMENT

CONVEYING PARTY DATA

Name	Execution Date
Video Display Corporation	12/23/2010
Z-Axis, Inc.	12/23/2010

RECEIVING PARTY DATA

Name:	RBC Bank (USA), as agent
Street Address:	75 5th Street, Suite 900
City:	Atlanta
State/Country:	GEORGIA
Postal Code:	30308

PROPERTY NUMBERS Total: 7

Property Type	Number
Patent Number:	7075593
Application Number:	12454104
Application Number:	12578544
Application Number:	12460793
Application Number:	12214184
Application Number:	12214170
Patent Number:	7259971

CORRESPONDENCE DATA

Fax Number: (404)322-6050
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
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Correspondent Name: Bradley E. Wahl
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Address Line 4: Atlanta, GEORGIA 30363

OP \$280.00 7075593

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PATENT
REEL: 025569 FRAME: 0673

NAME OF SUBMITTER:

Bradley E. Wahl

Total Attachments: 9

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PATENT SECURITY AGREEMENT

This PATENT SECURITY AGREEMENT (this "Agreement") is made as of December 23, 2010 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" and together with Lexel, Fox, Z-Axis and Teltron, collectively, the "Subsidiaries"; and the Subsidiaries, together with Parent, collectively, the "Debtors"), and RBC BANK (USA), as agent (the "Agent"), for itself and as agent for the "Lenders" that are or become parties to the herein described "Credit Agreement".

WITNESSETH:

WHEREAS, Debtors, the Agent and the "Lenders" that are parties thereto (together with any other "Lender" that becomes a party thereto, the "Lenders") have made and entered into a certain Credit Agreement, dated as of even date herewith (as amended, modified, supplemented and restated from time to time, the "Credit Agreement"; capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Credit Agreement); and

WHEREAS, the financial accommodations to be extended to the Debtors by the Agent and the Lenders under the Credit Agreement will inure to the benefit of Debtors; and

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

WHEREAS, Debtors are willing to execute and deliver this Agreement in order to induce Agent and the Lenders to make financial accommodations set forth in the Credit 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 and Agent hereby agree as follows:

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

2. Security Interest in Patents. 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 Agent, for itself and on behalf of the Lenders, 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: (a) patents and patent applications, including, without limitation, the patents, and patent applications listed with respect to each Debtor on Schedule I attached hereto and made a part hereof, and 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 thereof, (c) the right to sue or otherwise recover for past, present and future infringements thereof, (d) all of such Debtor's rights corresponding thereto throughout the world, and (e) 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 patents, registered patents and patent applications, together with the items described in clauses (a)-(e) in this Section 2, are sometimes hereinafter individually and/or collectively referred to as the "Patents").

3. Restrictions on Future Agreements. Each Debtor agrees that it will not, without the 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 Agent and the Lenders under this Agreement or the rights associated with the Patents.

4. New Patents. Each Debtor represents and warrants that, from and after the date hereof, (a) the Patents listed on Schedule I with respect to each Debtor are a true, accurate and complete list of all of such Debtor's Patents, and (b) no Liens in such Patents have been granted by Debtor to any Person, other than the Agent and the Lenders and except as permitted in the Credit 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 Patents or (ii) become entitled to the benefit of any Patents, the provisions of Section 4 above shall automatically apply thereto. Each Debtor shall give to the Agent written notice of the acquisition of new Patents promptly after the occurrence thereof. Each Debtor may, and hereby authorizes the Agent to, modify this Agreement unilaterally upon such Debtor's notice to the Agent (i) by amending Schedule I to include any future Patents 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 Patents.

5. Covenants and Warranties. Each Debtor represents, warrants, and covenants that to the best of Debtor's knowledge, with respect to its respective Patents: (i) the Patents 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 Patents has lapsed or expired; (iii) no claim has been made that the use of any of the Patents in the conduct of such Debtor's business constitutes an infringement of any senior or dominant U.S. patent or other intellectual property right; (iv)

Debtor owns the entire right, title, and interest in and to each of the Patents 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 Credit Agreement shall have been terminated, proper statutory notice in connection with its exercise of the Patents.

6. Grant of License. The Agent, for itself and on behalf of the Lenders, hereby grants to each Debtor the royalty-free, exclusive, nontransferable right and license to use such Debtor's Patents 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 Credit 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 the Agent.

7. Royalties. Each Debtor hereby agrees that the use by the Agent, for itself and on behalf of the Lenders, of the Patents as authorized hereunder in connection with the Agent's exercise of its 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 the Agent and/or the Lenders to Debtors.

8. Nature and Continuation of the Agent's and Lenders' Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Patents and shall terminate only when the Obligations have been paid in full, the Lenders' commitments have been terminated or expired and the Credit 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 patent application or service mark application that is part of the Patents pending as of the date hereof or hereafter until the termination of this Agreement, (b) make application on unpatented but unpatentable items, as appropriate, giving due consideration to value, importance, cost, and opinion of counsel as to patentability, and (c) preserve, maintain, and enforce against infringement all Patents (other than nonpayment of renewal fees on patents which are not necessary or useful in the conduct of such Debtor's business or operations, if so consented to by the Agent). Each Debtor further agrees (i) not to abandon any registered Patent without the prior written consent of the Agent, and (ii) to maintain in full force and effect the registered Patents. Any expenses incurred in connection with the foregoing shall be borne by Debtors. Neither the Agent nor the Lenders shall have any duty, other than any duty imposed by law, with respect to the Patents. Without limiting the generality of the foregoing, the Agents and the Lenders shall be under no obligation to take any steps necessary to preserve rights in the Patents against any other parties, but the Agent and the Lenders 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 Agent's Right to Sue. From and after the occurrence of an Event of Default, the Agent, for itself and on behalf of the Lenders, shall have the right, but shall not be obligated,

to bring suit in its own name to enforce the Patents and, if the Agent, for itself and on behalf of the Lenders, shall commence any such suit, Debtors shall, at the request of the Agent, do any and all lawful acts and execute any and all proper documents reasonably required by the Agent in aid of such enforcement, including joining in any litigation involving the Patents as a party thereto. Debtors shall, upon demand, promptly reimburse the Agent and the Lenders for all reasonable costs and expenses incurred by the Agent and the Lenders in the exercise of its rights under this Section (including, without limitation, reasonable fees and expenses of attorneys and paralegals for the Agent and the Lenders, 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 Agent and Lenders (and all officers designated by the Agent in its sole and absolute discretion) as such Debtor's true and lawful attorney-in-fact, and authorizes each of the Agent and the Lenders and any of its designees, in each Debtor's, the Agent's or the Lenders' names, 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 Agent and the Lenders in the use of the Patents, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Patents to anyone, (iii) grant or issue any exclusive or nonexclusive license under the Patents to anyone, and (iv) take any other actions with respect to the Patents as each of the Agent and Lenders 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 Agent and the Lenders under the Credit Agreement or any other Loan Document, but rather is intended to facilitate the exercise of such rights and remedies.

The Agent and the Lenders 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 Patents 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 Agent and the Lenders 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 Patents, each Debtor agrees to assign, convey and otherwise transfer title in and to the Patents to the Agent and the Lenders or any transferee of the Agent and the Lenders and to execute and deliver to the Agent and the Lenders or any such transferee all such agreements, documents and instruments as may be necessary, in the Agent's and the Lenders' sole discretion, to effect such assignment, conveyance and transfer. All of the Agent's and the Lenders' rights and remedies with respect to the Patents, whether established hereby, by the Credit 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 Agent and the Lenders may exercise any of the rights and remedies provided in this Agreement, the Credit Agreement or any of the other Loan Documents. Each Debtor agrees that any notification of intended disposition of any of the Patents required by law shall be deemed reasonably and properly given if given at least seven (7) days before such disposition; provided, however, that the Agent and the Lenders 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 Agent and the Lenders, 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 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 Credit Agreement.

17. Continuing Lien, Transfers by Agent. This Agreement shall create a continuing security interest and collateral assignment of the Patents and shall (i) remain in full force and effect until payment in full of the Obligations and the termination of the Lenders' lending commitments to Debtors, (ii) be binding upon Debtors, their successors and assigns, and (iii) inure to the benefit of the Agent and the Lenders and their successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), the Agent and the Lenders may assign or otherwise transfer any Obligations held by any of them, and such other benefits in respect thereof granted to the Agent and the Lenders herein or otherwise, to any other Person. Upon the payment in full of the Obligations, and the termination of the Lenders' lending commitments to Debtors, the assignment hereunder shall terminate and all rights to the Patents 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 Agent and the Lenders pursuant hereto or pursuant to the Credit Agreement. Upon any such termination, the

Agent and the Lenders 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 Credit Agreement, the Credit Agreement shall govern.

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

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: Ronald D. Ordway
Ronald D. Ordway, Chief Executive Officer

LEXEL IMAGING SYSTEMS, INC.

By: Ronald D. Ordway
Ronald D. Ordway, Chief Executive Officer

FOX INTERNATIONAL LTD., INC.

By: Ronald D. Ordway
Ronald D. Ordway, a Director

Z-AXIS, INC.

By: Ronald D. Ordway
Ronald D. Ordway, Chief Executive Officer

TELTRON TECHNOLOGIES, INC.

By: Ronald D. Ordway
Ronald D. Ordway, Chief Executive Officer

AYDIN DISPLAYS, INC.

By: Ronald D. Ordway
Ronald D. Ordway, Chief Executive Officer

Agreed and Accepted as of
this December 23, 2010

RBC BANK (USA), as Agent

By: Heather Allen
Name: Heather Allen
Title: SVP

STATE OF GEORGIA

)ss.:

COUNTY OF FULTON

The foregoing Patent Security Agreement as executed and acknowledged before me this December 22, 2010 by Ronald D. Ordway, personally known to me to be the Chief Executive Officer of VIDEO DISPLAY CORPORATION, LEXEL IMAGING SYSTEMS, INC., Z-AXIS, INC., TELTRON TECHNOLOGIES, INC. and AYDIN DISPLAYS, INC., and a Director of FOX INTERNATIONAL, LTD., INC., on behalf of such corporations.

(SEAL)



Allison C. Lynch
Notary Public
My Commission expires:

11-25-2014

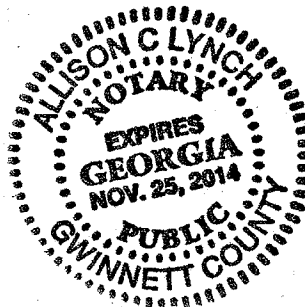
STATE OF GEORGIA

)ss.:

COUNTY OF FULTON

The foregoing Patent Security Agreement as executed and acknowledged before me this December 23, 2010 by Heather Allen, personally known to me to be an officer of RBC BANK (USA), in its capacities as Agent.

(SEAL)



Allison C. Lynch
Notary Public
My Commission expires:

11-25-2014

Schedule 1
To
Patent Security Agreement

Dated as of December 23, 2010

Company	Patent or Publication Number
Video Display Corporation	7,075,593
	2010/0283921
	2010/0097304
	2010/0027238
	2009/0310086
	2009/0310042
Z-Axis, Inc.	7,259,971