

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
Xytis, Inc.	12/08/2009
RECEIVING PARTY DATA	
Name:	Oxford Finance Corporation
Street Address:	133 North Fairfax Street
City:	Alexandria
State/Country:	VIRGINIA
Postal Code:	22314
PROPERTY NUMBERS Total: 7	
Property Type	Number
Patent Number:	7355047
Application Number:	61158343
Application Number:	61159412
Application Number:	11123597
Application Number:	11455228
Application Number:	11726286
Application Number:	11726289
CORRESPONDENCE DATA	
Fax Number:	(703)415-1557
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	703-415-1555
Email:	mail@specializedpatent.com
Correspondent Name:	Christopher E. Kondracki
Address Line 1:	1501 Wilson Boulevard
Address Line 2:	Suite 510
Address Line 4:	Arlington, VIRGINIA 22209

501049136

PATENT
REEL: 023691 FRAME: 0289

CH \$280.00 7355047

ATTORNEY DOCKET NUMBER:	9120805
NAME OF SUBMITTER:	Christopher E. Kondracki
<p>Total Attachments: 8 source=Xytis Inc#page1.tif source=Xytis Inc#page2.tif source=Xytis Inc#page3.tif source=Xytis Inc#page4.tif source=Xytis Inc#page5.tif source=Xytis Inc#page6.tif source=Xytis Inc#page7.tif source=Xytis Inc#page8.tif</p>	

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "Agreement") is entered into as of December 8, 2009 by and between OXFORD FINANCE CORPORATION, a Delaware corporation ("Lender") and XYTIS, INC. a Delaware corporation ("Grantor").

RECITALS

A. Lender has agreed to make certain advances of money and to extend certain financial accommodation to Grantor (the "Loans") in the amounts and manner set forth in that certain Loan and Security Agreement by and between Lender and Grantor dated June 30, 2008 (as the same may be amended, modified or supplemented from time to time, the "Loan Agreement"). Capitalized terms used herein are used as defined in the Loan Agreement. Lender is willing to make further accommodations to Debtor in connection with the Loans, but only upon the condition, among others, that Grantor shall grant to Lender a security interest in all of its Intellectual Property Collateral (as such term is described below) to secure the Obligations of Grantor under the Loan Agreement.

B. Pursuant to the terms of the Loan 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.

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 Loan Agreement, Grantor hereby represents, warrants, covenants and agrees as follows:

AGREEMENT

Notwithstanding any right and/or remedy available to the Lender under, in connection with or related to this Agreement, the Loan Agreement or in any other Loan Document, or otherwise, the Lender agrees that it shall not exercise any of such rights and/or remedies until January 31, 2010 (the "Forbearance").

To secure its Obligations under the Loan Agreement, and as consideration for the Forbearance, Grantor hereby grants and pledges to Lender a security interest in all of Grantor's right, title and interest in, to and under its intellectual property (all of which shall collectively be called the "Intellectual Property Collateral"), including, without limitation, the following:

1. Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");
2. Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;
3. Any and all design rights that may be available to Grantor now or hereafter existing, created, acquired or held;
4. All patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");
5. Any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Grantor connected with

and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks");

6. All mask works or similar rights available for the protection of semiconductor chips, now owned or hereafter acquired, including, without limitation those set forth on Exhibit D attached hereto (collectively, the "Mask Works");

7. Any and all claims for damages by way of past, present and future infringements of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

8. All licenses or other rights to use any of the Copyrights, Patents, Trademarks, or Mask Works and all license fees and royalties arising from such use to the extent permitted by such license or rights;

9. All amendments, extensions, renewals and extensions of any of the Copyrights, Trademarks, Patents, or Mask Works; and

10. All revenues, proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

Notwithstanding the provisions of the Loan Agreement, upon execution of this Agreement, the Intellectual Property Collateral shall be deemed a part of and constitute "Collateral" for all purposes of the Loan Agreement and the other Loan Documents. This security interest is granted in conjunction with the security interest granted to Lender under the Loan Agreement and Lender shall have all rights at law or otherwise thereunder and under the other Loan Documents with respect to the Intellectual Property Collateral as "Collateral" thereunder. Each right, power and remedy of Lender provided for herein or in the Loan Agreement or any of the Loan 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 Agreement, the Loan Agreement or any of the other Loan 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.

Grantor and Lender hereby acknowledge and agree that Grantor may, notwithstanding anything to the contrary herein, in the Loan Agreement or any other Loan Document, sell, license or otherwise dispose of the Intellectual Property Collateral provided that, (i) any such sale, license or other disposition is upon commercially reasonable terms obtained in an arm's length transaction with a non-affiliated Person, and (ii) any and all monies, revenues or other proceeds from the sale, license or other disposition of the Intellectual Property Collateral received by or for the benefit of Grantor shall be immediately delivered by Grantor to Lender for application to the repayment of the Obligations.

[Signature page follows.]

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.

Address of Grantor:

101 Theory, Suite 100
Irvine, California 92617

Attn: _____

GRANTOR:

XYTIS, INC.

By: R. S. Flugel

Title: ROGER S. FLUGEL

Address of Lender:

133 North Fairfax Street
Alexandria, Virginia 22314

Attn: _____

LENDER:

OXFORD FINANCE CORPORATION

By: _____

Title: _____

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.

Address of Grantor:

101 Theory, Suite 100
Irvine, California 92617

Attn: _____

GRANTOR:

XYTIS, INC.

By: _____

Title: _____

Address of Lender:

133 North Fairfax Street
Alexandria, Virginia 22314

Attn: GENERAL COUNSEL

LENDER:

OXFORD FINANCE CORPORATION

By: John C. Hinder

Title: VP & GENERAL COUNSEL

EXHIBIT A

Copyrights

Description

Registration/
Application
Number

Registration/
Application
Date

EXHIBIT B

Patents

<u>Description</u>	<u>Registration/ Application Number</u>	<u>Registration/ Application Date</u>
Patent Applications:		
Substituted Pyridyl Compounds, Their Derivatives and Uses Thereof	61/158,343	March 6, 2009
Substituted Enaminone Compounds, Their Derivatives and Uses Thereof	61/159,412	March 11, 2009
Substituted quinolone carboxylic acids, their derivatives, site of action, and uses thereof. (GABA _A receptor modulators)	7,335,047	April 8, 2008
Substituted quinolone carboxylic acids, their derivatives, site of action, and uses thereof.	7,355,047 (10/514,808)	April 8, 2008 (May 12, 2003)
Substituted enaminones, their derivatives and uses thereof.	2008-0064748 A1 (11/123,597)	March 13, 2008 (May 5, 2005)
Substituted enaminones, their derivatives and uses thereof.	2006-0293329 A1 (11/455,228)	December 28, 2006 (June 15, 2006)
Enantiomerically Pure R-Etifofoxine, Pharmaceutical compositions Thereof and Methods of Their Use	2008-0039453 (11/726,286)	February 14, 2008 (March 20, 2007)
Enantiomerically Pure S-Etifofoxine, Pharmaceutical Compositions Thereof and Methods of Their Use	2008-0038331 A1 (11/726,289)	February 14, 2008 (March 20, 2007)
Substituted enaminones, their derivatives and uses thereof. (GABA _A receptor and $\alpha 7$ nAChR modulators)	WO 05/108347 A2	Nov. 17, 2005
Substituted enaminones as nicotinic acetylcholine receptor modulators ($\alpha 7$ nAChR and GABA _A receptor modulators)	WO 06/138510 A1	Dec. 28, 2006
Enantiomerically pure R-Etifofoxine, pharmaceutical compositions thereof and methods of their use (GABA _A receptor modulator)	WO 07/109288 A2	Sept. 27, 2007
Enantiomerically pure S-Etifofoxine, pharmaceutical compositions thereof and methods of their use (GABA _A receptor modulator)	WO 07/109289 A1	Sept. 27, 2007

EXHIBIT C

Trademarks

Description

Registration/
Application
Number

Registration/
Application
Date

EXHIBIT D

Mask Works

Description

Registration/
Application
Number

Registration/
Application
Date

1176569.3