

03-21-2002



Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2001) Tab settings =>=>

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

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

1. Name of conveying party(ies): Applied Precision LLC
Individual(s) Association
General Partnership Limited Partnership
[X] Corporation-State Delaware
Other B-C-O-L

2. Name and address of receiving party(ies)
Name: U.S. Bank National Association
Internal
Address:
Street Address: 1420 Fifth Avenue, Eleventh Floor
City: Seattle State: WA Zip: 98101
Individual(s) citizenship
Association
General Partnership
Limited Partnership
Corporation-State
[X] Other National Banking Association
If assignee is not domiciled in the United States, a domestic representative designation is attached: [] Yes [] No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? [] Yes [] No

3. Nature of conveyance:
[] Assignment [] Merger
[X] Security Agreement [] Change of Name
[] Other
Execution Date: January 18, 2002

4. Application number(s) or registration number(s):
A. Trademark Application No.(s) See Schedule I
B. Trademark Registration No.(s) See Schedule II
Additional number(s) attached [X] Yes [] No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Catherine H. Tran
Internal Address: Perkins Coie LLP
Street Address: 1201 Third Avenue, Suite 4800
City: Seattle State: WA Zip: 98101

6. Total number of applications and registrations involved 15
7. Total fee (37 CFR 3.41) \$ 390.00
[X] Enclosed
[] Authorized to be charged to deposit amount

8. Deposit account number:
(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document
Catherine H. Tran
Signature Date 2/25/02

Total number of pages including cover sheet, attachments, and documents: 25

03/21/2002 LUPELLER 00000030 76220817

01 FC:481 40.00 OP
02 FC:482 350.00 OP

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

TRADEMARK
REEL: 002466 FRAME: 0506

Schedule I

U.S. Pending Trademark Applications

Mark	Serial No.	Filing Date
FLOW POINT (Stylized)	76/220,817	03/06/2002
PRECISIONWARE	76/117,957	08/28/2000
PRECISIONWORX	76/364,759	01/28/2002
SOFTWORX	76/117,602	08/28/2000
WAFERWORX	76/117,626	08/28/2000
WAVETUNER	76/146,933	10/12/2000
WORX (stylized)	75/608,133	09/18/2001

Schedule II

U.S. Trademark Registrations

Mark	Registration No.	Registration Date
APPLIED PRECISION	2,197,420	10/20/1998
ARRAYWORX	2,485,093	09/04/2001
DELTAVISION	1,951,203	01/23/1996
FLOW POINT	2,492,914	09/25/2001
MICROBURST	2,332,280	03/21/2000
HANOMOTION	2,068,384	06/10/1997
HANOMOVER	2,068,385	06/10/1997
NANOVALVE	2,166,349	06/16/1998

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement") is made and entered into as of January 18, 2002, by APPLIED PRECISION, LLC, a Delaware limited liability company ("Borrower"), for the benefit of U.S. BANK NATIONAL ASSOCIATION, a national banking association ("U.S. Bank").

RECITALS:

A. U.S. Bank has agreed to extend certain credit facilities to Borrower, including a credit facility to renew and refinance the existing indebtedness of API to U.S. Bank, pursuant to a credit agreement of even date herewith (together with all supplements, exhibits and amendments thereto, referred to as the "Credit Agreement").

B. One condition of U.S. Bank agreeing to extend credit facilities to Borrower is the grant to U.S. Bank of a security interest in all of its assets as security for all the Secured Obligations.

NOW, THEREFORE, in order for U.S. Bank to make the Loans, Borrower agrees as follows:

ARTICLE I. DEFINITIONS

The terms "Account," "Chattel Paper," "Deposit Account," "Document," "Electronic Chattel Paper," "Equipment," "Financial Assets," "General Intangible," "Goods," "Health-Care-Insurance Receivables," "Instrument," "Inventory," "Investment Property," "Letter of Credit Rights," "Payment Intangible" and "Supporting Obligation," shall have the meanings defined in the Uniform Commercial Code as enacted in Washington, as amended from time to time. Unless otherwise defined herein, terms defined in the Credit Agreement shall have the same meanings when used herein.

When used in this Agreement, the following terms shall have the following meanings:

"Account Debtor" means the party who is obligated on or under any Account, Chattel Paper or General Intangible.

"Assignee Deposit Account" has the meaning set forth in Section 5.7 hereof.

"Collateral" means all property, real, personal and mixed, tangible and intangible, wherever located, now owned or hereafter acquired by Borrower, or in which Borrower has or later obtains an interest, and all products, profits, rents and proceeds of such property, including but not limited to Accounts, Chattel Paper (including Electronic Chattel Paper), Deposit Accounts, Documents, Equipment, Financial Assets, General Intangibles (including Payment Intangibles), Goods, Health-Care-Insurance Receivables, Instruments, Inventory,

Investment Property, Letter of Credit Rights, Supporting Obligations, Trademarks and Vehicles.

“Event of Default” means an occurrence of an Event of Default as defined in the Credit Agreement.

“Secured Obligations” means all obligations and liabilities of every nature of Borrower now or hereafter existing under or arising out of or in connection with the Credit Agreement or the other Loan Documents and all extensions or renewals thereof, whether for principal, interest (including without limitation interest that, but for the filing of a petition in bankruptcy with respect to Borrower, would accrue on such obligations), fees, expenses, indemnities or otherwise, whether voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owned with others, and whether or not from time to time decreased or extinguished and later increased, created, or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from U.S. Bank as a preference, fraudulent transfer, or otherwise, and all obligations of every nature of Borrower now or hereafter existing under this Agreement, together with the obligations of Borrower under any guaranty executed by Borrower and delivered to U.S. Bank, whereby Borrower guarantees the indebtedness of any Person other than Borrower to U.S. Bank. Without limitation, “Secured Obligations” includes every obligation, covenant and agreement of Borrower under any agreement between Borrower and U.S. Bank, whether or not in writing, relating to (i) any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, interest rate option, cap, collar or floor transaction, swap option, or any other, similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing, (ii) funds transfers, whether by Fedwire, Automated Clearing House or other means, and (iii) granting provisional credit for deposits or paying checks, drafts or other instruments.

“Trademark” means (a) any trademark, trade name, corporate name, company name, business name, fictitious business name, trade style, service mark, logo or other source or business identifier, and the goodwill associated therewith, now existing or hereafter adopted or acquired, any registration or recording thereof, and any application in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States or of any state thereof or any other country or any political subdivision thereof, or otherwise, including but not limited to any thereof referred to in Schedule I hereto, and (b) all renewals thereof.

“Vehicle” means any car, truck, trailer, construction or earth-moving equipment or other vehicle covered by a certificate of title of any state, including but not limited to any tires or other appurtenances to any of the foregoing.

ARTICLE II. GRANT OF SECURITY INTEREST

As security for the payment and satisfaction of the Secured Obligations, Borrower hereby grants to U.S. Bank a continuing security interest in and assigns to U.S. Bank all of Borrower's right, title and interest in the Collateral and all products, profits, rents and proceeds thereof.

ARTICLE III. COVENANTS OF BORROWER

Borrower shall fully perform each of the covenants set forth below.

3.1 Obligations to Pay

(a) Borrower shall pay to U.S. Bank, in timely fashion and in full, all amounts payable by Borrower to U.S. Bank, pursuant to the Credit Agreement, the Notes and the other Loan Documents; and

(b) Borrower shall pay and reimburse U.S. Bank for all expenditures including reasonable attorneys' fees and legal expenses in connection with the exercise by U.S. Bank of any of its rights or remedies under the Credit Agreement or the other Loan Documents.

3.2 Performance

Borrower shall fully perform in a timely fashion every covenant, agreement and obligation set forth in the Credit Agreement and the other Loan Documents.

3.3 Further Documentation

At its own expense, Borrower shall execute and deliver any document, shall procure any document and shall take such further action as U.S. Bank may require to obtain the full benefits of this Agreement.

3.4 Filing Fees

Borrower shall pay all costs of filing any financing, continuation or termination statement with respect to the security interests granted herein.

3.5 Pledges

Borrower shall deliver and pledge to U.S. Bank, endorsed or accompanied by instruments of assignment or transfer satisfactory to U.S. Bank, any Instruments, Investment Property, Documents, General Intangibles or Chattel Paper that U.S. Bank may specify from time to time as may be reasonably necessary in order to perfect and maintain U.S. Bank's first priority security interest in such property.

3.6 Control

Borrower shall cooperate with U.S. Bank in obtaining control with respect to Collateral consisting of Deposit Accounts, Investment Property, Letter of Credit Rights and Electronic Chattel Paper that U.S. Bank may specify from time to time.

3.7 Maintenance of Records

Borrower shall keep and maintain at its own cost and expense satisfactory and complete records of the Collateral including but not limited to a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral. Borrower shall mark its books and records pertaining to the Collateral to evidence this Agreement and the security interests granted herein. Borrower shall deliver and turn over to U.S. Bank all books and records pertaining to the Collateral at any time after the occurrence and during the continuation of an Event of Default, if so demanded by U.S. Bank.

3.8 Disposition of Collateral

Except as allowed in the Credit Agreement, Borrower shall not sell or transfer any of the Collateral or release, compromise or settle any obligation or receivable due to Borrower.

3.9 Indemnification

Borrower agrees to pay, and to indemnify U.S. Bank and hold U.S. Bank harmless from, all liabilities, costs and expenses including but not limited to legal fees and expenses with respect to or resulting from (a) any delay in paying any excise, sales or other taxes that may be payable or determined to be payable with respect to any of the Collateral, (b) any delay by Borrower in complying with any requirement of law applicable to any of the Collateral or (c) any of the transactions contemplated by this Agreement. In any suit, proceeding or action brought by U.S. Bank under any Account to enforce payment of any sum owing thereunder or to enforce any provisions of any Account, Borrower will indemnify U.S. Bank and hold U.S. Bank harmless from all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment, reduction or liability whatsoever of the Account Debtor thereunder arising out of a breach by Borrower of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such Account Debtor or its successors from Borrower.

3.10 Limitations on Amendments, Modifications, Terminations, Waivers and Extensions of Contracts and Agreements Giving Rise to Accounts

Borrower will not (a) amend, modify, terminate, waive or extend any provision of any agreement giving rise to an Account, General Intangible, Instrument or Chattel Paper in any manner that could reasonably be expected to have a material adverse effect on the value of any Collateral or (b) fail to exercise promptly and diligently every material right that it may have under each agreement giving rise to an Account, other than any right of termination.

3.11 Limitations on Discounts, Compromises and Extensions of Accounts

Borrower shall notify U.S. Bank of any extension of the time for payment of any of the Accounts; of any compromise or settlement of the same for less than the full amount thereof; of any release in whole or in part of any person liable for the payment thereof or of the allowance of any credit or discount whatsoever thereon; provided however following the occurrence and during the continuation of an Event of Default, Borrower shall not take any such action with respect to any Account without the prior written consent of U.S. Bank

3.12 Further Identification of Collateral

Borrower will furnish to U.S. Bank from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as U.S. Bank may request, all in reasonable detail.

3.13 Notices

Borrower will advise U.S. Bank promptly in reasonable detail at its address set forth in Section 7.9 hereof (a) of any lien (other than liens created hereby or permitted under the Credit Agreement) on or claim asserted against any of the Collateral and (b) of the occurrence of any other event that could reasonably be expected to have a material adverse effect on the Collateral or on the liens created hereunder.

3.14 Changes in Locations, Name, Etc.

Borrower will not (a) change its state of organization, (b) change the location of its chief executive office/chief place of business or remove its books and records from the location specified in this Agreement, (c) permit any of the Inventory or Equipment (excluding Vehicles) to be kept at locations other than those listed on Schedule II, or (d) change its name, identity or structure to such an extent that any financing statement filed by U.S. Bank in connection with this Agreement would become ineffective or seriously misleading, unless it shall have given U.S. Bank at least 30 days' prior written notice thereof.

3.15 Trademarks

(a) Borrower (either itself or through licensees) will (i) continue to use each Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for nonuse, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) employ such Trademark with the appropriate notice of registration, (iv) not adopt or use any mark that is confusingly similar to or a colorable imitation of such Trademark unless U.S. Bank shall obtain a perfected security interest in such mark pursuant to this Agreement and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated.

the right, but not the obligation, to obtain either insurance covering both Borrower's and U.S. Bank's interest in the Collateral or insurance covering only U.S. Bank's interest in the Collateral. Borrower agrees to pay any premium charged for such insurance. This amount may be added to the outstanding balance of the Loans, and interest thereon shall be charged at the rate specified in any applicable loan document, or U.S. Bank may demand immediate payment. Any unpaid insurance premium advanced by U.S. Bank shall be secured under the terms of this Agreement. U.S. Bank will have no liability whatsoever for any loss which may occur by reason of the omission or lack of coverage of any such insurance. Borrower hereby assigns to U.S. Bank the right to receive proceeds of such insurance to the full amount of the Secured Obligations and hereby directs any insurer to pay all proceeds directly to U.S. Bank, and authorizes U.S. Bank to endorse any draft. In U.S. Bank's sole discretion, U.S. Bank may apply any insurance proceeds either toward repair of the property or reduction of the balance of the Secured Obligations.

3.18 Filing of Financing Statement

Borrower authorizes U.S. Bank to file (including electronic or facsimile filing) financing statements describing the Collateral, including descriptions broader than as set forth in this Agreement. Borrower agrees that where allowed by law, a carbon, photographic or other reproduction of a financing statement or this Agreement is sufficient as a financing statement.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES

Borrower hereby makes the following representations and warranties:

4.1 Title to Collateral

Borrower has good and marketable title to all the Collateral, free and clear of all liens excepting only the security interests created pursuant to this Agreement or permitted pursuant to the Credit Agreement.

4.2 No Impairment of Collateral

None of the Collateral shall be impaired or jeopardized because of the security interest herein granted.

4.3 Other Agreements

The execution and delivery of this Agreement, the consummation of the transactions provided for herein, and the fulfillment of the terms hereof will not result in the breach of any of the terms, conditions, or provisions of, or constitute a default under, or conflict with or cause any acceleration of any obligation under any (a) agreement or other instrument to which Borrower is a party or by which Borrower is bound or (b) Applicable Law.

4.4 No Approvals

No Governmental Approvals of any nature are required in connection with the security interests herein granted.

4.5 Authority

Borrower has full power and authority to assign to U.S. Bank and to grant to U.S. Bank a security interest in the Collateral.

4.6 Location of Records

The address of the office where the books and records of Borrower are kept concerning the Collateral is set forth on Schedule II.

4.7 Location of Collateral

The locations of all Inventory and Equipment of Borrower are described on Schedule II.

4.8 Name

Borrower conducts its business only under the name "Applied Precision."

4.9 Accounts

The amount represented by Borrower to U.S. Bank from time to time as owing by each Account Debtor or by all Account Debtors in respect of the Accounts will at such time be the correct amount actually owing by such Account Debtor or Debtors thereunder. No material amount payable to Borrower under or in connection with any Account is evidenced by any Instrument or Chattel Paper that has not been delivered to U.S. Bank.

4.10 State of Organization

Borrower's state of organization is set forth on Schedule II.

4.11 Chief Executive Office

Borrower's chief executive office and chief place of business is located at the address set forth on Schedule II.

4.12 Trademarks

Schedule I hereto includes all Trademarks owned by Borrower in its own name as of the date hereof. To the best of Borrower's knowledge, each such Trademark is valid, subsisting, unexpired and enforceable and has not been abandoned. Except as set forth in Schedule I, none of such Trademarks is the subject of any licensing or franchise agreement.

No holding, decision or judgment that would limit, cancel or question the validity of any such Trademark has been rendered by any Governmental Body. No action or proceeding is pending that (a) seeks to limit, cancel or question the validity of any such Trademark or (b) would, if adversely determined, have a material adverse effect on the value of any Trademark.

4.13 Vehicles

Schedule III is a complete and correct list of all Vehicles owned by Borrower on the date hereof that constitute Collateral hereunder. Borrower shall deliver to U.S. Bank the original certificate of title for each Vehicle on the date hereof. Each certificate of title shall thereafter indicate U.S. Bank's first priority lien on the Vehicle covered by such certificate. Borrower shall execute and deliver to U.S. Bank any and all agreements, instruments, documents, powers of attorney and papers that U.S. Bank may request to evidence and perfect U.S. Bank's security interest in any Vehicle. Borrower hereby constitutes U.S. Bank its attorney-in-fact to execute and file all such writings for the foregoing purposes, with all acts of such attorney being hereby ratified and confirmed; and such power, being coupled with an interest, is irrevocable until all Secured Obligations are paid in full.

ARTICLE V. U.S. BANK'S RIGHTS WITH RESPECT TO THE COLLATERAL

5.1 No Duty on U.S. Bank's Part

U.S. Bank shall not be required (except at its option upon the occurrence and during the continuation of any Event of Default) to realize upon any Accounts, Financial Assets, Instruments, Investment Property, Chattel Paper or General Intangibles; collect the principal, interest or payment due thereon, exercise any rights or options of Borrower pertaining thereto; make presentment, demand or protest; give notice of protest, nonacceptance or nonpayment; or do any other thing for the protection, enforcement or collection of such Collateral. The powers conferred on U.S. Bank hereunder are solely to protect U.S. Bank's interests in the Collateral and shall not impose any duty upon U.S. Bank to exercise any such powers. U.S. Bank shall be accountable only for amounts that U.S. Bank actually receives as a result of the exercise of such powers; and neither U.S. Bank nor any of its officers, directors, employees or agents shall be responsible to Borrower for any act or failure to act hereunder.

5.2 Negotiations with Account Debtors

Upon the occurrence and during the continuation of any Event of Default, U.S. Bank may, in its sole discretion, extend or consent to the extension of the time of payment or maturity of any Instruments, Accounts, Chattel Paper or General Intangibles.

5.3 Right to Assign

Except as otherwise provided in the Credit Agreement, U.S. Bank may assign or transfer the whole or any part of the Secured Obligations and may transfer therewith as

collateral security the whole or any part of the Collateral; and all obligations, rights, powers and privileges herein provided shall inure to the benefit of the assignee and shall bind the successors and assigns of the parties hereto.

5.4 Duties Regarding Collateral

Beyond the safe custody thereof, U.S. Bank shall not have any duty as to any Collateral in its possession or control, or as to any preservation of any rights of or against other parties.

5.5 Collection From Account Debtors

Upon the occurrence and during the continuation of any Event of Default, Borrower shall, upon demand by U.S. Bank (and without any grace or cure period), notify all Account Debtors to make payment to U.S. Bank of any amounts due or to become due. Borrower authorizes U.S. Bank to contact the Account Debtors for the purpose of having all or any of them pay their obligations directly to U.S. Bank. Upon demand by U.S. Bank, Borrower shall enforce collection of any indebtedness owed to it by Account Debtors.

5.6 Inspection

U.S. Bank and its designees, from time to time at reasonable times and intervals, may inspect the Equipment and Inventory and inspect, audit and make copies of and extracts from all records and all other papers in the possession of Borrower.

ARTICLE VI. U.S. BANK'S RIGHTS AND REMEDIES

6.1 General

Upon the occurrence of any Event of Default, U.S. Bank may exercise its rights and remedies in the Credit Agreement and in any other Loan Documents and any other rights and remedies at law and in equity, simultaneously or consecutively, all of which rights and remedies shall be cumulative. The choice of one or more rights or remedies shall not be construed as a waiver or election barring other rights and remedies. Borrower hereby acknowledges and agrees that U.S. Bank is not required to exercise all rights and remedies available to it equally with respect to all the Collateral and that U.S. Bank may select less than all the Collateral with respect to which the rights and remedies as determined by U.S. Bank may be exercised.

6.2 Notice of Sale; Duty to Assemble Collateral

In addition to or in conjunction with the rights and remedies referred to in Section 6.1 hereof:

(a) Written notice mailed to Borrower at the address designated herein ten days or more prior to the date of public or private sale of any of the Collateral shall constitute reasonable notice.

(b) If U.S. Bank requests, Borrower will assemble the Collateral and make it available to U.S. Bank at places that U.S. Bank shall reasonably select, whether on Borrower's premises or elsewhere.

6.3 Disposition of Collateral

In addition to all rights and remedies provided in this Agreement or by law, if an Event of Default occurs, U.S. Bank may dispose of any of the Collateral at public auction or private sale in its then present condition or following such preparation and processing as U.S. Bank deems commercially reasonable. U.S. Bank has no duty to prepare or process the Collateral prior to sale. U.S. Bank may disclaim warranties of title, possession, quiet enjoyment and the like. Such actions by U.S. Bank shall not affect the commercial reasonableness of the sale. Further, U.S. Bank may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

ARTICLE VII. GENERAL PROVISIONS

7.1 Entire Agreement

This Agreement, together with the Credit Agreement and the other Loan Documents, sets forth all the promises, covenants, agreements, conditions and understandings between the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied oral or written, with respect thereto, except as contained or referred to herein. This Agreement may not be amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, discharge or termination is sought.

7.2 Invalidity

If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereunder, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

7.3 Nonwaiver and Nonexclusive Rights and Remedies

(a) No right or remedy herein conferred upon or reserved to U.S. Bank is intended to be to the exclusion of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to every other right or remedy given hereunder and now or hereafter existing at law or in equity.

(b) No delay or omission by U.S. Bank in exercising any right or remedy accruing upon an Event of Default shall impair any such right or remedy, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall it affect any subsequent Event of Default of the same or of a different nature.

7.4 Termination of Security Interest

When all the Secured Obligations have been paid in full and U.S. Bank's commitment to make any advances has terminated, the security interest provided herein shall terminate and U.S. Bank shall return to Borrower all Collateral then held by U.S. Bank, if any, and upon written request of Borrower, shall execute, in form for filing, termination statements of the security interests herein granted. Thereafter, no party hereto shall have any further rights or obligations hereunder.

7.5 Successors and Assigns

All rights of U.S. Bank hereunder shall inure to the benefit of its successors and assigns, and all obligations of Borrower shall be binding upon its successors and assigns.

7.6 U.S. Bank's Appointment as Attorney-in-Fact

(a) Borrower hereby irrevocably constitutes and appoints U.S. Bank 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 Borrower and in the name of Borrower or in its own name, from time to time in U.S. Bank's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement; and without limiting the generality of the foregoing, Borrower hereby gives U.S. Bank the power and right, on behalf of Borrower, without consent by or notice to Borrower, to do the following:

(i) to transfer to U.S. Bank or to any other person all or any of said Collateral, to endorse any Instruments pledged to U.S. Bank and to fill in blanks in any transfers of Collateral, powers of attorney or other documents delivered to U.S. Bank;

(ii) to pay or discharge taxes and liens levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Agreement and to pay all or any part of the premiums therefor and the costs thereof;

(iii) upon the occurrence and during the continuation of any Event of Default (A) to take possession of, endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account, Instrument or General Intangible or with respect to any other Collateral and (B) to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by U.S. Bank for the purpose of collecting all such

moneys due under any Account, Financial Assets, Instrument, Investment Property, or General Intangible or with respect to any other Collateral whenever payable; and

(iv) upon the occurrence and during the continuation of any Event of Default (A) to direct any party liable for any payment under any of the Collateral to make payment of all moneys due or to become due thereunder directly to U.S. Bank or as U.S. Bank shall direct; (B) to ask for, demand, collect and 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 sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) 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; (E) to defend any suit, action or proceeding brought against Borrower with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described in clause (E) above and, in connection therewith, to give such discharge or releases as U.S. Bank may deem appropriate; (G) to assign any Trademark (along with the goodwill of the business to which any such Trademark pertains) throughout the world for such terms or terms, on such conditions, and in such manner as U.S. Bank shall in its sole discretion determine; and (H) 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 U.S. Bank were the absolute owner thereof for all purposes; and to do, at U.S. Bank's option and Borrower's expense, at any time or from time to time, all acts and things that U.S. Bank deems necessary to protect, preserve or realize upon the Collateral and U.S. Bank's liens thereon and to effect the intent of this Agreement, all as fully and effectively as Borrower might do.

(b) Borrower hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(c) Borrower also authorizes U.S. Bank, at any time and from time to time, to execute, in connection with the sale provided for in Article VI hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(d) The powers conferred on U.S. Bank hereunder are solely to protect U.S. Bank's interests in the Collateral and shall not impose any duty upon U.S. Bank to exercise any such powers. U.S. Bank shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to Borrower for any act or failure to act hereunder.

7.7 Performance by U.S. Bank of Borrower's Obligations

If Borrower fails to perform or comply with any of its agreements contained herein and U.S. Bank, as provided for by the terms of this Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expense of U.S. Bank incurred in connection with such performance or compliance, together with interest thereon at the rate provided for in the Credit Agreement upon the occurrence of an Event of Default, shall be payable by Borrower to U.S. Bank on demand and shall constitute Secured Obligations.

7.8 Governing Law

This Agreement and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with and shall be governed by the laws of the state of Washington, without regard to the choice of law rules thereof.

7.9 Notices

All notices, requests, consents, demands, approvals and other communications hereunder shall be deemed to have been duly given, made or served if in writing and when delivered personally, or sent via facsimile, or mailed by first class mail, postage prepaid, to the respective parties to this Agreement as follows:

(a) If to U.S. Bank:

U.S. Bank National Association
1420 Fifth Avenue, Eleventh Floor
Seattle, Washington 98101
Attn: Vance B. Gledhill
Facsimile number (206) 344-2332

(b) If to Borrower:

Applied Precision, LLC
1040 12th Avenue N.W.
Issaquah, Washington 98027-8929
Attn: Bruce Holdren, VP and CFO
Facsimile number (425) 537-1055

The designation of the person to be so notified or the address of such person for the purposes of such notice may be changed from time to time by similar notice in writing, except that any communication with respect to a change of address shall be deemed to be given or made when received by the party to whom such communication was sent.

7.10 Counterparts

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

IN WITNESS WHEREOF, Borrower and U.S. Bank have caused these presents to be duly executed by their respective duly authorized signatories as of the day and year first above written.

APPLIED PRECISION, LLC

By *Donald S. Seibert*
Name: *Donald C. Seibert*
Title: *President*

Accepted By:

U.S. BANK NATIONAL ASSOCIATION

By *Vance Gedlin*
Name: *Vance Gedlin*
Title: *Vice President*