Electronic Version v1.1 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT

CONVEYING PARTY DATA

Name	Execution Date
Callida Genomics, Inc.	12/03/2004

RECEIVING PARTY DATA

Name:	Nuvelo, Inc.
Street Address:	675 Almanor Avenue
City:	Sunnyvale
State/Country:	CALIFORNIA
Postal Code:	94085

Name:	Affymetrix, Inc.
Street Address:	3380 Central Expressway
City:	Santa Clara
State/Country:	CALIFORNIA
Postal Code:	95051

PROPERTY NUMBERS Total: 37

Property Type	Number
Patent Number:	5202231
Patent Number:	5492806
Patent Number:	5525464
Patent Number:	5667972
Patent Number:	5695940
Patent Number:	5882930
Patent Number:	5972619
Patent Number:	6018041
Patent Number:	6107031
Patent Number:	6025136
	DATENT

PATENT

REEL: 015442 FRAME: 0702

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Patent Number:	6245518
Patent Number:	6255119
Patent Number:	6270961
Patent Number:	6316191
Patent Number:	6268210
Patent Number:	6291186
Patent Number:	6309824
Patent Number:	6297006
Patent Number:	6383742
Patent Number:	6355419
Patent Number:	6403315
Patent Number:	6451996
Patent Number:	6537755
Application Number:	08820534
Application Number:	09007300
Application Number:	09083861
Application Number:	09358875
Application Number:	09479608
Application Number:	09874772
Application Number:	10200723
Application Number:	10231447
Application Number:	10341694
Application Number:	10608293
Application Number:	10741627
Application Number:	10738108
Application Number:	10755921
PCT Number:	US0406022

CORRESPONDENCE DATA

Fax Number: (650)849-7400

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 650 843 5381

Email: dsanchezbentz@cooley.com

Correspondent Name: Diana Sanchez Bentz
Address Line 1: Cooley Godward LLP
Address Line 2: 3000 El Camino Real

Address Line 4: Palo Alto, CALIFORNIA 94306

PATENT

REEL: 015442 FRAME: 0703

NAME OF SUBMITTER:	Diana Sanchez Bentz
Total Attachments: 11	
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SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of December 3, 2004 ("Security Agreement"), is made by CALLIDA GENOMICS, INC., a Delaware corporation ("Grantor"), in favor of NUVELO, INC., a Delaware corporation and AFFYMETRIX, INC., a Delaware corporation (each, a "Secured Party" and, collectively, the "Secured Parties").

RECITALS

- A. Each Secured Party, SBH Genomics, Inc., Radoje Drmanac and Snezana Drmanac are parties to a certain Stock Purchase Agreement dated as of December 3, 2004 (the "Stock Purchase Agreement") pursuant to which the Secured Parties have agreed to sell all of the shares of capital stock held by the Secured Parties in Grantor to SBH Genomics, Inc., and SBH Genomics, Inc. has agreed to issue certain Secured Convertible Promissory Notes (collectively, the "Notes") to the Secured Parties in consideration therefor.
- **B.** As an inducement by the Grantor to the Secured Parties to enter into the Stock Purchase Agreement, and in consideration for the benefits that will flow to Grantor therefrom, Grantor has agreed, as a condition precedent to the sale and purchase of such shares to execute and deliver to the Secured Parties this Security Agreement.

AGREEMENT

- Now, THEREFORE, in order to induce the Secured Parties to accept the Notes and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, Grantor hereby represents, warrants, covenants and agrees as follows:
- 1. **DEFINED TERMS**. When used in this Security Agreement the following terms shall have the following meanings (such meanings being equally applicable to both the singular and plural forms of the terms defined):
 - "Bankruptcy Code" means Title XI of the United States Code.
- "Collateral" shall have the meaning assigned to such term in Section 2 of this Security Agreement.
- "Event of Default" means (i) any failure by Grantor forthwith to pay or perform any of the Secured Obligations, (ii) any report, information or notice made to, obtained or received by the Secured Parties at any time after the date hereof indicating that the Secured Parties' security interest in the Collateral is not prior to all other security interests in the Collateral, (iii) any breach by Grantor of any warranty, representation, or covenant set forth herein, and (iv) any other "Event of Default" as defined in the Notes.
- "Intellectual Property" means the "Company Registered Intellectual Property," as such term is defined in the Stock Purchase Agreement, and Patents issued after the date hereof and claiming (directly or indirectly) the benefit of priority from (i) patent applications comprising the

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Company Registered Intellectual Property, or (ii) foreign patent applications made in reliance on Patents comprising the Company Registered Intellectual Property.

"License" means any Patent License, whether in-bound or out-bound, whether in written or electronic form, now or hereafter owned or acquired or received by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, and shall include any renewals or extensions of any of the foregoing thereof.

"Lien" means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

"Patent License" means any agreement, whether in written or electronic form, in which Grantor now holds or hereafter acquires any interest, granting any right with respect to any invention on which a Patent is in existence (whether Grantor is the licensee or the licensor thereunder).

"Patents" means all of the following: (a) all letters patent of the United States or any other country, all registrations and recordings thereof and all applications for letters patent of the United States or any other country, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country; (b) all reissues, divisions, continuations, renewals, continuations-in-part or extensions thereof; (c) all petty patents, divisionals and patents of addition; (d) all patents to issue in any such applications; (e) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to patents, including, without limitation, damages, claims and recoveries for past, present or future infringement; and (f) rights to sue for past, present and future infringements of any patent.

"Secured Obligations" means (a) the obligation of SBH Genomics, Inc. to repay each Secured Party all of the unpaid principal amount of, and accrued interest on (including any interest that accrues after the commencement of bankruptcy), the Notes, (b) the obligation of SBH Genomics, Inc. to pay any fees, costs or expenses of the Secured Parties under the Notes, (c) the obligation of Grantor to pay any fees, costs or expenses of the Secured Parties hereunder, and (d) all other indebtedness, liabilities and obligations of SBH Genomics, Inc. or Grantor to each Secured Party, whether now existing or hereafter incurred, created under, arising out of or in connection with the Notes or this Security Agreement.

"Security Agreement" means this Security Agreement and all Schedules hereto, as the same may from time to time be amended, modified, supplemented or restated.

"UCC" means the Uniform Commercial Code as the same may from time to time be in effect in the State of Delaware (and each reference in this Security Agreement to an Article thereof shall refer to that Article as from time to time in effect; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the Secured Parties' security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Delaware, the term "UCC" shall mean the Uniform Commercial Code (including the Articles thereof) as in effect at such

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time in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

Any term not otherwise defined herein shall have the meaning ascribed to such term in the UCC.

- 2. Grant of Security Interest. As collateral security for the full, prompt, complete and final payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all the Secured Obligations and in order to induce the Secured Parties to accept the Notes, Grantor hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to the Secured Parties, and hereby grants to the Secured Parties, a security interest in all of Grantor's right, title and interest in, to and under the following, whether now owned or hereafter acquired (all of which being collectively referred to herein as the "Collateral"):
 - (a) all of Grantor's Intellectual Property; and
 - (b) all Proceeds of the foregoing.
- 3. RIGHTS OF THE SECURED PARTIES. Notwithstanding anything contained in this Security Agreement to the contrary, Grantor expressly agrees that it shall remain liable under each of its Licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder and that it shall perform all of its duties and obligations thereunder, all in accordance with and pursuant to the terms and provisions of each such License. No Secured Party shall have any obligation or liability under any License by reason of or arising out of this Security Agreement or the granting to the Secured Parties of a lien therein or the receipt by any Secured Party of any payment relating to any License pursuant hereto, nor shall any Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of Grantor under or pursuant to any License, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any License, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.
- 4. REPRESENTATIONS AND WARRANTIES. Grantor hereby represents and warrants to the Secured Parties that:
- (a) Except for the security interest granted to the Secured Parties under this Security Agreement, to the best of the knowledge of Grantor, Grantor has good and valid title to each item of the Collateral in which it purports to grant a security interest hereunder, free and clear of any and all Liens.
- **(b)** To the best of the knowledge of Grantor, no effective security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral exists, except such as may have been filed by Grantor in favor of the Secured Parties pursuant to this Security Agreement.
- (c) To the best of the knowledge of Grantor, this Security Agreement creates a legal and valid security interest on and in all of the Collateral in which Grantor now has rights.

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- (d) Grantor's taxpayer identification number is, and chief executive office, principal place of business, and the place where Grantor maintains its records concerning the Collateral are presently located at the address set forth on the signature page hereof. If Grantor is a corporation, limited liability company, limited partnership, corporate trust or other registered organization, the State (or if not a state, the other jurisdiction) under whose law such registered organization was organized is set forth on the signature page hereof.
- 5. COVENANTS. Grantor covenants and agrees with the Secured Parties that from and after the date of this Security Agreement and until the Secured Obligations have been performed and paid in full:
- 5.1 Disposition of Collateral. Grantor shall not, without the written consent of the Secured Parties, such consent not to be unreasonably withheld, sell, lease, transfer, license or otherwise dispose of any of the Collateral, or attempt or contract to do so, other than the granting of non-exclusive Licenses in the ordinary course of Grantor's business.
- Collateral. Grantor shall not change its jurisdiction of organization, relocate its chief executive office, principal place of business or its records, allow the relocation of any Collateral from such address provided to the Secured Parties pursuant to Section 4(d) above without thirty (30) days prior written notice to the Secured Parties, or perform any acts which might prevent the Secured Parties from enforcing any of the terms and conditions of this Agreement or limit the Secured Parties in any such enforcement.
- 5.3 Limitation on Liens on Collateral. Grantor shall not, without the written consent of the Secured Parties, such consent not to be unreasonably withheld, directly or indirectly, create, permit or suffer to exist, and shall defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral, except the Lien granted to the Secured Parties under this Security Agreement. Grantor shall further defend the right, title and interest of the Secured Parties in and to any of Grantor's rights under the Collateral against the claims and demands of all persons whomsoever.
- 5.4 Maintenance of Records. Grantor shall keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.
- 5.5 Registration of Intellectual Property Rights. Grantor shall promptly register or cause to be registered (to the extent not already registered) the most recent version of any Patent comprising the Intellectual Property, which, individually or in the aggregate, is material to the conduct of Grantor's business, with the United States Patent and Trademark Office, including, without limitation, in all such cases the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings.
- 5.6 Notification Regarding Changes in Intellectual Property. Grantor shall promptly give the Secured Parties written notice of any applications or registrations of intellectual property rights pertaining to the Intellectual Property filed with the United States

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Patent and Trademark Office, including the date of such filing and the registration or application numbers.

- protect, defend and maintain the validity and enforceability of the Intellectual Property, (b) use its best efforts to detect infringements of the Intellectual Property and promptly advise the Secured Parties in writing of material infringements detected, (c) not allow any Intellectual Property to be abandoned, forfeited or dedicated to the public without the written consent of the Secured Parties, such consent not to be unreasonably withheld, (d) give notice to the Secured Parties of any legal proceedings (including by the United States Patent and Trademark Office) initiated or threatened which are material to the Intellectual Property, and (e) provide the Secured Parties with the right to participate in any such defense.
- Further Assurances; Pledge of Instruments. At any time and from time to time, upon the written request of any Secured Party, and at the sole expense of Grantor, Grantor shall promptly and duly execute and deliver any and all such further instruments and documents and take such further action as such Secured Parties may reasonably deem necessary or desirable to obtain the full benefits of this Security Agreement, including, without limitation, (a) using its best efforts to secure all consents and approvals necessary or appropriate for the grant of a security interest to the Secured Parties in any item of Collateral, (b) executing, delivering and causing to be filed any financing or continuation statements (including "in lieu" continuation statements) under the UCC with respect to the security interests granted hereby, and (c) filing or cooperating with the Secured Parties in filing any forms or other documents required to be recorded with the United States Patent and Trademark Office or any actions, filings, recordings or registrations in any foreign jurisdiction or under any international treaty, required to secure or protect the Secured Parties' interest in Grantor's Collateral. Any Secured Party may at any time and from time to time file financing statements, continuation statements (including "in lieu" continuation statements) and amendments thereto that describe the Collateral. Any such financing statements, continuation statements or amendments may be signed by the Secured Parties on behalf of Grantor and may be filed at any time in any jurisdiction. Grantor also hereby authorizes the Secured Parties to file any such financing or continuation statement (including "in lieu" continuation statements) without the signature of Grantor.
- 6. RIGHTS AND REMEDIES UPON DEFAULT. After any Event of Default shall have occurred and while such Event of Default is continuing:
- (a) The Secured Parties may exercise in addition to all other rights and remedies granted to it under this Security Agreement, the Notes or the Stock Purchase Agreement and under any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Grantor expressly agrees that in any such event the Secured Parties, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Grantor or any other person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), may (i) reclaim, take possession, recover, store, maintain, finish, repair, prepare for sale, lease or license, shop, advertise for sale, lease or license, sell, lease or license the Collateral, (ii) enforce all rights to the

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Intellectual Property, (iii) make, use or sell products incorporating the Intellectual Property and (iv) forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, license, assign, give an option or options to purchase or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any Secured Party's offices or elsewhere at such prices as they may deem best, for cash or on credit or for future delivery without assumption of any credit risk. To the extent Grantor has the right to do so, Grantor authorizes any Secured Party, on the terms set forth in this Section 6 to enter the premises where the Collateral is located, to take possession of the Collateral, or any part of it, and to pay, purchase, contact, or compromise any encumbrance, charge, license or lien which, in the opinion of any Secured Party, appears to be prior or superior to its security interest. Any Secured Party 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 said Collateral so sold, free of any right or equity of redemption, which equity of redemption Grantor hereby releases. Grantor further agrees, at the Secured Parties' request, to assemble the Collateral and make it available to the Secured Parties at places which the Secured Parties shall reasonably select, whether at Grantor's premises or elsewhere. The Secured Parties shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale as provided in Section 6(e), below and only after so paying over such net proceeds and after the payment by the Secured Parties of any other amount required by any provision of law, need the Secured Parties account for the surplus, if any, to Grantor. To the maximum extent permitted by applicable law, Grantor waives all claims, damages, and demands against the Secured Parties arising out of the repossession, retention or sale of the Collateral. Grantor agrees that the Secured Parties need not give more than ten (10) days' notice of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. Grantor shall remain liable for any deficiency if the proceeds of any sale or disposition of its Collateral are insufficient to pay all amounts to which the Secured Parties are entitled from Grantor, Grantor also being liable for the attorney costs of any attorneys employed by the Secured Parties to collect such deficiency.

- (b) Grantor agrees that in any sale of any of such Collateral, whether at a foreclosure sale or otherwise, the Secured Parties are hereby authorized to comply with any limitation or restriction in connection with such sale as they may be advised by counsel is necessary in order to avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications and restrict such prospective bidders and purchasers to persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any governmental authority, and Grantor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Secured Parties be liable nor accountable to Grantor for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.
- (c) Grantor also agrees to pay all fees, costs and expenses of the Secured Parties, including, without limitation, reasonable attorneys' fees, incurred in connection with the enforcement of any of its rights and remedies hereunder.

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- (d) Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.
- (e) The Proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be distributed by the Secured Parties in the following order of priorities:

FIRST, to each Secured Party in an amount sufficient to pay in full the reasonable costs of the Secured Parties in connection with such sale, disposition or other realization, including all fees, costs, expenses, liabilities and advances incurred or made by any Secured Party in connection therewith, including, without limitation, reasonable attorneys' fees;

SECOND, to the Secured Parties in amounts equal to the then unpaid Secured Obligations; and

FINALLY, upon payment in full of the Secured Obligations, to Grantor or its representatives, in accordance with the UCC or as a court of competent jurisdiction may direct.

- 7. LICENSE NEGOTIATION PERIOD. Upon the occurrence of an Event of Default, if one or both of the Secured Parties, through exercise or enforcement of any of Secured Parties' rights under this Security Agreement or otherwise through entry into a consensual settlement arrangement with Grantor, acquire the Intellectual Property (including, for example, through a credit bid in a sale or other disposition of the Collateral pursuant to UCC Section 9-610 or a strict foreclosure pursuant to UCC Section 9-620), then the Secured Party or Parties so acquiring the Intellectual Property shall for a period of thirty (30) days from acquisition of the Intellectual Property negotiate solely and exclusively with Grantor with respect to a license to use the Intellectual Property. After the expiration of such 30 day period, if no such license has been entered into with the Grantor, the Secured Party or Parties in possession of the Intellectual Property shall be free to use, license or otherwise dispose of the Intellectual Property in any manner and without further obligation to the Grantor.
- 8. INDEMNITY. Grantor agrees to defend, indemnify and hold harmless the Secured Parties and their 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 Security Agreement and (b) all losses or expenses in any way suffered, incurred, or paid by any Secured Party as a result of or in any way arising out of, following or consequential to transactions between any Secured Party and Grantor, whether under this Security Agreement or otherwise (including without limitation, reasonable attorneys fees and expenses), except for losses arising from or out of such Secured Party's gross negligence or willful misconduct.
- 9. LIMITATION ON THE SECURED PARTIES' DUTY IN RESPECT OF COLLATERAL. The Secured Parties shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if they take such action as Grantor requests in writing, but failure of the Secured Parties to comply with any such request shall not in itself be deemed a failure to act reasonably, and no failure of the Secured Parties to do any act not so requested shall be deemed a failure to act reasonably.

7.

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11. MISCELLANEOUS.

- 11.1 Waivers; Modifications. None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Grantor and the Secured Parties.
- 11.2 Termination of this Security Agreement. Subject to Section 10 hereof, this Security Agreement shall terminate upon the payment and performance in full of the Secured Obligations.
- Grantor hereunder shall be binding upon the successors and assigns of Grantor, and shall, together with the rights and remedies of the Secured Parties hereunder, inure to the benefit of the Secured Parties, any future holder of any of the indebtedness and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Secured Obligations or any portion thereof or interest therein shall in any manner affect the lien granted to the Secured Parties hereunder.
- 11.4 Governing Law. In all respects, including all matters of construction, validity and performance, this Security Agreement and the Secured Obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware applicable to contracts made and performed in such state, without regard to the principles thereof regarding conflict of laws, except to the extent that the UCC provides for the application of the law of a different jurisdiction.

[Signature pages follow.]

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In WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

Address Of Grantor	CALLIDA GENOMICS, INC., as Grantor
670 Almanor Avenue Sunnyvale, California	By: Lee Bendekgey Chief Financial Officer
TAXPAYER IDENTIFICATION NUMBER OF GRANTOR	Jurisdiction of Organization of Grantor
77-0585031	Delaware
·	ACCEPTED AND ACKNOWLEDGED BY:
ACCEPTED AND ACKNOWLEDGED BY:	ACCEPTED AND ACKNOWLEDGED BY.
NUVELO, INC., as Secured Party	AFFYMETRIX, INC., as Secured Party
By:	By:
Ted W. Love Chief Executive Officer	Printed Name:
OMOL BROOM, O CLASS.	Title:

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

Address Of Grantor	CALLIDA GENOMICS, INC., as Grantor
670 Almanor Avenue Sunnyvale, California	By:
TAXPAYER IDENTIFICATION NUMBER OF GRANTOR	JURISDICTION OF ORGANIZATION OF GRANTOR
77-0585031	Delaware
ACCEPTED AND ACKNOWLEDGED BY:	ACCEPTED AND ACKNOWLEDGED BY:
NUVELO, INC. as Secured Party	AFFYMETRIX, INC., as Secured Party
By:	By:
Ted W. Love Chief Executive Officer	Printed Name:
	Title:

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

ADDRESS OF GRANTOR	CALLIDA GENOMICS, INC., as Grantor
670 Almanor Avenue Sunnyvale, California	By: By: Lee Bendekgey Chief Financial Officer
TAXPAYER IDENTIFICATION NUMBER OF GRANTOR	JURISDICTION OF ORGANIZATION OF GRANTOR Delaware
77-0585031	
ACCEPTED AND ACKNOWLEDGED BY:	ACCEPTED AND ACKNOWLEDGED BY: AFFYMETRIX, INC., as Secured Party
Nuvelo, Inc., as Secured Party By: Ted W. Love	By: Bath Caulfield Exec. Vice President and General Counsel
Chief Executive Officer	Approved as to Form AFFX Legal Dept.

RECORDED: 12/14/2004

PATENT

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