

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
Aeris Therapeutics, LLC	11/10/2009
RECEIVING PARTY DATA	
Name:	Rosse Enterprises, LTD
Street Address:	10 Speen Street, 4th Floor
City:	Framingham
State/Country:	MASSACHUSETTS
Postal Code:	01701
PROPERTY NUMBERS Total: 22	
Property Type	Number
Application Number:	12443021
PCT Number:	US0779504
Application Number:	11590664
PCT Number:	US0642338
Application Number:	12117367
PCT Number:	US0862993
PCT Number:	US0881321
Application Number:	12062189
PCT Number:	US0859263
Patent Number:	6610043
Patent Number:	6682520
Application Number:	10069307
Application Number:	10649232
Patent Number:	7300428
PCT Number:	US0023134

501011029

PATENT  
REEL: 023486 FRAME: 0719

CH \$880.00 12443021

Application Number:	10464115
Application Number:	11016548
PCT Number:	US0319339
Application Number:	11824942
PCT Number:	US0307528
Application Number:	61146880
Application Number:	61151623

#### CORRESPONDENCE DATA

Fax Number: (202)293-2275

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

Phone: 2027751200

Email: docketing@sandw.com

Correspondent Name: Sullivan & Worcester LLP

Address Line 1: 1666 K Street NW

Address Line 4: Washington, DISTRICT OF COLUMBIA 20006

ATTORNEY DOCKET NUMBER:	21745.0001
-------------------------	------------

NAME OF SUBMITTER:	Melanie DeMattia
--------------------	------------------

#### Total Attachments: 20

source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page1.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page2.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page3.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page4.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page5.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page6.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page7.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page8.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page9.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page10.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page11.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page12.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page13.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page14.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page15.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page16.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page17.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page18.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page19.tif  
source=AERIS\_CREDIT\_AGMNT\_11\_10\_2009#page20.tif

## CREDIT AGREEMENT

This Credit Agreement is made as of November 10, 2009 by Aeris Therapeutics, LLC ("Aeris") and Rosse Enterprises, Ltd. ("REL").

The parties agree as follows:

1. Loan; Advances. Subject to the terms and conditions of this Agreement, REL agrees to make to Aeris advances (the "Loan") not to exceed the principal amount of \*\*\$5,000,000\*\*. The outstanding principal under the Loan shall be secured by all assets of Aeris, as provided in Section 4, and all prior and future advances to Aeris by REL are to be evidenced by a non-negotiable promissory note, dated as of the date hereof, in the form attached hereto as Exhibit A (the "Note") payable to REL.

Whenever Aeris wishes to receive an additional advance from REL under this Agreement, Aeris shall notify REL by telephone, fax or email at least two business days before the date the advance is to be made. The amount of each advance will be no more than \$500,000 unless agreed to by REL. REL's obligation to make any advance is subject to the conditions set forth in Section 3 hereof. Provided that such conditions are met as of each request date, REL shall make each such advance on the date requested in accordance with this Agreement in immediately

2. Representations, Warranties and Covenants of Aeris. Aeris hereby represents and warrants to REL as follows:

(a) Organization and Power. Aeris is a corporation duly organized, validly existing and in corporate good standing under the laws of Delaware and is qualified to do business as a foreign corporation in Massachusetts. Aeris has all required limited liability company power and authority to own its property, to carry on its business as presently conducted or contemplated, to enter into and perform this Agreement and the other agreements, documents and instruments contemplated hereby (collectively with this Agreement, the "Transaction Documents"), and generally to carry out the transactions contemplated hereby. Aeris is not in violation of any term of its organizational documents or in violation of any term of any agreement, instrument, judgment, decree, order, statute, rule or government regulation applicable to Aeris or to which Aeris is a party except for any such violations that, individually or in the aggregate, are not likely to result in a material adverse change in the business, prospects or financial condition of Aeris (a "Material Adverse Change").

(b) Authorization. The Transaction Documents are valid and binding obligations of Aeris, enforceable in accordance with their terms. The execution, delivery and performance of the Transaction Documents have been duly authorized by all necessary corporate or other action of Aeris.

(c) Effect of Transactions. The execution, delivery and performance by Aeris of the Transaction Documents will not conflict with or result in any default, in any material respect, under any contract, obligation or commitment of Aeris or any judgment, decree, order, statute, rule or regulation of any federal, state or local government or agency applicable to Aeris, or any organizational document or corporate restriction of Aeris, or create any lien, charge or encumbrance of any nature upon any of the properties or assets of Aeris.

(d) Litigation. There is no litigation or governmental proceeding or investigation pending or, to the best knowledge of Aeris, threatened against Aeris, or against any officer or key employee of Aeris that relates to Aeris's proposed business or that calls into question the validity, or materially hinder the enforceability or performance, of the Transaction Documents. To the best knowledge of Aeris, there has not occurred any event nor does there exist any condition on the basis of which any litigation, proceeding or investigation might properly be instituted.

(e) No Liens. There are currently no liens or security interests on any of the assets of Aeris.

3. Conditions to Each Advance. It shall be a condition to REL's obligation to make any advance under this Agreement that there shall be at the time a request is made for an advance, or at any time prior to the requested advance being made, any event or condition that is likely to result in a Material Adverse Change in the judgment of REL. REL's obligation to make advances hereunder shall also terminate in the event that the business of Aeris is sold by merger, sale of assets, exclusive license or otherwise or in the event that Aeris substantially ceases operations.

4 Security Interest. As security for its obligations hereunder Aeris hereby grants to REL a continuing security interest in all assets of Aeris pursuant to the Security Agreement attached hereto as Exhibit B and pursuant to the Intellectual Property Security Agreement attached hereto as Exhibit C.

5. Additional Provisions.

(a) Notices. All notices or other communications which are required or permitted hereunder shall be in writing and deemed to have been duly given at the time of receipt if delivered personally or sent by fax (with answer-back received), by email, or by recognized courier service, addressed as follows (or such other address as the a party may designate from time to time in writing):

If to Aeris:

Aeris Therapeutics, LLC  
10K Gill Street  
Woburn, MA 01801  
Attention: David Dove, CEO, and Andrew Littlehale, Treasurer  
Fax No.: 617.663.6500  
Email address: [david.dove@aerist.com](mailto:david.dove@aerist.com) and [andrew.littlehale@aerist.com](mailto:andrew.littlehale@aerist.com).

If to REL:

Rosse Enterprises, Ltd.  
10 Speen Street, 4th Floor  
Framingham, MA 01701  
Attention: Thomas Rosse and Bennett Yee  
Fax No.: 508.270.5280  
Email address: [byee@rosseltd.com](mailto:byee@rosseltd.com)

(b) Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, REL and Aeris, and respective successors and assigns, except that such REL may not transfer any security or interest in this Agreement or the Note (other than by operation of law) without Aeris's consent.

(c) Governing Law. This Agreement shall be governed by and construed and enforced in accordance with Massachusetts law.

(d) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. The signature of any party delivered by fax or by scan/email shall bind such party and such signature shall be deemed an original.

(e) Entire Agreement. This Agreement embodies the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

AERIS THERAPEUTICS, LLC

By: \_\_\_\_\_  
Dr. David Dove, President

ROSSE ENTERPRISES, LTD.

By:   
Bennett Yee, CFO

NON-NEGOTIABLE PROMISSORY NOTE

Maximum principal amount: \*\*\$5,000,000.00\*\*      Woburn, Massachusetts  
Maturity: On demand at any time on or after      November 10, 2009  
November 10, 2010

FOR VALUE RECEIVED, Aeris Therapeutics, LLC, a Delaware limited liability company ("Borrower"), promises to pay to Rosse Enterprises, Ltd. ("Lender"), at Lender's principal executive office or at such other place as may be designated in writing by Lender, without setoff or deduction, the aggregate unpaid principal amount of all advances ("Advances") made by Lender to Borrower under the terms of the Credit Agreement, dated November 10, 2009 (the "Loan Agreement"), up to a maximum principal amount of Five Million Dollars. Any advances previously made by Lender to Borrower shall be considered to have been extended pursuant to the Loan Agreement, and are represented by this Note. Borrower shall also pay interest on the aggregate unpaid principal amount of such Advances (the "Principal Amount") at the rate of twenty percent (20%) simple interest per annum. The entire Principal Amount and all accrued interest thereon shall be due and payable only at the maturity of this Note as set forth above. Borrower may make prepayments on this Note without the consent of REL in any amount and at any time, with such payments first being applied to accrued interest and then to the Principal Amount.

Borrower irrevocably authorizes Lender to make or cause to be made, at or about the time of the receipt of any payment from Borrower on this Note, an appropriate notation on the grid attached to this Note, or the continuation of such grid, or any other similar record, including computer records, reflecting each payment. Such procedure shall also apply to the amount of accrued interest on this Note. The outstanding amounts set forth on the grid attached to this Note, or the continuation of such grid, shall be prima facie evidence of the amounts owing and unpaid to Lender as of the date of the last notation, but the failure to record, or any error in so recording, any such amount on any such grid, continuation or other record shall not limit or otherwise affect the obligation of Borrower hereunder or under the Loan Agreement, if any, to make payments of principal of and interest on this Note when due.

The entire unpaid Principal Amount and all accrued and unpaid interest thereon and all other fees, charges, costs and expenses hereunder shall become immediately due and payable, without demand, prior to the maturity of this Note, at the sole option of Lender, upon the occurrence of any one or more of the following events of default:

- (a) If Borrower (i) makes a general assignment for the benefit of creditors, (ii) applies for, consents to, acquiesces in, files a petition or an answer seeking, or admits (by answer, default or otherwise) the material allegations of a petition filed against it seeking the appointment of a trustee, receiver, liquidator, debtor in possession, or assignee in bankruptcy or insolvency of itself or of all or a substantial portion of its assets, or a reorganization, arrangement with creditors or other remedy, relief or adjudication available to or against a debtor under any bankruptcy or insolvency law or any law relating to relief of debtors, or (iii) admits in writing its inability to pay its debts generally as they become due; or
- (b) If a decree, order or judgment shall have been entered adjudging Borrower as bankrupt or insolvent, or appointing a receiver, liquidator, trustee, debtor in possession or assignee in bankruptcy or insolvency for it or for all or a substantial portion of its assets, or approving a

petition seeking a reorganization, arrangement, or the winding up or liquidation of its affairs on the grounds of insolvency or nonpayment of debts, and such decree, order or judgment shall remain undischarged and unstayed for a period of 120 days; or if any substantial part of the property of Borrower is sequestered or attached and shall not be returned to the possession of Borrower or released from such attachment within 120 days; or

Concurrently with the closing of an Acquisition (as defined below), or concurrently with the closing of a firm commitment underwritten initial public offering registered under the Securities Act of 1933 with a concurrent listing on a national securities exchange, the entire unpaid Principal Amount and all accrued and unpaid interest thereon and all other fees, charges, costs and expenses hereunder shall become immediately due and payable. For this purpose, "Acquisition" means (i) the sale of Borrower by merger or equity purchase after which the shareholders of Borrower in their capacity as such no longer own a majority of the outstanding equity securities of Borrower (or its successor or parent thereof); or (ii) any sale of all or substantially all of the assets of Borrower.

Borrower and any guarantor, surety, accommodation party or endorser of this Note, and all other persons or entities ("Persons") liable or to become liable for all or any part of the indebtedness evidenced hereby, waive, jointly and severally, diligence, presentment for payment, notice of nonpayment, protest, notice of dishonor and notice of protest, and also recourse to suretyship defenses generally, and specifically consent to and waive notice of any renewals, modifications or extensions of this Note, whether in favor of Borrower or any other Person or Persons, and hereby waive any other indulgence granted by Lender. Any such renewals, modifications or extensions may be made without notice to any of said Persons.

No delay or failure of Lender in exercising any right, remedy or privilege under this Note shall affect such right, remedy or privilege, nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, remedy or privilege preclude subsequent exercise thereof. The rights, remedies and privileges of Lender hereunder are cumulative and not exclusive of any rights, remedies or privileges which Lender would otherwise have. Any waiver, permit, consent or approval of any kind or character on the part of Lender of any breach or default under this Note, or of any provision or condition of this Note, must be in writing and shall be effective only to the extent specifically set forth in such writing. No notice to or demand on Borrower shall entitle Borrower to any other or further notice or demand in other similar circumstances. A waiver on any one occasion shall not be construed as a waiver or bar to any right, remedy or privilege on any other occasion.

Borrower shall pay all reasonable costs of collection on demand by Lender, including, without limitation, reasonable attorneys' fees and disbursements.

This Note may not be transferred, assigned, amended or modified except by a written instrument executed by Borrower and any then holder hereof.

This Note is to be construed and enforced in all respects in accordance with Massachusetts law. If any provision hereof is held to be invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Note shall remain in full force and effect.

EXECUTED under seal as of the date and year first above written.

AERIS THERAPEUTICS, LLC

By: \_\_\_\_\_  
Dr. David Dove, President

### SCHEDULE OF ADVANCES

[illegible]



## INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement is entered into as of November 10, 2009 (the "Effective Date") by and between Rosse Enterprises, Ltd. ("Lender") and Aeris Therapeutics, LLC ("Grantor").

### RECITALS

A. Lender has agreed to extend credit to Grantor (the "Loan") pursuant to a Credit Agreement of even date herewith (the "Credit Agreement") and a related promissory note (the "Note"). Lender is willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall grant to Lender a security interest in all of its Copyrights, Trademarks and Patents to secure the obligations of Grantor under the Note.

B. Pursuant to the terms of the Credit Agreement and related Security Agreement (the "Security Agreement"), Grantor has granted to Lender a security interest in all of grantor's right, title and interest, whether presently existing or hereafter acquired, in, to and under all of the Collateral, as defined in the Security Agreement.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, as collateral security for the prompt and complete payment when due of its obligations under the Credit Agreement, the Note and the Security Agreement, Grantor here by represents, warrants, covenants and agrees as follows:

### AGREEMENT

To secure its obligations under the Credit Agreement, the Note, and the Security Agreement, Grantor grants and pledges to Lender a security interest in all of Grantor's right, title and interest in, to and under its General Intangibles (including without limitation those copyrights, patents and trademarks listed on Schedule A), and including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions continuations, renewals, extension and continuations-in-part thereof.

This security interest is granted in conjunction with the security interest granted to Lender under the Credit Agreement and the Note. The rights and remedies of Lender with respect to the security interest granted hereby are in addition to those set forth in the Note and the other Transaction Documents, and those which are now or hereafter available to Lender as a matter of law or equity. Each right, power and remedy of Lender provided for herein or in the Note or any of the Transaction Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Lender of any one or more of the rights, powers or remedies provided for in this Intellectual Property Security Agreement, the Credit Agreement, the Note or any of the other Transaction Documents, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including Lender, of any or all other rights, powers or remedies.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

GRANTOR:

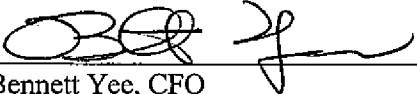
AERIS THERAPEUTICS, LLC

By: \_\_\_\_\_  
Dr. David Dove, President

Address: 10K Gill Street  
Woburn, MA 01801

LENDER:

ROSSE ENTERPRISES, LTD.

By:  \_\_\_\_\_  
Bennett Yee, CFO

Address: 10 Speen Street, 4th Floor  
Framingham, MA 01701

SCHEDULE A

Copyrights

Description

Registration/A  
pplication  
Number

Registration/A  
pplication  
Date

Patents

Description

Registration/A  
pplication  
Number

Registration/A  
pplication  
Date

Trademarks

Description

Registration/A  
pplication  
Number

Registration/A  
pplication  
Date

## SECURITY AGREEMENT

SECURITY AGREEMENT made on November 10, 2009 by Aeris Therapeutics, LLC, a Delaware limited liability company having its chief executive office at 10K Gill Street, Woburn, MA 01801 (the "Borrower"), in favor of Rosse Enterprises Ltd. having its principal executive office at 10 Speen Street, 4th Floor, Framingham, MA 01701 (the "Lender").

WHEREAS, the Borrower has requested the Lender to enter into a certain Credit Agreement of even date herewith (as the same may be amended, modified, supplemented, extended or restated from time to time, the "Credit Agreement") and to make loans to the Borrower upon the terms and subject to the conditions set forth therein;

WHEREAS, it is a condition precedent to the Lender entering into the Credit Agreement and making extensions of credit thereunder that the Borrower execute and deliver this Agreement and grant the security interests herein provided;

NOW, THEREFORE, in order to induce the Lender to enter into the Credit Agreement and to make or extend to the Borrower one or more loans, advances or other extensions of credit upon the terms and subject to the conditions set forth therein, and in consideration thereof, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Borrower agrees as follows:

Section 1. Definitions. All capitalized terms used herein or in any certificate, report or other document delivered pursuant hereto shall have the meanings assigned to them below or in the Credit Agreement (unless otherwise defined). Except as otherwise defined, terms defined in the Uniform Commercial Code and used herein shall have the meanings set forth in the Uniform Commercial Code; provided, however, that the term "instrument" shall be such term as defined in Article 9 of the Uniform Commercial Code rather than Article 3 of the Uniform Commercial Code.

Accounts. All rights of the Borrower to payment of a monetary obligation (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a secondary obligation incurred or to be incurred, or (iv) arising out of the use of a credit or charge card or information contained on or for use with the card; and all sums of money and other Proceeds due or becoming due thereon, all notes, bills, drafts, acceptances, instruments, documents and other debts, obligations and liabilities, in whatever form, owing to the Borrower with respect thereto, all guarantees and security therefor, and the Borrower's rights pertaining to and interest in such property, including the right of stoppage in transit, replevin or reclamation; all chattel paper; all amounts due from Affiliates of the Borrower; all insurance proceeds; all other rights and claims to the payment of money, under contracts or otherwise; and all other property constituting "accounts" as such term is defined in the Uniform Commercial Code.

Collateral. All personal and fixture property belonging to the Borrower or in which the Borrower has any rights, of every kind and description, tangible and intangible, whether now owned or existing or hereafter arising or acquired; including, without limitation, all Accounts,

Equipment, General Intangibles, Inventory and Investment Property, together with all goods, instruments (including promissory notes), documents of title, policies and certificates of insurance, commercial tort claims, chattel paper (whether tangible or electronic), deposit accounts, letter of credit rights (whether or not the letter of credit is evidenced by a writing), and other property owned by the Borrower or in which the Borrower has an interest; and including, without limitation, any cash that is now or may hereafter be in the possession, custody or control of the Lender or its participants or assigns for any purpose; any and all additions, substitutions, replacements and accessions to the foregoing and all supporting obligations relating to the foregoing; and all Proceeds and products of any of the foregoing.

Encumbrance. Any mortgage, pledge, security interest, lien or other charge or encumbrance of any kind or nature (including, without limitation, the lien or retained security title of a conditional vendor) upon or with respect to any property.

Equipment. All machinery, equipment and fixtures, furniture, furnishings, trade fixtures, specialty tools and parts, motor vehicles and materials handling equipment of the Borrower, together with the Borrower's interest in, and right to, any and all manuals, computer programs, data bases and other materials relating to the use, operation or structure of any of the foregoing; and all other property constituting "equipment" as such term is defined in the Uniform Commercial Code.

General Intangibles. All rights with respect to trademarks, service marks, trade names, trade styles, patents, copyrights, mask works, trade-secrets information, other proprietary rights and rights to prevent others from doing acts that constitute unfair competition with the Borrower or misappropriation of its property, including without limitation any sums (net of expenses) that the Borrower may receive arising out of any claim for infringement of its rights in any of the foregoing, and all rights of the Borrower under contracts to enjoy performance by others or to be entitled to enjoy rights granted by others, including without limitation any licenses; all payment intangibles; all obligations and indebtedness of any kind (other than Accounts) owing to the Borrower from whatever source arising; all contract rights; all rights of the Borrower as a bailor; all tax refunds; all right, title and interest of the Borrower in and to all software, documents, books, records, files and other information (on whatever medium recorded, and including without limitation computer programs, tapes, discs, punch cards, data processing software and related property and rights) maintained by the Borrower that reflect the conduct of the Borrower's business, such as financial records, marketing and sales records, research and development records, and design, engineering and manufacturing records; all rights under service bureau service contracts; all computer data and the concepts and ideas on which said data is based; all developmental ideas and concepts, papers, plans, schematics, drawings, blueprints, sketches and documents; all data bases; all customer lists; and all other property constituting "general intangibles" as such term is defined in the Uniform Commercial Code.

Inventory. All goods, merchandise and other personal property (including warehouse receipts and other negotiable and non-negotiable documents of title covering any such property) of the Borrower that are held for sale, lease or other disposition or to be furnished under contracts of service (or that are so furnished), or for display or demonstration, or leased or consigned, or that are raw materials, piece goods, work-in-process, finished goods or supplies or

other materials used or consumed or to be used or consumed in the Borrower's business, whether in transit or in the possession of the Borrower or another, including without limitation all goods covered by purchase orders and contracts with suppliers and all goods billed and held by suppliers and goods located on the premises of any carriers, forwarding agents, truckers, warehousemen, vendors, selling agents or other third parties; all proprietary rights, patents, plans, drawings, diagrams, schematics, assembly and display materials relating to any of the foregoing; and all other property constituting "inventory" as such term is defined in the Uniform Commercial Code.

Investment Property. All of the securities (whether certificated or uncertificated) of the Borrower, including without limitation all stocks, bonds, Treasury bills, certificates of deposit, mutual or money market fund shares, security entitlements, securities accounts, commodity contracts and commodity accounts; and all sums due or to become due on any of the foregoing, and all securities, instruments or other property purchased or acquired as a result of the investment and reinvestment thereof as hereinafter provided, and all other property constituting "investment property" as such term is defined in the Uniform Commercial Code.

Proceeds. All proceeds of and all other profits, rentals and receipts, in whatever form, received or arising from any Collateral, including: whatever is received or acquired upon the sale, lease, exchange, assignment, licensing or other disposition of any Collateral; whatever is received, collected on or distributed on account of any Collateral; all rights arising out of any Collateral; all claims arising out of the loss, nonconformity, interference with the use of, defects or infringement of rights in, or damage to or destruction of, any Collateral; any insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to or destruction of, any Collateral; any unearned premiums with respect to policies of insurance in respect of any Collateral; any condemnation or requisition payments with respect to any Collateral; and all other property constituting "proceeds" as such term is defined in the Uniform Commercial Code; in each case whether now existing or hereafter arising.

Secured Obligations. All liabilities and obligations of the Borrower under the Credit Agreement or the Transaction Documents (as defined in the Credit Agreement).

Security Interests. The security interests and liens granted pursuant to Section 2 hereof, as well as all other security interests created or assigned as additional security for the Secured Obligations pursuant to this Agreement.

Uniform Commercial Code. The Uniform Commercial Code as in effect in The Commonwealth of Massachusetts, provided, that if by reason of mandatory provisions of law, perfection, or the effect of perfection or nonperfection, of the Security Interests in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than Massachusetts, "Uniform Commercial Code" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection, as the case may be.

## Section 2. Grant.

(a) To secure the full and punctual payment and performance of the Secured Obligations, the Borrower hereby assigns and pledges to the Lender all of its rights, title and interest in, and grants to the Lender a continuing security interest in, the Collateral of the Borrower. The Security Interests are granted as security only and shall not subject the Lender to, or transfer to the Lender or in any way affect or modify, any obligation or liability of the Borrower with respect to any of the Collateral or any transaction in connection therewith.

(b) Upon the execution of this Agreement, and from time to time thereafter, the Borrower shall deliver to the Lender such Uniform Commercial Code financing statements, assignments, continuation statements, amendments, instruments and notices and assignments under the Assignment of Claims Act of 1940, as amended (collectively, the "Perfection Documents"), as may be required for the Lender to perfect its Security Interest in all Collateral. Any such financing statements, continuation statements or amendments may be filed by the Lender at any time in any jurisdiction and may be signed by the Lender on behalf of the Borrower.

Section 3. Covenants. The Borrower hereby agrees to the following covenants, each of which shall be continuing and in force so long as this Agreement is in effect:

3.1 First Priority Security Interest. This Agreement creates a valid and continuing lien on and security interest in the Collateral, and upon the filing of Uniform Commercial Code financing statements in the appropriate offices for the locations of Collateral, the Security Interests will be perfected (except to the extent a security interest may not be perfected by filing under the Uniform Commercial Code), prior to all other Encumbrances, and is enforceable as such against creditors of the Borrower, any owner of the real property where any of the Collateral is located, any purchaser of such real property and any present or future creditor obtaining a lien on such real property.

3.2 Sales and Further Encumbrances. The Borrower will not sell, grant, assign or transfer any interest in, or permit to exist any Encumbrance on, any of the Collateral, except the Security Interests and as permitted by the Credit Agreement.

3.3 Fixture Conflicts; Required Waivers. The Borrower intends, to the extent not inconsistent with applicable law, that the Collateral shall remain personal property of the Borrower and shall not be deemed to be a fixture irrespective of the manner of its attachment to any real estate. The Borrower will deliver to the Lender such disclaimers, waivers, or other documents as the Lender may request to confirm the foregoing, executed by each person having an interest in such real estate.

3.4 Verification of Accounts. The Borrower will allow the Lender and its designees to examine, inspect and make extracts from or copies of the Borrower's books and records, inspect the Collateral and arrange for verification of Accounts constituting Collateral directly with any account debtors or by other methods, under reasonable procedures established by the Lender after consultation with the Borrower.

### 3.5 Collections.

(a) The Borrower will diligently collect all of its Accounts constituting Collateral until the Lender exercises its rights to collect the Accounts pursuant to this Agreement.

(b) The Borrower shall, at the request of the Lender at any time, notify account debtors, and the Lender may itself, after the occurrence and during the continuance of a Default notify account debtors directly, of the Security Interest of the Lender in any Account and that payment thereof is to be made directly to the Lender for application to the Secured Obligations.

3.6 Insurance. The Borrower shall at all times maintain liability and casualty insurance on the Collateral with financially sound and reputable insurers in such amounts and with such coverages, endorsements, deductibles and expiration dates as the officers of the Borrower in the exercise of their reasonable judgment deem to be adequate, as are customary in the industry for companies of established reputation engaged in the same or similar business and owning or operating similar properties and as shall be reasonably satisfactory to the Lender. The Lender shall be named as loss payee, additional insured and/or mortgagee under such insurance as the Lender shall require from time to time, and the Borrower shall provide to the Lender lender's loss payable endorsements in form and substance reasonably satisfactory to the Lender.

3.7 General Intangibles. The Borrower will apply for, and diligently pursue applications for, registration of its ownership of the General Intangibles constituting Collateral for which registration is appropriate, and will use such other measures as are appropriate to preserve its rights in its other General Intangibles constituting Collateral. The Borrower will, at the request of the Lender, retain off-site current copies of all materials created by or furnished to the Borrower on which is recorded then-current information about any computer programs or data bases that the Borrower has developed or otherwise has the right to use from time to time. Such materials shall include, without limitation, magnetic or other computer media on which object, source or other code is recorded and documentation of those computer programs or data bases, in the nature of listing printouts, narrative descriptions, flow diagrams and similar things. The Borrower will, at the request of the Lender, deliver a set of such copies to the Lender for safekeeping and retention or transfer in the event of foreclosure.

3.8 Investment Property. Until the occurrence of an Event of Default hereunder, the Borrower shall retain the right to vote any of the Investment Property constituting Collateral in a manner not inconsistent with the terms of this Agreement and the Credit Agreement.

3.9 Letters of Credit Rights. For each letter of credit at any time issued to the Borrower as beneficiary thereunder, the Borrower shall, at the request of the Lender, pursuant to an agreement in form and substance satisfactory to the Lender, either (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to the Lender of the proceeds of any drawing under the letter of credit or (ii) arrange for the Lender to become the transferee beneficiary of the letter of credit, with the Lender agreeing, in each case, that the



proceeds of any drawing under the letter of credit be applied to the Secured Obligations or as the Lender shall otherwise agree.

3.10 Assignment of Claims Act. If at any time any Accounts of the Borrower arise from contracts with the United States of America or any department, agency or instrumentality thereof, the Borrower shall execute all assignments and take all steps reasonably requested by the Lender in order that all monies due and to become due thereunder will be assigned and paid to the Lender under the Assignment of Claims Act of 1940.

3.11 Notes and Instruments. If at any time any amount payable under or in connection with any of the Collateral is evidenced by any promissory note or other instrument, such note or instrument shall be promptly delivered to the Lender, duly endorsed in a manner satisfactory to the Lender.

3.12 Further Assurances. Upon the reasonable request of the Lender, and at the sole expense of the Borrower, the Borrower will promptly execute and deliver such further instruments and documents and take such further actions as the Lender may deem desirable to obtain the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, filing of any financing statement, continuation statement, amendment or notice under the Uniform Commercial Code or other applicable law, execution of assignments or mortgages of General Intangibles, delivery of appropriate stock or bond powers, and transfer of Collateral (other than Inventory, Accounts and Equipment) to the Lender's possession. The Borrower authorizes the Lender to file such financing statements without the signature of the Borrower to the extent permitted by applicable law, and to file a copy of this Agreement in lieu of a financing statement, and to take any and all actions required by any earlier versions of the Uniform Commercial Code or by other law, as applicable in any relevant Uniform Commercial Code jurisdiction, or by other laws applicable in any foreign jurisdiction. The Borrower shall provide the Lender with any information the Lender shall reasonably request in connection with the foregoing, including, without limitation, the type and jurisdiction of organization of the Borrower, and any organizational identification number issued to the Borrower. The Borrower shall also take all actions requested by the Lender in order to insure the continued perfection and priority of the Lender's security interest in any of the Collateral and of the preservation of its rights therein.

#### Section 4. Lender's Rights and Remedies in General.

(a) So long as any Event of Default shall have occurred and is continuing:

(i) the Lender may, at its option, without notice or demand, cause all of the Secured Obligations to become immediately due and payable and take immediate possession of the Collateral, and for that purpose the Lender may, so far as the Borrower can give authority therefor, enter upon any premises on which any of the Collateral is situated and remove the same therefrom or remain on such premises and in possession of such Collateral for purposes of conducting a sale or enforcing the rights of the Lender;

(ii) the Borrower will, upon demand, assemble the Collateral and make it available to the Lender at a place and time designated by the Lender that is reasonably convenient to both parties;

(iii) the Lender may collect and receive all income and Proceeds in respect of any Collateral and exercise all rights of the Borrower with respect thereto, including without limitation the right to exercise all voting and corporate rights at any meeting of the shareholders of the issuer of any Investment Property and to exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any Investment Property as if the Lender were the absolute owner thereof, including the right to exchange, at its discretion, any and all of any Investment Property upon the merger, consolidation, reorganization, recapitalization or other readjustment of the issuer thereof, all without liability except to account for property actually received (but the Lender shall have no duty to exercise any of the aforesaid rights, privileges or options and shall not be responsible for any failure to do so or delay in so doing);

(iv) the Lender may sell, lease or otherwise dispose of any Collateral at a public or private sale, with or without having such Collateral at the place of sale, and upon such terms and in such manner as the Lender may determine, and the Lender may purchase any Collateral at any such sale. Unless such Collateral threatens to decline rapidly in value or is of the type customarily sold on a recognized market, the Lender shall send to the Borrower prior written notice (which, if given within ten (10) days of any sale, shall be deemed to be reasonable) of the time and place of any public sale of such Collateral or of the time after which any private sale or other disposition thereof is to be made. The Borrower agrees that upon any such sale such Collateral shall be held by the purchaser free from all claims or rights of every kind and nature, including any equity of redemption or similar rights, and all such equity of redemption and similar rights are hereby expressly waived and released by the Borrower. In the event any consent, approval or authorization of any governmental agency is necessary to effectuate any such sale, the Borrower shall execute all applications or other instruments as may be required; and

(v) in any jurisdiction where the enforcement of its rights hereunder is sought, the Lender shall have, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code and other applicable law.

(b) The Lender may perform any covenant or agreement of the Borrower contained herein that the Borrower has failed to perform and in so doing the Lender may expend such sums as it may reasonably deem advisable in the performance thereof, including, without limitation, the payment of any taxes or insurance premiums, payment to obtain a release of an Encumbrance or potential Encumbrance, expenditures made in defending against any adverse claim and all other expenditures which the Lender may make for the protection of any Collateral or which it may be compelled to make by

operation of law. All such sums and amounts so expended shall be repaid by the Borrower upon demand, shall constitute additional Secured Obligations and shall bear interest from the date said amounts are expended at the rate per annum provided in the Credit Agreement. No such performance of any covenant or agreement by the Lender on behalf of the Borrower, and no such advance or expenditure therefor, shall relieve the Borrower of any Event of Default under the terms of this Agreement or the other Loan Documents.

(c) Prior to any disposition of Collateral pursuant to this Agreement the Lender may, at its option, cause any of the Collateral to be repaired or reconditioned (but not upgraded unless mutually agreed) in such manner and to such extent as to make it saleable.

(d) The Lender is hereby granted a license or other right to use, without charge, the Borrower's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks and advertising matter, or any property of a similar nature, relating to the Collateral, in completing production of, advertising for sale and selling any Collateral; and the Borrower's rights under all licenses and all franchise agreements shall inure to the Lender's benefit.

(e) The Lender shall be entitled to retain and to apply the Proceeds of any disposition of the Collateral, first, to its reasonable expenses provided for herein, including attorneys' fees and other legal expenses incurred by it in connection therewith; and second, to the payment of the Secured Obligations in such order of priority as the Lender shall determine. Any surplus remaining after such application shall be paid to the Borrower or to whomever may be legally entitled thereto, provided that in no event shall the Borrower be credited with any part of the Proceeds of the disposition of the Collateral until such Proceeds shall have been received in cash by the Lender. The Borrower shall remain liable for any deficiency, which deficiency shall bear interest at the rate per annum provided in the Credit Agreement to be paid on Base Rate Loans after the occurrence of an Event of Default or at such other rate as shall be fixed by applicable law.

(g) The Borrower hereby appoints the Lender and each of the Lender's designees or agents as attorney-in-fact of the Borrower, irrevocably and with power of substitution, with full authority in the name of the Borrower, the Lender or otherwise, for sole use and benefit of the Lender, but at the Borrower's expense, so long as an Event of Default is continuing, to take any and all of the actions specified above in this Section and elsewhere in this Agreement. This power of attorney is a power coupled with an interest and shall be irrevocable for so long as any of the Secured Obligations remain outstanding. Each Securing Party hereby releases the Lender from any claims, causes of action and demands at any time arising out of or with respect to any actions taken or omitted to be taken by the Lender under the powers of attorney herein granted other than actions taken or omitted to be taken through the gross negligence or willful misconduct of the Lender or its designees or agents, as determined by a court of competent jurisdiction.

Section 5. Lender's Rights and Remedies with Respect to Collateral. The Lender may, at its option, at any time and from time to time after the occurrence and during the continuance of an Event of Default, without notice to or demand on the Borrower, take the following actions with respect to the Collateral:

(a) with respect to any Accounts (i) demand, collect, and receipt for any amounts relating thereto, as the Lender may determine; (ii) commence and prosecute any actions in any court for the purposes of collecting any such Accounts and enforcing any other rights in respect thereof; (iii) defend, settle or compromise any action brought and, in connection therewith, give such discharges or releases as the Lender may deem appropriate; (iv) receive, open and dispose of mail addressed to the Borrower and endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents evidencing payment, shipment or storage of the goods giving rise to such Accounts or securing or relating to such Accounts, on behalf of and in the name of the Borrower; and (v) sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any such Accounts or the goods or services which have given rise thereto, as fully and completely as though the Lender were the absolute owner thereof for all purposes;

(b) with respect to any Equipment and Inventory (i) make, adjust and settle claims under any insurance policy related thereto and place and pay for appropriate insurance thereon; (ii) discharge taxes and other Encumbrances at any time levied or placed thereon; (iii) make repairs or provide maintenance with respect thereto; and (iv) pay any necessary filing fees and any taxes arising as a consequence of any such filing. The Lender shall have no obligation to make any such expenditures nor shall the making thereof relieve the Borrower of its obligation to make such expenditures; and

(c) with respect to any Investment Property (i) transfer them at any time to itself, or to its nominee, and receive the income thereon and hold the same as Collateral hereunder or apply it to any matured Secured Obligations; and (ii) demand, sue for, collect or make any compromise or settlement it deems desirable.

Except as otherwise provided herein, the Lender shall have no duty as to the collection or protection of any Collateral nor as to the preservation of any rights pertaining thereto, beyond the safe custody of any Collateral in its possession.

Section 6. Set-Off. Regardless of the adequacy of any Collateral or other means of obtaining repayment of the Secured Obligations, any deposits, balances or other sums credited by or due from the head office of the Lender or any of its branch offices to the Borrower and any property of the Borrower now or hereafter in the possession, custody, safekeeping or control of the Lender or in transit to the Lender may, at any time and from time to time after the occurrence of an Event of Default, without notice to the Borrower or compliance with any other condition precedent now or hereafter imposed by statute, rule of law, or otherwise (all of which are hereby expressly waived) be set off, appropriated and applied by the Lender against any and all Secured Obligations of the Borrower in such manner as the head office of the Lender or any of its branch offices in its sole discretion may determine, and the Borrower hereby grants the Lender a continuing security interest in such deposits, balances, other sums and property for the payment

and performance of all such Secured Obligations. ANY AND ALL RIGHTS TO REQUIRE THE LENDER TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE SECURED OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHTS OF SETOFF WITH RESPECT TO SUCH DEPOSITS, BALANCES, OTHER SUMS AND PROPERTY OF THE BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

Section 7. Waivers. The Borrower waives presentment, demand, notice, protest, notice of acceptance of this Agreement, notice of any loans made, credit or other extensions granted, Collateral received or delivered and any other action taken in reliance hereon and all other demands and notices of any description, except for such demands and notices as are expressly required to be provided to the Borrower under this Agreement or any other document evidencing the Secured Obligations.

Section 8. Expenses. The Borrower promises to reimburse the Lender on demand for all reasonable costs and expenses incurred or expended in connection with the enforcement of any Secured Obligations, the exercise, preservation or enforcement of any rights, remedies or options of the Lender or the satisfaction of any Secured Obligation, or in connection with any litigation, proceeding or dispute in any way related to the Secured Obligations, the Transaction Documents or the Collateral. The amount of all such costs and expenses shall except as otherwise provided herein, until paid, bear interest at the rate set forth in the Credit Agreement.

Section 9. Notices. All notices, approvals, requests, demands and other communications hereunder shall be given in accordance with the Credit Agreement.

Section 10. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Borrower and its successors and assigns, and shall be binding upon and inure to the benefit of and be enforceable by the Lender and its successors and assigns; provided that the Borrower may not assign or transfer its rights or obligations hereunder. Without limiting the generality of the foregoing sentence, the Lender may, in the manner and to the extent set forth in the Credit Agreement, assign or otherwise transfer any agreement or any note held by it evidencing, securing or otherwise executed in connection with the Secured Obligations, or sell participations in any interest therein, to any other person or entity, and such other person or entity shall thereupon become vested, to the extent set forth in the agreement evidencing such assignment, transfer or participation, with all the rights in respect thereof granted to the Lender herein.

Section 11. Governing Law. THIS AGREEMENT IS A CONTRACT UNDER THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS AND SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF SAID COMMONWEALTH (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW..

Section 12. General. This Agreement may not be amended or modified except by a writing signed by each of the Borrower and the Lender. This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which together shall

constitute one instrument. Section headings are for convenience of reference only and are not a part of this Agreement. In the event that any Collateral or any deposit or other sum due from or credited by the Lender is held or stands in the name of the Borrower and another or others jointly, the Lender may deal with the same for all purposes as if it belonged to or stood in the name of the Borrower alone.

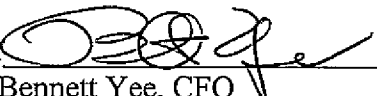
IN WITNESS WHEREOF, the Borrower has caused this Agreement to be duly executed as an instrument under seal as of the date first written above.

AERIS THERAPEUTICS, LLC

By: \_\_\_\_\_  
Dr. David Dove, President

ACCEPTED AS OF THE  
DATE FIRST ABOVE WRITTEN.

ROSSE ENTERPRISES, LTD.

By:  \_\_\_\_\_  
Bennett Yee, CFO