

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
Exagen Diagnostics, Inc.	10/12/2010
RECEIVING PARTY DATA	
Name:	New Mexico Mezzanine Partners, L.P.
Street Address:	518 Old Santa Fe Trail
Internal Address:	Suite One #323
City:	Santa Fe
State/Country:	NEW MEXICO
Postal Code:	87505
Name:	New Mexico Co-Investment Fund, L.P.
Street Address:	301 Griffin Street
City:	Santa Fe
State/Country:	NEW MEXICO
Postal Code:	87501
PROPERTY NUMBERS Total: 20	
Property Type	Number
Patent Number:	7534875
Application Number:	12387555
Patent Number:	7557198
Application Number:	12478930
Application Number:	11112926
Application Number:	10833954
Application Number:	11112944
Application Number:	11112908
Application Number:	11159799

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PATENT
 REEL: 025317 FRAME: 0170

Patent Number:	7561971
Patent Number:	7698071
Application Number:	12403810
Application Number:	12403759
Application Number:	12403719
PCT Number:	US0937065
Application Number:	12710830
Application Number:	12749033
Application Number:	12749012
Application Number:	61322397
Application Number:	61325994

CORRESPONDENCE DATA

Fax Number: (858)509-4010

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

Phone: (858) 509-4071

Email: michelle.mehok@pillsburylaw.com

Correspondent Name: Michelle L. Mehok

Address Line 1: 12255 El Camino Real, Suite 300

Address Line 4: San Diego, CALIFORNIA 92130

ATTORNEY DOCKET NUMBER:	061772-0000001
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NAME OF SUBMITTER:	Michelle L. Mehok
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Total Attachments: 18

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SECURITY AGREEMENT

This Security Agreement, dated as of October 12, 2010 (this "Agreement"), is made by and between EXAGEN DIAGNOSTICS, INC., a Delaware corporation ("Grantor") on the one hand, and NEW MEXICO MEZZANINE PARTNERS, L.P. and NEW MEXICO CO-INVESTMENT FUND, L.P. on the other hand (each a "Secured Party" and collectively, the "Secured Parties").

RECITALS

WHEREAS, each Secured Party has made and has agreed to make certain advances of money and to extend certain financial accommodation to Grantor as evidenced by those certain Subordinated Secured Promissory Notes issued by Grantor to each Secured Party (each, a "Note" and, collectively, the "Notes") in connection with that certain Subordinated Secured Note and Warrant Purchase Agreement, dated as of even date herewith, by and among Grantor and the Secured Parties (the "Purchase Agreement"), such advances and financial accommodation being referred to herein as the "Loans;" and

WHEREAS, each Secured Party is willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall have executed and delivered to such Secured Party this Agreement.

NOW, THEREFORE, in order to induce the Secured Parties to make the Loans 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:

AGREEMENT

1. **DEFINED TERMS.** When used in this 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**" means the following described property of the Grantor, whether now existing or hereafter acquired and wherever located, and all Proceeds and products thereof: all personal and fixture property of every kind and nature including, without limitation, all Goods (including Inventory, Equipment, and any additions or accessions thereto), Instruments (including Promissory Notes), Documents, Accounts, Chattel Paper (whether tangible or electronic), Deposit Accounts, Letter-Of-Credit Rights (whether or not the letter of credit is evidenced by a writing), Commercial Tort Claims, Investment Property, Supporting Obligations, insurance claims and proceeds, and all General Intangibles (including Payment Intangibles and all Intellectual Property), together with all books and records, including computer records, accessions to, substitutions and replacements for and rents, profits and products of each of the

foregoing. Capitalized terms not otherwise defined herein shall have the meaning assigned to such term in the UCC.

"Copyright License" means any written agreement granting any right to use any Copyright or Copyright registration now owneded or hereafter acquired by Grantor or in which Grantor now holds or hereafter acquires any interest.

"Copyrights" means all of the following now owned or hereafter acquired by Grantor or in which Grantor now holds or hereafter acquires any interest: (a) all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof or of any other country; (b) all registrations, applications and recordings in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any other country; (c) all continuations, renewals or extensions thereof; and (d) any registrations to be issued under any pending applications.

"Event of Default" means (a) any failure by Grantor forthwith to pay or perform any of the Secured Obligations, (b) any breach by Grantor of any warranty, representation or covenant set forth herein or (c) any "Event of Default" as defined in the Notes.

"Intellectual Property" means all Copyrights; Trademarks; Patents; Licenses; source code; trade secrets; inventions (whether or not patented or patentable); technical information, processes, designs, knowledge and know-how; data bases; models; drawings; and websites, domain names and URL's, and all applications therefor and reissues, extensions or renewals thereof, together with the rights to sue for past, present or future infringement of Intellectual Property and goodwill associated with the foregoing.

"License" means any Copyright License, Patent License, Trademark License or other license of rights or interests now owned or hereafter acquired by Grantor or in which Grantor now holds or hereafter acquires any interest and any renewals or extensions thereof.

"Lien" means any mortgage, security interest, deed of trust, pledge, hypothecation, encumbrance, claim or other priority or preferential arrangement of any kind or nature whatsoever.

"Patent License" means any written agreement granting any right to use any Patent or Patent application now owned or hereafter acquired by Grantor or in which Grantor now holds or hereafter acquires any interest.

"Patents" means all of the following property now owned or hereafter acquired by Grantor or in which Grantor now holds or hereafter acquires any interest: (a) all letters patent of, or rights corresponding thereto, in the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto in, 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, continuations, continuations-in-part or extensions thereof; (c) all petty patents, divisionals and patents of addition; and (d) all patents to be issued under any such applications.

"Permitted Lien" means: (a) any Liens existing on the date of this Agreement and set forth on Schedule A attached hereto; (b) Liens for taxes, governmental assessments or other governmental fees, charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; (c) leases or subleases and licenses or sublicenses granted to others in the ordinary course of Grantor's business if such are otherwise permitted under this Agreement and do not interfere in any material respect with the business of Grantor; (d) any right, title or interest of a licensor under a license; and (e) Liens arising from judgments, decrees or attachments to the extent and only so long as such judgment, decree or attachment has not caused or resulted in an Event of Default.

"Secured Obligations" means (a) the obligation of Grantor to repay the Secured Parties all of the unpaid principal amount of, and accrued interest on (including any interest that accrues after the commencement of bankruptcy), the Loans and (b) the obligation of Grantor to pay any fees, costs and expenses of Secured Party under the Notes, the Purchase Agreement or any other Transaction Agreement (as defined in the Purchase Agreement) or under any section of this Agreement, including Section 5(c) hereof.

"Trademark License" means any written agreement granting any right to use any Trademark or Trademark registration now owned or hereafter acquired by Grantor or in which Grantor now holds or hereafter acquires any interest.

"Trademarks" means all of the following property now owned or hereafter acquired by Grantor or in which Grantor now holds or hereafter acquires any interest: (a) all trademarks, service marks, tradenames, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and any applications in connection therewith, 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 or any political subdivision thereof; and (b) reissues, extensions or renewals thereof.

"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 Agreement to an Article thereof (denoted as a Division of the UCC as adopted and in effect in the State of Delaware) shall refer to that Article (or Division, as applicable) 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 Secured Party's 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 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.

Unless otherwise defined herein, all terms defined in the UCC have the respective meanings given to those terms 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 cause the Loans to be made, Grantor hereby grants to the Secured Parties a security interest in all of Grantor's right, title and interest in, to and under the Collateral, whether now owned or hereafter acquired. The Secured Parties acknowledge and agree that the priority of the security interest granted hereunder is affected by the existence of the Permitted Liens set forth on Schedule A.

3. **REPRESENTATIONS AND WARRANTIES.** Grantor hereby represents and warrants to the Secured Parties that:

(a) Grantor is a corporation duly organized, validly existing and in good standing under, and by virtue of, the laws of the State of Delaware.

(b) All corporate action on the part of Grantor, its officers, directors and stockholders necessary for the authorization, execution and delivery of, and the performance of all obligations of Grantor under this Agreement has been taken.

(c) This Agreement is a valid and binding obligation of Grantor enforceable in accordance with its terms, (i) subject to laws of general application relating to bankruptcy, insolvency, moratorium, reorganization and similar laws relating to creditors' rights generally and (ii) subject to general principles of equity that restrict the availability of equitable remedies. This Agreement creates a legal and valid security interest on and in all of the Collateral in which Grantor now has rights and will create a legal and valid security interest in the Collateral in which Grantor later acquires rights, when Grantor acquires those rights subject only to Permitted Liens.

(d) The execution, delivery and performance of and compliance with this Agreement does not and will not result in any violation, breach or default or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either a violation, breach or default by Grantor of (i) any term of its Certificate of Incorporation or bylaws, (ii) any judgment, order, writ or decree applicable to or binding upon Grantor, (iii) any term or provision of any mortgage, indebtedness, lease, indenture, contract, agreement or instrument to which Grantor is a party, to which any of its assets is subject or by which it is bound or (iv) the provisions of any law, statute, rule or regulation of the United States (including any federal, state or local government agency) and jurisdictions outside the United States applicable to or binding upon Grantor.

(e) None of Grantor's assets or properties is subject to any Liens other than Permitted Liens.

(f) Grantor is not a guarantor or indemnitor of any indebtedness of any other person, corporation or entity.

(g) Except for Collateral that is licensed to Grantor, Grantor is the sole legal and equitable owner of each item of the Collateral in which it purports to grant a security interest

hereunder, having good and marketable title thereto, free and clear of any and all Liens except for Permitted Liens.

(h) Grantor's taxpayer identification number is, and principal executive offices, 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. The Collateral is presently located at such address and at such additional addresses set forth on Schedule B attached hereto.

(i) All Collateral of Grantor consisting of Intellectual Property which is the subject of any registration with the United States Patent and Trademark Office is identified as set forth on Schedule C attached hereto.

4. **COVENANTS.** Unless the Secured Parties otherwise consents, Grantor covenants and agrees with the Secured Parties that from and after the date of this Agreement and until the Secured Obligations have been performed and paid in full:

4.1 Disposition of Collateral. Grantor shall not sell, lease, transfer or otherwise dispose of any of the Collateral, or attempt or contract to do so, other than (a) the granting of non-exclusive licenses in the ordinary course of business or (b) the sale of inventory in the ordinary course of business.

4.2 Change of Jurisdiction of Organization, Relocation of Business or Collateral. Grantor shall provide the Secured Parties with prior written notice of any change of Grantor's jurisdiction of organization, any relocation of Grantor's principal executive offices, principal place of business or its records, or any relocation of any Collateral (except as allowed pursuant to Section 4.1 immediately above) from such address(es) provided to the Secured Parties pursuant to Section 3(h) above.

4.3 Limitation on Liens on Collateral. Grantor shall not, directly or indirectly, create, incur, grant, 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 (a) Permitted Liens and (b) the Lien granted to the Secured Parties under this Agreement.

4.4 Insurance. Grantor shall maintain insurance policies insuring the Collateral against loss or damage from such risks and in such amounts and forms and with such companies as are customarily maintained by businesses similar to Grantor.

4.5 Taxes, Assessments, Etc. Grantor shall pay promptly when due all property and other taxes, assessments and government charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, any Collateral, except to the extent the validity or amount thereof is being contested in good faith and adequate reserves are being maintained in connection therewith.

4.6 Filing of UCC Statement. As promptly as practicable, but in any event no later than fifteen (15) days after the date of this Agreement, Grantor shall file a financing statement on Form UCC-1 under the UCC in the State of Delaware with respect to the security

interests granted hereby naming the Secured Parties and including a full description of the Collateral.

4.7 Further Assurances. At any time and from time to time, upon the written request of the Secured Parties, 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 the Secured Parties may reasonably deem necessary or desirable to obtain the full benefits of this Agreement, including, without limitation, (a) using reasonable best efforts to secure the consents and approvals necessary or appropriate for the grant of a security interest to the Secured Parties in any Collateral held by Grantor or in which Grantor has any right or interest not heretofore assigned, (b) executing, delivering and causing to be filed any agreements, instruments, documents and papers, including but not limited to financing or continuation statements (including "in lieu" continuation statements) under the UCC and filings with the United States Patent and Trademark Office or any similar office, with respect to the security interests granted hereby, (c) at the Secured Parties' reasonable request, executing and delivering or causing to be delivered written notice to insurers of the Secured Parties' security interest in, or claim in or under, any policy of insurance (including unearned premiums) and (d) at the Secured Parties' reasonable request, causing to be delivered written notice to bailees having possession of any Collateral of the Secured Parties' interest therein. Grantor also hereby authorizes the Secured Parties to file any such financing statement, including but not limited to under the UCC, or continuation statement (including "in lieu" continuation statements) without the signature of Grantor.

5. RIGHTS AND REMEDIES UPON DEFAULT. Upon an Event of Default 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 Agreement, the Notes and the Purchase Agreement, 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 or lease, shop, advertise for sale or lease and sell or lease (in the manner provided herein) the Collateral, and forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, 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 the Secured Parties' offices or elsewhere at such prices as it may deem commercially reasonable, for cash or on credit or for future delivery without assumption of any credit risk, or (ii) accept the Collateral in full or partial satisfaction of the Secured Obligations. To the extent Grantor has the right to do so, Grantor authorizes the Secured Parties, on the terms set forth in this Section 5 to, without breaching the peace, enter Grantor's premises where the Collateral is located, to take possession of the Collateral, or any part of it, and to pay, purchase, contract or compromise any

encumbrance, charge or lien which, in the opinion of the Secured Parties, appears to be prior or superior to its security interest. The Secured Parties 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 its 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 5(e) below, with Grantor remaining liable for any deficiency remaining unpaid after such application, 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, shall 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 twenty (20) 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. In furtherance of the Secured Parties' rights hereunder, Grantor hereby grants to the Secured Parties an irrevocable, non-exclusive license, exercisable without royalty or other payment by the Secured Parties, and only in connection with the exercise of remedies hereunder, to use, license or sublicense any patent, trademark, trade name, copyright or other intellectual property in which Grantor now or hereafter has any right, title or interest together with the right of access to all media in which any of the foregoing may be recorded or stored. Grantor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all Secured Obligations to which the Secured Parties are entitled, Grantor also being liable for the reasonable attorneys' fees and costs of any attorneys employed by the Secured Parties to collect such deficiency.

(b) Grantor agrees that in any sale of any of the Collateral or part thereof, 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 it may be advised by counsel is necessary in order to avoid any violation of applicable law (including, without limitation, compliance with the Bankruptcy Code and other laws affecting the enforcement of creditors' rights and the Act and all applicable state securities laws and such procedures as may restrict the number of prospective bidders and purchasers and require that such prospective bidders and purchasers have certain qualifications), or in order to obtain any required approval of the sale or of any 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.

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

SECOND, to the Secured Parties until the Secured Obligations have been paid in full; 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.

6. **REINSTATEMENT.** This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's property and assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by the Secured Parties, whether as a "voidable preference," "fraudulent conveyance" or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

7. **MISCELLANEOUS.**

7.1 **Waivers; Modifications.** None of the terms or provisions of this Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Grantor and the Secured Parties.

7.2 **Termination of this Agreement.** Subject to Section 6 hereof, this Agreement shall terminate upon the payment and performance in full of the Secured Obligations.

7.3 **Successor and Assigns.** This Agreement and all obligations of 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 Notes 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.

7.4 Governing Law. In all respects, including all matters of construction, validity and performance, this Agreement and the Secured Obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of New Mexico 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.

7.5 Remedies Cumulative. The Secured Parties' rights and remedies under this Agreement, the Notes and the Purchase Agreement shall be cumulative. The Secured Parties shall have all other rights and remedies not inconsistent herewith and therewith as otherwise permitted under the laws of the State of New Mexico, whether at law or in equity.

7.6 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to the Secured Parties shall impair the exercise of any such right, power or remedy, nor shall it be construed to be a waiver of any such right, power or remedy; nor shall any single or partial exercise of any right or remedy hereunder on any one occasion preclude the further exercise thereof or the exercise of any other right or remedy.

7.7 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGES FOLLOW]

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.

EXAGEN DIAGNOSTICS, INC.

By: 

Name:

SCOTT L. GURNEA

Title:

PRESIDENT / CEO

TAXPAYER IDENTIFICATION NUMBER OF
GRANTOR:

20-0934866

JURISDICTION OF ORGANIZATION OF
GRANTOR:

Delaware

ADDRESS OF GRANTOR:

Exagen Diagnostics, Inc.
Science and Technology Park
801 University Blvd. SE
Suite 103
Albuquerque, NM 87106
Fax: _____
E-mail: _____

SECURED PARTIES:

NEW MEXICO MEZZANINE PARTNERS, L.P.
a Delaware limited partnership

By: New Mexico Mezzanine Capital,
its general partner

By: 

Name: Michael Doolittle

Title: Managing Director

Address for Notice:

New Mexico Mezzanine Partners, L.P.
518 Old Santa Fe Trail
Suite One #323
Santa Fe, New Mexico 87505
Attention: Michael Doolittle

NEW MEXICO CO-INVESTMENT FUND, L.P.

By: Sun Mountain Capital Partners LLC,
its general partner

By: _____
Brian Birk
Managing Partner

By: _____
Sally Corning
Partner

Address for Notice:

New Mexico Co-Investment Fund, L.P.
c/o Sun Mountain Capital
301 Griffin Street
Santa Fe, NM 87501
Attn: Brian Birk, Managing Partner
Facsimile No.: (505) 954-5497

[Signature Page to Security Agreement]

SECURED PARTIES:

NEW MEXICO MEZZANINE PARTNERS, L.P.
a Delaware limited partnership

By: New Mexico Mezzanine Capital,
its general partner

By: _____
Name: Michael Doolittle
Title: Managing Director

Address for Notice:

New Mexico Mezzanine Partners, L.P.
518 Old Santa Fe Trail
Suite One #323
Santa Fe, New Mexico 87505
Attention: Michael Doolittle

NEW MEXICO CO-INVESTMENT FUND, L.P.

By: Sun Mountain Capital Partners LLC,
its general partner

By Brian Birk
Brian Birk
Managing Partner

By Sally Corning
Sally Corning
Partner

Address for Notice:

New Mexico Co-Investment Fund, L.P.
c/o Sun Mountain Capital
301 Griffin Street
Santa Fe, NM 87501
Attn: Brian Birk, Managing Partner
Facsimile No.: (505) 954-5497

[Signature Page to Security Agreement]

SCHEDULE A

EXISTING LIENS

Dell financial Services, L.P. – Lien associated with previous credit extended for purchase of Dell computer equipment. All outstanding balances have been satisfied as of the date of the Agreement. Grantor will request a release of this lien.

Los Alamos National Bank (“LANB”) – Security agreement dated June 7, 2010, provides LANB a security interest in inventory, accounts receivable, equipment, intangibles and other assets to secure a \$750,000 promissory note.

Los Alamos National Bank (“LANB”) – Security agreement dated October 7, 2010, provides LANB a security interest in inventory, accounts receivable, equipment, intangibles and other assets to secure a \$500,000 promissory note in addition to the note above.

Cypress Bioscience, Inc. (“Cypress”) – Security agreement dated October 7, 2010, provides Cypress a security interest in patent and trademarks transferred from Cypress in the Purchase Agreement between Cypress and Grantor, dated October 7, 2010 to secure the second \$2M payment associated with the purchase, due on October 7, 2012.

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SCHEDULE B
LOCATION OF COLLATERAL

ENTITY	ADDRESS
Exagen Diagnostics, Inc.	801 University Blvd, Suite 103 Albuquerque, NM 87106
Exagen Diagnostics, Inc.	1322 Space Park Dr, Suite A-195 Houston, TX 77058
Exagen Diagnostics, Inc.	9393 Towne Centre Drive, Suite 140 San Diego, CA 92121

SCHEDULE C

Summary of Exagen's IP Position

Patent Status	Patent Title	Patent Number	Country	Priority Date	USPTO #
(A) Issued patent	Glioma Biomarkers	Compositions for glioma classification Genomic markers: glioblastoma vs oligodendroglioma (significant to predicting response to therapy)	U.S.	Nov 3, 2004	USPTO # 7,534,875 May 19, 2009 Published EP Jul 19, 06
(B) Pending continuation of A	Glioma Continuation	Continuation Composition and Methods	U.S.	May 4, 2009	US20090253139 Oct 8, 2009 Pending WO2005042786 (A2) - 2005-05-12 WO2005042786 (A3) - 2005-09-01
(C) Issued patent	AML Acute Myelogenous Leukemia	Acute Myelogenous Leukemia Biomarkers Genomic Markers for evaluating prognosis in cytogenetically normal AML (most difficult prognosis evaluation)	U.S.	May 3, 2006	USPTO #7,557,198 Jul 7, 2009 WO2006119494 (A2) - 2006-11-01 WO2006119494 (A3) 2007-04-26
(D) Pending continuation of C	AML Continuation	Continuation Composition and Methods	U.S.	June 5, 2009	US20090258370 Oct 15, 2009 Pending
(E) Pending non-provisional patent	USP Unique Sequence Hybridization Probes	Unique sequence hybridization probes (USP) Methods for FISH probe preparation that does not require competitor DNA (freedom to operate for any FISH probes).	US	April 22, 2005	US20060223075 Published Oct 5, 2006 WO2006104761 (A2) - 2006-10-05 WO2006104761 (A3) - 2007-04-26
(F) Pending non-provisional patent	USP	Methods for in situ hybridization without the need for competitor DNA		April 28, 2003	US2004241734 (A1) - 2004-12-02 WO2004097050 (A1) - 2004-11-11

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(G) Issued patent in GB, FR, DE, NL	USP	Unique sequence hybridization probes (USP)	Methods	Methods for making FISH probes that don't require competitor DNA	PCT	May 1, 2005	EP1863934 Issued Nov 15, 2009 GB, FR, DE, NL US20050244872 Nov 3, 2005 Published in Europe WO2005106043 (A2) - 2005-11-10 WO2005106043 (A3) - 2006-03-09 EP1737981 Jan 3, 2007
(H) Pending non- provisional patent	Breast Cancer Gene Expression Biomarkers	Breast cancer gene expression biomarkers 17 genes claimed; methods include gene expression measurements number	Composition	Gene expression tumor or biopsy PCR	US, PCT	April 22, 2005	US20050260659 Nov 24, 2005 In prosecution (U.S.) Published in Europe, EP1756308 WO2005106044 (A1) - 2005-11-10 Pending in India
(I) Pending non- provisional patent	Breast Cancer Biomarkers	Compositions and methods for breast cancer prognosis Parent Breast cancer biomarkers: Biomarkers for prognosis of invasive ductal carcinoma; one set of markers for receptor positive tumors and a second set for receptor negative tumors	Composition and Methods	FISH on paraffin embedded tissue. DNA copy number using FISH	US, EU	April 22, 2005	
(J) Pending non- provisional patent	Methods for RNA FISH	Methods for RNA fluorescence in situ hybridization FISH (fluorescence in situ hybridization) method for evaluating gene expression levels in cytoplasm by FISH. Identify cell type expressing gene of interest by hybridization signal and cell morphology.	Method	FISH on blood smears	US, EU	June 23, 2005	US2005287578 Published in U.S. Dec 29, 2005 Published EP WO2006012302 (A2) - 2006-02-02 WO2006012302 (A3) - 2006-05-04
(K) No application yet filed	ECAT Biomarkers and Methods	Genomic markers for detecting chromosome aberration detection indicative of malignancy in early stage cancers Useful in difficult-to-diagnose biopsies (lavages, washings) without tissue architecture	Discovery	FISH assay on biopsies GI Polyps	N/A	N/A	Disclosure Not filed in USPTO
(L) Issued patent	Copepna	Methods And Devices Relating To Estimating Classifier Performance	Methods	estimating classifier performance by incorporating feature variability	US	March 28, 2002	USPTO #7,561,971 July 14, 2009
(M) Issued patent	Copepna (continuation)	Methods And Devices Relating To Estimating Classifier Performance	Methods	Broader claims for estimating classifier performance	US	Jul 14, 2009	USPTO #7,698,071 April 13, 2010
(N)	IBD/IBS	Biomarkers for Inflammatory Bowel	Methods	IBD/IBS differential Dx test	US	March 13,	US20090233306

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Pending non-provisional patent	Differential Biomarkers	Disease And Irritable Bowel Syndrome		Methods: use of the 7-gene combination Methods of PCR and hybridization		2009	12/403,810 Claims allowed 9/29/2010 WO2009114756 (A2) - 2009-09-17 WO2009114756 (A3) - 2009-11-19
(O) Pending non-provisional patent	IBD Biomarkers	Biomarkers for Inflammatory Bowel Disease And Irritable Bowel Syndrome	Methods	IBD Dx test Methods: use of 6-gene combination Methods of PCR and hybridization	US	March 13, 2009	US20090233305 12/403,759 Claims allowed 9/17/2010 WO2009114756 (A2) - 2009-09-17 WO2009114756 (A3) - 2009-11-19
(F) Pending non-provisional patent	IBS Biomarkers	Biomarkers for Inflammatory Bowel Disease And Irritable Bowel Syndrome	Composition and Methods	IBS Dx test Methods: Use of the 4-gene combination Methods of PCR and hybridization	US	March 13, 2009	US20090233304 12/403,719 Claims allowed 9/17/2010 WO2009114756 (A2) - 2009-09-17 WO2009114756 (A3) - 2009-11-19
(Q) Pending non-provisional patent	IBD and IBS Biomarkers	Biomarkers for Inflammatory Bowel Disease And Irritable Bowel Syndrome	Composition and Methods	PCT with all three Dx tests Compositions: all 10 genes and the test combinations in use Methods of PCR and hybridization	PCT	March 13, 2009	PCT/US2009/37065 WO2009114756 (A2) - 2009-09-17 WO2009114756 (A3) - 2009-11-19
(R) Pending continuation of N	IBD/IBS Differential Biomarkers	Biomarkers for Inflammatory Bowel Disease And Irritable Bowel Syndrome	Divisional Composition	Composition: 7 genes combination in use	US	March 13, 2009 Feb 23, 2010	US20090233306 12/710,830 WO2009114756 (A2) - 2009-09-17 WO2009114756 (A3) - 2009-11-19
(S) Pending continuation of O	IBD Biomarkers	Biomarkers for Inflammatory Bowel Disease And Irritable Bowel Syndrome	Divisional Composition	Composition: 6- gene test combination in use	US	March 13, 2009 March 29, 2010	US20090233305 12/749,033 WO2009114756 (A2) - 2009-09-17 WO2009114756 (A3) - 2009-11-19
(T) Pending continuation of P	IBS Biomarkers	Biomarkers for Inflammatory Bowel Disease And Irritable Bowel Syndrome	Divisional Composition	Compositions: 4-gene combination in use	US	March 13, 2009 March 29, 2010	US20090233304 12/749,012 WO2009114756 (A2) - 2009-09-17 WO2009114756 (A3) - 2009-11-19
(U) Provisional patent	UC/CD Biomarkers	Biomarkers for Ulcerative Colitis and Crohn's Disease	Methods and Compositions	UC/CD 3- gene 2 different UC/CD 4-gene 4-gene IBD/normal 5-gene IBD/normal Methods of PCR and hybridization	US	April 9, 2010	61/322397 Provisional
(V) Provisional patent	Autism	Biomarkers for Autism	Composition and Methods	20,013 3-SNP combinations (11,238 SNPs) 25,117 5-SNP combinations (4,296 SNPs)	US	April 20, 2010	61/325,994 Provisional

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					PCR and Hybridization methods				
Registered trademark	Coperna trademark	Coperna®		Service Mark	Provides computational services on data provided by others, to identify biological, clinical, diagnostic, or prognostic markers associated with disease for research, diagnostic, prognostic, or therapeutic purposes	IC 042 US 100 101	Mar 28, 2007	Jan 26, 2010	