

PATENT ASSIGNMENT

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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
EFFECTIVE DATE:	03/30/2005
CONVEYING PARTY DATA	
Name	Execution Date
Provectus BioTech, Inc.	03/30/2005
RECEIVING PARTY DATA	
Name:	DCOFI Master LDS, as Agent
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City:	New York
State/Country:	NEW YORK
Postal Code:	10022
PROPERTY NUMBERS Total: 4	
Property Type	Number
Patent Number:	6451597
Patent Number:	6495360
Patent Number:	6541223
Patent Number:	6468777
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NAME OF SUBMITTER:	Valerie Walsh Johnson, Esq.

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Total Attachments: 21

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SECURITY AGREEMENT

Security Agreement (this "**Agreement**") dated as of March 30, 2005 by and among **Provectus BioTech, Inc.**, a Tennessee corporation (the "**Company**"), and the secured parties signatory hereto and their respective endorsees, transferees and assigns (collectively, the "**Secured Parties**") and **DCOFI Master LDC** (the "**Agent**"), as agent for the Secured Parties.

WITNESSETH:

WHEREAS, pursuant to a Securities Purchase Agreement (the "**Purchase Agreement**"), dated the date hereof, between Company and Provectus Pharmaceuticals, Inc., a Nevada corporation (the "**Parent**") the Company, a wholly-owned subsidiary of the Parent has personally guaranteed pursuant to a Guaranty Agreement of even date herewith (the "**Guaranty Agreement**") the obligations of the Parent under the Purchase Agreement, including the Parent's obligations with respect to certain debentures (the "**Debentures**") and certain warrants ("**Warrants**") to purchase shares of the common stock of the Parent; and

WHEREAS, in order to induce the Secured Parties to purchase the Debentures and Warrants, the Company has agreed to execute and deliver to the Secured Parties this Agreement for the benefit of the Secured Parties and to grant to it a first priority security interest in certain property of the Company to secure the prompt payment, performance and discharge in full of all of Company's obligations under the Guaranty Agreement.

NOW, THEREFORE, in consideration of the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **Certain Definitions.** As used in this Agreement, the following terms shall have the meanings set forth in this Section 1. Terms used but not otherwise defined in this Agreement that are defined in Article 9 of the UCC (such as "general intangibles" and "proceeds") shall have the respective meanings given such terms in Article 9 of the UCC.

(a) "**Collateral**" means the collateral in which the Secured Parties is granted a security interest by this Agreement and which shall include the following, whether presently owned or existing or hereafter acquired or coming into existence, and all additions and accessions thereto and all substitutions and replacements thereof, and all proceeds, products and accounts thereof, including, without limitation, all proceeds from the sale or transfer of the Collateral and of insurance covering the same and of any tort claims in connection therewith:

(i) All goods of the Company, including, without limitations, all machinery, equipment, computers, motor vehicles, trucks, tanks, boats, ships, appliances, furniture, special and general tools, fixtures, test and quality control devices and other equipment of every kind and nature and wherever situated, together with all documents of title and documents representing the same, all additions and accessions thereto, replacements therefor, all parts therefor, and all substitutes for any of the foregoing and all other items used and useful in connection with the Company's businesses and all improvements thereto (collectively, the "**Equipment**"); and

(ii) All inventory of the Company; and

(iii) All of the Company's contract rights and general intangibles, including, without limitation, all partnership interests, stock or other securities, licenses, distribution and other agreements, computer software development rights, leases, franchises, customer lists, quality control procedures, grants and rights, goodwill, trademarks, service marks, trade styles, trade names, patents, patent applications, copyrights, deposit accounts, and income tax refunds (collectively, the "**General Intangibles**"); and

(iv) All receivables of the Company including all insurance proceeds, and rights to refunds or indemnification whatsoever owing, together with all instruments, all documents of title representing any of the foregoing, all rights in any merchandising, goods, equipment, motor vehicles and trucks which any of the same may represent, and all right, title, security and guaranties with respect to each receivable, including any right of stoppage in transit; and

(v) All of the Company's Intellectual Property; and

(vi) All of the Company's documents, instruments and chattel paper, files, records, books of account, business papers, computer programs and the products and proceeds of all of the foregoing Collateral set forth in clauses (i)-(v) above.

(b) "**Copyrights**" shall mean:

(i) all copyrights, registrations and applications for registration, issued or filed, including any reissues, extensions or renewals thereof, by or with the United States Copyright Office or any similar office or agency of the United States, any state thereof, or any other country or political subdivision thereof, or otherwise, including, all rights in and to the material constituting the subject matter thereof, including, without limitation, any referred to in **Schedule B** hereto, and

(ii) any rights in any material which is copyrightable or which is protected by common law, United States copyright laws or similar laws or any law of any State, including, without limitation, any thereof referred to in **Schedule B** hereto.

(c) "**Copyright License**" shall mean any agreement, written or oral, providing for a grant by the Company of any right in any Copyright, including, without limitation, any thereof referred to in **Schedule B** hereto.

(d) "**Intellectual Property**" shall mean, collectively, the Software Intellectual Property, Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks, Trademark Licenses and Trade Secrets.

(e) "**Obligations**" means all of the Company's obligations under this Agreement and the Debentures, in each case, whether now or hereafter existing, voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later decreased, 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 the Secured Parties as a preference, fraudulent transfer or otherwise as such obligations may be amended, supplemented, converted, extended or modified from time to time.

(f) "**Patents**" shall mean:

(i) all letters patent of the United States and all reissues and extensions thereof, referred to in **Schedule B** hereto, and

(ii) all applications for letters patent of the United States and all divisions, continuations and continuations-in-part thereof, including, without limitation, any thereof referred to in **Schedule B** hereto.

(g) "**Patent License**" shall mean all agreements, whether written or oral, providing for the grant by the Company of any right to manufacture, use or sell any invention covered by a Patent, including, without limitation, any thereof referred to in **Schedule B** hereto.

(h) "**Software Intellectual Property**" shall mean:

(i) all software programs (including all source code, object code and all related applications and data files), whether now owned, upgraded, enhanced, licensed or leased or hereafter acquired by the Company;

(ii) all computers and electronic data processing hardware and firmware associated therewith;

(iii) all documentation (including flow charts, logic diagrams, manuals, guides and specifications) with respect to such software, hardware and firmware described in the preceding subclauses (i) and (ii); and

(iv) all rights with respect to all of the foregoing, including, without limitation, any and all upgrades, modifications, copyrights, licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications and substitutions, replacements, additions, or model conversions of any of the foregoing.

(i) "**Trademarks**" shall mean:

(i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether 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, or otherwise, including, without limitation, any thereof referred to in **Schedule B** hereto, and

(ii) all reissues, extensions or renewals thereof.

(j) "**Trademark License**" shall mean any agreement, written or oral, providing for the grant by the Company of any right to use any Trademark, including, without limitation, any thereof referred to in **Schedule B** hereto.

(k) "**Trade Secrets**" shall mean common law and statutory trade secrets and all other confidential or proprietary or useful information and all know-how obtained by or used in or contemplated at any time for use in the business of the Company (all of the foregoing being collectively called a "**Trade Secret**"), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to

such Trade Secret, all Trade Secret licenses, including each Trade Secret license referred to in **Schedule B** hereto, and including the right to sue for and to enjoin and to collect damages for the actual or threatened misappropriation of any Trade Secret and for the breach or enforcement of any such Trade Secret license.

(l) "UCC" means the Uniform Commercial Code, as currently in effect in the State of New York.

2. **Grant of Security Interest.** As an inducement for the Secured Parties to purchase the Debentures and to secure the complete and timely payment, performance and discharge in full, as the case may be, of all of the Obligations, the Company hereby, unconditionally and irrevocably, pledges, grants and hypothecates to the Secured Parties, a continuing security interest in, a continuing first lien upon, an unqualified right to possession and disposition of and a right of set-off against, in each case to the fullest extent permitted by law, all of the Company's right, title and interest of whatsoever kind and nature in and to the Collateral (the "Security Interest").

3. **Representations, Warranties, Covenants and Agreements of the Company.** Except as set forth on **Schedule A** attached hereto, the Company represents and warrants to, and covenants and agrees with, the Secured Parties as follows:

(a) The Company has the requisite corporate power and authority to enter into this Agreement and otherwise to carry out its obligations thereunder. The execution, delivery and performance by the Company of this Agreement and the filings contemplated therein have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company. This Agreement constitutes a legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally.

(b) The Company represents and warrants that it has no place of business or offices where its respective books of account and records are kept (other than temporarily at the offices of its attorneys or accountants) or places where the Collateral is stored or located, except as set forth on **Schedule A** attached hereto;

(c) The Company is the sole owner of the Collateral (except for non-exclusive licenses granted by the Company in the ordinary course of business), free and clear of any liens, security interests, encumbrances, rights or claims, except as set forth on **Schedule A**, and is fully authorized to grant the Security Interest in and to pledge the Collateral. There is not on file in any governmental or regulatory authority, agency or recording office an effective financing statement, security agreement, license or transfer or any notice of any of the foregoing (other than those that have been filed in favor of the Secured Parties pursuant to this Agreement) covering or affecting any of the Collateral. So long as this Agreement shall be in effect, the Company shall not execute and shall not knowingly permit to be on file in any such office or agency any such financing statement or other document or instrument (except to the extent filed or recorded in favor of the Secured Parties pursuant to the terms of this Agreement).

(d) No part of the Collateral has been judged invalid or unenforceable. No written claim has been received that any Collateral or the Company's use of any Collateral violates the rights of any third party. There has been no adverse decision to the Company's claim of ownership rights in or exclusive rights to use the Collateral in any jurisdiction or to the Company's right to keep and maintain such Collateral in full force and effect, and there is no proceeding involving said rights pending

or, to the best knowledge of the Company, threatened before any court, judicial body, administrative or regulatory agency, arbitrator or other governmental authority.

(e) The Company shall at all times maintain its books of account and records relating to the Collateral at its principal place of business and its Collateral at the locations set forth on **Schedule A** attached hereto and may not relocate such books of account and records or tangible Collateral unless it delivers to the Secured Parties at least thirty (30) days prior to such relocation (i) written notice of such relocation and the new location thereof (which must be within the United States) and (ii) evidence that appropriate financing statements and other necessary documents have been filed and recorded and other steps have been taken to perfect the Security Interest to create in favor of the Secured Parties valid, perfected and continuing first priority liens in the Collateral.

(f) This Agreement creates in favor of the Secured Parties a valid security interest in the Collateral securing the payment and performance of the Obligations and, upon making the filings described in the immediately following sentence, a perfected first priority security interest in such Collateral and, to the extent that it can be perfected through such filings, the Intellectual Property. Except for the filing of financing statements on Form-1 under the UCC with the jurisdictions indicated on **Schedule B**, attached hereto, no authorization or approval of or filing with or notice to any governmental authority or regulatory body is required either (i) for the grant by the Company of, or the effectiveness of, the Security Interest granted hereby or for the execution, delivery and performance of this Agreement by the Company or (ii) for the perfection of, or exercise by the Secured Parties of, their rights and remedies hereunder.

(g) On the date of execution of this Agreement, the Company will deliver to the Agent one or more executed UCC financing statements on Form-1 with respect to the Security Interest for filing with the jurisdictions indicated on **Schedule B**, attached hereto and in such other jurisdictions as may be requested by the Secured Parties. Furthermore, upon request of the Agent, the Company shall execute and deliver any and all agreements, instruments, documents, and papers as the Agent may request to evidence the Secured Parties' security interest in the Intellectual Property and the goodwill and general intangibles of the Company relating thereto or represented thereby, and the Company hereby appoints the Agent its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest is irrevocable until the Obligations have been fully satisfied and are paid in full.

(h) The execution, delivery and performance of this Agreement does not conflict with or cause a breach or default, or an event that with or without the passage of time or notice, shall constitute a breach or default, under any agreement to which the Company is a party or by which the Company is bound. No consent (including, without limitation, from stockholders or creditors of the Company) is required for the Company to enter into and perform its obligations hereunder.

(i) The Company shall at all times maintain the liens and Security Interest provided for hereunder as valid and perfected first priority liens and security interests in the Collateral in favor of the Secured Parties until this Agreement and the Security Interest hereunder shall terminate pursuant to Section 11. The Company hereby agrees to defend the same against any and all persons. The Company shall safeguard and protect all Collateral for the account of the Secured Parties. At the request of the Secured Parties, the Company will sign and deliver to the Secured Parties at any time or from time to time one or more financing statements pursuant to the UCC (or any other applicable statute) in form reasonably satisfactory to the Secured Parties and will pay the cost of filing the same in all public offices wherever filing is, or is deemed by the Secured Parties to be, necessary or desirable to effect the rights and obligations provided for herein. Without limiting the generality of the foregoing, the Company shall pay all fees, taxes and other amounts necessary to maintain the Collateral and the Security Interest

hereunder, and the Company shall obtain and furnish to the Secured Parties from time to time, upon demand, such releases and/or subordinations of claims and liens which may be required to maintain the priority of the Security Interest hereunder.

(j) The Company will not transfer, pledge, hypothecate, encumber, license (except for non-exclusive licenses granted by the Company in the ordinary course of business), sell or otherwise dispose of any of the Collateral without the prior written consent of the Secured Parties.

(k) The Company shall keep and preserve its Equipment, Inventory and other tangible Collateral in good condition, repair and order and shall not operate or locate any such Collateral (or cause to be operated or located) in any area excluded from insurance coverage.

(l) The Company shall, within ten (10) days of obtaining knowledge thereof, advise the Secured Parties promptly, in sufficient detail, of any substantial change in the Collateral, and of the occurrence of any event which would have a material adverse effect on the value of the Collateral or on the Secured Parties' security interest therein.

(m) The Company shall promptly execute and deliver to the Secured Parties such further deeds, mortgages, assignments, security agreements, financing statements or other instruments, documents, certificates and assurances and take such further action as the Secured Parties may from time to time request and may in its sole discretion deem necessary to perfect, protect or enforce its Security Interest.

(n) The Company shall permit the Secured Parties and its representatives and agents to inspect the Collateral at any time and to make copies of records pertaining to the Collateral as may be requested by the Secured Parties from time to time.

(o) The Company will take all steps reasonably necessary to diligently pursue and seek to preserve, enforce and collect any rights, claims, causes of action and accounts receivable in respect of the Collateral.

(p) The Company shall promptly notify the Secured Parties in sufficient detail upon becoming aware of any attachment, garnishment, execution or other legal process levied against any Collateral and of any other information received by the Company that may materially affect the value of the Collateral, the Security Interest or the rights and remedies of the Secured Parties hereunder.

(q) All information heretofore, herein or hereafter supplied to the Secured Parties by or on behalf of the Company with respect to the Collateral is accurate and complete in all material respects as of the date furnished.

(r) **Schedule A** attached hereto contains a list of all of the subsidiaries of Company.

(s) **Schedule B** attached hereto includes all Licenses, and all Patents and Patent Licenses, if any, owned by the Company in its own name as of the date hereof. **Schedule B** hereto includes all Trademarks and Trademark Licenses, if any, owned by the Company in its own name as of the date hereof. **Schedule B** hereto includes all Copyrights and Copyright Licenses, if any, owned by the Company in its own name as of the date hereof. **Schedule B** hereto includes all Trade Secrets and Trade Secret Licenses, if any, owned by the Company as of the date hereof. To the best of the Company's knowledge, each License, Patent, Trademark, Copyright and Trade Secret is valid, subsisting, unexpired,

enforceable and has not been abandoned. Except as set forth in **Schedule B**, none of such Licenses, Patents, Trademarks, Copyrights and Trade Secrets is the subject of any licensing or franchise agreement. To the best of the Company's knowledge, no holding, decision or judgment has been rendered by any Governmental Body which would limit, cancel or question the validity of any License, Patent, Trademark, Copyright and Trade Secrets. No action or proceeding is pending (i) seeking to limit, cancel or question the validity of any License, Patent, Trademark, Copyright or Trade Secret, or (ii) which, if adversely determined, would have a material adverse effect on the value of any License, Patent, Trademark, Copyright or Trade Secret. The Company has used and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Patents, Trademarks and Copyrights and consistent standards of quality in products leased or sold under the Patents, Trademarks and Copyrights.

(t) With respect to any Intellectual Property:

(i) such Intellectual Property is subsisting and has not been adjudged invalid or unenforceable, in whole or in part;

(ii) such Intellectual Property is valid and enforceable;

(iii) the Company has made all necessary filings and recordations to protect its interest in such Intellectual Property, including, without limitation, recordations of all of its interests in the Patents, Patent Licenses, Trademarks and Trademark Licenses in the United States Patent and Trademark Office and its claims to the Copyrights and Copyright Licenses in the United States Copyright Office;

(iv) other than as set forth in **Schedule B**, the Company is the exclusive owner of the entire and unencumbered right, title and interest in and to such Intellectual Property and no claim has been made that the use of such Intellectual Property infringes on the asserted rights of any third party; and

(v) the Company has performed and will continue to perform all acts and has paid all required fees and taxes to maintain each and every item of Intellectual Property in full force and effect throughout the United States, as applicable.

(u) Except with respect to any Trademark or Copyright that the Company shall reasonably determine is of negligible economic value to the Company, the Company shall:

(i) maintain each Trademark and Copyright in full force free from any claim of abandonment for non-use, maintain as in the past the quality of products and services offered under such Trademark or Copyright; employ such Trademark or Copyright with the appropriate notice of registration; not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark or Copyright unless the Secured Parties shall obtain a perfected security interest in such mark pursuant to this Agreement; and not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark or Copyright may become invalidated;

(ii) not, except with respect to any Patent that it shall reasonably determine is of negligible economic value to it, do any act, or omit to do any act, whereby any Patent may become abandoned or dedicated; and

(iii) notify the Secured Parties immediately if it knows, or has reason to know, that any application or registration relating to any Patent, Trademark or Copyright may become

abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in the United States) regarding its ownership of any Patent, Trademark or Copyright or its right to register the same or to keep and maintain the same.

(v) Whenever the Company, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office or the United States Copyright Office or acquire rights to any new Patent, Trademark or Copyright whether or not registered, report such filing to the Secured Parties within five (5) business days after the last day of the fiscal quarter in which such filing occurs.

(w) The Company shall take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office or the United States Copyright Office, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the Patents, Trademarks and Copyrights, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(x) In the event that any Patent, Trademark or Copyright included in the Intellectual Property is infringed, misappropriated or diluted by a third party, the Company shall promptly notify the Secured Parties after it learns thereof and shall, unless it shall reasonably determine that such Patent, Trademark or Copyright is of negligible economic value to it, which determination it shall promptly report to the Secured Parties, promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as it shall reasonably deem appropriate under the circumstances to protect such Patent, Trademark or Copyright. If the Company lacks the financial resources to comply with this Section 3(u), the Company shall so notify the Secured Parties and shall cooperate fully with any enforcement action undertaken by the Secured Parties on behalf of the Company.

4. **Defaults.** The following events shall be "Events of Default":

(a) The occurrence of an Event of Default (as defined in the Debentures) under the Debentures;

(b) Any representation or warranty of the Company in this Agreement shall prove to have been incorrect in any material respect when made;

(c) The failure by the Company to observe or perform any of its obligations hereunder for ten (10) days after receipt by the Company of notice of such failure from the Secured Parties; and

(d) Any breach of, or default under, any of the Warrants.

5. **Duty To Hold In Trust.** Upon the occurrence of any Event of Default and at any time thereafter, the Company shall, upon receipt by it of any revenue, income or other sums subject to the Security Interest, whether payable pursuant to the Debentures or otherwise, or of any check, draft, note, trade acceptance or other instrument evidencing an obligation to pay any such sum, hold the same in trust for the Secured Parties and shall forthwith endorse and transfer any such sums or instruments, or both, to the Secured Parties for application to the satisfaction of the Obligations.

6. **The Agent; Rights and Remedies Upon Default.** Each of the Secured Parties hereby irrevocably appoints the Agent to act on its behalf. The Agent hereunder and under any other document executed in connection herewith, and authorizes the Agent to take such actions on its behalf to exercise such powers as are delegated to the Agent by the terms hereof or thereof, together with such actions and benefit of the Agent and Secured Parties, and the Company shall not have rights as a third party beneficiary of any such provision. The Agent is authorized to act, in its sole discretion, on behalf of the Secured Parties as described herein. Upon occurrence of any Event of Default and at any time thereafter, the Agent (on behalf of the Secured Parties) shall have the right to exercise (on behalf of the Secured Parties) all of the remedies conferred to the Secured Parties hereunder and under the Debentures, and the Agent (on behalf of the Secured Parties) shall have all the rights and remedies of a secured party under the UCC and/or any other applicable law (including the Uniform Commercial Code of any jurisdiction in which any Collateral is then located). Without limitation, the Agent (on behalf of the Secured Parties) shall have the following rights and powers:

(a) to take possession of the Collateral and, for that purpose, enter, with the aid and assistance of any person, any premises where the Collateral, or any part thereof, is or may be placed and remove the same, and the Company shall assemble the Collateral and make it available to the Secured Parties at places which the Agent shall reasonably select, whether at the Company's premises or elsewhere, and make available to the Agent, without rent, all of the Company's respective premises and facilities for the purpose of the Agent taking possession of, removing or putting the Collateral in saleable or disposable form; and

(b) to operate the business of the Company using the Collateral and shall have the right to assign, sell, lease or otherwise dispose of and deliver all or any part of the Collateral, at public or private sale or otherwise, either with or without special conditions or stipulations, for cash or on credit or for future delivery, in such parcel or parcels and at such time or times and at such place or places, and upon such terms and conditions as the Agent may deem commercially reasonable, all without (except as shall be required by applicable statute and cannot be waived) advertisement or demand upon or notice to the Company or right of redemption of the Company, which are hereby expressly waived. Upon each such sale, lease, assignment or other transfer of Collateral, the Agent may, unless prohibited by applicable law which cannot be waived, purchase all or any part of the Collateral being sold, free from and discharged of all trusts, claims, right of redemption and equities of the Company, which are hereby waived and released.

7. **Indemnification of the Agent.** Neither Agent nor any of its affiliates or representatives will be liable for any action taken or omitted to be taken by it or them under this Agreement in good faith and believed by it or them to be within the discretion or power conferred upon it or them by this Agreement or be responsible for the consequences of any error of judgment (except for fraud, gross negligence, or willful misconduct). Unless indemnified to its satisfaction against loss, cost, liability and expense, Agent may not be compelled to do any act under this Agreement or to take any action toward the execution or enforcement of the powers created under this Agreement or to prosecute or defend any suit in respect of this Agreement. If Agent requests instructions from Secured Parties with respect to any act or action in connection with this Agreement, then Agent is entitled to refrain (without incurring any liability to anyone by so refraining) from that act or action unless and until it has received instructions. In no event, however, may Agent or any of its representatives be required to take any action that it or they determine could incur for it or them criminal or onerous civil liability. Without limiting the generality of the foregoing, no Secured Party has any right of action against Agent as a result of Agent's acting or refraining from acting under this Agreement in accordance with instructions of the Secured Parties. **EACH SECURED PARTY (IN PROPORTION TO THE THEN-OUTSTANDING PRINCIPAL AMOUNT OF DEBENTURES) SHALL INDEMNIFY THE AGENT AND ITS REPRESENTATIVES AND HOLD THEM HARMLESS FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES,**

PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, REASONABLE EXPENSES, AND REASONABLE DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER THAT MAY BE IMPOSED ON, ASSERTED AGAINST, OR INCURRED BY THEM IN ANY WAY RELATING TO OR ARISING OUT OF THIS AGREEMENT OR ANY ACTION TAKEN OR OMITTED BY THEM UNDER THIS AGREEMENT.

8. **Applications of Proceeds.** The proceeds of any such sale, lease or other disposition of the Collateral hereunder shall be applied first, to the expenses of retaking, holding, storing, processing and preparing for sale, selling, and the like (including, without limitation, any taxes, fees and other costs incurred in connection therewith) of the Collateral, to the reasonable attorneys' fees and expenses incurred by the Secured Parties in enforcing its rights hereunder and in connection with collecting, storing and disposing of the Collateral, and then to satisfaction of the Obligations, and to the payment of any other amounts required by applicable law, after which the Secured Parties shall pay to the Company any surplus proceeds. If, upon the sale, license or other disposition of the Collateral, the proceeds thereof are insufficient to pay all amounts to which the Secured Parties is legally entitled, (i) then the proceeds shall be allocated among the Secured Parties in proportion to the amount outstanding under each Debenture, and (ii) the Company will be liable for the deficiency, together with interest thereon, at the rate of eighteen percent (18%) per annum (the "**Default Rate**"), and the reasonable fees of any attorneys employed by the Secured Parties to collect such deficiency. To the extent permitted by applicable law, the Company waives all claims, damages and demands against the Secured Parties arising out of the repossession, removal, retention or sale of the Collateral, unless due to the gross negligence or willful misconduct of the Secured Parties.

9. **Costs and Expenses.** The Company agrees to pay all out-of-pocket fees, costs and expenses incurred in connection with any filing required hereunder, including without limitation, any financing statements, continuation statements, partial releases and/or termination statements related thereto or any expenses of any searches reasonably required by the Secured Parties. The Company shall also pay all other claims and charges which in the reasonable opinion of the Secured Parties might prejudice, imperil or otherwise affect the Collateral or the Security Interest therein. The Company will also, upon demand, pay to the Secured Parties the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which the Secured Parties may incur in connection with (a) the enforcement of this Agreement, (b) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, or (c) the exercise or enforcement of any of the rights of the Secured Parties under the Debentures. Until so paid, any fees payable hereunder shall be added to the principal amount of the Debentures and shall bear interest at the Default Rate.

10. **Responsibility for Collateral.** The Company assumes all liabilities and responsibility in connection with all Collateral, and the obligations of the Company hereunder or under the Debentures and the Warrants shall in no way be affected or diminished by reason of the loss, destruction, damage or theft of any of the Collateral or its unavailability for any reason.

11. **Security Interest Absolute.** All rights of the Secured Parties and all Obligations of the Company hereunder, shall be absolute and unconditional, irrespective of: (a) any lack of validity or enforceability of this Agreement, the Debentures, the Warrants or any agreement entered into in connection with the foregoing, or any portion hereof or thereof; (b) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Debentures, the Warrants or any other agreement entered into in connection with the foregoing; (c) any exchange, release or nonperfection of any of the Collateral, or any release or amendment or waiver of or consent to departure from any other collateral for, or any guaranty, or any other security, for all or any of the Obligations; (d) any action by the Secured Parties to obtain, adjust, settle and cancel in its sole discretion any insurance claims or

matters made or arising in connection with the Collateral; or (e) any other circumstance which might otherwise constitute any legal or equitable defense available to the Company, or a discharge of all or any part of the Security Interest granted hereby. Until the Obligations shall have been paid and performed in full, the rights of the Secured Parties shall continue even if the Obligations are barred for any reason, including, without limitation, the running of the statute of limitations or bankruptcy. The Company expressly waives presentment, protest and notice of protest. In the event that at any time any transfer of any Collateral or any payment received by the Secured Parties hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall be deemed to be otherwise due to any party other than the Secured Parties, then, in any such event, the Company's obligations hereunder shall survive cancellation of this Agreement, and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Agreement, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof. The Company waives all right to require the Secured Parties to proceed against any other person or to apply any Collateral which the Secured Parties may hold at any time, or to marshal assets, or to pursue any other remedy. The Company waives any defense arising by reason of the application of the statute of limitations to any obligation secured hereby.

12. **Term of Agreement.** This Agreement and the Security Interest shall terminate on the date on which all payments under the Debentures have been made in full and all other Obligations have been paid or discharged. Upon such termination, the Secured Parties, at the request and at the expense of the Company, will join in executing any termination statement with respect to any financing statement executed and filed pursuant to this Agreement.

13. **Power of Attorney; Further Assurances.**

(a) The Company authorizes the Agent, as agent for the Secured Parties, and does hereby make, constitute and appoint it, and its respective officers, agents, successors or assigns with full power of substitution, as the Company's true and lawful attorney-in-fact, with power, in its own name or in the name of the Company, to, after the occurrence and during the continuance of an Event of Default, (i) endorse any notes, checks, drafts, money orders, or other instruments of payment (including payments payable under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Agent or any Secured Parties; (ii) to sign and endorse any UCC financing statement or any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts, and other documents relating to the Collateral; (iii) to pay or discharge taxes, liens, security interests or other encumbrances at any time levied or placed on or threatened against the Collateral; (iv) to demand, collect, receipt for, compromise, settle and sue for monies due in respect of the Collateral; and (v) generally, to do, at the option of the Agent, and at the Company's expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve and realize upon the Collateral and the Security Interest granted therein in order to effect the intent of this Agreement, the Debentures and the Warrants, all as fully and effectually as the Company might or could do; and the Company hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding.

(b) On a continuing basis, the Company will make, execute, acknowledge, deliver, file and record, as the case may be, in the proper filing and recording places in any jurisdiction, including, without limitation, the jurisdictions indicated on Schedule A, attached hereto, all such instruments, and take all such action as may reasonably be deemed necessary or advisable, or as reasonably requested by the Agent, to perfect the Security Interest granted hereunder and otherwise to

carry out the intent and purposes of this Agreement, or for assuring and confirming to the Agent the grant or perfection of a security interest in all the Collateral.

(c) The Company hereby irrevocably appoints the Agent as the Company's attorney-in-fact, with full authority in the place and stead of the Company and in the name of the Company, from time to time in the Agent's discretion, to take any action and to execute any instrument which the Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including the filing, in its sole discretion, of one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of the Company where permitted by law.

14. **Notices.** All notices, requests, demands and other communications hereunder shall be in writing, with copies to all the other parties hereto, and shall be deemed to have been duly given (i) if delivered by hand, (ii) upon receipt of proof of sending thereof if sent by facsimile, (iii) upon receipt if sent by nationally recognized overnight delivery service (receipt requested), the next business day, or (iv) if mailed by first-class registered or certified mail, return receipt requested, postage prepaid, four days after posting in the U.S. mails, in each case if delivered to the following addresses:

If to the Company:	Provectus BioTech, Inc. c/o Provectus Pharmaceuticals, Inc. 7327 Oak Ridge Highway, Suite A Knoxville, TN 37931 Attn: Dr. Timothy C. Scott, President Telephone: (865) 769-4011 Facsimile: (865) 769-4013
With copies to:	Baker Donelson Bearman Caldwell & Berkowitz, PC 207 Mockingbird Lane Johnson City, TN 37604 Attention: Linda M. Crouch, Esq. Telephone: (423) 928-0181 Facsimile: (423) 928-5694
If to the Agent:	DCOFI Master LDC 830 3rd Avenue, 14th Floor New York, NY 10022 Attention: Jeff Haas Telephone: 212-922-2090 Facsimile: 212-581-7010
With copies to:	Tarter Krinsky & Drogin LLP 470 Park Avenue South, 14 th Floor New York, NY 10016 Attention: James G. Smith, Esq. Telephone: (212) 481-8585 Facsimile: (212) 481-9062

15. **Other Security.** To the extent that the Obligations are now or hereafter secured by property other than the Collateral or by the guarantee, endorsement or property of any other person, firm, corporation or other entity, then the Agent shall have the right, in its sole discretion, to pursue,

relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of the Secured Parties' rights and remedies hereunder.

16. **Miscellaneous.**

(a) No course of dealing between the Company, the Agent and any Secured Parties, nor any failure to exercise, nor any delay in exercising, on the part of the Agent or any Secured Parties, any right, power or privilege hereunder or under the Debentures shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(b) All of the rights and remedies of the Secured Parties with respect to the Collateral, whether established hereby or by the Debentures or by any other agreements, instruments or documents or by law shall be cumulative and may be exercised singly or concurrently.

(c) This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and is intended to supersede all prior negotiations, understandings and agreements with respect thereto, including the prior Agreement. Any term of this Agreement may be terminated or amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with written consent of the Company and the holders of seventy five percent (75%) of the then-outstanding principal amount of the Debentures. Any termination, amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of the Debentures, each future holder of the Debentures, their successors and assigns, and the Company.

(d) In the event that any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction for any reason, unless such provision is narrowed by judicial construction, this Agreement shall, as to such jurisdiction, be construed as if such invalid, prohibited or unenforceable provision had been more narrowly drawn so as not to be invalid, prohibited or unenforceable. If, notwithstanding the foregoing, any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction, such provision, as to such jurisdiction, shall be ineffective to the extent of such invalidity, prohibition or unenforceability without invalidating the remaining portion of such provision or the other provisions of this Agreement and without affecting the validity or enforceability of such provision or the other provisions of this Agreement in any other jurisdiction.

(e) No waiver of any breach or default or any right under this Agreement shall be considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any subsequent breach or default or right, whether of the same or similar nature or otherwise.

(f) This Agreement shall be binding upon and inure to the benefit of each party hereto and its successors and assigns.

(g) Each party shall take such further action and execute and deliver such further documents as may be necessary or appropriate in order to carry out the provisions and purposes of this Agreement.

(h) This Agreement shall be construed in accordance with the laws of the State of New York, except to the extent the validity, perfection or enforcement of a security interest hereunder in respect of any particular Collateral which are governed by a jurisdiction other than the State of New York in which case such law shall govern. Each of the parties hereto irrevocably submit to the

exclusive jurisdiction of any New York State or United States Federal court sitting in New York county over any action or proceeding arising out of or relating to this Agreement, and the parties hereto hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such New York State or Federal court. The parties hereto agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The parties hereto further waive any objection to venue in the State of New York and any objection to an action or proceeding in the State of New York on the basis of *forum non conveniens*.

(i) Each party hereto hereby agrees to waive its respective rights to a jury trial of any claim or cause of action based upon or arising out of this Agreement. The scope of this waiver is intended to be all encompassing of any disputes that may be filed in any court and that relate to the subject matter of this Agreement, including without limitation contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement for each party to enter into a business relationship, that each party has relied on this waiver in entering into this Agreement and that each party will continue to rely on this waiver in their related future dealings. Each party further warrants and represents that it has reviewed this waiver with its legal counsel, and that such party has knowingly and voluntarily waives its rights to a jury trial following such consultation. This waiver is irrevocable, meaning that, notwithstanding anything herein to the contrary, it may not be modified either orally or in writing, and this waiver shall apply to any subsequent amendments, renewals and supplements or modifications to this agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

(j) This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed on the day and year first above written.

COMPANY:

Proectus Biotech, Inc.

By: [Signature]
Name: Timothy Scott
Title: President

AGENT:

DCOFI MASTER LDC

By: _____
Name: _____
Title: _____

INVESTORS:

DCOFI MASTER LDC

By: _____
Name: _____
Title: _____

[signatures continue on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed on the day and year first above written.

COMPANY:

By: _____

Name:

Title:

AGENT:

DCOFI MASTER LDC

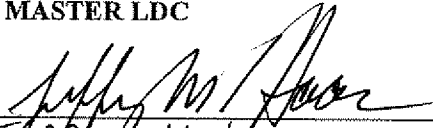
By:  _____

Name: Jeffrey M. Haas

Title: Authorized Signatory

INVESTORS:

DCOFI MASTER LDC

By:  _____

Name: Jeffrey M. Haas

Title: Authorized Signatory

[signatures continue on next page]

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(FAX)212 586 8244

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INVESTORS (continued):

Alpha Capital Aktiengesellschaft

By: K. V. Ackermann

Name: Konrad Ackermann

Title: Director

INVESTORS (continued):

Asset Managers International, Ltd.

By: Jeffrey M. Haas
Name: Jeffrey M. Haas
Title: Authorized Signatory

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INVESTORS (continued):

Whalehaven Capital Fund Limited

By: E. Schemenauer

Name: Even Schemenauer

Title: Director

Provectus Biotech Security Agreement - Schedule A

Principal Place of Business of the Company:

Provectus Pharmaceuticals, Inc.
7327 Oak Ridge Highway
Knoxville, TN 37931

Locations Where Collateral is Located or Stored:

Provectus Pharmaceuticals, Inc.
7327 Oak Ridge Highway
Knoxville, TN 37931

List of Subsidiaries of the Company:

None

Exceptions to Representations and Warranties Under Section 3:

None

Jurisdictions:

Tennessee and Nevada

Security Agreement - Schedule B

PHO-110 *Method for Enhanced Protein Stabilization and for Production of Cell Lines Useful for Production of such Stabilized Proteins*
 (Dees and Smolik). A method for increasing production yield of viruses, viral proteins, and other related biological materials through enhanced control and stabilization of protein production and the resultant protein products. The invention is also directed to methods for selection or engineering of cell lines yielding such enhanced stabilized products.

Parent Case	Daughter Case	USSN	Filed	Status
PHO-110		09/543,479	04-06-2000	Transient modification of a cell line via stress (25 Claims) USP 6,495,360 (Issued 12-17-2002; expires 04-06-2020)
	PHO-110 DIV1	09/803,498	03-09-2001	Permanent modification of a cell line using permissive eucaryotic cells (13 Claims) USP 6,451,597 (Issued 09-17-2002; expires 04-06-2020)
	PHO-110 DIV2	09/803,609	03-09-01	Production of permissive eucaryotic cell lines and discovery of unknown viral agents (8 Claims) USP 6,541,223 (Issued 04-01-2003; expires 04-06-2020)
	PHO-110 DIV3	09/803,634	03-09-02	Enhancement of functional recombinant yield (23 Claims) USP 6,468,777 (Issued 10-22-2002; expires 04-06-2020)