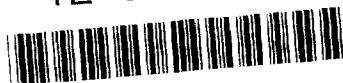


12-06-2001



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

PATENTS ONLY

Form PTO-1595
(Rev. 10/97)

OMB No. 0651-0027 (exp. 5/31/2002)

Tab settings ⇌ ⇌ ⇌

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

1 Name of conveying party(ies):

APPLIED IMAGING CORP.

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

3 Nature of conveyance:



Assignment



Merger



Security Agreement



Change of Name



Other

Execution Date: September 28, 2001

2. Name and address of receiving party(ies)

Name: SILICON VALLEY BANK

Internal Address:

Street Address: 3003 Tasman Drive

City: Santa Clara State: CA Zip: 95054

Additional name(s) & address(es) attached? ☐ Yes ☒ No

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

If this document is being filed together with a new application, the execution date of the application is:

A. Patent Application No.(s)

B. Patent No.(s)

See attached Exhibit "B"

See attached Exhibit "B"

Additional numbers attached? ☒ Yes ☐ No

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

Name: Levy, Small & Lallas

Internal Address: Attn: Sebastian Camua

Street Address: 815 Moraga Drive

City: Los Angeles State: CA Zip: 90049

6. Total number of applications and patents involved: 19

7. Total fee (37 CFR 3.41) \$ 7600.00



Enclosed



Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Sebastian Camua

Name of Person Signing

Signature

12/04/01

Date

Total number of pages including cover sheet, attachments, and documents: 18

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

12/07/2001 DBYRNE 00000014 632638

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PATENT
REEL: 012333 FRAME: 0379

EXHIBIT "B"

PATENTS

(Including patents that are the subject of an application for registration)

PATENT	COUNTRY	APPLICATION/SERIAL NUMBER	FILING DATE	STATUS
METHOD FOR SEPARATING RARE CELLS FROM A POPULATION OF CELLS	AU	16898/95 692838	01/23/95	Issued
METHOD FOR SEPARATING RARE CELLS FROM A POPULATION OF CELLS	CA	2182371	01/23/95	Issued
METHOD FOR SEPARATING RARE CELLS FROM A POPULATION OF CELLS	EP	95908660.4	01/23/95	Published
METHOD FOR SEPARATING RARE CELLS FROM A POPULATION OF CELLS	JP	7-520135 2977906	01/23/95	Issued
METHOD FOR SEPARATING RARE CELLS FROM A POPULATION OF CELLS	PC	95/00961	01/23/95	Published
METHOD FOR SEPARATING RARE CELLS FROM A POPULATION OF CELLS	US	08/190327 5432054	01/31/94	Issued
DENSITY GRADIENT MEDIUM FOR THE SEPARATION OF CELLS	AU	18337/95 680738	01/23/95	Issued
DENSITY GRADIENT MEDIUM FOR THE SEPARATION OF CELLS	CA	2182367	01/23/95	Pending
DENSITY GRADIENT MEDIUM FOR THE SEPARATION OF CELLS	CH	95910120.5 CH 0739229	01/23/95	Issued
DENSITY GRADIENT MEDIUM FOR THE SEPARATION OF CELLS	DE	95910120.5 DE 0739229	01/23/95	Issued
DENSITY GRADIENT MEDIUM FOR THE SEPARATION OF CELLS	DK	95910120.5 DK 0739229	01/23/95	Issued
DENSITY GRADIENT MEDIUM FOR THE SEPARATION OF CELLS	EP	95910120.5 0739229	01/23/95	Nat'l Phase
DENSITY GRADIENT MEDIUM FOR THE SEPARATION OF CELLS	FR	95910120.5 FR 0739229	01/23/95	Issued
DENSITY GRADIENT MEDIUM FOR THE SEPARATION OF CELLS	GB	95910120.5 GB 0739229	01/23/95	Issued
DENSITY GRADIENT MEDIUM FOR THE SEPARATION OF CELLS	IT	95910120.5 IT 0739229	01/23/95	Issued
DENSITY GRADIENT MEDIUM FOR THE SEPARATION OF CELLS	JP	7-520133 3017291	01/23/95	Issued
DENSITY GRADIENT MEDIUM FOR THE SEPARATION OF CELLS	NL	95910120.5 NL 0739229	01/23/95	Issued
DENSITY GRADIENT MEDIUM FOR THE SEPARATION OF CELLS	PC	95/00956	01/23/95	Published
DENSITY GRADIENT MEDIUM FOR THE SEPARATION OF CELLS	US	08/189509 5489386	01/31/94	Issued
Centrifuge Tube & Adaptor	AU	16899/95 680346	01/23/95	Issued
Centrifuge Tube & Adaptor	CA	2182365 2182365	01/23/95	Issued
Centrifuge Tube & Adaptor	EP	95908661.2	01/23/95	Published
Centrifuge Tube & Adaptor	JP	7-520136	01/23/95	Pending
Centrifuge Tube & Adaptor	PC	95/00962	01/23/95	Published
Centrifuge Tube & Adaptor	US	08/189249 5422018	01/31/94	Issued
METHOD FOR ANALYZING DNA FROM A RARE CELL IN A CELL POPULATION	US	08/956349 6087134	10/23/97	Issued
Use of Anti-Embryonic Hemoglobin Antibodies to Identify Fetal Cells	AU	49200/97 735380	10/20/97	Issued
Use of Anti-Embryonic Hemoglobin Antibodies to Identify Fetal Cells	CA	2269327	10/20/97	Pending
Use of Anti-Embryonic Hemoglobin Antibodies to Identify Fetal Cells	EP	97911938.5	10/20/97	Published
Use of Anti-Embryonic Hemoglobin Antibodies to Identify Fetal Cells	HK	00108086.8	10/20/97	Published
Use of Anti-Embryonic Hemoglobin Antibodies to Identify Fetal Cells	IL	129382	10/20/97	Pending

**EXHIBIT "B" - PATENTS
APPLIED IMAGING CORP. - CONFIDENTIAL**

PATENT	COUNTRY	APPLICATION/SERIAL NUMBER	FILING DATE	STATUS
Use of Anti-Embryonic Hemoglobin Antibodies to Identify Fetal Cells	JP	10-519694	10/20/97	Pending
Use of Anti-Embryonic Hemoglobin Antibodies to Identify Fetal Cells	KR	1999-7003439	10/20/97	Published
Use of Anti-Embryonic Hemoglobin Antibodies to Identify Fetal Cells	MX	993697	10/20/97	Pending
Use of Anti-Embryonic Hemoglobin Antibodies to Identify Fetal Cells	PC	97/19447	10/20/97	Nat'l Phase
Use of Anti-Embryonic Hemoglobin Antibodies to Identify Fetal Cells	RU	99110373.14	10/20/97	Issued
Use of Anti-Embryonic Hemoglobin Antibodies to Identify Fetal Cells	US	08/734556 5731156	10/21/96	Issued
Use of Anti-Embryonic Hemoglobin Antibodies to Identify Fetal Cells	IL		10/20/97	Pending
Use of Anti-Embryonic Hemoglobin Antibodies to Identify Fetal Cells	US	09/101364 5962234	07/07/98	Issued
MULTIFLUOR-FLUORESCENCE IN-SITU HYBRIDIZATION (M-FISH) IMAGING TECHNIQUES USING MULTIPLE MULTIBAND FILTERS WITH..	US	08/901543 5880473	07/28/97	Issued
MULTIFLUOR-FLUORESCENCE IN-SITU HYBRIDIZATION (M-FISH) IMAGING TECHNIQUES USING MULTIPLE MULTIBAND FILTERS WITH...	US	09/222550 6225636	12/29/98	Issued
IDENTIFICATION OF OBJECTS OF INTEREST USING MULTIPLE ILLUMINATION SCHEMES & FINDING OVERLAP OF FEATURES IN...	AU	74828/98	05/12/98	Accepted
IDENTIFICATION OF OBJECTS OF INTEREST USING MULTIPLE ILLUMINATION SCHEMES & FINDING OVERLAP OF FEATURES IN...	CA	2289930	05/12/98	Pending
IDENTIFICATION OF OBJECTS OF INTEREST USING MULTIPLE ILLUMINATION SCHEMES & FINDING OVERLAP OF FEATURES IN...	EP	98922230.2	05/12/98	Pending
IDENTIFICATION OF OBJECTS OF INTEREST USING MULTIPLE ILLUMINATION SCHEMES & FINDING OVERLAP OF FEATURES IN...	HK	00105518.2	05/12/98	Published
IDENTIFICATION OF OBJECTS OF INTEREST USING MULTIPLE ILLUMINATION SCHEMES & FINDING OVERLAP OF FEATURES IN...	IL	132747	05/12/98	Pending
IDENTIFICATION OF OBJECTS OF INTEREST USING MULTIPLE ILLUMINATION SCHEMES & FINDING OVERLAP OF FEATURES IN...	JP	10-549451	05/12/98	Pending
IDENTIFICATION OF OBJECTS OF INTEREST USING MULTIPLE ILLUMINATION SCHEMES & FINDING OVERLAP OF FEATURES IN...	NO	19995542	05/12/98	Pending
IDENTIFICATION OF OBJECTS OF INTEREST USING MULTIPLE ILLUMINATION SCHEMES & FINDING OVERLAP OF FEATURES IN...	PC	98/09689	05/12/98	Nat'l Phase
IDENTIFICATION OF OBJECTS OF INTEREST USING MULTIPLE ILLUMINATION SCHEMES & FINDING OVERLAP OF FEATURES IN...	US	09/072502 6169816	05/04/98	Issued
Identification of Objects of Interest Using Illumination Schemes & Finding Overlap of Features in Corresponding	PC	00/31369	11/15/00	Published
Identification of Objects of Interest Using Illumination Schemes & Finding Overlap of Features in Corresponding	US	09/443949 6259807	11/19/99	Pending
Identification of Objects of Interest Using Multiple Illumination Schemes & Finding Overlap of Features in...	US	09/901584	07/09/01	Pending
CROSS-SPECIES CHROMOSOME PAINTING	CA	2282788	02/27/98	Pending
CROSS-SPECIES CHROMOSOME PAINTING	EP	98907137.8	02/27/98	Pending
CROSS-SPECIES CHROMOSOME PAINTING	GB	9811526.4 2325302	02/27/98	Issued
CROSS-SPECIES CHROMOSOME PAINTING	JP		02/27/98	Pending

November 6, 2001

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**PATENT
REEL: 012333 FRAME: 0381**

EXHIBIT "B" – PATENTS
APPLIED IMAGING CORP. - CONFIDENTIAL

PATENT	COUNTRY	APPLICATION/SERIAL NUMBER	FILING DATE	STATUS	
CROSS-SPECIES CHROMOSOME PAINTING	PC	IB98/00439	02/27/98	Pending	
CROSS-SPECIES CHROMOSOME PAINTING	US	09/032346 6255465	02/27/98	Issued	12
Chromosome-Specific Paint Probes	US	09/337013 6270971	06/30/99	Issued	13
Cross-Species Chromosome Painting	US	09/851598	05/08/01	Pending	14
Method for Detection of Analytes in a Sample	PC	00/26841	09/29/00	Published	
Method for Detection of Analytes in a Sample	US	09/411352	10/01/99	Pending	15
AUTOMATIC FOCUSING SYSTEM USING FOCAL LENGTH-CHANGING ELEMENT	US	07/931944 5254845	08/18/92	Issued	16
High Efficiency Methods for Combined Immunocytochemistry & In Situ Hybridization	US	09/592120	06/12/00	Pending	17
Systems for Retaining Biological Compounds on a Viewing Slide	US	60/265747	01/31/01	Pending	18
High Efficiency Method for Combined Immunocytochemistry and In Situ Hybridization	US			Unfiled	
Automated Scanning Method for Pathology Samples	US	60/298227	06/12/01	Pending	19
Tumor Cell Enrichment System	US			Unfiled	

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November 6, 2001

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PATENT
REEL: 012333 FRAME: 0382

EXHIBIT "C"

TRADEMARKS

(including trademarks that are the subject of an application for registration)

<u>Mark</u>	<u>Country</u>	<u>Serial/Application Number</u>	<u>Filing Date</u>	<u>Status</u>
CVCHROMOSCAN	US	75/570,129	10/14/98	Pending
CVCHROMOFLUOR	US	75/570,126	10/14/98	Pending
CYTOVISION	US	2359443	10/14/98	Registered (Issued 6/20/00)
RXFISH	EM	791533	4/7/98	Registered (Issued 6/29/99)
RXFISH	IL	119012	4/8/98	Registered (Issued 6/7/99)
RXFISH	JP	4270936	4/17/98	Registered (Issued 5/7/99)
RXFISH	US	75/455,614	3/24/98	Registered (Issued 4/4/00)
RXFISH & DESIGN	US	75/455,613	3/24/98	Registered (Issued 4/4/00)
CYTONET	EM	2285617	7/4/01	Pending
CYTOTALK	US	76/210,989	2/16/2001	Pending
POWERGENE	US	74/530,333	5/27/94	Registered (Issued 7/23/96)
POWERGENE	EM	2005726	12/18/00	Pending
CYTOTALK	EM	2062164	1/30/01	Pending

11/26/01

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PATENT
REEL: 012333 FRAME: 0383

**INTELLECTUAL PROPERTY
MORTGAGE AND SECURITY AGREEMENT**

This Intellectual Property Mortgage and Security Agreement (this "Agreement") is made as of September 28, 2001 by and between Applied Imaging Corp., a Delaware corporation ("Debtor"), and Silicon Valley Bank, a California banking corporation ("Secured Party").

RECITALS

A. Secured Party has agreed to lend to Debtor certain funds (the "Loans"), pursuant to a Loan and Security Agreement dated as of even date herewith (as amended, restated, supplemented, or otherwise modified from time to time, the "Loan Agreement") and Debtor desires to borrow such funds from Secured Party.

B. In order to induce Secured Party to make the Loans, Debtor has agreed to grant a security interest in certain intangible property to Secured Party for purposes of securing the obligations of Debtor to Secured Party.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Mortgage and Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Debtor's present or future indebtedness, obligations and liabilities to Secured Party, Debtor hereby grants, transfers, and conveys a security interest and mortgage to Secured Party, as security, but not as an ownership interest, in and to Debtor's entire right, title and interest in, to and under the following (all of which shall collectively be called the "Collateral"):

(a) All of present and future United States registered copyrights and copyright registrations, including, without limitation, the registered copyrights, maskworks, software, computer programs and other works of authorship subject to United States copyright protection listed in Exhibit A-1 to this Agreement (and including all of the exclusive rights afforded a copyright registrant in the United States under 17 U.S.C. §106 and any exclusive rights which may in the future arise by act of Congress or otherwise) and all present and future applications for copyright registrations (including applications for copyright registrations of derivative works and compilations) (collectively, the "Registered Copyrights"), and any and all royalties, payments, and other amounts payable to Debtor in connection with the Registered Copyrights, together with all renewals and extensions of the Registered Copyrights, the right to recover for all past, present, and future infringements of the Registered Copyrights, and all computer programs, computer databases, computer program flow diagrams, source codes, object codes and all tangible property embodying or incorporating the Registered Copyrights, and all other rights of every kind whatsoever accruing thereunder or pertaining thereto.

(b) All present and future copyrights, maskworks, software, computer programs and other works of authorship subject to (or capable of becoming subject to) United States copyright protection which are not registered in the United States Copyright Office (the "Unregistered Copyrights"), whether now owned or hereafter acquired, including without limitation the Unregistered Copyrights listed in Exhibit A-2 to this Agreement, and any and all royalties, payments, and other amounts payable to Debtor in connection with the Unregistered Copyrights, together with all renewals and extensions of the Unregistered Copyrights, the right to recover for all past, present, and future infringements of the Unregistered Copyrights, and all computer programs, computer databases, computer program flow diagrams, source codes, object codes and all tangible property embodying or incorporating the Unregistered Copyrights, and all other rights of every kind whatsoever accruing thereunder or pertaining thereto. The Registered Copyrights and the Unregistered Copyrights collectively are referred to herein as the "Copyrights."

(c) All right, title and interest in and to any and all present and future license agreements with respect to the Copyrights, including without limitation the license agreements listed in Exhibit A-3 to this Agreement (the "Licenses").

(d) All present and future accounts, accounts receivable and other rights to payment arising from, in connection with or relating to the Copyrights.

(e) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;

(f) Any and all design rights which may be available to Debtor now or hereafter existing, created, acquired or held;

(g) All patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");

(h) Any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Debtor connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks"); provided, however, that Secured Party shall not acquire any interest in any intent to use a federal trademark application for a trademark, servicemark, or other mark filed on Debtor's behalf prior to the filing under applicable law of a verified statement of use (or equivalent) for such mark that is the subject of such application;

(i) Any and all claims for damages by way of past, present and future infringements of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(j) All licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(k) All amendments, extensions, renewals and extensions of any of the Copyrights, Trademarks or Patents; and

(l) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

2. Authorization and Request. Debtor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this Agreement.

3. Covenants and Warranties. Debtor represents, warrants, covenants and agrees as follows:

(a) Debtor is now the sole owner of the Collateral, except for (i) non-exclusive licenses granted by Debtor to its customers in the ordinary course of business, and (ii) "Permitted Exclusive Assay Provider Licenses" (as such term is defined in the Loan Agreement).

(b) Listed on Exhibits A-1 and A-2 are all copyrights owned by Debtor, in which Debtor has an interest, or which are used in Debtor's business.

(c) Each employee, agent and/or independent contractor who has participated in the creation of the property constituting the Collateral has either executed an assignment of his or her rights of authorship to Debtor or is an employee of Debtor acting within the scope of his or her employment and was such an employee at the time of said creation.

(d) [intentionally omitted]

(e) Debtor shall undertake all reasonable measures to cause its employees, agents and independent contractors to assign to Debtor all rights of authorship to any copyrighted material in which Debtor has or may subsequently acquire any right or interest.

(f) Performance of this Agreement does not conflict with or result in a breach of any agreement to which Debtor is bound, except to the extent that certain intellectual property agreements prohibit the assignment of the rights thereunder to a third party without the licensor's or other party's consent and this Agreement constitutes an assignment.

(g) During the term of this Agreement, Debtor will not transfer or otherwise encumber any interest in the Collateral, except for Permitted Liens (as such term is defined in the Loan Agreement) and non-exclusive licenses granted by Debtor in the ordinary course of business or as set forth in this Agreement;

(h) Each of the Patents, Trademarks, and Copyrights is valid and enforceable, and no part of the Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Collateral violates the rights of any third party;

(i) Debtor shall promptly advise Secured Party of any material adverse change in the composition of the Collateral, including but not limited to any subsequent ownership right of the Debtor in or to any Trademark, Patent or Copyright not specified in this Agreement;

(j) Debtor shall (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents and Copyrights, (ii) use its best efforts to detect infringements of the Trademarks, Patents and Copyrights and promptly advise Secured Party in writing of material infringements detected and (iii) not allow any Trademarks, Patents, or Copyrights to be abandoned, forfeited or dedicated to the public without the written consent of Secured Party, which shall not be unreasonably withheld unless Debtor determines that reasonable business practices suggest that abandonment is appropriate;

(k) Section 9(3) of the Schedule to the Loan Agreement hereby is incorporated herein, *mutatis mutandis*;

(l) This Agreement creates, and in the case of after acquired Collateral, this Agreement will create at the time Debtor first has rights in such after acquired Collateral, in favor of Secured Party a valid and perfected first priority security interest (subject only to Permitted Liens (if any) that are specifically entitled pursuant to applicable law, or specifically acknowledged in writing by Secured Party, to have priority over Secured Party's security interests) in the Collateral in the United States securing the payment and performance of the obligations evidenced by the Loan Agreement upon making the filings referred to in clause (m) below;

(m) To its knowledge, except for, and upon, the filing with the United States

Patent and Trademark office with respect to the Patents and Trademarks and the Register of Copyrights with respect to the Copyrights necessary to perfect the security interests and mortgage created hereunder and except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority or U.S. regulatory body is required either (i) for the grant by Debtor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by Debtor in the U.S. or (ii) for the perfection in the United States or the exercise by Secured Party of its rights and remedies thereunder;

(n) All information heretofore, herein or hereafter supplied to Secured Party by or on behalf of Debtor with respect to the Collateral is accurate and complete in all material respects.

(o) Debtor shall not enter into any agreement that would materially impair or conflict with Debtor's obligations hereunder without Secured Party's prior written consent, which consent shall not be unreasonably withheld. Debtor shall not permit the inclusion in any material contract to which it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Debtor's rights and interest in any property included within the definition of the Collateral acquired under such contracts, except that certain contracts may contain anti-assignment provisions that could in effect prohibit the creation of a security interest in such contracts.

(p) Upon any executive officer of Debtor obtaining actual knowledge thereof, Debtor will promptly notify Secured Party in writing of any event that materially adversely affects the value of any material Collateral, the ability of Debtor to dispose of any material Collateral or the rights and remedies of Secured Party in relation thereto, including the levy of any legal process against any of the Collateral.

4. Secured Party's Rights. Secured Party shall have the right, but not the obligation, to take, at Debtor's sole expense, any actions that Debtor is required under this Agreement to take but which Debtor fails to take, after fifteen (15) days' notice to Debtor. Debtor shall reimburse and indemnify Secured Party for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this section 4.

5. Inspection Rights. Debtor hereby grants to Secured Party and its employees, representatives and agents the right to visit, during reasonable hours upon prior reasonable written notice to Debtor, and any of Debtor's plants and facilities that manufacture, install or store products (or that have done so during the prior six-month period) that are sold utilizing any of the Collateral, and to inspect the products and quality control records relating thereto upon reasonable written notice to Debtor and as often as may be reasonably requested, but not more than one (1) in every six (6) months; provided, however, nothing herein shall entitle Secured Party access to Debtor's trade secrets and other proprietary information.

6. Further Assurances; Attorney in Fact.

(a) Debtor will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including, appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademarks Office and the Register of Copyrights, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Secured Party, to perfect Secured Party's security interest in all Copyrights, Patents and Trademarks and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to Secured Party the grant or perfection of a security interest in all Collateral.

(b) Upon the occurrence and during the continuation of an Event of Default, Debtor hereby irrevocably appoints Secured Party as Debtor's attorney-in-fact, with full authority in the place and stead of Debtor and in the name of Debtor, Secured Party or otherwise, from time to time in Secured Party's good faith business judgment, upon Debtor's failure or inability to do so, to take any action and to execute any instrument which Secured Party may deem necessary or advisable in Secured Party's good faith business judgment to accomplish the purposes of this Agreement, including:

(i) To modify, in Secured Party's good faith business judgment, this Agreement without first obtaining Debtor's approval of or signature to such modification by amending Exhibit A-1, Exhibit A-2, Exhibit A-3, Exhibit B and Exhibit C, thereof, as appropriate, to include reference to any right, title or interest in any Copyrights, Patents or Trademarks acquired by Debtor after the execution hereof or to delete any reference to any right, title or interest in any Copyrights, Patents or Trademarks in which Debtor no longer has or claims any right, title or interest; and

(ii) To file, in Secured Party's good faith business judgment, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Debtor where permitted by law.

7. Events of Default. The occurrence and continuation of any of the following shall constitute an Event of Default under this Agreement:

(a) An Event of Default occurs and is continuing under the Loan Agreement;
or

(b) Debtor breaches any warranty or agreement made by Debtor in this Agreement and such breach is not cured within 5 Business Days of such breach.

8. Remedies. Upon the occurrence and continuation of an Event of Default, Secured Party shall have the right to exercise all the remedies of a secured party under the California Uniform Commercial Code, including without limitation the right to require Debtor to assemble the Collateral and any tangible property in which Secured Party has a security interest and to make it available to Secured Party at a place designated by Secured Party. Secured Party shall have a nonexclusive, royalty free license to use the Copyrights, Patents and Trademarks to the extent reasonably necessary to permit Secured Party to exercise its rights and remedies upon the occurrence and continuation of an Event of Default. Debtor will pay any expenses (including reasonable attorney's fees) incurred by Secured Party in connection with the exercise of any of Secured Party's rights hereunder, including without limitation any expense incurred in disposing of the Collateral. All of Secured Party's rights and remedies with respect to the Collateral shall be cumulative.

9. Indemnity. Debtor agrees to defend, indemnify and hold harmless Secured Party and its officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Agreement, and (b) all losses or expenses in any way suffered, incurred, or paid by Secured Party as a result of or in any way arising out of, following or consequential to transactions between Secured Party and Debtor, whether under this Agreement or otherwise (including without limitation, reasonable attorneys fees and reasonable expenses), except for losses arising from or out of Secured Party's gross negligence or willful misconduct.

10. Release. At such time as Debtor shall completely satisfy all of the obligations secured hereunder, Secured Party shall execute and deliver to Debtor all lien releases and other instruments as may be reasonably necessary or proper to terminate Secured Party's security

interest in the Collateral, subject to any disposition of the Collateral which may have been made by Secured Party pursuant to this Agreement. For the purpose of this Agreement, the obligations secured hereunder shall be deemed to continue if Debtor enters into any bankruptcy or similar proceeding at a time when any amount paid to Secured Party could be ordered to be repaid as a preference or pursuant to a similar theory, and shall continue until it is finally determined that no such repayment can be ordered.

11. No Waiver. No course of dealing between Debtor and Secured Party, nor any failure to exercise nor any delay in exercising, on the part of Secured Party, any right, power, or privilege under this Agreement or under the Loan Agreement or any other agreement, shall operate as a waiver. No single or partial exercise of any right, power, or privilege under this Agreement or under the Loan Agreement or any other agreement by Secured Party shall preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege by Secured Party.

12. Rights Are Cumulative. All of Secured Party's rights and remedies with respect to the Collateral whether established by this Agreement, the Loan Agreement, or any other documents or agreements, or by law shall be cumulative and may be exercised concurrently or in any order.

13. Course of Dealing. No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

14. Attorneys' Fees. If any action relating to this Agreement is brought by either party hereto against the other party, the prevailing party shall be entitled to recover reasonable attorneys fees, costs and disbursements.

15. Amendments. This Agreement may be amended only by a written instrument signed by both parties hereto. To the extent that any provision of this Agreement conflicts with any provision of the Loan Agreement, the provision giving Secured Party greater rights or remedies shall govern, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to Secured Party under the Loan Agreement. This Agreement, the Loan Agreement, and the documents relating thereto comprise the entire agreement of the parties with respect to the matters addressed in this Agreement.

16. Severability. The provisions of this Agreement are severable. If any provision of this Agreement is held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such provision, or part thereof, in such jurisdiction, and shall not in any manner affect such provision or part thereof in any other jurisdiction, or any other provision of this Agreement in any jurisdiction.

17. California Law and Jurisdiction. This Agreement shall be governed by the laws of the State of California, without regard for choice of law provisions. Debtor and Secured Party consent to the nonexclusive jurisdiction of any state or federal court located in Santa Clara County, California.

18. Confidentiality. In handling any confidential information, Secured Party shall exercise the same degree of care that it exercises with respect to its own proprietary information of the same types to maintain the confidentiality of any non-public information thereby received or received pursuant to this Agreement except that the disclosure of this information may be made (i) to the affiliates of the Secured Party, (ii) to prospective transferee or purchasers of an interest in the obligations secured hereby, provided that they have entered into a comparable confidentiality agreement in favor of Debtor and have delivered a copy to Debtor, (iii) as required by law, regulation, rule or order, subpoena judicial order or similar order and (iv) as may be required in connection with the examination, audit or similar investigation of Secured

Party.

19. WAIVER OF RIGHT TO JURY TRIAL. SECURED PARTY AND DEBTOR EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO: (I) THIS AGREEMENT; OR (II) ANY OTHER PRESENT OR FUTURE INSTRUMENT OR AGREEMENT BETWEEN SECURED PARTY AND DEBTOR; OR (III) ANY CONDUCT, ACTS OR OMISSIONS OF SECURED PARTY OR DEBTOR OR ANY OF THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS OR ANY OTHER PERSONS AFFILIATED WITH SECURED PARTY OR DEBTOR; IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE.

[remainder of page intentionally left blank; signature page follows]

20. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

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

DEBTOR:

APPLIED IMAGING CORP.

By: [Signature]
Title: CFO
Name (please print): SARBY HOTCHKIES

Address of Debtor:

2380 Walsh Avenue
Santa Clara, CA 95051

SECURED PARTY:

SILICON VALLEY BANK

By: [Signature]
Title: Account Manager
Name (please print): CHIKIA SURIYANARAYANAN

Address of Secured Party:

3003 Tasman Drive
Santa Clara, California 95054

STATE OF California)
COUNTY OF Santa Clara) ss.

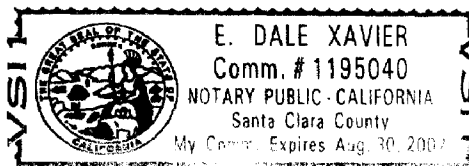
On 9-28, 2001, before me,
E. Dale Xavier, Notary Public, personally appeared
Barry Hetchkies,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the
person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

Witness my hand and official seal.

E. Dale Xavier

(Seal)

STATE OF _____)
COUNTY OF _____) ss.



On _____, 200__, before me,
_____, Notary Public, personally appeared
_____,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the
person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

Witness my hand and official seal.

(Seal)

EXHIBIT "A-1"

REGISTERED COPYRIGHTS

(including copyrights that are the subject of an application for registration)

<u>Copyright</u>	<u>Country</u>	<u>Registration/Application Number</u>	<u>Registration/Application Date</u>

NONE PER BORROWER
c2
11/30/01

EXHIBIT "A-2"

UNREGISTERED COPYRIGHTS

NONE PER BORROWER

LS

n/30/01

EXHIBIT "A-3"

DESCRIPTION OF LICENSE AGREEMENTS

NONE PER BORROWER
US
11/30/01

Chitra Suriyanarayanan

From: Barry Hotchkies [bhotchkies@aicorp.com]
Sent: Friday, November 30, 2001 11:48 AM
To: Chitra Suriyanarayanan
Cc: Gina Garcia
Subject: IP Mortgage and Security Agreement

Chitra,

This is to authorize you to mark "NONE" on the Exhibits A-1, A-2 and A-3 to the Intellectual Property and Security Agreement between AIC and SVB.

Barry Hotchkies
CFO - Applied Imaging
Tel: 408-450-4301
Fax: 408-562-0264