

02-10-03



Docket No.:

FORM PTO-1595 (Modified) (Rev. 03-01) OMB No. 0651-0027 (exp. 5/31/2002) P08/REV03

02-14-2003

U.S. DEPARTMENT OF COMMERCE Patent and Trademark Office



Tab settings

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To the Honorable Commissioner of Patents, enclosed are attached original documents or copy thereof.

1. Name of conveying party(ies): **Orchid Biosciences, Inc.** **2-6-03**
Additional names(s) of conveying party(ies) Yes No

2. Name and address of receiving party(ies):
Name: **Saint Louis University**
Internal Address:
Street Address: **221 North Grand Boulevard**
City: **St. Louis** State: **MO** ZIP: **63103**
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other
Execution Date: **August 6, 2002**

4. Application number(s) or patent numbers(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)
5,846,710
Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: **Kirk A. Damman**
Internal Address: **Lewis Rice & Fingersh**
Street Address: **500 North Broadway**
Suite 2000
City: **St. Louis** State: **MO** ZIP: **63102**

6. Total number of applications and patents involved: **1**
7. Total fee (37 CFR 3.41):.....\$ **40.00**
 Enclosed - Any excess or insufficiency should be credited or debited to deposit account
 Authorized to be charged to deposit account
8. Deposit account number:
50-0975
(Attach duplicate copy of this page if paying by deposit account)

02/13/2003 DBYRNE 0000065 5846710 DO NOT USE THIS SPACE

9. Statement and signature. **40.00 OP**
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.
Kirk A. Damman **02/06/2003**
Name of Person Signing Signature Date
Total number of pages including cover sheet, attachments, and document: **1**

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), is made as of August 6, 2002 by ORCHID BIOSCIENCES, INC., a Delaware corporation (the "Pledgor") having its principal place of business at 4390 Route 1 North, Princeton, New Jersey 08540, in favor of SAINT LOUIS UNIVERSITY, a non-profit organization operating and existing under the laws of the State of Missouri with a principal place of business at 221 North Grand Boulevard, St. Louis, Missouri 63103 (the "Pledgee").

RECITALS

WHEREAS, Pledgee and Pledgor entered into that certain Settlement Agreement of even date herewith (the "Settlement Agreement"); and

WHEREAS, pursuant to the Settlement Agreement, Pledgor agreed to pledge its interest in the Pledged Collateral as herein provided.

NOW, THEREFORE, in consideration of the mutual promises and agreements below and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgor and the Pledgee hereby agree as follows:

1. Definitions. Unless otherwise defined herein, capitalized terms shall have the meanings given to them in the Settlement Agreement, and if not defined therein, the Uniform Commercial Code as adopted in the State of Missouri (the "UCC").
2. Pledge of Collateral. As security for the full and prompt payment and performance of the Pledgor's obligations under the Settlement Agreement and the \$1,500,000 Note from Pledgor in favor of Pledgee dated of even date herewith (collectively, the "Obligations"), Pledgor hereby pledges all of its right, title and interest in and to, and grants a continuing security interest in, the Pledged Collateral (as defined below) to Pledgee. For the purposes hereof, "Pledged Collateral" means the '710 Patent, including: (i) the existing and any future license agreements with respect to the '710 Patent as listed on Exhibit A to the Settlement Agreement (but only to the extent that future licenses directly relate to the '710 Patent and excluding therefrom any other know-how, technology or intellectual property); and (ii) any patent (including, without limitation, any inventor's certificate) that has issued or issues in the future in any country on the '710 Patent, including, without limitation, any reissue, reexamination, extension, confirmation, registration, revalidation, or patent of addition, and (iv) all causes of action and insurance proceeds related to or arising from any of the foregoing, including the right to bring suit for past infringement or misappropriation.
3. No Release. Nothing set forth in this Agreement shall relieve the Pledgor from the performance of any term, covenant, condition or agreement on the Pledgor's part to be performed or observed under the Settlement Agreement; provided, however, that this Agreement and the security interest granted hereunder shall be subject to the Settlement Agreement..

4. Further Assurances. The Pledgor hereby authorizes Pledgee to file such financing statements, continuation statements and other documents in such offices (including, without limitation, the United States Patent and Trademark Office as the Pledgee may reasonably deem necessary or appropriate, wherever required or permitted by law in order to perfect or preserve the rights and interests granted to the Pledgee hereunder, and to execute and deliver to the Pledgee such additional assignments, agreements, powers and instruments, as Pledgee may reasonably require to carry into effect the purposes of this Agreement.

5. Representations and Warranties of The Pledgor. The Pledgor hereby represents and warrants that:

- (a) The Pledgor has full corporate power, authority and legal right to pledge and grant a security interest in the Pledged Collateral in accordance with the terms of this Agreement and this Agreement constitutes the legal, valid and binding obligations of the Pledgor, enforceable against the Pledgor in accordance with its terms, (i) except as any provisions contained herein or in the Settlement Agreement may be limited by principles of public policy, and (ii) subject to laws of general application relating to bankruptcy, insolvency, relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies.
- (b) As long as this Agreement is in full force and effect, Pledgor will not enter into any agreement that would impair or conflict with the Pledgor's obligations hereunder.
- (c) Pledgor will notify Pledgee promptly after becoming aware of any infringement of the Pledged Collateral by a third party.
- (d) The security interest granted hereunder is a first security interest in the Pledged Collateral.

6. Covenants. As long as this Agreement remains in full force and effect, Pledgor agrees that:

- (a) Pledgor will not grant or permit to exist any lien upon or with respect to the Pledged Collateral or any portion thereof, and will not execute any security agreement or financing statement covering any of the Pledged Collateral, except for unknown liens for taxes, assessments or government charges or claims, the payment of which is not at the time required and inchoate liens imposed by law;
- (b) Pledgor will not license the Pledged Collateral or any portion thereof other than in the ordinary course of Pledgor's business; and
- (c) Pledgor will pay when due all maintenance fees, annuities or other charges payable in respect of the Pledged Collateral unless contested in good faith by Pledgor. Pledgor will take such acts as Pledgor shall determine to be necessary to preserve and maintain all rights in the Pledged Collateral unless such Pledged Collateral has become obsolete to the Pledgor's business.

7. Remedies Upon Default.

- (a) Pledgee may exercise in respect of the Pledged Collateral, in addition to other rights and remedies provided for herein or otherwise available to Pledgee, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Pledged Collateral) and also may: (i) as provided below in subsection 7(c), exercise any and all rights and remedies of Pledgor under or otherwise in respect of the Pledged Collateral, (ii) require Pledgor to, and Pledgor hereby agrees that it will at its expense and upon request of Pledgee, assemble all or any part of the documents embodying the Pledged Collateral as directed by Pledgee and make them available to Pledgee at a place to be designated by Pledgee which is reasonably convenient to both Pledgee and Pledgor, (iii) license, sell or otherwise dispose of the Pledged Collateral or any part thereof, in one or more lots, at public or private sale, at any of Pledgee's offices or elsewhere, for cash, credit or other consideration, and upon such other terms as are commercially reasonable. To the extent notice to Pledgor of the time and place of any public sale or the time after which any private sale is to be made is required to be reasonable, ten (10) Business Days constitutes reasonable notice. Pledgee will not be obligated to make any sale of any Pledged Collateral regardless of notice of sale having been given. Pledgee may adjourn any public or private sale therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Pledgee may bid and become a purchaser at any such sale, if public, and upon any such sale Pledgee may collect, receive, and hold and apply, as provided herein, the proceeds thereof to the payment of the Secured Obligations, and assign and deliver some or all of the Pledged Collateral to SLU at any such sale. The proceeds from any such sale will be applied in accordance with the terms of the Settlement Agreement.
- (b) For purposes hereof, an "Event of Default" means the occurrence of a breach of this Agreement or the Settlement Agreement by the Pledgor, after the lapse of any applicable cure periods or a default by Pledgor under the terms of the \$1,500,000 Note.
- (c) The Pledgor hereby appoints Pledgee its attorney-in-fact coupled with an interest, with full authority in the place and stead of the Pledgor and in the name of the Pledgor, or otherwise, from time to time after the occurrence and continuation of an Event of Default, in the Pledgee's reasonable discretion to take any action and to execute any instruments consistent with the terms of this Agreement and the Settlement Agreement which the Pledgee may reasonably deem necessary or advisable to accomplish the purposes of this Agreement.

8. Application of Proceeds. The proceeds of any Pledged Collateral obtained pursuant to the exercise of any remedy set forth in Section 7 shall be applied, together with any other sums then held by Pledgee pursuant to this Agreement or the Settlement Agreement:

First, to the payment of all reasonable costs and expenses, fees, commissions and taxes of such sale, collection or other realization including, without limitation, reasonable attorneys' expenses and fees;

Second, to the payment in full of the Obligations; and

Third, to the Pledgor, or its successors or assigns, or to whomsoever may be lawfully entitled to receive the same or as any court of competent jurisdiction may direct.

9. Pledgor's Rights with respect to Pledged Collateral. Unless and until an Event of Default shall have occurred and be continuing, the Pledgor shall have the right to exercise all rights of ownership with respect to the Pledged Collateral including, without limitation, commencing and prosecuting in its own name, as real party in interest, for its own benefit and at its own expense, such applications for protection of Pledged Collateral, suits, proceedings or other actions for infringement, unfair competition or other damage as are in its reasonable business judgment necessary to protect the Pledged Collateral. Pledgee shall provide all reasonable and necessary cooperation in connection with any such suit, proceeding or action, including, without limitation, joining as a necessary party.

10. Termination; Release. This Agreement shall terminate when all the Obligations have been paid in full and have been terminated. Upon termination of this Agreement, Pledgee will forthwith execute and deliver to the Pledgor all proper instruments as Pledgor shall reasonably require (including UCC termination statements on Form UCC-3 and documents suitable for recordation in the United States Patent and Trademark Office) acknowledging the termination of this Agreement or the release of such Pledged Collateral, as the case may be.

11. Notices. Any notice required or permitted under this Agreement will be deemed to have been sufficiently provided, and effective on the date of receipt, if sent by facsimile and either hand-delivered or sent by overnight express courier (e.g. Federal Express) marked for next day delivery and addressed to the receiving party at its respective address as follows:

If to Pledgee:

Saint Louis University
221 North Grand Boulevard
St. Louis, Missouri 63103
Facsimile:
Attn: Robert O. Webster, Ph.D.

With a copy to:
Lewis, Rice & Fingersh, L.C.
500 North Broadway, Suite 2000
St. Louis, Missouri 63102
attn: Frank B. Janoski, Esq.

If to Pledgor:

Orchid BioSciences, Inc.
4390 Route 1 North
Princeton, New Jersey 08540
Attention: Kevin Nash, Esq.

With a copy to:

Kalow & Springut LLP
488 Madison Avenue
New York, New York 10022
Attention: David A. Kalow, Esq.

or such other address as is provided pursuant to this Section.

12. Modifications in Writing. No amendment, modification, supplement, termination or waiver of or to any provision of this Agreement, nor consent to any departure by the Pledgor therefrom, shall be effective unless the same shall be in writing and signed by both parties. Any amendment, modification or supplement of or to any provision of this Agreement, any waiver of any provision of this Agreement, and any consent to any departure by the Pledgor from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

13. Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction or under any other circumstances.

14. Execution in Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

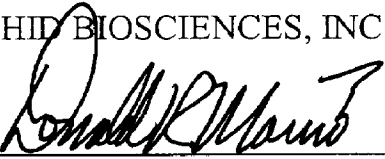
15. Headings. The Section headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

[signature blocks follow on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

PLEDGOR:

ORCHID BIOSCIENCES, INC.

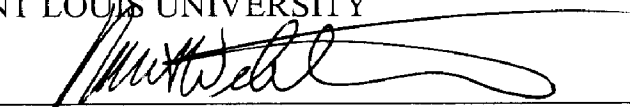
By:  _____

Donald Marvin
COO and CFO

ACKNOWLEDGED AND AGREED:

PLEDGEE:

SAINT LOUIS UNIVERSITY

By:  _____

Robert O. Webster, Ph.D., Associate Provost
for Research Administration