

03-05-2004

Form PTO-1595  
(Rev. 10/02)

RECOR

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OMB No. 0651-0027 (exp. 6/30/2005)

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

1. Name of conveying party(ies):

3.3.04

allvivo, Inc.

20914 Bake Parkway, Suite 112

Lake Forest, CA 92630

2. Name and address of receiving party(ies)

Name: Paradigm Venture Partners, L.P.

Internal Address: \_\_\_\_\_

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

3. Nature of conveyance:

☐

Assignment

☐

Merger

☒

Security Agreement

☐

Change of Name

☐

Other \_\_\_\_\_

Street Address: 500 Beacon Parkway West

City: Birmingham State: AL Zip: 35209

Execution Date: 08/14/2003

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) PCT 02733793.0

B. Patent No.(s) 5,516,703; 6,251,615

5,728,599; 6,284,503; 6,087,452;

Additional numbers attached? ☐ Yes ☒ No

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

Name: Alex B. Leath, III

Internal Address: Suite 2600

Street Address: 1901 Sixth Ave. North

City: Birmingham State: AL Zip: 35203

6. Total number of applications and patents involved: 6

7. Total fee (37 CFR 3.41).....\$ 240.00

☒

Enclosed

☐

Authorized to be charged to deposit account

8. Deposit account number: \_\_\_\_\_

DO NOT USE THIS SPACE

9. Signature.

James L. Thornton

Name of Person Signing

Signature

2/26/03

Date

Total number of pages including cover sheet, attachments, and documents: 21

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents & Trademarks, Box Assignments  
Washington, D.C. 2023103/04/2004 DBYRNE 00000100 5516703  
01 FC:8021PATENT  
REEL: 015027 FRAME: 0011

## SECURITY AGREEMENT

This Security Agreement (this "Agreement") is made as of this 14th day of August, 2003, by Allvivo, Inc., a Delaware corporation (the "Borrower"), in favor of Paradigm Venture Partners, L.P. ("Paradigm"), and North Carolina Bioscience Investment Fund, LLC ("NCBIF") and any subsequent purchasers named in the Purchase Agreement (defined below) who from time to time become parties to this Agreement by execution of a joinder agreement in substantially the form attached hereto as Annex A (collectively, the "Joined Purchasers"); and Paradigm, as collateral agent for the benefit of the Lenders (in such capacity, the "Collateral Agent"). Paradigm, NCBIF and the Joined Purchasers are herein referred to collectively as the "Lenders" and each individually as a "Lender."

### WITNESSETH

WHEREAS, pursuant to the Secured Convertible Note and Warrant Purchase Agreement of even date herewith (as amended, supplemented or otherwise modified from time to time, the "Purchase Agreement") among the Borrower and the Lenders, the Lenders have agreed to make loans to the Borrower, upon the terms and subject to the conditions set forth therein, to be evidenced by secured convertible promissory notes (the "Notes") issued by the Borrower thereunder; and

WHEREAS, in order to induce each Lender to extend the credit evidenced by the Notes, Borrower has agreed to enter into this Agreement and to grant Collateral Agent, for the benefit of itself and the Lenders, the security interest in the Collateral described below;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the Lenders to make their loans to the Borrower under the Purchase Agreement, the Borrower hereby agrees with the Lenders and the Collateral Agent as follows:

1. Defined Terms. Unless otherwise defined herein, terms which are defined in the Purchase Agreement and used herein are so used as so defined and terms which are defined in the Code and used herein are so used as defined, and the following terms shall have the following meanings:

"Affiliate" means, with respect to any holder of the Notes, any person directly or indirectly controlling, controlled by, or under common control with such holder.

"Code" means the Uniform Commercial Code as from time to time in effect in the State of Delaware; provided, however, that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than Delaware, "Uniform Commercial Code" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

"Collateral" shall have the meaning assigned to it in Section 2 of this Security Agreement.

**"Obligations"** means the unpaid principal amount of, and interest on, the Notes and all other obligations and liabilities of the Borrower to the Collateral Agent and the Lenders, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Purchase Agreement, the Notes or this Security Agreement and any other document executed and delivered in connection therewith or herewith and each other obligation and liability, whether direct or indirect, absolute or contingent, due or to become due, or now or hereafter existing, of the Borrower to the Collateral Agent and the Lenders, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all reasonable fees and disbursements of counsel to the Collateral Agent and the Lenders) or otherwise, and with respect to the foregoing, whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U.S.C. Section 101 et seq.), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding.

**"Permitted Liens"** as used herein shall mean (i) liens for loans from banks or other institutional financial or commercial lenders unanimously approved by the Borrower's Board of Directors, including, without limitation, the loans set forth in the Schedule of Exceptions attached as Exhibit D to the Purchase Agreement; (ii) the security interests granted pursuant to the Purchase Agreement and Notes, and renewals and extensions thereof; and (iii) liens arising as a matter of law for taxes not yet due and payable.

**"Security Agreement"** means this Security Agreement, as amended, supplemented or otherwise modified from time to time.

2. **Grant of Security Interest.** As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, the Borrower hereby grants to the Collateral Agent, for its benefit and the ratable benefit of the Lenders, a security interest in all right, title and interest of the Borrower in all of the following property, whether now owned or hereafter acquired: (i) Accounts; (ii) Chattel Paper; (iii) Commercial Tort Claims; (iv) Deposit Accounts; (v) Documents; (vi) Equipment; (vii) Fixtures; (viii) General Intangibles (including patents, copyrights, trademarks, service marks and trade names and any applications therefor or registrations thereof, including without limitation those set forth on Schedule A hereto, payment intangibles and software); (ix) Goods; (x) Instruments; (xi) Inventory; (xii) Investment Property and Financial Assets; (xiii) Letter-of-Credit Rights and letters of credit; (xiv) Money; (xv) Supporting Obligations; (xvi) insurance claims and proceeds; (xvii) books, records, computer programs, databases and other materials pertaining to any of the foregoing; and (xviii) Proceeds and products of any of the foregoing (collectively, the **"Collateral"**).

3. **General Representations and Warranties.** The Borrower represents and warrants to Collateral Agent and the Lenders that (a) other than as disclosed in the Schedule of Exceptions attached as Exhibit D to the Purchase Agreement, the Borrower is the owner of the Collateral (or, in the case of after-acquired Collateral, at the time the Borrower acquires rights in the Collateral, will be the owner thereof) and that no other person has (or, in the case of after-acquired Collateral, at the time the Borrower acquires rights therein, will have) any material right, title, claim or interest (by way of encumbrance or otherwise) in, against or to the Collateral, other than

Permitted Liens; (b) upon the filing of UCC-1 financing statements in the appropriate filing offices in the jurisdictions listed in Schedule B and upon the filing and recording with the Patent and Trademark Office or the Copyright Office, as applicable, of notices of security interest in forms suitable for filing with the Patent and Trademark Office or the Copyright Office, as applicable, with respect to the Borrower's intellectual property described in Schedule A (other than the licenses described therein), Collateral Agent (including in the case of after-acquired Collateral, at the time the Borrower acquires rights therein) will have a first priority perfected security interest in a material portion of the Collateral, except for Permitted Liens; (c) to the Borrower's knowledge, each account, contract right, item of chattel paper, instrument and other right to payment constituting Collateral is genuine and enforceable against the party obligated to pay the same; and (d) to the Borrower's knowledge, all information heretofore, herein or hereafter supplied to Collateral Agent and the Lenders by or behalf of the Borrower with respect to the Collateral, including without limitation Schedules A and B hereto, is true and correct.

4. Borrower's Covenants. The Borrower covenants and agrees with the Collateral Agent and the Lenders that, from and after the date of this Security Agreement until the Obligations are paid in full:

(a) Further Documentation; Pledge of Collateral. Within ten (10) days of the purchase of Notes under the Purchase Agreement, the Borrower will file appropriate UCC-1 financing statements under the Code in the jurisdictions listed in Schedule B and will file notices of security interest in forms suitable for filing with the Patent and Trademark Office or the Copyright Office, as applicable, with the intent of perfecting, to the greatest extent possible, the security interest of the Collateral Agent and the Lenders in the Collateral. At any time and from time to time, upon the written request of the Collateral Agent, and at the sole expense of the Borrower, the Borrower will promptly and duly execute and deliver such further instruments and documents and take such further action as the Collateral Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, any filing with the Patent and Trademark Office or the Copyright Office and the filing of any financing or continuation statements under the Code in effect in any jurisdiction. The Borrower also hereby authorizes the Collateral Agent to file any such financing or continuation statement or other similar document without the signature of the Borrower to the extent permitted by applicable law. A carbon, photographic or other reproduction of this Security Agreement shall be sufficient as a financing statement for filing in any jurisdiction.

(b) Reimbursement; Indemnification. The Borrower shall reimburse Collateral Agent and the Lenders upon demand for any reasonable costs and expenses, including, without limitation, reasonable attorneys' fees, that such party may incur while exercising any remedy provided by this Security Agreement or by law, all of which costs and expenses are included in the Obligations secured hereby. The Borrower agrees to pay, and to save the Collateral Agent and the Lenders harmless from, any and all liabilities, costs and expenses (including, without limitation, reasonable legal fees and expenses) (i) with respect to, or resulting from, any delay in paying, any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in complying with any law, rule, regulation or order of any court, arbitrator or governmental entity, jurisdiction or authority applicable to any of the Collateral or (iii) in connection with any of the

transactions contemplated by this Security Agreement. The foregoing indemnification shall not apply to any liabilities, costs, or expenses of any indemnified party resulting directly from the gross negligence, actual willful misconduct or bad faith of such indemnified party.

(c) Maintenance of Records. The Borrower will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral. For the Lenders' further security, the Borrower hereby grants to the Collateral Agent, for its benefit and the ratable benefit of the Lenders, a security interest in all of the Borrower's books and records pertaining to the Collateral, and upon the occurrence and during the continuance of an Event of Default, the Borrower shall turn over any such books and records to the Collateral Agent or to its representatives during normal business hours at the written request of the Collateral Agent.

(d) Right of Inspection. The Collateral Agent and the Lenders shall at all times have full and free access during normal business hours, and upon reasonable prior notice, to all the books of record and account of the Borrower, and the Collateral Agent and the Lenders or their representatives may examine the same, take extracts therefrom and make photocopies thereof, and the Borrower agrees to render to the Collateral Agent and the Lenders, at the Borrower's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. The Collateral Agent and the Lenders and their representatives shall at all times also have the right during normal business hours, and upon reasonable prior notice, to enter into and upon any premises where any activities related to the further development or exploitation of the Collateral are conducted for the purpose of inspecting the same or otherwise protecting their interests therein.

(e) Compliance with Laws, etc. The Borrower will comply in all material respects with all laws, rules, regulations and orders of any court, arbitrator or governmental entity, jurisdiction or authority applicable to the Collateral or any part thereof or to the operation of the Borrower's business; provided, however, that the Borrower may contest any such law, rule, regulation or order in any reasonable manner which shall not, in the reasonable opinion of the Collateral Agent, adversely affect the Collateral Agent's or Lenders' rights or the priority of their liens on the Collateral.

(f) Payment of Obligations. The Borrower will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against on the Borrower's books in accordance with generally accepted accounting principles.

(g) Limitation on Liens on Collateral. The Borrower will not create, incur or permit to exist, will defend the Collateral against, and will take such other action as is necessary to remove, any lien, security interest, pledge, mortgage, deed of trust, levy, attachment, claim or other charge or encumbrance on or to the Collateral and will defend the right, title and interest of the Collateral Agent and the Lenders in and to any of the Collateral against the claims and demands of all persons or entities whatsoever.

(h) Preservation and Limitations on Dispositions of Collateral. The Borrower hereby agrees to perform all acts that may be necessary to maintain, preserve, protect and perfect the Collateral, the security interest granted to Collateral Agent therein and the perfection and priority of such security interest, except for Permitted Liens and provided that, notwithstanding the foregoing, the Borrower may sell, lease, transfer, license or otherwise dispose of any of the Collateral in the ordinary course of business consisting of (i) the sale of inventory, (ii) sales of worn-out or obsolete equipment, and (iii) non-exclusive licenses and similar arrangements for the use of the property of the Borrower. The Borrower shall maintain or cause to be maintained in good repair and condition, excepting ordinary wear and tear and damage by fire or other casualty, all of the Collateral, and make or cause to be made all appropriate repairs, renewals and replacements thereof, as quickly as practicable after the occurrence of any loss or damage thereto which are necessary or desirable to such end.

(i) Further Identification of Collateral. The Borrower will furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request in writing, all in reasonable detail.

5. Collateral Agent's Appointment as Attorney-in-Fact.

(a) Powers. The Borrower hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Borrower and in the name of the Borrower or in their own names, from time to time in the Collateral Agent's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, and, without limiting the generality of the foregoing, the Borrower hereby gives the Collateral Agent the power and right, on behalf of the Borrower, without notice to or assent by the Borrower, to do the following:

(i) (A) to pay or discharge taxes and liens levied or placed on or threatened against the Collateral; (B) to insure, process and preserve the Collateral; (C) to pay any indebtedness of the Borrower relating to the Collateral; and (D) to execute financing statements and other documents required hereunder; and

(ii) upon the occurrence and during the continuance of any Event of Default pursuant to Section 7, (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Lenders or as the Lenders shall direct; (B) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any Collateral; (D) to defend any suit, action or proceeding brought against the Borrower with respect to any Collateral; (E) to settle, compromise or adjust any suit, action or proceeding described in clause (D) above and, in connection therewith, to give such discharges or releases as the Collateral Agent may deem appropriate; and (F) generally, to sell, transfer, pledge and make any agreement with respect to

or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent and the Lenders were the absolute owner thereof for all purposes, and to do, at the Collateral Agent's option and the Borrower's expense, at any time, or from time to time, all acts and things which the Collateral Agent deem necessary to protect, preserve or realize upon the Collateral and the Lenders' security interest therein and to effect the intent of this Security Agreement, all as fully and effectively as the Borrower might do.

At the reasonable written request of the Collateral Agent, the Borrower shall deliver to the Collateral Agent one or more further documents ratifying any and all actions that said attorneys shall lawfully take or do or cause to be taken or done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) Other Powers. The Borrower also authorizes the Collateral Agent, at any time and from time to time, to execute, in connection with the sales provided for in Section 7 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(c) No Duty on Lenders' Part. The powers conferred on the Collateral Agent hereunder are solely to protect the Collateral Agent's and the Lenders' interests in the Collateral and shall not impose any duty upon any of them to exercise any such powers. The Collateral Agent and the Lenders shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to the Borrower for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

6. Performance by Lenders of Borrower's Obligations. If the Borrower fails to perform or comply with any of its agreements contained herein and the Collateral Agent and the Lenders, as provided for by the terms of this Security Agreement, shall themselves perform or comply, or otherwise cause performance or compliance, with such agreement, the reasonable out-of-pocket expenses of the Collateral Agent and the Lenders incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal to eight percent (8%) shall be payable by the Borrower to the Collateral Agent and the Lenders on demand and shall constitute Obligations secured hereby.

## 7. Remedies.

If an Event of Default shall occur and be continuing, all amounts owing under the Notes shall become due and payable and the Collateral Agent may exercise, in addition to all other rights and remedies granted to it in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Collateral Agent, may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of Collateral Agent or elsewhere upon such terms and conditions as they may deem advisable and at such prices as they may deem best, for cash or on credit or for future

delivery without assumption of any credit risk. The Collateral Agent and the Lenders shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Borrower, which right or equity is hereby waived or released. The Borrower further agrees, at the Collateral Agent's request, to assemble the Collateral and make it available to the Collateral Agent at places which the Collateral Agent shall reasonably select, whether at the Borrower's premises or elsewhere.

Application of Collateral Proceeds. The proceeds and/or avails of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder (as well as any other amounts of any kind held by Collateral Agent at the time of, or received by Collateral Agent after, the occurrence of an Event of Default) shall be paid to and applied as follows:

(i) First, to the payment of reasonable costs and expenses, including all amounts expended to preserve the value of the Collateral, of foreclosure or suit, if any, and of such sale and the exercise of any other rights or remedies, and of all proper fees, expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by Collateral Agent;

(ii) Second, to the payment to each Lender of the amount then owing or unpaid on such Lender's Note, and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon such Note, then its Pro Rata Share of the amount remaining to be distributed (to be applied first to accrued interest and second to outstanding principal); and

(iii) Third, to the payment of the surplus, if any, to the Borrower, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

For purposes of this Agreement, the term "Pro Rata Share" shall mean, when calculating a Lender's portion of any distribution or amount, that distribution or amount (expressed as a percentage) equal to a fraction (i) the numerator of which is the outstanding principal amount of such Lender's Note and (ii) the denominator of which is the aggregate outstanding principal amount of all Notes issued under the Purchase Agreement. In the event that a Lender receives payments or distributions in excess of its Pro Rata Share, then such Lender shall hold in trust all such excess payments or distributions for the benefit of the other Lenders and shall promptly pay such amounts held in trust to the Collateral Agent for application by Collateral Agent in accordance with this Agreement. All payments made by Collateral Agent hereunder shall be made to the accounts of the Lenders as any Lender may designate by notice to the Collateral Agent.

(c) To the extent permitted by applicable law, the Borrower waives all claims, damages and demands it may acquire against the Collateral Agent and Lenders arising out of the exercise by the Collateral Agent and Lenders of any of their rights hereunder, provided that such release shall not apply to any claim, damage or demand resulting directly from the gross negligence, actual willful misconduct or bad faith of the Collateral Agent or Lenders. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least seven (7) days before such sale or other

disposition. The Borrower shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by the Collateral Agent and Lenders to collect such deficiency.

8. Limitation on Duties Regarding Preservation of Collateral. The Collateral Agent's and Lenders' sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in their possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as such parties deal with similar property for their own account. Neither the Collateral Agent, Lenders nor any of their directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Borrower or otherwise.

9. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

10. Collateral Agent.

(a) Authorization and Action. Each Lender hereby appoints Paradigm Venture Partners, L.P. as Collateral Agent and authorizes Collateral Agent to take such action as agent on its behalf and to exercise such powers and perform such duties under this Agreement and any other agreements, instruments or documents related hereto (collectively, the "Collateral Documents") as are delegated to Collateral Agent by the terms hereof or thereof, together with such powers as are reasonably incidental thereto. The duties and obligations of Collateral Agent are strictly limited to those expressly provided for herein, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against Collateral Agent. As to any matters not expressly provided for by this Agreement and the other Collateral Documents, Collateral Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of the holders of notes constituting a majority of the principal amounts of the Notes outstanding ("Required Interests") and such instructions shall be binding upon all Lenders; provided, however, that except for action expressly required of Collateral Agent hereunder, Collateral Agent shall in all cases be fully justified in failing or refusing to act hereunder or under any other Collateral Document unless it shall be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by reason of taking or continuing to take any such action, and that Collateral Agent shall not in any event be required to take any action which exposes Collateral Agent to liability or which is contrary to this Agreement or any other Collateral Document or applicable law. Nothing in this Agreement or any other Collateral Document shall, or shall be construed to, constitute Collateral Agent a trustee or fiduciary for any Lender. In performing its functions and duties hereunder, Collateral Agent shall act solely as the agent of the Lenders and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for the Borrower. Without limiting the generality of the foregoing, the use of the term "agent" in this Agreement with reference to the Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used

merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Delegation of Duties. Collateral Agent may, in its discretion, employ from time to time one or more agents or attorneys-in-fact to perform any of Collateral Agent's duties under this Agreement and the other Collateral Documents. Collateral Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Duties and Obligations of Collateral Agent.

(i) The duties and obligations of Collateral Agent hereunder shall consist of (A) selling, releasing, surrendering, realizing upon or otherwise dealing with, in any manner and in any order, all or any portion of the Collateral, (B) exercising or refraining from exercising any rights, remedies or powers of Collateral Agent under the Collateral Documents or under applicable law in respect of all or any portion of the Collateral, (C) making any demands or giving any notices under the Collateral Documents; (D) effecting amendments to and granting waivers under the Collateral Documents, and (E) distributing payments to the Lenders of amounts received by it in connection with the Collateral, in each case of (A) through (D), in accordance with the instructions of holders of the Required Interests; provided, however, that, without the consent of all the Lenders, Collateral Agent shall not, and may not be directed to, release any of the Collateral, except in connection with a sale or other disposition of Collateral permitted or as contemplated herein or in the Collateral Documents. Subject to this Section 10, Collateral Agent shall in good faith perform the duties and obligations described hereunder and make commercially reasonable efforts to secure and protect the Collateral for the benefit of the Lenders.

(ii) Collateral Agent agrees to hold any Collateral in its possession or hereafter to be delivered to it pursuant hereto, for itself and for the benefit of the Lenders, on and subject to the terms and conditions set forth herein.

(iii) Beyond the exercise of reasonable care to assure the safe custody of Collateral in Collateral Agent's possession and the accounting for monies actually received by Collateral Agent hereunder, Collateral Agent shall have no duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Collateral.

(d) Limitation on Liability; Notices.

(i) Neither Collateral Agent nor any of its partners, directors, officers, employees or agents shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement or any other Collateral Document, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, Collateral Agent (A) may treat a Lender as the holder of its rights hereunder and under the Notes for all purposes hereof unless and until Collateral Agent receives written notice of the assignment thereof signed by such Lender and Collateral Agent receives the written agreement of the assignee that such assignee is bound hereby as it would have been if it had been an original Lender hereto, in each case in form satisfactory to Collateral Agent, (B) may consult

with legal counsel (including counsel to the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, and (C) shall incur no liability to any Lender under or in respect of this Agreement or any other Collateral Document by acting upon any notice, consent, certificate, facsimile, statement or other instrument or writing believed by it to be genuine and signed or sent by the proper party or parties or by acting upon any representation or warranty made or deemed to be made hereunder or under any other Collateral Document. Further, Collateral Agent (A) makes no warranty or representation to any Lender and shall not be responsible to any Lender for the accuracy or completeness of any information, exhibit or report furnished hereunder or under any other Collateral Document, for any statements, warranties or representation (whether written or oral) made or deemed made in or in connection with this Agreement or the other Collateral Documents, (B) shall have no duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any other Collateral Document on the part of the Borrower or any other person or to inspect the property, books or records of the Borrower or any other person, and (C) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency, value or collectibility of this Agreement or any other Collateral Document or any of the Collateral.

(ii) Promptly upon receipt thereof, Collateral Agent shall forward to each Lender originals or copies, as specified in this Agreement, of all material notices, agreements, instruments, opinions and other documents delivered by the Borrower or any other person to the Collateral Agent (and not also to the Lenders) pursuant to this Agreement. No failure on the part of Collateral Agent to deliver any such notice or other such document shall result in any liability to the Lenders. In addition, Collateral Agent shall provide at least five (5) business days' written notice to each of the Lenders prior to taking any proposed action requested by one or more Lenders pursuant hereto (each an "Action") and shall not take such Action except pursuant to the direction of the holders of the Required Interests with respect thereto. Except for any of the foregoing expressly required to be furnished to the Lenders by Collateral Agent hereunder, Collateral Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower which may come into the possession of Collateral Agent or any of its officers, directors, employees, agents, or attorneys-in-fact.

(e) Collateral Agent. With respect to any amounts owing to Collateral Agent as a Lender, Collateral Agent shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not Collateral Agent; and the term "Lenders" shall, unless otherwise expressly indicated, include Collateral Agent in its individual capacity. Collateral Agent may lend money to and generally engage in any kind of business with the Borrower, all as if Collateral Agent were not Collateral Agent hereunder and without any duty to account therefor to the Lenders.

(f) Non-Reliance on Collateral Agent or Other Lenders; Independent Obligations. Each Lender has itself been, and will continue to be, based on such documents and information as it has deemed appropriate, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature

of the Borrower or any of its subsidiaries and the nature and value of any of the Collateral. Accordingly, each Lender confirms to Collateral Agent and the other Lenders that it has not relied, and will not hereafter rely, on Collateral Agent or the Lenders (i) to check or inquire on such Lender's behalf into the adequacy, accuracy or completeness of any information provided by the Borrower or any other person under or in connection with this Agreement or the transactions herein contemplated (whether or not such information has been or is hereafter distributed to such Lender by Collateral Agent), or (ii) to assess or keep under review on such Lender's behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower, any subsidiary or the nature or value of any of the Collateral.

(g) Indemnification. With respect to any Action, the Lenders with respect thereto agree to indemnify Collateral Agent and its directors, officers, employees, agents, counsel and other advisors (to the extent not reimbursed by the Borrower) (each an "Indemnified Person"), ratably in accordance with their Pro Rata Shares, against, and hold each of them harmless from, any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including the reasonable fees and disbursements of counsel to Collateral Agent, which may be imposed on, incurred by, or asserted against any Indemnified Person, in any way relating to or arising out of this Agreement or any other Collateral Document or the transactions contemplated hereby or thereby or any action taken or omitted by any Indemnified Person in connection with any of the foregoing; provided that no Lender shall be liable to any Indemnified Person for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from such Indemnified Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse Collateral Agent promptly upon demand for such Lender's Pro Rata Share of any costs and expenses or other charges incurred by Collateral Agent and payable by the Borrower pursuant hereto to the extent that Collateral Agent is not reimbursed for such expenses or charges, or payment of such fee is not made, by the Borrower.

11. Severability. Any provision of this Security 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, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12. Paragraph Headings. The paragraph headings used in this Security Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

13. No Waiver; Cumulative Remedies. The Collateral Agent shall not by any act (except by a written instrument pursuant to Section 14 hereof) of delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Collateral Agent, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise

of any other right, power or privilege. A waiver by the Collateral Agent of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Collateral Agent would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

14. Waivers and Amendments; Successors and Assigns. None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Borrower, the Collateral Agent and the Lenders, provided that any provision of this Security Agreement may be waived by the Collateral Agent in a written letter or agreement executed by the Collateral Agent or by telex, facsimile or electronic transmission from the Collateral Agent.

15. Borrower's Waivers. Until the obligations of the Borrower to the Lenders under the Notes have been paid in full, and except as otherwise provided herein, the Borrower hereby waives its rights to presentment, protest and notice of protest.

16. Assignability. This Agreement shall be binding on the Borrower and its successors and assigns, and shall benefit Collateral Agent and each Lender and their successors and permitted assigns. The Borrower may not assign this Agreement or any of its rights or obligations hereunder, whether voluntarily, by operation of law, or otherwise, without the prior written consent of Collateral Agent.

17. Entire Agreement. This Agreement and the other agreements referenced herein and therein contain the entire security agreement between the Lenders, Collateral Agent and the Borrower. This Agreement may be modified, amended, superseded or canceled, only by a written instrument executed by the Borrower, Collateral Agent and the Required Interests.

18. Jury Trial. EACH PARTY HERETO, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING HERETO IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT.

19. Notices. All notices and demands required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by e-mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, but in either case only if a confirmation copy of such notice or demand is concurrently sent or delivered in a manner provided for in subsection (i), (iii) or (iv) of this paragraph; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the party to be notified at the address as set forth on the signature pages hereof or the exhibits hereto or at such other address as such party may designate by advance written notice to the other parties hereto.

20. Governing Law. This Security Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Borrower has caused this Security Agreement to be duly executed and delivered in favor of the Lenders as of the date first above written.

**BORROWER:**

ALLVIVO, INC.

By: \_\_\_\_\_  
Name: FAH **FRANK AHMANN**  
Title: PRESIDENT & CEO

**COLLATERAL AGENT:**

PARADIGM VENTURE PARTNERS, L.P.

By: Paradigm Venture Management, LLC,  
its General Partner

By: \_\_\_\_\_  
Name: Philip L. Hodges  
Title: Managing Member

**LENDERS:**

PARADIGM VENTURE PARTNERS, L.P.

By: Paradigm Venture Management, LLC, its  
General Partner

By: \_\_\_\_\_  
Name: Philip L. Hodges  
Title: Managing Member

NORTH CAROLINA BIOSCIENCE  
INVESTMENT FUND, LLC

By: Eno River Capital, LLC, its Manager.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

IN WITNESS WHEREOF, the Borrower has caused this Security Agreement to be duly executed and delivered in favor of the Lenders as of the date first above written.

BORROWER:

ALLVIVO, INC.

By:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

COLLATERAL AGENT:

PARADIGM VENTURE PARTNERS, L.P.

By: Paradigm Venture Management, LLC,  
its General Partner

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

Name: Philip L. Hodges

Title: Managing Member

LENDERS:

PARADIGM VENTURE PARTNERS, L.P.

By: Paradigm Venture Management, LLC, its  
General Partner

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

Name: Philip L. Hodges

Title: Managing Member

NORTH CAROLINA BIOSCIENCE  
INVESTMENT FUND, LLC

By: Eno River Capital, LLC, its Manager.

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

Name: Daniel Foster

Title: Managing Member

**SCHEDULE A**  
**TO SECURITY AGREEMENT**

**Registered Trademarks:**      allvivo  
   Cytologics  
   Cell-Link  
   Anti-Link  
   Bio-Breed  
   Bio-Balls

**Trademark Applications:**      none

**Patents:** see schedule attached

**Copyrights:** none

**Domain Names:** allvivo.com

**Patent Schedule**

Table 1. Patents licensed from University of Utah

Title	Inventors	Country	Patent #	Status
Coating of hydrophobic surfaces to render them protein resistant while permitting covalent attachment of specific ligands	Karin, D. Caldwell, Per Jan Eric Carlsson And Jenq-Thun Li	US	5,516,703	Iss. May 14, 1996
		US	5,728,599	Iss. Mar 17, 1998
		PCT		Nationalized PCT Published Mar. 2, 1995.
		Europe		Foreign Application Filed Aug. 22, 1994.
Composition and method for regulating the adhesion of cells and biomolecules to hydrophobic surfaces	Karin, D. Caldwell, Patrick A. Tresco And Jennifer Neff	US	6,284,503	Iss. Sept. 4, 2001
		US Continuation Application		
		PCT		Nationalized PCT Published Jul. 23, 1998.
		Australia	740877	Foreign Application Accepted Feb. 26, 2001 Published Nov 15, 2001
		Canada	2,277,995	Foreign Application Filed On Jan. 15, 1998. Iss. Mar.18, 2003
		Canada		Foreign Application Filed Jan. 15, 1998.
		Europe		Foreign Application Filed Jan. 15, 1998.
		Israel		Foreign Application Filed Jul. 15, 1999.
		Japan		Foreign Application Filed Jan. 15, 1998.
		Korea		Foreign Application Filed Jul. 15, 1999.
Method of inhibiting or reducing cell adhesion to surfaces	Patrick Tresco And Karin D. Caldwell			
Metal Chelating Surfactant	Russell Stewart, Karin D. Caldwell, Chih-Hu Ho And Loren Limberis	US	6,087,452	Iss. Jul. 11, 2000

Table 2. *allvivo* Surface Modification Patents

Title	Inventors	Country	Patent #	Status
End group activated polymers with oligonucleotide ligands	Karin D. Caldwell and Jennifer Neff	PCT	Application # 02733793.0	Application filed Feb. 4, 2002, Priority date: Feb. 2, 2001
		US		Filed July 28, 2003
		Canada		Filed to enter national phase July 21, 2003
		Japan		To be filed to enter national phase before August 22, 2003
		Europe		To be filed to enter national phase before August 22, 2003
Surface coating comprising bioactive compound	Jonas Andersson, Bo Nillsson, Karin D. Caldwell and Jennifer Neff	US		Provisional filed Oct. 21, 2002

Table 3. *allvivo* Cell Analysis Patents

Title	Inventor	Country	Patent #	Status
Cell Analysis Methods	Bruce J. Oberhardt	U.S.	6,251,615	Iss. Jun. 26, 2001
Cell Analysis Methods	Bruce J. Oberhardt	U.S.		Pending
Cell Analysis Methods	Bruce J. Oberhardt	PCT		Nationalized PCT Published Aug. 18, 2000
Cell Analysis Methods	Bruce J. Oberhardt	Europe		Pending Published Dec. 6, 2000

## **SCHEDULE B**

### **TO SECURITY AGREEMENT**

#### **BORROWER PROFILE**

(i) The legal name of Borrower is Allvivo, Inc., and the address of its chief executive office is: **Frank Ahmann, President & CEO, allvivo, Inc., 20914 Bake Parkway, Suite 112, Lake Forest, CA 92630.**

(ii) Borrower does business under the following trade names:

<u>Trade Name</u>	<u>Is This Name Registered?</u>	<u>Registration No.</u>	<u>Registration Date</u>
allvivo	Yes		

(iii) Borrower has the following places of business:

<u>Address</u>	<u>Owner of Location</u>	<u>Brief Description of Assets and Value</u>
20914 Bake Parkway Suite 112 Lake Forest, CA 92630	Calwest Industrial Holdings, LLC	5,000sqft. Mixed use facility with lab, office, warehouse. Assets est. value = \$90,000.

(iv) Borrower has assets at the following other locations that are not places of business of Borrower:

<u>Address</u>	<u>Owner of Location</u>	<u>Brief Description of Assets and Value</u>
None		

(v) Borrower is qualified to do business in the following states:

California, Alabama

(vi) Borrower's federal employer identification number is: 63-1237917

(vii) The following tax assessments are currently outstanding and unpaid:

Assessing Authority   Amount and Description

California Franchise Tax Board      \$ 846 CA Corp. Franchise Tax

(viii) Borrower has the following subsidiaries (list jurisdiction and date of incorporation and federal employer identification number): none

Annex A

Form of Joinder Agreement

Security Agreement

The undersigned hereby agrees, effective as of the date hereof, to become a party to that certain Security Agreement (the "Agreement"), dated as of August 14, 2003, by and among Allvivo, Inc., a Delaware corporation (the "Company"), and the several Lenders named therein; and for all purposes of the Agreement, the undersigned shall be included within the terms "Joined Purchaser" and "Lender" (each as defined in the Agreement) and is entitled to all of the benefits under, and is subject to all of the obligations, restrictions and limitations set forth in, the Agreement that are applicable to the Joined Purchasers and Lenders.

\_\_\_\_\_

\_\_\_\_\_

Facsimile No. \_\_\_\_\_.

\_\_\_\_\_  
(Print Name of Undersigned)

\_\_\_\_\_  
(Signature of Undersigned)

Dated: \_\_\_\_\_